

Business Strategy Job Interview Questions And Answers



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Business Strategy Interview Questions And Answers Guide.

Question - 1:

Tell me the menu of techniques that can generate creative tension and spur innovation?

Ans:

Here is a menu of techniques that can generate creative tension and spur innovation. In this instance, unlike when defining a primary customer or ranking your responsibilities, you need not choose just one, choose whichever and however many are right for your company. In fact, the more innovation you desire, the more techniques you should consider.

- * Assigning stretch goals.
- * Ranking according to performance.
- * Setting spans of accountability that are greater than spans of control.
- * Allocating costs.
- * Creating cross-unit teams and matrix accountability.

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Question - 2:

What is strategic thinking in business strategy?

Ans:

Strategic thinking is a MINDSET or way of thinking about a business or organization. It can be distinguished by non-strategic thinking by several characteristics:

- *Focuses on long term rather than short term
- *Involves systems thinking, and focusing on the big picture, NOT just the small one
- *Focuses on identifying leverage (how can we use what we have to maximum advantage)
- *Is both analytical and creative processes
- *Involves examining assumptions, "the way things have been done around here" and a critical approach that questions what we believe.
- *Takes into account that our thinking is going to be partly based on inaccurate information and/or conclusions, and treats any conclusions as tentative or hypotheses.

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Question - 3:

Can you provide an example of how strategic thinking resulted in taking advantage of a business opportunity?

Ans:

Example:

Many years ago, the company, was working on developing a new kind of adhesive / glue in its laboratory. They were trying to develop something to be used in their famous line of scotch tape products. They came up with a glue that simply did not conform to the specifications and functions they required but had other characteristics. It is said that for a number of years, despite efforts by the research scientist involved, nobody at company was particularly interested in the use of the product or could even see how such a research "failure" could be transformed into a profitable product.

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Question - 4:

Can you provide an example of how A business Strategy can be developed and implemented in a non-profit/not for profit organization?

Ans:

Developing and implementing a business strategy in a non-profit or not for profit organizations is not significantly different in terms of process from implementing a business strategy in a for profit company. The details are different but best practices are still the same. Because of the nature of not-for-profits much of their planning and strategy documents are publicly available online, so we will not go into great detail about how, in this case, the girl scouts, created a new business strategy and deployed through the organization.

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Question - 5:

What is business agility in business strategy?

Ans:

Business agility refers to a company's ability to react quickly to changes in the external environment or marketplace so they can avoid being damaged by potential elements that can be threats to their business model and respond quickly as there are new opportunities as a result of shifts and changes in things like demographics,



customer behavior etc.

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Question - 6:

Who should be your primary customer?

Ans:

Choosing a primary customer is a make-or-break decision because it should determine how you allocate resources.

The idea is simple:

Allocate all possible resources to meet and exceed your primary customer's needs.

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Question - 7:

What strategic boundaries have you set in business?

Ans:

Every strategy carries the risk that an individual's actions will push the business off course. The risk intensifies when managers feel pressure to hit growth and profit targets.

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Question - 8:

How do creating cross-unit teams and matrix accountability work?

Ans:

Another way of forcing employees to think outside the box is to assign them to a second box. New perspectives emerge when people are forced out of their routines. When they attend cross-unit team meetings, employees not only serve as emissaries for their home units but also return with ideas and innovations from their new colleagues. One way to force employees to think outside the box is to assign them to a second box.

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Question - 9:

Tell me about the checklist for executing strategy?

Ans:

Executing strategy successfully requires making tough, often uncomfortable choices based on simple logic and clear principles. But we frequently avoid making choices, in the mistaken belief that we can have it all. Instead of focusing on one primary customer, we have many kinds of customers. Instead of instilling core values, we develop lists of desired behaviors. Instead of focusing on a few critical measures, we build overloaded scorecards.

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Question - 10:

What strategic uncertainties keep you awake at night?

Ans:

At the root of every failed strategy is a set of assumptions about the future that eventually proved false. We assumed housing prices would never fall simultaneously across the country. We assumed asset diversification would eliminate risk. We assumed the migration to digital media would be slow and orderly. We assumed customers would not accept fewer features in exchange for a lower price.

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Question - 11:

How committed are your employees to helping each other?

Ans:

Although you want your employees to achieve their personal best, they must also work together toward shared goals. To create the high levels of commitment that requires, leaders must build an organization that has the following four attributes:

- * Pride in purpose
- * Group identification
- * Trust
- * Fairness

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Question - 12:

Tell me about allocating costs?

Ans:

The way in which you charge corporate overhead costs can also stimulate creative tension. You insist on full allocation of overhead-everything from legal to marketing expenses to the parts of the business that use them.

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Question - 13:

What is ranking according to performance?

Ans:

Many high-innovation organizations rank employees on the basis of demonstrated performance. The rankings affect who is promoted, who is placed on probation and



who is asked to leave. The challenge, of course, is to prevent the competition from becoming negative and destructive.

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Question - 14:

Define setting spans of accountability that are greater than spans of control?

Ans:

If you want people to innovate, try holding them accountable for measures that are broader than the resources they control. This is the well-worn path followed by every successful entrepreneur and you can use it to foster entrepreneurial behavior within your business.

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Question - 15:

Describe assigning stretch goals?

Ans:

The most common way of motivating people to innovate is to set stretch goals, sometimes called challenge goals or big, hairy, audacious goals. Conducting business as usual or making incremental improvements is not enough. The only way to meet aggressive targets is to do something completely different.

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Question - 16:

How are you generating creative tension?

Ans:

As a business leader, one of your primary jobs is to make outside market pressures felt inside your business. This can motivate employees to think and act like winning competitors, rousing them from comfortable ruts. The bigger your business, the more insulated people are from market pressures and the more imperative this becomes.

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Question - 17:

What are the two ways to control risks?

Ans:

There are two ways to control such risk:

You can tell people what to do or you can tell them what not to do. Telling people what to do helps assure that they will not make mistakes by engaging in unauthorized activities. This is the prudent approach if safety and quality are paramount concerns if, say, you are running a nuclear power plant or overseeing a space launch. In such cases you want employees to follow standard operating procedures to the letter.

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Question - 18:

What critical performance variables are you tracking?

Ans:

Many managers complain that they are overwhelmed by how many things they are asked to keep track of in all-inclusive lists of performance measures. It is not uncommon for companies to create scorecards with 30, 40 or more variables, in the mistaken belief that adding measures results in a more complete and therefore better scorecard. Information technology enables us to gather more and more data at lower and lower cost but we cannot keep tracking so many variables. Effective managers monitor only a small number, those that could cause their strategy to fail.

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Question - 19:

How do your core values prioritize shareholders, employees and customers?

Ans:

Companies that execute strategy well define their core values to reflect the relative importance of shareholders, employees and customers. Value statements that list aspirational behaviors are not enough. Core values must indicate whose interests come first when difficult trade-offs must be made.

At some companies, customers come first. At others, it may be shareholders. At yet others, it may be employees. There is no right or wrong choice. Each choice is based on a different theory of value creation but making one and communicating it effectively are essential.

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Question - 20:

What is the purpose of the business?

Ans:

If you said, to make a profit, he laughs and in his Viennese accent, informs you that, "You don't know anything about business" and adds, "The answer is not only false, it is irrelevant." He then goes on to explain to you that the purpose of the business is to create a customer.

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Question - 21:

Define what is business strategy?

Ans:

A business strategy is the means by which it sets out to achieve its desired ends (objectives). It can simply be described as a long-term business planning. Typically a business strategy will cover a period of about 3-5 years (sometimes even longer).



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Question - 22:

A Strategic Business Unit is:

Ans:

- * A) Part of an organization for which there is a distinct external market for goods or services.
 - * B) A subsidiary responsible for a significant volume of business
 - * C) The corporate centre
 - * D) Parts of an organization targeting the same customers through different channels and facing different competitors
- A) Part of an organization for which there is a distinct external market for goods or services.

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Question - 23:

The fundamental requirement for a successful price led strategy is:

Ans:

- * A) Reducing the cost base of the organization
 - * B) The lowest cost base of competing organizations
 - * C) Prices lower than competition.
 - * D) Lower quality products or services than competition.
- B) The lowest cost base of competing organizations

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Question - 24:

A successful hybrid strategy is:

Ans:

- * A) Impossible to achieve in practice
 - * B) A strategy, which seeks to provide high-perceived value justifying a substantial price premium usually to a selected market segment
 - * C) The period of time when an organization is changing its strategy
 - * D) A strategy, which seeks simultaneously to achieve differentiation and a price lower than that of competitors
- D) A strategy, which seeks simultaneously to achieve differentiation and a price lower than that of competitors

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Question - 25:

A differentiation strategy is defined as?

Ans:

- * A) Higher quality products or services than competitors
 - * B) Innovation of products or services greater than competition
 - * C) Providing different products or services, which draw upon competences or resources, which competitors do not have.
 - * D) The provision of products or services that offer benefits different from those of competitors and that are widely valued by buyers.
- D) The provision of products or services that offer benefits different from those of competitors and that are widely valued by buyers

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Question - 26:

Sustainable differentiation is most likely in the following circumstances?

Ans:

- * A) Where the bases of differentiation are valuable to the buyer
 - * B) Where the bases of the differentiation strategy are difficult for competitors to imitate
 - * C) Where it is difficult for buyers to shift their buying allegiances
 - * D) All of the above
- D) All of the above

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Question - 27:

Three ways of sustaining competitive advantage are?

Ans:

- * A) Price-based strategies, differentiation, and diversification
 - * B) Price-based strategies, differentiation, and lock-in
 - * C) Change, adaptation and efficiency.
 - * D) Monopoly, cartel and market sharing
- B) Price-based strategies, differentiation, and lock-in

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Question - 28:

The equivalent to competitive advantage in public services is?

Ans:

- * A) Outsourcing



- * B) Best value
 - * C) Superior services
 - * D) Best practice.
- B) Best value

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Question - 29:

Competitive advantage based on differentiation derives from?

Ans:

- * A) Being the lowest cost producer in the industry and offering the lowest prices
 - * B) Having the broadest range of different goods and services in the industry
 - * C) Having processes and systems, which are different from competitors
 - * D) Offering products or services, which offer different benefits from competitors' and which are valued by buyers.
- D) Offering products or services which offer different benefits from competitors' and which are valued by buyers

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Question - 30:

How might an organization sustain and win a price war?

Ans:

- * A) By having a lower cost structure
 - * B) By cross-subsidizing one business from another
 - * C) By having "deeper pockets" to fund short to medium term losses
 - * D) All of the above
- D) All of the above

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Question - 31:

What is meant by focused differentiation?

Ans:

- * A) Concentrating on a particular feature of a product or service to achieve differentiation
 - * B) Concentrating on differentiation as the primary means of achieving competitive advantage
 - * C) Providing a high-perceived value service or product to a selected market segment, this justifies a substantial price premium.
 - * D) Simultaneously seeking to achieve differentiation and a price lower than that of competitors
- C) Concentrating on differentiation as the primary means of achieving competitive advantage
C) Providing a high perceived value service or product to a selected market segment which justifies a substantial price premium

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Question - 32:

Lock-in, as described by Hax and Wilde, is achieved when?

Ans:

- * A) An organization achieves a proprietary position in its industry.
 - * B) Customers are tied into long-term contracts.
 - * C) An industry is dominated by a major player.
 - * D) Customer preferences are recorded in a CRM database.
- A) An organization achieves a proprietary position in its industry

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Question - 33:

Which of the following explanations best defines the meaning of hyper-competitive strategies?

Ans:

- * A) Hyper-competitive strategies are about how to compete in fast changing business environments.
 - * B) Innovation in terms of bases of competitive strategy
 - * C) Hyper-competitive strategies are about building bases of sustainable differentiation.
 - * D) Hyper-competitive strategies acknowledge the bases of competitive advantage may not be sustainable and that disruption of the status quo may be important.
- D) Hyper-competitive strategies acknowledge the bases of competitive advantage may not be sustainable and that disruption of the status quo may be important

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Question - 34:

Why is game theory useful in developing competitive strategy?

Ans:

- * A) Game theory emphasizes short-term tactics to be employed in competitive strategies rather than a long-term strategy.
 - * B) Game theory is about thinking how competitors will respond in both the short term and the long term.
 - * C) Games assume competition between different players so game theory is especially useful in describing how competition occurs.
 - * D) Given the inter-dependence of competitors, game theory helps an understanding of how the decisions of one competitor affects upon another.
- B) Game theory is about thinking how competitors will respond in both the short term and the long term

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