QUESTIONS:

1. **Which of the following is an appropriate action for an organization to take based on a SWOT analysis?**
    - Focus solely on addressing weaknesses to minimize risk
    - Ignore opportunities to avoid overextending resources
    - Disregard threats that are beyond the organization's control
    - Capitalize on strengths to take advantage of opportunities

2. **Which of the following is an example of an intangible benefit that can have a significant impact on organizational performance?**
    - Increased production efficiency and output.
    - Improved customer satisfaction and loyalty.
    - Reduction in product defects and waste.
    - Enhanced supplier performance and collaboration.

3. **What is the relationship between an organization's vision and strategic plan?**
    - The strategic plan defines the organization's vision
    - The vision is a component of the strategic plan
    - The vision drives the development of the strategic plan
    - The vision and strategic plan are independent of each other

4. **How do black belts contribute to an organization's strategic plan?**
    - By conducting SWOT analysis
    - By creating and implementing projects to achieve strategic goals
    - By identifying improvement opportunities
    - By monitoring progress towards strategic goals

5. **What is the definition of a strategic plan?**
    - A detailed plan of how to execute a specific project
    - A plan that identifies weaknesses in a company's processes
    - A plan that focuses on short-term improvements in a specific process
    - A plan that outlines the overall direction and goals of an organization

6. **How can a company use SWOT analysis to create a strategic plan?**
   - To identify weaknesses in the organization's processes
   - To identify opportunities for growth and improvement
   - To identify external threats to the organization
   - All of the above

7. **What is the formula for calculating Return on Investment (ROI) for a specific project?**
   - ROI = Project Cost / New Income
   - ROI = (New Income - Project Cost) / Project Cost
   - ROI = Project Cost + New Income
   - ROI = (Project Cost + New Income) / Project Cost

8. **How would you interpret an ROI value of 150%?**
   - The project is not worth pursuing
   - The project will generate a return on investment that is 150 times the project cost
   - The project will generate a return on investment that is 50% of the project cost
   - The project will generate a return on investment that is 1.5 times the project cost

9. **Why is it important to have contingencies when creating a strategic plan?**
   - To address weaknesses in the organization
   - To capitalize on opportunities for growth and improvement
   - To mitigate potential risks to the organization
   - To identify areas where the organization is performing well

10. **A company invests $50,000 in a Six Sigma project and expects to save $90,000 in costs as a result, while also generate additional revenue of $20,000 per year. What is the ROI for this project?**
    - -60%
    - 80%
    - 120%
    - 220%

SOLUTIONS:

1. **Which of the following is an appropriate action for an organization to take based on a SWOT analysis?**

- Focus solely on addressing weaknesses to minimize risk
- Ignore opportunities to avoid overextending resources
- Disregard threats that are beyond the organization's control
- **Capitalize on strengths to take advantage of opportunities**

A SWOT analysis helps organizations identify internal strengths and weaknesses as well as external opportunities and threats. Based on this analysis, organizations can develop strategies to capitalize on strengths and opportunities while mitigating weaknesses and threats.

Focusing solely on weaknesses can limit an organization's ability to grow and innovate, while ignoring opportunities can lead to missed growth potential.

Disregarding threats can leave an organization vulnerable to market changes and disruptions. Therefore, the appropriate action for an organization based on a SWOT analysis is to capitalize on strengths to take advantage of opportunities.

2. **Which of the following is an example of an intangible benefit that can have a significant impact on organizational performance?**

- Increased production efficiency and output.
- **Improved customer satisfaction and loyalty.**
- Reduction in product defects and waste.
- Enhanced supplier performance and collaboration.

While customer satisfaction and loyalty can be difficult to measure in terms of financial or operational metrics, they can have a significant impact on the organization's performance over time. This is because satisfied and loyal customers are more likely to continue doing business with the organization, which can result in increased revenue and profits.

3. **What is the relationship between an organization's vision and strategic plan?**

- The strategic plan defines the organization's vision
- The vision is a component of the strategic plan
- **The vision drives the development of the strategic plan**
- The vision and strategic plan are independent of each other

An organization's vision is the long-term, overarching goal or direction the organization wants to achieve. The strategic plan outlines the specific actions and initiatives that will be taken to achieve the vision. The vision guides the development of the strategic plan, as the plan must be aligned with the vision in order to move the organization towards its desired future state.

4. How do black belts contribute to an organization's strategic plan?

- By conducting SWOT analysis
- **By creating and implementing projects to achieve strategic goals**
- By identifying improvement opportunities
- By monitoring progress towards strategic goals

Black belts are responsible for leading Six Sigma projects that drive process improvement and cost savings. These projects are aligned with the organization's strategic goals and are aimed at achieving those goals. Black belts contribute to the strategic plan by identifying improvement opportunities, developing and implementing projects to achieve the strategic goals, and monitoring progress towards those goals.

5. What is the definition of a strategic plan?

- A detailed plan of how to execute a specific project
- A plan that identifies weaknesses in a company's processes
- A plan that focuses on short-term improvements in a specific process
- **A plan that outlines the overall direction and goals of an organization**

A strategic plan is a high-level plan that outlines the overall direction and goals of an organization over a long-term time horizon. The plan typically includes the organization's objectives, projects and initiatives that are designed to achieve the goals.

6. How can a company use SWOT analysis to create a strategic plan?

- To identify weaknesses in the organization's processes
- To identify opportunities for growth and improvement
- To identify external threats to the organization
- **All of the above**

SWOT analysis is a tool that can be used to identify the strengths, weaknesses, opportunities, and threats facing an organization. By conducting a SWOT analysis, a company can identify areas where it needs to improve, opportunities for growth and improvement, and external threats that may impact the organization. This information can be used to inform the development of the company's strategic plan.

7. What is the formula for calculating Return on Investment (ROI) for a specific project?

- ROI = Project Cost / New Income
- **ROI = (New Income - Project Cost) / Project Cost**
- ROI = Project Cost + New Income
- ROI = (Project Cost + New Income) / Project Cost

ROI is calculated by taking the difference between the new income generated by the project and the project cost, and then dividing that difference by the project cost. The result is expressed as a percentage, indicating the return on investment.

8. How would you interpret an ROI value of 150%?

- The project is not worth pursuing
- The project will generate a return on investment that is 150 times the project cost
- The project will generate a return on investment that is 50% of the project cost
- **The project will generate a return on investment that is 1.5 times the project cost**

An ROI value of 150% indicates that the project will generate a return on investment that is 1.5 times the project cost. This means that for every dollar invested in the project, the organization can expect to receive $1.50 in return.

9. Why is it important to have contingencies when creating a strategic plan?

- To address weaknesses in the organization
- To capitalize on opportunities for growth and improvement
- **To mitigate potential risks to the organization**
- To identify areas where the organization is performing well

Contingencies are backup plans that can be put into action if a risk eventuates. By including contingencies in the strategic plan, an organization can mitigate potential risks and be better prepared to respond to unexpected events. This can help the organization to stay on track and achieve its strategic goals, even if unexpected challenges arise.

10. A company invests $50,000 in a Six Sigma project and expects to save $90,000 in costs as a result, while also generate additional revenue of $20,000 per year. What is the ROI for this project?

- -60%
- 80%
- **120%**
- 220%

In this example, we have to combine the expected savings ($90K) with the expected new revenue ($20K) to calculate the total income for the project ($110K). Then we can complete the ROI Calculation below:

$$Return\ on\ Investment\ (ROI) = \frac{(Income - Cost)}{Cost} = \frac{110{,}000 - 50{,}000}{50{,}000} = 120\%$$