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SUBJECT CODE: 7B, MATERIAL NO: 30
FAST TRACK MATERIAL & CLASSNOTES
STRATEGIC MANAGEMENT_39e

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PART A – CLASSNOTES

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1. INTRODUCTION TO STRATEGIC MANAGEMENT

Q.No.1. Explain the Evolution and Importance of Business Policy? (C) (PM)

1. **DEFINITION:** According to Christensen, Business Policy is the study of:
   - **a)** The functions and responsibilities of senior management,
   - **b)** The crucial problems that affect the success of the total enterprise, and
   - **c)** The decisions that determine the direction of the organisation and shape its future.
2. **IMPORTANCE:**
   - **a)** Business policy emphasizes on the rational and analytical aspects of strategic management and strategic decision-making.
   - **b)** Business policy presents a framework for understanding strategic decision-making.
   - **c)** This framework enables in handling general management responsibilities.

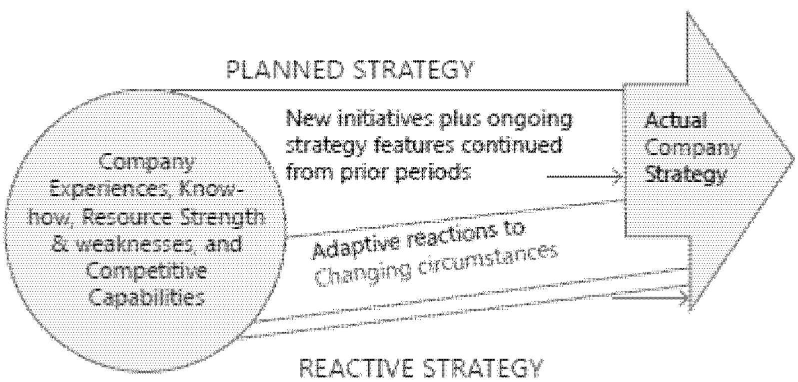
Q.No.2. Define the term Strategy. (C)

The dictionary meaning of the word strategy is something that has to do with war and ways to win over enemy. In business organizational context the term is not much different. Businesses have to respond to dynamic and hostile external forces for pursuit of their mission and vision.

MEANING OF STRATEGY:

1. Strategy is a long range blueprint of an organization's desired image, direction and destination what it wants to be, what it wants to do and where it wants to go.
2. "Strategy is the Unified, Comprehensive, and Integrated Plan designed to assure that the basic objectives of the enterprise are achieved." - **William F. Glueck**
3. Strategy is a consciously chosen and flexibly designed scheme of corporate intent and action:
   - **a)** To achieve effectiveness
   - **b)** To mobilise resources
   - **c)** To direct efforts and behaviour
   - **d)** To handle events and problems
   - **e)** To perceive and utilise opportunities, and
   - **f)** To meet challenges and threats to corporate survival and success.

Q.No.3. Strategy of a company is partly Pro-active and partly Re-active. Explain (A)

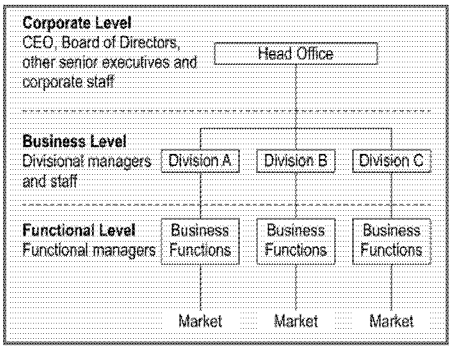


1. Yes, the given statement is true. A company's strategy is an effective combination of
   a) Pro-active actions of the firm to improve its market position and financial performance, and
   b) Re-active measures to face unanticipated developments and new environmental conditions.
2. In proactive strategy, organizations will analyze possible environmental scenarios and create strategic framework after proper planning and set procedures and work on these strategies in a predetermined manner.
3. Strategies need to be modified in light of possible environmental changes. Reactive strategy is triggered by the changes in the environment.

LEVELS OF STRATEGY

Q.No.4. Write about various Strategic Levels in an organization? (A) (PM)

FOLLOWING ARE THE THREE MAIN LEVELS OF MANAGEMENT:



1. **Corporate Level Management:**
   a) It consists of Chief Executive Officer (CEO), other senior executives, Board of Directors and Corporate staff.
   b) Their role **includes** defining the mission, vision and goals of the organization, determining what businesses it should be in, allocating resources among different businesses, formulating and implementing strategies that span individual businesses, and providing leadership for the organization.
2. **Business Level General Managers:** It consists of business level managers.. They are concerned with strategies that are specific to a particular business. Their role is to translate the general statements of direction and intent of corporate level management into concrete strategies for individual businesses.
3. **Functional Level Managers:** They are responsible for the specific business functions or operations (human resources, purchasing, product development, customer service, etc.) that constitute a company or one of its divisions.

Q.No.5. Write short notes on Corporate Level Management (A) (PM) (Or) You are appointed as a strategic manager by XYZ Co. Ltd. being a strategic manager what should be your tasks to perform?

1. Corporate level of management consists of Chief Executive Officer (CEO), other Senior Executives, the Board of Directors and Corporate Staff.
2. The role of Corporate-Level Managers is to oversee the development of strategies for the whole organisation in consultation with other Senior Executives.
3. These individuals occupy the apex role in decision making within the organisation and **broadly have following roles:**
   a) Oversee the development of strategies for the whole organization.
   b) Defining the mission, vision and goals of the organization.
   c) Determining what businesses it should be in.
   d) Allocating resources among the different businesses.
   e) Formulating and implementing strategies that span individual businesses.
   f) Providing leadership for the organization.

Q.No.6. Write short notes on Business Level Managers (C)

a) A business unit is an independent division (with its own functions like Finance, Purchasing, Production and Marketing departments) that provides a product or service for a particular market.

b) The principal general manager at the business level, or the business-level manager, is the head of the division.

c) The strategic role of these managers is to translate the general statements of direction and intent from the corporate level into concrete strategies for individual businesses. They are held responsible for the performance.

Q.No.7. What are the activities performed by Functional Level Managers? (B)

1. Functional-Level Managers are responsible for the specific business functions/ tasks/ operations (e.g. Human Resources, Purchasing, Product Development, Customer Service, etc.) that constitute a Company or one of its divisions.
2. They have a major strategic role to develop functional strategies in their area that help to fulfill the strategic objectives set by Business-Level and Corporate-Level General Managers.
3. They provide most of the information that makes it possible for Business-Level and Corporate-Level General Managers to formulate realistic and achievable strategies because they are closer to the customer.

STRATEGIC MANAGEMENT

Q.No.8. What is Strategic Management? What are its Objectives? (A) (PM)

MEANING: Strategic Management refers to the Managerial process of:

a) Forming a Strategic Vision and Mission,

b) Setting Objectives,

c) Crafting a strategy,

d) Implementing and Executing the Strategy, and

e) Making necessary corrective adjustments in the vision, objectives, strategy and execution, which are deemed appropriate, over a period of time.

OBJECTIVES: The objectives of Strategic Management are -

a) To create Competitive Advantage so that the Company can gain advantage over competitors and dominate the market.

b) To guide the Company through all changes in the environment.

Q.No.9. Explain the Importance or Benefits of Strategic Management. Do you think that companies should be managed strategically? Discuss. (A) (PM)

THE IMPORTANCE OF STRATEGIC MANAGEMENT IS HIGHLIGHTED AS UNDER:

1. **The strategic management gives a direction to the company to move ahead:** It defines the goals and mission. It helps management to define realistic objectives and goals which are in line with the vision of the company.
2. **Helps an organisation to be more proactive instead of reactive in shaping its future:** With the help of strategic management organisations can analyse and take actions instead of being mere spectators and control their own destiny in a better manner.
3. **Framework for decision-making:** Strategic Management provides the framework for all major business decisions of an organization.

4. **Makes the company future-driven:** Strategic Management is concerned with ensuring a good future for the firm.
5. **Defence mechanism:** Strategic management serves as a corporate defence mechanism against mistakes and pitfalls. It helps organisations to avoid costly mistakes in product market choices or investments.
6. **Strategic management helps to enhance the longevity of the business**. Strategic management helps the organization to take a clear stand in the related industry and makes sure that it is not just surviving on luck.
7. **Helps in building core competencies & competitive advantages:** Strategic Management provides a firm with certain core competencies and competitive advantages in its fight for survival and growth.

Q.No.10. What are the limitations of Strategic Management? (A)

1. **Environment is highly complex and turbulent:** It is difficult to understand the complex environment and exactly pinpoint how it will shape-up in future. The organisational estimate about its future shape may badly go wrong and put all strategic plans at risk.
2. **Strategic management is a time-consuming process:** Organisations spend a lot of time in preparing, communicating the strategies that may disturb daily operations and negatively impact the routine business.
3. **Strategic management is a costly process:** Strategic management adds lot of expenses to an organization. Expert strategic planners need to be engaged, efforts are made for analysis of external and internal environments, devise strategies and properly implement them.
4. **Uncertainty:** In a competitive scenario, where all organisations are trying to move strategically, it is difficult to clearly estimate the competitive responses to a firm's strategies.

APPLICATION OF STRATEGIC MANAGEMENT

Q.No.11. Explain the Significance of Strategic Management in Non-Profit making organizations? (A)

NON - PROFIT ORGANISATION:

a) Business organization can be classified as commercial or non-commercial on the basis of the interest they have.
b) Typically, a non - profit organization may function without commercial objective of making profit. They might be established for social, charitable, or educational purposes.

IMPORTANCE OF STRATEGIC MANAGEMENT TO NO- PROFIT ORGANIZATIONS:

a) Many Non-Profit and Governmental Organisations outperform Private Firms and Corporations on innovativeness, motivation, productivity and strategic management.
b) Non-Profit and governmental organisations may function as a monopoly, produce a product or service that offers little or no measurability of performance, and are totally dependent on outside financing.
c) Strategic management provides an excellent vehicle to such social and charitable institutions for developing needed financial support.

Q.No.12. Educational Institutions require Strategic Management. Explain? (A) (PM)

IMPORTANCE OF STRATEGIC MANAGEMENT TO EDUCATIONAL INSTITUTIONS: On account of the significant changes in the competitive environment of educational institutions, they have to adopt different strategies for attracting best students. Through the use of strategic management techniques such institutions are expected to concentrate attention towards:

a) Joining hands with industries/ companies in order to deliver education and to make graduates more employable.

b) Introducing modernized teaching methods such as computers, Internet technologies, online degrees etc.

c) Getting better name and recognition.

d) Attracting talented students.

e) Designing the curriculum in such a way to provide better citizenry and employability.

f) Appointing and retaining quality faculty for teaching.

g) Preparing students for the future challenges by capacity building.

Q.No.13. Write short notes on Strategic Management in Governmental Agencies and Departments. (B) (PM)

1. Central, State and Municipal Agencies, Public Sector Units and Departments are responsible for formulating, implementing and evaluating strategies that use taxpayers' money in the most cost-effective way to provide services and programs.

2. However, strategists in Government Organisations operate with less strategic autonomy than Managers in Private Firms as legislators and Politicians often have direct or indirect control over major decisions and resources.

3. Government organisations, agencies and departments are now motivating their employees to participate in the strategic management process thereby have an effect on the organisation's mission, objectives, strategies and policies.

4. Government agencies are also using strategic management to develop and substantiate formal requests for additional funding.

2. DYNAMICS OF COMPETITIVE STRATEGY

Q.No.1. Competitive Strategy (B)

1. The competitive strategy evolves out of consideration of several factors that are external to the firm. The economic and technical components of the external environment are considered as major factors leading to new opportunities for the organization and also creating threats.

2. Similarly the broader expectation of the society in which the organization operates is also an important factor to determine the competitive strategy.

3. The objective of a competitive strategy is to generate competitive advantage, increase market share and beat competition. A competitive strategy consists of moves to:

a) Attract customers.

b) Withstand competitive pressures.

c) Strengthen market position.

Q.No.2. Write short notes on Competitive Landscape or Environment (B)

1. MEANING:

a) Competitive landscape is a business analysis which identifies competitors, either direct or indirect.

b) Competitive landscape is about identifying and understanding the competitors and at the same time, it permits the comprehension of their vision, mission, core values, niche market, strengths and weaknesses.

c) An in-depth investigation and analysis of a firm's competition allows it to assess the competitor's strengths and weaknesses in the marketplace and helps it to choose and implement effective strategies that will improve its competitive advantage.

2. STEPS TO UNDERSTAND THE COMPETITIVE LANDSCAPE:

a) **Identify the competitor:** The first step to understand the competitive landscape is to identify the competitors in the firm's industry. This answers the question: Who are the competitors?

b) **Understand the competitors:** Once the competitors have been identified, the strategist have to understand the products and services offered by them in different markets. This answers the question: What are their product and services?

c) **Determine the strengths of the competitors:** This involves answering the following questions:

i) What are their financial positions?

ii) What gives them cost and price advantage?

iii) What are they likely to do next?

iv) How strong is their distribution network?

v) What are their human resource strengths?

d) **Determine the weaknesses of the competitors:** This answers the question: Where are they lacking?

e) **Put all of the information together:** At this stage, the strategist should put together all information about competitors and draw inference about what they are not offering and what the firm can do to fill in the gaps.

INDUSTRY AND COMPETITIVE ANALYSIS

Q.No.3. List out the factors to be considered in Industry and Competitive Analysis? (C)

A BUSINESS FIRM SHOULD CONSIDER THE FOLLOWING FACTORS IN ITS INDUSTRY AND COMPETITIVE ANALYSIS:

a) Key industry traits i.e. dominant economic features of the industry.

b) Nature and strength (i.e. intensity) of the competition

c) Triggers (i.e. driving forces) of industry change

d) Identifying the companies that are in the strongest / weakest positions i.e. Market position

e) Expected strategic moves of rivals i.e. Competitive intelligence

f) Key Factors for competitive success or Key Success Factors

g) Prospects and financial attractiveness of the industry i.e. Industry's profit outlook

SIMILAR QUESTIONS:

1. An organization wants to start a new business and would like to understand the structure of the competition in the industry. Identify the factors that it should analyse?

A. Students have to briefly explain the factors in the above question.

Q.No.4. State the factors to be considered in analyzing the Key Industry Traits? (or) Write a short notes on Industry (B)

INTRODUCTION: Industries differ significantly in their basic character and structure. Industry and competitive analysis begins with knowing an overview of the industry's dominant economic features.

THE FACTORS TO BE CONSIDERED IN ANALYZING AN INDUSTRY'S ECONOMIC FEATURES ARE FAIRLY STANDARD AND ARE GIVEN BELOW:

a) Market size

b) Scope of competitive rivalry (local, regional, national, international, or global).

c) Number of rivals and their relative sizes.

d) Size and nature of business.

e) The number of buyers and their relative sizes. Whether and to what extent industry rivals have integrated backward and/or forward?

f) The types of distribution channels used to access consumers.

g) Capital requirements and the ease of entry and exit.

h) Whether industry profitability is above/below par?

Q.No.5. Explain the concept of Driving Forces / Triggers of Change (A)

1. MEANING:

a) The dominant forces that have the biggest influence on the changes that take place in the industry's structure and competitive environment are called Driving Forces of industry's change (or) Drivers or Triggers.

b) Many events could be considered as driving forces. Some are specific to a particular industry, while others may affect different industries simultaneously.

2. SOME EXAMPLES OF COMMON DRIVING FORCES PREVAILING IN THE INDUSTRY ARE:

	Item	*Example*
a)	Internet, new E-commerce opportunities and threats	*Introduction of e-ticket facilities and their effect on travel booking agents*
b)	Increasing Globalization	*Emerging BPO opportunities*
c)	Changes in the long-term industry growth rate	*Growth rates in software industry*
d)	Product Innovation	*New product versions and utilities in mobile phones, Pocket computers, etc.*
e)	Entry and Exit of major firms	*Reliance's entry into retail business*
f)	Diffusion of technical know-how across more Companies / countries	*Patents for turmeric, paddy seeds, etc.*
g)	Changes in cost structure and efficiency	*New production processes, technologies, reduction in manual efforts, etc.*

Q.No.6. What is strategic group & what are the areas of similarity among companies in a strategic group? (A) (PM)

1. MEANING:

a) A strategic group is defined as a cluster of competitors or rival firms with similar competitive approaches or strategies and positions in the market.

b) They compete more directly with one another than with other firms in the same industry.

2. AREAS OF SIMILARITY: Companies in the same strategic group may have similarity in any one or more of the following areas:

a) Product - lines	**d)** Distribution and Marketing Channels
b) Product Attributes	**e)** Technological Approaches
c) Price / Quality Range	**f)** Services and Technical Assistance to Buyers

Q.No.7. Write short notes on Strategic Group Mapping & what are the step to be taken while constructing a strategic group map for an industry? (A) (PM)

1. MEANING:

a) Strategic group mapping is a technique for displaying different competitive positions that rival firms occupy in the industry.

b) A strategic group is a cluster of firms in an industry with similar competitive approaches and market positions.

c) An industry contains only one strategic group when all sellers pursue similar strategies and have comparable market positions.

2. **STEPS IN GROUP MAPPING:** The steps for constructing a strategic group map and deciding which firms belong to which strategic group are as follows:

Step	Description
1	Identify the competitive characteristics that differentiate firms in the industry. They are: price/quality range (high, medium, low); geographic coverage (local, regional, national, global); degree of vertical integration (none, partial, full); product-line breadth (wide, narrow); use of distribution channels (one, some, all); and degree of service offered (no-frills, limited, full).
2	Plot the firms on a two-variable map, using pairs of differentiating characteristics.
3	Classify firms that follow the same strategy into one strategic group.
4	Draw circles around each strategic group making the circles proportional to the size of the group's respective share of total industry sales revenues.

Q.No.8. Write short notes on "Competitive Intelligence" / Likely Strategic Moves of Rivals (or) Explain the concept of "Likely strategic Moves of Rivals? (C)

1. Unless a business organization pays attention to what competitors are doing, it ends up flying blind into competitive battle.

2. A company can outperform its rivals only by monitoring their actions, understanding their strategies and anticipating their next moves.

3. Competitive Intelligence is the knowledge about

a) The strategies that rivals are developing,

b) Their latest moves,

c) Their resource strengths and weaknesses, and

d) The plans they have announced.

Q.No.9. What are Key Success Factors for Competitive Success? (A) (PM)

1. **MEANING:**

a) Key Success Factors (KSFs) are those things that most affect industry members' ability to prosper in the marketplace.

b) Some of the important areas in which a business firm may have key success factors are:

• Particular Strategic elements in production, marketing, etc. • Product attributes, • Resources,	• Core Competencies, and • Competitive capabilities. • Favourable business outcomes

c) Key Success factors are so important that all firms in the industry must pay close attention to them.

d) They are the prerequisites for industry success and they serve as the rules that shape whether a company will be financially and competitively successful.

2. ***EXAMPLE:***

Activity	KSFs	Purpose
Apparel/Garment Manufacturing	*Appealing Designs & Colour Combinations.*	*Increased Buyer Interest.*
	Low-cost Manufacturing Efficiency.	*Competitive Pricing & Profit Margin.*

Q.No.10. Explain the process of identifying the Key Success Factors of an industry? (A) (PM)

KEY SUCCESS FACTORS: Refer the above question.

PROCESS OF IDENTIFYING KEY SUCCESS FACTORS: Answers to the following three questions help to identify an industry's Key Success Factors:

a) On what basis do customers choose between the competing brands of sellers? What product attributes are crucial in influencing their behaviour?

b) What resources and competitive capabilities a seller needs to be successful?

c) What does it take for sellers to achieve a sustainable competitive advantage?

Q.No.11. How does the prospects and financial attractiveness of an industry be analyzed? (B)

1. Company strategists have to assess the industry outlook carefully, deciding whether industry and competitive conditions present an attractive business opportunity for the organization or whether its growth and profit prospects are low.
2. **THE IMPORTANT FACTORS ON THE BASIS OF WHICH SUCH CONCLUSIONS ARE DRAWN ARE:**
   - **a)** The industry's growth potential.
   - **b)** Whether competition currently permits adequate profitability and whether competitive forces will become stronger or weaker.
   - **c)** The potential of the company to capitalize on the vulnerabilities of rivals
   - **d)** The degrees of risk and uncertainty in the industry's future.
   - **e)** The severity of problems faced by the industry as a whole.
   - **f)** Whether continued participation in this industry enables the firm to be successful in other industries in which it may have business interests.
3. If an industry's overall profit prospects are above average, the industry can be considered attractive; if its profit prospects are below average, it is unattractive.

Q.No.12. What are the Possible Decisions based on Industry Attractiveness / Unattractiveness? (C)

Probable Decisions if the Industry is "Attractive"	Probable Decisions if the Industry is "Unattractive"
1. Strengthen the Long-term Competitive Position in the Business. **2.** Expand Sales Efforts. **3.** Invest in Additional Facilities and Equipment as needed.	**1.** Invest Cautiously. **2.** Look for ways to protect the Long-term Competitiveness and Profitability. **3.** Acquire smaller firms if the price is right. **4.** Diversification into more attractive businesses.

CONCEPTS OF CA, CC & VCA

Q.No.13. Define the term Competitive Advantage? (B) (PM, RTP- M15, N15)

a) Competitive advantage is the position of a firm to maintain and sustain a favorable market position when compared to the competitors.

b) It is the ability to offer buyers something different and thereby providing more value for money.

c) It is the result of a successful strategy.

d) This position gets translated into higher market share, higher profits when compared to those that are obtained by competitors operating in the same industry.

e) Competitive advantage may be in the form of low cost relationship in the industry or being unique in the industry in the areas that are widely valued by customers and the society.

Q.No.14. Write short notes on Core Competencies. (A) (PM)

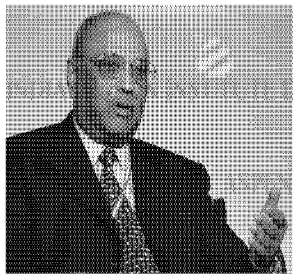
MEANING:

a) A core competence is a unique strength of an organization which may not be shared by others.

b) Core competencies are those capabilities that serve as a source of competitive advantage for a firm.

c) A Core competence is defined as a combination of several skills and techniques rather than individual skill or separate technique. It is created by superior integration of technological, physical and human resources. They represent distinctive skills as well as intangible, invisible, intellectual assets and cultural capabilities.

d) In order to qualify as a core competence, the competency should differentiate the business from any other similar businesses.



C.K. Prahlad, the late Indian management guru is popularly known as the father of the concept of core competence.

Identification Tests: A core competence is identified by following tests

a) Scarcity Test: It is the primary test.

b) Leverage or Extendibility Test: Does it provide access to a wide variety of markets?

c) Value Enhancement Test: Does it make significant contribution to the perceived customer benefits of the end product?

d) Imitability Test: Can it be imitated? Does it reduce the threat of imitation by competitors?

e) Durability Test.

Q.No.15. Define the term Value Chain Analysis (VCA) (A) (PM)

1. Value chain analysis is a means of describing the activities within and around an organization, and relating them to an assessment of the competitive strength of an organization (or its ability to provide value-for-money products or services).

2. **VCA involves two basic steps:** Identifying separate activities and assessing the value added from each one of them.

3. One of the key aspects of value chain analysis is the recognition that organizations are much more than a random collection of machines, money and people. These resources are of no value unless deployed into activities and organised into routines and systems which ensure that products or services are produced which are valued by the final consumer/user.

Q.No.16. How are business activities classified for VCA purpose? (A) (PM)

Porter classified business activities into: (1) Primary or Line Activities and (2) Support Activities.

<u>**PRIMARY ACTIVITIES:**</u> The **Primary Activities** of an organisation are grouped into -

1. **Inbound Logistics** are the activities concerned with receiving, storing and distributing the inputs to the product/service. This include materials handling, stock control, transport, etc.
2. **Operations** convert these inputs into final product or service, e.g. manufacturing, packaging, assembly, testing, etc.
3. **Outbound Logistics** collect, store and distribute the product to customers.
4. **Marketing and Sales** provide the means whereby consumers/users are made aware of the product / service and are able to purchase it. These include sales administration, advertising, selling, etc.
5. **Services** are all those activities, which enhance or maintain the value of a product/service, such as installation, repair, training and spares.

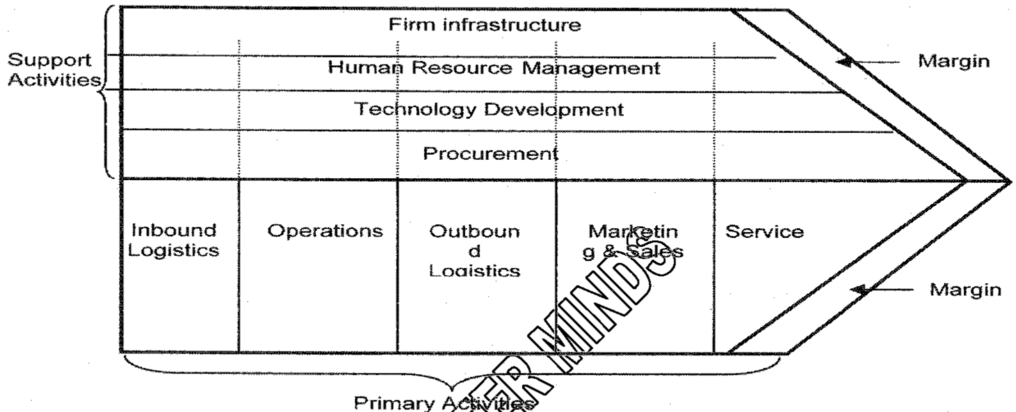


Figure: Value Chain (Michael Porter)

<u>**SUPPORT ACTIVITIES:**</u> These are activities that support primary activities. Each of these groups of primary activities are linked to support activities. These can be divided into four types:

1. <u>**Procurement:**</u> This refers to the process of acquiring various resource inputs to the primary activities.
2. <u>**Technology development:**</u> All value activities have a 'technology', it is know-how. The key technologies may be concerned directly with the product (e.g. R&D product design) or with processes (e.g. process development) or with a particular resource (e.g. raw materials improvements).
3. <u>**Human resource management:**</u> It is concerned with those activities involved in recruiting, managing, training, developing and rewarding people within the organization.
4. <u>**Infrastructure:**</u> The systems of planning, finance, quality control, information management, etc. are crucially important to an organization's performance in its primary activities

PORTFOLIO ANALYSIS

Q.No.17. Define the term Portfolio / business portfolio (B)

1. A business portfolio is <u>a collection of businesses and products</u> that make up the company.
2. The best Business Portfolio is the one that <u>best fits</u> the company's strengths and weaknesses, to the opportunities and threats in the environment.

Q.No.18. What do you mean by Portfolio Analysis (in the context of Strategic Management)? (A)

1. In the context of Strategic Management, Portfolio analysis can be defined as <u>a set of techniques that facilitate in taking strategic decisions</u> with regard to individual products or businesses in a firm's portfolio.

2. Portfolio analysis is a tool by which management identifies and evaluates various businesses, product-lines, business units and investments of the company and the returns expected / obtained from them.

Q.No.19. Advantages of Portfolio Analysis (A)

1. **HELPS IN THE CHANNELISATION OF RESOURCES:** Portfolio approach helps a multi-product, multi-business firm to channelise its resources (at the corporate level) to the businesses that have greater potential.
2. **FACILITATES STRATEGY FORMULATION:** Based on the portfolio analysis, firms will develop growth strategies for adding new products or businesses to the portfolio. The strategy may relate to Stability or Expansion or Retrenchment or an appropriate combination thereof.

Q.No.20. Write short notes on SBU (A)

STRATEGIC BUSINESS UNIT (SBU): Analyzing portfolio begins with first identifying the key businesses or strategic business units (SBUs) of the company.

a) **MEANING:**
   - i) SBU is a unit of the company that has separate vision and objectives, and which can be planned independently from other businesses of the company.
   - ii) SBU can be a company division, or a product line within a division, or even a single product or brand.
   - iii) SBUs are common in organisations that are located in multiple countries with independent manufacturing and marketing setups.

b) **CHARACTERISTICS:** SBU
   - i) Is a single business or collection of related businesses that can be planned separately.
   - ii) Has its own set of competitors.
   - iii) Has a manager who is responsible for strategic planning and profit.

Q.No.21. Write short notes on Experience Curve (A) (PM)

a) **MEANING:**
   - i) The concept is similar to learning curve which explains the efficiency increase gained by workers through repetitive productive work.
   - ii) The concept of Experience Curve is based on common experience that Average Cost per unit declines as a firm accumulates experience in terms of volume of production.

b) **FACTORS / REASONS:** Experience Curve results from factors like –
   - i) Learning Effects,
   - ii) Economies of Scale,
   - iii) Product Re-design, and
   - iv) Technological improvements in production.

Q.No.22. Write short notes on Product Life Cycle (A) (PM)

PRODUCT LIFE CYCLE: PLC is a useful concept for guiding strategic choice. PLC is an S-shaped curve which exhibits the relationship of sales with respect of time for a product that passes through the four successive stages of introduction (slow sales growth), growth (rapid market acceptance) maturity (slowdown in growth rate) and decline (sharp downward drift).

a) **INTRODUCTION:** In this stage the competition is almost negligible, prices are relatively high and markets are limited. Sales grow at a lower rate because of lack of knowledge to the customers.

b) **GROWTH:** In this stage, the demand expands rapidly, prices fall, competition increases and market expands. The customer has knowledge about the product and shows interest in purchasing it.

c) **MATURITY:** In this stage, the competition gets tough and market gets stabilised. Profit comes down because of stiff competition. At this stage organisations may work for maintaining stability.

d) **DECLINE:** In this stage, the sales and profits fall down sharply as some new product replaces the existing product. So, a combination of strategies can be implemented to stay in the market either by diversification or retrenchment.

Q.No.23. Various models of Portfolio Analysis. (C)

1. Boston Consulting Group (BCG) Growth – Share Matrix.
2. General Electric (GE) Matrix.
3. Arthur D. Little (ADL) Matrix.

Q.No.24. BCG Growth- Share Matrix (A) (PM)

INTRODUCTION: Large companies with number of SBUs face the challenge of allocating resources among them.

1. **STAGE 1:** Under the BCG approach, a company classifies its different businesses on a two-dimensional Growth – Share matrix. In this matrix:
   a) Vertical axis represents Market Growth Rate and provides a measure of Market Attractiveness.
   b) Horizontal axis represents relative market share and serves as a measure of company strength in the market.
2. **STAGE 2:** Different types of business represented by either products or SBUs can be classified for portfolio analyses through BCG matrix. They have been depicted by meaningful metaphors, namely:

Stars – Products or SBUs that grow rapidly	a) Stars can generate their own internal cash flows in view of: i) Low cost advantage, ii) Large scale economies, iii) Cumulative production experience. b) Some stars can meet investment requirements from their own internal cash flows while others need additional investments. c) They represent best opportunities for expansion.
Cash Cows Low growth, high market share SBUs or products.	a) They generate cash and have low costs. b) They are established, successful and need less investment to maintain their market share. c) In the long run, when the growth rate slows down, Stars become Cash Cows. d) They become financial base for the company.
Question Marks or Problem Children or Wild Cats	a) Low market-share business in high-growth markets. b) They need heavy investments but have low potential to generate cash. c) Question marks if left unattended may become cash traps. d) As growth rate is high, increasing the investments should be relatively easier.
Dogs – Low growth, low share SBUs & products	a) They may generate enough cash to maintain themselves, but do not have much future. b) Sometimes they may need cash to survive. c) Dogs should be minimised through divestment or liquidation.

3. **STAGE 3:** After classifying the SBUs as above, the role of each SBU is determined on the basis of the following strategies. The four strategies that help to determine the role of SBUs are:
   a) **Build (Stars):** Here the objective is to increase market share, even by foregoing short-term earnings in favour of building a strong future with large market share.

b) **Hold (Question Marks):** Here the objective is to preserve market share.

c) **Harvest (Cash Cows):** Here the objective is to increase short-term cash flows, irrespective of long-term effect.

d) **Divest (Dogs):** Here the objective is to sell or liquidate the business because resources can be better used elsewhere.

Thus BCG matrix is a powerful tool for strategic planning analysis and choice.

Q.No.25. Explain the General Electric (GE) Model of Portfolio Analysis. ("Stop- Light" Strategy Model) (A) (PM)

1. This model was developed by General Electric (GE) Company with the assistance of the consulting firm McKinsey & Company.
2. This model is also known as GE 9-Cell Matrix or General Electric Model.
3. The strategic planning approach in this model has been inspired from traffic control lights.
4. **Factors/ Dimensions:** The vertical axis indicates market attractiveness and the horizontal axis shows the business strength in the industry.
5. **Evaluation of SBU:** Each SBU is labeled as high, medium or low, on the above dimensions. *The following criteria are adapted for evaluation of SBU:*

Business strength is measured by considering the typical drivers like:	***The market attractiveness is measured by a number of factors like:***
• *Market share.* • *Market share growth rate.* • *Profit margin.* • *Distribution efficiency.* • *Brand image.* • *Ability to compete on price and quality.* • *Customer loyalty.* • *Production capacity.* • *Technological capability.* • *Relative cost position.* • *Management caliber, etc.*	• *Size of the market.* • *Market growth rate.* • *Industry profitability.* • *Competitive intensity.* • *Availability of Technology.* • *Pricing trends.* • *Overall risk of returns in the industry.* • *Opportunity for differentiation of products and services.* • *Demand variability.* • *Segmentation.* • *Distribution structure (e.g. retail, direct, wholesale) etc.*

6. **Strategy Formulation:** Overall ratings for both dimensions are calculated for each SBU. Appropriate strategy (as indicated in the above matrix) is adopted based on the classification of SBU.

a) **Green Zone:** If a product falls in the green section, the business is at advantageous position. To reap the benefits, the strategic decision can be to expand, to invest and grow.

b) **Yellow Zone:** If a product is in the yellow zone, it needs caution and managerial discretion is called for making the strategic choices.

c) **Red Zone:** If a product is in the red zone, it will eventually lead to losses that would make things difficult for organisations. In such cases, the appropriate strategy should be retrenchment, divestment or liquidation.

Q.No.26. Explain the ADL Matrix. (A) (PM)

INTRODUCTION:

- Arthur D. Little consulting company developed the ADL matrix in late 1970.
- ADL matrix is a method of portfolio analysis based on the concept of product Life cycle (PLC).
- It involves a 2 dimensional matrix based on 2 parameters: The Firm's competitive position & The state of Industry's maturity.

THE ADL MATRIX AS FOLLOWS:

	Stage of industry maturity			
Competitive position	**Embryonic**	**Growth**	**Mature**	**Ageing**
Dominant	Fast grow. Build barriers. Act offensively.	Fast grow Attend cost leadership Renew Defend position Act offensively	Defend position Attend cost leadership Renew Fast grow Act offensively	Defend position Renew Focus Consider withdrawal
Strong	Differentiate Fast grow	Differentiate Lower cost Attack small firms	Lower cost Focus Differentiate Grow with industry	Find niche Hold niche Harvest
Favourable	Differentiate Focus Fast grow	Focus Differentiate Defend	Focus Differentiate Harvest Find niche Hold niche Turnaround Grow with industry Hit smaller firms	Harvest Turnaround
Tenable	Grow with industry Focus	Hold niche Turnaround Focus Grow with Industry Withdraw	Turnaround Hold niche Retrench	Divest Retrench
Weak	Find niche Catch-up Grow with industry	Turnaround Retrench Niche or withdraw	Withdraw Divest	Withdraw

THE FIRM'S COMPETITIVE POSITION: *It is based on an assessment of the following criteria:*

a) ***Dominant****: This is a comparatively rare position and in many cases is attributable either to a monopoly or a strong and protected technological leadership.*

b) ***Strong****: By virtue of this position, the firm has a considerable degree of freedom over its choice of strategies and is often able to act without its market position being unduly threatened by its competitions.*

c) ***Favourable****: This position, which generally comes about when the industry is fragmented and no one competitor stand out clearly, results in the market leaders a reasonable degree of freedom.*

d) ***Tenable****: Although the firms within this category are able to perform satisfactorily and can justify staying in the industry, they are generally vulnerable in the face of increased competition from stronger and more proactive companies in the market.*

e) ***Weak****: The performance of firms in this category is generally unsatisfactory although the opportunities for improvement do exist.*

THE STATE OF INDUSTRY MATURITY: *There are 4 categories of industry maturity (also referred to as industry life cycle).*

a) ***Embryonic:*** *This is the introduction stage, characterised by rapid market growth, very little competition, new technology, high investment & high prices.*

b) ***Growth:*** *The industry continues to strengthen, sales increases, few competitors exist and the company enjoys rewards for bringing a new product to the market.*

c) ***Mature:*** *The industry is stable, there is a well established customer base, market share is stable, there are lots of competitors and energy is put to differentiate from competitors.*

d) ***Aging:*** *Demand decreases, companies start abandoning the market, the fight for market share among remaining competitors gets too expensive & companies begin leaving or consolidating until the markets demise.*

Q.No.27. Explain the Growth Strategies under Ansoff's Product- Market Growth Matrix. (A) (PM)

The Ansoff's product market growth matrix (proposed by Igor Ansoff) is an useful tool that helps businesses decide their product and market growth strategy.

Strategy	Meaning	Explanation
Market Penetration	To sell Existing Products into Existing Markets	**1.** Market penetration i.e. making more sales to present customers, without changing products in a major way, might require greater spending on advertising or personal selling.
Market Development	To sell Existing Products into New Markets	**1.** Market development strategy involves identifying and developing new markets for current products of the company. **2.** This strategy may be achieved through: • New Geographical Markets, • New Product Dimensions or Packaging, • New Distribution Channels, • Different Pricing Policies to Attract Different Customers, • Creating New Market Segments.
Product Development	To introduce New Products into Existing Markets	**1.** The company seeks growth by offering modified or new products to current markets. **2.** Product Development can be achieved by: • Adding new features to the product (product refinement), • Developing a new generation product
Diversification	To sell New Products in New Markets.	**1.** It involves starting up or acquiring businesses outside the company's current products and markets. **2.** This strategy is risky, because it does not rely on either the company's successful product or its position in already established markets.

SWOT ANALYSIS

Q.No.28. Write short note on SWOT ANALYSIS? (A) (PM)

SWOT analysis is a tool used by organizations for evolving strategic options for the future. The term SWOT refers to the analysis of strengths, weaknesses, opportunities and threats facing a company. Strengths and weaknesses are identified in the internal environment, whereas opportunities and threats are located in the external environment.

1. **STRENGTH:** An Inherent Capability of the firm to gain strategic advantage over its competitors.
2. **WEAKNESS:** An Inherent Limitation or Constraint of the firm which creates strategic disadvantage to it.
3. **OPPORTUNITY:** It is a Favourable Condition in the firm's environment which enables it to strengthen its position. An example of an opportunity is growing demand for the products or services that a company provides.
4. **THREAT:** An Unfavourable Condition in the firm's environment which causes a risk for, or damage to the firm's position.

Q.No.29. Explain the Significance of SWOT Analysis? (A) (PM)

SWOT analysis helps managers to craft a business model *(or* models) that will allow a company to gain a competitive advantage in its industry *(or* industries). Competitive advantage leads to increased profitability, and this maximizes a company's chances of surviving in the fast-changing, competitive environment.

THE SIGNIFICANCE OF SWOT ANALYSIS LIES IN THE FOLLOWING POINTS:

1. **It provides a Logical Framework:** SWOT analysis provides a logical framework for systematic analysis of issues having influence on the business situation, generation of alternative strategies and the choice of a strategy.
2. **It presents a Comparative Account:** SWOT analysis presents the information about both external and internal environment in a structured form where it is possible to compare external opportunities and threats with internal strengths and weaknesses.
3. **It guides the strategist in Strategy Identification:**
   - **a)** It is natural that a strategist faces a problem when his organization cannot be matched in the four patterns.
   - **b)** It is possible that the organization may have several opportunities and some serious threats.
   - **c)** In such situation, SWOT analysis guides the strategist to think of overall position of the organization that helps to identify a suitable strategy.

Q.No.30. How can TOWS Matrix be used for analyzing strategic situation of a company? (A) (PM)

TOWS MATRIX:

1. Heinz Weihrich developed a matrix called TOWS matrix by matching strengths and weaknesses of an organization with the external opportunities and threats.
2. **ALTERNATE STRATEGIC CHOICES:** Through TOWS matrix four distinct alternative kinds of strategic choices can be identified as given below:

External Elements	Internal Elements: Organizational strengths	Internal Elements: Organizational weaknesses
Environmental opportunities (and risks)	SO Maxi-Maxi	WO Mini-Maxi
Environmental threats	ST Maxi-Mini	WT Mini-Mini

   - **a) SO (Maxi-Maxi)**: SO is a position that any firm would like to achieve. The strengths can be used to capitalize or build upon existing or emerging opportunities.
   - **b) ST (Maxi-Mini):** ST is a position in which a firm strives to minimize the existing or emerging threats through its strengths.
   - **c) WO (Mini-Maxi):** The strategies need to be developed to overcome organizational weaknesses and to exploit the emerging opportunities to the maximum.
   - **d) WT (Mini-Mini):** WT is a position that any firm would like to avoid. An organization facing external threats and internal weaknesses may have to struggle for its survival.

GLOBAL ENVIRONMENT

Q.No.31. Write short notes on Global Environment (C)

- Today's competitive environment requires that companies must analyse global environment as it is also rapidly changing.
- The new concept of global village has changed how individuals and organizations relate to each other.
- Further, new migratory habits of the workforce as well as increased offshore operations are changing the dynamics of business operation.

FACTORS OF GLOBAL ENVIRONMENT THAT SHOULD BE ASSESSED INCLUDE:

a) Potential Positive and Negative impact of Significant International Events. For e.g. sports meet or terrorist attack

b) Identification of changing and emerging global markets. This includes shifts in the newly industrialised countries in Asia that may imply the opening of new markets for products or increased competition from emerging globally competitive companies in countries such as South Korea and China.

c) Differences between cultural and institutional attributes of individual global markets.

Q.No.32. Nature of Globalisation (A) (PM)

1. **MEANING OF GLOBALISATION:** In simple economic terms, globalization refers to the process of integration of the world into one huge market. Such unification calls for removal of all trade barriers among countries. Even political and geographical barriers become irrelevant.
2. **EFFECTS OF GLOBALIZATION:** At the company level, globalization means two things:
   a) The company commits itself heavily with several manufacturing locations around the world and offers products in several diversified industries, and
   b) It also means ability to compete in domestic markets with foreign competitors.

Q.No.33. What is a Multinational or Global Company? (A) (PM)

1. **MEANING:**
   a) A Multinational Company (MNC) or a Transnational Company (TNC) is the one that by operating in more than one country.
   b) A Multi National Company:
      i) Views the world as one market,
      ii) Minimizes the importance of national boundaries, and
      iii) Raises its capital and markets its products, wherever it can do the job best.
2. **CHARACTERISTICS OF A GLOBAL COMPANY:**
   a) It is a Conglomerate of multiple units (located in different parts of the globe) but all linked by common ownership.
   b) Multiple units draw from Common Pool of Resources, such as money, credit, information, patents, trade names and control systems.
   c) Inspite of pressure in different nations, the units or divisions of MNC may have common strategy in certain areas.

Q.No.34. Explain the reasons necessary for globalization by companies (A)

REASONS FOR GLOBALIZATION: Major reasons for going global are as follows:

1. There is rapid shrinking of time and distance across the globe on account of faster communication, speedier transportation, growing financial flows and rapid technological changes.
2. When companies have fully saturated the domestic markets they will focus on global markets.
3. To secure a reliable and cheaper source of raw materials.
4. Companies set up overseas plants to reduce high transportation costs.

3. STRATEGIC MANAGEMENT PROCESS

Q.No.1.What is Strategic Planning? (C)

MEANING OF STRATEGIC PLANNING:

a) It is the process of determining the objectives of the firm, resources required to attain these objectives and formulation of policies to govern the acquisition, use and disposition of resources.

b) Strategic planning involves a fact of interactive and overlapping decisions leading to the development of an effective strategy for the firm. Strategic planning determines where an organization is going over the next year or more and the ways for going there. The process is organization wide, or focused on a major function such as a division or other major function.

Q.No.2. What is strategic decision making? Briefly explain the Features/ Major Dimensions of Strategic Decision Making. (A) (P.M) (Or)
How strategic decisions differ in nature from other decisions taken in the day-to-day working of an organization? Explain.

DECISION MAKING: It is a managerial process and a function of choosing a particular course of action out of several alternative courses for the purpose of accomplishment of the organizational goals. Decisions may be operational or strategic in nature.

THE FEATURES / MAJOR DIMENSIONS OF STRATEGIC DECISIONS ARE:

1. **Strategic issues require top-management involvement:** Strategic decisions involve thinking in totality of the organization. Hence Problems calling for strategic decisions should be considered by top management
2. **Strategic decisions involve commitment of organizational resources:** For example, Strategic decisions to launch a new project by a firm requires allocation of huge funds and assignment of a large number of employees.
3. **Strategic decisions necessitate consideration of factors in the firm's external environment:** Strategic focus in organization involves orienting its internal environment to the changes of external environment.
4. **Strategic decisions are likely to have a significant impact on the long-term prosperity of the firm:** Generally, the results of strategic implementation are seen on a long-term basis and not immediately.
5. **Strategic decisions are future oriented:** Strategic thinking involves predicting the future environmental conditions and how to orient for the changed conditions.
6. **Strategic decisions usually have major multifunctional or multi-business consequences:** As they involve organization in totality they affect different sections of the organization with varying degree.

Q.No.3. Explain the Strategic Management Model. (A) (Or)
What are the major stages in the strategic management process?

1. The Strategic Management Model consists of 3 broad phases: Strategy Formulation, Strategy Implementation and Strategy Control.
2. The process of formulating, implementing and controlling a strategy or strategies is a continuous and an ongoing process. A change in any one of the major components in the model can necessitate a change in any or all of the other components.
3. THE MAJOR STAGES IN THE STRATEGIC MANAGEMENT PROCESS ARE:
   a) Develop vision and mission statements
   b) Perform internal and external audit (environmental scanning)

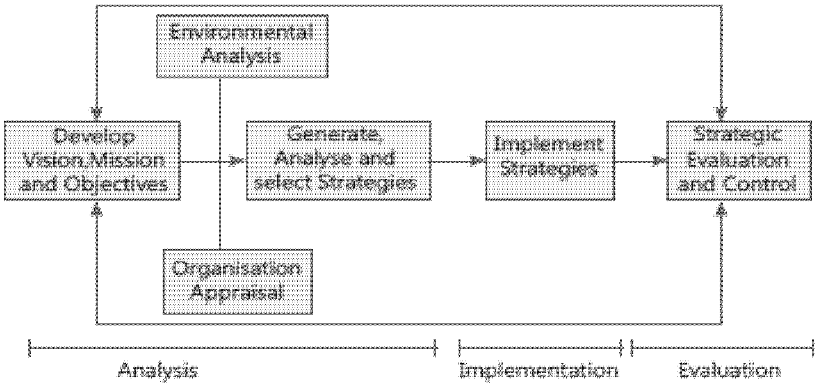
c) Establish long-term objectives

d) Generate, evaluate, and select strategies

e) Implement strategies considering management issues

f) Implement strategies marketing, finance, accounting, R&D, MIS issues

g) Measure and evaluate performance.



Q.No.4. Explain the stages in Strategic Management. (A)

Strategic management involves the following stages:

<u>Stage 1: Developing Strategic Vision, Mission and Objectives:</u>

Vision: First a company must determine its vision. A strategic vision describes management's aspirations for the organisation and highlights a particular direction, or strategic path for it to follow in preparing for the future, and moulds its identity.

Mission: Managers need to be clear about what they see as the <u>role of their organization</u>, and this is often expressed in terms of a statement of mission.

Objectives: The managerial purpose of setting objectives is to <u>convert the strategic vision into specific performance targets</u> – results and outcomes the management wants to achieve.

<u>Stage 2: Environmental and Organizational Analysis:</u> This stage is the diagnostic phase of strategic analysis. It entails two types of analysis:

- **Environmental scanning:** It involves the analysis of of economic, social, technological, market and other forces which affect its functioning.
- **Organisational analysis:** It involves a review of financial resources, technological resources, productive capacity, marketing and distribution effectiveness, R&D, human resource skills etc. This would reveal organisational strengths and weaknesses which could be matched with the threats and opportunities in the external environment.

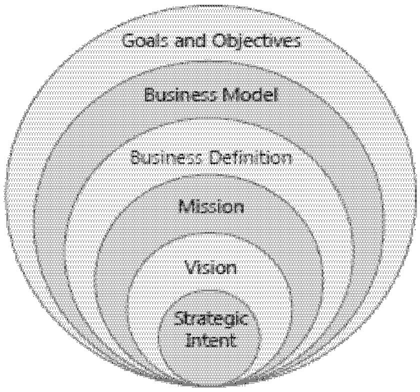
<u>Stage 3: Formulating Strategy:</u> The first step in strategy formulation is <u>developing strategic alternatives</u> in the light of the organization's SWOT factors. The second step is the <u>deep analysis of various strategic alternatives</u> for the purpose of choosing the most appropriate alternative which will serve as strategy of the firm.

<u>Stage 4: Implementation of Strategy:</u> Implementation and execution is an operations-oriented, activity aimed at shaping the performance of core business activities in a strategy-supportive manner.

<u>Stage 5: Strategic Evaluation and Control:</u> The final stage of strategic management process – evaluating the company's progress, assessing the impact of new external developments, and making corrective adjustments.

Q.No.5. What is Strategic Intent and what are its elements? (A)

1. **Meaning:**
   - **a)** Strategic intent refers to purposes of what the organization strives for.
   - **b)** Strategic intent gives an idea of what the organization desires to attain in future. It indicates the long-term market position, which the organization desires to create or occupy and the opportunity for exploring new possibilities.
2. **Elements of Strategic Intent:** The following ones are the elements of strategic intent.
   - **a) Vision:** Vision implies the blueprint of the company's future position. It describes where the organisation wants to land. It depicts the organisation's aspirations and provides a glimps of what the organization would like to become in future.
   - **b) Mission:** Mission describes the firm's business, its goals and ways to reach the goals. It explains the reason for the existence of the firm in the society. It is designed to help potential shareholders and investors understand the purpose of the company.
   - **c) Business Definition:** It seeks to explain the business undertaken by the firm, with respect to the customer needs, target markets, and alternative technologies.
   - **d) Business Model:** It is a strategy for the effective operation of the business, determining sources of income, desired customer base, and financial details.
   - **e) Goals and Objectives:** These are the base of measurement. Goals are the end results, that the organization attempts to achieve. On the other hand, objectives are time-based measurable targets, which help in the accomplishment of goals.



Elements of Strategic Intent

Q.No.6. What do you mean by Strategic Vision? What are its Elements? (A) (PM)

MEANING:

a) A Strategic Vision is:

- a Road Map of a Company's Future,
- providing specifics about Technology and Customer Focus, the Geographic and Product- Markets to be pursued, and
- the Capabilities it plans to develop and the kind of company that the management is trying to create.

ELEMENTS OF STRATEGIC VISION:

a) Through vision statement, a firm defines 'what business the company is presently in and conveys "Who we are and where we are now?".

b) The organisation's Vision statement should provide long - term direction to employees about "Where we are going?"

c) The organisation's vision must be clear, inspiring and stated in exciting terms to obtain commitment of all employees.

EXAMPLES:

1. **The vision of ICAI –** To be the World's leading accounting body, a regulator and developer of trusted and independent professionals with world class competencies in accounting, assurance, taxation, finance and business advisory services.

Q.No.7. How to develop Strategic Vision? (C)

a) The Entrepreneurial Challenge in developing strategic vision is to think creatively about how to prepare a company for the future.

b) Forming a Strategic Vision is an exercise in Intelligent Entrepreneurship.

c) A well articulated strategic vision creates enthusiasm for the course management has chartered and engages members of the organisation.

d) The best worded vision statement clearly and crisply illuminate the direction in which organisation is headed.

Q.No.8. What do you mean by Mission? (A) (PM)

MEANING OF MISSION STATEMENT:

a) Mission statement of a company is focused on its present business scope- "Who we are and what we do" and it broadly describes an organisation's present capabilities, customers focus, present activities and business makeup.

b) An organisation's mission states what customers it serves, what need it satisfies, and what type of product it offers.

c) Mission is the Purpose or reason for an organisation's existence.

SOME MORE POINTS TO PROVIDE CLARITY ABOUT MISSION:

a) Mission clarifies why the firm is there, what existence it seeks and what purpose it seeks to achieve as a business firm.

b) Mission serves as a justification for the firm's presence and existence;

c) It represents the common purpose, which the entire firm shares and pursues.

d) Mission is not a confidential affair and confined at the top. It has to be open to the entire company.

EXAMPLES:

ICAI will leverage technology and infrastructure and partner with its stakeholders to:

a) Impart world class education, training and professional development opportunities to create global professionals

b) Develop an independent and transparent regulatory mechanism that keeps pace with the changing times

c) Ensure adherence to highest ethical standards.

d) Conduct cutting edge research and development in the areas of accounting, assurance, taxation, finance and business advisory services

e) Establish ICAI members and firms as Indian multi-national service providers.

Q.No.9. State the points that may be considered while writing a mission statement of a company. (A) (PM)

Mission statement broadly describes an organization's present capabilities, customer focus, activities, and business makeup. The following points must be considered while writing a mission statement of a company.

1. To establish special identity of the business - one that differentiates it from other similarly positioned companies.

2. Needs which business tries to satisfy, customer groups it wishes to target and the technologies and competencies it uses and the activities it performs.

3. Good mission statements should be personalised and unique to the organisation for which they are developed.

4. *Mission statements should be precise, clear, feasible, distinctive and motivating.*

5. *Mission statements should serve as justification for the presence and existence of the firm.*

Q.No.10. According to Peter F. Drucker every organisation must ask an important question "What Business are We in?" – Elucidate. (C)

To ensure continued evolution of growth, an organization must define their business in a broader sense to take advantage of the growth opportunities that emerge over time. They must continuously understand and act on their customers' needs and desires. A company should define the purpose of its business in 3 dimensions.

E.g.1: *A company like Intel, the makers of microprocessors, may define their business like this: "We are in the business of computing technology and to consistently develop the building blocks of computing technology for the entire computer industry of the world is our business."*

E.g.2: *Ford motor company would say: "We are in the business of automotive and auto-related products and services."*

E.g.3:

Organisation	***Production - Oriented Answer (Internal Perspective)***	***Marketing - Oriented Perspective (External Perspective)***
INDIAN RAILWAYS	*We run a railroad system* .	*We offer a public transportation and material-handling system.*
IndianOil	*We produce oil and gasoline products.*	*We provide various types of safe and cost-effective energy.*
Kodak	*We make cameras and film.*	*We help people to preserve beautiful memories.*

Q.No.11. Define the Term Objectives (A)

OBJECTIVES:

a) Objectives are organisation's performance targets i.e. the results and outcomes it wants to achieve. They function as yardstick for tracking an organizations performance and progress.

b) They provide meaning and sense of direction to organizational endeavour.

c) They also act as benchmarks for guiding organizational activity and for evaluating how the organization is performing.

d) All organizations have objectives and the pursuit of objectives is an unending process.

Q.No.12. State the Characteristics of Objectives? (A)

Objectives should define the organization's relationship with its environment.

a) They should be facilitative towards achievement of mission and purpose.

b) They should provide the basis for strategic decision-making.

c) They should provide standards for performance appraisal.

d) Objectives should be understandable.

e) Objectives should be concrete and specific

f) Objectives should be related to a time frame

g) Objectives should be measurable and controllable

h) Objectives should be challenging

i) Different objectives should correlate with each other

j) Objectives should be set within constraints

An objective should satisfy the SMART principle.

S - *Specific*
M - *Measurable*
A - *Achievable or Attainable*
R - *Realistic*
T - *Time bound*

4. CORPORATE LEVEL STRATEGIES

Q.No.1. Explain the concept of topologies of strategies? (B)

We can classify the different types of strategies on the basis of levels of organisation, stages of business life cycle and competition as given in the table given below:

Basis of Classification	Types
Level	Corporate Level, Business Level, Functional Level
Stages of Business Life Cycle	Entry / Introduction Stage - Market Penetration Strategy Growth Stage - Growth/Expansion Strategy Maturity Stage - Stability Strategy Decline Stage - Retrenchment/ Turnaround Strategy
Competition	Competitive Strategies - Cost Leadership, Differentiation, Focus Collaboration Strategies - Joint Venture, Merger & Acquisition, Strategic Alliance

Q.No.2. What are Grand / Directional / Master Strategies? Explain four generic strategies as discussed by Glueck & Jauch? (A) (PM)

Grand strategies, which are often called master or business strategies, are intended to provide basic direction for strategic actions. They are seen as the basic of coordinated and sustained efforts directed towards achieving long-term business objectives.

a) **Stability Strategy:** Through Stability strategy a business enterprise attempts

- **i)** to safeguard its existing interests and strengths,
- **ii)** to pursue well established and tested objectives,
- **iii)** to continue in the chosen business path,
- **iv)** to maintain operational efficiency on a sustained basis,

b) **Expansion Strategy:**

- **i)** It is implemented by redefining the business by increasing the scope of business and substantially increasing the efforts of the current business.
- **ii)** It includes diversifying, acquiring and merging businesses.

c) **Retrenchment Strategy:**

- **i)** It means reducing the scope of organisation's activities.
- **ii)** Retrenchment or retreat strategy becomes necessary to cope up with some hostile and adverse situations in the environment and when any other strategy is going to be suicidal.

d) <u>Combination Strategy</u>:

i) Stability, expansion or retrenchment strategies are <u>not mutually exclusive</u>. It is possible to adopt a <u>mix to</u> suit particular situations.

ii) An enterprise <u>may seek</u> stability in some areas of activity, expansion in some and retrenchment in the others.

Q.No.3. Write short notes on Stability Strategy (A)

1. <u>**MEANING:**</u> Through Stability strategy a business enterprise attempts
   - To safeguard its existing interests and strengths,
   - To pursue well established and tested objectives,
   - To continue in the chosen business path,

   <u>**WHEN IT IS PURSUED BY A FIRM?**</u>

   i) When a firm prefers to continue to serve in the <u>same or similar markets</u> and deals in <u>same products</u> and services.

   ii) The strategic decisions focus on <u>incremental improvement</u> of functional performance.

2. <u>**NATURE OF STABILITY STRATEGY:**</u>

   i) Few functional <u>changes</u> are made in the products or markets.

   ii) It is not a 'do- nothing' strategy.

   iii) *It involves keeping track of new developments to ensure that the strategy continues to make sense.*

Q.No.4. What are the Characteristics of Stability Strategy? (B)

Characteristics of Stability Strategy

a) A firm opting for stability strategy stays with the same business, same product-market posture and functions, <u>maintaining same level of effort</u> as at present.

b) The endeavour is to <u>enhance functional efficiencies</u> in an incremental way, through better deployment and utilization of resources.

c) Stability strategy does not involve a <u>redefinition of the business</u> of the corporation.

d) It is basically a <u>safety-oriented</u>, *status quo* oriented strategy.

e) It does not warrant much of fresh investments.

f) It involves <u>minor improvements</u> in the product and its packaging.

g) The risk is also less.

h) With the stability strategy, the firm has the benefit of <u>concentrating</u> its resources and attention <u>on the existing businesses/products and markets</u>.

i) The growth objective of firms employing this strategy is quite modest. Conversely, only firms with <u>modest growth objective</u> choose for this strategy.

Q.No.5. What are the reasons for adopting the stability strategy? (B)

a) The company's product has reached the maturity stage of the product life cycle.

b) It is <u>less risky</u> as it involves less changes and the staff feels comfortable with things as they are.

c) The environment faced is relatively stable.

d) Expansion may be perceived as being threatening.

e) Consolidation is sought through stabilizing after a period of rapid expansion.

Q.No.6. What is Growth/ Expansion Strategy? (A)

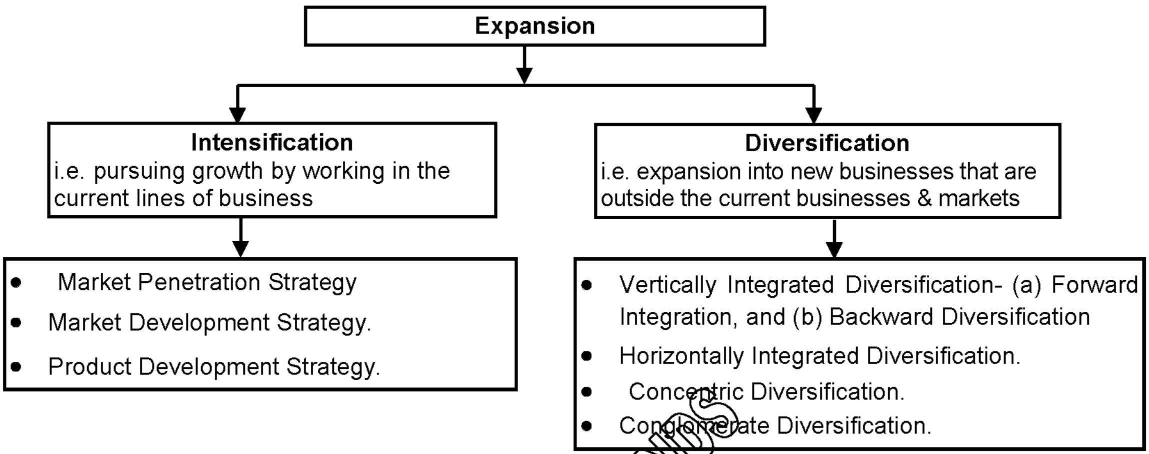
EXPANSION STRATEGY:

a) It is implemented by increasing the scope of business.

b) It includes diversifying, acquiring and merging businesses.

c) Expansion strategy is the opposite of stability strategy.

Classification: There are 2 major routes of Expansion strategy as shown in the diagram given below:



Q.No.7. Characteristics of Growth/Expansion Strategy (B)

a) Expansion strategy involves a redefinition of the business of the corporation.

b) It is the opposite of stability strategy. While in stability strategy, rewards are limited, in expansion strategy they are very high. In the matter of risks, too, the two are the opposites of each other.

c) Expansion strategy leads to business growth. A firm with high growth ambition can meet its objective only through the expansion strategy.

d) The process of renewal of the firm through fresh investments and new businesses/ products/markets is facilitated only by expansion strategy.

e) It is a highly versatile strategy; it offers several permutations and combinations for growth. A firm opting for the expansion strategy can generate many alternatives within the strategy by altering its propositions regarding products, markets and functions and pick the one that suits it most.

f) Expansion strategy holds within its fold two major strategy routes: Intensification Diversification. Both of them are growth strategies; the difference lies in the way in which the firm actually pursues the growth.

Q.No.8. Reasons for adopting Expansion Strategy? (C)

1. It may become imperative when environment demands increase in pace of activity.

2. Strategists may feel more satisfied with the prospects of growth from expansion since organisations are perceived to be growth-oriented.

3. Increasing size may lead to more control over the market vis-à-vis competitors.

4. May gain advantages from experience curve and scale of operations.

Q.No.9. Explain the concept of expansion through intensification? (B)

1. **Market Penetration:** Highly common expansion strategy is market penetration/ concentration on the current business. The firm directs its resources to the profitable growth of its existing product in the existing market.
2. **Market Development:** It consists of marketing present products, to customers in related market areas by adding different channels of distribution or by changing the content of advertising or the promotional media.
3. **Product Development:** Product development involves substantial modification of existing products or creation of new but related items that can be marketed to current customers through establish channels.

Q.No.10. Explain the concept of Expansion through Diversification? (B)

1. **DIVERSIFICATION:** Diversification refers to the entry into new products or product lines, new services or new markets.
2. **WHY IS IT ADOPTED?**
   a) **Right strategy for innovative firms:** Diversification offers greater prospects of growth and profitability, for such "active" firms.
   b) **To ensure excess capacity utilization:** can utilise resources in a more effective and efficient manner.
   c) **To Achieve Synergy Benefit:** Sales and profits of existing products can be improved by adding suitably related or new products, because of linkages in technology and/or in markets.

Q.No.11. Write about Vertical and Horizontal Integration Diversification Strategies (A)

VERTICALLY INTEGRATED DIVERSIFICATION STRATEGY:

1. **Comes under Related Diversification:** In Vertically Integrated Diversification, the firm engages in businesses that are related to its existing business. The firm remains vertically within the same product-process chain.
2. **Types:** It consists of two types.
   a) **Backward integration** involves entering into business of input providers. It is employed to expand profits and gain greater control over production of a product by starting/ acquiring a business that will increase its own supply capability or lessen its cost of production.
   b) **Forward integration** is moving forward in the value chain and entering business lines that use existing products. Forward integration will also take place where organizations enter into businesses of distribution channels.

HORIZONTALLY INTEGRATED DIVERSIFICATION STRATEGY:

1. This involves adding/acquisition of one or more similar businesses at the same stage of the production – marketing chain.
2. **This can be achieved by:**
   a) Taking over Competitor's Products,
   b) Production of Complementary Products,
   c) Sale of By-Products,

Q.No.12. What are the Reasons for Adopting Related and Unrelated Diversification Strategies? (B)

PURPOSES / REASONS FOR

1. Related Diversification	2. Unrelated Diversification
a. To exchange or share assets or competencies, by exploiting- • Brand Name, • Marketing Skills, • Sales and Distribution Capacity, • Manufacturing Skills, • R&D, and • New Product Capacity, **b.** To achieve economies of scale.	**a.** To manage and allocate cash flows. **b.** To obtain high ROI. **c.** To enhance market power. **d.** To re-focus a firm's, objectives and operations. **e.** To reduce risk by operating in multiple product markets. **f.** To obtain tax benefits. **g.** To ensure better utilization of the liquid assets.

Q.No.13. Write short notes on "Concentric Diversification" and "Conglomerate Diversification Strategies". (A) (PM)

CONCENTRIC DIVERSIFICATION:

a) Concentric diversification also comes under related diversification.

b) In concentric diversification, the new business is linked to the existing businesses through process, technology or marketing. The new product is a spin-off from the existing facilities and products/processes.

c) Even in concentric diversification, there are will be synergy benefits with the current operations.

CONGLOMERATE DIVERSIFICATION:

a) When an organization adopts a strategy which requires taking up activities which are unrelated to the existing businesses, either in terms of their respective customer groups, customer functions or alternative technologies, it is called conglomerate diversification.

b) There is no connection between the new products and the existing ones in terms of process/technology/function hence It is a totally unrelated diversification.

Q.No.14. Explain the concept of Expansion through Mergers and Acquisitions? (A) (PM)

1. **Introduction:**
   - In order to achieve quick growth, many organizations use strategies such as mergers and acquisitions.
   - It is an instant means of achieving the expansion. It is an attractive method,
2. **Meaning:** In simple words, Mergers and acquisitions are defined as a process of combining two or more organizations together. There is a thin line of difference between the two terms.

   MERGER:

   a) It is considered to be a process when two or more organizations join together to expand their business operations.

   b) In a merger, two organisations combine to increase their strength and financial gains alongwith breaking the trade barriers.

   ACQUISITION:

   a) When one organization takes over the other organization and controls all its business operations, it is known as acquisition.

   b) In this process of acquisition, one financially strong organization takes over the weaker one.

3. **PURPOSE OF ADOPTING THIS STRATEGY:**
   a) To meet the basic business urge to grow.
   b) To achieve synergy benefit, which results from integrated physical facilities, technical and managerial skills, distribution channels, general administration, R&D, etc.

Q.No.15. Discuss how mergers and acquisitions are used for business growth. What are the various types of mergers? (A) (PM)

Many organizations in order to achieve quick growth, use strategies such as mergers and acquisitions. This also helps in deploying surplus funds.

TYPES OF MERGERS:

a) **Horizontal merger:** Horizontal mergers are combinations of firms engaged in the same industry. It is a merger with a direct competitor.

b) **Vertical merger:** It is a merger of two organizations that are operating in the same industry but at different stages of production or distribution system.

c) **Co - generic merger:** In co-generic merger two or more merging organizations are associated in some way or the other related to the production processes, business markets, or basic required technologies.

d) **Conglomerate merger:** Conglomerate mergers are the combination of organizations that are unrelated to each other. There will be no common factors between the organizations in production, marketing, research and development and technology.

Q.No.16. What is expansion through Strategic Alliance? State its advantages and disadvantages? (A)

Meaning:

1. A Strategic alliance is a relationship between two or more businesses that enables each to achieve certain strategic objectives which neither would be able to achieve on its own.
2. The strategic partners maintain their status as independent and separate entities, share the benefits and control over the partnership, and continue to make contributions to the alliance until it is terminated.

Advantages:

1. **Organizational:** Strategic alliance helps to learn necessary skills and obtain certain capabilities from strategic partners. It also help to enhance productive capacity, provide a distribution system, or extend supply chain.
2. **Economic:** Greater economies of scale can be obtained in an alliance, as production volume can increase, causing the cost per unit to decline.
3. **Strategic:** Rivals can join together to cooperate instead of compete. Vertical integration can be created where partners are part of supply chain. Strategic alliances may also be useful to create a competitive advantage by the pooling of resources and skills.
4. **Political:** Forming strategic alliances with politically-influential partners may also help improve your own influence and position.

Disadvantages:

1. **Sharing.** Strategic alliances require sharing of resources and profits, and also sharing knowledge and skills that otherwise organisations may not like to share. Sharing knowledge and skills can be problematic if they involve trade secrets.
2. Strategic alliances may also create a potential competitor. An ally may become a competitor in future when it decides to separate out.

Q.No.17. Write about Retrenchment Strategy (A) (PM)

1. **MEANING:**
   - **a)** Retrenchment strategy implies substantial reduction in the scope of organization's activity.
   - **b)** Retrenchment becomes necessary for coping with hostile and adverse situations in the environment and when any other strategy is likely to be suicidal or hopeless.
   - **c)** *Retrenchment Strategy constitutes re-definition of the business of the Firm.*
2. **WAYS OF RETRENCHMENT:**
   - **a)** Cutting back on capital and revenue expenditure, e.g. R&D projects, advertising, executives perks, etc.
   - **b)** Reduction in inventory levels, production volumes, manpower, dividend rates, etc.
   - **c)** Withdrawal of some products / product versions, winding up some branch offices, etc.
   - **d)** Offering itself for take-over by another more viable enterprise.
   - **e)** Seeking liquidation or winding up (corporate death).
3. **TYPES:** Retrenchment may be done either – (a) Internally (i.e. Turnaround) or (b) Externally (i.e. Divestment or Liquidation).

Q.No.18. What are the Reasons for Adopting Retrenchment Strategy? (B)

RETRENCHMENT STRATEGY IS ADOPTED IN ANY OF THE FOLLOWING SITUATIONS:

1. Due to continuous losses and unavoidability.
2. Unmanageable Threats from environment, due to intense competition, reduced margins, etc.
3. Obsolescence of Product/Process
4. Industry Overcapacity.
5. Failure of Strategy.

Q.No.19. Write about Turnaround Strategy? (A) (PM) (Or)
Write short notes on reasons to adopt Turnaround Strategies.

1. **MEANING:**
   - **a)** Retrenchment may be done either internally or externally. For internal retrenchment to take place, emphasis is laid on improving internal efficiency, known as turnaround strategy.
   - **b)** Turnaround is needed when an enterprise's performance deteriorates so much that it needs a radical change of direction in strategy, in structure and culture as well.
   - **c)** The overall goal of turnaround strategy is to convert a loss making company into a profit making one.
2. **INDICATORS / DANGER SIGNS:** These danger signs are:
   - **a)** Persistent Negative Cash Flows
   - **b)** Negative Profits,
   - **c)** Declining Market share value,
   - **d)** Deterioration in Physical Facilities,
   - **e)** Over manning, High Turnover of Employees & Low Morale,
   - **f)** Uncompetitive products or services, and
   - **g)** Mismanagement.

Q.No.20. write about suitable action plan for Turnaround? (A)

A workable action plan forturn around would involve the following stages:

Stage One - Assessment of current problems: The first step is to assess the current problems and get to the root causes and the extent of damage the problem has caused.

Stage Two – Analyze the situation and develop a strategic plan: Before you make any major changes; determine the chances of the business's survival. Identify appropriate strategies and develop a preliminary action plan.

Stage Three - Implementing an emergency action plan: If the organization is in a critical stage, an appropriate action plan must be developed to stop the bleeding and enable the organization to survive.

Stage Four - Restructuring the business: The financial state of the organization's core business is particularly important. If the core business is irreparably damaged, then the outlook for the entire organization may be bleak. Prepare cash forecasts, analyze assets and debts, review profits and analyze other key financial functions to position the organization for rapid improvement.

Stage Five – Returning to normal: In the final stage of turn around strategy process, the organization should begin to show signs of profitability, return on investments and enhancing economic value-added.

Q.No.21. What is a Divestment Strategy? Explain why/when is it adopted? (A) (PM)

1. **MEANING:** Divestment Strategy involves the sale or liquidation of portion of business, or a major division, profit centre or SBU.
2. **WHY DIVESTMENT STRATEGY?** Divestment Strategy may be adopted due to any of the following reasons
   - **a)** When a turnaround has been attempted but has proved to be unsuccessful.
   - **b)** Persistent negative cash flows from a particular business create financial problems for the whole company.
   - **c)** Severity of competition and the inability of the firm to cope with it.
   - **d)** Technological upgradation is required but firm can’t invest in it.

Q.No.22. Write short notes on Liquidation Strategy? (A)

MEANING:

- **a)** Liquidation Strategy involves closing down a firm and selling off all its assets and paying off its liabilities.
- **b)** It is considered to be the most extreme and unattractive retrenchment strategy.
- **c)** It is considered as the last resort because it leads to serious consequences such as loss of employment for workers and other employees, termination of opportunities where a firm could pursue any future activities and the stigma of failure.

Q.No.23. Meaning of Combination Strategy & Reasons for adopting it. (A) (PM)

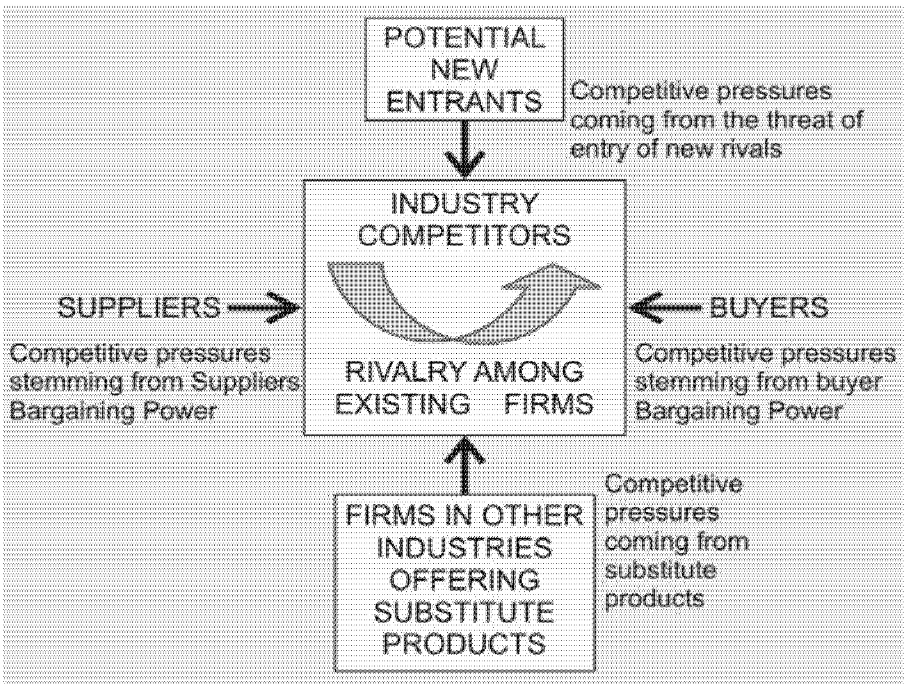
1. **MEANING:**
   - **a)** Combination Strategies refer to a mix of different strategies like stability; expansion, diversification or retrenchment to suit particular situations that an enterprise is facing.
   - **b)** Stability, Expansion and Retrenchment alternatives are not mutually exclusive. Hence, a combination thereof can be adopted.
2. **REASONS:** Some reasons for adopting Combination Strategy are
   - **a)** The organisation is large and faces complex environment.
   - **b)** The organisation is composed of different businesses, each of which lies in a different industry requiring a different response.

5. BUSINESS LEVEL STRATEGIES

Q.No.1. Explain Michael Porter's Five Forces Model of Competition Analysis (A) (PM)

MEANING: It is a powerful and widely used tool for systematically diagnosing the principal competitive pressures in a market and assessing their strength and importance. The five forces together determine industry attractiveness/profitability. These five forces are:

1. **THREAT OF NEW ENTRANTS:** New entrants are always a powerful source of competition. The new capacity and product range they bring in throw up new competitive pressure. And the bigger the new entrant, the more severe the competitive effect.
2. **BARGAINING POWER OF CUSTOMERS:**
   - **a)** This force will become heavier depending on the possibilities of the buyers forming groups or cartels. Mostly, this is a phenomenon seen in industrial products.
   - **b)** Quite often, users of industrial products may come together formally or informally and bring pressure on the producer in matters such as price, quality and delivery.
3. **BARGAINING POWER OF SUPPLIERS:**
   - **a)** Quite often suppliers too exercise considerable bargaining power over companies.
   - **b)** The more specialised the offering from the supplier, greater is his bargaining power. And, if the suppliers are also limited in number they stand a still better chance to exhibit their bargaining power.
4. **RIVALRY AMONG CURRENT PLAYERS:** The rivalry among existing players is quite obvious. This is what is normally understood as competition. And it is obvious that for any player, competitors influence prices as well as the costs of competing in the industry, in production facilities, product development, advertising, sales force, etc.
5. **THREATS FROM SUBSTITUTES:**
   - **a)** Substitute products are a latent / indirect source of competition in an industry. In many cases they become a major source of competition.
   - **b)** Substitute products that can offer price advantage and/or performance improvement to the consumer can significantly affect the competitive character of an industry. And they can bring it about all of a sudden.



Q.No.2. Write short notes on Michael Porter's Generic Strategies (A) (PM)

The basic purpose of following a generic strategy is to gain competitive advantage so as to ensure long-time survival and growth.

COST LEADERSHIP: Emphasizes producing standardized products at a very low per-unit cost for consumers who are price-sensitive. *It allows a firm to earn higher profits than its competitors.*

DIFFERENTIATION: It is a strategy aimed at producing unique products and services and directed at consumers who are relatively price-insensitive. Uniqueness can be achieved in different areas of operations.

FOCUS: It means producing products and services that fulfill the needs of small groups of consumers. It involves selecting or focussing a market or customer segment in which to operate.

Q.No.3. Write short notes on Cost Leadership Strategy? (A)

1. It is a low cost competitive strategy that aims at broad mass market.
2. It requires vigorous pursuit of cost reduction in the areas of procurement, production, storage and distribution of product or service and also economies in overhead costs.
3. Due to its lower costs, the cost leader is able to charge a lower price for its products than its competitors and still make satisfactory profits.
4. This strategy is effective when the market is composed of many price-sensitive buyers, when there are few ways to achieve product differentiation, when buyers do not care much about differences from brand to brand, or when there are a large number of buyers with significant bargaining power.
5. The basic objective of this strategy is to underprice competitors and thereby gain market share and sales, driving some competitors out of the market entirely.
6. In a 'Low Cost Leader' company there will be high efficiency, low overheads, limited perks, intolerance of waste, intensive screening of budget requests, wide spans of control, rewards linked to cost containment, and broad employee participation in cost control efforts
7. Some risks of cost leadership strategy are that competitors may imitate the strategy, thus reducing the overall industry profits; that technological breakthroughs in the industry may make the strategy ineffective; or buyer interest may swing to other differentiating features in addition to price.

Q.No.4. How to achieve Cost Leadership Strategy? (B)

To achieve cost leadership, the following actions have to be taken by a firm:

a) Forecast the demand of a product or service promptly.
b) Optimum utilization of the resources to achieve cost advantage.
c) Achieving economies of scale leads to lower per unit cost of product/service.
d) Standardisation of products for mass production to yield lower cost per unit.
e) Invest in cost saving technologies and try using advance technology for smart working.
f) Resistance to differentiation till it becomes necessary.

Q.No.5. What are the Advantages and Disadvantages of Cost Leadership Strategy? (B)

Advantages of Cost Leadership Strategy

Cost leadership strategy may help the firm remain profitable even in the presence of: existing rivalry, new entrants, supplier's bargaining power, substitute products, and buyers' bargaining power.

a) **Existing Rivalry** – Competitors are likely to avoid a price war, since the low cost firm will continue to earn profits.

b) **Buyers** – Powerful buyers/customers can't exercise their bargaining power over the cost leader firm and will continue to buy its product.

c) **Suppliers** – Cost leader firms can absorb greater price increases of raw materials.

d) **New Entrants** – Low cost leader firms can create entry barriers to new entrants through their continuous focus on efficiency and reduction of costs.

e) **Substitutes** – Low cost leaders can successfully persuade customers to stay with their product.

Disadvantages of Cost Leadership Strategy

a) Cost advantage may not remain for long as competitors can copy or follow cost reduction techniques.

b) A firm can succeed with this strategy only if it can achieve higher sales volume.

c) Cost leaders tend to keep their costs low by minimizing advertising, market research, and research and development, but this approach is not suggestible in the long run.

d) Technology changes are a great threat to the cost leader firm.

Q.No.6. Write short notes on Differentiation Strategy? (A)

1. This strategy involves producing unique products and services and charging a premium price, targeting consumers who are relatively price-insensitive.
2. Successful differentiation can mean greater product flexibility, greater compatibility, lower costs, improved service, less maintenance, greater convenience, or more features.
3. A successful differentiation strategy allows a firm to charge a higher price for its product and to gain customer loyalty because consumers may become strongly attached to the differentiation features.
4. Special features that differentiate one's product can include superior service, spare parts availability, engineering design, product performance, useful life, gas mileage, or ease of use.
5. A risk of pursuing a differentiation strategy is that the unique product may not be valued high enough by customers to justify the higher price. When this happens, a cost leadership strategy easily will defeat a differentiation strategy. Another risk of pursuing a differentiation strategy is that competitors may develop ways to copy the differentiating features quickly.

Q.No.7. How to achieve Differentiation Strategy? (B)

To achieve differentiation, the following measures should be adopted by an organization.

a) Offer utility for the customers and match the products with their tastes and preferences.

b) Elevate the performance of the product (Superior Performance).

c) Offer the promise of high quality product/service for buyer satisfaction.

d) Rapid product innovation.

e) Taking steps for enhancing image and brand value.

f) Fixing product prices based on the unique features of the product and buying capacity of the customer.

Q.No.8. Write are the Advantages and Disadvantages of Differentiation Strategy? (B)

Advantages of Differentiation Strategy: Differentiation strategy may help a firm remain profitable even in the presence of: existing rivalry, new entrants, suppliers' bargaining power, substitute products, and buyers' bargaining power.

1. **Existing Rivalry** - Brand loyalty acts as a safeguard against competitors. It means that customers will be less sensitive to price increases, as long as the firm can satisfy the needs of its customers.

2. **Buyers** - They do not negotiate for price as they get special features and also they have fewer options in the market.
3. **Suppliers** - Because differentiators charge a premium price, they can afford to absorb higher costs of supplies and customers are willing to pay extra too.
4. **New Entrants** - Innovative features are an expensive offer. So, new entrants generally avoid these features because it is tough for them to provide the same product with special features at a comparable price.
5. **Substitutes** - Substitute products can't replace differentiated products which have high brand value and enjoy customer loyalty.

Disadvantages of Differentiation Strategy:

1. In long term, uniqueness is difficult to sustain.
2. Charging too high a price for differentiated features may cause the customer to switch to another alternative.
3. Differentiation fails to work if its basis is something that is not valued by the customers.

Q.No.9. Write short note on Focus Strategy (A)

1. Focus strategy involves producing products and services that fulfill the needs of a narrow market that consists of consumers whose needs and preferences are distinctively different from the rest of the market.
2. An organization using a focus strategy may concentrate on a particular group of customers, geographic markets, or on particular product - line segments.
3. A successful focus strategy depends on an industry segment that is of
   - **a)** sufficient size,
   - **b)** has good growth potential, and
   - **c)** is not crucial to the success of other major competitors.
4. Focus strategy is most effective when consumers have distinctive preferences or requirements and when rival firms are not attempting to specialize in the same target segment.
5. Risks of pursuing a focus strategy include the possibility that numerous competitors will recognize the successful focus strategy and copy it, or that consumer preferences will drift toward the product attributes desired by the market as a whole.
6. **Types of Focus Strategy:** There are two variants of Focus Strategy, namely Focused Cost Leadership and Focused Differentiation strategies.
   - **a) Focused Cost Leadership Strategy:** It involves competing based on low price and targeting a narrow market. Firms that compete based on price and target a narrow market are following this strategy. A firm that follows this strategy does not necessarily charge the lowest prices in the industry. Instead, it charges low prices relative to other firms that compete within the target market.
   - **b) Focused Differentiation Strategy:** It involves offering unique features that fulfill the demands of a narrow market. Firms that compete based on uniqueness and target a narrow market are following a focused differentiations strategy. *For example, Rolls-Royce sells limited number of high-end, custom-built cars.*

Q.No.10. How to achieve Focus Strategy? (B)

To achieve focus strategy the following are the following measures have to be adopted by an organization:

1. Selecting specific niches which are not covered by cost leaders and differentiators.
2. Creating superior skills for catering to such niche markets.
3. Generating high efficiencies for serving such niche markets.
4. Developing innovative ways in managing the value chain.

Q.No.11. What are the Advantages and Disadvantages of Focus Strategy? (B)

Advantages of Focused Strategy

a. Premium prices can be charged by the organisations for their focused product/ services.

b. Due to the tremendous expertise about the goods and services that organisations following focus strategy offer, rivals and new entrants will find it difficult to compete.

Disadvantages of Focused Strategy

1. The firms lacking in distinctive competencies may not be able to pursue focus strategy.
2. Due to the limited demand of product/services, costs are high which can cause problems.
3. In long run, the niche could disappear or be taken over by larger competitors by acquiring the same distinctive competencies.

Q.No.12. Write short notes on Best- Cost Provider Strategy (A) (PM)

1. Best - cost provider strategy involves providing more value for money to the Customers by emphasizing low cost and better quality difference. It can be done in any of the following 2 ways:
   - **a)** By offering products at lower price than what is being offered by rivals for products with comparable quality and features or
   - **b)** Charging similar price as that of rivals for products with much higher quality and better features.
2. The objective is to keep costs and prices lower than those of other sellers of comparable products.

Q. No.13. What are the situations under which the three generic strategies can be used? (C) (Or) According to Michael Porter, strategies allow organizations to gain competitive advantages from different bases. Explain these bases as mentioned by Porter.

SITUATIONS UNDER WHICH THESE GENERIC STRATEGIES CAN BE USED ARE:

a) **COST LEADERSHIP:** When the market is price-sensitive and much room is not left for differentiation. Cost leadership is a better option when buyers do not care much about differences between the brands.

b) **DIFFERENTIATION:** This strategy is suitable when the customers are attracted to specific attribute(s) of the products. It is directed towards creating separate market with a product with different attribute(s). The strategy is useful in a perfectly competitive market where all the products look similar.

c) **FOCUS:** Smaller firms may compete on a focus basis. When the customers have distinctive preferences or requirements and the rival firms are not attempting to specialise in the same target segment.

6. FUNCTIONAL LEVEL STRATETEGIES

Q.No.1. What are Functional Strategies? In terms of level where will you put them? (B) (PM)

1. **MEANING:** Functional strategies refer to strategies which are formulated in the individual functional departments such as marketing, finance, production, R&D, Human Resource Management etc.
2. **ROLE OF FUNCTIONAL STRATEGIES:** Functional strategies play two important roles.
   - Firstly, they provide support to the overall business strategy.
   - Secondly, they spell out as to how functional managers will work so as to ensure better performance in their respective functional areas.
3. **LEVEL IN THE ORGANISATION STRUCTURE:**
   - Within functional strategies there might be several sub functional areas.

- Functional strategies are formulated within the higher level strategies and guidelines that are set at higher levels of an organization.

Q.No.2. Are functional strategies really important for business? (A) (Or)
What are functional strategies? How important are they for the business? (PM)

REASONS WHY FUNCTIONAL STRATEGIES ARE NEEDED CAN BE ENUMERATED AS FOLLOWS:

a) The development of functional strategies aims at making the top- level management strategies practically feasible at the functional level.

b) Functional strategies facilitate the flow of strategic decisions to different parts of an organization.

c) Functional strategies act as basis for controlling activities in different functional areas of business.

d) The time spent by functional managers in decision-making is reduced.

MARKETING MANAGEMENT STRATEGIES

Q.No.3. Discuss the concept of Marketing Mix? (A) (Or)
Write a short note on place in marketing. (PM)

MEANING OF MARKETING: Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating, offering and exchanging products of value with others.

MEANING OF MARKETING MIX:

a) It is a set of controllable marketing variables that the firm blends to influence the demand for its products and to produce the desired response it wants, in the target market.

b) It consists of everything that the firm can do to influence the demand for its product.

c) These variables are often referred to as "4Ps." When translated to the perspective of buyers, they may be termed as "4Cs" as explained below:

4P's of Marketing Mix (From company's perspective)	4C's of Marketing Mix (From Customer's perspective)
• Product • Price • Place • Promotion	• Customer Solution • Customer Cost • Convenience • Communication

COMPONENTS / ELEMENTS OF MARKETING MIX:

Product: It stands for goods & services offered by the company, to the target market.

Price: It stands for amount of money that customers have to pay to obtain the product.

Place: It stands for all the activities of the company that make the product available to target customers.

Promotion: It stands for activities that communicate the merits of the product and persuade target consumers to buy it.

Q.No.4. Discuss different promotional methods (B) (PM)

THERE ARE AT LEAST FOUR MAJOR DIRECT PROMOTIONAL METHODS OR TOOLS AS EXPLAINED BELOW:

1. **Personal Selling:**

   a) It involves face-to-face interaction of sales force with the prospective customers and provides high degree of personal attention.

b) It suffers from very high costs as sales personnel are expensive. They can physically attend only one customer at a time. Through this large number of people can't be reached.

2. **Advertising:**

a) Advertising is a non-personal, highly flexible and dynamic promotional method.

b) There are several media of advertisement such as pamphlets, brochures, newspapers, magazines, hoardings, display boards, radio, television and internet..

c) Advertising may be directed towards consumers, middlemen or opinion leaders.

3. **Publicity:**

a) Publicity is a non-personal form of promotion similar to advertising. However, no payments are made to the media as in case of advertising. .

b) Basic tools for publicity are press releases, press conferences, reports, stories, and internet releases. Of course, these releases must be of interest to the public.

4. **Sales Promotion:**

a) Sales promotion includes all activities that are undertaken to promote the business but are not specifically included under personal selling, advertising or publicity.

b) Activities like discounts, contests, money refunds, installments, kiosks, exhibitions and fairs will come under sales promotion. All these are meant to give a boost to the sales.

Q.No.5. Discuss the concept of Expanded/ Extended Marketing Mix. (B) (PM)

1. **People:** All human actors who play a part in delivering the market offering and thus influence the buyer's perception i.e. firm's personnel.
2. **Physical Evidence:** The environment in which the market offering is delivered and where the firm and customers interact.
3. **Process:** The actual procedures, mechanisms and flow of activities by which the product/service is delivered.

NOTE: Students are advised to write the AREAS OF STRATEGY only if specifically questioned in the examination.

Q.No.6. Explain various Marketing Strategies/ Techniques? (C)

1. **Social Marketing:** It refers to the design, implementation, and control of programs to bring a social change or to promote a social cause. e.g. "No Smoking" Campaign.
2. **Augmented Marketing:** It refers to provision of additional customer services and benefits attached to the product. **e.g.** , on-line computer repair services, secretarial services, etc.
3. **Direct Marketing:** It is the process of marketing through various advertising media that interact directly with consumers. Direct Marketing includes Catalogue Selling, Mail Telecomputing, Electronic Marketing and TV Shopping.
4. **Relationship Marketing:** It is the process of creating, maintaining and enhancing strong, value-laden relationship with customers & other shareholders. To build lasting customer relationship. **Eg:** *British Airways offers special lounges with showers at 199 airports for frequent flyers.*
5. **Services Marketing:** It is the process of applying the concepts, tools and techniques of marketing to services. Service refers to any activity or benefit that one party can offer to another, and is essentially intangible, ***e.g.*** *Banking, Retailing, Educational or other utilities.*
6. **Person Marketing:** Person marketing consists of activities undertaken to change attitudes or behaviour towards particular people. **For example**, politicians, sports, stars, film stars, etc. market themselves to get votes, or to promote their careers and income.
7. **Organisation Marketing:** Organisation Marketing consists of activities undertaken to change attitude and behaviour of target audiences towards an organisation. Both profit and non-profit entities practice organisation marketing.

8. **Place Marketing:** Place Marketing involves activities undertaken to change attitudes and behaviour towards particular places, ***e.g**. business sites marketing, tourism marketing.*

9. **Enlightened Marketing:** It involves marketing with a philosophy that a Company's marketing efforts should support the best long-run performance of the marketing system. Its five principles include (a) customer-oriented marketing, (b) innovative marketing, (c) value marketing, (d) sense of-mission marketing, and (e) societal marketing.

10. **Differential Marketing:** It is a market-coverage strategy in which a firm decides to target several market segments and designs separate offer for each segment. ***For example**, Hindustan Lever Limited has Lifebuoy, Lux and Rexona in its popular segment Liril and Pears in its premium segment.*

11. **Synchro Marketing:** In some cases, the demand for the product is irregular. It can be due to season, some parts of the day, or on hour basis, causing idle capacity or over-worked capacities. In such cases, Synchro marketing can be used to regularize the pattern of demand through flexible pricing, promotion and other incentives. ***E.g**. Fans and ACs sold at off season prices.*

12. **Concentrated Marketing:** It is a market-coverage strategy, in which a Firm goes after a large share of one or few sub-markets.

13. **De-Marketing:** It is a marketing strategy to reduce demand temporarily or permanently. The aim is not to destroy demand, but only to reduce or shift it. De-marketing can be applied to regulate demand, in case of full demand in certain cases. ***For e.g.** keeping 'houseful' board at the movie theatre when there is heavy rush.*

NOTE: The above question **will not** be asked in the exam **as it is** but definitions can be asked individually from this question.

FINANCIAL MANAGEMENT STRATEGIES

Q.No.7. What do you mean by financial strategy of an organization? (B)

MEANING OF FINANCIAL STRATEGY:

a) The financial strategies of an organization are related to several finance/ accounting concepts considered to be central to strategy implementation.

b) These are: acquiring needed capital/sources of fund, developing projected financial statements / budgets, management / usage of funds, and evaluating the worth of a business.

Q.No.8. Successful implementation of any project needs additional funds. What are the different sources of raising funds and their impact on the financial strategy which you as a financial manager consider? (A) (PM)

1. Successful strategy implementation often requires additional capital. Besides net profit and sale of assets, there are two basic sources of capital for an organization i.e. debt and equity.

2. Major factors regarding which strategies have to be made by a financial manager are:
   - Capital structure
   - Procurement of capital and working capital borrowings
   - Reserves and surplus as sources of funds and
   - Relationship with lenders, banks and financial institutions.

3. Generally, fixed debt obligations must be met, irrespective of profits.

   This does not mean that equity is always better than debt for raising capital. If ordinary stock is issued to finance a project; ownership and control of the enterprise are diluted. This can be a serious concern in today's business environment of hostile takeovers, mergers and acquisitions.

Q.No.9. How the worth of a business is evaluated? (A) (PM)

Various methods for determining a business's worth can be grouped into three main approaches which are as follows:

1. **NET WORTH OR STOCKHOLDERS' EQUITY:** Net worth represents the sum of common stock, additional paid-in capital and retained earnings. After calculating net worth, add or subtract an appropriate amount for goodwill and overvalued or undervalued assets. This total provide net worth.
2. **FUTURE BENEFITS TO OWNERS THROUGH NET PROFITS:** A conservative rule of thumb says that a business's worth is equal to five times the firm's current annual profit.
3. **MARKET - DETERMINED BUSINESS WORTH:** This, in turn, involves three methods.
   a) **Comparative price method:** The firm's worth may be based on the selling price of a similar company.
   b) **Price-earnings ratio method:** The market price of the firm's equity shares is divided by the annual earnings per share and multiplied by the firm's average net income for the preceding year.
   c) **Outstanding shared method:** This is arrived at by simply multiplying the number of shares outstanding by the market price per share and add a premium.

PRODUCTION MANAGEMENT STRATEGIES

Q.No.10. Write short notes on Production Strategy Formulation (B) (Or)
How production Strategy implements, supports and drives higher strategies?

1. Production strategy provides a path for transmitting corporate and business level strategy to the production systems and makes it operational. Production Strategy is related to-
   a) Production System,
   b) Operational Planning and Control, and
2. Production Strategies have an effect on:
   a) nature of product/service,
   b) the number of markets to be served, and
   c) the manner in which the markets are to be served.

Q.No.11. Write short notes on Strategy formulation in the areas of – (a) Production System, and (b) Operational Planning and Control (B) (PM)

1. **PRODUCTION SYSTEM STRATEGY:**
   a) It is concerned with the capacity, location, layout, product or service design, work systems, degree of automation, extent of vertical integration, and such factors.
   b) Strategies related to production system are significant as they deal with vital issues affecting the capability of the organisation to achieve its objectives.
2. **OPERATIONS PLANNING AND CONTROL STRATEGY:**
   a) Strategies related to operations planning and control are concerned with aggregate production planning; materials supply; inventory, cost, and quality management; and maintenance of plant and equipment.
   b) Operational strategies seek to ensure that the resources are efficiently utilized and the day-to-day operations are carried out in the light of long-term objectives.

LOGISTICS AND SUPPLY CHAIN MANAGEMENT STRATEGIES

Q.No.12. Write short notes on Logistics Strategy (A) (PM) (Or) Define the term Logistics Strategy.

1. **MEANING:**
   - **a)** Management of Logistics is a process which integrates the flow of supplies into, through and out of an organisation.
   - **b)** The objective is to ensure that the right materials are available at the right place, at the right time, of the right quality and at the right cost.
2. **ISSUES:** Logistics Strategy deals with the following issues:
   - **a)** Which sources of raw materials and components are available?
   - **b)** How many manufacturing locations are there?
   - **c)** What products are being made at each manufacturing location?
   - **d)** What modes of transportation should be used for various products?
   - **e)** What is the nature of distribution facilities?
   - **f)** What is the nature of materials handling equipment used? Is it ideal?
   - **g)** What is the method for deploying inventory in the logistics network?
   - **h)** Should the business organization own the transport vehicles?
3. **ADVANTAGES / IMPORTANCE:**
   - **a)** Cost Savings,
   - **b)** Reduced Inventory,
   - **c)** Improved Delivery time,
   - **d)** Competitive Advantage.

Q.No.13. What are the areas to be examined while developing a logistics strategy? (A) (Or) (PM) What is logistics strategy? What are the areas to examine while developing a logistics strategy?

Following are different areas that should be examined while developing a logistic strategy for each company:

1. **Transportation:** Does the current transportation strategies help service levels required by the organisation?
2. **Outsourcing:** Areas of outsourcing of logistics function are to be identified. The effect of partnership with external service providers on the desired service level of organisation shall also be examined.
3. **Competitors:** Review the procedures adopted by the competitors. It shall also be judged whether adopting the procedures followed by the competitors will be beneficial to the organisation or not.
4. **Availability Of Information:** The information regarding logistics should be timely and accurate. If the data is inaccurate then the decisions that are made will be incorrect.
5. **Strategic Uniformity:** The objectives of the logistics should be in line with overall objectives and strategies of the organisation. They should aid in the accomplishment of major strategies of the business organisation.

Q.No.14. What is Supply Chain Management? What are the requirements for successful implementation of supply chain management system? Explain. (A) (OR)
What is supply chain management? Is it same as logistics Management? Discuss?

MEANING:

a) SCM refers to the linkages between suppliers, manufacturers and customers.

b) It encompasses all movement and storage of raw materials, work-in-process inventory, and finished goods from point-of-origin to point-of-consumption.

IMPLEMENTING SUPPLY CHAIN MANAGEMENT SYSTEMS:

Implementing and successfully running supply chain management system will involve the following steps.

1. **Product Development:** Customers and suppliers must work together in the product development process. This enables an organisation to develop and launch products in shorter time and remain competitive.
2. **Procurement:** Procurement requires careful resource planning, quality issues, identifying sources, negotiation, order placement, inbound transportation and storage.
3. **Manufacturing:** Manufacturing should be done on the basis of Just-In-Time (JIT) and minimum lot sizes. Changes shall be made in the manufacturing process to reduce manufacturing cycle.
4. **Physical Distribution:** Availability of the products at the right place at the right time is important for each channel participant. Through physical distribution processes, serving the customer becomes an integral part of marketing.
5. **Outsourcing:** The Company has to focus on those activities where it has competency and everything else shall be outsourced. outsourcing of services that traditionally have been provided within an organization.
6. **Customer Services:** Organizations through interfaces with the company's production and distribution operations should develop customer relationships so as to satisfy them.
7. **Performance Measurement:** There is a strong relationship between the supplier, customer and organisation. It should be measured in different parameters such as costs, customer service, productivity and quality.

RESEARCH AND DEVELOPMENT STRATEGIES

Q.No.15. Explain how Research & Development personnel can play an integral part in strategy implementation? (A) (PM) (Or)
Discuss the role of R&D in strategy implementation.

1. R & D personnel can play an integral part in strategy implementation. These individuals are responsible for developing new products and improving old products in a way that will allow effective strategy implementation.
2. Well formulated R&D policies match market opportunities with internal capabilities.
3. R&D policies can enhance strategy implementation efforts to:
   - **a)** Emphasize product or process improvements.
   - **b)** Stress basic or applied research.
   - **c)** Be leaders or followers in R&D.
   - **d)** Develop robotics or manual-type processes.
   - **e)** Spend a high, average, or low amount of money on R&D.
   - **f)** Perform R&D within the firm or to contract R&D to outside firms.
   - **g)** Use university researchers or private sector researchers.

Q.No.16. What are the three major approaches for implementing R&D strategies? (A)

There are at least three major R&D approaches for implementing strategies as discussed below:

1. Leader/ Pioneer	• The first strategy is to be the first firm to market new technological products. • This is a glamorous and exciting strategy but also a dangerous one.
2. Follower/ Imitator	• A second R&D approach is to be an innovative imitator of successful products, thus minimizing the risks and costs of start-up. • This strategy requires excellent R&D personnel and an excellent marketing department.
3. Low-cost Producer	• To be a low-cost producer by mass-producing products similar to but less expensive than products recently introduced. • This strategy requires substantial investment in plant and equipment but less expensive than the two approaches described above.

HUMAN RESOURCE MANAGEMENT STRATEGIES

Q.No.17. Outline the key areas where the Human Resource Manager can play a strategic role (A) (PM)

The prominent areas where the human resource manager can play strategic role are as follows:

1. **PROVIDING PURPOSEFUL DIRECTION:**
   - **a)** The human resource manager must be able to lead people and the organization towards the desired direction involving people.
   - **b)** He has to ensure harmony between organizational objectives and individual objectives.
2. **CREATING COMPETITIVE ATMOSPHERE:**
   - **a)** There are two important ways through which a business can achieve competitive advantage over the others.
     - **i)** The first is cost leadership which means the firm aims to become a low cost leader in the industry.
     - **ii)** The second is differentiation under which the firm seeks to be unique in the industry in the areas that are highly valued by the customers.
3. **FACILITATION OF CHANGE:**
   - **a)** The human resource manager will be more concerned about furthering the organization and not just maintaining it.
   - **b)** He has to devote more time to promote acceptance of change rather than maintaining the status quo.
4. **DIVERSION OF WORKFORCE:**
   - **a)** Workforce diversity can be observed in terms of male and female, young and old, educated and uneducated, unskilled and professional employee and so on.
   - **b)** Maintaining a congenial healthy work environment is a challenge for HR Manager.
5. **EMPOWERMENT OF HUMAN RESOURCES:**
   - **a)** Empowerment means authorizing every member of a society or organisation to take of his/her own destiny realizing his/her full potential.
   - **b)** Thus, HR Management seeks to satisfy the Self-esteem and Self-actualization needs of employees.

6. **BUILDING CORE COMPETENCIES:** The human resource manager has an important role to play in developing core competency by the firm.

7. **DEVELOPMENT OF WORK ETHICS AND CULTURE:**

   a) Greater efforts will be needed to achieve cohesiveness among workers.

   b) HR Management should try to develop a vibrant work culture-

      i) To create an atmosphere of trust among people, and

      ii) To encourage creative ideas by the people.

Q.No.18. Explain briefly the internal factors which have a strong influence on employee competence? (A) (PM)

FOLLOWING PRACTICES CAN HAVE A STRONG INFLUENCE ON EMPLOYEE COMPETENCE.

a) **Recruitment & selection:** The workforce will be more competent if a firm can successfully identify, attract and select the most competent applicants.

b) **Training:** The workforce will be more competent if employees are well trained to perform their jobs properly.

c) **Appraisal of performance:** The performance appraisal is to identify any performance deficiencies experienced by employees due to lack of competence. Such deficiencies, once identified, can be solved through counseling, coaching or training.

d) **Compensation:** A firm can usually increase the competency of its workforce by offering pay and benefit packages that are more attractive than those of their competitors. This practice enables organizations to attract and retain the most capable people.

7. ORGANISATION & STRATEGIC LEADERSHIP

ORGANISATIONAL STRUCTURES

DIFFERENT FORMS OF ORGANIZATIONAL STRUCTURE

Centralized Structure	*Decentralized Structure*
Simple Organisational Structure (where decisions are taken by owner – manager.) *Functional Structure*	*Divisional Structure* *Strategic Business Unit (SBU) Structure* *Matrix Structure* *Network Structure* *Hourglass Structure*

Q.No.1. Changes in Strategy often require Changes in Structure. Explain. (C)

1. **CHANGES IN STRATEGY OFTEN REQUIRE CHANGES IN ORGANIZATIONAL STRUCTURE FOR TWO MAJOR REASONS:**

   First reason is Structure largely dictates how objectives and policies will be established. For **e.g**. objectives and policies established under a geographic organizational structure are expressed in geographic terms. Objectives and policies are generally stated in terms of products in an organization whose structure is based on product groups.

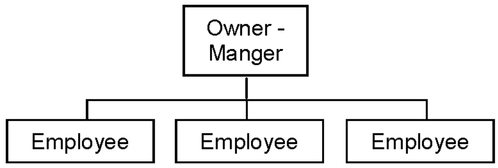
Second reason is Structure dictates how resources will be allocated. If an organization's structure is based on customer groups, then resources will be allocated in that manner. Similarly, if an organization's structure is set up along functional business lines, then resources are allocated by functional areas.

2. Structure should be designed to facilitate strategic pursuit of a firm. Therefore, structure follows strategy. So, changes in strategy lead to changes in organisational structure.

3. A competitive advantage is created when there is a proper match between strategy and structure. If there is no proper match then it leads to rigidity and failure.

Q.No.2. Write short notes on Simple Organisational Structure. (C)

MEANING: A simple structure is an organisational structure in which the owner-manager makes all major decisions directly and monitors all activities. Staff will merely serve as executors of decisions taken by the owner-manager.



FEATURES / Characteristics:

a) Little Specialisation of Tasks

b) Few Rules and Little Formalisation

c) Unsophisticated Information Systems.

d) Direct involvement of owner-manager in all phases of day-to-day operations.

e) Frequent and Direct Communication.

Suitability:

a) Appropriate for organisations that follow a single-business strategy and offer a line of products in a single geographic market.

b) Appropriate for companies that follow focused cost-leadership or focused differentiation strategies.

Q.No.3. State the Characteristics of a Functional Structure? (C)

1. MEANING:

a) Under Functional or centralized organisational structure the entire work to be done is divided into major functional departments.

b) The Functional Structure consists of:

i) Corporate Level: Chief Executive Officer (CEO) or a Managing Director and other Heads,

ii) Functional Level: Line Managers in major functions like Production, Accounting, Marketing, R&D, Engineering, and Human Resources.

2. How things are organized in this structure?:

a) In a Functional Structure, each major function of business is organised as a separate department.

b) Within the department, the work can be divided into different sections and sub -sections.

c) Within each sub-section, work can be organised from top to bottom by entrusting each unit of job / task, to lower levels.

Q.No.4. Multi Divisional Structure or M-Form Structure (C)

MEANING: The multi-divisional (M-Form) structure consists of operating divisions where each division represents a separate business, to which the top management delegates responsibility for day-to-day operations and business unit strategy to division managers.

Top Management Role: Top management (i.e. Corporate Office) is responsible for formulating and implementing overall corporate strategy, and manages the semi-autonomous divisions through strategic & financial controls.

Types: Divisional Structure is mainly of the following types.

a) **Divisional Structure by Geographic area:** It is most appropriate for organizations that have similar branch facilities located in widely dispersed areas.to and allows local participation in decision-making and improved co-ordination in a region

b) **Divisional Structure by Product or Service:** to emphasize on specific products and services which differ substantially.

c) **Divisional Structure by Customer:** to cater to the needs of specific customer groups.

Q.No.5. Write short notes on SBU Structure. (B) (PM)

MEANING:

a) SBU Structure groups similar divisions into Strategic Business Units and delegates authority and responsibility for each unit to a Head Senior Executive. Head Senior Executive will report directly to the Top Management / CEO.

b) **A Strategic Business Unit (SBU) structure consists of following levels of Management:**

i) Top Level - Corporate Headquarters, CEO and various functional heads.

ii) Second Level - SBU Groups, under the control of the SBU Head.

iii) Third Level - Divisions grouped by relatedness within each SBU.

Q.No.6. Matrix Organisational Structure (B)

MEANING:

a) Matrix structure is appropriate when organizations conclude that neither functional nor divisional structures are suitable for them.

b) It is a combination of vertical and horizontal flows of authority and communication (hence the term Matrix).

_____ represents Vertical functional authority

-------- represents Horizontal Product/Project authority

c) Thus, employees have two superiors - (i) Functional Manager (Vertical Flow) and (ii) Project or Product Manager (horizontal flow).

Q.No.7. Write Short notes on Network Structure. (A) (PM)

MEANING:

a) Network structure is an example of what could be treated as non-structure by its virtual elimination of in house business functions. Many activities can be outsourced.

b) Instead of having salaried employees, the firm may hire people for a specific project or length of time. Here the company majorly depends on outsourcing.

c) As a result the firm is only a shell, with a small headquarters acting as "Broker". The firm is electronically connected to some fully-owned divisions, partly-owned subsidiaries, and other independent companies.

ADVANTAGES:

a) Most useful when the environment of a firm is unstable and is expected to remain so.

b) Innovation and quick response is possible.

DISADVANTAGES:

a) Availability of numerous potential partners may lead to loss of control and coordination problems.

b) Several functions are contracted to separate suppliers/distributors. As a result the firm can't discover any synergy benefits by combining different activities.

c) If a particular firm over specializes on only few functions, it may choose wrong function and thus becoming non competitive.

Q.No.8. Write Short notes on Hourglass Structure? (A)	(PM)

MEANING:

a) Hourglass Organisation Structure consists of 3 layers or levels with constricted middle level. This structure has short and narrow middle- management level.

b) Information Technology links the top and bottom levels taking away many tasks that are performed by the middle managers.

c) Contrary to traditional middle level managers who are often specialists, the middle level managers in this structure are generalists and perform wide variety of tasks and coordinate diverse activities such as marketing, finance, production, etc. performed by lower level managers.

ADVANTAGES:

a) Reduced costs due to narrow middle- management level.

b) Increased responsiveness from lower level employees due to simplification of decision making.

c) Quick Decision Making is possible.

DISADVANTAGES:

a) Low promotional opportunities for lower level employees due to the reduced size of middle management.

b) Continuity at same level (lower level) may bring monotony and lack of interest and becomes difficult keep the motivation levels high.

STRATEGIC LEADERSHIP

Q.No.9. What are the Leadership Roles to be played by a Strategic Manager? (A)	(PM)

Strategic Managers have five leadership roles to play in pushing for good strategy execution:

1. Staying on the top of what is happening, closely monitoring progress, solving issues and eliminating obstacles in the path of good execution.
2. Promoting a culture of 'esprit de corps' (i.e. team spirit) that mobilises and energizes organisational members to execute strategy in a competent manner and perform at high level.
3. Keeping the firm responsive to changing conditions, alert for new opportunities, implementing innovative ideas and developing valuable competencies and capabilities, ahead of rivals.
4. Exercising ethical leadership and insisting that the firm conducts its affairs like a model corporate citizen
5. Taking corrective actions to improve strategy execution and overall strategic performance.

Q.No.10. Bring out the Role of Leadership in Strategy Implementation. (C)

1. Strategic leaders must be able to use the strategic management process effectively by

a) guiding the company in the formation of strategic intent and strategic mission,

b) facilitating the development of appropriate strategic actions and

c) Providing guidance that results in strategic competitiveness and earning above-average returns.

2. Strategic leadership requires the ability to anticipate, envision, maintain flexibility and empower others to create strategic change as and when necessary.

Q.No.11. What are the Responsibilities of a Strategic Leader? (A) (PM)

THE RESPONSIBILITIES OF A STRATEGIC LEADER INCLUDE:

1. Managing human capital (the most critical of the strategic leader's skills). Effectively managing the company's operations.

2. Sustaining high performance over time.

3. Being willing to make candid, courageous, yet pragmatic, decisions.

4. Seeking feedback through face-to-face communications.

5. Having decision-making responsibilities that cannot be delegated.

Q.No.12. What is Strategic Leadership? What are the two approaches to Leadership Style? (A) (PM)

MEANING OF STRATEGIC LEADERSHIP:

a) It is the ability of influencing others, to voluntary make decisions that enhance prospects for the organisation's long-term success, while maintaining short-term financial stability.

b) Strategic leadership sets the firm's direction by developing and communicating a vision of future and inspires organisation members to move in that direction.

APPROACHES TO LEADERSHIP STYLE: Two basic approaches to leadership can be Transformational leadership style and Transactional leadership style.

TRANSFORMATIONAL LEADERSHIP STYLE:

a) This style of leadership uses Charisma and Enthusiasm to inspire people to exert them for the good of the organisation.

b) This may be appropriate in turbulent environments, in the beginning days of the industries or at the end of their life-cycles, in poorly performing organisations where there is a need to inspire a company.

c) They offer excitement, vision, intellectual stimulation and personal satisfaction.

TRANSACTIONAL LEADERSHIP STYLE:

a) This style of leadership focuses more on designing systems and controlling the organisation's activities and is more likely to be associated with improving the current situation.

b) This style may be appropriate in settled environment, in growing or mature industries and in organisations that are performing well.

c) They prefer a more formalized approach to motivate.

Q.No.13. What do you mean by Corporate Culture? (A) (PM)

1. MEANING:

a) Corporate culture refers to company's values, beliefs, business philosophy and principles, traditions, work climate, ways of operating and approaching problems & internal work environment.

b) An organisation has its own embedded patterns of how to do things, its own beliefs, behaviour and thought patterns, and practices that define its **corporate culture.**

2. WHERE DOES CORPORATE CULTURE COME FROM? An organisaion's corporate culture comes from the complex sociological forces operating within the company. It is reflected from:

a) Values and business principles that management speaks and practices,

b) Ethical standards and official policies,

c) supervisory practices,

d) employees attitude and behavior,

Q.No.14. Is Culture an Obstacle or Ally in Strategy Execution? (A)

1. An organization's culture is either an important contributor or an obstacle to successful strategy execution.
2. If there is compatibility then culture becomes a valuable ally in strategy implementation.
3. It there is a conflict between culture and company's direction, performance targets or strategy then culture becomes a hurdle.

Q.No.15. How culture promotes better strategy execution? (A) (PM) (Or) Explain briefly the role of culture in promoting better strategy execution.

When there is a fit, strong culture will promote good strategy execution. It will hurt the execution when there is a negligible fit.

1. A culture grounded in values, practices and behavioral norms will energize people throughout the company, to do their jobs in a strategy supportive manner. It significantly increases the power and effectiveness of strategy execution.
2. A culture with creativity, embracing change and challenging the status quo is conducive for successful execution of product innovation and technological leadership strategy.
3. A strong strategy-supportive culture nurtures and motivates people to do their jobs in ways conducive to effective strategy execution.

Q.No.16. Outline the Process of Changing a Problem Culture. (A) (PM)

Changing a company's culture to align with its strategy is one of the toughest tasks of management.

INTENSIVE MANAGEMENT ACTION IS REQUIRED OVER A PERIOD OF TIME:

a) To replace an unhealthy culture with a healthy culture or

b) To root out certain unwanted cultural obstacles and introduce new ones that are more strategy-supportive.

STEPS IN THIS PROCESS:

1. Diagnose which areas of the present culture are strategy supportive and which are not.
2. Talk openly and forthrightly with the concerned persons about the aspects of the culture that need to be changed.
3. Follow-up with visible, aggressive actions to modify the culture.
4. Visibly praise and recognize people who display the new cultural trait
5. Communicate the basis of cultural change to employees and its benefits to all concerned.

Q.No.17. Concepts of Entrepreneurship and Intrapreneurship (A)

Meaning of Entrepreneurship:

a) Entrepreneurship is an attitude of mind to seek opportunities, take calculated risk and drive benefits by starting and running a venture.

b) It comprises of numerous activities involved in the conception, creation and running an enterprise.

Meaning of Entrepreneur: An entrepreneur is a person who searched for business opportunity and starts a new enterprise to make use of that opportunity. An entrepreneur is one who:

- Initiates and innovates a new concept.
- Recognises and utilises opportunity.
- Arranges and coordinates resources such as man, material, machine and capital.
- Faces risks and uncertainties.
- Establishes a start-up company.
- Adds value to the product or service.
- Takes decisions to make the product or service a profitable one.
- Is responsible for the profits or losses of the company.

Meaning of Intrepreneur:

a) An intrapreneur is nothing but an entrepreneur who operates within the boundaries of an organisation. He is an employee of a large organisation, who is vested with authority of initiating creativity and innovation in the company's products, services and projects, redesigning the processes, workflows and systems.

b) The intrapreneurs believe in change and do not fear failure. They discover new ideas, look for such opportunities that can benefit the whole organisation and take risks, promote innovation to improve the performance and profitability of the organisation.

c) Their job is extremely challenging. They get recognition and reward for the success achieved by them.

8. STRATEGY IMPLEMENTATION AND CONTROL

Q.No.1. Define the term Strategy Implementation? (B) (PM)

1. Strategy Implementation / Execution is the managerial exercise of putting a freshly chosen strategy into action and deals with:

a) Supervising the ongoing implementation of strategy,

b) Making it work,

2. It involves translating a decision into action.

3. It requires:

a) Allocation of resources to new course of action,

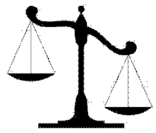
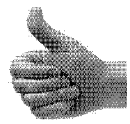
b) Adjusting the firm's structure to handle new activities,

Q.No.2. Outline the activities in Implementing and Executing the Strategy. (B)

The Strategy Implementation and Execution Process involve the following aspects:

1. Internal capabilities	• Staffing the organisation with requisite skills and expertise. • Building and strengthening strategy supportive competencies and capabilities.
2. Reward Structure	• Motivating people to pursue the objectives energetically. • Rewards & Incentives System to encourage achievement of performance
3. Internal Operating Systems	• Developing budges for efficient utilisation of resources. • Installing information and operating systems for carrying out strategic tasks, roles and activities.
4. Work Climate & Culture	• Creating a company culture and work climate, conducive to successful strategy implementation and execution.

Q.No.3. Efficiency Vs. Effectiveness. (B)

	Efficiency	Effectiveness
		
1.	To be efficient means "to do the things right".	To be effective means, "to do the right things".
2.	Focus on relationship between inputs & outputs.	Focus on relationship between means & ends.
3.	Short - run in nature.	Long-run in nature.
4.	Introspective effect i.e. within the firm.	Highlights linkages between firm and its external environment.
5.	Operational in nature.	Strategic in nature.
6.	Strategy implementation viewpoint.	Strategy formulation viewpoint.

RELATIONSHIP BETWEEN EFFICIENCY AND EFFECTIVENESS:

a) If an organisation is placed in cell 1 then it is well placed and will flourish because it is achieving what it aspires to achieve with an efficient input / output ratio.

b) An organisation in cell 2 & 4 will be ruined, unless it can establish some strategic direction.

c) Cell 2 is a worst place than cell 3 because, in later the strategic direction is present to ensure effectiveness even if too much input is being used to generate output.

d) To be effective is to survive whereas to be efficient is neither necessary nor sufficient for survival.

Q.No.4. Strategy Formulation Vs. Strategy Implementation. (B) (PM) (Or)
"Successful formulation does not guarantee successful implementation". Discuss.

a) Following are some of the differences between Strategy Formulation and its implementation.

Basis	Strategy Formulation	Strategy Implementation
1. Nature	Positioning forces before the action	Managing forces during the action
2. Focus	Focuses on Effectiveness	Focuses on Efficiency
3. Process	Primarily an Intellectual Process	Primarily an Operational Process
4. Skills required	Good Intuitive and Analytical skills	Special motivation & leadership skills
5. Co-ordination	Requires co-ordination among few individuals	Combination and synchronized work among many individuals

Q.No.5. Outline the Inter-relationship between Strategy Formulation and Implementation. (A) (PM)
Elaborate the interrelationship between strategy formulation and implementation.

Success of an organisation is a function of good strategy and proper implementation.

1. **Square B** is the ideal situation where a company has succeeded in designing a sound and competitive strategy and is successful in implementing it.
2. **Square A** is the situation where a company has formulated a very competitive strategy, but is facing difficulties in implementing it successfully. This can be due to various factors, such as lack of experience (e.g. for startups), the lack of resources, missing leadership and so on. In such a situation, the company will aim at moving from square A to square B, if they realize their implementation difficulties.

3. **Square D** is the situation where the strategy formulation is flawed, but the company is showing excellent implementation skills. When a company finds itself in square D the first thing they have to do is to redesign their strategy before readjusting their implementation / execution skills.
4. **Square C** is a situation where a company hasn't succeeded in coming up with a sound strategy formulation and in addition is bad at implementing its flawed strategic model. Its path to success also goes through business model redesign and implementation / execution readjustment.

Q.No.6. Explain the linkages between Strategy Formulation and Strategy Implementation. (C)

- The strategy formulation and implementation stages are highly interlinked.
- Two types of linkages exist, They are Forward linkages and Backward Linkages.

FORWARD LINKAGES:

a) The forward linkages deal with the impact of the formulation on implementation

b) With the formulation of new strategies, or reformulation of existing strategies, many changes have to be effected within the organization.

BACKWARD LINKAGES:

a) backward linkages are concerned with the impact in the opposite direction.

b) While dealing with strategic choice, past strategic actions also determine the choice of strategy.

Q.No.7. What are the Key issues to be considered while implementing strategies? (B)

Following are the key issues to be considered while implementing the strategies:

a) **STRATEGIES:** The strategic plan devised by the organization proposes the manner in which the strategies could be put into action.

b) **PLANS:** Strategies lead to plans. For e.g. if stability strategy is to be implemented, it should be converted into various plans. One such plan could be a modernization plan.

c) **PROGRAMMES:** Plans result in different kinds of programmes. A programme is a broad term, which includes goals, policies, procedures, rules and steps to be taken in putting a plan into action. For **e.g**. a research and development programme may be prepared for the development of a new product.

d) **PROJECTS:** Programmes lead to the formulation of projects. A project is a highly specific programme for which the time schedule and costs are predetermined. It requires allocation of funds based on capital budgeting by organizations.

FINALLY TO SUM UP, THE KEY ISSUES IN STRATEGY IMPLEMENTATION ARE:

1. *Project Implementation,*
2. *Procedural Implementation,*
3. *Resource Allocation*
4. *Structural Implementation,*
5. *Functional Implementation,*
6. *Behavioural Implementation.*

Q.No.8. Outline the Role of Top Management in Strategy Implementation. (B)

The responsibility of top management does not end with formulation of a strategy. Top management's role in strategy implementation includes:

1. Establishing Objectives,	**7.** Minimising Resistance to Change,
2. Designing Policies,	**8.** Matching Managers with Strategy,
3. Allocating Resources,	**9.** Developing a Strategy Supportive Culture,
4. Modifying the Existing Organisational Structure,	**10.** Adapting Production/ Operations & Processes,

5. Re-structuring and Re-engineering,	**11.** Developing an Effective Human Resource Function,
6. Revising Reward & Incentive systems,	**12.** Creating a Conducive Organisational Climate

STRATEGIC CHANGE

Q.No.9. What is Strategic Change and what are the steps to initiate it? (A) (PM)

STRATEGIC CHANGE: The changes in the environmental forces often require businesses to make modifications in their existing strategies and bring out new strategies.

STEPS TO INITIATE STRATEGIC CHANGE:

1. **Recognize the need for change:**
   - **a)** The first step is to diagnose the areas of the present corporate culture that are strategy supportive and that are not.
   - **b)** In needs environmental scanning involving appraisal of both internal and external capabilities.
2. **Create a shared vision to manage change:**
   - **a)** Senior managers need to constantly and consistently communicate the vision not only to inform but also to overcome resistance.
   - **b)** Strategy implementers have to convince that the change in business culture is not superficial or cosmetic.
3. **Institutionalise the change**:
   - **a)** This is an action stage which requires implementation of changed strategy.
   - **b)** Creating and sustaining a different attitude towards change is essential to ensure that the fim does not slip back into old ways of thinking or doing things.

Q.No.10. What is strategic change? Explain the change process proposed by Kurt Lewin that can be useful in implementing strategies? (A) (PM)

To make the 'change' lasting, Kurt Lewin proposed 3 phases of the change process, for moving the organisation from the present to the future.

1. **UNFREEZING THE SITUATION:**
   - **a)** Unfreezing is the process of breaking down old attitudes and behaviours, customs, and traditions. So that they start with a clean slate.
   - **b)** The process of unfreezing simply makes the individuals or organisations aware of the necessity for change and prepares them for such a change.
   - **c)** *This can be achieved by making announcements, holding meetings and promoting the ideas throughout the organisation.*
2. **CHANGING TO NEW SITUATION:**
   - **a)** Once the unfreezing process has been completed their behaviour patterns need to be redefined.
   - **b)** H.C. Kellman has proposed following 3 methods for reassigning new patterns of behaviour:
     - **i) Compliance:** It is achieved by strictly enforcing the reward and punishment strategy for good or bad behaviour.
     - **ii) Identification:** It occurs when members are psychologically impressed upon to identify themselves with some given role models whose behaviour they would like to adopt and try to become like them.
     - **iii) Internalization:** It involves changing the individual's thought process in order to adjust to new environment.
3. **REFREEZING:**
   - **a)** Refreezing occurs when the new becomes a normal way of life.

b) *The new behaviour must replace the former behaviour completely for successful and permanent change to take place.*

STRATEGIC CONTROL

Q.No.11. What is Control? (B)

MEANING:

a) Control is one of the important functions of management.

b) It is intended to ensure that the organisation has achieved what it wants to achieve after implementing a strategy.

c) **The control function includes 3 steps:**

i) Measuring actual performance,

ii) Comparing actual performance to standards, and

iii) Taking corrective action to ensure that planned events actually occur.

Q.No.12. Write about different types of Organisational Control. (B)

Types of Organisational Control: Primarily there are three types of organizational control, viz., operational control, management control and strategic control.

a) **Operational Control:**

i) The thrust of operational control is on individual tasks or transactions as against total or more aggregative management functions.

ii) Many of the control systems in organisations are operational and mechanical in nature.

b) **Management Control:**

i) When compared with operational control, management control is more inclusive and more aggregative.

ii) Its basic purpose is to achieve enterprise goals – short range and long range – in a most effective and efficient manner.

c) **Strategic Control:** Strategic control focuses on the dual questions i.e. whether:

i) the strategy is being implemented as planned; and

ii) the results produced by the strategy are those intended.

Q.No.13. What is Strategic Control? Explain different types of Strategic Control.(A) (PM) (Or) Premise control is a tool for systematic and continuous monitoring of the environment. Discuss.

MEANING:

1. Strategic Control is the process of evaluating strategy as it is formulated and implemented.

2. It is directed towards identifying problems and changes in premises and making necessary adjustments.

TYPE OF STRATEGIC CONTROL: There are four types of strategic control as follows:

1. **Premise Control:**

a) A strategy is formed on the basis of certain assumptions or premises about environment. Over a period of time these premises may change.

b) Premise control is a tool for systematic and continuous monitoring of the environment to verify the validity and accuracy of the premises on which the strategy has been built.

2. **Strategic Surveillance:**
   a) Strategic surveillance is unfocussed.
   b) It involves general monitoring of various sources of information to uncover unanticipated information having a bearing on the organizational strategy.
3. **Special Alert Control:**
   a) Sometimes unexpected events may force organisations to reconsider their strategy.
   b) Sudden changes in government, natural calamities, terrorist attacks, unexpected merger/acquisition by competitors, industrial disasters and other such events may trigger an immediate and intense review of strategy.
4. **Implementation Control:**
   a) Managers implement strategy by converting major plans into concrete, sequential actions that form incremental steps.
   b) Implementation control is directed towards assessing the need for changes in the overall strategy in light of unfolding events and results associated with incremental steps and actions.

Q.No.14. Meaning and need of Strategy Audit. (A)

The audit of management performance with regard to its strategies helps an organization identify problem areas and correct the strategic approaches that have not been effective so far.

1. **Meaning:**
   a) A strategy audit is an examination and evaluation of areas affected by the operation of a strategic management process within an organization.
   b) It provides an excellent platform for discussion with the top management regarding necessary corporate actions or changes in the existing business plan. It also identifies the need to adjust the existing business strategies and plans.
2. **Need of Strategy Audit:** A strategy audit is needed under the following conditions:
   c) When the performance indicators reflect that a strategy is not working properly or is not producing desired outcomes.
   d) When the goals and objectives of the strategy are not being accomplished.
   e) When a major change takes place in the external environment of the organization.
   f) When the top management plans: a) to fine-tune the existing strategies and introduce new strategies and b) to ensure that a strategy that has worked in the past continues to be in-tune with subtle internal and external changes that may have occurred since the formulation of strategies.

BUSINESS PROCESS RE-ENGINEERING (BPR)

Q.No.15. Define the term Business Process and outline the importance of Business Process. (C)

MEANING: A Business Process

1. Is a set of logically related tasks or activities oriented towards achieving a specified outcome.
2. Is a set of activities that transform a set of inputs into set of outputs for another person or process.

EXAMPLES: Examples of Business Processes are:

1. Development of a new product or service,
2. Launching a new product in the market,
3. Procurement of goods from suppliers,
4. Fulfillment of customer orders,

Q.No.16. Write short notes on Core or Generic Business Processes? (C)

MEANING:

- Core or Generic Business Processes are those which are highly critical for the success and survival of the firm.
- They are critical in a company's evaluation by its customers.
- They are vital for success in the industry sector within which the company is positioned.
- They are crucial for generating competitive advantages for a firm in the marketplace.

Q.No.17. Outline the need for Business Process Re-engineering (BPR)? (B)

The problems in traditional business processes have created the need for BPR. Some of the major problems involved the traditional business processes are as given under.

1. **OUTDATED PROCESSES:** Most of the processes that firms follow might have been developed by their functional units over a period of time.
2. **SUB-SYSTEM VIEW:** Individual departments or divisions of a firm try to optimize their own performance, without considering the effect on other areas of operation.
3. **TIME AND COST:** Existing business processes may be lengthy, time-consuming, costly, inefficient, obsolete and irrational.
4. **FRAGMENTATION:** Fragmentation of work processes makes it difficult to improve the quality of work performance and also develops a narrow vision among the employees.
5. **INEFFICIENCY:** Emerging critical issues may remain unattended by traditional management systems.
6. **NEED FOR IT:** Most of the existing work processes were developed before the advent of computers and IT revolution. By using Information Technology, it is possible to
   - **a)** Increase the speed of normal productions
   - **b)** Increase asset turnover i.e. utilise assets and machinery more effectively, and
   - **c)** Reduce the customer response time and increase customer satisfaction.

   These advantages may not be available in the existing business processes.

The above factors bring out the need for BPR.

Q.No.18. Define the term Business Process Re-engineering (BPR)? (A)

MEANING:

- Business Process Re-engineering (BPR) refers to the analysis and re-design of workflows and processes both within and between business firms.
- It is a total deconstruction and re-thinking of a business process in its entirety, unconstrained by its existing structure and pattern.
- It means starting all over starting from scratch,

Q.No.19. State the objectives of Business Process Re-engineering? (B)

FIRST WRITE THE MEANING OF BPR…..FOLLOWING ARE THE OBJECTIVES OF BUSINESS

1. To obtain considerable gain in the performance of the process in terms of time, cost, output, quality, and responsiveness to customers.
2. To simplify and streamline the process by –

a) Eliminating all redundant and non-value adding steps, activities and transactions,

b) Drastically reducing the number of stages or transfer points of work, and

c) Speeding up the work flow by using information technology systems.

3. To provide competitive advantage to the firm.

Q.No.20. Bring out the features of Business Process Re-engineering? (B)

First write the meaning of BPR.

1. **STARTING FROM SCRATCH:** BPR means setting aside old practices and procedures.
2. **NO ASSUMPTIONS:** BPR does not begin with any assumptions. The thinking process in BPR begins with a totally free state of mind i.e. without any pre-conceived notions.
3. **RADICAL:** BPR involves radical re-designing of processes. Radical re-designing means going to the root of the problem.
4. **DRAMATIC IMPROVEMENT:** BPR aims to achieve dramatic improvement in performance. By means of simple adjustments in existing processes.
5. **CENTRAL THRUST AREA:** The thrust area in BPR is "reduction of total cycle time of a business process". This involves:

   a) Eliminating the unwanted, unnecessary and redundant steps,

   b) Eliminating waiting time and transit time to the maximum extent possible.
6. **RE-INVENTION:** BPR is about business re-invention, not business improvement, business enhancement or business modification.

Q.No.21. Write down the steps in the implementation of BPR? (A)

THE STEPS INVOLVED IN BUSINESS PROCESS RE-ENGINEERING ARE:

1. **Define Objectives and Framework:**

   a) Objectives are the desired end results of the BPR process which a firm tries to achieve.

   b) This will provide the required focus, direction and motivation for the re-design process.
2. **Identify customers and determine their needs:**

   a) The purpose is to re-design business process that clearly provides added value to the customer. For this purpose, the designers should understand customers.

   b) This involves identification of –

      i) customer(s) and customer group(s),

      ii) customer requirements and expected utilities in a product or service,
3. **Study the Existing Processes:** In order to understand where the problems lies existing processes should be analysed carefully.
4. **Formulate a Re - design Process Plan:** Formulation of re-design plan is the real crux of BPR efforts. So, the information gained through analysis and study is translated into an ideal re-design process.
5. **Implement the Re - design:** Implementation of the re-designed process and application of other knowledge gained from the previous steps is very important to achieve dramatic improvements.

Q.No.22. What is the Rationale of BPR? (A)

Improving business processes is very important for businesses to stay competitive in today's marketplace due to the following reasons:

1. **<u>AVAILABILITY OF LATEST TECHNOLOGY</u>:** Due to dramatic improvements in Information Technology leads the organisations to improve performance.
2. **<u>INCREASED COMPETITION</u>:** Firms are now forced to improve their business processes to meet increased competition.
3. **<u>DEMANDING CUSTOMERS</u>:** Customers are demanding better products and services. If they do not receive what they want from one firm, they will switch over to other firms. Customers are ready to try new brands. There is a need to re-design the firm's processes.

Q.No.23. Explain the role of information Technology in BPR. (A) (PM)

1. The accelerating pace at which information technology has developed during the past few years had a <u>very large impact</u> in the transformation of business processes.
2. Information technology is playing a <u>significant role</u> in changing the business processes.
3. A re-engineered business process, characterized by IT-assisted speed, accuracy, adaptability and integration of data and service points is focused on meeting the customer needs.
4. IT can bring efficiency and effectiveness in the functioning of business.
5. The impact of IT-systems on BPR can be identified with respect to:
   a) **Operational Speed,** drastic reduction in time,
   b) **Global Village,** i.e. overcoming restrictions of geography and/or distance,
   c) **Restructuring** of relationships

BENCHMARKING

Q.No.24. What is Benchmarking? What are the areas where benchmarking can help? (A) (PM)

<u>MEANING:</u>

1. Benchmarking is the process of <u>identifying and learning from the best industry practices</u> and the processes by which they are achieved.
2. It is a process of continuous improvement in search of competitive advantage.
3. **Benchmarking involves:**
   a) Comparing different aspects of the firm's products, services, activities, processes and other aspects of performance with that of competitors.
   b) Identifying gaps and deficiencies in the firm's own performance,
   c) Finding out novel methods to reduce the gaps and also to improve the situations, and

<u>Areas in which the benchmarking process can be helpful:</u>

Benchmarking can lead to improvements and create competitive advantage in the areas of:

1. Product Development.
2. Plant Utilization Levels
3. Human Resource Management.
4. Product Distribution.
5. Customer services.

Q.No.25. What are the Elements/Steps in the Process of Benchmarking? (A) (PM)

Benchmarking Process involves the following steps:

Stage	Steps
1. Identifying the need for benchmarking and planning	• Define the objectives of the benchmarking exercise and the type of benchmarking.

2. Clearly understanding existing business processes	• Obtain information and data on the firm's actual performance. • Create an outline or map of existing business processes.
3. Identify best processes	• Within the selected framework, best processes are identified. • These may be within the same organization or external to them.
4. Compare own processes and performance with that of others	• Compare own processes and performance with that of others. • Identify gaps in performance between the firm and better performers.
5. Prepare a report and implement the steps necessary to close the performance gap	• A report on the Benchmarking initiatives containing recommendations is prepared. • Such a report includes the action plan(s) for implementation.
6. Evaluation	• Review, evaluate and re-set the benchmarks periodically, in the light of changing conditions.

THE END

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1. INTRODUCTION TO STRATEGIC MANAGEMENT

A CATEGORY

1. Strategy (MTP- March16)	2. Strategic Management
a) Strategies provide an integral framework for management and negotiate their way through a complex and turbulent external environment. Strategy seeks to relate the goals of the organization to the means of achieving them. **b)** Strategy is the game plan that the management of a business uses to take market position, conduct its operations, attract and satisfy customers, compete successfully, and achieve organizational objectives. **c)** Strategy may be defined as a long range blueprint of an organization's desired image, direction and destination, i.e., what it wants to be, what it wants to do and where it wants to go.	**a)** Strategic Management refers to the Managerial process of forming a strategic vision, setting objectives, crafting a strategy, implementing and executing the strategy, and making necessary corrective adjustments in the vision, objectives, strategy and execution, which are deemed appropriate, over a period of time. **b)** Strategic Management is not a one- time activity, it is an ongoing process.
3. Strategic Management Process	**4. Corporate Strategy (PM, M11, MTP- Aug16)**
The term strategic management refers to the managerial process of forming a strategic vision, setting objectives, crafting a strategy, implementing and executing the strategy, and then subsequently initiating whatever corrective adjustments in the vision, objectives, strategy, and execution are deemed appropriate.	**a)** Corporate strategy is basically the growth design of the firm. **b)** It spells out the growth objective - the direction, extent, pace and timing of the firm's growth. **c)** It also spells out the strategy for achieving the growth. It serves as the design for filling the strategic planning gap. It also helps build the relevant competitive advantages.
5. Corporate Level Strategies	**6. Not-for Profit Organizations (MTP- N14)**
a) The corporate level of management consists of the chief executive officer (CEO), other senior executives, the board of directors, and corporate staff. **b)** The role of corporate-level managers is to oversee the development of strategies for the whole organization. **c)** This role includes defining the mission and goals of the organization, determining what businesses it should be in, allocating resources among the different businesses, formulating and implementing strategies that span individual businesses, and providing leadership for the organization.	**a)** We can find many organizations around us, which do not have any commercial objective of making profits. Their genesis may be for social, charitable, or educational purposes. Their main aim is to provide services to members, beneficiaries or public at large. **b)** Non-commercial organization comes to existence to meet the needs not met by business enterprises. These organizations may not have owners in true sense.

B CATEGORY

7. Corporate Level Management	8. Business Level Managers
a) Corporate level of management consists of Chief Executive Officer (CEO), other Senior Executives, the Board of Directors and Corporate Staff. **b)** These individuals occupy the apex of decision-making within the organization, with the CEO as the principal General Manager. **c)** Their role is to oversee the development of strategies for the whole organization in consultation with other Senior Executives	**a)** The Principal General Manager at the Business Level or the Business-Level Manager is the Head of the concerned division **b)** The strategic role of these managers is to translate the general statements of direction and intent that come from the corporate level into concrete strategies for individual businesses.

9. Functional Level Managers	
a) Functional-Level Managers are responsible for the specific business functions/ tasks/ operations (e.g. Human Resources, Purchasing, Product Development, Customer Service, etc.) that constitute a Company or one of its divisions. **b)** They have a major strategic role to develop functional strategies in their area that help to fulfill the strategic objectives set by Business-Level and Corporate-Level General Managers.	

2. DYNAMICS OF COMPETITIVE STRATEGY

A Category

1. Product Development (MTP - N16)	2. SWOT Analysis
a) Customers and suppliers must work together in the product development process. Right from the start the partners will have knowledge of all Involving all partners will help in shortening the life cycles. **b)** Products are developed and launched in shorter time and help organizations to remain competitive.	The comparison of strengths, weaknesses, opportunities, and threats is normally referred to as a SWOT analysis. **Strength: It** is an inherent capability of the organization which it can be use to gain strategic advantage over its competitors. **Weakness:** It is an inherent limitation or constraint of the organization which creates strategic disadvantage to it. **Opportunity:** It is a favourable condition in the organisation's environment which enables it to strengthen its position. **Threat:** It is an unfavourable condition in the organisation's environment which causes a risk for, or damage to, the organisation's position.
3. Industry (PM, MTP - M15)	**4. Driving forces**
a) Industry is a consortium of firms whose products or services have homogenous attributes or are close substitutes such that they compete for the same buyer. **b)** For example, all paper manufacturers constitute the paper industry.	**a)** The dominant forces that have the biggest influence on what kind of changes will take place in the industry's structure and competitive environment and the economy are called Driving Forces of industry's change (or Drivers or Triggers). **b)** They differ from industry to industry and they are responsible for massive or drastic changes in an industry.
5. Strategic Group Mapping (M11, 12 - 1M, PM, RTP - M16, MTP - N15, MTP - M17, M17 - 4M)	**6. Opportunity (PM, RTP - N13, MTP – M14,MTP - M17)**
a) Strategic group mapping is a technique for displaying the different markets or competitive positions that rival firms occupy in the industry. **b)** A strategic group is a cluster of firms in an industry with similar competitive approaches and market positions. An industry contains only one strategic group when all sellers pursue essentially identical strategies and have comparable market positions. **c)** It involves plotting firms on a two-variable map using pairs of differentiating characteristics such as price/quality range; geographic coverage and so on.	**a)** An opportunity is a favourable condition in the firm's environment which enables it to strengthen its position. **b)** A firm should formulate a strategy that helps it in exploiting its opportunities and strengths.

7. Strategic Group (RTP- N11, M15)	8. Competitive Intelligence
a) A strategic group consists of those rival firms that have similar competitive approaches and positions in the market. **b)** Organisations in the same strategic group can resemble one another in any of the several ways: they may have comparable product-line breadth, sell in the same price/quality range, emphasize the same distribution channels, use essentially the same product attributes to appeal to similar types of buyers, depend on identical technological approaches, or offer buyers similar services and technical assistance.	**a)** Competitive Intelligence is the knowledge about the strategies that rivals are developing, their latest moves, their resource strengths and weaknesses, and the plans they have announced. **b)** Competitive intelligence can help a company determine whether it needs to defend against specific moves taken by rivals or whether those moves provide an opening for a new offensive thrust.
9. Dogs (PM, RTP- M13)	**10. Market Penetration (M12 - 1M, RTP- M12, PM, MTP- M14)**
a) According to BCG Matrix, Dogs are low-growth, low-share businesses and products. **b)** They may generate enough cash to maintain themselves, but do not have much future. Sometimes they may need cash to survive. **c)** Dogs should be minimised by means of divestment or liquidation.	**a)** Market penetration is a growth strategy where the business focuses on selling existing products into existing markets. **b)** It is achieved by making more sales to present customers without changing products in any major way. **c)** It might require greater spending on advertising or personal selling.
11. Market Development (RTP- M13)	**12. Key Success Factors (PM, MTP- M15, M17)**
a) Market development refers to a growth strategy where the business seeks to sell its existing products into new markets. It is a strategy for company growth by identifying and developing new markets for the existing products of the company. **b)** This strategy may be achieved through entering into new geographical markets, new product dimensions or packaging, new distribution channels, different pricing policies to attract different customers, creating new market segments.	**a)** Key Success Factors (KSFs) are those things that most affect industry members' ability to prosper in the marketplace – **b)** The particular strategy elements, product attributes, resources, competencies, competitive capabilities, and favourable business outcomes that spell the difference between profit and loss and, ultimately, between competitive success or failure.
13. Strategic Business Unit (SBU) (N 12 - 1M, RTP- M12)	**14. Experience Curve (RTP- N15)**
a) An SBU is a unit of the company that has separate mission and objectives, and which can be planned independently from other businesses of the company. **b)** SBU can be a company division, a product line within a division or even a single product/brand, specific group of customers or geographical location. **c)** The SBU is given the authority to make its own strategic decisions within corporate guidelines as long as it meets corporate objectives.	**a)** Experience curve is based on the commonly observed phenomenon that unit costs decline as a firm accumulates experience in terms of a cumulative volume of production. **b)** The implication is that larger firms in an industry would tend to have lower unit costs as compared to those of smaller organizations, thereby gaining a competitive cost advantage. **c)** Experience curve results from a variety of factors such as learning effects, economies of scale, product redesign and technological improvements in production.

15. Product Life Cycle (PLC)	16. Portfolio Analysis (RTP- M12, M15)
a) Product Life Cycle is a useful concept for guiding strategic choice. **b)** It is an S-shaped curve which exhibits the relationship of sales with respect of time for a product that passes through the four successive stages of introduction (slow sales growth), growth (rapid market acceptance) maturity (slowdown in growth rate) and decline (sharp downward drift).	**a)** Portfolio analysis can be defined as a set of techniques that help strategists in taking strategic decisions with regard to individual products or businesses in a firm's portfolio. **b)** It is primarily used for competitive analysis and corporate strategic planning in multi product and multi business firms.
17. Stars (N 07 -2M, RTP - M12, MTP- N14)	**18. ADL Matrix (PM, RTP- M14)**
a) BCG growth-share matrix is a simple way to portray an organisation's portfolio of investments. **b)** The matrix is based on combinations of relative market share of the products or SBUs and their market growth rate. **c)** Stars, a position in the matrix, are characterised by high market share and high growth rate. They are products or SBUs that are growing rapidly. They also need heavy investment to maintain their position and finance their rapid growth potential. Business organisations that enjoy star positions have best opportunities for expansion and growth.	**a)** The ADL matrix which has derived its name from Arthur D. Little is a portfolio analysis method that is based on product life cycle. **b)** The approach forms a two dimensional matrix based on stage of industry maturity and the firms competitive position, environmental assessment and business strength assessment.
19. Competitive Advantage (PM, RTP- M12, N15)	**20. Core Competence (PM, RTP- M13)**
a) It is the position of a firm to maintain and sustain a favorable market position when compared to the competitors. It is ability to offer buyers something different and thereby providing more value for the money. **b)** This position gets translated into higher market share, higher profits when compared to those that are obtained by competitors operating in the same industry. **c)** It may be in the form of low cost relationship in the industry or being unique in the industry along dimensions that are widely valued by the customers in particular and the society at large.	**a)** A core competence is a unique strength of an organization which may not be shared by others. **b)** Core competencies are those capabilities that are critical to a business achieving competitive advantage. In order to qualify as a core competence, the competency should differentiate the business from any other similar businesses.
21. Value Chain Analysis (PM, N11, RTP- M14, MTP- M16)	**22. Globalisation (RTP- M12, N14)**
a) Value chain analysis refers to separate activities which are necessary to underpin an organization's strategies and are linked together both within and around the organization. **b)** Organizations are much more than a random collection of machines, money and people. Value chain of a manufacturing organization comprises of primary and supportive activities.	**a)** In simple economic terms, globalization refers to the process of integration of the world into one huge market. **b)** At the company level, globalization means two things: (a) the company commits itself heavily with several manufacturing locations around the world and offers products in several diversified industries, and (b) it also means ability to compete in domestic markets with foreign competitors.

23. Multinational or Global Company	
a) A Multinational Company (MNC) or a Transnational Company (TNC) is the one that by operating in more than one country, gains R&D, production, marketing and financial advantages in its costs and reputation, which are not available to purely domestic competitors. **b)** A Multi National Company Views the world as one market, minimises the importance of national boundaries, and raises its capital and markets its products, wherever it can do the job best.	

B CATEGORY

24. Intensity of Competition	25. Cash Cows
a) Intensity of competition refers to the extent or severity of competition prevailing in an industry. **b)** Intensity of competition arises on account of Rival Sellers, New Entrants, Substitute Products, Supplier Bargaining power, and Customer Bargaining Power. **c)** These five forces together determine the intensity of competition prevailing in an industry.	**a)** According to BCG Matrix, Cash Cows are low-growth, high market share businesses or products. **b)** They generate cash and have low costs. They are established, successful, and need less investment to maintain their market share. **c)** In long run when the growth rate slows down, stars become cash cows.
26. Question Marks	**27. Competitive Landscape**
a) According to BCG Matrix, Question Marks, sometimes called problem children or wildcats, are low market share business in high-growth markets. **b)** They require a lot of cash to hold their share. They need heavy investments with low potential to generate cash. Question marks if left unattended are capable of becoming cash traps. **c)** Since growth rate is high, increasing it should be relatively easier. It is for business organisations to turn them stars and then to cash cows when the growth rate reduces.	**a)** Competitive landscape <u>is a business analysis</u> which identifies competitors, either direct or indirect. **b)** It is about identifying and understanding the competitors and at the same time, it permits the comprehension of their vision, mission, core values, niche market, strengths and weaknesses. Understanding of competitive landscape requires an application of "competitive intelligence".
28. Competitive Strategy	**29. Super-National Enterprise**
a) The competitive strategy evolves out of consideration of <u>several factors that are external</u> to the firm. **b)** <u>The objective of a competitive strategy</u> is to generate competitive advantage, increase market share and beat competition. A competitive strategy consists of moves to: • Attract customers. • Withstand competitive pressures. • Strengthen market position.	**a)** Super-National Enterprise is a worldwide enterprise chartered by a substantially non-political international body such as IMF or World Bank. **b)** Its function is international business service. It remains viable only by performing that service adequately for nations which permit its entry. They serve all their member countries adequately without being attached to any one member country.

C CATEGORY	
29. Key Industry Traits	**30. Portfolio**
a) Industry is a group of firms/ business enterprises whose products and services have similar attributes such that they compete for the same buyers. **b)** Every industry has certain characteristics or traits in terms of nature of distribution, methods of selling/ advertising, etc. They are the practices in the industry that are established over a period of time. **c)** These are also known as dominant economic features of an industry.	**a)** A business portfolio is a collection of businesses and products that make up the organisation. **b)** The best business portfolio is the one that best fits its strengths and weaknesses to the opportunities and threats in the environment.

3. STRATEGIC MANAGEMENT PROCESS

A CATEGORY	
1. Strategic Planning	**2. Objective**
a) It is the process of <u>determining the objectives</u> of the firm, <u>resources</u> required to attain these objectives and <u>formulation of policies</u> to govern the acquisition, use and disposition of resources. **b)** It involves a fact of interactive and overlapping decisions leading to the development of an effective strategy for the firm. **c)** Strategic planning determines where an organization is going over the next year or more and the ways for going there. The process is organization wide, or focused on a major function such as a division or other major function.	**a)** Objectives are organizations performance targets–the results and outcomes it wants to achieve. **b)** They function as yardsticks for tracking an organizations performance and progress.
3. Strategic Intent	**4. Strategic Decision Making (PM, RTP- M12)**
a) Strategic intent refers to <u>purposes</u> of what the organization strives for. **b)** It gives an idea of what the organization <u>desires to attain in future</u>. It indicates the long-term market position, which the organization desires to create and the opportunity for exploring new possibilities. **c)** It <u>provides the framework</u> within which the firm would adopt a predetermined direction and would operate to achieve strategic objectives.	**a)** Decision making is a managerial process of selecting the best course of action out of several alternative courses for the purpose of accomplishment of the organizational goals. **b)** Decisions may be operational i.e., which relate to general day-to-day operations. **c)** They may also be strategic in nature. According to Jahuch and Glueck "Strategic decisions involve the definition of the business, products to be handled, markets to be served, functions to be performed and major policies needed for the organisation to execute these decisions to achieve the strategic objectives.".

5. Strategic Vision (RTP- M12, N14, N15, PM, MTP - M16)	6. Mission (RTP- M12,M17, PM)
a) A strategic vision describes an organisation's aspirations for the business, providing a panoramic view of the position where the organisation is going. **b)** It points an organization in a particular direction, charts a strategic path for it to follow in preparing for the future, and moulds organizational identity. **c)** A Strategic vision is a road map of a company's future – providing specifics about technology and customer focus, the geographic and product markets to be pursued, the capabilities it plans to develop, and the kind of company that management is trying to create.	**a)** Mission statement is an answer to the question "Who we are and what we do" and hence has to focus on the organisation's present capabilities, focus activities and business makeup. **b)** An organisation's mission states what customers it serves, what need it satisfies, and what type of product it offers. **c)** A company's mission statement is typically focused on its present business scope—"who we are and what we do".
7. Shared Vision	**8. Goal**
a) When the individuals in an organization are able to bring organisational vision close to their hearts and minds they have "shared vision". **b)** Shared vision is a force that creates a sense of commonality that permeates the organization and gives coherence to diverse activities. **c)** For success of organisations having shared vision is better than vision shared.	**a)** A Goal is a broad statement what an organisation wants to achieve in the long run. **b)** It is broader in nature and is often a generalized and qualitative statement. For e.g., the goal of a company is 'to increase sales', which is an open ended statement.
9. Vision Shared	
a) 'Vision shared' shows imposition of vision from the top management. b) It may demand compliance rather than commitment.	
B CATEGORY	
10. Purpose	
a) Purpose refers to anything which an organisation is striving for. It relates to what the organisation strives to achieve in order to fulfill its mission to the society. **b)** Purpose is internal reasoning and relates to internal environment and is for its own employees.	

4. CORPORATE LEVEL STRATEGIES

A CATEGORY

1. Directional Strategies

a) Directional strategies also called grand strategies provides basic directions for strategic actions towards achieving strategic goals. Such strategies are formulated at the corporate level so are also known as corporate strategies.

b) The corporate strategies a firm can adopt have been classified into four broad categories: stability, expansion, retrenchment, and combination known as directional/grand strategies.

2. Turnaround Strategy

a) Retrenchment may be done either internally or externally. For internal retrenchment to take place, emphasis is laid on improving internal efficiency, known as turnaround strategy.

b) It is used when both threats and weaknesses adversely affect the health of an organization so much that its basic survival is difficult.

c) The overall goal of turnaround strategy is to return an underperforming or distressed company to normalcy in terms of acceptable levels of profitability, solvency, liquidity and cash flow.

3. Divestment Strategy

a) Divestment Strategy involves the sale or liquidation of portion of business, or a major division, profit centre or SBU.

b) Divestment is usually a part of rehabilitation or restructuring plan.

c) Sometimes the option of a turnaround may even be ignored if divestment is the only answer.

4. Liquidation Strategy

a) Liquidation Strategy involves closing down a firm and selling off all its assets and paying off its liabilities.

b) It is considered to be the most extreme and unattractive retrenchment strategy.

c) It is considered as the last resort because it leads to serious consequences such as loss of employment for workers and other employees, termination of opportunities where a firm could pursue any future activities and the stigma of failure.

7. Backward Integrated Diversification Strategy (N 10 - 1M, MTP-M17)

a) Backward integration involves entering into business of input providers.

b) It is employed to expand profits and gain greater control over production of a product by starting/ acquiring a business that will increase its own supply capability or lessen its cost of production.

8. Forward Integrated Diversification Strategy (N 10 - 1M, PM)

a) Forward integration is moving forward in the value chain and entering business lines that use existing products.

b) Forward integration will also take place where organizations enter into businesses of distribution channels.

9. Horizontally Integrated Diversification Strategy (N10 - 1M, MTP- M16)

a) This involves adding/acquisition of one or more similar businesses at the same stage of the production – marketing chain.

b) This can be achieved by taking over Competitor's products, production of Complementary products, sale of by-products, entering into Repairs and servicing of products etc.

10. Concentric/ Related Diversification Strategy (N 07 - 2M, N 10 - 1M)

a) Concentric diversification comes under related diversification.

b) In concentric diversification, the new business is linked to the existing businesses through process, technology or marketing. The new product is a spin-off from the existing facilities and products/processes.

c) Even in concentric diversification, there are will be synergy benefits with the current operations.

11. Retrenchment Strategy (RTP – N15, MTP-N17)	12. Conglomerate/ Unrelated Diversification Strategy (N 10 - 1M, RTP- N11, MTP- N15)
a) A business organization can redefine its business by divesting a major product line or a market. **b)** Retrenchment becomes necessary for coping with hostile and adverse situations in the environment and when any other strategy is likely to be suicidal or hopeless. **c)** In business parlance also, retreat is not always a bad proposition to save the enterprise's vital interests, to minimise the adverse environmental effects, or even to regroup and recoup the resources before a fresh assault and ascent on the growth ladder is launched.	**a)** When an organization adopts a strategy which requires taking up activities which are unrelated to the existing businesses, either in terms of their respective customer groups, customer functions or alternative technologies, it is called conglomerate diversification. **b)** Conglomerate diversification has no common thread at all with the firm's present position. In process/technology/function, there is no connection between the new products and the existing ones. It is a totally unrelated diversification.
13. Combination Strategies	**14. Co- generic Merger (RTP- M14)**
a) Combination Strategies refer to a mix of different strategies like stability; expansion, diversification or retrenchment to suit particular situations that an enterprise is facing. **b)** For instance, a strategy of diversification/acquisition may call for retrenchment in some obsolete product lines.	**a)** In co-generic merger two or more merging organizations are associated in some way or the other related to the production processes, business markets, or basic required technologies. **b)** For example, an organization manufacturing refrigerators can diversify by merging with another organization having business in kitchen appliances.
B CATEGORY	
15. Stability Stratgey	**16. Growth/ Expansion Stratgey**
a) Stability is one of the important goals of a business enterprise. **b)** It is intended to safeguard its existing interests and strengths, to pursue well established and tested objectives, to continue in the chosen business path, to maintain operational efficiency on a sustained basis, to consolidate the commanding position already reached, and to optimise returns on the resources committed in the business.	**a)** It is implemented by redefining the business by enlarging the scope of business and substantially increasing investment in the business. **b)** It is a popular strategy that tends to be equated with dynamism, vigour, promise and success. **c)** It is often characterised by significant reformulation of goals and directions, major initiatives and moves involving investments, exploration and onslaught into new products, new technology and new markets, innovative decisions and action programmes and so on.

5. BUSINESS LEVEL STRATEGIES

A CATEGORY	
a) Cost Leadership Strategy (PM, MTP – Aug16)	**2. Differentiation Strategy**
a) A number of cost elements affect the relative attractiveness of generic strategies. **b)** A successful cost leadership strategy usually permeates the entire firm, as evidenced by high efficiency, low overhead cost, and waste reduction. **c)** The low cost leadership should be such that no competitors are able to imitate so that it can result in sustainable competitive advantage to the cost leader firm.	**a)** This strategy involves producing unique products and services and charging a premium price, targeting consumers who are relatively price-insensitive. **b)** Successful differentiation can mean greater product flexibility, greater compatibility, lower costs, improved service, less maintenance, greater convenience, or more features.

3. Focus Strategy	4. Focused Cost Leadership Strategy
a) Focus strategy involves producing products and services that fulfill the needs of a narrow market that consists of consumers whose needs and preferences are distinctively different from the rest of the market. **b)** It involves selecting or focusing a market or customer segment in which to operate.	**a)** This strategy requires competing based on price to target a narrow market. **b)** A firm that follows this strategy does not necessarily charge the lowest prices in the industry. Instead, it charges low prices relative to other firms that compete within the target market. Firms that compete based on price and target a narrow market are following a focused cost leadership strategy.
5. Focused Differentiation Strategy	**6. Best Cost Provider Strategy (MTP- March 17)**
a) This strategy requires offering unique features that fulfill the demands of a narrow market. **b)** Some firms using a focused differentiation strategy concentrate their efforts on a particular sales channel, such as selling over the internet only. Others target particular demographic groups. **c)** Firms that compete based on uniqueness and target a narrow market are following a focused differentiations strategy.	**a)** This strategy involves providing customers more value for the money by emphasizing low cost and better quality difference. **b)** It can be done: (i) through offering products at lower price than what is being offered by rivals for products with comparable quality and features or (ii) charging similar price as by the rivals for products with much higher quality and better features.

6. FUNCTIONAL LEVEL STRATEGIES

A CATEGORY	
1. Production System Strategy (PM, M12)	**2. Supply Chain Management (PM, M11)**
a) The production system is concerned with the activities directed towards creation of products and services for customers. **b)** It covers factors such as capacity, location, layout, design, work systems, automation, and so on.	**a)** It is a tool of business transformation and involves delivering the right product at the right time to the right place and at the right price. **b)** It reduces costs of logistics of an organisations and enhances customer service by linkages between suppliers, manufacturers and customers. **c)** Supply chain management is an extension of logistics management.
3. Financial Strategy (M13, PM)	**4. Marketing Mix (PM)**
a) The financial strategies of an organization are related to several finance/ accounting concepts considered to be central to strategy implementation. **b)** These are: acquiring needed capital/sources of fund, developing projected financial statements/budgets, management/ usage of funds, and evaluating the worth of a business.	**a)** It is a set of <u>controllable</u> marketing variables that the firm blends <u>to influence</u> the demand for its products and to produce the desired response it wants, in the target market. **b)** It <u>consists of</u> everything that the firm can do to influence the demand for its product. **c)** These variables are often referred to as "4Ps." When translated to the perspective of buyers, they may be termed as "4Cs" also.
5. Logistics Strategy (PM, N 08 - 2M, RTP - M12, MTP - N15, MTP – N16)	**6. Relationship Marketing (PM)**
a) Logistics is a process that integrates the flow of supplies into, through and out of an organization to achieve a level of service that facilitate movement and availability of materials in a proper manner. **b)** When a company creates a logistics strategy, it is defining the service levels at which its logistics is smooth and is cost effective.	**a)** Relationship marketing is the process of creating, maintaining, and enhancing strong, value-laden relationship with customers and other stakeholders, thus, providing special benefits to select customers to strengthen bonds. **b)** It will go a long way in building relationship.

7. Services Marketing (PM, MTP- Aug17)	8. Differential Marketing (PM, MTP- Aug17)
a) Service Marketing is applying the concepts, ools, and techniques, of marketing to services. **b)** Service is any activity or benefit that one party can offer to another that is essentially intangible and non-perishing. These may be from business to consumer and from business to business.	**a)** A market-coverage strategy in which a firm decides to target several market segments and designs separate offer for each. **b)** Differentiation can be achieved through variation in size, shape, colour, brand names and so on.
9. Enlightened Marketing (PM)	**10. Person Marketing (PM)**
a) Enlightened Marketing helps a company to support the best long-run performance of the marketing system. **b)** It is based on five principles – customer oriented marketing, innovative marketing, value marketing, sense-of-mission marketing, and societal marketing.	**a)** Person marketing consists of activities undertaken to create, maintain or change attitudes or behavior towards particular people. **b)** For example, politicians, sport stars, film stars, professionals market themselves to get votes or promote their careers and income.
11. Marketing (PM)	**12. Augmented Marketing (MTP- Aug17)**
a) Marketing is an activity performed by business organizations. **b)** It is considered to be the activities related to identifying the needs of customers and taking such actions to satisfy them in return of some consideration. **c)** The term marketing constitutes different processes, functions, exchanges and activities that create perceived value by satisfying needs of individuals.	**a)** It is provision of additional customer services and benefits built around the care and actual products that relate to introduction of hi-tech services like movies on demand, online computer repair services, secretarial services, etc. **b)** Such innovative offerings provide a set of benefits that promise to elevate customer service to unprecedented levels.

B CATEGORY

13. Skimming Pricing	14. Penetration Pricing
a) In skimming pricing policy, prices are set at a very high level. The product is directed to those buyers who are relatively price insensitive but sensitive to the novelty of the new product. **b)** For example, call rates of mobile telephony were set very high initially. Since the initial off take of the product is low, high price, in a way, helps in rationing of supply in favour of those who can afford it.	**a)** In penetration pricing firm keeps a temptingly low price for a new product which itself is selling point. A very large number of the potential consumer may be able to afford and willing to try the product. **b)** The pricing kept by Reliance Jio is penetration.

C CATEGORY

15. Strategic Human Resource Management	
a) Strategic Human Resource Management is the linking of HR management with Firm strategic goals and objectives, to improve business performance and develop organizational culture that fosters innovation and flexibility. **b)** The success of an organization depends on its human resources. This means how they are acquired, developed, motivated and retained in the organization play an important role in organizational success. This presupposes an integrated approach towards human resource functions and overall business functions of an organization.	

7. ORGANISATION & STRATEGIC LEADERSHIP

A CATEGORY

1. Functional Structure	**2. Multi Divisional Structure or M - Form Structure**
a) Functional structure is widely used because of its simplicity and low cost. **b)** A functional structure groups tasks and activities by business function. The functional structure consists of a chief executive officer or a managing director and limited corporate staff with functional line managers in dominant functions such as production, accounting, marketing, R&D, engineering and human resources. **c)** Disadvantages of a functional structure are that it forces accountability to the top, minimizes career development opportunities, etc.	a) The multi-divisional (M-Form) structure consists of operating divisions where each division represents a separate business, to which the top management <u>delegates</u> responsibility for day-to-day operations and business unit strategy to division managers. b) The divisional structure can be organized in one of four ways: by geographic area, by product or service, by customer, or by process. With a divisional structure, functional activities are performed both centrally and in each separate division.
3. SBU Structure (PM, RTP- N16)	**4. Matrix Organizational Structure**
a) The SBU structure is composed of operating units where each unit represents a separate business to which the top corporate officer delegates responsibility for day-to-day operations and business unit strategy to its managers. **b)** By such delegation, the corporate office is responsible for formulating and implementing overall corporate strategy and manages SBUs through strategic and financial controls. **c)** This change in structure can facilitate strategy implementation by improving coordination between similar divisions and channeling accountability to distinct business units.	**a)** A Matrix Structure is a combination of vertical and horizontal flows of authority and communication (hence the term Matrix) **b)** Employees are attached to the `Home' Department (i.e. a functional department, which has personnel on permanent basis) who report to their respective functional managers. **c)** These employees are assigned to one or more projects or project units that are temporary. They report to the project manager, during the period of completion of the project.
5. Network Structure (PM, RTP – M17, RTP- N15, M16, M17)	**6. Strategic Business Unit (SBU) (PM, N12, RTP – N16)**
a) Network structure is a more radical organizational design. **b)** The network structure could be termed as 'non-structure' as it virtually eliminates in-house business functions and outsource many of them. **c)** A corporation organized in this manner is a virtual organization because it is composed of a series of project groups or collaborations linked by constantly changing non-hierarchical, cobweb-like networks.	**a)** A Strategic Business Unit (SBU) is a unit of the company that has a separate mission and objectives which can be planned independently from other company businesses. **b)** SBU can be a company division, a product line within a division or even a single product/brand, specific group of customers or geographical location. **c)** The SBU is given the authority to make its own strategic decisions within corporate guidelines as long as it meets corporate objectives.

7. Corporate culture (RTP- M14, MTP- Feb16)

a) The phenomenon which often distinguishes good organizations from bad ones could be summed up as 'corporate culture'.

b) Corporate culture refers to a company's values, beliefs, business principles, traditions, ways of operating and internal work environment.

c) Culture affects not only the way managers behave within an organization but also the decisions they make about the organization's relationships with its environment and its strategy.

8. Strategic Leadership (PM)

a) Strategic leadership is the ability of influencing others to voluntarily make decisions that enhance prospects for the organisation's long-term success while maintaining short-term financial stability.

b) It includes determining the firm's strategic direction, aligning the firm's strategy with its culture, modeling and communicating high ethical standards, and initiating changes in the firm's strategy, when necessary.

c) Strategic leadership sets the firm's direction by developing and communicating a vision of future and inspires organization members to move in that direction.

Unlike strategic leadership, managerial leadership is generally concerned with the short-term, day – to – day activities.

9. Unfreezing for change (RTP- N11)

a) The process of unfreezing simply makes the individuals or organizations aware of the necessity for change and prepares them for such a change.

b) Lewin proposes that the changes should not come as a surprise to the members of the organization. Sudden and unannounced change would be socially destructive and morale lowering. The management must pave the way for the change by first "unfreezing the situation", so that members would be willing and ready to accept the change.

c) This can be achieved by making announcements, holding meetings and promoting the ideas throughout the organization.

10. Transformational Leadership (RTP- N11, N14)

a) It uses charisma and enthusiasm to inspire people to exert them for the good of the organization.

b) This style is appropriate in turbulent environments, in industries at the very start or end of their life-cycles, in poorly performing organizations when there is a need to inspire a company to embrace major changes.

c) Transformational leaders offer excitement, vision, intellectual stimulation and personal satisfaction. They inspire involvement in a mission, giving followers a 'dream' or 'vision' of a higher calling so as to elicit more dramatic changes in organizational performance.

d) Such a leadership motivates followers to do more than originally affected to do by stretching their abilities and increasing their self-confidence, and also promote innovation throughout the organization.

11. Entrepreneurship

a) Entrepreneurship is an attitude of mind to seek opportunities, take calculated risk and drive benefits by starting and running a venture. It comprises of numerous activities involved in the conception, creation and running an enterprise.

b) An entrepreneur is a person who searched for business opportunity and starts a new enterprise to make use of that opportunity.

12. Intrapreneurship

a) An intrapreneur is a person who operates within the boundaries of an organisation. He is an employee of a large organisation, who is vested with authority of initiating creativity and innovation in the company's products, services and projects, redesigning the processes, workflows and systems.

b) The intrapreneurs believe in change and do not fear failure. They discover new ideas, look for such opportunities that can benefit the whole organisation and take risks, promote innovation to improve the performance and profitability of the organisation.

c) The job of an intrapreneur is extremely challenging. They get recognition and reward for the success achieved by them.

B CATEGORY	
13. Organisation Structure	**14. Leadership**
a) Organisation Structure refers to the network of relationships among individuals and positions in an organisation. **b)** It is primarily concerned with the allocation of tasks and delegation of authority; structure is essential for achievement of organisational goals.	**a)** Leadership is the capacity to frame plans which will succeed and faculty to persuade others to carry them out in the face of all difficulties. **b)** Leadership is the capability coupled with effectiveness. **c)** It is all about knowing what to do and getting the things done.
15. Simple Organisation Structure	
a) A simple structure is an organisational structure in which the owner-manager makes all major decisions directly and monitors all activities. **b)** Company's staffs merely serve as executors of decisions taken by the owner-manager. **c)** There will be a direct involvement of owner-manager in all phases of day-to-day operations.	

8. STRATEGY IMPLEMENTATION & CONTROL

A CATEGORY	
1. Strategy Implementation	**2. Strategic Change (MTP- N16)**
a) Strategy implementation is the managerial exercise of putting a chosen strategy into place. Strategy execution deals with supervising the ongoing pursuit of strategy, making it work, improving the competence with which it is executed and showing measurable progress in achieving the targeted results. **b)** Strategic implementation is concerned with translating a decision into action. **c)** It involves allocation of resources to new courses of action that need to be undertaken. There may be a need for adapting the organization's structure to handle new activities as well as training personnel and devising appropriate system.	a) The changes in the environmental forces often require businesses to make modifications in their existing strategies and bring out new strategies. b) Strategic change is a complex process and it involves a corporate strategy focused on new markets, products, services and new ways of doing business.
3. Business Process	**4. Premise Control (PM, RTP - N11, M13, M16)**
a) A Business Process is a set of logically related tasks or activities oriented towards achieving a specified outcome. **b)** It is a collection of activities which creates some value to the customer. It is a set of activities that transform a set of inputs into set outputs for another person or process and it often surpasses departmental or functional boundaries	**a)** A strategy is formed on the basis of certain assumptions or premises about environment. Over a period of time these premises may change. **b)** Premise control is a tool for systematic and continuous monitoring of the environment to verify the validity and accuracy of the premises on which the strategy has been built. **c)** It primarily involves monitoring two types of factors: (i) Environmental factors such as economic (inflation, liquidity, interest rates), technology, social and regulatory. (ii) Industry factors such as competitors, suppliers, substitutes.

5. Unfreezing for change (RTP- N11)	6. Core or Generic Business Processes
d) The process of unfreezing simply makes the individuals or organizations aware of the necessity for change and prepares them for such a change. **e)** Lewin proposes that the changes should not come as a surprise to the members of the organization. Sudden and unannounced change would be socially destructive and morale lowering. The management must pave the way for the change by first "unfreezing the situation", so that members would be willing and ready to accept the change. **f)** This can be achieved by making announcements, holding meetings and promoting the ideas throughout the organization.	**g)** Core or Generic Business Processes are those which are highly critical for the success and survival of the firm. **h)** Core business processes are also known as key success factors and they differ from industry to industry. Within the same industry, core business processes change from time to time due to driving forces.
7. Business Process Re-engineering (BPR) (M 07 - 2.5M)	**8. Benchmarking (M 07 - 2.5M, RTP- M13, MTP- Aug17)**
a) BPR stands for business process reengineering. **b)** It refers to the analysis and redesign of workflows both within and between the organisation and the external entities. **c)** Its objective is to improve performance in terms of time, cost, quality and responsiveness to customers. It implies giving up old practices and adopting the improved ones. It is an effective tool of realising new strategies.	a) It is a process of finding the best practices within and outside the industry to which an organisation belongs. b) Knowledge of the best helps in standards setting and finding ways to match or even surpass own performances with the best performances.
9. Implementation Control	**10. Strategic Surveillance (RTP- N17)**
a) Managers implement strategy by converting major plans into concrete, sequential actions that form incremental steps. **b)** Implementation control is directed towards assessing the need for changes in the overall strategy in light of unfolding events and results associated with incremental steps and actions. **c)** Strategic implementation control is not a replacement to operational control. Strategic implementation control, unlike operational controls continuously monitors the basic direction of the strategy.	**a)** Contrary to the premise control, the strategic surveillance is unfocussed. It involves general monitoring of various sources of information to uncover unanticipated information having a bearing on the organizational strategy. **b)** It involves casual environmental browsing. Reading financial and other newspapers, business magazines, meetings, conferences, discussions at clubs or parties and so on can help in strategic surveillance. **c)** Strategic surveillance may be loose form of strategic control, but is capable of uncovering information relevant to the strategy.
11. Strategy Audit	
a) A strategy audit is an examination and evaluation of areas affected by the operation of a strategic management process within an organization. **b)** A strategy audit provides an excellent platform for discussion with the top management regarding necessary corporate actions or changes in the existing business plan. It also identifies the need to adjust the existing business strategies and plans.	

B CATEGORY	
12. Intra- group Benchmarking	**13. Functional Benchmarking**
a) Intra- group or internal benchmarking is performed within an organisation. It involves benchmarking against the best within the company; it may be a plant- to- plant comparison or department- to- department comparison or division- to division comparison.	**a)** It is one of the forms of inter- group or external benchmarking, which is narrow in its nature. **b)** It involves benchmarking done in a particular functional area, i.e., in marketing or finance or distribution, etc. against the best competitor in the same industry.
C CATEGORY	
14. Generic Benchmarking	
a) It is an advanced form of inter- group or external benchmarking, which is very broader in nature than all other forms of benchmarking. **b)** It involves benchmarking done across the industries or across the countries, in fact at the universal level. Here the company tries to learn from the best wherever it is in the world.	

THE END

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PART C – TRUE/FALSE QUESTIONS

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1. INTRODUCTION TO STRATEGIC MANAGEMENT

A CATEGORY	
1.	**Strategic management is a bundle of tricks and magic.** **(J09 - 2M, PM, RTP - N15, MTP - M14, M17 -2M)**
A.	**False:** Strategic management is not a bundle of tricks and magic. It is much more serious affair. It involves systematic and analytical thinking and action. Although, the success or failure of a strategy is dependent on several extraneous factors, it can't be stated that a strategy is a trick or magic. Formation of a strategy requires careful planning and requires conceptual, analytical and visionary skills.
2.	**Functional level constitutes the lowest hierarchical level of strategic management.** **(M 07 – 2M, MTP- M16)**
A.	**True:** Functional-level managers and strategies operate at the lowest hierarchical level of strategic management. Functional level is responsible for the specific business functions or operations (human resources, purchasing, product development, customer service, and so on) that constitute a company or one of its divisions. Although they are not responsible for the overall performance of the organisation, functional managers have a major strategic role to develop functional strategies in their area that help to fulfill the strategic objectives set by business and corporate-level managers.
3.	**A company's strategy has always to be pro-active in nature.** **(N 08 - 2M, N13, PM, RTP- M15, N17)**
A.	**False:** A company's Strategy is a blend of proactive actions and reactive actions by the management. Reactive actions are required to deal with unanticipated developments and environmental conditions. Thus, not every strategic move is the result of proactive and deliberate management actions. At times, some kind of strategic reactions or adjustments are also required.
4.	**Strategic management is not needed in non-profit making organizations. (N 08, 10 – 2M, PM)**
A.	**False:** Strategic management applies equally to profit as well as non-profit organizations. Though non-profit organizations are not working for the profit, they have to have purpose, vision and mission. They also work within the environmental forces and need to manage strategically to stay afloat to accomplish their objectives. For the purpose of continuity and meeting their goals, they also need to have and manage funds and other resources just like any other for profit organization.
5.	**Strategies provide an integral framework for management to negotiate its way through a complex and turbulent external environment. (RTP- M13, PM)** **(or)** **Strategies provide a systematic basis for the enterprise at the time of change. (MTP- N17)**
A.	**True:** Strategies are meant to fill in the need of enterprises for a sense of direction, focus and coherent functioning. They provide a systematic basis for the enterprise to stand its ground in the face of challenge and change as also quickly adjust to them. They obviate the occasions for impulsive and crisis decisions, false starts, misdirected moves, wasted resource uses and the like.
6.	**Strategy is a substitute for sound, alert and responsible management. (N 08 – 2M, PM)**
A.	**False:** Strategy is not substitute for sound, alert and responsible management. Strategy can never be perfect, flawless and optimal. Strategies are goal-directed decision and actions in which capabilities and resources are matched with the opportunities and threats in the environment. A good management at the top can steer the organizations by adjusting its path on the basis of the changes in the environment.
7.	**Strategies are perfect, flawless and optimal organisational plans. (PM, MTP- M15)**
A.	**False:** Strategy can never be perfect, flawless and optimal. It is in the very nature of strategy that it is flexible and pragmatic; it is art of the possible; it does not preclude second-best choices, trade-offs, sudden emergencies, pervasive pressures, failures and frustrations. However, in a sound strategy, allowances are made for possible miscalculations and unanticipated external events.

8.	**A sound strategy does not leave any scope for miscalculations. (RTP- N14)**
A.	**False:** In a sound strategy, allowances are made for possible miscalculations and unanticipated events. Strategy is no substitute for sound, alert and responsible management. Strategy can never be perfect, flawless and optimal. It is in the very nature of strategy that it is flexible and pragmatic; it is art of the possible; it does not discard second-best choices, trade-offs, sudden emergencies, pervasive pressures, failures and frustrations.
9.	**The strategic management process ends with implementation. (RTP- N14)**
A.	**False:** Strategy formulation, implementation, and evaluation activities are performed on a continual basis, not just at the end of the year or semi-annually. The strategic management process is dynamic and continuous. It never really ends. Any significant extraneous factor can trigger a change in the process.
10.	**Strategic planning always flows from top to bottom. (RTP- N14)**
A.	**False:** Although strategic planning is a top level management function, the flow of planning can be from corporate to divisional level or vice-versa. There are two approaches for strategic planning - top down or bottom up. Top down strategic planning describes a centralized approach to strategy formulation in which the corporate centre determines mission, strategic intent, objectives and strategies for the organization as a whole and for all parts. Unit managers are seen as implementers of pre-specified corporate strategies. Bottom up strategic planning is the characteristic of autonomous or semi-autonomous divisions or subsidiary companies in which the corporate centre does not conceptualize its strategic role as being directly responsible. It may prefer to act as a catalyst and facilitator.
11.	**Corporate strategy is basically the growth design of the firm. (PM)**
A.	**True:** Corporate strategy in the first place ensures the growth of the firm and ensures the correct alignment of the firm with its environment. It serves as the design for filling the strategic planning gap. It also helps to build the relevant competitive advantages.
12.	**Control systems run parallel with strategic levels. (N 10 - 2M, PM, RTP- N16, MTP- Aug16)**
A.	**True:** There are three strategic levels - corporate, business and functional. Control systems are required at all the three levels. At the top level, strategic controls are built to check whether the strategy is being implemented as planned and the results produced by the strategy are those intended. Down the hierarchy management controls and operational controls are built in the systems. Operational controls are required for day-today management of business.
13.	**The first step in strategic management model is developing a strategic vision and mission. (RTP - M11)**
A.	**True:** Identifying an organisation's existing vision, mission, objectives are the starting point for any strategic management process. Determining vision and mission provides long- term direction, describe what kind of enterprise the company is trying to become and infuse the organisation with a sense of purposeful action.
14.	**Corporate- level managers can be viewed as the guardians of stakeholders. (RTP-M12, N17)**
A.	**True:** Corporate- level managers provide a link between the people who oversee the strategic development of a firm and those who own it (the shareholders). Corporate- level managers, and particularly the CEO, can be viewed as the guardians of shareholder welfare. It is their responsibility to ensure that the corporate and business strategies that the company pursues are consistent with maximizing shareholder wealth. If they are not, then ultimately the CEO is likely to be called to account by the shareholders.
15.	**Strategic Management helps organisations to be more reactive in shaping their future. (RTP - M12)**
A.	**False:** Strategic Management helps organisations to be more proactive instead of reactive in shaping its future. Organisations are able to analyse and take actions instead of being mere spectators. Thereby they are able to control their own destiny in a better manner. It helps them in working within vagaries of environment and shaping it, instead of getting carried away by its turbulence or uncertainties.

16.	**Developing annual objectives & short-term strategies that are compatible with the selected set of long-term objectives are one of the major tasks of strategic management. (PM, M12)**
A.	**True:** A strategic manager has to set the long term objectives, future oriented plans by appreciating the competitive environment. Without bifurcating grand strategies and long-term objectives into annual objectives and short-term strategies, implementation of the strategies is not possible. Dividing objectives, into annual plans help to move forward in a systematic manner.
17.	**Strategic planning gives direction to the organization. (RTP- M16, MTP - N15)**
A.	**True:** Strategic planning is process of determining organizational strategy. It gives direction to the organization and involves making decisions and allocating resources to pursue the strategy. It is the formal consideration of future course of an organization. It determines where an organization is going over the next year or more and the ways for going there.
18.	**The characteristics of strategic management decisions differ depending upon the levels of management of an organisation. (RTP- M16)**
A.	**True:** There are three main strategic levels of management - corporate, business and functional. The characteristics of strategic management decisions vary in terms of type, measurability, frequency, relation to present activities, risk, profit potential, cost, time horizon, flexibility, co-operation required differ depending upon the levels of management in an organisation. Functional decisions are taken to bifurcate and implement business strategies that are created within the ambit of corporate strategies.
19.	**Strategy evolves over a period of time. (RTP - N16)**
A.	**True:** Strategy of a business, at a particular point of time, is result of a series of small decisions taken over an extended period of time. A manager who makes an effort to increase the growth momentum of an organization is materially changing strategy. A company's strategy evolves over time as a consequence of changing environmental conditions and need to keep strategy in tune with the changes that have a bearing on the functioning of organizations.
20.	**In strategic process organizational potential is not matched with the environmental opportunities. (RTP - N16)**
A.	**False:** In the process of strategic management an organisation continuously scan its relevant environment to identify various opportunities and threats. Organisations keen to grow and expand often look for promising opportunities that match their potential. Such opportunities become a good stepping stone for achieving the goals of the organisation.
21.	**Strategists in governmental organisations have lesser autonomy than their counterparts in private sector. (RTP - M17)**
A.	**True:** Strategists in governmental organizations operate with less strategic autonomy than their counterparts in private firms. Public enterprises generally cannot diversify into unrelated businesses or merge with other firms. Governmental strategists usually enjoy little freedom in altering the organizations' missions or redirecting objectives. There is also scare of public scrutiny.
	B CATEGORY
22.	**Functional level managers are very important to an organisation.**
A.	**True:** Functional mangers have a major strategic role to develop functional strategies in their areas that help to fulfill the strategies and objectives set by business level & Corporate level managers. Functional managers help business level and corporate –level managers to formulate realistic and achievable strategies because they are closer to the customer.
23.	**"Without a strategy an organization is like a ship without a rudder".**
A.	**True:** The rudder of a ship provides it with the direction and it makes it move forward. In the same way, the strategy serves as a route map which provides a long term direction to a company. In absence of the strategy, a company cannot survive in the long run as it lacks a direction.

C CATEGORY	
24.	**Strategic management is the other name for forecasting.**
A.	**False:** Strategic management is not mere forecasting; it is concerned with ensuring a good future for the firm. It tries to prepare the firm to face the future and even shape the future in its favor. Strategic management unlike forecasting will never accept the environment as it is, rather, it tries to influence the environmental forces in its favor.
25.	**The Strategy is a short term oriented plan.**
A.	**False:** A Strategy is not a short-term oriented plan. Strategy is a broad based long range plan of a company. However, a strategy will also have some short-term implications for an organization. Strategy is a unified, comprehensive and integrated plan designed to assure that the basic objectives of an organization are achieved.
26.	**Strategy is all about matching or balancing an organization's resources with that of opportunities in the external world.**
A.	**True:** A firm through its strategy tries to bring about a perfect fit or match between its internal environment (strengths and weaknesses) the external environment (opportunities and threats). Strategy helps a firm in striking a balance between an organization's resources and the opportunities present in the external environment.
27.	**The values, ethics, and beliefs of the founders of an organization will influence to a greater extent the selection of a strategy or business.**
A.	**True:** The selection of a strategy depends to a greater extent on the values, ethics and beliefs of the founder of the company. Strategies must ensure that the strategy they formulate is not against to the company's values. For eg., Tata will never into manufacturing or marketing of alcoholic drinks as it is against the values and ethics of its founder Jamsetji Tata.

2. DYNAMICS OF COMPETITIVE STRATEGY

A CATEGORY	
1.	**The process of strategy avoids matching potential of the organization with the environmental opportunities. (N11, RTP- M15, N17)**
A.	**False.** In the process of strategic management an organisation continuously scan its relevant environment to identify various opportunities and threats. Organisations keen to grow and expand often look for promising opportunities that match their potential. Such opportunities become a good stepping stone for achieving the goals of the organisation.
2.	**Competitive strategy is designed to help firms achieve competitive advantage. (PM)**
A.	**True:** Competitive strategy is designed to help firms achieve competitive advantage. Having a competitive advantage is necessary for a firm to compete in the market. Competitive advantage comes from a firm's ability to perform activities more effectively than its rivals.
3.	**PLC is an S-Shaped Curve. (J 09 – 2M)**
A.	**True:** Product life cycle (PLC) is an S-shaped curve. It is a graphical representation of sales overtime with 4 stages-introduction, growth, maturity and decline. These stages are common to all types of products though the duration of each phase is different in each case. Identification of PLC stage for a product / service offers useful insights for marketing management.
4.	**BCG Growth- Share Matrix classifies businesses on two dimensional scales. (RTP- N11)**
A.	**True:** The BCG Growth- Share Matrix represents businesses on a two dimensional scale. The vertical axis represents market growth rate and provides a measure of market attractiveness. The horizontal axis represents relative market share and serves as a measure of company strength in the market. On the basis of different positions of the businesses on the matrix they are classified as stars, cash cows, question marks and dogs.

5.	**Key Success factors are constant for all industries. (RTP- M12)**
A.	**False:** Key Success Factors vary from industry to industry and even from time to time within the same industry as driving forces and competitive conditions change. Rarely an industry has more than three or four key success factors at any point of time. And even among these three or four, one or two usually outrank the others in importance.
6.	**In BCG Matrix, "Question Marks" represent low growth and high market share businesses or products. (RTP - M12, M17)**
A.	**False:** Question Marks, sometimes called problem children or wildcats, are low market share businesses in high- growth markets. They require a lot of cash to hold their share. They need heavy investments with low potential to generate cash. Question marks if left unattended are capable of becoming cash traps. Since growth rate is high, increasing it should be relatively easier. It is for business organisations to turn them into stars and then to cash cows when the growth rate reduces.
7.	**A SBU is a group of unrelated businesses. (RTP- M12)**
A.	**False:** An SBU is a grouping of related businesses, which is amenable to composite planning treatment. As per this concept, a multi- business enterprise groups its multitude of businesses into a few distinct business units in a scientific way. The purpose is to provide effective strategic planning treatment to each one of its products/ businesses.
8.	**A strategic Group is a cluster of firms with dissimilar competitive approaches. (RTP- M13)**
A.	**False:** Strategic groups are clusters of competitors that share similar strategies and therefore compete more directly with one another than with other firms in the same industry. Any industry contains only one strategic group when all firms essentially have identical strategies and have comparable market positions. At the other extreme, there are as many strategic groups as there are competitors when each rival pursues a distinctively different competitive approach.
9.	**Portfolio analysis helps the strategists in identifying and evaluating various businesses of a company. (PM, N12, N15)**
A.	**True:** A business portfolio is a collection of businesses and products that make up the organisation. Portfolio analysis is a tool by which management identifies and evaluates its various businesses. In portfolio analysis top management views its product lines and business units as a series of investments from which it expects returns. The best business portfolio is the one that best fits its strengths and weaknesses to the opportunities and threats in the environment. Through portfolio analysis, organisations are able to compare its various businesses and categorize them in various strata as promising, growing, without good future and so on.
10.	**A strategic group consists of rival firms with similar competitive approaches and positions in the market. (M13, RTP - N15, N16)**
A.	**True:** A strategic group consists of those rival firms that have similar competitive approaches and positions in the market. Organisations in the same strategic group can resemble one another in any of the several ways: they may have comparable product-line breadth, sell in the same price/quality range, emphasize the same distribution channels; use essentially the same product attributes to appeal to similar types of buyers, depend on identical technological approaches, or offer buyers similar services and technical assistance.
11.	**An industry can have more than one strategic group. (N14, PM)**
A.	**True:** An industry contains only one strategic group when all sellers pursue essentially identical strategies and have comparable market positions. At the other extreme, there are as many strategic groups as there are competitors when each rival pursues a distinctively different competitive approach and occupies substantially different competitive position in the market place.

12.	**The purpose of SWOT analysis is to rank organizations. (PM, J 09 - 2M)**
A.	**False:** SWOT analysis stands for the analysis of strengths, weaknesses opportunities, and threats. It is not used for ranking of organizations. It is a tool for organizational and environmental appraisal necessary for formulating effective strategies.
13.	**SWOT analysis merely examines internal environment of an organization. (PM, RTP - N17)**
A.	**False**: SWOT analysis presents the information about both external and internal environment in a structured form to compare external opportunities and threats with internal strengths and weaknesses. This helps in matching external and internal environments so that strategic decision makers in an organisation can come out with suitable strategies by identifying patterns of relationship and develop suitable strategies.
14.	**"B" in BCG Matrix stands for balance. (PM)**
A.	**False:** The acronym BCG stands for Boston Consulting Group, an organization that developed a matrix to portray an organizational corporate portfolio of investment. This matrix depicts growth of business and the business share enjoyed by an organization. The matrix is also known for its cow and dog metaphors and is popularly used for resource allocation in a diversified company.
15.	**Growth share matrix is popularly used for resource allocation. (PM, M16, RTP - M14)**
A.	**True**: Growth share matrix also known for its cow and dog metaphors is popularly used for resource allocation in a diversified company. Primarily it categorises organisations / products on the basis two factors consisting of the growth opportunities and the market share enjoyed.
16.	**One or two key success factors may outrank others. (RTP - N14)**
A.	**True:** Key success factors vary from industry to industry and even from time to time within the same industry as driving forces and competitive conditions change. Only rarely does an industry have more than three or four key success factors at any one time. And even among these three or four, one or two usually outrank the others in importance. Managers, therefore, have to resist the temptation to include factors that have only minor importance.
17.	**"Industry is a grouping of dissimilar firms". (M – 08, PM)**
A.	**False:** Industry is a consortium of firms whose products or services have homogenous attributes or are close substitutes such that they compete for the same buyer. For example, all paper manufacturers constitute the paper industry.
18.	**Strength is an inherent capacity of an organization. (PM, MTP - M15)**
A.	**True:** Strength is an inherent capacity which an organization can use to gain strategic advantage over its competitors. An example of strength is superior research and development skill which can be used for continuous product innovation or for new product development so that the company gains competitive advantage.
19.	**A 'Strategic Group' consists of rival firms with different competitive approaches and positions in the market. (M 13 - 2M)**
A.	**False:** A strategic group consists of rival firms with similar competitive approaches and positions in the market. Companies in the same strategic group have similarity in any one or more of the aspects like, product lines, product attributes, price/ Quality range, distribution and marketing channels, etc.
20.	**Portfolio analysis involves comparison of various functional areas of business. (RTP- N15)**
A.	**False:** Portfolio analysis can be defined as a set of techniques that help strategists in taking strategic decisions with regard to individual products or businesses in a firm's portfolio. It is primarily used for competitive analysis and corporate strategic planning in a multi-product and multi-business firm.

21.	**SWOT analysis presents a comparative account. (RTP- N15)**
A.	**True:** SWOT analysis presents the information about both external and internal environment in a structured form where it is possible to compare external opportunities and threats with internal strengths and weaknesses. This helps in matching external and internal environments so that a strategist can come out with suitable strategy by developing certain patterns of relationship. The patterns are combinations say, high opportunities and high strengths, high opportunities and low strengths, high threats and high strengths, high threats and low strengths.
22.	**The concept of experience curve is relevant for a number of areas in strategic Management. (RTP- M16, MTP – Mar, Aug17)**
A.	**True:** Experience curve results from a variety of factors such as learning effects, economies of scale, product redesign and technological improvements in production. The concept of experience curve is relevant for a number of areas in strategic management. For instance, experience curve is considered a barrier for new firms contemplating entry in an industry. It is also used to build market share and discourage competition.
23.	**There are many other reasons for changes in industry other than its position in life cycle. (RTP- M16)**
A.	**True:** There are more causes of industry's changes than its position in the life cycle. All industries are characterized by trends and new developments that gradually produce changes important enough to require a strategic response from participating firms. The life-cycle stages are strongly linked to changes in the overall industry growth rate. Industry and competitive conditions change because forces are dynamic. The most dominant forces are called driving forces because they have the biggest influence on what kinds of changes will take place in the industry's structure and competitive environment.
24.	**Market penetration is a growth strategy where the business focuses on selling new products into new markets. (RTP- M16)**
A.	**False:** Market penetration is a growth strategy where the business focuses on selling existing products into existing markets. It is achieved by making more sales to present customers without changing products in any major way. Penetration might require greater spending on advertising or personal selling.
25.	**Key success factors vary from industry to industry. (RTP - M16)**
A.	**True:** Key success factors vary from industry to industry and even from time to time within the same industry as driving forces and competitive conditions change. Only rarely does an industry have more than three or four key success factors at any one time. And even among these three or four, one or two usually outrank the others in importance.
26.	**BCG Growth Share Matrix is popularly used for resource allocation (M - 16)**
A.	True: BCG Growth Share Matrix popularly used for resource allocation to various SBUs by a multi- business or multi- product firm. BCG Matrix was developed on the basis of two parameters namely, 'Relative Market Share' and 'Market Growth Rate' of SBUs.
27.	**In BCG matrix, question marks represent low growth, low share businesses. (RTP - M17)**
A.	**False:** Question Marks, also known as problem children or wildcats, are low market share business in high-growth markets. They need heavy investments with low potential to generate cash. On the other hand dogs are low-growth, low-share businesses and products. Dogs generate enough cash to maintain themselves, but do not have much future.
28.	**A core competence is a unique strength of an organization which may not be shared by others. (N07 – 2M, PM, RTP- N16)**
A.	**True:** A core competence is a unique strength of an organization which may not be shared by others. If business is organized on the basis of core competence, it is likely to generate competitive advantage. A core competence provides potential access to a wide variety of markets. Core competencies should be such that it is difficult for competitors to imitate them.

29.	**Globalisation means different things to different people. (PM, M10 – 2M)**
A.	**True:** Globalisation means several things to several people. For some it is a new paradigm shift – a change that involves substantially different skills, knowledge and different ways of doing things. For developing countries, globalization means opening up of their domestic economies to the global markets. For some, it means integrating the domestic economy with the world economy. Globalisation refers to the process of integration of the world into one huge market. This unification leads to the removal of all trade barriers among countries, including the political and geographical barriers.
	B CATEGORY
30.	**Setting a high price for product is the strategy of penetration pricing.**
A.	**False:** Penetration pricing strategy involves charging a low price for a product or service during the initial stage of its launch to attract customers and increasing it slowly as the firm penetrates into the market. This strategy is followed for products that are already available in the market.
31.	**GE matrix is an improvement over BCG matrix.**
A.	**True:** The two parameters (market attractiveness and company's business strength) used in GE matrix are broader when compared to the ones used in BCG matrix. For example, industry growth rate, a parameter used in BCG matrix is one of the indicators of industry attractiveness, a broader term used as a parameter in GE Matrix.
	C CATEGORY
32.	**Driving Forces are also known as 'triggers'.**
A.	**True:** The dominant forces that have a great influence on the changes that take place in the competitive environment and the economy are called Driving Forces of industry's change. They are also known as drivers or triggers.
33.	**Key success Factors in an industry always remain the same.**
A.	**False:** Key Success Factors (KSFs) are the elements that affect the ability of a firm/industry to prosper in the market place. They constitute the rules that shape whether a company will be financially or competitively successful. As driving forces and competitive conditions change, KSFs vary from industry to industry and even from time to time within the same industry.
34.	**Portfolio analysis helps a multi- business or a multi - product firm.**
A.	**True:** Portfolio analysis can be defined as a set of techniques that facilitate in taking strategic decisions with regard to individual products or businesses in a firm's portfolio. Portfolio approach helps a multi-product, multi-business firm to channelise its resources (at the corporate level) to the businesses that have greater potential.
35.	**Portfolio analysis is a tool for analyzing the strengths, weaknesses, opportunities, and threats of an organization.**
A.	**False:** portfolio analysis is a tool by which management identifies and evaluates its various business, product-lines, business units and investments of the company and the returns expected / obtained from them. In the context of Strategic Management, Portfolio analysis is defined as a set of techniques that facilitate in taking strategic decisions with regard to individual products or businesses in a firm's portfolio.
36.	**An SBU is also known as a profit centre.**
A.	**True:** An SBU is a single business or collection of related businesses that can be planned separately. It has its own set of competitors and has a manager who is responsible for strategic planning and profit. Hence an SBU is also known as a profit centre.

3. STRATEGIC MANAGEMENT PROCESS

	A CATEGORY
1.	**For a small entrepreneur vision and mission are irrelevant. (PM, N16, RTP- M14, N14)**
A.	**False:** Every organization whether it is large or small requires strategic vision and mission statements. Organisations irrespective of their size face similar business environment and have to work through competition. Small organizations have to plan strategies for their survival in the market where large organizations are also present. **Note:** The above question was asked in Nov 2014 exam in the following way. Strategic Vision and Mission statements are needed only by large business houses.
2.	**Strategic planning is an attempt to improve operational efficiency. (PM, RTP – N16)**
A.	**False:** Strategic planning, an important component of strategic management, involves developing a strategy to meet competition and ensure long- term survival and growth. They relate to the top level in the organisation and relate the organisation with its environment. Operational efficiency is not a direct outcome of strategic planning.
3.	**The first step of strategy formulation in strategic management model is to undertake internal analysis. (PM, M 07 - 2M, N - 11)**
A.	**False:** Identifying an organisation's existing vision, mission, objectives, and strategies is the starting point for any strategic management process because an organisation's existing situation and condition may preclude certain strategies and may even dictate a particular course of action. Determining vision and mission provides long-term direction, delineate what kind of enterprise the company is trying to become and infuse the organisation with a sense of purposeful action.
4.	**Objectives are open- ended and goals are closed- ended. (MTP - 2)**
A.	**False:** Objectives are closed ended and are specific, time bound, concrete and measurable or quantifiable. Whereas goals are open-ended broad statements of what an organization wants to achieve at a future date. They don't convey a direct meaning. **For Eg:** The goal of a company is to increase its sales. This goal when converted into an objective may look like this. The objective of the company is to increase sales by 5% by June 30 through sales representatives. **Note:** In ICAI Study material, the answer is given opposite to our answer. Students are required to follow the answer given by ICAI.
5.	**All strategies emerge from corporate vision. (N08 – 2M, PM)**
A.	**True:** Vision explains where the organization is headed, so as to provide long-term direction, delineate what kind of enterprise the company is trying to become and infuse the organization with a sense of purpose. All strategies need to be drawn in the light of corporate vision, which is what the firm ultimately wants to become.
6.	**Vision and Mission are translated into objectives.**
A.	**True:** Vision and mission cannot be achieved on their own. They have to be converted into specific performance targets known as objectives. The accomplishment of mission of an organisation requires the formulation of objectives. Objectives help an organisation to pursue its vision and mission. Objectives are the performance targets of an organisation i.e. the results and outcomes it wants to achieve.
5.	**A strategic vision delineates organisation's aspirations for the business. (RTP - M16)**
A.	**True:** A strategic vision delineates organisation's aspirations for the business, providing a panoramic view of the position where the organisation is going. A strategic vision points an organization in a particular direction, charts a strategic path for it to follow in preparing for the future, and moulds organizational identity.
6.	**Judgment about what strategies should be pursued flows from intuition. (RTP- M17)**
A.	Strategy formulation is not a task which managers can get by with intuition, opinions, good instincts, and creative thinking. Judgments about what strategy to pursue need to flow directly from analysis of an organisational external environment and internal situation.

B CATEGORY	
7.	**The mission of a company is always static and it will never change.**
A.	**True:** As the mission denotes the purpose or reason for an organization's existence, it will never change. A mission is an enduring statement of purpose that distinguishes an organization from other organizations.
C CATEGORY	
8.	**A business firm would still grow even if it defines its business narrowly.**
A.	**False:** To ensure continued evolution of growth, an organisation must define their business in a broader sense to take advantage of the growth opportunities that emerge over time. Organisations that define their businesses too narrowly dig their own graves. They develop short sightedness over a period of time and get unrecognised in the market in the long run.
9.	**Strategic decision making involves commitment of resources**
A.	**True:** Strategic issues involve commitment of resources i.e. large amounts of company's financial investment, to venture into new areas of business, employing more people with new set of skills in them, take-over of another enterprise, business expansion, etc. All these decisions involve substantial amount of organization's resources.

5. CORPORATE LEVEL STRATEGIES

A CATEGORY	
1.	**Divestment strategy involves the sale or liquidation of a portion of business.**
A.	**True:** Divestment strategy involves the sale or liquidation of a portion business, or a major division, profit center or SBU. Divestment is usually a part of rehabilitation or restructuring plan and is adopted when a turnaround has been attempted but has proved to be unsuccessful. The option of a turnaround may even be ignored if it is obvious that divestment is the only answer.
2.	**Liquidation strategy may be a pleasant strategic alternative. (MTP - N15)**
A.	**False:** Liquidation may be unpleasant as a strategic alternative but when a "dead business is worth more than alive", it is a good proposition. For instance, the real estate owned by a firm may fetch it more than the actual returns of doing business. When liquidation is evident (though it is difficult to say exactly when), an abandonment plan is desirable. Planned liquidation would involve a systematic plan to reap the maximum benefits for the firm and shareholders through the process of liquidation.
3.	**Restructuring is a slow process that brings consistent changes.**
A.	**False:** Restructuring is neither slow nor the changes are consistent with the existing structure. An organisation that needs to improve its efficiency and profitability may use restructuring as a strategic tool. It involves careful study of existing structures and identifying focus areas that need to be dismantled and rebuilt within an organization. Strategic restructuring in organisations is often adopted after acquisitions, takeovers or bankruptcy. Restructuring can involve a significant change of an organization's liabilities or assets.
4.	**Stability strategies are do- nothing approach to managing. (PM, M14, RTP - N14)**
A.	**False:** Stability strategies are implemented by approaches wherein few functional changes are made in the products or markets. However, it is not a 'do nothing' strategy. It involves keeping track of new developments to ensure that the strategy continues to make sense. This strategy is typical for mature business organizations. Some small organizations will also frequently use stability as a strategic focus to maintain comfortable market or profit position.
5.	**Strategic planning is an attempt to improve operational efficiency. (RTP- M13, N16, PM)**
A.	**False:** Strategic planning, an important component of strategic management, involves developing a strategy to meet competition and ensure long-term survival and growth. They relate to the top level in the organisation and relate the organisation with its environment. Operational efficiency is not a direct outcome of strategic planning.

6.	**Divesting a major product line or market in an organization can be termed as retrenchment strategy. (PM, MTP - M16)**
A.	**True:** An organization can redefine its business by divesting a major product line or market. The divesting can be termed as retrenchment strategy. The enterprise may withdraw from marginal markets, withdraw some brands or sizes of products. It may also withdraw of some slow moving products. In an extreme manner it may seek retirement either from the production or the marketing activity.
7.	**Acquisition is a type of growth strategy (N 07, PM)**
A.	**True:** An acquisition is a type of growth strategy through which one firm buys a controlling or complete interest in another firm. Acquisition of an existing concern is an instant means of achieving growth through expansion and/or diversification. Ideally, acquisition strategy should be used when the acquiring firm is able to enhance its economic value through ownership and the use of the assets that are acquired.
8.	**Diversification only involves entering in new businesses that are related to the existing business of an organization. (PM)**
A.	**False:** Although, organisations can diversify into businesses that are vertically or horizontally related to the existing businesses, the diversification is not limited to the related businesses. In conglomerate diversification; the new businesses/ products are disjointed from the existing businesses/products in every way. There is no connection between the new products and the existing ones in process, technology or function.
9.	**Vertical diversification integrates firms forward or backward in the product chain. (PM, RTP- M14)**
A.	**True:** In vertically integrated diversification, firms opt to engage in businesses that are related to the existing business of the firm. It moves forward or backward in the chain and enters specific product with the intention of making them part of new businesses for the firm.
10.	**Concentric diversification amounts to unrelated diversification. (PM)**
A.	**False:** Concentric diversification amounts to related diversification. Concentric diversification takes place when the products or services added are in different industry but are similar to the existing product or service line with respect to technology or production or marketing channels or customers.
11.	**To diversify organisations need to enter into businesses that are unrelated to the present business of the organisation. (RTP - M17)**
A.	**False:** Diversification endeavours can be related or unrelated to existing businesses of the firm. A related diversification can be vertically integrated, horizontally integrated or concentric. In conglomerate diversification no linkages with the existing businesses exist.
	B CATEGORY
12.	**Retrenchment implies downsizing of business. (M 07 – 2M, PM)**
A.	**False:** In the context of strategic management, retrenchment implies giving up certain products and reducing the level of business as a compulsive measure to cope up with certain adverse developments on which the firm has little control. Downsizing (or rightsizing) is planned elimination of positions or jobs. Retrenchment does not imply downsizing, however, the latter is often used to implement a retrenchment strategy.
	C CATEGORY
13.	**Liquidation is the last resort option for a business organisation. (PM)**
A.	**True:** Liquidation as a form of retrenchment strategy is considered as the most extreme and unattractive. It involves closing down a firm and selling its assets. It is considered as the last resort because it leads to serious consequences such as loss of employment for workers and other employees, termination of opportunities a firm could pursue, and the stigma of failure. The company management, government, banks and financial institutions, trade unions, suppliers, creditors, and other agencies are extremely reluctant to take a decision, or ask, for liquidation.

5. BUSINESS LEVEL STRATEGIES

A CATEGORY	
1.	**Focus strategies are most effective with consumers having similar preferences.** **(RTP- N15)**
A.	**False:** Focus strategies are most effective when consumers have distinctive preferences or requirements and when rival firms are not attempting to specialize in the same target segment. An organization using a focus strategy may concentrate on a particular group of customers, geographic markets, or on particular product line segments in order to serve a well-defined but narrow market better than competitors who serve a broader market.
2.	**Porter's five forces model considers new entrants as a significant source of competition.** **(PM)**
A.	**True:** Porter's five forces model considers new entrants as major source of competition. The new capacity and product range that the new entrants bring in throw up new competitive pressure. The bigger the new entrant, the more severe the competitive effect. New entrants also place a limit on prices and affect the profitability of existing players.
3.	**Substitute products are latent source of competition.** **(RTP - M15)**
A.	**True:** Substitute products are a latent source of competition in an industry. In many cases, they become a major constituent of competition. Substitute products offering a price advantage and/ or performance improvement to the consumer can drastically alter the competitive character of an industry. For example, coir suffered at the hands of synthetic fibre. Wherever, substantial investment in R &D is taking place, threats from substitute products can be expected. Substitutes, too, usually limit the prices and profits in an industry.
4.	**Competition adversely hits the organizational growth.** **(RTP- M16)**
A.	**False:** All organizations have competition. Multinationals and large organizations clash directly on every level of product and service. Mid-sized and small business also chases same customers and finds that prices and product quality are bounded by the moves of their competitors. Competition can challenge organizations to work better, improve and grow. Lack of competition can make organizations complacent with their present positions.
B CATEGORY	
5.	**Differentiation strategy allows a firm to charge a higher price for its product / service.**
A.	**True:** As a company following differentiation strategy offers superior quality in its product / service, or products of unique features, naturally the product can command a premium or high price in the market. For example Rolex watch Mercedes Benz, etc. are some of the highly differentiated brands and are able to command a premium price in the market.
6.	**The Best- cost provider strategy is nothing but offering a product / service at the lowest price possible.**
A.	**False:** The Best- cost provider strategy is a further development Michael Porter's Generic strategies and is a hybrid of cost leadership and differentiation strategies. It means offering a well – differentiated product with a focus on cost reduction at the same time. This strategy requires the firm to develop a unique expertise in simultaneously managing costs down and superior features and attributes in a product / service.
C CATEGORY	
7.	**Focus strategy involves introduction of only one product.**
A.	**False:** Focus is one of the generic strategies proposed by Michael porter. The focus strategy involves introducing products and services that fulfill the needs of small group of consumers. In terms of market, the firm here selects a niche / narrow market and puts its entire efforts in catering to the customers in that narrow / niche segment. For example, Ayur, a herbal based cosmetic company offers only herbal based cosmetics to the herbal conscious customers which is a niche market in India.

8.	**A company following a focus strategy will incur losses in the long run.**
A.	**False:** A successful focus strategy depends on an industry segment that is of sufficient size, has good growth potential and is not critical to the success of other major competitors. Narrow market does not mean too narrow to be profitable, it will be of enough size.

6. FUNCTIONAL LEVEL STRATEGIES

A CATEGORY	
1.	**Supply chain management is conceptually wider than logistics management. (Or) Logistics Management is an extension of Supply Chain Management. (N16)**
A.	**True:** Supply chain management is an extension of logistic management. Logistic management is related to planning, implementing and controlling the storage & movement of goods & services while supply chain management is much more than that. It is a tool of business transformation and involves delivering the right product at the right time to the right place and at the right price.
2.	**Publicity is a personal form of promotion.**
A.	**False:** Publicity is also a non- personal form of promotion similar to advertising. However, no payments are made to the media as in case of advertising. Organisations skillfully seek to promote themselves and their product without payment. Publicity is communication of a product, brand or business by placing information about ir in the media without paying for the time or media space directly. Basic tools for publicity are press releases, press conferences, reports, stories, and internet releases.
3.	**Publicity is a non-personal form of promotion similar to advertising. (MTP- Sept16)**
A.	**True:** Publicity is also a non-personal form of promotion similar to advertising. However, no payments are made to the media as in case of advertising. Organizations skillfully seek to promote themselves and their product without payment. Publicity is communication of a product, brand or business by placing information about it in the media without paying for the time or media space directly. Thus it is way of reaching customers with negligible cost. Basic tools for publicity are press releases, press conferences, reports, stories, and internet releases. These releases must be of interest to the public.
4.	**The management of funds can play a pivotal role in strategy implementation. (RTP - M15)**
A.	**True:** The management of funds can play a pivotal role in strategy implementation as it aims at the conservation and optimum utilization of funds which are central to any strategic action. Organizations that implement strategies of stability, growth or retrenchment cannot escape the rigorous of proper management of funds. In fact, good management of funds often creates the difference between a strategically successful and unsuccessful company.
5.	**Cost- plus pricing ensures profits in competition. (RTP- N14)**
A.	**False:** Theoretically, organizations may adopt cost plus pricing wherein a margin is added to the cost of the product to determine its price. However, in the competitive environment such an approach may not be feasible. More and more companies of today have to accept the market price with minor deviations and work towards their costs. They reduce their cost in order to maintain their profitability.
6.	**Production strategy implements, supports and drives higher strategies. (PM, M10 - 2M, RTP- M14, M15, N16)**
A.	**True:** For effective implementation of higher level strategies, strategists need to provide direction to functional managers, including production, regarding the plans and policies to be adopted. Production strategy provides a path for transmitting corporate and business level strategy to the production systems and makes it operational. It may relate to production planning, operational system, control and research & development.

7.	**Skimming means keeping price very low (PM)**
A.	**False:** In skimming, prices of a new product are kept at a very high level. The idea is to take advantage of the initial interest that a new product generates amongst the buyers who are relatively price insensitive.
8.	**De-marketing is used to eliminate the competitors' market share. (RTP- N15)**
A.	**False:** De-marketing is a marketing strategy to reduce demand temporarily or permanently-the aim is not to destroy demand, but only to reduce or shift it. This happens when the demand is too much to handle. For example, buses are overloaded in the morning and evening, roads are busy for most of times, zoological parks are over-crowded on Saturdays, Sundays and holidays. Here demarketing can be applied to regulate demand.
9.	**Logistics is a process that integrates the flow of supplies into, through and out of an organization. (RTP- N16)**
A.	Logistics is a process that integrates the flow of supplies into, through and out of an organization to achieve a level of service that facilitate movement and availability of materials in a proper manner. When a company creates a logistics strategy, it is defining the service levels at which its logistics is smooth and is cost effective.
10.	**De- marketing strategies may aim to reduce demand temporarily or permanently.(PM, M15)**
A.	De-marketing is a marketing strategy to reduce demand temporarily or permanently – the aim is not to destroy demand, but only to reduce or shift it. This happens when the demand is too much to handle. For example, buses are overloaded in the morning and evening, roads are busy for most of times, zoological parks are over-crowded on Saturdays, Sundays and holidays. Here de-marketing can be applied to regulate demand.
11.	**Strategies need to be segregated into functional level strategies and plans. (RTP- M17)**
A.	**True:** Functional strategies are made within the higher level strategies and guidelines. Functional managers need guidance from the business strategy in order to take decisions. Strategies need to be segregated into viable functional plans and policies. Operational plans tell the functional managers what has to be done while policies state how the plans are to be implemented.
12.	**Human Resource Management aids in strategic management. (PM, MTP- N16)**
A.	**True**: The human resource management helps the organization to effectively deal with the external environmental challenges. The function has been accepted as a partner in the formulation of organization's strategies and in the implementation of such strategies through human resource planning, employment, training, appraisal and rewarding of personnel.
	B CATEGORY
13.	**Functional strategies facilitate the implementation corporate strategy. (M 10)**
A.	**True:** Different functional strategies like marketing, finance, HR, R & D etc. facilitate the implementation of corporate strategy of a firm. Functional strategies though operate at the lowest hierarchy of an organization, they are essential in implementing in an overall corporate strategy and also the business level strategies.
14.	**The role of Human Resource Manager is significant in building up core competency of the firm. (PM, N11)**
A.	**True.** The human resource manager has a significant role to play in developing core competency of the firm. A core competence is a unique strength of an organization which may not be shared by others. Core-competencies can be generated and maintained only through the effective management of human resources and their skills.

15.	**Functional level constitutes the lowest hierarchical level of strategic management. (PM, M 07)**
A.	**True:** Functional-level managers and strategies operate at the lowest hierarchical level of strategic management. Functional level is responsible for the specific business functions or operations (human resources, purchasing, product development, customer service, and so on) that constitute a company or one of its divisions. Although they are not responsible for the overall performance of the organisation, functional managers nevertheless have a major strategic role to develop functional strategies in their area that help to fulfill the strategic objectives set by business and corporate-level managers.
16.	**Market penetration ignores competition.**
A.	**False:** Market penetration refers to a growth strategy where the business focuses on selling existing products into existing markets. Penetration might require greater spending on advertising or personal selling. Overcoming competition in a mature market requires an aggressive promotional campaign, supported by a pricing strategy designed to make the market unattractive for competitors.
17.	**Augmented marketing is provision of additional customer services and benefits. (PM)**
A.	**True:** Augmented marketing refers to deliberate and accelerated efforts to get better marketing returns through additional means. It includes provision of additional customer services and benefits built around the care and actual products that relate to introduction of hi-tech services like movies on demand, on-line computer repair services, secretarial services, etc. Such innovative offerings provide a set of benefits that promise to elevate customer service to unprecedented levels.
18.	**Tele-shopping is an instance of direct marketing. (PM, N 07- 2M)**
A.	**True:** Direct marketing is done through various advertising media that interact directly with customer. Teleshopping is a form of direct marketing which operates without conventional intermediaries and employs television and other IT devices for reaching the customer. The communication between the marketer and the customer is direct through third party interfaces such as telecom or postal systems.
	C CATEGORY
19.	**Supply chain management is conceptually wider than logistics management. (PM)**
A.	**True:** Supply chain management is an extension of logistic management. Logistic management is related to planning, implementing and controlling the storage & movement of goods & services while supply chain management is much more than that. It is a tool of business transformation and involves delivering the right product at the right time to the right place and at the right price.

7. ORGANISATION & STRATEGIC LEADERSHIP

	A CATEGORY
1.	**In every organization, strategy follows structure. (M08 – 2M, PM)**
A.	**False:** An organization's structure is designed to facilitate its strategic pursuit and therefore, structure follows strategy. Without a strategy or reason for being, it will be difficult to design an effective organization structure. Strategic developments may require allocation of resources and there may be a need for adapting the organization's structure to handle new activities as well as training personnel and designing appropriate systems.
2.	**Network structure creates virtual organisations. (RTP- N14)**
A.	**True:** In a network structure many activities are outsourced. A corporation organized in this manner is often called a virtual organization because it is composed of a series of project groups or collaborations linked by constantly changing non-hierarchical, cobweb-like networks. The network structure becomes most useful when the environment of a firm is unstable and is expected to remain so. Under such conditions, there is usually a strong need for innovation and quick response. Instead of having salaried employees, it may contract with people for a specific project or length of time.

3.	**"Resistance to change is an impediment in building of strategic supportive corporate culture." (PM, M 08 - 2M)**
A.	**True:** Corporate culture refers to a company's values, beliefs, business principles, traditions, ways of operating, and internal work environment. In an organizational effort to build strategic supportive corporate culture, employees' resistance to change can impede its successful implementation and execution.
4.	**An organization's culture is always an obstacle to successful strategy implementation. (N 08 - 2M)**
A.	**False:** A company's culture is manifested in the values and business principles that management preaches and practices. The beliefs, vision, objectives and business approaches and practices underpinning a company's strategy may be compatible with its culture or may not. When they are compatible the culture becomes a valuable ally (support) in strategy implementation and execution.
5.	**Corporate Culture is always identical in all the organisations. (PM, N – 09, MTP- M16,M17-2M)**
A.	**False:** Every company has its own organisational culture. Each has its own business philosophy and principles, its own ways of approaching to the problems and making decisions, its own work climate, work ethics, etc. Therefore, corporate culture need not be identical in all organisations. However, every organisation over a period of time inherits and percolates down its own specific work ethos and approaches.
6.	**Strategies may require changes in organizational structure. (PM, RTP - M14)**
A.	**True:** Strategies may require changes in structure as the structure dictates how resources will be allocated. Structure should be designed to facilitate the strategic pursuit of a firm and, therefore, should follow strategy. Without a strategy or reasons for being, companies find it difficult to design an effective structure.
7.	**SBU concepts facilitate multi-business operations. (J09 - 2M, RTP- M13, N16, N17, PM, MTP- N14)**
A.	**True:** Organizing business along SBU lines and creating strategic business units has become a common practice for multi-product/service and global organizations. It is a convenient and intelligent grouping of activities along distinct businesses and has replaced the conventional groupings. SBU facilitates strategic planning, gaining product related / market-related specialization, gaining cost-economies and more rational organizational structure.
8.	**Culture promotes better strategy execution. (PM, N13)**
A.	**True:** Strong cultures in an organisation promote good strategy execution when there's fit and hurt execution when there's negligible fit. A culture grounded in values, practices, and behavioural norms that match what is needed for good strategy execution helps energize people throughout the company to do their jobs in a strategy-supportive manner, adding significantly to the power and effectiveness of strategy execution.
9.	**An organisation's culture is always an obstacle to successful strategy implementation (N – 08, PM)**
A.	**False:** A company's culture is manifested in the values and business principles that management preaches and practices. The beliefs, vision, objectives and business approaches and practices underpinning a company's strategy may be compatible with its culture or may not. When they are compatible the culture becomes a valuable ally in strategy implementation and execution.
10.	**A corporate culture is always identical in organizations located in same geographical area. (PM, RTP- N15)**
A.	**False:** Every company has its own organisational culture. Each has its own business philosophy and principles, its own ways of approaching to the problems and making decisions, its own work climate, work ethics, etc. Therefore, corporate culture need not be identical in all organisations in a geographical area. However, every organisation over a period of time inherits and percolates down its own specific work ethos and approaches.

11.	**Changes in strategy may lead to changes in organizational structure. (RTP- M16)**
A.	**True:** Changes in strategy may require changes in structure as the structure dictates how resources will be allocated. Structure should be designed to facilitate the strategic pursuit of a firm and, therefore, should follow strategy. Without a strategy or reasons for being, companies find it difficult to design an effective structure.
12.	**A match between strategy and structure may create competitive advantage. (RTP- M17)**
A.	**True:** A competitive advantage is created when there is a proper match between strategy and structure. Ineffective strategy/structure matches may result in company rigidity and failure, given the complexity and need for rapid changes in today's competitive landscape. Thus, effective strategic leaders seek to develop an organizational structure and accompanying controls that are superior to those of their competitors.
13.	**In hourglass structure, more personnel are required at middle levels for effective functioning. (RTP - M17)**
A.	**False:** Hourglass organization structure consists of three layers with constricted middle layer. The structure has a short and narrow middle-management level. Information technology links the top and bottom levels in the organization taking away many tasks that are performed by the middle level managers. A shrunken middle layer coordinates diverse lower level activities.
B CATEGORY	
14.	**There must always be a 'good fit' between an organization's culture and strategy.**
A.	**True:** An organization, in order to implement its chosen strategy effectively should have a supporting and relevant culture. This will stimulate the employees to accept the challenge of realizing the company's vision, do their jobs competently and with enthusiasm, and collaborate with others, to effectively implement the strategy.
15.	**When there is a 'strategy – culture conflict' in an organization, changes should be made in the strategy only.**
A.	**False:** A Strategy – culture conflict requires the firm to redesign its strategy so that it is culturally fit, or redesign the mismatched cultural features to fit the strategy. If there is compatibility between strategy and culture, the firm can effectively implement its strategies.
C CATEGORY	
16.	**Changes in the organisation structure guarantee the successful implementation of a strategy.**
A.	**False:** When a firm changes its strategy, the existing organisational structure may become ineffective. Structural changes are required to make the strategies workable. Changes in structure can only facilitate strategy implementation efforts. But changes in structure can't make a bad strategy to good, bad managers to good or bad products to sell.

8. STRATEGY IMPLEMENTATION & CONTROL

A CATEGORY	
37.	**Efficiency and effectiveness are similar terms and there is no much difference between them. (M08 – 2M, PM, RTP- M15, MTP- Sept16)**
A.	**False:** Efficiency pertains to designing and achieving suitable input output ratios of funds, resources, facilities and efforts whereas effectiveness is concerned with the organization's attainment of goals including that of desired competitive position. While efficiency is essentially introspective, effectiveness highlights the links between the organization and its environment. In general terms, to be effective is to do the right things while to be efficient is to do things rightly.

1.	**The thrust of operational control is on individual tasks or transactions.**
A.	**True:** The thrust of operational control is on individual tasks or transactions as against total or more aggregative management functions. For example, procuring specific items for inventory is a matter of operational control, in contrast to inventory management as a whole. One of the tests that can be applied to identify operational control areas is that there should be a clear- cut and somewhat measurable relationship between inputs and outputs which could be predetermined or estimated with least uncertainty.
2.	**Strategy formulation heavily relies on intuition and hunch. (RTP- N14)**
A.	**False:** Strategy formulation is not a task that managers can get by with intuition, opinions, good instincts, and creative thinking. Judgments about what strategies to pursue flow directly from analysis of an organisational external environment and internal situation. It is a pragmatic approach in which strategies are carefully chosen from various alternatives after thorough analysis of micro and macro environment, competition, capabilities, resources, internal strengths, weaknesses and market position.
3.	**Unfreezing facilitates change. (RTP- N14)**
A.	**True:** Unfreezing makes the individuals or organizations aware of the necessity for change and prepares them for such a change. According to Kurt Lewin changes should not come as a surprise to the members of the organization. Sudden and unannounced change would be socially destructive and morale lowering. The management must pave the way for the change by first “unfreezing the situation”, so that members would be willing and ready to accept the change. Unfreezing is the process of breaking down the old attitudes and behaviours, customs and traditions so that they start with a clean slate.
4.	**“Resistance to change is an impediment in building of strategic supportive corporate culture.” (PM, M 08 - 2M)**
A.	**True:** Corporate culture refers to a company’s values, beliefs, business principles, traditions, ways of operating, and internal work environment. In an organizational effort to build strategic supportive corporate culture, employees’ resistance to change can impede its successful implementation and execution.
5.	**Primarily, strategy formulation is an operational process and strategy implementation is an intellectual process. (PM)**
A.	**False:** Strategy formulation is primarily an intellectual process and strategy implementation is primarily an operational process. Strategy formulation is based on strategic decision-making which requires analysis and thinking while strategy implementation is based on strategic as well as operational decision-making which requires action and doing.
6.	**An organisation's culture is always an obstacle to successful strategy implementation (N – 08, PM)**
A.	**False:** A company’s culture is manifested in the values and business principles that management preaches and practices. The beliefs, vision, objectives and business approaches and practices underpinning a company’s strategy may be compatible with its culture or may not. When they are compatible the culture becomes a valuable ally in strategy implementation and execution.
7.	**There is both opportunity and challenge in a ‘change’ (N 09, RTP- M15)**
A.	**True:** It is said that change is inevitable, especially in the context of business environment. Changes in the business environment from time to time throw up new issues before businesses. A right perspective of such new issues is to view them both as challenges and opportunities - challenge because appropriate action is called for and, opportunity because it opens up new potentials for the future plans that would lead to prosperous business.

8.	**Good strategy and proper implementation ensures organisational success. (RTP- M16)**
A.	**False:** Strategic management process does not end when the firm decides what strategies to pursue. There must be a translation of strategic thought into action through the process of implementation. A sound strategy with excellent implementation would lead to organisational success but cannot ensure it. Organisational environment is dynamic and can be hostile jeopardising best of the strategies. It is not feasible to accurately predict the future environmental conditions that have bearing on the success of strategy.
9.	**Judgment about what strategies should be pursued flows from intuition. (RTP- M17)**
A.	**False:** Strategy formulation is not a task which managers can get by with intuition, opinions, good instincts, and creative thinking. Judgments about what strategy to pursue need to flow directly from analysis of an organisational external environment and internal situation.
10.	**BPR is an approach to maintain the existing growth of an organization. (PM)**
A.	**False:** BPR is an approach to unusual enhancement in operating effectiveness through the redesigning of critical business processes and supporting business systems. It is revolutionary redesign of key business processes that involve examination of the basic processes.
11.	**Benchmarking is a remedy for all problems faced by organizations. (PM, N12)**
A.	**False:** Benchmarking is an approach of setting goals and measuring productivity based on best industry practices and is a process of continuous improvement in search for competitive advantage. However, it is not panacea for all problems. Rather, it studies the circumstances and processes that help in superior performance. Better processes are not merely copied. Efforts are made to learn, improve and evolve them to suit the organizational circumstances.
12.	**Benchmarking relates to embossing organizational motif on the furniture. (MTP -1, 3)**
A.	**False:** Benchmarking is the process of identifying and learning from the best industry practices and the processes by which they are achieved. It is an approach of setting goals and measuring the productivity based on best industry practices. It is a process of continuous improvement in search of competitive advantages.
13.	**BPR refers to the analysis and redesign of workflows within the organisation and with the external entities. (RTP- M13, PM)**
A.	**True:** BPR stands for business process reengineering. It refers to the analysis and redesign of workflows both within and between the organisation and the external entities. Its objective is to improve performance in terms of time, cost, quality and responsiveness to customers. It implies giving up old practices and adopting the improved ones. It is an effective tool of realizing new strategies.
14.	**Benchmarking and Business process Reengineering are one and the same. (M 10 - 2M, PM)**
A.	**False:** Benchmarking relates to setting goals and measuring productivity based on the best industry practices. The idea is to learn from competitors and others to improve their own performance. On the other hand business process reengineering relates to analysis and redesign of workflows and processes both within and between the organizations.
15.	**Business Process Reengineering (BPR) means partial modification or marginal improvement in the existing work processes. (PM, N15)**
A.	**False:** Business Process Reengineering does not mean any partial modification or marginal improvement in the existing work processes. On the other hand, it is an approach to unusual enhancement in operating effectiveness through the redesigning of critical business processes and supporting business systems. It is revolutionary redesign of key business processes. It involves forgetting how work has been done so far and deciding how best it can be done now.
16.	**Benchmarking is a process of one-time improvement in search for competitive advantage.**

	(RTP - M16)
A.	**False:** Benchmarking is a process of continuous improvement in search for competitive advantage. Firms can use benchmarking process to achieve improvement in diverse range of management function like maintenance operations, assessment of total manufacturing costs, product development, product distribution, customer services, plant utilisation levels and human resource management.
17.	**There are challenges in implementing business process reengineering. (RTP- M17)**
A.	**True:** BPR disturbs established hierarchies and functional structures. It also involve resistance among the work-force. Reengineering takes time and expenditure, at least in the short run. Even there can be loss in revenue during the transition period. Setting of targets is tricky and difficult. If the targets are not properly set or the whole transformation not properly carried out, reengineering efforts may turn-out as a failure.
18.	**Reengineering involves slow and gradual improvement in the existing work processes that occur over a period of time. (RTP- N17)**
A.	Reengineering does not involve slow and gradual improvement in the existing work processes. It is a revolutionary approach towards radical and total redesigning of the business processes.
B CATEGORY	
19.	**Changes of any type are always disquieting, sometimes they may be threatening. (M 08 - 2M)**
A.	**False:** Favorable changes either in the external environment or internal environment are not threatening and/or disquieting. Changes that are initiated by the management to bring improvements in its working are not always disquieting. However, sometimes changes can be threatening especially for a old and weak organization with risk averse and inactive managers.
20.	**Participative process is a pre-requisite for effective strategy implementation.**
A.	**True:** Managers and employees throughout the firm should participate early and directly in strategy-implementation decisions. As much as possible divisional and functional managers should be involved in strategy formulation activities. As much as possible, strategists should also be involved in strategy implementation activities.
C CATEGORY	
21.	**Strategy Implementation is a one- time activity.**
A.	**False:** Strategy Implementation / Execution deals with the managerial exercise of supervising the ongoing implementation of strategy, making the strategy to work, improving the competence with which it is executed, and showing good progress in achieving the targeted results. Strategy implementation is a continuous process.
22.	**Strategy Formulation is primarily an intellectual process.**
A.	**True:** Strategy Formulation is the responsibility of top level management in an organization. Strategy formulation is nothing but planning. Planning is related to intellect of an individual and is essentially a mental process. Successful strategy formulation requires strong intellectual capabilities on the part of top level management.
23.	**Successful formulation of a strategy guarantees successful implementation.**
A.	**False:** Successful formulation does not guarantee successful implementation. Even the most technically perfect strategic plan will serve little if it is not implemented properly. It is always difficult to do something (implementation) than to say it (formulation). Strategy implementation involves allocation of resources to new courses of action, adjusting the firm's structure to handle new activities, training personnel, and developing proper systems to perform work in the firm.

THE END

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1. INTRODUCTION TO STRATEGIC MANAGEMENT

Fill in the blanks in the following statements with the most appropriate word:

1. Business Policy is the other name of ______.

2. Strategy is a unified, comprehensive and ____ plan designed to assure that the basic objectives of the enterprise are achieve.

3. Strategic Management is not a box of tricks or a bundle of techniques. It is analytical thinking and ________ of resources to action. **(N 11)**

4. Strategy of a company is partly ______ and partly re-active.

5. ______ are divisional Managers, in charge of separate areas of activity and their staff.

6. ______ are operational managers, who handle individual functions like, Finance, Production, Marketing, R&D, Materials, Management, Personnel, etc.

7. Corporate- level strategies should be operationalised by divisional and ____ strategies about product lines, production volumes, quality ranges, prices, product promotion, market penetration, etc.

8. Strategy is a unified, ________, and integrated plan, designed to achieve the goals of the company.

9. The role of ________ managers is to oversee the development of strategies for the whole organization.

10. __ managers handle individual business functions in an organization.

11. Business level managers in an organization are held responsible for the _____.

12. Strategic management is not mere ________, it is concerned with ensuring a good future for the firm.

13. Business policy presents a ______ for understanding strategic decision-making.

14. Business Policy as a distinct field of study was first introduced in ______ Business School.

15. Firms can effectively deal with the _____ external environment if they adopt a strategic approach.

16. Strategy is a long range ________ of an organisation's desired image, direction and destination.

17. ______ is a consciously chosen and flexibly designed scheme of corporate intent and action.

18. Strategies are not a ____ for sound, alert and responsible management.

19. Strategic thinking involves orientation of the firm's internal environment with the ______ of the external environment.

20. _______ level consists of operational managers handling individual functions e.g. Finance, Production, Marketing, R&D, Materials, Management, Personnel, etc.

21. Corporate-wide strategies should be _____ by divisional and functional strategies.

22. Corporate level of management occupies the ____ of decision-making within the organisation.

23. The role of ____ Managers is to oversee the development of strategies for the whole organisation.

24. __ level managers design and implement robust strategies that will contribute towards the maximization of long-run profitability.

25. ________ managers are closer to the customer.

26. Functional Managers themselves may generate _______ that subsequently may become major strategies for the Company.

27. A successful hospital strategy for the future requires renewed and ___ collaboration with physicians, who are central to the hospitals' well-being.

2. DYNAMICS OF CORPORATE STRATEGY

Fill in the blanks in the following statements with the most appropriate word:

1. ______ analysis involves evaluation of all situational or environment factors, whether internal or external.
2. ______ of a company evolves over a period of time.
3. Strategy formulation tries to match the internal potential of the organisation with the ______opportunities.
4. ______ risk is on account of inconsistencies between strategies and the forces in the environment.
5. Strategic analysis or Situational analysis is the first stage of ______ Process.
6. ______analysis involves evaluation of opportunities, threats, trends and uncertainties.
7. The dominant forces that have a great influence on the changes that take place in the competitive environment and the economy are called ______.
8. A ______ consists of rival firms with similar competitive approaches and positions in the market.
9. ______ is the knowledge about the strategies that rivals are developing, their latest moves, their resource strengths and weaknesses, and the plans they have announced.
10. ______ are the elements that affect the ability of a firm/industry to prosper in the market place.
11. Appealing designs & colour combinations is one of the ______in apparel/ garment manufacturing.
12. ______Level Strategy includes methods that organisations should adopt to maximize the long-run profitability and the ways to gain competitive advantage.
13. ______ is an inherent limitation or constraint of the firm which creates strategic disadvantage to it.
14. ______is an unfavourable condition in the firm's environment which causes a risk for, or damage to the firm's position.
15. Heinz Weihrich has developed a matrix called ______.
16. A business ______ is a collection of businesses and products that make up the company.
17. The best Business Portfolio is the one that best fits the company's ____, to the opportunities and threats in the environment.
18. _____is a unit of the company that has separate mission and objectives, and which can be planned independently from other businesses of the company.
19. An SBU is also known as a ______
20. ______ concept is based on common experience that Average Cost per unit declines as a firm accumulates experience in terms of volume of production.
21. ______is an S-shaped curve which shows the relationship of sales with respect to time for a product that passes through the four successive stages.
22. Rise in sales levels of a product at decreasing rates is seen the ______ stage of its life cycle.
23. Ratio of SOH to Sales is the highest for a product in ______ stage of its life cycle.
24. Every product/ service will pass through introduction, growth, ______, and decline phases during its life cycle.
25. Company's relative market share and ______ are the two parameters used in BCG Matrix.
26. Under BCG Matrix, ______is an SBU of a company operating in a low growth market with a high relative market share.

27. Under BCG Matrix, a 'Star' is an SBU with a market growth rate having ______ relative market share.

28. Market Penetration strategy involves selling/ introducing ______ products into existing markets. **(M 12 – 1 M)**

29. Penetration i.e. making increased sales to present customers, without changing products in a major way, might require greater spending on ______.

30. Selling existing products in new markets is the strategy of ____.

31. Product Development Strategy involves introducing new products in ______ markets.

32. The strategy of introducing new products into new markets is known as ______.

33. ______ Strategy involves starting up or acquiring businesses outside the company's current products and markets.

34. The two dimensions used in GE Matrix are ______, and Business position of the firm.

35. Product Life Cycle portrays the distinct _______ in the sales history of a product. **(N 10 – 1M)**

36. A company's product may be classified into core or main product and _________.

37. Industry is a group of firms/ business enterprises whose products and services have ___ such that they compete for the same buyers.

38. The dominant forces that have a great influence on the changes that take place in the _____ and the economy are called Driving Forces.

39. Driving Forces are also known as drivers or __________

40. The fourth step in the concept of strategic group mapping is determining the position of each strategic group, making it proportional to the size of the group's respective share of total ______ sales revenue.

41. ___ consists of rival firms with similar competitive approaches and positions in the market.

42. The number of strategic groups in an industry varies with the _______ pursued by various sellers and their comparable market positions.

43. A company can _____ its rivals only by monitoring their actions, understanding their strategies and anticipating their next moves.

44. ______ constitute the rules that shape whether a company will be financially or competitively successful in an industry.

45. Key Success Factors are determined based on the Product attributes which are ____ in influencing the behaviour of buyer.

46. As driving forces and _____ change, KSFs vary from industry to industry and even from time to time within the same industry.

47. ______ and Competitive Analysis aims to define the industry's profit outlook, i.e. the relative attractiveness or unattractiveness of an industry.

48. Threat is an ______condition in the firm's environment which causes a risk for, or damage to the firm's position.

49. Weakness is an inherent limitation or constraint of the firm which creates strategic ______ to it.

50. Industry Attractiveness is _______ but not absolute.

51. Narrow product line relative to rivals is the example of a potential _____ of a firm.

52. Mounting competition from new entrants is a ____ threat for an existing company.

53. A good _________ strategy without a good defensive strategy and vice versa most often fail.

54. A firm can't face the threats posed by environment, if it is already suffering from _________.

55. SWOT matrix takes into account various environmental and organisational factors, so as to facilitate strategy formulation and ensure ______ of organisational resources.

56. Portfolio analysis can be defined as a ______ that facilitate in taking strategic decisions with regard to individual products or businesses in a firm's portfolio.

57. ____ Business Portfolio is the one that best fits the company's strengths and weaknesses, to the opportunities and threats in the environment.

58. Portfolio approach helps a multi-product or a _____ firm to channelise its resources.

59. The strategy may relate to Stability or Expansion or Retrenchment or an appropriate ____ thereof.

60. SBU can be a company division, or a ______ within a division, or even a single product or brand.

61. A _____ has a manager who is responsible for strategic planning and profit.

62. The concept of Experience Curve is based on common experience that Average Cost per unit declines as a firm _____ experience in terms of volume of production.

63. Due to _______, larger firms in an industry tend to have lower costs per unit, when compared to smaller companies.

64. Experience Curve is considered as a _______ for new firms which are thinking of entering into the industry.

65. PLC is an S-shaped curve which shows the______ of sales with respect to time for a product that passes through the four successive stages.

66. A ______ consists of those rival firms with similar competitive approaches and positions in the market. **(RTP M17)**

67. In GE Portfolio Matrix, the vertical axis represents ______ and horizontal axis represents __________. **(RTP M16)**

68. Globalisation refers to the process of ______ of the world into one huge market.

69. A Transnational Company is one that by operating in more than one country, gains R&D, production, marketing and financial advantages in its costs and reputation, that are not available to purely ______ competitors.

70. MNC is a ______ of multiple units, located in different parts of the globe but all linked by common ownership.

71. A Multi National Company views ______ as one market.

72. ______ can locate its different operations in different countries on the basis of raw material availability, consumer markets and low-cost labour.

73. ______is the position of superiority that a firm enjoys over its rivals in any of its functions or activities.

74. A Firm enjoys ______ advantage if its total costs are lower than the market average.

75. When customers perceive that a firm's product is of higher quality, and are willing to pay a premium price for this product, then the company is said to have______ advantage.

76. Outbound Logistics is one of the ______ activities as per the concept of Value Chain Analysis.

77. Purchasing of raw materials, supplies and other consumable Items as well as assets, a support activity as per the Value Chain concept is known as ______.

78. A core competence is the one which is competitively ______-, specific to a firm which can't be imitated.

3. STRATEGIC MANAGEMENT PROCESS

Fill in the blanks in the following statements with the most appropriate word:

1. ______statement expresses the position that a firm would like to attain or achieve in the distant future.
2. Vision is always______ oriented. **(N 10 – 1M)**
3. Through ______, a firm clarifies its aspirations, where exactly it would like to reach and what it would like itself to be.
4. _____ is the purpose or reason for the organisation's existence.
5. "In the factory, we make cosmetics. In the drugstore, we sell______" **(N 10 – 1M)**
6. ______ satisfies the firm's presence and existence i.e. what purpose it seeks to achieve as a business firm.
7. A firm's Mission Statement should be Specific, Measurable, Attainable, _____, and Time bound.
8. "In the factory, we produce oil and gasoline products. In the market, we provide various types of safe and cost effective __."
9. ______ relates to what the organisation strives to achieve in order to fulfill its mission to the society.
10. The corporate Mission is an expression of the ________ of the firm. **(M 11 – 1M)**
11. ______ are the performance targets of an organisation i.e. the results and outcomes it wants to achieve.
12. Business organisations translate their vision and ___ into objectives.
13. Objectives are <u>close-ended</u> attributes which are more precise and specific than ______.
14. An organisation's __are quantifiable or measurable but its goals are not.
15. Problems calling for_______ decisions should be considered by top management.
16. Strategic issues involve ________ of resources.
17. ________ serves as a road map of a company's future.
18. Strategic thinking involves predicting the future environmental conditions and how to ____ for the changed conditions.
19. Strategic decision making involves an organization in its _____.
20. ______ decisions have an impact on long term prosperity of the organisation.
21. Good visions are clear, inspiring and _______.
22. Vision expresses the position that a firm would like to achieve in the ______ future.
23. Forming a strategic vision is an exercise in _ entrepreneurship.
24. Mission is a firm's ____ principle, which the entire firm shares and pursues.
25. A mission statement should give special _______ to the firm.
26. Strategic thinking involves orientation of the firm's internal environment with the ______ of the external environment.
27. ________ are also known as performance targets, which an orgnaisation wants to achieve.
28. _________ are organisation's performance targets- the results and outcomes it wants to achieve.

4. CORPORATE LEVEL STRATEGIES

Fill in the blanks in the following statements with the most appropriate word:

1. ______ is the growth design of the firm and it spells out the growth objective of the firm i.e. the direction, extent, space and timing of the firm's growth.

2. ______ focuses on shaping the future of the firm and it has a futuristic approach.

3. Only firms with modest growth objective will opt for ______ strategy.

4. Stability strategy does not involve a ______of the business of the corporation

5. A Firm can truly achieve growth only by ______Strategy.

6. Risk is ______Expansion Strategy than in Stability Strategy.

7. ______ Strategy is Status quo oriented.

8. ______refers to the entry into new products or product lines, new services or new markets, involving substantially different skills, technology and knowledge.

9. In vertically integrated diversification, the firm engages in businesses that are ______to its existing business.

10. ____ Strategy involves adding/acquisition of one or more similar businesses at the same stage of the production – marketing chain.

11. In ______Strategy, the Firm adds a new business, which is linked to the existing business through process, technology, or marketing.

12. There are no vertical or loop-like linkages with existing products/processes in ______strategy.

13. In ____strategy the firm reduces the scope of its business (es).

14. Cutting back on capital and revenue expenditure, e.g. R&D projects, advertising, executives' perks, etc. is one of the ways of ______strategy.

15. Converting a loss-making unit into a profitable one is known as ______strategy.

16. ______ Strategy involves the sale or liquidation of portion of business, or a major division, profit centre or SBU.

17. Divestment is a part of rehabilitation and is adopted when a ___ has been attempted but has proved to be unsuccessful. **(N - 11)**

18. ___ Strategy involves closing down a Firm and selling off all its assets and paying off its liabilities.

19. ___Firms with modest growth objective will opt for _____ strategy.

20. Stability strategy is basically a safety-oriented, _____oriented strategy.

21. Stability strategy does not warrant much of _____ investments.

22. Stability strategy does not involve a redefinition of the ______ of the corporation.

23. One of the objectives of stability strategy is to maintain operational efficiency on a ______ basis.

24. Consolidation is sought through _______ after a period of rapid expansion.

25. A Firm can truly achieve _______ only by Expansion Strategy.

26. Under Expansion strategy, the firm seeks to mobilize and utilize all its resources by venturing into new or _______ areas of activity.

27. Expansion Strategy involves a re-definition of the _______ of the Firm, by adding to its scope.

28. Product Development strategy involves ______ modification of existing products or creation of new but related products that can be marketed to current customers through established channels.

29. ________ offers greater prospects of growth and profitability, for active Firms.

30. Firms which have excess capacity or capability in manufacturing facilities, investible funds, marketing channels, competitive standing, market prestige, etc. can ____ into new lines of activity.

31. In vertically integrated diversification, the firm engages in businesses that are _____ to its existing business.

32. Horizontally integrated diversification involves adding / acquisition of one or more similar businesses at the _______ of the production – marketing chain.

33. Conglomerate Diversification is a totally _____ diversification.

34. Divestment is usually a part of ______ or restructuring plan.

5. BUSINESS LEVEL STRATEGIES

Fill in the blanks in the following statements with the most appropriate word:

1. ______ is a powerful and widely used tool for systematically diagnosing the principal competitive pressures in a market and assessing the strength and importance of each.

2. Lack of experience curve benefit is a major disadvantage to ___.

3. Greater Concentration among suppliers than among buyers results in increased bargaining power of ______.

4. Backward integration of firms in an industry will ______ the bargaining power of suppliers.

5. Under Porter's 5 forces model new entrants are ________ source of competition. **(RTP 1)**

6. If a company produces standardised products at a very low cost per unit, for price-sensitive consumers, then the company is said to be following ______ strategy.

7. If a company produces unique products and services, targeting consumers who are relatively price – insensitive, then the company is said to be following ______ strategy.

8. Cost leadership strategy is suitable when the market consists of _____type of buyers.

9. ______strategy allows a firm to charge a higher price for its product and to gain customer loyalty.

10. A firm following ______strategy may concentrate on a particular group of customers, geographic markets, or on particular product lines.

11. Michael Porter's Generic Strategies allow organizations to gain competitive advantage by cost leadership, _____ and focus.

12. Offering a well – differentiated product with a focus on cost reduction at the same time is known as ______ strategy.

13. Cutting back on capital and revenue expenditure, e.g. R&D projects, advertising, executives' perks, etc. is one of the ways of ______strategy.

14. Cost leadership strategy involves producing _______ products at a very low cost per unit, for price-sensitive consumers.

15. Focus strategy involves producing Products and services that ______ the needs of small groups of consumers.

16. Cost Leadership Strategy attempts to make the firm a ______ in the industry.

17. Cost leadership strategy is more effective when there is large number of buyers with significant _________.

18. Cost leadership strategy aims to lower cost and _______ competitors, in order to gain market share and sales.

19. Technological breakthroughs in the industry may make cost leadership strategy ______.

20. Differentiation strategy requires Strong co-ordination between the R&D and ______ functions.

21. Differentiation strategy allows a firm to charge a higher price for its product and to gain _____ because customers may become strongly attached to the differentiation features.

22. Differentiation strategy will not be successful if ______ are sufficient to meet the customer needs.

23. Differentiation strategy will not be successful if the uniqueness of the product is not valued by the customers to justify a _____.

24. Focus strategy is effective when consumers have________ preferences or requirements.

25. A successful focus strategy depends on an industry segment that is of ________ size.

26. A successful focus strategy depends on an industry segment that has good _________.

27. One of the risks of focus strategy include ____ will shift towards the product attributes desired by the market as a whole.

28. Intense supervision of labour is one of the skills and resource requirements of ______ strategy.

29. Amenities to attract highly skilled labour, scientists or creative people are one of the organisational requirements of ______ strategy.

30. ________ Strategy means offering a well – differentiated product with a focus on cost reduction at the same time.

31. The market emphases of ________ strategy is on either under pricing rival brands with comparable features or matching the price of rivals and provide better features to build a reputation for delivering best value.

32. ______ Strategy should be sustained by offering economical prices/good value by managing costs down, year after year, in every area of business.

33. ___ Strategy involves giving features and attributes that appeal to the tastes and/or special needs of the target segment.

34. In Michael Porter's Generic Strategies, _________ emphasizes on producing standardized products at a very low cost per unit for consumers who are price sensitive. **(RTP 1)**

6. FUNCTIONAL LEVEL STRATEGIES

Fill in the blanks in the following statements with the most appropriate word:

1. The process of marketing through various advertising media that interact directly with consumers is known as ______.

2. ______ refers to the planned allocation of a Firm's resources based on forecasts of the future.

3. ______ is concerned with the capacity, location, layout, product or service design, work system, degree of automation, extent of vertical integration, and similar factors.

4. The objective of ______strategy is to ensure that the right materials are available at the right place, at the right time, of the right quality, and at the right cost.

5. ___allows a Pioneer Firm to develop the first version of the new product and demonstrate that a market exists, and thereafter using excellent R&D personnel and an excellent marketing department, to produce similar version of the product.

6. ______ is the linking of HR management with Firm strategic goals and objectives.

7. The process of creating, maintaining, and enhancing strong, value- laden relationship with customers and other stakeholders is known as ___________. **(RTP 1)**

8. Supply Chain Management is conceptually wider than ________ management. **(RTP 2)**

9. The role of human resource manager is ________ in building up core competence of the firm. **(RTP 2)**

7. ORGANISATION & STRATEGIC LEADERSHIP

Fill in the blanks in the following statements with the most appropriate word:

1. Changes in ______ often require changes in structure.

2. Structural changes are required to make _____ workable.

3. Changes in ______ alone can't make a bad strategy to good, bad managers to good or bad products to sell.

4. In ______Organizational Structure, owner-manager makes all major decisions directly and monitors all activities.

5. Under ______organisational structure the entire work to be done is divided into major functional departments.

6. ______Organisation Structure groups similar divisions into Strategic Business Units and delegates authority and responsibility for each unit to a Head Senior Executive.

7. In ______organization structure, employees have two superiors - Functional Manager and Project or Product Manager.

8. An organization following network organization structure is known as ______.

9. ______is a single business or collection of related businesses, which offers scope for independent planning.

10. When a set of product groups are superimposed across functional departments, this creates a ____ type of organization design.

11. An SBU is a grouping of ________ businesses.

12. __ is the capacity to frame plans which will succeed and faculty to persuade others to carry them out in the face of all difficulties.

13. ______refers to company's values, beliefs, business philosophy and principles, traditions, work climate, ways of operating and approaching problems & internal work environment.

14. Whether culture is an ally or obstacle to strategy execution depends on the compatibility between the company's strategy and its _____.

15. If there is compatibility between strategy and culture in an organization then culture becomes a valuable _____ in strategy implementation.

16. Intensive management action is required over a period of time to replace an unhealthy culture with a _____.

17. Structure should be designed to ________ strategic pursuit of a firm.

18. If there is no proper ______ between strategy and structure it leads to company rigidity and failure.

19. As firms _______, their structures change from simple to complex, due to linking together of several basic strategies.

20. Changes in ___ can't make a bad strategy to good, bad managers to good or bad products to sell.

21. Company's staffs merely serve as executors of _______ taken by the owner-manager.

22. Simple organisation structure is _____ for Companies that follow a single-business strategy and offer a line of products in a single geographic market.

23. In simple structure there will be ______ involvement of owner-manager in all phases of day-to-day operations.

24. __ Structure cannot manage complicated information processing requirements.

25. Under functional organisational structure the entire work to be done is divided into major ______.

26. In a Functional Structure, each major function of business is organised as a _____ department.

27. Functional organisation structure enables _______ distribution of work through specialization.

28. Employee morale is comparatively ______ in a divisional structure than in a centralized structure.

29. Divisional organisation structure allows better ______ on local situations.

30. SBU Structure groups similar divisions into Strategic Business Units and _______ authority and responsibility for each unit to a Head Senior Executive.

31. A Matrix Structure is a combination of vertical and horizontal flows of ______ and communication.

32. In a matrix structure there will be dual lines of authority ______ the principle of "Unity of Command".

33. _____ leadership style uses charisma and enthusiasm to inspire people to exert them for the good of the organisation. **(RTP 2)**

8. STRATEGY IMPLEMENTATION & CONTROL

Fill in the blanks in the following statements with the most appropriate word:

1. ______part of the strategic management involves translating a good idea into action.

2. ______focuses on relationship between inputs & outputs.

3. To be ______means, "to do the right things".

4. To be effective is to survive whereas to be ______is neither necessary nor sufficient for survival.

5. ______are the goals, policies, procedures, rules, steps to be taken in putting a plan into action.

6. As much as possible, strategists, in addition to formulating strategies should also be involved in ______.

7. Strategy formulation is primarily an _____ process and strategy implementation is primarily an ______ process.

8. Strategy Implementation involves translating a good _______ into action.

9. ______ Stage involves developing proper systems to perform work in the firm.

10. Effectiveness highlights linkages between firm and its ______ environment.

11. Efficiency focuses on the _______ between inputs & outputs.

12. To be effective is to _______ whereas to be efficient is neither necessary nor sufficient for survival.

13. A technically imperfect plan that is implemented ___will achieve more than perfect plan that is never implemented.

14. Even the most technically _____ strategic plan will serve little if it is not implemented properly.

15. Strategy Formulation requires good ____ and analytical skills.

16. Strategy Implementation requires combination and ____ work among many individuals.

17. The concepts and tools used in _____ is similar for small and large, business and non-profit organisations.

18. Success of an organisation is a _____ of good strategy and proper implementation.

19. Past strategic actions are referred and ____ while formulating / designing new strategies.

20. The responsibility of top management does not end with ______ of a strategy.

21. Strategists' genuine ______ in the implementation of strategy is necessary and it is a powerful motivational force for managers and employees.

22. Managers and employees throughout the firm should participate early and directly in strategy ______ decisions.

23. In Kurt Lewin change process _________ occurs when the new behaviour becomes a normal way of life. **(RTP 2)**

24. ______ is a set of logically related tasks or activities oriented towards achieving a specified outcome.

25. ______ Business Processes are those which are highly critical for the success and survival of the firm.

26. ______ refers to the analysis and re-design of workflows and processes both within and between business firms.

27. Achieving dramatic improvement in performance is the objective of ______.

28. The orientation of the redesign effort refers to a total _______ and rethinking of entire business process. **(M 11 - 1M)**

29. ______ means setting aside old practices and procedures. It involves forgetting how work has been done so far and deciding how it can best be done now.

30. The process of identifying and learning from the best industry practices and the processes by which they are achieved is known as ______.

31. Benchmarking is a process of continuous improvement in search for ______ advantage. **(N - 11)**

32. A business process often ______ departmental or functional boundaries.

33. A set of ______ processes will form a business system.

34. Fragmentation of ________ makes it difficult to improve the quality of work performance and also develops a narrow vision among the employees.

35. BPR refers to the analysis and _______ of workflows and processes both within and between business firms.

36. Dramatic improvement in performance is a ____ for overcoming competition.

37. The objective of BPR is to obtain _______ in the performance of the process in terms of time, cost, output, quality, and responsiveness to customers.

38. A business process is a collection of _____which creates some value to the customer.

39. A business process is a set of activities that _______ a set of inputs into set outputs for another person or process.

40. The performance of a business firm is the result of __ operations of its business processes.

41. Core Business processes are very important for the _ of a business.

42. Fragmentation of work processes makes it difficult to improve the quality of work performance and also develops a _______ among the employees.

43. Emerging critical issues may remain unattended by traditional management systems, due to the ______ of tasks or roles of an individual department.

44. Business Process Re-engineering (BPR) refers to the _______ and re-design of workflows and processes both within and between business firms.

45. The operational excellence of a company is very important for its _____.

46. For considering new ways of re-designing processes, each and every concept, assumption, purpose and principle should be ____ temporarily.

47. Dramatic improvement in performance is a ____ for overcoming competition.

48. To obtain considerable _____ in the performance of the process in terms of time, cost, output, quality, and responsiveness to customers is the objective of BPR.

49. BPR begins with ______ re-thinking.

50. The thinking process in BPR begins with a totally free _____ i.e. without any pre-conceived notions.

51. BPR looks at the ______ details of the process such as why the work is done, who does it, where it is done and when it is done.

52. BPR is supported by the vision and _____ of the firm's top leadership, to ensure its effective completion and implementation.

53. Firms are now forced to improve their business ____ to meet increased competition.

54. There is a need to re-design the firm's processes not only to meet customer expectations, but also to ____ the expectations and to improve quality standards to new levels.

55. BPR is a ____ and multi-dimensional approach.

56. BPR involves _____ and therefore causes resistance among the workforce.

57. If the targets are not properly set or the whole transformation is not properly carried out, BPR efforts may lead to ________.

58. Benchmarking is a process of continuous improvement in search for _______ advantage.

KEY FOR FILL IN THE BLANKS

1. INTRODUCTION TO STRATEGIC MANAGEMENT

1.	Strategic Management	2.	Integrated	3.	Commitment	4.	Proactive
5.	Business level Managers	6.	Functional Managers	7.	Functional	8.	Comprehensive
9.	Corporate Level	10.	Functional	11.	Performance	12.	Forecasting
13.	Framework	14.	Harvard	15.	Complexities	16.	Blueprint
17.	Strategy	18.	Substitute	19.	Changes	20.	Functional
21.	Operationalised	22.	Apex	23.	Corporate level	24.	Business
25.	Functional	26.	Important ideas	27.	Deep		

2. DYNAMICS OF CORPORATE STRATEGY

1.	Strategic	2.	Strategy	3.	Environmental	4.	External
5.	Strategic Management	6.	External	7.	Driving forces or triggers	8.	Strategic Group
9.	Competitive Intelligence	10.	Key Success Factors	11.	Key Success Factors	12.	Business
13.	Weakness	14.	Threat	15.	TOWS Matrix	16.	Portfolio
17.	Strengths	18.	SBU	19.	Profit Centre	20.	Experience curve
21.	PLC	22.	Maturity	23.	Introduction	24.	Maturity
25.	Market / industry growth rate	26.	Cash Cow	27.	High	28.	Existing
29.	Advertising & personal selling	30.	Market development	31.	Existing	32.	Diversification
33.	Diversification	34.	Industry growth rate	35.	Stages	36.	Secondary / allied product
37.	Similar attributes	38.	Competitive environment	39.	Triggers	40.	Industry
41.	Strategic group	42.	Strategies	43.	Outperform	44.	Key Success Factors
45.	Crucial	46.	Competitive conditions	47.	Industry	48.	Unfavorable
49.	Disadvantage	50.	Relative	51.	Weakness	52.	Significant
53.	Offensive	54.	Weaknesses	55.	Efficient utilisation	56.	Set of techniques
57.	The best	58.	Multi- business	59.	Combination	60.	Product line
61.	Strategic Business Unit	62.	Accumulates	63.	Experienced curve	64.	Barrier
65.	Relationship	66.	Strategic group	67.	Industry growth rate & business position	68.	Integration
69.	Domestic	70.	Conglomerate	71.	World	72.	An MNC
73.	Competitive advantage	74.	Low cost competitive	75.	Differentiation competitive	76.	Primary
77.	Procurement	78.	Unique	79.			

3. STRATEGIC MANAGEMENT PROCESS

1.	Vision	2.	Future	3.	Vision statement	4.	Mission
5.	Hope	6.	Mission	7.	Realistic	8.	Energy
9.	Purpose	10.	Growth ambition	11.	Objectives	12.	Mission
13.	Goals	14.	Objectives	15.	Strategic	16.	Commitment
17.	Vision	18.	Orient	19.	Totality	20.	Strategic
21.	Motivating	22.	Distant	23.	Intelligent	24.	Guiding
25.	Identity	26.	Changes	27.	Objectives	28.	Objectives

4. CORPORATE LEVEL STRATEGIES

1.	Corporate strategy	2.	Corporate strategy	3.	Stability	4.	Redefinition
5.	Expansion	6.	Higher in	7.	Stability	8.	Diversification
9.	Related	10.	Horizontally integrated diversification	11.	Concentric diversification	12.	Conglomerate diversification
13.	Retrenchment	14.	Turnaround	15.	Turnaround	16.	Divestment
17.	Turnaround	18.	Liquidation	19.	Stability	20.	Status-quo
21.	Fresh	22.	Business	23.	Sustained	24.	Stabilizing
25.	Growth	26.	Unexplored	27.	Business	28.	Substantial
29.	Diversification strategy	30.	Diversify	31.	Related	32.	Same stage
33.	Unrelated	34.	Rehabilitation				

5. BUSINESS LEVEL STRATEGIES

1.	Michael Porter's 5- Forces Model of Competition Analysis	2.	New entrants	3.	Suppliers	4.	Reduce
5.	Significant	6.	Cost leadership	7.	Differentiation	8.	Price sensitive
9.	Differentiation	10.	Focus	11.	Differentiation	12.	Best cost provider
13.	Turnaround	14.	Standardized	15.	Fulfill	16.	Low-cost provider
17.	Bargaining power	18.	Under price	19.	Ineffective	20.	Marketing
21.	Customer loyalty	22.	Standardised products	23.	Higher price	24.	Distinctive
25.	Sufficient	26.	Goud growth potential	27.	Consumers interests	28.	Cost leadership
29.	Differentiation	30.	Best-cost provider	31.	Best-cost provider	32.	Cost leadership
33.	Focus	34.	Cost leadership strategy				

6. FUNCTIONAL LEVEL STRATEGIES

1.	Direct marketing	2.	Financial budget	3.	Production system strategy	4.	Logistics
5.	Follower or imitator	6.	Strategic human resource management	7.	Relationship management	8.	Logistics
9.	Significant						

7. ORGANISATION & STRATEGIC LEADERSHIP

1.	Strategy	2.	Strategy	3.	Structure	4.	Simple
5.	Functional	6.	SBU	7.	Matrix	8.	Virtual organisation
9.	An SBU	10.	Matrix	11.	Related	12.	Leadership
13.	Corporate culture	14.	Culture	15.	Ally	16.	Healthy culture
17.	Facilitate	18.	Match	19.	Grow	20.	Structure
21.	The decisions	22.	Suitable	23.	Direct	24.	Simple
25.	Functional departments	26.	Separate	27.	Efficient	28.	Higher
29.	Control	30.	Delegates	31.	Authority	32.	Violating
33.	Transformational						

8. STRATEGY IMPLEMENTATION & CONTROL

1.	Implementation	2.	Efficiency	3.	Efficient	4.	Efficient
5.	Programmes	6.	Implementation	7.	Intellectual	8.	Idea
9.	Strategy implementation	10.	External	11.	Relationship	12.	Survive
13.	Properly	14.	Perfect	15.	Intuitive	16.	synchronised
17.	Strategy formulation	18.	Product	19.	Analysed	20.	Mere formulation
21.	Commitment	22.	Implementation	23.	Refreezing	24.	Business process
25.	Core	26.	BPR	27.	BPR	28.	Deconstruction
29.	BPR	30.	Benchmarking	31.	Competitive	32.	Surpasses
33.	Interconnected	34.	Work processes	35.	Redesign	36.	Prerequisite
37.	Dramatic improvement	38.	Interrelated activities	39.	Transform	40.	Inter connected
41.	Survival & success	42.	Narrow vision	43.	Narrow definition	44.	Analysis
45.	Survival	46.	Abandoned	47.	Prerequisite	48.	Gain
49.	Fundamental	50.	State of mind	51.	Minute	52.	Commitment
53.	Processes	54.	Exceed	55.	Cross-functional	56.	Change
57.	Failure	58.	Competitive				

THE END

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1. INTRODUCTION TO STRATEGIC MANAGEMENT

1. Functional Managers vs. General Managers

No.	Functional Managers	General Managers
1.	Functional Managers themselves may generate important ideas that subsequently may become major strategies for the Company.	It is not the case with the General Managers.
2.	The responsibility of functional managers is confined to one organizational activity	General Managers look after the operations of the whole Company or Division.
3.	Functional Managers can be referred to as 'Specialists' because they develop expertise in their respective areas of activity.	They are more of 'Generalists', as they oversee the operations of an entire division or of the whole company.
4.	Functional Managers work in the third level of the organisaional hierarchy and includes such managers as Marketing, Finance, Production, HR, Production, etc.	General Managers may be found at the Divisional Level (Divisional Managers) or at the Corporate Level (Corporate General Managers)

2. Top- Down vs. Bottom- Up Strategic Planning

(N10 - 2M, M13 -3M, RTP- M13, M15, N16, PM)

No.	Top- Down Strategic Planning	Bottom- Up Strategic Planning
1.	It is a Centralised Approach to Strategy Formulation.	It is a Decentralised Approach to Strategy Formulation.
2.	The Corporate Centre or head office determines mission, strategic intent, objectives and strategies for the organization as whole and for all parts.	Corporate centre does not conceptualise its strategic role as being directly responsible for determining the mission, objectives or strategies of its operational character.
3.	Divisional Managers role is limited to mere implementation of pre- specified corporate strategies.	corporate level may prefer to act as a catalyst and facilitator, keeping things reasonably simple and confining itself to perspective and broader strategic intent.

3. Comparison of the features of strategic management decisions at different levels of management.

Feature	Corporate Level	Business Level	Functional Level
Type	Conceptual	Mixed	Operational
Frequency	Periodic or sporadic	Periodic or sporadic	Periodic
Relation to present activities	Innovative	Mixed	Supplementary
Risk	Wide range	Moderate	Low
Profit potential	Large	Medium	Small
Cost	Major	Medium	Modest
Time horizon	Long range	Medium range	Short range
Flexibility	High	Medium	Low
Co- operation required	Considerable	Moderate	Little
Impact	Significant	Medium	Low

2. DYNAMICS OF COMPETITIVE STRATEGY

1. Decisions based on Industry Attractiveness / Unattractiveness

No.	Decisions if the industry is "Attractive"	Decisions if the industry is "Unattractive"
1.	Strengthen the long-term competitive positions in the business.	Diversification into more attractive businesses.
2.	Expand sales efforts.	Sales efforts will be no longer useful as the industry itself is unattractive.
3.	Invest in additional facilities and equipment as needed.	Invest cautiously.
4.	Focus more on the present business as it is attractive.	Begin to look outside the industry for attractive diversification opportunities.

2. Strengths and Weaknesses vs. Opportunities and Threats

No.	Strengths and Weaknesses	Opportunities and Threats
1.	They are internal to a firm	They are external to an organization.
2.	They can be known with the help of self-analysis or internal environmental analysis.	They can be known through external environmental analysis.
3.	An organization has control over its strengths and weakness and can modify them at any point of time.	They can't be altered or modified as they are external to an organization.

3. Market Development Strategy vs. Product Development Strategy (M16- 3M)

No.	Market Development Strategy	Product Development Strategy
1.	Market development refers to a growth strategy where the business seeks to sell its existing products into new markets.	Product development refers to a growth strategy where business aims to introduce new products into existing markets.
2.	It is a strategy for company growth by identifying and developing new markets for current company products.	It is a strategy for company growth by offering modified or new products to current markets.
3.	Market development strategy may be achieved through new geographical markets, new product dimensions or packaging, new distribution channels or different pricing policies to attract different customers or create new market segments.	Product development strategy may require the development of new competencies and requires the business to develop modified products which can appeal to existing markets.

4. SWOT Analysis vs. TOWS Matrix (RTP- M12, M14)

No.	SWOT Analysis	TOWS Matrix
1.	It emphasizes on internal environment	It emphasizes on external environment.
2.	It is about S, W, O, and T.	It is about the combinations of SO, ST, WO and WT.
3.	It is a planning tool.	It is an action tool.
4.	It is usually employed in evaluating a company's business plan.	It is particularly useful in evaluating the potential impact of sudden events or developments.

5.	Competitive Advantage vs. Core Competence

No.	Competitive Advantage	Core Competence
1.	It refers to the position of superiority that firm enjoys in any of its functions over its rival firms.	A core competence is the one which is competitively unique, specific to a firm which can't be imitated.
2.	A company's competitive advantage may be its strength in low cost of production or differentiation.	Core competencies are created by superior integration of technological, physical, and human resources, which may be in tangible or intangible forms.
3.	A company's competitive advantage may be imitated by its competitors in the long- run.	A firm's core competence can't be imitated by its competitors or they might do it with the greatest difficulty.
4.	A firm's competitive advantage is not durable/ sustainable.	The core competency of a firm is more durable and from which newer and stronger competitive advantages can keep emerging for the firm.

6.	Inbound Logistics vs. Outbound Logistics (RTP- M13, N14, M17)

	Inbound Logistics	Outbound Logistics
1.	These are the activities concerned with receiving, storing and distributing inputs to the product/ service.	They refer to the collection, storage and distribution of the product to customers.
2.	It includes all activities such as materials handling, stock control, transport etc.	It includes all activities such as storage/ warehousing of finished goods, order processing, scheduling deliveries, operation of delivery vehicles, etc.
3.	It is one of pre- production activities.	It is one of the post- production activities.

3. STRATEGIC MANAGEMENT PROCESS

1.	**Mission vs. Purpose:** Generally, Mission and Purpose are used together in the context of Business policy. But the following differences can be identified:

No.	Mission	Purpose
1.	It refers to a statement which defines the role that an organisation plays in the society.	It refers to anything which an organisation is striving for.
2.	It strictly refers to the particular needs of the society e.g. quality products/ services.	It relates to what the organisation strives to achieve in order to fulfill its mission to the society.
3.	Mission is the societal reasoning.	Purpose is the overall reasoning.
4.	Mission is external reasoning and is related to external environment.	Purpose is internal reasoning and relates to internal environment.
5.	Mission is for outsiders.	Purpose is for its own employees.

Example:

- **Mission:** Satisfying the information needs of the society.
- **Purpose:** A Book Publisher may produce good books and materials to meet the above Mission, but a News Magazine may strive to present balanced and unbiased news.

 Here the Mission is identical, but Purposes are different.

2. Vision vs. Mission (RTP- M12, M17 – 4M, M16, M13, PM, M15- 3M)

No.	Vision	Mission
1.	The vision describes a future identity.	Mission serves as an ongoing and time-independent guide.
2.	The vision statement can galvanize the people to achieve defined objectives, provided the vision is specific, measurable, achievable, relevant and time bound.	A mission statement provides a path to realize the vision in line with its values. Vision statement will have a direct bearing on the bottom line and success of the organization.
3.	Vision statement is more specific in terms of both the future state and the time frame. Vision describes what will be achieved if the organization is successful.	A mission statement defines the purpose or broader goal for being in existence or in the business and can remain the same for decades.

3. Objectives vs. Goals

No.	Objectives	Goals
1.	Objectives are the specific performance targets of an organisation i.e., the results and outcomes it wants to achieve	Goals are broad statements of what an organisaiton wants to achieve in the future.
2.	They are quantifiable or measurable.	They are qualitative in nature.
3.	They are precise or concrete and specific in nature.	They are broader in nature and are often generalized.
4.	Objectives are defined in order to implement goals or defining the type of business the company is in.	Goals are broad statements what an organisation wants to achieve in the long run.
5.	Closed ended.	Open ended.

4. Shared Vision vs. Vision Shared (M10 – 2M, RTP- M13, PM)

No.	Shared Vision	Vision Shared
1.	A Shared Vision comes from employees in an organization.	Here, the vision of the organization comes directly from its CEO or top management.
2.	Employees actively involve in preparing the vision for their organization with the encouragement of the CEO / top management.	As it is an imposition of vision from top management, employees almost have no role to play in its formulation.
3.	It is a bottom- up approach.	It is top- down approach.
4.	A shared vision of an organization is close to its employees' hearts and minds as they personally involve in its preparation.	It is not so with a vision shared.
5.	High employee motivation.	Low employee motivation.

5.	Routine Decisions Vs. Strategic Decisions. (MTP M15)

No.	Routine Decisions	Strategic Decisions
1.	Generally taken by lower, middle management within the framework set by top management.	Taken by Top management.
2.	Relates to routine day to day activities and generally impacts a part of the organisation.	Future oriented involves predicting the future environmental conditions. Affects / influences the entire organisation. Usually have major multifunctional or multi-business consequences.
3.	Involves limited utilisation of organisational resources.	Involves the allocation of large amounts of organizational resources.
4.	Impacts short term outcomes in the organisation.	Likely to have significant impact on the long term prosperity of the organisation.
5.	The examples of routine decisions include decisions on leave application or shutting down plant for general maintenance.	The examples of strategic decisions may include decisions on mergers, acquisitions, and diversification and so on.

4. CORPORATE LEVEL STRATEGIES

1.	Stability Strategy vs. Expansion Strategy

No.	Stability	Expansion
1.	Low rewards/ returns	High rewards/ returns
2.	Low risk	High risk
3.	There is no re-definition of business scope.	It involves venturing into new areas of activity.
4.	Fresh investment is not required.	Requires fresh investment for new products/ process/ markets.
5.	The nature of growth of the firm employing this strategy is modest.	The nature of growth of the firm employing this strategy is high.

2.	Expansion Strategy vs. Retrenchment Strategy (M 12 - 3M, PM)

No.	Expansion Strategy	Retrenchment Strategy
1.	Expansion strategy is implemented by redefining the business by adding the scope of business substantially increasing the efforts of the current business.	Retrenchment Strategy involves redefinition of business by divesting a major product line or market.
2.	Expansion is a promising and popular strategy that tends to be equated with dynamism, vigour, promise and success.	Retrenchment or retreat becomes necessary or expedient for coping with particularly hostile and adverse situations in the environment and when any other strategy is likely to be suicidal.
3.	Expansion may take the enterprise along relatively unknown and risky paths, full of promises and pitfalls.	Retrenchment involves regrouping and recouping of the resources.

3. Concentric Diversification vs. Conglomerate Diversification (N11, N13, RTP- M13, N14, PM, M16- 4M)

No.	Concentric Diversification	Conglomerate Diversification
1.	Concentric diversification occurs when a firm adds related products or markets.	Conglomerate diversification occurs when a firm diversifies into areas that are unrelated to its current line of business.
2.	In concentric diversification, the new business is linked to the existing businesses through process, technology or marketing.	In conglomerate diversification, no such linkages exist; the new business/product is disjointed from the existing businesses/ products.
3.	The most common reasons for pursuing a concentric diversification are that opportunities in a firm's existing line of business are available.	Common reasons for pursuing a conglomerate growth strategy is that opportunities in a firm's current line of business are limited or opportunities outside are highly lucrative.

4. Backward Integrated Diversification Vs. Forward Integrated Diversification (J 09 – 2M, RTP- M12, N14, M13, PM)

No.	Backward Integrated Diversification	Forward Integrated Diversification
1.	This involves entry into activities which are in the pre- production stage.	This strategy involves entry into activities which are in the post- production stage.
2.	Here, a company takes up manufacturing of raw materials or components as its new business	Here, a company takes up distribution or retailing as its new business.
3.	Activities in the pre- production of stage of the firm's product- process chain become new businesses for it.	Activities in the post- production stage of the firm's product- process chain become new businesses for it.
4.	Nirma is the best example for backward integration.	Raymond is the best example for forward integration.

5. Vertically Integrated Diversification vs. Horizontally Integrated Diversification (N 12 – 3M, PM, RTP- M16)

No.	Vertically Integrated Diversification	Horizontally Integrated Diversification
1.	In vertically integrated diversification, the firm remains vertically within the same product-process chain.	This involves adding / acquisition of one or more similar businesses at the same stage of the production – marketing chain
2.	The firm moves either forward or backward in the chain, and enters specific product / process steps with the intention of making them into new business for the Firm.	The firm doesn't move across the stages in the product- process chain, but it remains in the same stage.
3.	It involves either forward integration or forward integration or both.	It involves taking over Competitor's products, or production of Complementary products, or sale of By- products, or entering into repairs and servicing of products.
4.	In this strategy there is a vertical linkage between the company's existing business and the newly diversified business.	There is a horizontal linkage between the company's existing and new business.

6. Vertically Integrated Diversification vs. Concentric Diversification (PM)

No.	Vertically Integrated Diversification	Concentric Diversification
1.	This involves adding/ diversifying into new businesses which are in different stages of the same Product- Process Chain.	This involves starting new businesses which are outside the company's existing Product-Process Chain
2.	There will be vertical linkage between the company's existing business and the newly diversified business.	There will be loop- like linkage between the new business and the existing process/ technology/ product of the firm.
3.	Intermediary/ support services/ activities become new businesses to the company here.	No such thing exists here.

7. Divestment Strategy vs. Liquidation Strategy (PM, N14- 4M, RTP- N15, M17)

No.	Divestment Strategy	Liquidation Strategy
1.	Divestment strategy involves the sale or liquidation of a portion of the business, or a major division, profit centre or SBU of the company.	Liquidation Strategy involves closing down a Firm and selling off all its assets and paying off its liabilities.
2.	Divestment is a part of rehabilitation or restructuring plan, and is adopted when a turnaround has been attempted but has proved to be unsuccessful.	It is a form of retrenchment strategy is considered as the most extreme and unattractive.
3.	Sometimes the option of a turnaround may even be ignored if it is obvious that divestment is the only answer.	It is considered as the last resort because it leads to serious consequences such as loss of employment for workers and other employees, termination of opportunities a firm could pursue, and the stigma of failure.

8. Mergers & Acquisitions (RTP- N16)

No.	Mergers	Acquisitions
1.	Merger is a process when two or more companies come together to expand their business operations.	When one organization takes over the other organization and controls all its business operations, it is known as acquisition.
2.	Here the deal gets finalized on friendly terms and both the organizations share profits in the newly created entity.	A deal in case of an acquisition is often done in an unfriendly manner; it is more or less a forced association.
3.	In a merger two organizations combine to increase their strength and financial gains.	In acquisition one that is financially stronger and bigger establishes its power. The combined operations then run under the name of the powerful entity.

5. BUSINESS LEVEL STRATEGIES

1. Cost Leadership & Differentiation Strategies (PM, M14- 4M, MTP- Feb16)

No.	Cost Leadership	Differentiation
1.	Cost leadership emphasizes producing standardized products at a very low per-unit cost for consumers who are price-sensitive.	Differentiation is a strategy aimed at producing products and services considered unique industry wide and directed at consumers who are relatively price-insensitive.
2.	A primary reason for pursuing forward, backward, and horizontal integration strategies is to gain cost leadership benefits.	Differentiation strategy should be pursued only after a careful study of buyers' needs and preferences to determine the feasibility of incorporating one or more differentiating features into a unique product.
3.	Successful cost leadership strategy enables a firm to lower cost and under price competitors thereby gaining substantial cost advantage.	Successful differentiation strategy allows a firm to charge a higher price for its product and to gain customer loyalty.

6. FUNCTIONAL LEVEL STRATEGIES

1. Selling vs. Marketing

No.	Selling	Marketing
1.	Selling focuses on the needs of the seller.	Marketing focuses on the needs of the customers.
2.	Focus is on increasing sales.	Focus is on ensuring customer satisfaction.
3.	Starts with manufacturing and ends with sales.	Starts with identification of customers' needs and ends with mutually beneficial relationship.
4.	Transaction oriented	Relationship oriented.
5.	Selling is an old and outdated concept.	Marketing is a new concept, which is apt to the present day context.
6.	It is a narrow and short- term activity.	Marketing is long- term oriented and is a broader concept, which includes all the 4 Ps, namely, product, price, place and promotion.

2. Logistics Management vs. Supply Chain Management (PM, N16, N 12 – 4M, RTP- N15, M17)

No.	Logistics Management	Supply Chain Management
1.	Logistical activities typically include management of inbound and outbound goods, transportation, warehousing, handling of material, fulfillment of orders, inventory management, supply / demand planning.	Although these activities also form part of Supply chain management, it has different other components.

2.	It is a narrower concept.	It is a broader concept.
3.	It is one of the parts of Supply Chain Management and is related to planning, implementing, and controlling the movement and storage of goods, services and related information between the point of origin and the point of consumption.	It includes more aspects apart from the logistics function. It is a tool of business transformation and involves delivering the right product at the right time to the right place and at the right price.

3. Social Marketing & Services Marketing (PM, M14- 3M)

No.	Social Marketing	Services Marketing
1.	It refers to the design, implementation, and control of programs seeking to increase the acceptability of social idea, cause, or practice among a target group. For instance, the publicity campaign for prohibition of smoking or encouraging girl child, etc.	It involves applying the concepts, tools and techniques, of marketing to services. Service refers to any activity or benefit that one party can offers to another, and is essentially intangible, e.g. Banking, Retailing, Educational or other utilities. These may be from business to consumer and from business to business.
2.	It is non- profit motive.	It is profit motive.
3.	It is usually undertaken by charitable trusts, NGOs, and Government.	It is usually undertaken by commercial establishments both in private and public sectors.

4. Synchro Marketing & De- Marketing (RTP- N15)

No.	Synchro Marketing	De- Marketing
1.	Synchro-marketing can be used to regularize the pattern of demand for a product/ service through flexible pricing, promotion, and other incentives.	De- Marketing is used to reduce demand temporarily or permanently for a product/ service, the aim is not to destroy demand, but only to reduce or shift it.
2.	Followed in case of products whose demand is irregular due to season, some parts of the day, or on hour basis, causing idle capacity or overworked capacities,	Followed in case of products for which there is overfull demand.
3.	For example, products such as movie tickets can be sold at lower price over week days to generate demand.	For example, buses are overloaded in the morning and evening, roads are busy for most of times, zoological parks are over-crowded on Saturdays, Sundays and holidays. Here de-marketing can be applied to regulate demand.

5. Advertising & Publicity (N16 - 3M)

Basis	Advertising	Publicity
Meaning	Advertising is a non-personal, highly flexible and dynamic promotional method. It is a paid form of communicating the message.	Publicity is communication of a product, brand or business by placing information about it in the media without paying for the time or media space directly.

Methods	The media for advertising are several such as brochures, newspapers, magazines, display boards, radio, television and internet. Choice of appropriate media is important for effectiveness of the message. The media may be local, regional, national or international.	Basic tools for publicity are press releases, press conferences, reports, stories, blogs and internet releases. These releases must be of interest to the public. Thus, it is way of reaching customers with negligible cost.

7. ORGANISATION & STRATEGIC LEADERSHIP

1. Transformational Leadership vs. Transactional Leadership (PM, RTP- M12, M14, M 13- 4M, MTP- N15, N16, N15)

No	Transformational Leadership	Transactional Leadership
1.	It uses charisma and enthusiasm to inspire people to exert them for the good of the organization.	It uses the authority of its office to exchange rewards, such as pay and status.
2.	Appropriate in turbulent environments, in industries at the very start or end of their life-cycles, in poorly performing organizations when there is a need to inspire a company to embrace major changes.	Appropriate in settled environment, in growing or mature industries, and in organizations that are performing well.
3.	Transformational leaders inspire employees by offering excitement, vision, intellectual stimulation and personal satisfaction.	Transactional leaders prefer a more formalized approach to motivation, setting clear goals with explicit rewards or penalties for achievement or non-achievement. Transactional leaders focus mainly to build on existing culture and enhance current practices.
4.	This style is suited to motivate employees to stretch their abilities and increase their self-confidence, and to promote innovation throughout the firm.	The style is better suited in persuading people to work efficiently and run operations smoothly.
5.	Informal Leadership Style.	Formal Leadership Style.

8. STRATEGY IMPLEMENTATION & CONTROL

1. Efficiency vs. Effectiveness

No.	Efficiency	Effectiveness
1.	To be efficient means “to do the things right”.	To be effective means, “to do the right things”.
2.	Focus on relationship between inputs & outputs.	Focus on relationship between means & ends.
3.	Short-run in nature.	Long-run in nature.
4.	Introspective effect i.e. within the firm.	Highlights linkages between firm and its external environment.
5.	Operational in nature.	Strategic in nature.
6.	Strategy implementation viewpoint.	Strategy formulation viewpoint.

2. Strategy Formulation vs. Strategy Implementation (PM, N16, N08 – 2M, M11 – 4M, M12 – 3M, M15- 4M, RTP- M12, M15, M17)

No.	Strategy Formulation	Strategy Implementation
1.	It involves the design and choice of appropriate organizational strategies.	It is the process of putting the various strategies into action of organizations.
2.	It is positioning forces before the action.	It is managing forces during the action
3.	It focuses on effectiveness.	It focuses on efficiency.
4.	It is primarily an intellectual process.	It is primarily an operational process.
5.	It requires good intuitive and analytical skills.	It requires special motivation and leadership skills.
6.	It requires coordination among a few individuals.	It requires coordination among many individuals.

3. Strategic Control vs. Budgetary Control

No.	Strategic Control	Budgetary Control
1.	Time period is lengthy- ranging from a few years to over ten years.	Time period is usually one year or less.
2.	Measurements are quantitative and qualitative.	Measurements are quantitative.
3.	Concentration is internal and external.	Concentration is internal
4.	Corrective action is on- going.	Corrective action any be taken after budget period has elapsed.

4. Strategic Control vs. Operational Control

No.	Attribute	Strategic Control	Operational Control
1.	Basic Question	‘Are we moving in the right direction?’	‘How are we performing?’
2.	Aim	Proactive, continuous questioning of the basic direction of strategy.	Allocation and use of organisational resources.
3.	Main Concern	‘Steering the organisation’s future direction.	Action Control
4.	Focus	External environment	Internal organization
5.	Time Horizon	Long- term	Short- term
6.	Exercise of Control	Exclusively by top management through lower level support.	Mainly by executive or middle- level management on the direction of the top management.
7.	Main Techniques	Environmental Scanning, information gathering, questioning and review.	Budgets, schedules and Management By Objectives.

5. Operational Control vs. Management Control (N13, RTP- M15, N16)

No.	Operational Control	Management Control
1.	The thrust of operational control is on individual tasks or transactions.	The thrust of Management Control is on total or more aggregative management functions.

2.	It is narrow in nature.	It is more inclusive and more aggregative.
3.	The basic purpose of operational control is ensure that the organisation's day-to-day activities are performed efficiently.	The basic purpose of Management Control is the achievement of enterprise goals- short range and long range- in an effective and efficient manner.
4.	Example: Procuring specific items for inventory.	Example: Inventory Management as a whole is management control.

6. BPR vs. Conventional Methods of improving organizational efficiency

No.	Business Process Re-engineering	Conventional Methods of improving operational efficiency
1.	Total re-designing of business processes.	Partial modification of processes.
2.	Dramatic improvement in performance.	Marginal improvement in performance.
3.	Existing processes, procedures, ways of doing things, etc. are questioned and challenged.	Existing processes and procedures are not challenged. They are just modified & improvised.
4.	Altogether new processes are identified.	New processes may not be identified.
5.	BPR is a cross-functional and multi-dimensional approach. It affects all functions, departments and sub-systems.	It may be restricted to a certain function (e.g. purchase or production or marketing) or a certain geographical area.
6.	Leads to massive organisational change.	May not involve substantial change, as seen in BPR.

7. Traditional Business Processes vs. Re- engineered Business Processes

No.	Traditional Business Processes	Re- engineered Business Processes
1.	In traditional Business Processes there was sub- system view, i.e., individual departments or divisions of a firm try to optimize their own performance, without considering the effect on other areas of operation.	Here a firm has process orientation and every department or division in it focuses on the process improvement.
2.	Traditional business processes are lengthy, time- consuming, costly, inefficient, obsolete and irrational.	Re- engineered business processes are faster, efficient, economical, modem and are more rational and logical.
3.	There is no use of Information Technology in traditional business processes as they were developed based on a series of unplanned decisions during the pre- internet era.	Re- engineered business processes are Information Technology supported and hence they help in increasing customer satisfaction.
4.	A firm cannot achieve operational excellence with the help of traditional business processes.	A firm can achieve operational excellence with the help of its re- engineered business processes.

8. Intra- group Benchmarking vs. Inter- group Benchmarking

No.	Intra- group Benchmarking	Inter- group Benchmarking
1.	It means performing benchmarking within the company itself.	It involves benchmarking done external to the company.
2.	It is also known as internal benchmarking.	It is also known as external benchmarking.
3.	Here the company identifies the best processes or practices within the company.	Here the company identifies the best processes or practices outside the company.
4.	It may be plant-to-plant or department-to-department, or division-to-division comparison within in the same company.	It may be functional, or competitive, or generic benchmarking done against the best in the industry or in the world.
5.	It is undertaken when a firm identifies the best practices within the company.	It is resorted to when the firm realizes that there are no best practices or processes prevailing in the company.

THE END