6. STRATEGY IMPLEMENTATION AND CONTROL

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                                              │    Meaning of        │
                                              │    Strategy          │
                                    ┌────────→│    Implementation    │
                          ┌──────────────┐    └──────────────────────┘
                    ┌────→│ Basic Aspects│
                    │     └──────────────┘    ┌──────────────────────┐
                    │                         │    Differences       │
                    │     ┌──────────────┐    │    between Strategy   │
                    │────→│ Organisational│──→│    Formulation &     │
                    │     │ Structures   │    │    Implementation    │
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    │                     └──────────────┘    │    between strategy   │
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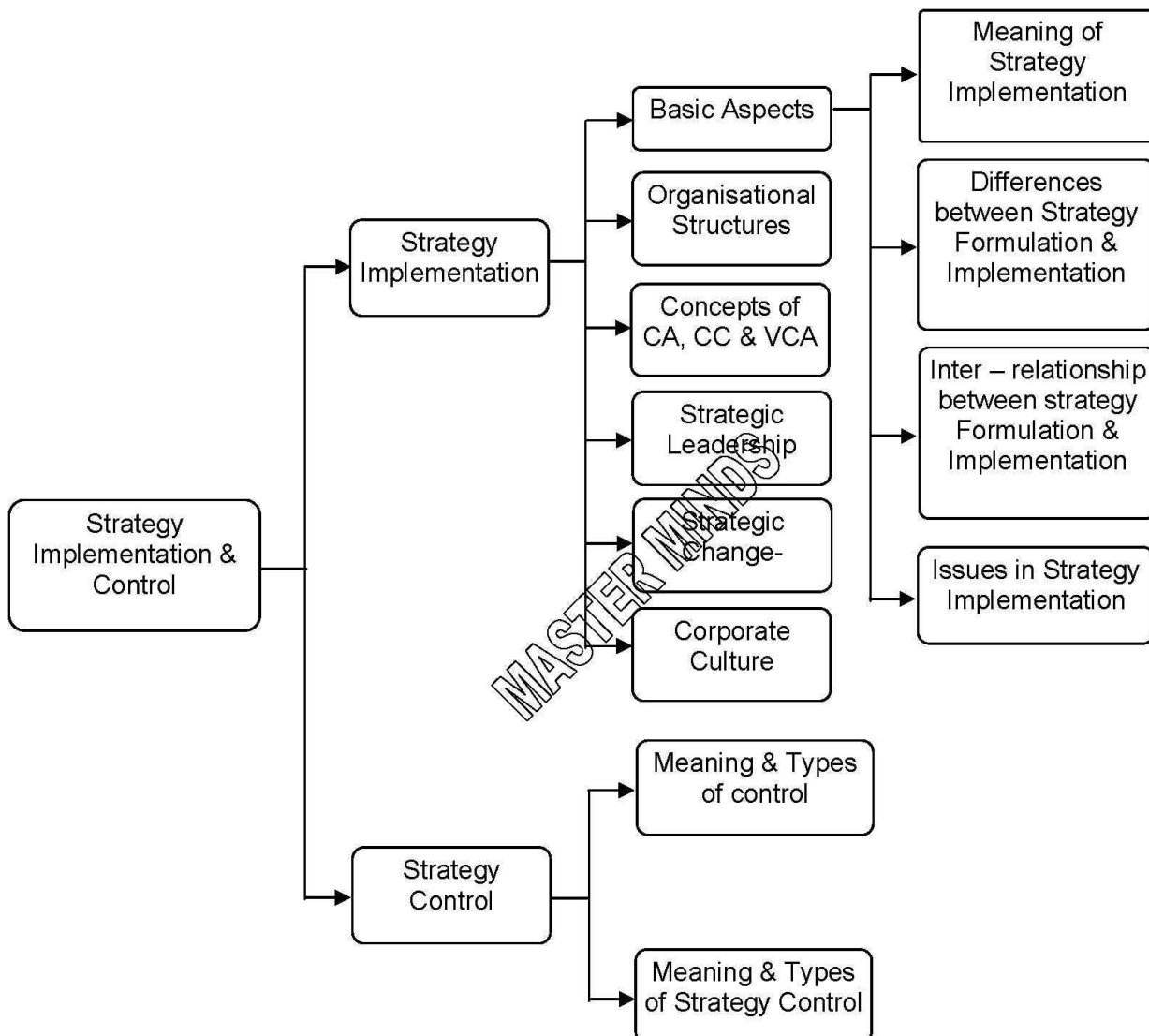

Q.No.1. Define the term Strategy Implementation?   (B)   (PM)

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,

   c) Improving the competence with which it is executed, and

   d) Showing good progress in achieving the targeted results.

2. It involves <u>translating a decision into action.</u>

3. It requires:

    a) Allocation of resources to <u>new course</u> of action,

    b) Adjusting the <u>firm's structure</u> to handle new activities,

    c) Training personnel, and

    d) Developing proper systems to <u>perform work</u> in the firm.

<u>SIMILAR QUESTIONS:</u>

1. An important part of strategic management process is implementation of strategy.

A. Same as above

Q.No.2. Efficiency Vs. Effectiveness. (B)	(M08 – 2M)

	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.

<u>RELATIONSHIP BETWEEN EFFICIENCY AND EFFECTIVENESS:</u>

	Effective	inffective
Efficient	1 Thrive	2 Die Slowly
Inefficient	3 Survive	4 Die Quickly

Principal combinations of 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.3. Strategy Formulation Vs. Strategy Implementation. (B)   (PM)

a) Successful strategy formulation does not guarantee successful strategy implementation.

b) It is always more difficult to do something (strategy implementation) than to say you are going to do it (strategy formulation)

c) Even the most technically perfect strategic plan will serve little purpose if it is not implemented.

d) Change comes through implementation and evaluation and not through the plan. A technically imperfect plan that is implemented well will achieve more than the perfect plan that is not implemented.

Intuitive vs. Analytical Skills: whose guessing of weather is correct?!.....

e) 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
6. **Concepts and Tools**	Similar for small and large business and non-profit organisations	It is different for different types of organisations
7. **Orientation**	Planning Orientation	Action / Execution Orientation
8. **Scope**	Entrepreneurial Activity	Administrative Task
9. **Responsibility**	Top Level Management	Middle & Operational Level Management

SIMILAR QUESTIONS:

1. "Successful formulation does not guarantee successful implementation". Discuss.

A. Same as above.   (RTP - N15)

Q.No.4. Outline the Inter-relationship between Strategy Formulation and Implementation. (A)
(PM, RTP- M14, M12 – 3M)

Success of an organisation is a function of good strategy and proper implementation. The matrix given below represents various combinations of strategy formulation and implementation:

Strategy formulation and implementation matrix

It shows the distinction between sound/flawed strategy formulation and excellent/weak strategy implementation.

- **Square B** is the ideal situation where a company has succeeded in designing a sound and competitive strategy and is successful in implementing it.

- **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.

- **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.

- **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.

SIMILAR QUESTIONS:

1. Elaborate the interrelationship between strategy formulation and implementation.

A. Same as above.

Q.No.5. Explain the linkages between Strategy Formulation and Strategy Implementation. (C) (RTP- M15) (For Student - Self Study)

- The strategy formulation and implementation stages are highly interlinked.

- Two types of linkages exist between these two phases of strategic management. They are Forward linkages and Backward Linkages

- The forward linkages deal with the impact of the formulation on implementation while the backward linkages are concerned with the impact in the opposite direction.

FORWARD LINKAGES:

a) The different elements in strategy formulation starting with objective setting through environmental and organizational appraisal, strategic alternatives and choice of strategic plan determine the course that an organization adopts for itself.

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

c) For **e.g.** the organizational structure has to be changed based on the requirements of the modified or new strategy. The style of leadership has to be adapted to the needs of the modified or new strategies.

BACKWARD LINKAGES:

a) Just as implementation is determined by the formulation of strategies, the formulation process is also affected by factors related with implementation.

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

c) Organizations tend to adopt those strategies which can be implemented with the help of present structure combined with some additional efforts.

d) Such incremental changes, over a period of time, take the organization from where it is to where it wishes to be.

SIMILAR QUESTIONS:

1. Strategy Formulation influences and is influenced by Strategy implementation. Comment?

A. Same as above.

Q.No.6. What are the Key issues to be considered while implementing strategies? (B)
(RTP M16) (For Student- Self Study)

The different issues involved in strategy implementation cover practically everything in the discipline of management studies. Therefore, a strategist has to apply a wide range of knowledge, skills, attitudes and abilities. 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. Strategies do not lead to action by themselves. They are like statement of intent. Implementation tasks are meant to realise such intent.

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.

- For e.g. research and development programmes may consist of several projects, each of which is intended to achieve a specific and limited objective, requires separate allocation of funds, and is to be completed within a set time schedule.

- Projects create the needed infrastructure for the day-to-day operations in an organization. They may be used for setting up of new or additional plants, modernising the existing facilities, installation of newer systems, and for several other activities that are needed for the implementation of strategies.

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.

CONCLUSION: Implementation of strategies is not limited to formulation of plans, programmes and projects. Projects would also require resources. Once it is provided, it would be essential to see that proper organizational structure is designed, systems are installed, functional policies are devised and various behavioral inputs are provided so that plans may work.
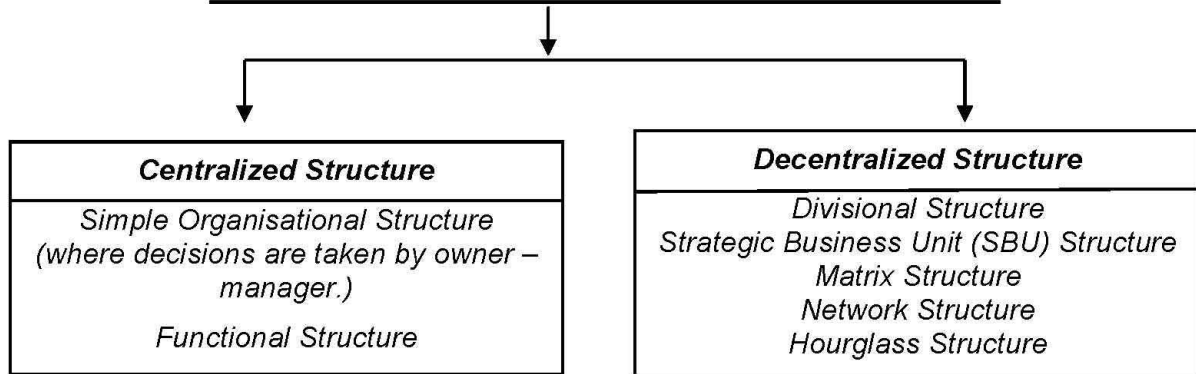
SIMILAR QUESTIONS:

1. **What are the Key Issues in Strategy Implementation?**

A. Same as above.

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*

NOTE: In the following questions about organizational structures students need not cover 'advantages' & 'disadvantages' as majorly they will be asked as short answer questions in the exam. At the maximum they can remember 3 advantages and 2 disadvantages in each one of them.

Q.No.7. 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.
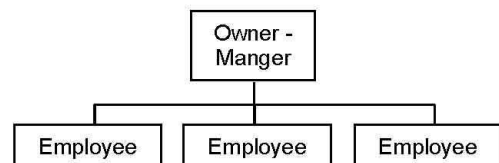
Competitive Advantages:

a) Broad- based openness to innovation

b) Greater structural flexibility,

c) Ability to respond more quickly to environmental changes.

d) Quick decision making as authority is centralized.

Demerits / Limitations:

a) Not suitable when firms grow larger/ bigger.

b) Cannot manage complicated information processing requirements.

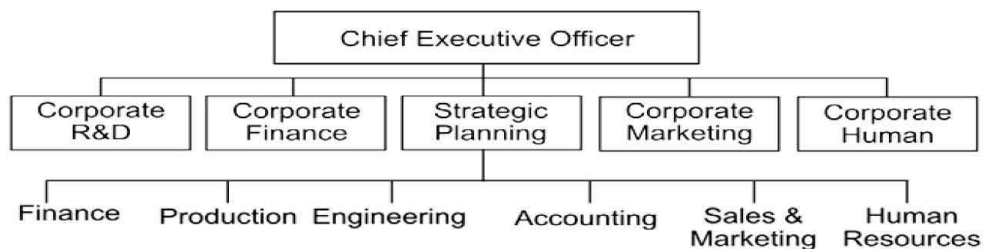c) More pressure on owner-managers (due to lack of skill or experience or time).

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.8. State the Characteristics of a Functional Structure? (C)

1. **MEANING:**

   a) This is a widely used structure in business organisations because of its simplicity and low cost.

   b) Under Functional or centralized organisational structure the entire work to be done is divided into major <u>functional departments.</u>

   c) 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. <u>**How things are organized in this structure?:**</u>

   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.

3. <u>**Competitive Advantages**</u>:

a. Promotes Specialisation of Labour	g. Better Co-ordination due to Specialisation and Efficiency among various departments
b. <u>Efficient Distribution of work</u> through Specialisation	h. Promotes maximum utilisation of up to date technical skills and enables to capitalise on efficiency and specialization.
c. Provides time for the top management to focus on Strategic Decisions	i. Minimises duplication or repetition of tasks
d. Allows Quick Decision – making	
e. Each department can be managed by an expert because all jobs are specialized in nature and require specialists	
f. <u>Better Supervision</u>, since an individual manager becomes familiar with related tasks and activities	

4. <u>**Disadvantages**</u>:

a. Forces Accountability to the top	f. Inadequate planning for many products and markets
b. Minimises Career Development Opportunities	g. Difference in functional specialisation and orientation. It creates problems in communication and co-ordination.
c. Low Employee Morale	h. Specialists may develop narrow perspective, losing sight of the company's strategic vision and mission
d. *May create line & staff conflicts*	i. Narrow specialisation kills initiative of entrepreneurs and zeal of innovativeness.
e. Poor Delegation of Authority	

> **Q.No.9. 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 <u>delegates</u> responsibility for day-to-day operations and business unit strategy to division managers.

> *Divisional structure is suitable for an automobile company with different division for SUVs, passenger cars, commercial vehicles etc.*

DIVISIONS:

a) Each division will represent a separate business and has its own functional hierarchy.

b) Each division manager is responsible for managing day-to-day operations in that division.

c) In this structure, functional activities are performed both centrally and in each separate division.

Top Management Role:

a) Top management (i.e. Corporate Office) is responsible for formulating and implementing overall corporate strategy, and manages the <u>semi-autonomous divisions</u> through strategic & financial controls.

b) <u>Strategic Control</u> means understanding by the top management of the strategies being implemented at various divisions.

c) <u>Financial Control</u> helps top management to manage the cash flows of divisions through Cash Budgets, Profitability Statements, etc.

Beauty & Grooming division   *Health & Well-being division*   *Household care division*

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. E.g. General Motors, DuPont, and Procter & Gamble follow this structure.

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

ADVANTAGES:

a) <u>Promotes accountability</u> since division managers can be held responsible for sales and profits.

b) <u>Employee morale</u> is comparatively higher in a divisional structure than in a centralized structure.

c) <u>Career development</u> opportunities for managers, because it allows people to develop total expertise in a certain product / area / process, etc.

d) Allows <u>better control</u> on local situations.

e) Leads to a <u>competitive climate</u> within the firm, and

f) It is easy to add new <u>businesses and products.</u>
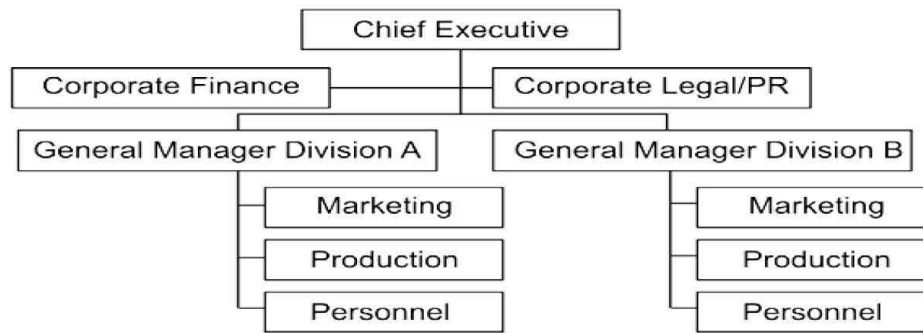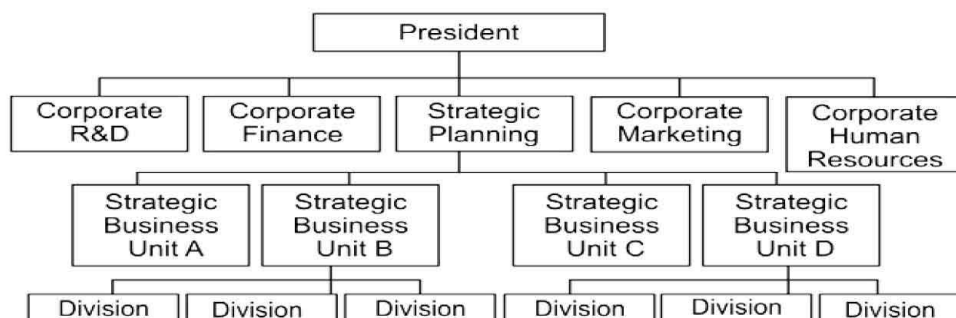
DISADVANTAGES:

a) Each division requires functional specialists who must be paid.

b) Duplication of staff services, facilities, and personnel, since certain activities are performed centrally and also in each division.

c) Requires an elaborate, headquarters' driven control system, which might be costly.

d) Certain regions, products, or customers may receive special treatment and develop inconsistent traits / practices when compared to the company's overall policy.

Q.No.10. 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) SBU is any part of a business organization which is treated separately for strategic management purposes.

c) **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.

d) Within each SBU, divisions are related to each other. However, SBU Groups (i.e. 2nd level) are unrelated to each other.

ADVANTAGES:

a) Within each SBU, divisions producing similar products and/or using similar technologies can be organised to achieve synergy benefits.

b) Individual SBUs are treated as profit centres and can react more quickly to environmental changes.

c) Corporate Headquarters can concentrate on strategic planning rather than operational control.

d) Facilitates strategic management and control in large and diverse organizations.

e) It <u>promotes accountability</u> in respect of actions of each SBU.

f) A Company can accurately monitor <u>the performance</u> of individual businesses, simplifying control problems.

g) It facilitates comparison between divisions, improving the <u>allocation of resources.</u> It can be used to stimulate poorly performing division managers and find ways to improve performance.

h) Helps allocate corporate resources to areas with greatest growth opportunities.

DISADVANTAGES:

a) It requires an additional layer of management, which is very costly.

b) May result in inconsistency of goals.

c) Difficult to define the role of different managers.

SIMILAR QUESTIONS:

1. Write a short note on advantages of SBU Structure.   **(PM)**

A. Write the meaning and advantages in the above answer.

Q.No.11. Matrix Organisational Structure (B)

MEANING:

a) Matrix structure is <u>appropriate</u> 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 <u>Matrix).</u>
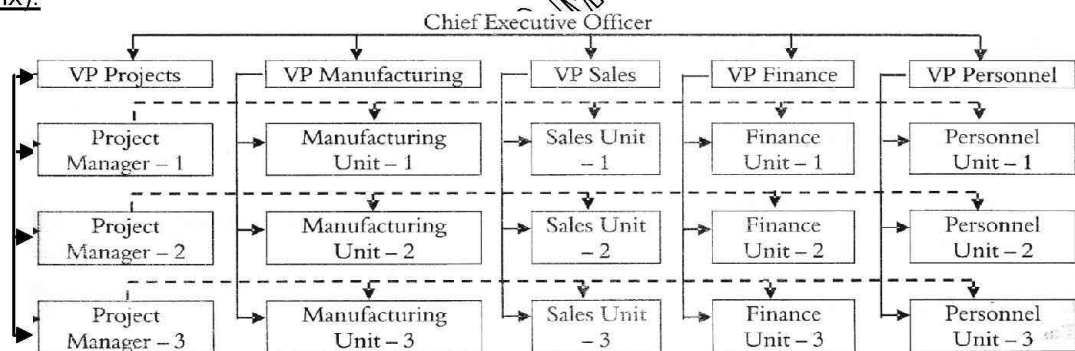
_____ represents Vertical functional authority

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

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.

d) Thus, <u>employees have two superiors</u> - (i) Functional Manager (Vertical Flow) and (ii) Project or Product Manager (horizontal flow).

Unity of Command
No one should have more than one boss.

ADVANTAGES:

a) Useful for specialised industries like Construction, Healthcare, Research and Defence.

b) Project objectives will be clear,

c) Several channels of communication. So, employees can see the visible results of their work.

d) Shutting down of a project is relatively easy.

e) Encourages generation of new ideas because of the pooling of diverse talents.

f) Makes efficient use of Specialised personnel, equipment & facilities
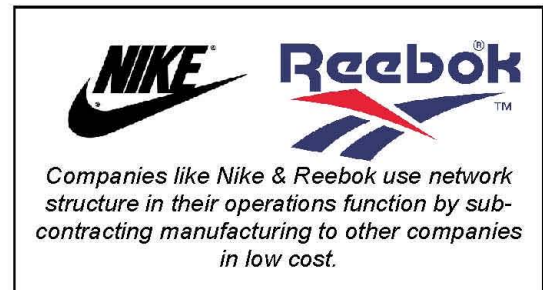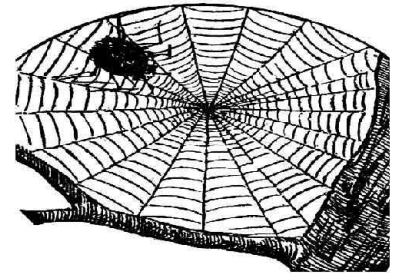
DISADVANTAGES:

a) Higher employee costs, due to more management positions.

b) Complexity due to horizontal and vertical flows of authority and communication.

c) Dual lines of authority, <u>violating</u> the principle of "Unity of Command".

d) Dual reporting channels, leading to chaos and confusion.

e) Sharing of authority, leading to <u>conflicts between managers.</u>

f) Conflicts in resource allocation decisions.

g) Delay in decision making.

h) Managers should have efficient interpersonal skills.

Q.No.12. Write Short notes on Network Structure. (A)
(PM, RTP- M12, M14, N10 - 4M, N12, M13 - 3M)

MEANING:

a) Network structure is a newer and somewhat more <u>radical organizational design</u>.

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

c) Network Organisation is a <u>series of independent firms</u> or business units <u>linked together</u> by computers in an information system that designs, produces, and markets a product or service.

d) It is also called as <u>"virtual organisation"</u>, because it consists of a series of project groups or collaborations linked by constantly changing non-hierarchical, cobweb-like networks.

e) Instead of having salaried employees, the firm may hire people for a specific project or length of time. Long-term contracts with suppliers and distributors replace vertical integration. In other words, the <u>company majorly depends on outsourcing.</u>

Companies like Nike & Reebok use network structure in their operations function by sub-contracting manufacturing to other companies in low cost.

f) The firm's business functions will not be located in a single building or area. Instead, they will be scattered around worldwide

g) As a result the firm is only a shell, with a <u>small headquarters acting as "Broker"</u>. 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.

c) Increased flexibility and adaptability to cope with <u>rapid technological</u> change and shifting requirements of international trade and competition.

d) Allows a company <u>to concentrate</u> on its distinctive competencies, while gathering efficiencies from other firms who are concentrating their efforts in their areas of expertise.

DISADVANTAGES:

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

b) Several functions are <u>contracted to separate</u> suppliers/distributors. As a result the firm can't discover any <u>synergy benefits</u> 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.

d) Many workers become deskilled i.e. they cannot perform well in a new structure. This is so because new structures often <u>demand</u> constant innovation and adaptation.

e) Employees may <u>lack the confidence</u> required to participate actively in the organisation-sponsored learning programs.

f) Flatter organisational structures demand for <u>more intense and personal interactions</u> with internal and external stakeholders.

g) New structural arrangements may create <u>stress for many employees.</u>

SIMILAR QUESTION:

1. 'A Network structure is suited to unstable environment'. Elaborate.   **(PM, N 12 - 3M)**

A. The network structure becomes most useful when the environment of a firm is unstable and is expected to remain so. + write the 'meaning' in the above answer (No need to write advantages & disadvantages.).

2. Discuss network structure?

A. Refer meaning in above answer.

Q.No.13. Write Short notes on Hourglass Structure? (A)   **(PM, RTP - N14, M15)**

INTRODUCTION: In the recent years information technology and communications have significantly altered the functioning of organizations. The role played by middle management is diminishing as the tasks performed by them are increasingly being replaced by the technological tools.

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.

Wide at the top

Narrow at the middle

Widest at the bottom
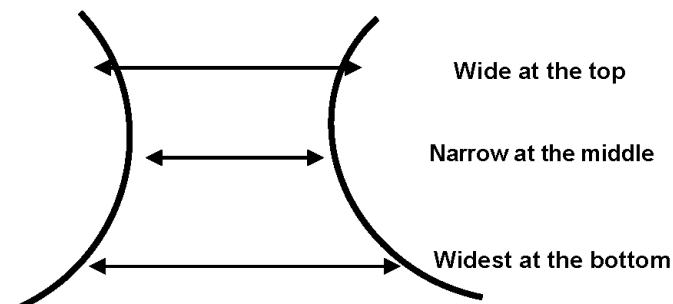
ADVANTAGES:

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.

Organisations can try to overcome these problems by assigning challenging tasks, transferring laterally and having a system of proper rewards for performance

SIMILAR QUESTIONS:

1. "The role played by middle management is diminishing as the tasks performed by them are increasingly being replaced by the technological tools". Elucidate the statement in terms of its effect on organization structure.   **(RTP - M15)**

A. Same as above.

CONCEPTS OF CA, CC & VCA

Q.No.14. Define the term Competitive Advantage? (B)   **(PM, RTP - M15, N15)**

a) Competitive advantage is the position of a firm to <u>maintain and sustain a favorable</u> 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.15. Define the term Value Chain Analysis (VCA)   **(A)**   **(PM, RTP - M13, M14)**

1. Value chain analysis is a means of <u>describing the activities</u> within and around an organization, and relating them to an <u>assessment of the</u> 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 <u>organizations are much more than a random collection of machines, money and people</u>. 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.

SIMILAR QUESTIONS:

1. Define the term Value Chain.

A. Same as above.   **(M07 - 2M)**

Q.No.16. How are business activities classified for VCA purpose? (A) (PM, N08 - 2M, N13 - 3M)

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

PRIMARY ACTIVITIES: 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. *For tangible products, this would include warehousing, materials handling, transport, etc. In case of services, this involves arrangements for bringing customers to the service if it is a fixed location (e.g. sports events).*

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.
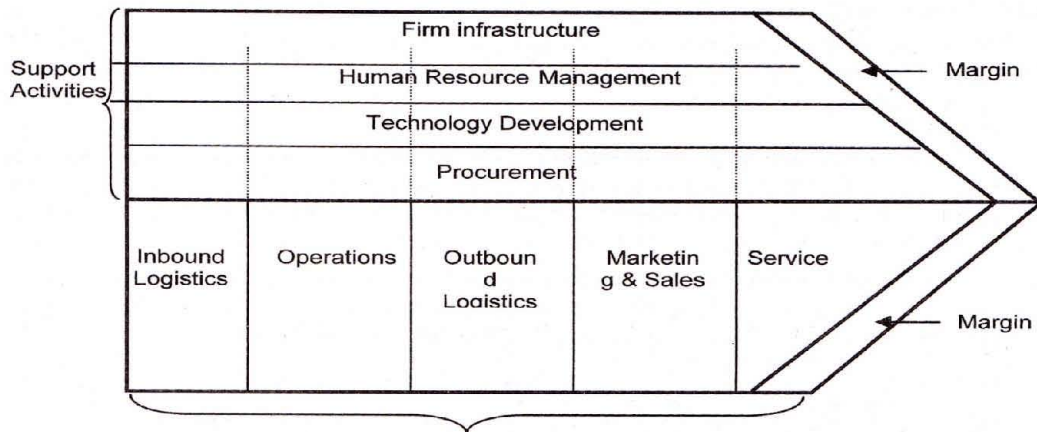

Figure: Value Chain (Michael Porter)

(VCA is like a Fish Bone Diagram)

SUPPORT ACTIVITIES: 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. **Procurement:** This refers to the process of acquiring various resource inputs to the primary activities (not to the resources themselves).

2. **Technology development:** 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. **Human resource management:** This is an important area which is required in all primary activities. It is concerned with those activities involved in recruiting, managing, training, developing and rewarding people within the organization.

4. **Infrastructure:** The systems of planning, finance, quality control, information management, etc. are crucially important to an organization's performance in its primary activities

SIMILAR QUESTIONS:

1. Components of Value Chain

A. It is sufficient to list out all the above activities and No need to explain them.   (N 08 - 2M)

Q.No.17. Write short notes on Core Competencies.   (A)   (PM)

MEANING:

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

b) Core competencies are those <u>capabilities</u> that are critical to a business in achieving competitive advantage.

c) Core competencies are <u>created by</u> 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.

<u>Identification Tests:</u> 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.**

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

<u>Examples:</u>

Note: (For academic interest)

1. *Honda's: Know how in engines result in superior fuel efficiency, less noise and vibration is its core competence and enabled it to enter into various products like cars, 2 wheelers, lawn movers, generators etc. Its dealer network is also its core competence.*

2. *Maruthi Suzuki has a core competence for its dealer network and after sales service.*

3. *HUL possess number of core competencies including its superior product technology, brand building skills (successfully adopted international brands like Lux, Close-Up etc. to Indian market.), wide spread distribution network and low cost supply chain.*

4. *Sony has a core competence in miniaturization. It can make any product tiny (very small size).*

5. *Canon has its core competence in optics, imaging and micro processor controls; they together lend common advantage in products as diverse as copiers, laser printers, cameras and image scanners.*

6. *IBM's core competence was in mainframe computers which in fact is responsible for the development of personal computers.*

STRATEGIC LEADERSHIP, STRATEGIC CHANGE MANAGEMENT & CORPORATE CULTURE

Q.No.18. What are the Leadership Roles to be played by a Strategic Manager?   (A)
(PM, RTP- N14, M14 - 4M)

A strategy manager has many different leadership roles to play as given below:

Visionary	Crisis Solver	Head Cheerleader
Chief Entrepreneur and Strategist	Spokesperson	Perceptive listener
Chief Administrator	Negotiator	Coach and adviser
Decision-Maker	Motivator	Policy maker
Culture Builder	Arbitrator	Policy enforcer
Resource Acquirer and Allocator	Process Integrator	
Capabilities Builder		

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

1. <u>Staying on the top</u> 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' <u>(i.e. team spirit)</u> 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 <u>innovative ideas</u> and developing valuable competencies and capabilities, ahead of rivals.

4. Exercising <u>ethical leadership</u> and insisting that the firm conducts its affairs like a model corporate citizen

5. Taking <u>corrective actions</u> to improve strategy execution and overall strategic performance.

SIMILAR QUESTIONS:

1. Discuss the leadership role played by the managers in pushing for good strategy execution.

(M 14 – 4M, PM)

A. Same as above.

Q.No.19. What are the Responsibilities of a Strategic Leader?   **(A)**   **(PM, N13 – 3M)**

THE RESPONSIBILITIES OF A STRATEGIC LEADER INCLUDE:

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

2. Sustaining high <u>performance</u> over time.

3. Being <u>willing to make</u> candid, courageous, yet pragmatic, decisions.

4. Seeking <u>feedback</u> through face-to-face communications.

5. Having decision-making <u>responsibilities</u> that cannot be delegated.

6. Environmental scanning.

7. Dealing with the diverse and cognitively competitive situations.

8. Being spokesman of the organization.
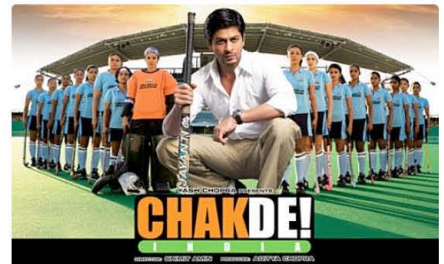
The Movie 'Chak De!' was discussed as a case study in many B – schools for learning the leadership lessons

Thus, the strategic leadership skills of a company's manager represent the resources that affect company performance. And these resources must be developed for the company's future benefit.

SIMILAR QUESTIONS:

1. Mr. Aryan is a manger in ABC Ltd. Discuss the leadership roles to be played by him in pushing for good strategy execution.

A. List out the leadership roles presented in table in Q. No.24 + write answer of Q. No.26.

Q.No.20. What is Strategic Leadership? What are the two approaches to Leadership Style? (A)
(PM, RTP- N14, N16, M08 – 7M, M13 – 4M)

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) **In includes:**

    i) determining the firm's strategic direction,

ii) aligning the firm's strategy with its culture,

iii) modeling and communicating high ethical standards, and

iv) Initiating changes in the firm's strategy, when necessary.

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

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

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

<u>TRANSFORMATIONAL LEADERSHIP STYLE:</u>   (RTP- N11, N14)

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

b) This may be appropriate <u>in turbulent environments</u>, 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 to adopt to major changes, etc.

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

d) They <u>inspire involvement</u> in a mission, giving followers a 'dream' or 'vision' of higher calling so as to elicit more dramatic changes in organisational performance.

e) Such leadership motivates followers to do <u>more dramatic changes</u> in organisational performance & also promote innovation throughout the organization.

<u>TRANSACTIONAL LEADERSHIP STYLE:</u>

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

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

c) This style is better suited in persuading people to <u>work efficiently</u> and run operations smoothly.

d) Transactional leaders <u>try to build</u> on the existing culture and enhance current practices.

e) Transactional leadership style uses <u>the authority</u> of its office to exchange rewards, such as pay and status.

f) They prefer a more <u>formalized approach</u> to motivation, setting clear goals with explicit rewards or penalties for achievement or non-achievement.

<u>SIMILAR QUESTIONS:</u>

1. Transformational Leadership style may be appropriate in turbulent environment while Transactional Leadership style may be appropriate in settled environment. Comment.

A. Same as above.

2. What are the different responsibilities of a strategic leader? Distinguish between transformational leadership style and traditional leadership style.

A. Refer Q.no.26 and Approaches of leader ship styles in above answer.

3. Distinguish between Transformational Leadership Style and Transactional Leadership Style.

A. Refer Fast Track Material.

Q.No.21. What is Strategic Change and what are the steps to initiate it?   (A)
(PM, RTP- N14, M 08 – 5M, M 12 – 3M)

STRATEGIC CHANGE:

1. The changes in the environmental forces often require businesses to <u>make modifications</u> in their existing strategies and bring out new strategies.

2. Strategic change is a <u>complex process</u> and it involves a corporate strategy focused on new markets, products, services and new ways of doing business.

STEPS TO INITIATE STRATEGIC CHANGE:

1. **<u>Recognize the need for change:</u>**

   a) The first step is to <u>diagnose</u> the areas of the present corporate culture that are strategy supportive and that are not.

   b) In <u>needs environmental scanning</u> involving appraisal of both internal and external capabilities. Then we need to determine where the lacuna lies and where there is a scope for change.

2. **<u>Create a shared vision to manage change:</u>**

   a) <u>Objectives and vision</u> of both individuals and organization should <u>coincide</u>.

   b) Senior managers need to constantly and consistently communicate the vision not only to inform but also to overcome resistance.

   c) Strategy implementers have to <u>convince</u> that the change in business culture is not superficial or cosmetic.
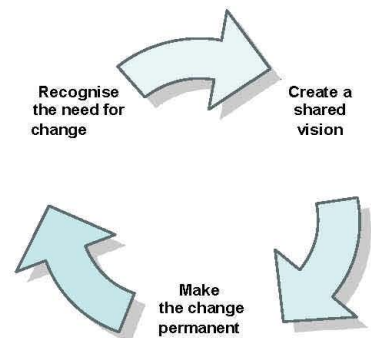
3. **<u>Institutionalise the change</u>:**

   a) This is an <u>action stage</u> which requires implementation of changed strategy.

   b) Creating and sustaining a <u>different attitude</u> towards change is essential to ensure that the firm does not slip back into old ways of thinking or doing things.

   c) All these changes should be set up as a practice to be followed by the organization and be able <u>to transfer from one level to another</u> as a well settled practice.

   d) It <u>takes time</u> for the changed culture to prevail.

SIMILAR QUESTIONS:

1. Specify the steps that are needed to initiate & bring changes in the strategic building of any organization.

A. Same as above.

2. Write a short note on Steps for initiating a strategic change.

A. Same as above.

Q.No.22. What is strategic change? Explain the change process proposed by Kurt Lewin that can be useful in implementing strategies?   (A)
(PM, RTP - N14, M11 – 3M, M13 – 4M, N14 - 3M)

- The changes in the environmental forces often require businesses <u>to make modifications in their existing strategies</u> and bring out new strategies.

- Strategic change is a <u>complex process</u> and it involves a corporate strategy focused on new markets, products, services and new ways of doing business.

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

1. **UNFREEZING THE SITUATION:**

   a) Lewin proposes that the changes should not come as a surprise to the members of the organisation. Management must pave the way for the change by first "unfreezing the situation", so that members would be <u>willing and ready</u> to accept the change.

   b) Unfreezing is the process <u>of breaking down old attitudes</u> and behaviours, customs, and traditions. So that they start with a clean slate.

   c) The process of unfreezing simply <u>makes the individuals or organisations aware of the necessity for change</u> and prepares them for such a change.

   d) *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 <u>their behaviour</u> 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 <u>reward and punishment</u> strategy for good or bad behaviour.

      ii) **Identification:** It occurs when members are <u>psychologically impressed</u> 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 <u>changing</u> the individual's thought process in order to adjust to new environment. This involves giving freedom to learn and adopt new behaviour in order to succeed in the new set of circumstances.

3. **REFREEZING:**

   a) Refreezing occurs when the <u>new becomes a normal way of life.</u>

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

   c) For the new behaviour to become permanent, it must be continuously reinforced so that this new acquired behaviour does not diminish or extinguish.
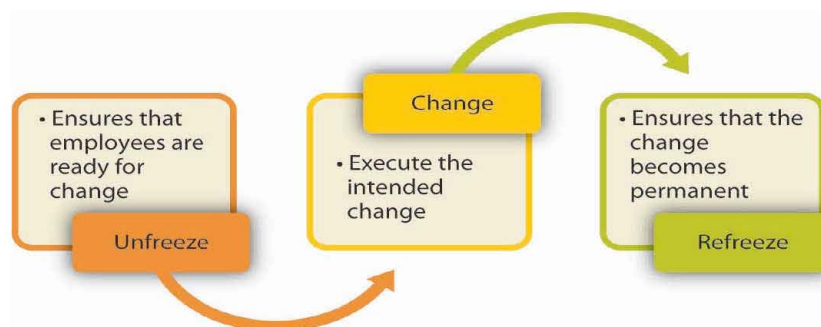
Conclusion: Change process is not a one-time application but a <u>continuous process</u> due to dynamism and ever changing environment. The process of unfreezing, changing and refreezing <u>is a cyclical one</u> and remains continuously in action.

SIMILAR QUESTIONS:

1. ABC Ltd. plans to introduce changes in its structure, technology and people. Explain how Kurt Lewin's change process can help this firm.

A. Same as above

Q.No.23. What do you mean by Corporate Culture? (A)

(PM, RTP- M11, M12, M14, N11 - 3M)

1. **MEANING:**

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

   b) *Every corporation has a culture that exerts powerful influences on the behaviour of managers. 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.*

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

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

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

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

   b) Ethical standards and official policies,

   c) dealing with employees, unions, stockholders, vendors and the communities in which firm operates, traditions that an organization maintains,

   d) supervisory practices,

   e) employees attitude and behavior,

   f) Peer pressures, organization's politics, "chemistry" and the "<u>vibrations</u>" that exist in the work environment.

Corporate Culture at Wipro
Every day at Wipro is challenging and thought – provoking. What is tested is employees' drive, enthusiasm and initiative. New ideas are appreciated and innovation is encouraged.

<u>SIMILAR QUESTIONS:</u>

1. What is Corporate Culture?

A. Refer 1st point in the above answer.

Q.No.24. Is Culture an Obstacle or Ally in Strategy Execution? (A)

(RTP - M12, N08 – 2M, M11 – 3M)

1. An organization's culture is <u>either an important</u> contributor or an obstacle to successful strategy execution.

2. The beliefs, vision, objectives, and business approaches and practices underpinning a company's strategy may be compatible with its culture or they may not.

3. If there is compatibility then culture becomes a valuable ally in strategy implementation.

4. It there is a conflict between culture and company's direction, performance targets or strategy then <u>culture becomes a hurdle</u> in the successful implementation and execution of the strategy.

<u>SIMILAR QUESTIONS:</u>

1. An organization's culture is always an obstacle to successful strategy implementation. (T/F)

A. Same as above.

Q.No.25. How culture promotes better strategy execution?   (A)
(PM, RTP- N11, N11 - 3M, M12 – 4M)

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 culture with business principles like listening to customers, encouraging employees to take pride in their work and giving employees a degree of decision making responsibility promotes strategy of superior customer service.

4. A strong strategy-supportive culture nurtures and motivates people to do their jobs in ways conducive to effective strategy execution it promotes strong employee identification with the company's vision, performance targets and strategy. All this makes employees feel genuinely better about their job and work environment and the merits of what the company is trying to achieve.

CONCLUSION: Thus, a 'good fit' between culture and strategy will stimulate the employees to accept the challenge of realising the company's vision, do their jobs competently and with enthusiasm, and collaborate with others, to effectively implement the strategy.

SIMILAR QUESTIONS:

1. Explain briefly the role of culture in promoting better strategy execution.   **(M12 - 4M)**

A. Same as above

2. Briefly describe the impact of corporate culture on an organization.   **(M14 – 3M, PM)**

A. Write the meaning of corporate culture given in Q. No.30 + 1st, 2nd & 3rd points in Q. No.31 and 1st point of Q. No. 32.

3. Write a short note on importance of corporate culture.   **(PM)**

A. Same as above.

Q.No.26. Outline the Process of Changing a Problem Culture.   (A)   **(PM, N14 - 3M)**

Changing a company's culture to align with its strategy is one of the toughest tasks of management. It is easier to talk about than do. *Changing a problem culture is very difficult because of the heavy anchor of deeply held values and habits which people attach emotionally to old and familiar.*

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.

After Louie Gerstner arrived at IBM in 1993, over 100,000 employees were laid-off from a company that had maintained a culture of lifetime employment practice from its inception.

3. Follow-up with visible, aggressive actions to modify the culture.

4. Revising policies and procedures in such a way that it will help to drive cultural change.

5. Make changes in incentive system so as to reward the desired cultural behaviour.

6. Visibly praise and recognize people who display the new cultural traits.

7. Recruit and hire new managers and employees who have the desired cultural values and can serve as role models to others. Replace the key executives who are strongly associated with the old culture.

8. Communicate the basis of cultural change to employees and its benefits to all concerned.

9. Get the support of first line supervisors and employee union leaders.

CONCLUSION:

The task of making culture supportive strategy is not a short-term exercise. It takes time for a new culture to emerge and prevail. The bigger the organization and the greater the culture shift needed to produce a culture-strategy fit, the longer it takes. In large companies, changing the corporate culture in significant ways can take two to five years.

Be the change
you want
to see
in the world
-Mahatma Gandhi
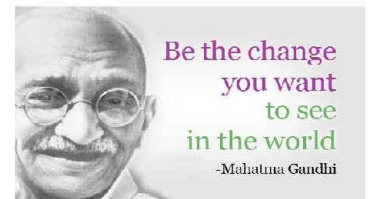
SIMILAR QUESTIONS:

1. **What steps would you suggest to change a company's problem culture?**

A. Refer steps in above question.

STRATEGIC CONTROL

Q.No.27. 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.28. 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:**   (N15)

   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.

   iii) Some of the examples of operational controls can be stock control (maintaining stocks between set limits), production control (manufacturing to set programmes), quality control (keeping product quality between agreed limits), cost control (maintaining expenditure as per standards), budgetary control (keeping performance to budget).

b) Management Control:

  i) When compared with operational control, management control is <u>more inclusive and more aggregative</u>.

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

c) <u>Strategic Control:</u> 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.29. What is Strategic Control? Explain different types of Strategic Control.   (A)
(PM, RTP - M12, N16, M12 – 4M)

<u>MEANING:</u>

1. Strategic Control is the <u>process of evaluating</u> strategy as it is formulated and implemented.

2. It is directed <u>towards identifying</u> problems and changes in premises and making necessary adjustments.

<u>TYPE OF STRATEGIC CONTROL:</u> There are four types of strategic control as follows:

1. <u>Premise Control</u>:   **(RTP - N11)**

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

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

  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.

2. <u>Strategic Surveillance</u>:

  a) Strategic surveillance is <u>unfocussed</u>.

  b) It involves <u>general monitoring</u> of various sources of information to uncover unanticipated information having a bearing on the organizational strategy.

  c) *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.*

3. <u>Special Alert Control</u>:

  a) Sometimes <u>unexpected events</u> 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.

  c) *To cope up with these eventualities, organisations may form crisis management teams to handle the situation.*

4. <u>Implementation Control</u>:

  a) Managers implement strategy by <u>converting</u> major plans into concrete, sequential actions that form incremental steps.

  b) Implementation control is directed towards <u>assessing the need for changes in the overall strategy</u> in light of unfolding events and results associated with incremental steps and actions.

c) *The two basic forms of implementation control are:*

   i) *Monitoring strategic thrusts: It helps managers to determine whether the overall strategy is progressing as desired or whether there is need for readjustments.*

   ii) *Milestone Reviews: All key activities necessary to implement strategy are segregated in terms of time, events or major resource allocation. It normally involves a complete reassessment of the strategy. It also assesses the need to continue or refocus the direction of an organization.*
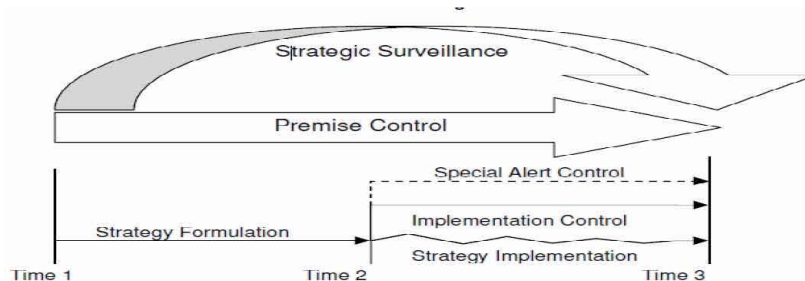
SIMILAR QUESTIONS:

1. Premise control is a tool for systematic and continuous monitoring of the environment. Discuss.

                                                           (RTP- M16)

A. Refer 1st point in the above answer.

2. Write short note on Implementation Control.

A. Refer 4th point in the above answer.

3. What is strategic control? Also explain briefly Premise Control?

A. Refer Meaning & 1st point in above answer.

QUESTIONS FOR ACADEMIC INTEREST – SELF STUDY

Q.No.30. 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 <u>objectives and policies</u> 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 <u>how resources will be allocated</u>. 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, <u>structure follows strategy</u>. So, changes in strategy lead to changes in organisational structure.

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

Note: Without a Strategy or Mission, firms cannot design an effective structure.

SIMILAR QUESTIONS:

1. Strategy follows structure. (T / F)

A. Refer the points 3 & 4 above   **(N 07 - 2M)**

Q.No.31. Outline the activities in Implementing and Executing the Strategy. (B)

Good Strategy Execution involves creating Strong "Fits"-

1. Between Strategy and Organisational Capabilities,
2. Between Strategy and the Reward Structure,
3. Between Strategy and Internal Operating Systems, and
4. Between Strategy and the Organisation's Work Climate and Culture.

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. • Execution of policies and procedures and organising the work effort. • Using the best-known practices to perform core business activities & for improvement.
4.	**Work Climate & Culture**	• Creating a company culture and work climate, conducive to successful strategy implementation and execution. • Using the internal leadership needed to drive implementation forward and keep improving execution.

Q.No.32. Outline the Role of Top Management in Strategy Implementation. (B)

The responsibility of top management <u>does not end</u> 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

<u>SIMILAR QUESTIONS:</u>

1. Discuss the management issues central to strategy implementation

A. Same as above.

Q.No.33. Bring out the Role of Leadership in Strategy Implementation.   (C)   (M 08 - 3M)

1. Strategic leaders must be <u>able to use</u> 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 <u>requires</u> the ability to anticipate, envision, maintain flexibility and empower others to create strategic change as and when necessary.

> *Strategic leaders are those at the top of the company (in particular, the CEO), but other commonly recognised strategic leaders include members of the board of directors, the top management team, and division general managers.*

3. **Strategic leader can guide the company by:**

   a) influencing the behaviour, thoughts and feelings of co-workers,

   b) managing through others,

   c) successfully processing,

   d) dealing with change and uncertainty.

4. Strategic leaders must adapt their assumptions, premises, and accepted wisdom so that they can deal with rapid, complex changes.

| Effective Strategic Leadership |
| Strategic Intent — influence — Strategic Mission (Shapes the formulation of) |
| Successful Strategic Actions |
| Formulation of Strategies — Implementation of Strategies |
| Strategic Competitiveness Above-Average Returns |

APPLICATION ORIENTED QUESTIONS

Q.No.34. Discuss the importance of proper implementation of strategy in strategic management (B)   **(PM)**

1. <u>MEANING OF STRATEGY IMPLEMENTATION:</u> As given above.

2. <u>IMPORTANCE:</u> There are situations where an organisation formulates a very competitive strategy, but is showing difficulties in implementing it successfully. This can be due to various factors, such as the lack of experience, the lack of necessary resources, missing leadership and so on. Unless corrective actions are taken the strategy will fail.

Q.No.35. How a Corporate culture can be both strength and weakness of an organization? (A)
(PM, RTP - M15, M16, N16)

<u>MEANING:</u> As given above.

"Culture is a strength that can also be a weakness". This statement can be explained by splitting it in to two parts.

<u>AS A STRENGTH:</u> Culture can facilitate communication, decision making and control and instill cooperation and commitment. An organization's culture could be <u>strong and cohesive</u> when it conducts its business according to <u>clear and explicit</u> set of principles and values.

<u>AS A WEAKNESS:</u> Culture, as a weakness <u>can obstruct</u> the smooth implementation of strategy by creating resistance to change. An organization's culture could be characterised as weak when <u>many sub-cultures exists</u>, few values and behavioural norms are shared and traditions are rare. In such organizations, employees <u>do not</u> have a sense of commitment, loyalty and sense of identity.

SIMILAR QUESTIONS:

1. Define corporate culture. Also elucidate the statement "Culture is a strength that can also be a weakness".

A. Same as above.

Q.No.36. 'A network structure is suited to unstable environment'. Elaborate. (B)   (PM)

1. Network structure is a newer and somewhat more radical organizational design.

2. The network structure could be termed a "non-structure" as it virtually eliminates in-house business functions and outsource many of them.

3. An organisation 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.

4. 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.

5. Instead of having salaried employees, it may contract with people for a specific project or length of time.

6. Long-term contracts with suppliers and distributors replace services that the company could provide for itself.

Q.No.37. "Management of internal linkages in the Value Chain could create competitive advantages in number of ways." Briefly explain.   (A)   (PM, RTP- M16, N 14 - 3M)

MANAGEMENT OF INTERNAL LINKAGES IN THE VALUE CHAIN COULD CREATE COMPETITIVE ADVANTAGE IN A NUMBER OF WAYS:

a) **Linkages between Primary Activities:** There may be important linkages between the primary activities. **For example,** *a decision to hold high levels of finished stock might ease production scheduling problems and it can provide faster response time to the customer. But it will increase the overall cost of operations. One has to assess whether the value added to the customer by this faster response is greater than the additional cost.*

b) **Linkages between Primary and Support Activities:** The management of the linkages between primary activity and support activity may be the basis of a core competence. It may be key investment in systems or infrastructure which provides the basis on which the company outperforms competition. **For e.g.,** *Travel bookings and hotel reservation systems are helping in providing better service and a service at reduced cost.*

c) **Linkages between different Support Activities:** It may also be the basis of building competitive advantage. **For example,** *the extent to which human resource development is in tune with new technologies is a key feature in the implementation of new production and office technologies.*

In addition to the management of internal linkage, competitive advantage may also be gained by the ability to complement/co-ordinate the organization's own activities with those of suppliers, channels or customers. Again, this could occur in a number of different ways:

a) **Vertical integration** attempts to improve performance through ownership of more parts of the value system, making more linkages internal to the organization. However, the practical difficulties and costs of co-ordinating a wider range of internal activities can outweigh the theoretical benefits.

b) Within manufacturing industry the competence in closely specifying requirements and controlling the performance of suppliers (sometimes linked to quality checking and/or penalties for poor performance) can be critical to both quality enhancement and cost reduction.

c) A more recent philosophy has been total quality management, which seeks to improve performance through closer working relationships between the specialists within the value system.

d) The merchandising activities which manufacturers undertake with their distributors are now much improved and are an important

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Q.No.38. 'To coordinate more complex organizational functions, companies should abandon the simple structure in favour of the functional structure'. Discuss. (B)   (PM, N 15 - 3M)

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1. **Simple Organisational Structure**: Generally Simple organizational structure is more appropriate in small organisations that follow single business strategy and offer a line of products in a single geographic market. A typical simple organization structure is often owner driven with small number of employees.

2. **Need to switch from Simple to Functional Structure**: When a small organisation grows, its **difficulties** also grow which necessitates the companies to abandon the simple organisation structure and move towards functional organisational structure.

3. **Functional Structure**: Refer its meaning as given above.

4. **Advantages of Functional Structure**: Refer above.

CONCLUSION: As the time passes and organisation grows, much more complex organisation structures exist in business world. However, functional form of organisation structure is invariably found at some level or the other.

TEST YOUR KNOWLEDGE

1. The process pf Strategic Management ends with Strategy Implementation. Comment

2. Differentiate between a centralized and decentralized organisation structure?

3. Are functional managers in a functional organisation structure accountable for profits? Explain.

4. What is the difference between simple organisation structure and functional organisational structure?

5. The Government of India sets many objectives in the areas like eradication of poverty, 100% literacy, etc. in its every 5 year plan but most of them are unachieved. What could be the possible reasons for this?

6. The role of top level management in strategy formulation is that of a 'Facilitator' in nature? Comment.

7. What will happen if the top level management of an organisation prepares various plans and assigns their implementation takes to middle & operational level management and goes on a long pleasure trip to Bangkok?

8. Does the size of a firm play any role in deciding upon the type of organisation structure to be adopted? Explain

9. When will a CA student said to be

   (i) Efficient and   **(ii)** Effective

10. What is the difference between Intuitive Skills and Analytical Skills?

11. Imagine you want to start a business soon after completion of your CA. What will you do in the first place; designing the organisational structure or designing the strategy? Explain

12. Why divisions are called 'Semi-Autonomous in divisional organisation structure?

13. List out the Companies that are following SBU organisation structure?

14. Differentiate between 'Authority' & 'Responsibility'?

15. List out the various Companies that are following network organisation structure?

16. What steps did Louie Gerstner take to change the old culture at IBM in the process of turning around the company?

THE END