

# Chapter 3

## Question Bank

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### 3.1 Strategic Decision Making

Q1.	<p>Rohit Seth in an informal discussion with his friend shared that he has to move very cautiously in his organisation as the decisions taken by him have organisation-wide impact and involve large commitments of resources. He also said that his decisions decide the future of his organisation.</p> <p>Where will you place Rohit Seth in the organisational hierarchy? What are the dimensions of the decisions being taken by him?</p> <p><b>(RTP, May 2018, NA) (RTP, May 2020, NA) (Study material)</b></p> <p>As the decisions taken by Rohit Seth have organisation wide impact, involves large commitments and have implication on the future, he is at the top level in organisational hierarchy. These characteristics also indicate that he is taking strategic decisions in the organisation. The major dimensions of strategic decisions are as follows:</p> <ul style="list-style-type: none"> <li>• <b>Strategic decisions require top-management involvement:</b> Strategic decisions involve thinking in totality of the organization. Hence, problems calling for strategic decisions require to be considered by the top management.</li> <li>• <b>Strategic decisions involve commitment of organisational resources:</b> 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.</li> <li>• <b>Strategic decisions necessitate consideration of factors in the firm's external environment:</b> Strategic focus in organization involves orienting its internal environment to the changes of external environment.</li> <li>• <b>Strategic decisions are likely to have a significant impact on the long-term prosperity of the firm:</b> Generally, the results of strategic implementation are seen on a long-term basis and not immediately.</li> <li>• <b>Strategic decisions are future oriented:</b> Strategic thinking involves predicting the future environmental conditions and how to orient for the changed conditions.</li> <li>• <b>Strategic decisions usually have major multifunctional or multi-business consequences:</b> As they involve organization in totality they affect different sections of the organization with varying degree.</li> </ul>
Q2.	<p>What is strategic decision making? What are its major dimensions?</p> <p><b>(MTP 1, May 2018, 5 Marks)</b></p>

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. Decisions may be operational i.e., which relate to general day-to-day operations. They may also be strategic in nature. According to Jauch and Glueck "Strategic decisions encompass 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."

The major dimensions of strategic decisions are as follows:

- **Strategic decisions require top-management involvement:** Strategic decisions involve thinking in totality of the organization. Hence, problems calling for strategic decisions require to be considered by the top management.
- **Strategic decisions involve commitment of organisational 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.
- **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.
- **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.
- **Strategic decisions are future oriented:** Strategic thinking involves predicting the future environmental conditions and how to orient for the changed conditions.
- **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.

Q3. What is Strategic Decision Making? Briefly explain the major dimensions of strategic decisions.  
(MTP 2, Nov 2018, 7 Marks)

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. Decisions may be operational i.e., which relate to general day-to-day operations. They may also be strategic in nature. According to Jauch and Glueck "Strategic decisions encompass 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."

The major dimensions of strategic decisions are as follows:

- **Strategic decisions require top-management involvement:** Strategic decisions involve thinking in totality of the organization. Hence, problems calling for strategic decisions require to be considered by the top management.
- **Strategic decisions involve commitment of organisational 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.

	<ul style="list-style-type: none"> <li>• <b>Strategic decisions necessitate consideration of factors in the firm's external environment:</b> Strategic focus in organization involves orienting its internal environment to the changes of external environment.</li> <li>• <b>Strategic decisions are likely to have a significant impact on the long-term prosperity of the firm:</b> Generally, the results of strategic implementation are seen on a long-term basis and not immediately.</li> <li>• <b>Strategic decisions are future oriented:</b> Strategic thinking involves predicting the future environmental conditions and how to orient for the changed conditions.</li> <li>• <b>Strategic decisions usually have major multifunctional or multi-business consequences:</b> As they involve organization in totality they affect different sections of the organization with varying degree.</li> </ul>
Q4.	<p>Which of the following statement is not true about strategic decisions?</p> <p>(a) They need top-management involvement.</p> <p>(b) Involve commitment of organisational resources.</p> <p>(c) They are based on external environment</p> <p>(d) They have insignificant impact on the long-term prosperity</p> <p><b>(RTP, May 2019, NA)</b></p>
	<p>Correct answer: (d) They have insignificant impact on the long-term prosperity</p>
Q5.	<p>Shri Alok Kumar is having his own medium size factory in Aligarh manufacturing hardware consisting handles, hinges, tower bolts and so on. He has a staff of more than 220 in his organisation. One of the leading brand of Hardware seller in India is rebranding and selling the material from his factory. Shri Alok Kumar, believes in close supervision and takes all major and minor decisions in the organisation.</p> <p>Do you think Shri Alok should take all decisions himself? What should be nature of decisions that should be taken by him.</p> <p><b>(RTP, May 2019, NA) (MTP 1, May 2021, 5 Marks) (MTP 2, Nov 2021, 5 Marks) (Study material)</b></p> <p>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. Decisions may be operational, i.e., which relate to general day-to-day operations. They may also be strategic in nature.</p> <p>As owner manager at the top level in the company, Shri Alok Kumar should concentrate on strategic decisions. These are higher level decisions having organisation wide implications. The major dimensions of strategic decisions are as follows:</p> <ul style="list-style-type: none"> <li>• Strategic decisions require top-management involvement as they involve thinking in totality of the organization.</li> <li>• Strategic decisions involve significant commitment of organisational resources.</li> <li>• Strategic decisions necessitate consideration of factors in the firm's external environment.</li> </ul>

	<ul style="list-style-type: none"> <li>• Strategic decisions are likely to have a significant impact on the long-term prosperity of the firm.</li> <li>• Strategic decisions are future oriented.</li> <li>• Strategic decisions usually have major multifunctional or multi-business consequences.</li> </ul>
Q6.	<p>A owner of medium size factory in Aligarh manufacturing hardware consisting handles, hinges, tower bolts and so on has a staff of about 200 in his organisation. One of the leading brand of Hardware seller in India is rebranding and selling the material from his factory. The owner believes in close supervision and takes all major and minor decisions in the organisation.</p> <p>Do you think the owner should take all decisions himself? What kind of decisions should be taken by person at the level of owner of a medium size factory.</p> <p><b>(MTP 2, May 2019, 5 Marks)</b></p> <p>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. Decisions may be operational, i.e., which relate to general day-to-day operations. They may also be strategic in nature.</p> <p>A owner manager at the top level should concentrate on strategic decisions. These are higher level decisions having organisation wide implications. The major dimensions of strategic decisions are as follows:</p> <ul style="list-style-type: none"> <li>• Strategic decisions require top-management involvement as they involve thinking in totality of the organization.</li> <li>• Strategic decisions involve significant commitment of organisational resources.</li> <li>• Strategic decisions necessitate consideration of factors in the firm's external environment.</li> <li>• Strategic decisions are likely to have a significant impact on the long-term prosperity of the firm.</li> <li>• Strategic decisions are future oriented.</li> <li>• Strategic decisions usually have major multifunctional or multi-business consequences.</li> </ul>
Q7.	<p>What is strategic decision making? What tasks are performed by a strategic Manager?</p> <p><b>(MTP 1, Nov 2019, 5 Marks) (RTP, Nov 2020, NA) (Study material)</b></p> <p>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. Decisions may be operational i.e., which relate to general day-to-day operations. They may also be strategic in nature. According to Jauch and Glueck "Strategic decisions encompass 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."</p>

	<p>The primary task of the strategic manager is conceptualizing, designing and executing company strategies. For this purpose, his tasks include:</p> <ul style="list-style-type: none"> <li>● Defining the mission and goals of the organization.</li> <li>● Determining what businesses it should be in.</li> <li>● Allocating resources among the different businesses.</li> <li>● Formulating and implementing strategies that span individual businesses.</li> <li>● Providing leadership for the organization.</li> </ul>
Q8.	<p>“Strategic decisions are different in nature than all other decisions.” In the light of this statement, explain any three major dimensions of strategic decisions.</p> <p><b>(RTP, May 2020, NA) (SA, May 2021, 5 Marks)</b></p> <p>Decision-making 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. Strategic decisions are different in nature than all other decisions which are taken at various levels of the organization during their day-to-day working. The major dimensions of strategic decisions are given below:</p> <ol style="list-style-type: none"> <li>1. Strategic issues require top-management decisions. Strategic issues involve thinking in totality of the organizations and there is lot of risk involved.</li> <li>2. Strategic issues involve the allocation of large amounts of company resources - financial, technical, human etc.</li> <li>3. Strategic issues are likely to have a significant impact on the long-term prosperity of the firm.</li> <li>4. Strategic issues are future oriented.</li> <li>5. Strategic issues usually have major multifunctional or multi-business consequences.</li> <li>6. Strategic issues necessitate consideration of factors in the firm’s external environment.</li> </ol>
Q9.	<p>How strategic decisions differ in nature from other routine decisions taken in day-to-day working of an organization? Explain.</p> <p><b>(RTP, Nov 2021, NA)</b></p>
	<p>Strategic decisions are different in nature than all other decisions which are taken at various levels of the organization during day-to-day working of the organizations. The major dimensions of strategic decisions are given below:</p> <ul style="list-style-type: none"> <li>● Strategic issues require top management decisions.</li> <li>● Strategic issues involve the allocation of large amounts of company resources.</li> <li>● Strategic issues are likely to have a significant impact on the long term prosperity of the organisation.</li> <li>● Strategic issues are future oriented.</li> <li>● Strategic issues usually have major multifunctional or multi-business consequences.</li> </ul>

- Strategic issues necessitate consideration of factors in the organisation's external environment.

## 3.2 Strategic Intent

Q1.

Define strategic intent. Briefly explain the elements of strategic intent.

**(RTP, May 2018, NA)**

Strategic Management is defined as a dynamic process of formulation, implementation, evaluation, and control of strategies to realise the organization's strategic intent. Strategic intent refers to purposes for what organization strives for. Top management must define "what they want to do" and "why they want to do". "Why they want to do" represents strategic intent of the firm. Clarity in strategic intent is extremely important for the future success and growth of the enterprise, irrespective of its nature and size.

Strategic intent can be understood as the philosophical base of strategic management. It implies the purposes, which an organization endeavours to achieve. It is a statement that provides a perspective of the means, which will lead the organization, reach its vision in the long run. Strategic intent gives an idea of what the organization desires to attain in future.

Strategic intent provides the framework within which the firm would adopt a predetermined direction and would operate to achieve strategic objectives. Strategic intent could be in the form of vision and mission statements for the organisation at the corporate level. It could be expressed as the business definition and business model at the business level of the organisation.

Strategic intent is generally stated in broad terms but when stated in precise terms it is an expression of aims to be achieved operationally i.e., goals and objectives.

### Elements of Strategic Intent

**(i) 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 glimpse of what the organization would like to become in future. Every sub system of the organization is required to follow its vision.

**(ii) Mission:** Mission delineates 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. A mission statement helps to identify, 'what business the company undertakes.' It defines the present capabilities, activities, customer focus and business makeup.

**(iii) Business definition:** It seeks to explain the business undertaken by the firm, with respect to the customer needs, target markets, and alternative technologies. With the help of business definition,

one can ascertain the strategic business choices. Organisational restructuring also depends upon the business definition.

**(iv) Business model:** Business model, as the name implies is a strategy for the effective operation of the business, ascertaining sources of income, desired customer base, and financial details. Rival firms, operating in the same industry rely on the different business model due to their strategic choice.

**(v) 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. These are the end results which are to be attained with the help of an overall plan, over the particular period. However, in practice no distinction is made between goals and objectives and both terms are used interchangeably.

The vision, mission, business definition, and business model explain the philosophy of the organisation but the goals and objectives represent the results to be achieved in multiple areas of business.

Q2.

What are the elements in strategic intent of organisation?

**(RTP, May 2019, NA) (RTP, May 2020, NA)**

Strategic intent can be understood as the philosophical base of strategic management. It implies the purposes, which an organization endeavours to achieve. It is a statement that provides a perspective. Strategic intent gives an idea of what the organization desires to attain in future. Strategic intent provides the framework within which the firm would adopt a predetermined direction and would operate to achieve strategic objectives. Elements of strategic management are as follows:

**(i) 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 glimpse of what the organization would like to become in future. Every sub system of the organization is required to follow its vision.

**(ii) Mission:** Mission delineates 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. A mission statement helps to identify, 'what business the company undertakes.' It defines the present capabilities, activities, customer focus and business makeup.

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	the help of an overall plan, over the particular period. However, in practice no distinction is made between goals and objectives and both terms are used interchangeably.
Q3.	<p>Which one is not the element of strategic intent?</p> <p>(a) Business model (b) Vision (c) Business definition (d) Business standard</p> <p><b>(MTP 1, Nov 2019, 1 Mark) (RTP, May 2020, NA)</b></p>
	Correct answer: (d) Business standard
Q4.	<p>Members of Infinite Care, an NGO, have met and determined that they need to formulate a philosophical basis for their activities. Thereby they have come up with a statement: "Provide children till age 12, living in homeless or low-income situations, with the essential items they need to thrive – at home, at school and at play" Identify the area of strategic intent, which the members have stated?</p> <p>(a) Vision (b) Business Definition (c) Goal and Objective (d) Mission</p> <p><b>(MTP 1, Nov 2020, 2 Marks)</b></p>
	Correct answer: (d) Mission
Q5.	<p>The philosophical base of strategic management falls within the concept of-</p> <p>(a) Strategic Intent (b) Portfolio Analysis (c) Globalisation (d) Vision statement</p> <p><b>(MTP 1, Nov 2021, 1 Mark)</b></p>
	Correct answer: (a) Strategic Intent

### 3.3 Vision, Mission & Objectives

Q1.	<p>Which of these basic questions should a vision statement answer?</p> <p>(a) What is our business? (b) Who are our competitors? (c) Where we are to go? (d) Why do we exist?</p> <p><b>(Sample MCQs) (MTP 1, May 2019, 1 Mark)</b></p>
	Correct answer: (c) Where we are to go?

<p>Q2.</p>	<p>Distinguish between the following: Vision and Mission <b>(RTP, May 2018, NA)</b></p> <p>The vision describes a future identity while the Mission serves as an on-going and time-independent guide.</p> <p>The vision statement can galvanize the people to achieve defined objectives, even if they are stretch objectives, provided the vision is specific, measurable, achievable, and relevant and time bound. A mission statement provides a path to realize the vision in line with its values. These statements have a direct bearing on the bottom line and success of the organization.</p> <p>A mission statement defines the purpose or broader goal for being in existence or in the business and can remain the same for decades if crafted well while a 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.</p>
<p>Q3.</p>	<p>What is strategic vision? <b>(MTP 1, May 2018, 2 Marks) (RTP, Nov 2018, NA)</b></p> <p>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.</p> <p>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.</p>
<p>Q4.</p>	<p>Distinguish between vision statement and mission statement. <b>(MTP 2, May 2018, 5 Marks) (MTP 1, Nov 2018, 5 Marks)</b></p> <p>A Mission statement tells you the fundamental purpose of the organization. It concentrates on the present. It defines the customer and the critical processes. It informs you of the desired level of performance. On the other hand, a Vision statement outlines what the organization wants to be. It concentrates on the future. It is a source of inspiration. It provides clear decision -making criteria.</p> <p>A mission statement can resemble a vision statement in a few companies, but that can be a grave mistake. It can confuse people. Following are the major differences between vision and mission:</p> <ol style="list-style-type: none"> <li>1. The vision describes a future direction while the mission serves as ongoing intent.</li> <li>2. The vision statement can galvanize the people to achieve defined objectives, even if they are stretch 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. These statements have a direct bearing on the bottom line and success of the organization.</li> </ol>

	<p>3. A vision statement defines the purpose or broader goal for being in existence or in the business and can remain the same for decades if crafted well while a mission statement is more specific in terms of both the future state and the time frame. Mission describes what will be achieved if the organization is successful.</p>
Q5.	<p>Describe the term 'Strategic Vision'. <b>(SA, May 2018, 2 Marks)</b></p> <p>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.</p> <p>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.</p>
Q6.	<p>Correct/Incorrect. For a small entrepreneur vision and mission are irrelevant. <b>(RTP, Nov 2018, NA)</b></p> <p><b>The statement is Incorrect.</b></p> <p>Entrepreneur, big or small has to function within several influences from external forces. Competition in different form and different degree is present in all kind and sizes of business. Even entrepreneur with small businesses can have complicated environment. To grow and prosper they need to have clear vision and mission.</p>
Q7.	<p>Essentials of a strategic vision. <b>(RTP, Nov 2018, NA)</b></p> <p>Essentials of a strategic vision:</p> <ul style="list-style-type: none"> <li>• The entrepreneurial challenge in developing a strategic vision is to think creatively about how to prepare a company for the future.</li> <li>• Forming a strategic vision is an exercise in intelligent entrepreneurship.</li> <li>• A well-articulated strategic vision creates enthusiasm among the members of the organisation.</li> <li>• The best-worded vision statement clearly illuminates the direction in which organization is headed.</li> </ul>
Q8.	<p>'Objectives' and 'Goals' provide meaning and sense of direction to organizational endeavour. Explain. <b>(RTP, Nov 2018, NA)</b></p> <p>Business organization translates their vision and mission into objectives. Objectives are open-ended attributes that denote the future states or outcomes. Goals are close -ended attributes which are precise and expressed in specific terms. Thus, the goals are more specific and translate to objectives to short term perspective.</p>

	<p>All organizations have objectives. The pursuit of objectives is an unending process such that organizations sustain themselves. They provide meaning and sense of direction to organizational endeavour. Organizational structure and activities are designed and resources are allocated around the objectives to facilitate their achievement. They also act as benchmarks for guiding organizational activity and for evaluating how the organization is performing.</p>
Q9.	<p>Correct/Incorrect.</p> <p>Vision is one of the key elements of Strategic Intent.</p> <p><b>(SA, Nov 2018, 2 Marks)</b></p> <p><b>The statement is Correct.</b></p> <p>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 glimpse of what the organisation would like to become in future. Every sub system of the organisation is required to follow its vision.</p>
Q10.	<p>Mission:</p> <p>(a) is an internally-focused definition of the organization's societal goals.</p> <p>(b) is a statement of a firms unique purpose and scope of operations.</p> <p>(c) does not relate to the industry in which the firm intends to compete.</p> <p>(d) is developed by a firm before the firm develops its strategic intent.</p> <p><b>(RTP, May 2019, NA) (MTP 2, May 2019, 1 Mark)</b></p> <p>Correct answer: (b) is a statement of a firms unique purpose and scope of operations.</p>
Q11.	<p>Objectives should be:</p> <p>(i) Concrete and specific.</p> <p>(ii) Related to time frame.</p> <p>(iii) Standards for performance appraisal.</p> <p>Which of the above statements are true:</p> <p>a. (i) &amp; (ii).</p> <p>b. (ii) &amp; (iii).</p> <p>c. (i) &amp; (iii).</p> <p>d. (i), (ii) and (iii)</p> <p><b>(MTP 2, May 2019, 1 Mark)</b></p> <p>Correct answer: (d) (i), (ii) and (iii)</p>
Q12.	<p>What are the characteristics which must be possess by objectives, to be meaningful to serve the intended role?</p> <p><b>(SA, May 2019, 5 Marks)</b></p> <p>Objectives with strategic focus relate to outcomes that strengthen an organization's overall business position and competitive vitality. Objectives, to be meaningful to serve the intended role, must possess the following characteristics:</p>

- Objectives should define the organization's relationship with its environment.
- Objectives should be facilitative towards achievement of mission and purpose.
- Objectives should provide the basis for strategic decision-making.
- Objectives should provide standards for performance appraisal.
- Objectives should be understandable.
- Objectives should be concrete and specific.
- Objectives should be related to a time frame.
- Objectives should be measurable and controllable.
- Objectives should be challenging.
- Different objectives should correlate with each other.
- Objectives should be set within constraints.

Q13. Statement that is typically focused on present business scope and broadly describes an organizations present capabilities, customer focus, activities, and business makeup is:

A. Vision  
B. Mission  
C. Strategy  
D. Goals

**(RTP, Nov 2019, NA)**

Correct answer: (b) Mission

Q14. Mr Raj has been hired as a CEO by XYZ ltd a FMCG company that has diversified into affordable cosmetics. The company intends to launch Feelgood brand of cosmetics. XYZ wishes to enrich the lives of people with its products that are good for skin and are produced in ecologically beneficial manner using herbal ingredients. Draft vision and mission statement that may be formulated by Raj.

**(RTP, Nov 2019, NA) (RTP, Nov 2020, NA) (Study material)**

Feelgood brand of cosmetics may have following vision and mission:

**Vision:** Vision implies the blueprint of the company's future position. It describes where the organisation wants to land. Mr Raj should aim to position "Feelgood cosmetics" as India's beauty care company. It may have vision to be India' largest beauty care company that improves looks, give extraordinary feeling and bring happiness to people.

**Mission:** Mission delineates 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.

Mr Raj may identify mission in the following lines:

	<ul style="list-style-type: none"> <li>• To be in the business of cosmetics to enhance the lives of people, give them confidence to lead.</li> <li>• To protect skin from harmful elements in environment and sun rays.</li> <li>• To produce herbal cosmetics using natural ingredients.</li> </ul>
Q15.	<p>Why an organisation should have a mission? What considerations are to be kept in mind while writing a good mission statement of a company? <b>(SA, Nov 2019, 5 Marks)</b></p> <p>Organization should have a mission on account of the following reasons:</p> <ul style="list-style-type: none"> <li>• To ensure unanimity of purpose within the organization.</li> <li>• To develop a basis, or standard, for allocating organizational resources.</li> <li>• To provide a basis for motivating the use of the organization's resources.</li> <li>• To establish a general tone or organizational climate.</li> <li>• To serve as a focal point for those who can identify with the organization's purpose and direction.</li> <li>• To facilitate the translation of objective and goals into a work structure involving the assignment of tasks to responsible elements within the organization.</li> <li>• To specify organizational purposes and the translation of these purposes into goals in such a way that cost, time, and performance parameters can be assessed and controlled.</li> </ul> <p>The following points must be considered while writing a good mission statement of a company:</p> <p>(i) To establish the special identity of the business - one that typically distinct it from other similarly positioned companies.</p> <p>(ii) Good mission statements should be unique to the organisation for which they are developed.</p> <p>(iii) Needs which business tries to satisfy, customer groups it wishes to target and the technologies and competencies it uses and the activities it performs.</p>
Q16.	<p>What is strategic vision? Describe the essentials of strategic vision. <b>(SA, Nov 2020, 5 Marks)</b></p> <p>A strategic vision is a roadmap 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. It helps the company to answer the question “where we are to go” and provides a convincing rationale for why this makes good business sense for the company.</p> <p>A strategic vision delineates organization's aspirations for the business, providing a panoramic view of the position where the organization 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 molds organizational identity.</p>

	<p><b>Essentials of a strategic vision</b></p> <ul style="list-style-type: none"> <li>• The entrepreneurial challenge in developing a strategic vision is to think creatively about how to prepare a company for the future.</li> <li>• Forming a strategic vision is an exercise in intelligent entrepreneurship.</li> <li>• A well-articulated strategic vision creates enthusiasm among the members of the organization.</li> <li>• The best-worded vision statement clearly illuminates the direction in which organization is headed.</li> </ul>
Q17.	<p>What are 'objectives'? What characteristics must it possess to be meaningful? <b>(RTP, May 2021, NA) (RTP, May 2022, NA)</b></p> <p>Objectives are organizations performance targets – the results and outcomes it wants to achieve. They function as yardstick for tracking an organization's performance and progress.</p> <p>Objectives with strategic focus relate to outcomes that strengthen an organization's overall business position and competitive vitality. Objectives, to be meaningful to serve the intended role, must possess the following characteristics:</p> <ul style="list-style-type: none"> <li>• Objectives should define the organization's relationship with its environment.</li> <li>• Objectives should be facilitative towards achievement of mission and purpose.</li> <li>• Objectives should provide the basis for strategic decision-making.</li> <li>• Objectives should provide standards for performance appraisal.</li> <li>• Objectives should be understandable.</li> <li>• Objectives should be concrete and specific.</li> <li>• Objectives should be related to a time frame.</li> <li>• Objectives should be measurable and controllable.</li> <li>• Objectives should be challenging.</li> <li>• Different objectives should correlate with each other.</li> <li>• Objectives should be set within constraints.</li> </ul>
Q18.	<p>What is the first step in the comprehensive strategic-management model?</p> <p>(a) Developing vision and mission statements (b) Performing external audits (c) Measuring and evaluating performance (d) Establishing long-term objectives</p> <p><b>(MTP 1, Nov 2019, 1 Mark) (MTP 2, May 2021, 1 Mark)</b></p>

	Correct answer: (a) Developing vision and mission statements
Q19.	<p>Mission statement of a company focuses on the question: 'who we are' and 'what we do'. Explain briefly.</p> <p><b>(MTP 2, May 2021, 5 Marks)</b></p> <p>A company's mission statement is typically focused on its present business scope — “who we are and what we do”; mission statements broadly describe an organizations present capabilities, customer focus activities and business makeup. An organisation's mission states what customers it serves, what need it satisfies, and what type of product it offers. It is an expression of the growth ambition of the organisation. It helps organisation to set its own special identity, business emphasis and path for development. Mission amplifies what brings the organisation to this business or why it is there, what existence it seeks and what purpose it seeks to achieve as a business organisation.</p> <p>In other words, the mission serves as a justification for the firm's very presence and existence; it legitimizes the firm's presence.</p>
Q20.	<p>Drishti Care is a not-for profit eye hospital and research centre. Which one of the following statements is likely to relate to Drishti Care's vision, rather than its mission statement?</p> <p>(a) Drishti Care places patient care before all else.</p> <p>(b) Drishti Care will be the global leader in cutting edge eye surgery.</p> <p>(c) Drishti Care offers the highest level of patient care throughout country.</p> <p>(d) Drishti Care consultants strive to continually improve surgical techniques.</p> <p><b>(RTP, Nov 2021, NA)</b></p> <p>Correct answer: (b) Drishti Care will be the global leader in cutting edge eye surgery.</p>
Q21.	<p>Meba Ltd. had a huge capacity of 40,000 Kilo Litres production of Kerosene Oil, and they were able to achieve 90% of it almost always, while the teams were also aware that they can achieve 100% capacity with very less efforts, but always kept margins. Further, the business team was planning to setup two more plants of 20,000 Kilo Litre capacity each in the next five years. This was a welcomed move from state governments as well. From the above, which of the following aspects of objectives is missing by production team?</p> <p>(a) They should be clear and quantifiable.</p> <p>(b) They should be concise.</p> <p>(c) They should be challenging.</p> <p>(d) They should provide standard for comparative appraisal.</p> <p><b>(MTP 2, Nov 2021, 2 Marks)</b></p> <p>Correct answer: (c) They should be challenging.</p>

### 3.4 Strategic Management Model

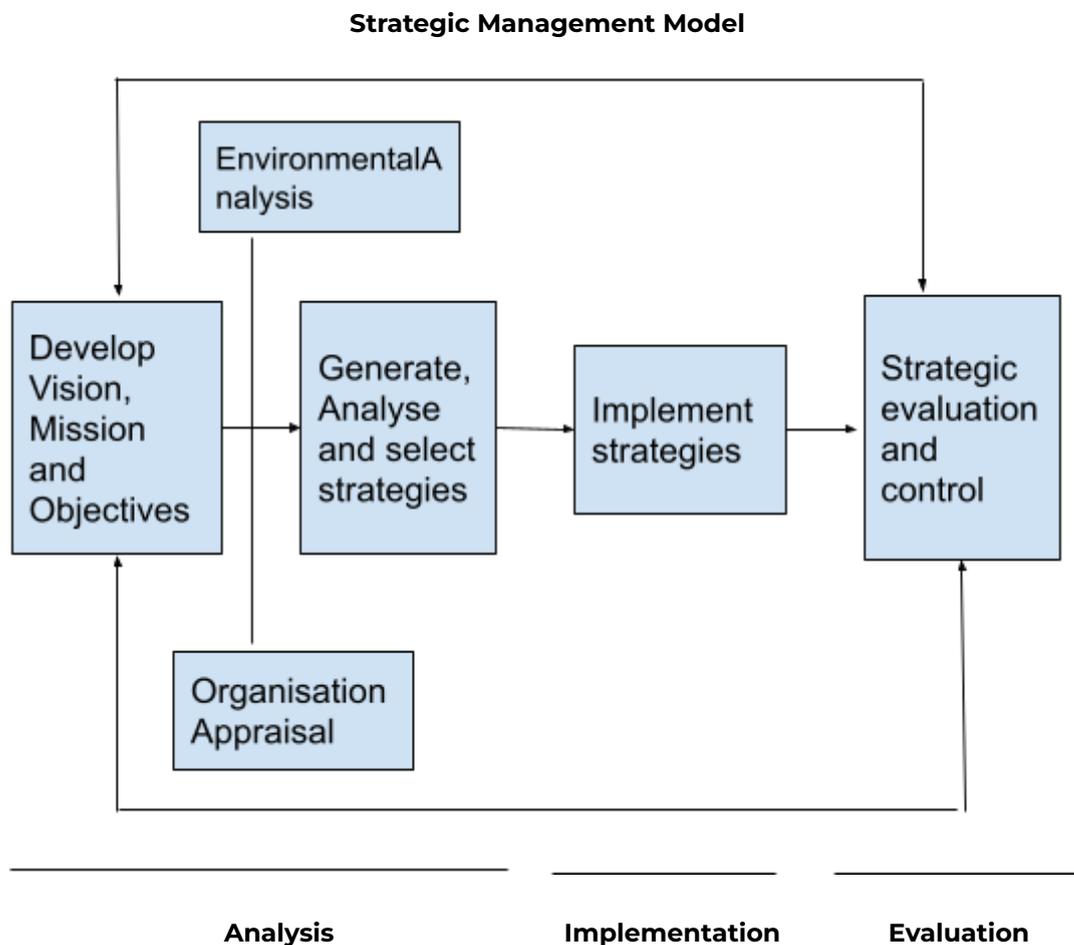
Q1.	<p>Describe the principal aspects of strategy-execution process, which are included in most situations. <b>(SA, May 2018, 5 Marks)</b></p> <p>Implementation or execution is an operations-oriented activity aimed at shaping the performance of core business activities in a strategy-supportive manner. To convert strategic plans into actions and results, a manager must be able to direct organizational change, motivate people, build and strengthen company's competencies and competitive capabilities, create a strategy-supportive work culture, and meet or beat performance targets. Good strategy execution involves creating strong "fits" between strategy and organizational capabilities, structure, climate &amp; culture.</p> <p>In most situations, strategy-execution process includes the following principal aspects:</p> <ul style="list-style-type: none"> <li>• Developing budgets that steer ample resources into those activities that are critical to strategic success.</li> <li>• Staffing the organization with the needed skills and expertise, consciously building and strengthening strategy-supportive competencies and competitive capabilities, and organizing the work effort.</li> <li>• Ensuring that policies and operating procedures facilitate rather than impede effective execution.</li> <li>• Using the best-known practices to perform core business activities and pushing for continuous improvement.</li> <li>• Installing information and operating systems that enable company personnel to better carry out their strategic roles day in and day out.</li> <li>• Motivating people to pursue the target objectives energetically.</li> <li>• Creating culture and climate conducive to successful strategy implementation and execution.</li> <li>• Exerting the internal leadership needed to drive implementation forward and keep improving strategy execution. When the organization encounters stumbling blocks or weaknesses, management has to see that they are addressed and rectified quickly.</li> </ul>
Q2.	<p>To convert strategic plans into actions and results, a manager must be able to direct organizational change, motivate people, build and strengthen company competencies and competitive capabilities, create a strategy-supportive work climate, and meet or beat performance targets.</p> <p>Explain the principal aspects of strategy-execution process. <b>(RTP, Nov 2018, NA) (MTP 1, May 2019, 5 Marks)</b></p> <p>Implementation or execution is an operations-oriented activity aimed at shaping the performance of core business activities in a strategy-supportive manner. To convert strategic plans into actions and results, a manager must be able to direct organizational change, motivate people, build and strengthen company's competencies and competitive capabilities, create a strategy-supportive work culture, and meet or beat performance targets. Good strategy execution involves creating strong "fits" between strategy and organizational capabilities, structure, climate &amp; culture.</p> <p>In most situations, strategy-execution process includes the following principal aspects:</p>

- Developing budgets that steer ample resources into those activities that are critical to strategic success.
- Staffing the organization with the needed skills and expertise, consciously building and strengthening strategy-supportive competencies and competitive capabilities, and organizing the work effort.
- Ensuring that policies and operating procedures facilitate rather than impede effective execution.
- Using the best-known practices to perform core business activities and pushing for continuous improvement.
- Installing information and operating systems that enable company personnel to better carry out their strategic roles day in and day out.
- Motivating people to pursue the target objectives energetically.
- Creating culture and climate conducive to successful strategy implementation and execution.
- Exerting the internal leadership needed to drive implementation forward and keep improving strategy execution. When the organization encounters stumbling blocks or weaknesses, management has to see that they are addressed and rectified quickly.

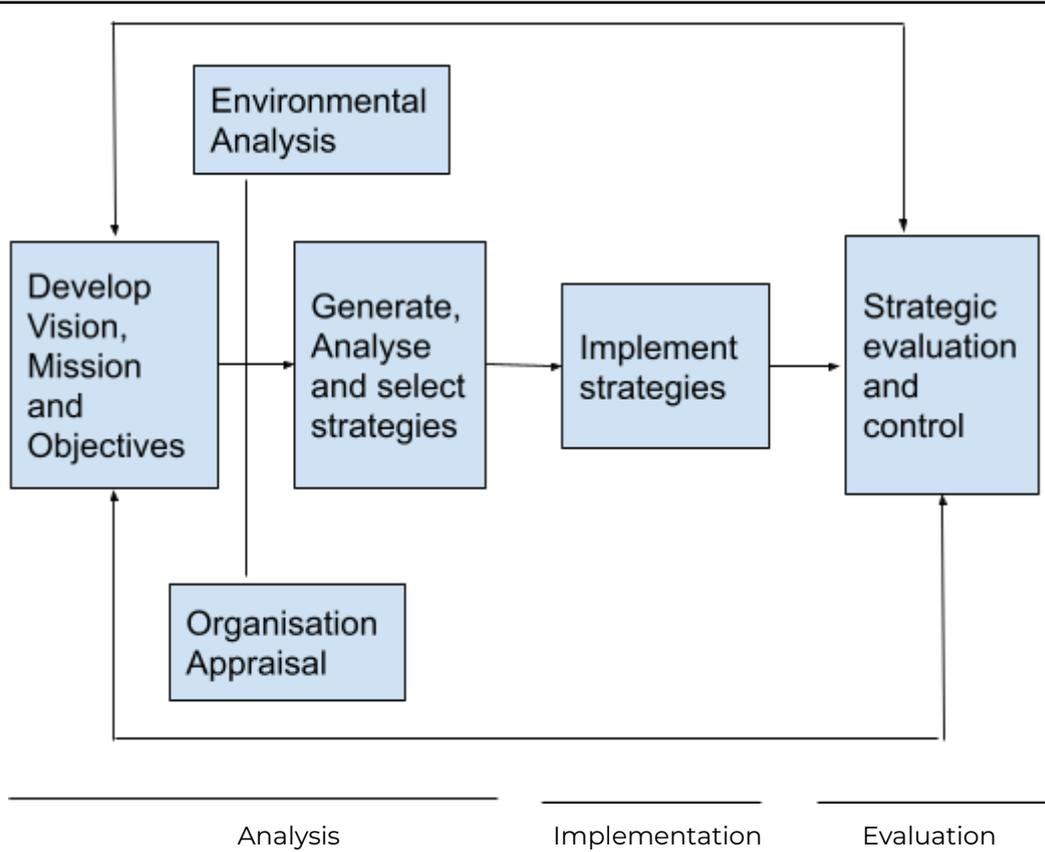
Q3.

Present a diagrammatic representation of a Strategic Management model.

**(SA, Nov 2018, 2 Marks)**



Q4.	<p>The strategic management process is:</p> <p>(a) a solution that guarantees prevention of organizational failure.</p> <p>(b) concerned with a resources, capabilities, and competencies, but not the conditions in its external environment.</p> <p>(c) not to be used in the not-for-profit organisations.</p> <p>(d) full set of commitments, decisions, and actions related to the firm.</p> <p><b>(RTP, May 2019, NA)</b></p>
	<p>Correct answer: (d) full set of commitments, decisions, and actions related to the firm.</p>
Q5.	<p>During what stage of strategic management are a firm's specific internal strengths and weaknesses determined?</p> <p>a. Formulation</p> <p>b. Implementation</p> <p>c. Evaluation</p> <p>d. Feedback</p> <p><b>(MTP 1, May 2019, 1 Mark)</b></p>
	<p>Correct answer: (a) Formulation</p>
Q6.	<p>With the help of a model explain strategic management process.</p> <p><b>(RTP, Nov 2019, NA)</b></p> <p>The strategic management process can best be studied and applied using a model. Identifying an organization's vision, mission, goals and objectives, is the starting point for strategic management process. The strategic management process is dynamic and continuous. A change in any one of the major components in the model can necessitate a change in any or all of the other components. Therefore, strategy formulation, implementation, and evaluation activities should be performed on a continual basis, not just at the end of the year or semi-annually.</p> <p>Formulating, implementing, and evaluating strategies are the major components of the strategic management that are represented in the following model:</p> <p style="text-align: center;"><b>Strategic Management Model</b></p>



The strategic management process is not as cleanly divided and neatly performed in practice. Strategists do not go through the process in lockstep fashion. Generally, there is give-and-take among hierarchical levels of an organization. Many organizations conduct formal meetings semi-annually to discuss and update the firm’s vision/mission, opportunities/threats, strengths/weaknesses, strategies, objectives, policies, and performance. Creativity from participants is encouraged in meeting. Good communication and feedback are needed throughout the strategic management process.

Q7. What is the first step in the comprehensive strategic-management model?  
 (a) Developing vision and mission statements  
 (b) Performing external audits  
 (c) Measuring and evaluating performance  
 (d) Establishing long-term objectives  
**(MTP 1, Nov 2019, 1 Mark) (MTP 2, May 2021, 1 Mark)**

Correct answer: (a) Developing vision and mission statements

Q8. In which phase of strategic management are annual objectives especially important?  
 (a) Formulation  
 (b) Control  
 (c) Evaluation  
 (d) Implementation  
**(RTP, May 2020, NA)**

Correct answer: (d) Implementation

Q9. Strategy execution is an operations-oriented activity which involves a good fit between strategy and organizational capabilities, structure, climate & culture. Enumerate the principal aspects of strategy execution process which are used in most of the situations.

**(SA, Jan 2021, 5 Marks) (Study Material)**

Implementation and execution are an operations-oriented activity aimed at shaping the performance of core business activities in a strategy-supportive manner. To convert strategic plans into actions and results, a manager must be able to direct organizational change, motivate people, build and strengthen company's competencies and competitive capabilities, create a strategy-supportive work culture, and meet or beat performance targets. Good strategy execution involves creating strong "fits" between strategy and organizational capabilities, structure, climate & culture.

In most situations, strategy-execution process includes the following principal Aspects:

1. Developing budgets that steer ample resources into those activities critical to strategic success.
2. Staffing the organization with the needed skills and expertise, consciously building and strengthening strategy-supportive competencies and competitive capabilities and organizing the work effort.
3. Ensuring that policies and operating procedures facilitate rather than impede effective execution.
4. Using the best-known practices to perform core business activities and pushing for continuous improvement.
5. Installing information and operating systems that enable company personnel to better carry out their strategic roles day in and day out.
6. Motivating people to pursue the target objectives energetically.
7. Creating a company culture and work climate conducive to successful strategy implementation and execution.
8. Exerting the internal leadership needed to drive implementation forward and keep improving strategy execution. When the organization encounters stumbling blocks or weaknesses, management has to see that they are addressed and rectified quickly.

Q10. Explain briefly the key areas in which the strategic planner should concentrate his mind to achieve desired results.

**(RTP, May 2021, NA)**

A strategic manager defines the strategic intent of the organisation and take it on the path of achieving the organisational objectives. There can be a number of areas that a strategic manager should concentrate on to achieve desired results. They commonly establish long-term objectives in seven areas as follows:

	<ul style="list-style-type: none"> <li>• Profitability.</li> <li>• Productivity.</li> <li>• Competitive Position.</li> <li>• Employee Development.</li> <li>• Employee Relations.</li> <li>• Technological Leadership.</li> <li>• Public Responsibility.</li> </ul>
Q11.	<p>Explain the principal aspects of strategy-execution process. <b>(RTP, Nov 2021, NA)</b></p> <p>In most situations, strategy-execution process includes the following principal aspects:</p> <ul style="list-style-type: none"> <li>• Developing budgets that steer ample resources into those activities critical to strategic success.</li> <li>• Staffing the organisation with the needed skills and expertise, consciously building and strengthening strategy-supportive competencies and competitive capabilities, and organizing the work effort.</li> <li>• Ensuring that policies and operating procedures facilitate rather than impede effective execution.</li> <li>• Using the best-known practices to perform core business activities and pushing for continuous improvement.</li> <li>• Installing information and operating systems that enable company personnel to better carry out their strategic roles day in and day out.</li> <li>• Motivating people to pursue the target objectives energetically.</li> <li>• Creating a company culture and work climate conducive to successful strategy implementation and execution.</li> <li>• Exerting the internal leadership needed to drive implementation forward and keep improving strategy execution. When the organisation encounters stumbling blocks or weaknesses, management has to see that they are addressed and rectified quickly.</li> </ul>

### 3.5 Strategic Planning

Q1.	<p>How a company can deal with strategic uncertainty? <b>(RTP, May 2018, NA) (MTP 1, Nov 2018, 3 Marks)</b></p>
	<p>Strategic uncertainty denotes the uncertainty that has crucial implications for the organisation. An approach to deal with strategic uncertainty is by grouping them into logical clusters or themes. It is then useful to assess the importance of each cluster in order to set priorities with respect to Information gathering and analysis.</p>

Q2.	<p>Correct/ Incorrect. Information gathering and deep analysis can eliminate uncertainty. <b>(RTP, May 2018, NA)</b></p>														
	<p><b>The statement is Incorrect.</b> Strategic uncertainty is often represented by a future trend or event that has inherent unpredictability. Information gathering and additional analysis is not able to eliminate uncertainty.</p>														
Q3.	<p>Differentiation between Strategic Planning and Operational Planning. <b>(RTP, May 2022, NA)</b></p> <table border="1" data-bbox="231 622 1528 1265"> <thead> <tr> <th data-bbox="231 622 877 685">Strategic Planning</th> <th data-bbox="877 622 1528 685">Operational planning</th> </tr> </thead> <tbody> <tr> <td data-bbox="231 685 877 779">Strategic planning shapes the organisation and its resources.</td> <td data-bbox="877 685 1528 779">Operational planning deals with current deployment of resources.</td> </tr> <tr> <td data-bbox="231 779 877 869">Strategic planning assesses the impact of environmental variables.</td> <td data-bbox="877 779 1528 869">Operational planning develops tactics rather than strategy.</td> </tr> <tr> <td data-bbox="231 869 877 958">Strategic planning takes a holistic view of the organisation.</td> <td data-bbox="877 869 1528 958">Operational planning projects current operations into the future.</td> </tr> <tr> <td data-bbox="231 958 877 1081">Strategic planning develops overall objectives and strategies.</td> <td data-bbox="877 958 1528 1081">Operational planning makes modifications to the business functions but not fundamental changes.</td> </tr> <tr> <td data-bbox="231 1081 877 1171">Strategic planning is concerned with the long-term success of the organisation.</td> <td data-bbox="877 1081 1528 1171">Operational planning is concerned with the short-term success of the organisation.</td> </tr> <tr> <td data-bbox="231 1171 877 1265">Strategic planning is a senior management responsibility.</td> <td data-bbox="877 1171 1528 1265">Operational planning is the responsibility of functional managers.</td> </tr> </tbody> </table>	Strategic Planning	Operational planning	Strategic planning shapes the organisation and its resources.	Operational planning deals with current deployment of resources.	Strategic planning assesses the impact of environmental variables.	Operational planning develops tactics rather than strategy.	Strategic planning takes a holistic view of the organisation.	Operational planning projects current operations into the future.	Strategic planning develops overall objectives and strategies.	Operational planning makes modifications to the business functions but not fundamental changes.	Strategic planning is concerned with the long-term success of the organisation.	Operational planning is concerned with the short-term success of the organisation.	Strategic planning is a senior management responsibility.	Operational planning is the responsibility of functional managers.
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