

Chapter 8

Question Bank

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8.1 Strategy Formulation and Implementation

Q1.	<p>What can be defined as the art and science of formulating, implementing and evaluating cross-functional decisions that enable an organization to achieve its objectives?</p> <p>(a) Strategy formulation (b) Strategy evaluation (c) Strategy implementation (d) Strategic management</p> <p>(Sample MCQs)</p>
	Correct answer: (d) Strategic management
Q2.	<p>An important activity in _____ is taking corrective action.</p> <p>(a) Strategy evaluation (b) Strategy implementation (c) Strategy formulation (d) Strategy leadership</p> <p>(Sample MCQs) (MTP 1, May 2019, 1 Mark)</p>
	Correct answer: (a) Strategy evaluation
Q3.	<p>Write a short note on Implementation Control.</p> <p>(MTP 2, Nov 2018, 5 Marks)</p> <p>Implementation Control: Managers implement strategy by converting major plans into concrete, sequential actions that form incremental steps. Implementation control is directed towards assessing the need for changes in the overall strategy in light of unfolding events and results associated with incremental steps and actions.</p> <p>Strategic implementation control is not a replacement to operational control. Strategic implementation control, unlike operational controls continuously monitors the basic direction of the strategy. The two basic forms of implementation control are:</p> <p>(i) Monitoring strategic thrusts: Monitoring strategic thrusts help managers to determine whether the overall strategy is progressing as desired or whether there is need for readjustments.</p> <p>(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.</p>
Q4.	<p>HQ is a service company. Two years back the company hired a reputed management consultant to formulate its strategy. The consultant recommended an aggressive expansion plan. Now in an</p>

	<p>internal review meeting the company finds that many of the suggestions are not even fully considered.</p> <p>Which part of strategic management process is missing in HQ?</p> <p>(RTP, May 2019, NA) (MTP 2, May 2019, 5 Marks) (Study Material)</p>										
<p>Q5.</p>	<p>Distinguish between Strategy Formulation and Strategy Implementation.</p> <p>(SA, May 2019, 3 Marks) (MTP 1, May 2021, 5 Marks) (MTP 1, Nov 2021, 5 Marks)</p> <p>Or</p> <p>Is strategy formulation an intellectual process? How is it different from strategy implementation?</p> <p>(Study Material)</p> <p>Yes, strategy formulation is primarily an intellectual process. It is based on strategic decision-making which requires analysis and thinking. Although inextricably linked, strategy implementation is fundamentally different from strategy formulation in the following ways:</p> <table border="1" data-bbox="233 1283 1520 1794"> <thead> <tr> <th data-bbox="233 1283 877 1357">Strategy Formulation</th> <th data-bbox="877 1283 1520 1357">Strategy Implementation</th> </tr> </thead> <tbody> <tr> <td data-bbox="233 1357 877 1431">Strategy formulation focuses on effectiveness.</td> <td data-bbox="877 1357 1520 1431">Strategy implementation focuses on efficiency.</td> </tr> <tr> <td data-bbox="233 1431 877 1541">Strategy formulation is primarily an intellectual process.</td> <td data-bbox="877 1431 1520 1541">Strategy implementation is primarily an operational process.</td> </tr> <tr> <td data-bbox="233 1541 877 1648">Strategy formulation requires conceptual intuitive and analytical skills.</td> <td data-bbox="877 1541 1520 1648">Strategy implementation requires motivation and leadership skills.</td> </tr> <tr> <td data-bbox="233 1648 877 1794">Strategy formulation requires coordination among the executives at the top level.</td> <td data-bbox="877 1648 1520 1794">Strategy implementation requires coordination among the executives at the middle and lower levels.</td> </tr> </tbody> </table>	Strategy Formulation	Strategy Implementation	Strategy formulation focuses on effectiveness.	Strategy implementation focuses on efficiency.	Strategy formulation is primarily an intellectual process.	Strategy implementation is primarily an operational process.	Strategy formulation requires conceptual intuitive and analytical skills.	Strategy implementation requires motivation and leadership skills.	Strategy formulation requires coordination among the executives at the top level.	Strategy implementation requires coordination among the executives at the middle and lower levels.
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<p>Q6.</p>	<p>After an earnest attempt to bring in a strategic change in your organization, you the operational head of XYZ ltd, succeeded but still your organization couldn't achieve the desired competitive position in the market. Out of the following what could be the reason?</p> <p>(a) Strategy Formulation (b) Strategy Model</p>										

	<p>(c) Strategy Implementation (d) Strategy Decision (RTP, May 2020, NA)</p>
	<p>Correct answer: (c) Strategy Implementation</p>
Q7.	<p>When there is impact of strategy implementation on strategy formulation it can be referred as?</p> <p>(a) Backward Linkages (b) Forward Linkages (c) Vertical Linkages (d) Horizontal Linkages (MTP 2, Nov 2021, 1 Mark)</p>
	<p>Correct answer: (a) Backward Linkages</p>

8.2 Strategic Change

Q1.	<p>Define Refreezing in Kurt Lewin's change process. (RTP, May 2018, NA)</p>
	<p>Kurt Lewin proposed three phases of the change process – Unfreezing, changing and then refreezing. Refreezing occurs when the new behaviour becomes a normal way of life. The new behaviour must replace the former behaviour completely for successful and permanent change to take place. It may be achieved through continuous reinforcement.</p>
Q2.	<p>Define strategic change. Explain the various stages/phases of change process as propounded by Kurt Lewin. (MTP 1, May 2018, 7 Marks)</p> <p>Or</p> <p>What is strategic change. Explain the change process proposed by Kurt Lewin that can be useful in implementing strategies. (Study Material)</p>
	<p>The changes in the environmental forces often require businesses to make modifications in their existing strategies and bring out new strategies. Strategic change is a complex process 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 three phases of the change process for moving the organization from the present to the future. These stages are unfreezing, changing and refreezing.</p> <p>(i) Unfreezing the situation: The process of unfreezing simply makes the individuals or organizations aware of the necessity for change and prepares them for such a change. Lewin proposes that the changes should not come as a surprise to the members of the organization. Sudden and unannounced change would be socially destructive and morale lowering. The management must pave the way for the change by first “unfreezing the situation”, so that members would be willing and ready to accept the change.</p>

	<p>(ii) Changing to New situation: Once the unfreezing process has been completed and the members of the organization recognise the need for change and have been fully prepared to accept such change, their behaviour patterns need to be redefined. H.C. Kellman has proposed three methods for reassigning new patterns of behaviour. These are compliance, identification and internalisation.</p> <p>(iii) Refreezing: Refreezing occurs when the new behaviour becomes a normal way of life. The new behaviour must replace the former behaviour completely for successful and permanent change to take place. In order for the new behaviour to become permanent, it must be continuously reinforced so that this new acquired behaviour does not diminish or extinguish.</p>
Q3.	<p>Write a short note on strategic change and explain the process of strategic change. (SA, Nov 2018, 7 Marks)</p> <p>The changes in the environmental forces often require businesses to make modifications in their existing strategies and bring out new strategies. Strategic change is a complex process that involves a corporate strategy focused on new markets, products, services and new ways of doing business.</p> <p>Three steps for initiating strategic change are:</p> <p>(i) Recognise the need for change – The first step is to diagnose the which facets of the present corporate culture are strategy supportive and which are not.</p> <p>(ii) Create a shared vision to manage change – Objectives of both individuals and organisation should coincide. There should be no conflict between them. This is possible only if the management and the organisation members follow a shared vision.</p> <p>(iii) Institutionalise the change – This is an action stage which requires the implementation of the changed strategy. Creating and sustaining a different attitude towards change is essential to ensure that the firm does not slip back into old ways of doing things.</p> <p>Kurt Lewin proposed three phases of the change process for moving the organization from the present to the future.</p> <p>(i) Unfreezing the situation – The process of unfreezing makes the individuals or organisations aware of the necessity for change and prepares them for it. The change should not come as a surprise to the members of the organisation. Sudden and unannounced change would be socially destructive and morale lowering,</p> <p>(ii) Changing to new situation – once unfreezing is complete and members of the organisation recognize the need for change, then their behaviour patterns need to be redefined as:</p> <p>i. Compliance– enforcing reward and punishment strategy for good or bad behaviour</p> <p>ii. Identification–members are psychologically impressed to identify themselves with some given role models whose behaviour they would like to adopt.</p> <p>iii. Internalisation - involves some internal changing of the individual's thought process. They are given the freedom to learn and adopt new behaviour.</p> <p>(iii) Refreezing – occurs when the new behaviour becomes a normal way of life. The new behaviour must replace the former behaviour completely for successful and permanent change. This can be achieved by continuously reinforcing the newly acquired behaviour.</p> <p>Change process is not a one-time application but a continuous process due to dynamism and ever-changing environment.</p>
Q4.	<p>Which of the following is not a phase in Kurt Lewin's Model of Change?</p> <p>(a) Changing. (b) Deep freezing. (c) Refreezing. (d) Unfreezing.</p> <p>(RTP, May 2019, NA) (MTP 2, May 2019, 1 Mark)</p>

	Correct answer: (b) Deep freezing.
Q5.	<p>You being the core strategist of your company, entrusted with bringing about strategic change in your company, how will you initiate “unfreezing of the situation”?</p> <p>(a) Promoting new ideas throughout the organization (b) Promoting compliance throughout the organization (c) Promoting change in process throughout the organization (d) None of the above</p> <p>(RTP, May 2020, NA)</p>
	Correct answer: (a) Promoting new ideas throughout the organization
Q6.	<p>Dr. Raman has been running a nursing home for about twenty two years now, and has gained enormous name for his benevolence in Balram district of Chhattisgarh. Recently, his daughter, Dr. Radhika completed her medicine degree from the United States of America and returned to her hometown to be a part of her father’s practice. She has been given the baton to promote modern medicine and retain the local skilled youth in their practice. However, their nursing home’s skilled youth has been more inclined to E-Commerce employment opportunities. Dr. Radhika has taken it as a challenge to imbibe the very essence of service in them, by being employed as nurses and caretakers of the ill. This shall be very crucial in growing the practice as desired. Which of the following phases of Kurt Lewin’s Model of Change will be most challenging for Dr. Radhika to strategically positioning her father’s nursing home?</p> <p>(MTP 1, May 2020, 5 Marks)</p>
	<p>Kurt Lewin’s Model of Change proposes three phases of change process to make the change lasting. They are Compliance, Identification and Internalization.</p> <p>For Dr. Radhika, Compliance and Identification will not a big challenge, as her father has been one of the most sort after personalities serving the ill in their district. And her return from the USA to serve her country, especially her district, will help the workforce identify her as a role model and there would actually be no need for compliance, i.e. Reward and Punishment for bringing about a change. However, the new lucrative E-Commerce employment opportunities will have to be fought through Internalization, i.e. internal changing of the individual’s thought process, to give them freedom to learn and succeed. Thus, Internalization will be the most challenging phase.</p>
Q7.	<p>Discuss three methods for reassigning new patterns of behavior as proposed by H.C. Kellman.</p> <p>(RTP, Nov 2020, NA) (Study Material)</p>
	<p>H.C. Kellman has proposed three methods for reassigning new patterns of behaviour. These are compliance, identification and internalisation.</p> <p>Compliance: It is achieved by strictly enforcing the reward and punishment strategy for good or bad behaviour. Fear of punishment, actual punishment or actual reward seems to change behaviour for the better.</p> <p>Identification: Identification occurs when members are psychologically impressed upon to identify themselves with some given role models whose behaviour they would like to adopt and try to become like them.</p> <p>Internalization: Internalization involves some internal changing of the individual’s thought processes in order to adjust to a new environment. They have given freedom to learn and adopt new behaviour in order to succeed in the new set of circumstances.</p>

Q8.	<p>Connect Group was one of the leading makers of the mobile handsets till a few years ago and which went at the bottom of the heap. Connect Group didn't adapt to the current market trends which eventually lead to its downfall. Which would have helped Connect Group to change, adapt and survive? Explain the steps to initiate the change.</p> <p>(RTP, Nov 2021, NA)</p> <p>Connect Group has to do strategic change for its survival. The changes in the environmental forces often require businesses to make modifications in their existing strategies and bring out new strategies. Strategic change is a complex process that involves a corporate strategy focused on new markets, products, services and new ways of doing business. Unless companies embrace change, they are likely to be freeze and unless companies prepare to deal with sudden, unpredictable, discontinuous, and radical change, they are likely to be extinct.</p> <p>Three steps for initiating strategic change are:</p> <p>(i) Recognise the need for change – The first step is to diagnose the which facets of the present corporate culture are strategy supportive and which are not.</p> <p>(ii) Create a shared vision to manage change – Objectives of both individuals and organisation should coincide. There should be no conflict between them. This is possible only if the management and the organisation members follow a shared vision.</p> <p>(iii) Institutionalise the change – This is an action stage which requires the implementation of the changed strategy. Creating and sustaining a different attitude towards change is essential to ensure that the firm does not slip back into old ways of doing things.</p>
Q9.	<p>Glassware Ltd. is about to go through a significant restructuring. The strategic change involves moving from a decentralized to a centralized structure. This will help Glassware avoid duplication of support activities and lower its costs.</p> <p>The management have held the first staff briefing in which they went to great lengths to explain that the change was necessary to equip the company to face future competitive challenges. Identify and explain the current stage of Glassware Ltd. from the Lewin's three-stage model of change?</p> <p>(RTP, May 2022, NA)</p> <p>Glassware Ltd. is currently in the 'unfreezing' stage, where management is attempting to explain the need for change in an attempt to maximize buy-in by employees and reduce the amount of resistance.</p> <p>Unfreezing the situation: The process of unfreezing simply makes the individuals aware of the necessity for change and prepares them for such a change. Lewin proposes that the changes should not come as a surprise to the members of the organization. Sudden and unannounced change would be socially destructive and morale lowering. The management must pave the way for the change by first "unfreezing the situation", so that members would be willing and ready to accept the change.</p> <p>Unfreezing is the process of breaking down the old attitudes and behaviours, customs and traditions so that they start with a clean slate. This can be achieved by making announcements, holding meetings and promoting the new ideas throughout the organization.</p>
Q10.	<p>Explain the steps for initiating strategic change.</p> <p>(MTP 1, May 2022, 5 Marks)</p> <p>The changes in the environmental forces often require businesses to make modifications in their existing strategies and bring out new strategies. Strategic change is a complex process that involves a corporate strategy focused on new markets, products, services and new ways of doing business.</p> <p>Three steps for initiating strategic change are:</p>

- (i) Recognise the need for change** – The first step is to diagnose the which facets of the present corporate culture are strategy supportive and which are not.
- (ii) Create a shared vision to manage change** – Objectives of both individuals and organisation should coincide. There should be no conflict between them. This is possible only if the management and the organisation members follow a shared vision.
- (iii) Institutionalise the change** – This is an action stage which requires the implementation of the changed strategy. Creating and sustaining a different attitude towards change is essential to ensure that the firm does not slip back into old ways of doing things.

8.3 Strategic Control

Q1.	<p>Correct/ Incorrect. Strategic surveillance is highly focussed and organised control activity. (RTP, May 2018, NA)</p>
	<p>The statement is Incorrect. The strategic surveillance is unfocussed. It involves general monitoring of various sources of information to uncover unanticipated information having a bearing on the organizational strategy. It involves casual environmental browsing. Reading financial and other newspapers, business magazines, attending meetings, conferences, discussions and so on. Strategic surveillance, a loose form of strategic control, is capable of uncovering information relevant to strategy.</p>
Q2.	<p>Write short note on Implementation control. (RTP, May 2018, NA) (MTP 1, May 2019, 5 Marks)</p> <p>Or</p> <p>What is implementation control? Discuss its basic forms. (RTP, Nov 2019, NA) (RTP, Nov 2021, NA) (Study Material)</p>
	<p>Managers implement strategy by converting major plans into concrete, sequential actions that form incremental steps. Implementation control is directed towards assessing the need for changes in the overall strategy in light of unfolding events and results associated with incremental steps and actions. Strategic implementation control is not a replacement to operational control. Strategic implementation control, unlike operational controls continuously monitors the basic direction of the strategy. The two basic forms of implementation control are:</p> <p>(i) Monitoring strategic thrusts: Monitoring strategic thrusts help managers to determine whether the overall strategy is progressing as desired or whether there is need for readjustments.</p> <p>(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.</p>
Q3.	<p>Explain different types of strategic control in brief. (SA, May 2018, 3 Marks)</p> <p>Or</p>

	<p>What is strategic control? Briefly explain the different types of strategic control? (RTP, May 2020, NA) (Study Material)</p> <p>Strategic Control focuses on the dual questions of whether: (1) the strategy is being implemented as planned; and (2) the results produced by the strategy are those intended .</p> <p>There are four types of strategic control:</p> <p>(a) Premise control: A strategy is formed on the basis of certain assumptions or premises about the environment. Premise control is a tool for systematic and continuous monitoring of the environment to verify the validity and accuracy of the premises on which the strategy has been built.</p> <p>(b) Strategic surveillance: Strategic surveillance is unfocussed. It involves general monitoring of various sources of information to uncover unanticipated information having a bearing on the organizational strategy.</p> <p>(c) Special alert control: At times, unexpected events may force organizations to reconsider their strategy. Sudden changes in government, natural calamities, unexpected merger/acquisition by competitors, industrial disasters and other such events may trigger an immediate and intense review of strategy.</p> <p>(d) Implementation control: managers implement strategy by converting major plans into concrete, sequential actions that form incremental steps. Implementation control is directed towards assessing the need for changes in the overall strategy in light of unfolding events and result.</p>
Q4.	<p>Differentiate between Operational control and management control. (RTP, Nov 2018, NA)</p> <p>Or</p> <p>What are the differences between Operational control and management control. (Study Material)</p> <p>Differences between operational control and management control are as under:</p> <p>(i) The thrust of operational control is on individual tasks or transactions as against total or more aggregative management functions. When compared with operational, management control is more inclusive and more aggregative, in the sense of embracing the integrated activities of a complete department, division or even entire organisation, instead or mere narrowly circumscribed activities of sub-units. For example, procuring specific items for inventory is a matter of operational control, in contrast to inventory management as a whole.</p> <p>(ii) Many of the control systems in organisations are operational and mechanistic in nature. A set of standards, plans and instructions are formulated. On the other hand, the basic purpose of management control is the achievement of enterprise goals – short range and long range – in an effective and efficient manner.</p>
Q5.	<p>Explain premise control. (RTP, Nov 2018, NA)</p> <p>A strategy is formed on the basis of certain assumptions or premises about the complex and turbulent organizational environment. Premise control is a tool for systematic and continuous monitoring of the environment to verify the validity and accuracy of the premises on which the strategy has been built. It primarily involves monitoring two types of factors:</p>

	<p>(i) Environmental factors such as economic (inflation, liquidity, interest rates), technology, social and regulatory.</p> <p>(ii) Industry factors such as competitors, suppliers, substitutes.</p>
Q6.	<p>Which of the following would be chosen by the core strategist to implement operational control?</p> <p>(a) Premise Control (b) Special Alert Control (c) Implementation Control (d) Budgetary Control</p> <p>(MTPI, Nov 2020, 1 Mark)</p>
	<p>Correct answer: (d) Budgetary Control</p>
Q7.	<p>What is strategic control? Kindly explain the statement that "premise control is a tool for systematic and continuous monitoring of the environment".</p> <p>(SA, Nov 2020, 5 Marks)</p>
	<p>Strategic Control</p> <p>Strategic control is the process of evaluating formulated and implemented strategy. It is directed towards identifying changes in the internal and external environments of the organization and making necessary adjustments accordingly.</p> <p>Strategic Control focuses on the dual questions of whether: (1) the strategy is being implemented as planned; and (2) the results produced by the strategy are those intended.</p> <p>Yes, Premise control is a tool for systematic and continuous monitoring of the environment to verify the validity and accuracy of the premises on which the strategy has been built. It primarily involves monitoring two types of factors:</p> <p>(i) Environmental factors such as economic (inflation, liquidity, interest rates), technology, social and legal-regulatory.</p> <p>(ii) Industry factors such as competitors, suppliers, substitutes.</p> <p>It is neither feasible nor desirable to control all types of premises in the same manner. Different premises may require different amount of control. Thus, managers are required to select those premises that are likely to change and would severely impact the functioning of the organization and its strategy.</p>
Q8.	<p>Sanya Private Limited is an automobile company. For the past few years, it has been observed that the progress of the company has become stagnant.. When scrutinized, it was found that the planning department was performing fairly well but the plans could not be implemented due to improper use of resources, undesirable tendencies of workers and non-conformance to norms and standards. You are hired as a Strategic Manager. Suggest the elements of process of control to overcome the problem.</p> <p>(SA, Jan 2021, 5 Marks) (Study Material)</p>
	<p>Sanya Private Limited deteriorating performance due to poor implementation of plans that is improper use of resources, undesirable tendencies of the workers, and non- conformance to norms and standards, all point towards weak controls in the organization.</p> <p>Implementation of plans cannot assure results unless strong and sufficient controls are put in place. The management of the company should focus diligently on developing controls especially in the identified problem areas.</p> <p>The process of control has the following elements:</p>

	<p>(a) Objectives of the business system which could be operationalized into measurable and controllable standards.</p> <p>(b) A mechanism for monitoring and measuring the performance of the system.</p> <p>(c) A mechanism (i) for comparing the actual results with reference to the standards (ii) for detecting deviations from standards and (iii) for learning new insights on standards themselves.</p> <p>(d) A mechanism for feeding back corrective and adaptive information and instructions to the system, for effecting the desired changes to set right the system to keep it on course.</p> <p>Above elements of control would ensure a proper check on improper use of resources, undesirable tendencies of the workers, and non-conformance to norms and standards and ensure a result oriented implementation of plans.</p>
Q9.	<p>Why is Strategic Control important for organizations? Discuss briefly 4 types of strategic control that can be implemented to achieve the enterprise goals</p> <p>(RTP, May 2021, NA)</p> <p>Importance of strategic control: Strategic control is an important process that keeps organisation on its desired path. It involves evaluating strategy as it is formulated and implemented. It is directed towards identifying problems and changes in premises and making necessary adjustments. Strategic control focuses on the dual questions of whether: (1) the strategy is being implemented as planned; and (2) the results produced by the strategy are those intended.</p> <p>There are four types of strategic control:</p> <ul style="list-style-type: none"> • Premise control: A strategy is formed on the basis of certain assumptions or premises about the environment. Premise control is a tool for systematic and continuous monitoring of the environment to verify the validity and accuracy of the premises on which the strategy has been built. • Strategic surveillance: Strategic surveillance is unfocussed. It involves general monitoring of various sources of information to uncover unanticipated information having a bearing on the organizational strategy. • Special alert control: At times, unexpected events may force organizations to reconsider their strategy. Sudden changes in government, natural calamities, unexpected merger/acquisition by competitors, industrial disasters and other such events may trigger an immediate and intense review of strategy. • Implementation control: Managers implement strategy by converting major plans into concrete, sequential actions that form incremental steps. Implementation control is directed towards assessing the need for changes in the overall strategy in light of unfolding events and results.
Q10.	<p>Which one is NOT a type of strategic control?</p> <p>(a) Operational control</p> <p>(b) Strategic surveillance</p> <p>(c) Special alert control</p> <p>(d) Premise control</p> <p>(MTP 2, May 2021, 1 Mark)</p> <p>Correct answer: (a) Operational control</p>
Q11.	<p>Systematic and continuous monitoring of the business environment to verify the accuracy of assumptions on which strategy is built is achieved by?</p> <p>(a) Premise Control</p>

	(b) Special Alert Control (c) Implementation Control (d) Strategic Surveillance (MTP 1, Nov 2021, 2 Marks)
	Correct answer: (a) Premise Control

8.4 Strategy Audit

Q1.	In evaluating strategies, which one of Rumelt's criteria for evaluating strategies, refers to the need for strategists to examine sets of trends? (a) Consistency (b) Consonance (c) Feasibility (d) Advantage (Sample MCQs) (MTP 1, May 2019, 1 Mark)
	Correct answer: (b) Consonance
Q2.	<p>Kewal Kapadia is the Managing Director of KK industries located in Kanpur. In a review meeting with the head of finance, Kuldeep Khaitan he said that in the first five years of last decade the company grew between 8-10 percent every year, then the growth rate started falling and in previous year the company managed 1 per cent. Kuldeep replied that the company is facing twin issues, one the strategy is not being implemented as planned; and two the results produced by the strategy are not in conformity with the intended goals. There is mismatch between strategy formulation and implementation. Kewal disagreed and stated that he takes personal care in implementing all strategic plans.</p> <p>You have been hired as a strategy consultant by the KK Industries. Advise way forward for the company to identify problem areas and correct the strategic approaches that have not been effective.</p> (RTP, May 2018, NA) (RTP, May 2020, NA) (Study Material)
	<p>The company needs to conduct strategy audit.</p> <p>A strategy audit is needed under the following conditions:</p> <ul style="list-style-type: none"> • When the performance indicators reflect that a strategy is not working properly or is not producing desired outcomes. • When the goals and objectives of the strategy are not being accomplished. • When a major change takes place in the external environment of the organization. • When the top management plans: <ul style="list-style-type: none"> - to fine-tune the existing strategies and introduce new strategies and - to ensure that a strategy that has worked in the past continues to be in-tune with subtle internal and external changes that may have occurred since the formulation of strategies. <p>Adequate and timely feedback is the cornerstone of effective strategy audit. Strategy audit can be no better than the information on which it is based.</p> <p>Strategy Audit includes three basic activities:</p> <p>(i) Examining the underlying bases of a firm's strategy,</p>

	<p>(ii) Comparing expected results with actual results, and</p> <p>(iii) Taking corrective actions to ensure that performance conforms to plans.</p>
Q3.	<p>What is strategy audit? Explain the criteria for strategy audit as given by Richard Rumelt. (MTP 1, May 2018, 7 Marks) (RTP, Nov 2018, NA)</p> <p>A strategy audit is an examination and evaluation of areas affected by the operation of a strategic management process within an organization. The audit of management performance with regard to external strategies helps an organization identify problem areas and correct the strategic approaches that have not been effective so far. It is a process for taking an objective look at the existing strategies of the organization. It involves assessing the direction of a business and comparing that to the course required to succeed in a changing environment.”</p> <p>Companies review their business plans and strategies on regular basis to identify weaknesses and shortcomings to enable a successful development plan. The strategy audit secures that all necessary information for the development of the company are included in the business plan and that the management supports it.</p> <p>Richard Rumelt's Criteria for Strategy Audit</p> <p>a. Consistency: A strategy should not present inconsistent goals and policies which can lead to organizational problems and conflicts. Three guidelines to identify are:</p> <ul style="list-style-type: none"> • Strategies may be inconsistent if managerial problems tend to be issue-based rather than people-based. • If success for one organizational department means, or is interpreted to mean, failure for another department, then strategies may be inconsistent. • If policy problems and issues continue to be brought to the top for resolution, then strategies may be inconsistent. <p>b. Consonance: Consonance refers to the need for strategists to examine sets of trends, as well as individual trends, in auditing strategies. A strategy must represent an adaptive response to the external environment and to the critical changes occurring within it. One difficulty in matching a firm's key internal and external factors in the formulation of strategy is that most trends are the result of interactions among other trends.</p> <p>c. Feasibility: A strategy must neither overtax available resources nor create unsolvable sub-problems. The final broad test of strategy is its feasibility; that is, can the strategy be attempted within the physical, human, and financial resources of the enterprise? In auditing a strategy, it is important to examine whether an organization has demonstrated in the past that it possesses the abilities, competencies, skills, and talents needed to carry out a given strategy.</p> <p>d. Advantage: A strategy must provide for the creation and/or maintenance of a competitive advantage in a selected area of activity. Competitive advantages normally are the result of superiority in one of three areas: (1) resources, (2) skills, or (3) position.</p>
Q4.	<p>Correct/ Incorrect.</p> <p>Consonance in strategy audit refers to the need for strategists to examine sets of trends. (MTP 2, May 2018, 2 Marks)</p> <p>The statement is Correct.</p> <p>Consonance refers to the need for strategists to examine sets of trends, as well as individual trends, in auditing strategies. A strategy must represent an adaptive response to the external environment and to the critical changes occurring within it. One difficulty in matching a firm's key internal and external</p>

	factors in the formulation of strategy is that most trends are the result of interactions among other trends.
Q5.	<p>Explain the concept and need of Strategy Audit. Why is it more difficult in present scenario? (SA, May 2018, 7 Marks)</p> <p>A strategy audit is an examination and evaluation of areas affected by the operation of a strategic management process within an organization. The audit of management performance with regard to its strategies helps an organization identify problem areas and correct the strategic approaches that have not been effective.</p> <p>Strategy audit is needed under the following conditions:</p> <p>(a) When the performance indicators reflect that a strategy is not working properly or is not producing desired outcomes.</p> <p>(b) When the goals and objectives of the strategy are not being accomplished.</p> <p>(c) When a major change takes place in the external environment of the organization.</p> <p>(d) When the top management plans:</p> <ol style="list-style-type: none"> i. to fine-tune the existing strategies and introduce new strategies and ii. to ensure that a strategy that has worked in the past continues to be in-tune with subtle internal and external changes that may have occurred since the formulation of strategies. <p>The difficulties in strategy audit can be explained in terms of following trends:</p> <ul style="list-style-type: none"> • A dramatic increase in the environment's complexity. • The increasing difficulty of predicting the future with accuracy. • The increasing number of variables in the environment. • The rapid rate of obsolescence of even the best plans. • The increase in the number of both domestic and world events affecting organizations. • The decreasing time span for which planning can be done with any degree of certainty.
Q6.	<p>The following are part of Richard Rumelt's criteria for strategy audit, except:</p> <ol style="list-style-type: none"> a. Adaptation b. Consistency c. Consonance d. Feasibility <p>(MTP 2, May 2019, 1 Mark)</p> <p>Correct answer: (a) Adaptation</p>
Q7.	<p>Strategy evaluation is difficult on account of following trends, except:</p> <ol style="list-style-type: none"> A. There is dramatic increase in the environment's complexity. B. It is difficult to predict future. C. Firms have unlimited resources. D. Obsolescence is rapid. <p>(RTP, Nov 2019, NA)</p> <p>Correct answer: (c) Firms have unlimited resources.</p>
Q8.	Zumba Robots, an electronic robot manufacturing company is a leader in its business segment. Over a period of time, it started losing its grip on the market as its overall position started to weaken.

	<p>Discuss the type of audit that you would like to suggest to analyse the situation of the company? (MTP 1, Nov 2019, 5 Marks)</p> <p>The audit of management performance with regard to its strategies helps 'Zumba Robots' identify problem areas and correct the strategic approaches that have not been effective so far. A strategy audit is a review of a company's business plan and strategies to identify weaknesses and shortcomings and enable a successful development of the company. An assessment of the external environment shows where changes happen and where organization's strategic management no longer match the demands of the marketplace. Based on such analysis, Zumba Robots can improve business performance by periodically conducting such an audit.</p>
Q9.	<p>The purpose of strategy evaluation is to:</p> <p>(a) increase the budget annually (b) alert management to problems or potential problems (c) make budget changes (d) evaluate employees' performance</p> <p>(MTP 1, Nov 2019, 1 Mark)</p> <p>Correct answer: (b) alert management to problems or potential problems</p>
Q10.	<p>The Audit Committee of Theta Ltd on observing a sluggish growth has advised a radical internal digital transformation. A strategy audit was proposed to identify problem areas and correct the strategic approaches that have not been effective so far. The strategy auditor while measuring organisational performance has identified gaps in flow between order booking by the sales department and the dispatch of product by the delivery department, which amounts to success of one department means failure for another. With reference to Richard Rumelt's criteria for strategy audit, identify and explain the correct evaluation criteria to be adopted.</p> <p>(RTP, Nov 2020, NA)</p> <p>Richard Rumelt's criteria for strategy audit proposes four criteria namely, consistency, consonance, feasibility and advantage. In the present scenario, the strategy auditor while measuring organisational performance has identified a gap which amounts to success of one department means failure for another. This can be clearly identified as a consistency criterion as the current organisational strategies are inconsistent.</p> <p>Three guidelines help determine if organizational problems are due to inconsistencies in strategy:</p> <ul style="list-style-type: none"> • If managerial problems continue despite changes in personnel and if they tend to be issue-based rather than people-based, then strategies may be inconsistent. • If success for one organizational department means, or is interpreted to mean, failure for another department, then strategies may be inconsistent. • If policy problems and issues continue to be brought to the top for resolution, then strategies may be inconsistent.
Q11.	<p>Write a short note on requirement of strategy audit. What are the basic activities of strategic audit? (SA, Nov 2020, 5 Marks)</p> <p>Need of Strategy Audit</p> <p>A strategy audit is an examination and evaluation of areas affected by the operation of a strategic management process within an organization.</p> <p>A strategy audit is required under the following conditions:</p>

	<ul style="list-style-type: none"> • When the performance indicators reflect that a strategy is not working properly or is not producing desired outcomes. • When the goals and objectives of the strategy are not being accomplished. • When a major change takes place in the external environment of the organization. • When the top management plans: <ol style="list-style-type: none"> (a) To fine-tune the existing strategies and introduce new strategies; and (b) To ensure that a strategy that has worked in the past continues to be in-tune with subtle internal and external changes that may have occurred since the formulation of strategies. <p>Adequate and timely feedback is the cornerstone of effective strategy audit. Strategy audit can be no better than the information on which it is based.</p> <p>Strategy Audit includes three basic activities:</p> <ol style="list-style-type: none"> 1. Examining the underlying bases of a firm's strategy, 2. Comparing expected results with actual results, and 3. Taking corrective actions to ensure that performance conforms to plans.
Q12.	<p>Write short note on Richard Rumelt's criteria for strategy audit (SA, May 2021, 5 Marks)</p> <p>Richard Rumelt's Criteria for Strategy Audit</p> <p>(i) Consistency: A strategy should not present inconsistent goals and policies which can lead to organizational problems and conflicts. Inconsistencies in strategy are indicated if</p> <ol style="list-style-type: none"> (a) the cause of organizational problems is issue based; (b) success for one department implies failure for another; (c) the top management is expected to resolve policy problems and issues everytime. <p>(ii) Consonance: Consonance refers to the need for strategists to examine sets of trends, as well as individual trends, in auditing strategies. The difficulty is that most trends are the result of interactions among other trends. A strategy must represent an adaptive response to the external environment and to the critical changes occurring within it.</p> <p>(iii) Feasibility: A strategy must neither overtax available resources nor create unsolvable sub-problems. The final broad test of strategy is its feasibility; that is, can the strategy be attempted within the physical, human, and financial resources of the enterprise?</p> <p>(iv) Advantage: A strategy must provide for the creation and/or maintenance of a competitive advantage in a selected area of activity. The advantage may reflect superiority in any one or combination of: resources, skills and position.</p>
Q13.	<p>Why is strategy evaluation more difficult? Give reasons. (SA, Nov 2021, 5 Marks)</p> <p>Strategic evaluation involves measuring and evaluating performance. The goals achieved are compared with the desired goals to identify deviations and make necessary adjustments in strategies or in the efforts being put to achieve those strategies.</p> <p>Reasons why strategy evaluation is more difficult today include the following trends:</p> <ul style="list-style-type: none"> • A dramatic increase in the environment's complexity. • The increasing difficulty of predicting the future with accuracy. • The increasing number of variables in the environment. • The rapid rate of obsolescence of even the best plans. • The increase in the number of both domestic and world events affecting organizations. • The decreasing time span for which planning can be done with any degree of certainty.

8.5 Business Process Reengineering

Q1.	<p>What is the rationale behind Business Process Reengineering (BPR)? What steps would you recommend to implement BPR in an organization?</p> <p>(MTP 1, Nov 2018, 7 Marks)</p>
	<p>Business Process Reengineering (BPR) is an approach to unusual improvement in operating effectiveness through the redesigning of critical business processes and supporting business systems. It is revolutionary redesign of key business processes that involves examination of the basic process itself. It looks at the minute details of the process, such as why the work is done, who does it, where is it done and when it is done. BPR refers to the analysis and redesign of workflows and processes both within the organization and between the organization and the external entities like suppliers, distributors, and service providers.</p> <p>The orientation of redesigning efforts is basically radical. In other words, it is a total deconstruction and rethinking of business process in its entirety, unconstrained by its existing structure and pattern. Its objective is to obtain quantum jump in process performance in terms of time, cost, output, quality, and responsiveness to customers. BPR is a revolutionary redesigning of key business processes. BPR involves the following steps:</p> <ol style="list-style-type: none"> 1. Determining objectives and framework: Objectives are the desired end results of the redesign process which the management and organization attempts to achieve. This will provide the required focus, direction, and motivation for the redesign process. It helps in building a comprehensive foundation for the reengineering process. 2. Identify customers and determine their needs: The designers have to understand customers – their profile, their steps in acquiring, using and disposing a product. The purpose is to redesign business process that clearly provides added value to the customer. 3. Study the existing process: The existing processes will provide an important base for the redesigners. The purpose is to gain an understanding of the 'what', and 'why' of the targeted process. However, some companies go through the reengineering process with clean perspective without laying emphasis on the past processes. 4. Formulate a redesign process plan: The information gained through the earlier steps is translated into an ideal redesign process. Formulation of redesign plan is the real crux of the reengineering efforts. Customer focused redesign concepts are identified and formulated. In this step alternative processes are considered and the best is selected. 5. Implement the redesign: It is easier to formulate new process than to implement them. Implementation of the redesigned process and application of other knowledge gained from the previous steps is key to achieve dramatic improvements. It is the joint responsibility of the designers and management to operationalise the new process.
Q2.	<p>Slow Ltd. is a fifty year old organisation engaged in manufacturing of consumer products. Over a time, its processes have lengthened making it very slow in decision making, production, product and service delivery.</p> <p>As a manager, you have been asked to suggest how the processes of Slow Ltd. can be improved?</p> <p>(MTP 2, Nov 2018, 5 Marks)</p>
	<p>Any organisation has a number of processes. Typically, a business process involves a number of steps performed by different people in different departments. Slow Ltd. needs to identify and change the</p>

	<p>processes improve the speed and quality. The tool that can be employed is Business Process Reengineering. Steps are as follows:</p> <p>i. Determining objectives: Objectives are the desired end results of the redesign process which the management and organization attempts to realise.</p> <p>ii. Identify customers and determine their needs: The process designers have to understand customers - their profile, their steps in acquiring, using and disposing a product. The purpose is to redesign business process that clearly provides value addition to the customer.</p> <p>iii. Study the existing processes: The study of existing processes will provide an important base for the process designers. However, some organisation go through the reengineering process with clean perspective without laying emphasis on the past processes.</p> <p>iv. Formulate a redesign process plan: Formulation of redesign plan is the real crux of the reengineering efforts. Customer focussed redesign concepts are identified and formulated. In this step alternative processes are considered and the best is selected.</p> <p>v. Implement the redesigned process: Implementation of the redesigned process and application of other knowledge gained from the previous steps is key to achieve dramatic improvements.</p>
Q3.	<p>Identify three aspects of impact of IT Systems on Business Process Reengineering and list three areas where it provides business value.</p> <p>(SA, Nov 2018, 3 Marks) (RTP, Nov 2020, NA) (MTP 1, Nov 2020, 5 Marks)</p> <p>Impact of IT Systems on Business Process Reengineering are identified as:</p> <ul style="list-style-type: none"> ● Compression of time ● Overcoming restrictions of geography and/or distance ● Restructuring of relationships <p>IT initiatives, thus, provide business values in three distinct areas:</p> <ul style="list-style-type: none"> ● Efficiency – by way of increased productivity ● Effectiveness – by way of better management ● Innovation – by way of improved products and services <p>As industry's Key Success Factors (KSFs) are those things that most affect industry members' ability to prosper in the market place – the particular strategy elements, product attributes, resources, competencies, competitive capabilities and business outcomes that spell the difference between profit & loss and ultimately, between competitive success or failure. KSFs by their very nature are so important that all firms in the industry must pay close attention to them. They are the prerequisites for industry success, or, to put it in another way, KSFs are the rules that shape whether a company will be financially and competitively successful.</p>
Q4.	<p>India's luxurious domestic airline Indijet in an attempt to retain its leadership in aviation sector has hired J S Dutta as its Chief Executive. Mr Dutta wishes to reorient company to make it a domestic discount carrier. He desires to introduce no frills business model by offering extremely low fares and improve margins by cutting down traditional amenities such as reclining seats and complimentary meals. At the same time setting the stage for a new air revolution, he wishes to brand itself as on-time airlines having proper systems in place and removing additional and wasteful activities and processes.</p> <p>What steps will you advise to Mr Dutta?</p> <p>(RTP, Nov 2019, NA) (MTP 2, Nov 2021, 5 Marks)</p> <p>Mr Dutta should adopt business process reengineering (BPR). It is an approach to unusual improvement in operating effectiveness through the redesigning of critical business processes and supporting business systems. It is revolutionary redesign of key business processes that involves</p>

	<p>examination of the basic process itself. BPR refers to the analysis and redesign of workflows and processes both within the organization and between the organization and the external entities like suppliers, distributors, and service providers.</p> <p>The orientation of redesigning efforts involves total deconstruction and rethinking of business process BPR involves the following steps:</p> <p>i. Determining objectives: Objectives are the desired end results of the redesign process. They will provide the required focus, direction, and motivation for the redesign process and help in building a comprehensive foundation for the reengineering process.</p> <p>ii. Identify customers and determine their needs: The process designers have to understand customers. The purpose is to redesign business process that clearly provides value addition to the customer.</p> <p>iii. Study the existing processes: The study of existing processes will provide an important base for the process designers. The purpose is to gain an understanding of the 'what', and 'why' of the targeted process.</p> <p>iv. Formulate a redesign process plan: Formulation of redesign plan is the real crux of the reengineering efforts. Customer focussed redesign concepts are identified and formulated. In this step alternative processes are considered and the best is selected.</p> <p>v. Implement the redesigned process: It is easier to formulate new process than to implement them. Implementation of the redesigned process and application of other knowledge gained from the previous steps is key to achieve dramatic improvements.</p>
<p>Q5.</p>	<p>Explain concept and nature of BPR. (SA, Nov 2019, 5 Marks)</p> <hr/> <p>BPR stands for business process reengineering which means starting all over again from scratch. It refers to the analysis and redesign of workflows and processes both within and between the organisations. Its objective is to improve performance in terms of time, cost, quality, and responsiveness to customers. It implies giving up old practices and adopting the improved ones. It is an effective tool of realising new strategies.</p> <p>Improving business processes is paramount for businesses to stay competitive in today's marketplace. New technologies are rapidly bringing new capabilities to businesses, thereby raising the strategical options and the need to improve business processes dramatically. Even the competition has become harder. In today's market place, major changes are required to just stay even.</p>
<p>Q6.</p>	<p>As the head of an MNC, you have been asked to bring in radical changes in your organisation through BPR. Which of these is the thrust area you would focus on reducing:</p> <p>(a) Total cycle time (b) Total order time (c) Total inventory time (d) None</p> <p>(MTP 1, May 2021, 2 Marks)</p> <hr/> <p>Correct answer: (a) Total cycle time</p>
<p>Q7.</p>	<p>Discuss various steps involved in Business Process Reengineering (BPR) while implementing in an organization. (SA, May 2021, 5 Marks)</p>

	<p>Or</p> <p>What steps would you recommend implementing BPR in an organisation? (Study Material)</p>
	<p>BPR is an approach to unusual improvement in operating effectiveness through the redesigning of critical business processes and supporting business systems. BPR is a revolutionary redesigning of key business processes.</p> <p>BPR involves the following steps:</p> <p>(i) Determining objectives and framework: Objectives are the desired end results of the redesign process which the management and organization attempts to achieve. This will provide the required focus, direction, and motivation for the redesign process.</p> <p>(ii) Identify customers and determine their needs: The designers have to understand customers – their profile, their steps in acquiring, using and disposing a product. The purpose is to redesign business process that clearly provides added value to the customer.</p> <p>(iii) Study the existing process: The existing processes will provide an important base for the redesigners. The purpose is to gain an understanding of the ‘what’, and ‘why’ of the targeted process. However, some companies go through the reengineering process with clean perspective without laying emphasis on the past processes.</p> <p>(iv) Formulate a redesign process plan: Formulation of redesign plan is the real crux of the reengineering efforts. Customer focused redesign concepts are identified and formulated. Alternative processes are considered, and the optimum is selected.</p> <p>(v) Implement the redesign: It is easier to formulate new process than to implement them. It is the joint responsibility of the designers and management to operationalise the new processes.</p>
Q8.	<p>Explain the various categories in which generic business process of a firm requires redesigning. (RTP, May 2022, NA)</p> <p>The generic business processes of a firm that require redesign may be classified into three broad categories as follows:</p> <ul style="list-style-type: none"> ● Processes pertaining to development and delivery of product(s) and / or services - These may include research, design, engineering, manufacturing, and logistics, besides purchasing / procurement and materials management. ● Process involving interface(s) with customers - These usually include marketing, advertising, order fulfilment, and service. ● Process comprising management activities - These include strategy formulation, planning and budgeting, performance measurement and reporting, human resource management, and building infrastructure. <p>In the context of these generic business processes, BPR may be viewed as a means of solving business problem through IT capabilities.</p>
Q9.	<p>What is Business Process Reengineering (BPR)? (Study Material)</p> <p>Business Process Reengineering (BPR) is an approach to unusual improvement in operating effectiveness through the redesigning of critical business processes and supporting business systems. It is revolutionary redesign of key business processes that involves examination of the basic process itself. BPR refers to the analysis and redesign of workflows and processes both within the organization and between the organization and the external entities like suppliers, distributors, and</p>

	<p>service providers. The orientation of redesigning efforts is basically radical. In other words, it is a total deconstruction and rethinking of business process in its entirety, unconstrained by its existing structure and pattern.</p>
Q10.	<p>ABC Ltd an automaker company analysed its current accounts payable system and found that when purchasing department writes a purchasing order, they sent a copy to accounts payable. Then material control would receive the goods and send the copy of documents for the related goods to accounts payable. At the same time vendor also sends the receipt for the goods to accounts payable. ABC Ltd realized that accounts payable department was not as efficient as it should be and it had too many employees than required.</p> <p>ABC LTD is looking forward to transform its business process of accounts payable. What advice would you give? Explain with the role of Information technology in this transformation.</p> <p>(Study Material)</p> <p>Information technology has developed during the past few years had a very large impact in the transformation of business processes.</p> <p>Impact of IT-systems are identified as:</p> <ul style="list-style-type: none"> a) Compression of time b) Overcoming restrictions of geography and/or distance c) Restructuring of relationships. <p>IT-initiatives, thus, provide business values in three distinct areas:</p> <ul style="list-style-type: none"> a) Efficiency – by way of increased productivity, b) Effectiveness – by way of better management, c) Innovation – by way of improved products and services <p>ABC Ltd can transform by using IT-assisted purchasing process. Purchasing department issues as order and inputs it into online database. Material control receives the goods and cross references it with the database to make sure it matches with the order. If it matches material control accepts the order on the computer.</p>

8.6 Benchmarking

Q1.	<p>What is Benchmarking? Explain briefly the elements involved in Benchmarking process. (RTP, May 2018, NA) (MTP 2, May 2018, 7 Marks) (RTP, May 2019, NA) (Study Material)</p> <p>Or</p> <p>What is Benchmarking? Explain the various steps in Benchmarking process. (SA, May 2019, 7 Marks)</p> <p>Or</p> <p>Explain the various steps in Benchmarking process. (MTP 2, May 2021, 5 Marks)</p>
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	<p>Benchmarking is an approach of setting goals and measuring productivity of firms based on best industry practices or against the products, services and practices of its competitors or other acknowledged leaders in the industry. It developed out of need to have information against which performance can be measured. Benchmarking helps businesses in improving performance by learning from the best practices and the processes by which they are achieved. Thus, benchmarking is a process of continuous improvement in search for competitive advantage. Firms can use benchmarking practices to achieve improvements in diverse range of managerial functions like product development, customer services, human resources management, etc.</p> <p>The various steps in Benchmarking Process are as under:</p> <p>(i) Identifying the need for benchmarking: This step will define the objectives of the benchmarking exercise. It will also involve selecting the type of benchmarking. Organizations identify realistic opportunities for improvements.</p> <p>(ii) Clearly understanding existing decisions processes: The step will involve compiling information and data on performance.</p> <p>(iii) Identify best processes: Within the selected framework best processes are identified. These may be within the same organization or external to them.</p> <p>(iv) Comparison of own process and performance with that of others: Benchmarking process also involves comparison of performance of the organization with performance of other organization. Any deviation between the two is analysed to make further improvements.</p> <p>(v) Prepare a report and implement the steps necessary to close the performance gap: A report on benchmarking initiatives containing recommendations is prepared. Such a report also contains the action plans for implementation.</p> <p>(vi) Evaluation: Business organizations evaluate the results of the benchmarking process in terms of improvements vis-à-vis objectives and other criteria set for the purpose. It also periodically evaluates and reset the benchmarks in the light of changes in the conditions that impact the performance.</p>
Q2.	<p>Correct/ Incorrect.</p> <p>Benchmarking and business process reengineering are one and the same. (RTP, Nov 2018, NA)</p> <p>Or</p> <p>Correct/ Incorrect.</p> <p>There is no distinction between Benchmarking and Business Process Reengineering. (SA, Nov 2018, 2 Marks)</p>
	<p>The statement is Incorrect.</p> <p>Benchmarking relates to setting goals and measuring productivity based on best industry practices. The idea is to learn from the practices of competitors and others to improve the firm's performance. On the other hand, business process reengineering relates to analysis and redesign of workflows and processes both within and between the organizations.</p>
Q3.	<p>Swift Ltd and Quick Ltd are two companies that are in the business of light industrial machines. While Swift is the market leader the sales of Quick has been falling. In the year 2017-18 the market share of the two companies was forty per cent and five per cent respectively. During the last five years the market share of quick reduced from third to sixth position. As an immediate corrective measure top management of Quick decided to emulate the successful standards of Swift Ltd and set them as their own yardsticks. With the help of standards they intended to compare, measure and judge their performance. What is the strategic tool Quick Ltd is adopting? How is it implemented?</p>

	<p>(RTP, Nov 2018, NA) (Study Material)</p> <p>The top management of Quick Ltd is doing benchmarking. The benchmarking helps an organization to get ahead of competition. A benchmark may be defined as a standard or a point of reference against which things may be compared and by which something can be measured and judged. In simple words, benchmarking is an approach of setting goals and measuring productivity based on best industry practices. In recent years, different commercial and non-commercial organizations are discovering the value of benchmarking and are applying it to improve their processes and systems. Benchmarking processes used by different organisations lack standardization. However, common elements are as follows:</p> <p>I. Identifying the need for benchmarking: This step will define the objectives of the benchmarking exercise. It will also involve selecting the type of benchmarking. Organizations identify realistic opportunities for improvements.</p> <p>II. Clearly understanding existing business processes: This step will involve compiling information and data on performance. This will include mapping processes.</p> <p>III. Identify best processes: Within the selected framework, best processes are identified. These may be within the same organization or external to it.</p> <p>IV. Compare own processes and performance with that of others: While comparing gaps in performance between the organization and better performers is identified. Further, gaps in performance are analysed to seek explanations. Feasibility of making the improvements is also examined.</p> <p>V. Prepare a report and implement the steps necessary to close the performance gap: A report on the Benchmarking initiatives containing recommendations is prepared. Such a report includes the action plan(s) for implementation.</p> <p>VI. Evaluation: A business organization must evaluate the results of the benchmarking process in terms of improvements vis-à-vis objectives and other criteria set for the purpose. It should also periodically evaluate and reset the benchmarks in the light of changes in the conditions that impact its performance.</p>
Q4.	<p>“Firms can use benchmarking process to achieve improvement in diverse range of management functions.” Elucidate. (MTP 1, May 2020, 5 Marks)</p> <p>Benchmarking is a process of finding the best practices within and outside the industry to which an organisation belongs. Knowledge of the best practices helps in setting standards and finding ways to match or even surpass own performances with the best performances.</p> <p>Benchmarking is a process of continuous improvement in search for competitive advantage. Firms can use benchmarking process to achieve improvement in diverse range of management function such as mentioned below:</p> <ul style="list-style-type: none"> ● Maintenance operations, ● Assessment of total manufacturing costs, ● Product development, ● Product distribution, ● Customer services, ● Plant utilisation levels; and ● Human resource management.
Q5.	<p>Do you agree with the statement that 'Benchmarking is a process of continuous improvement in search of competitive advantage'? Discuss.</p>

(RTP, May 2021, NA)

Yes, benchmarking is a process of continuous improvement in search for competitive advantage. It measures factors related to products, services and practices against those of its competitors or other acknowledged leaders in their field.

Benchmarking is an approach of setting goals and measuring productivity based on best industry practices. It developed out of need to have information against which performances can be measured. It helps in improving performance by learning from best practices and the processes by which they are achieved.

Benchmarking involves regularly comparing different aspects of performance with the best practices, identifying gaps and finding out novel methods to not only reduce the gaps but to improve the situations so that the gaps are positive for the organization. Better processes are not merely copied. Efforts are made to learn, improve and evolve them to suit the organizational circumstances. Further, benchmarking exercises are also repeated periodically so that the organization does not lag behind in the dynamic environment.

Firms can use benchmarking process to achieve improvement in diverse range of management function like maintenance operations, assessment of total manufacturing costs, product development, product distribution, customer services, plant utilisation levels and human resource management.