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PART A – DEFINITIONS

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1. INTRODUCTION TO STRATEGIC MANAGEMENT

A CATEGORY

1. Strategy (MTP- March16)	2. Strategic Management (RTP -M18 & N18 (New),M18,N18)
a) Strategies provide an integral framework for management and negotiate their way through a complex and turbulent external environment. Strategy seeks to relate the goals of the organization to the means of achieving them. **b)** Strategy is the game plan that the management of a business uses to take market position, conduct its operations, attract and satisfy customers, compete successfully, and achieve organizational objectives. **c)** Strategy may be defined as a long range blueprint of an organization's desired image, direction and destination, i.e., what it wants to be, what it wants to do and where it wants to go.	**a)** Strategic Management refers to the Managerial process of forming a strategic vision, setting objectives, crafting a strategy, implementing and executing the strategy, and making necessary corrective adjustments in the vision, objectives, strategy and execution, which are deemed appropriate, over a period of time. **b)** Strategic Management is not a one- time activity, it is an ongoing process.
3. Strategic Management Process	**4. Corporate Strategy (PM, M11, MTP- Aug16)**
The term strategic management refers to the managerial process of forming a strategic vision, setting objectives, crafting a strategy, implementing and executing the strategy, and then subsequently initiating whatever corrective adjustments in the vision, objectives, strategy, and execution are deemed appropriate.	**a)** Corporate strategy is basically the growth design of the firm. **b)** It spells out the growth objective - the direction, extent, pace and timing of the firm's growth. **c)** It also spells out the strategy for achieving the growth. It serves as the design for filling the strategic planning gap. It also helps build the relevant competitive advantages.
5. Corporate Level Strategies	**6. Not-for Profit Organizations (MTP- N14)**
a) The corporate level of management consists of the chief executive officer (CEO), other senior executives, the board of directors, and corporate staff. **b)** The role of corporate-level managers is to oversee the development of strategies for the whole organization. **c)** This role includes defining the mission and goals of the organization, determining what businesses it should be in, allocating resources among the different businesses, formulating and implementing strategies that span individual businesses, and providing leadership for the organization.	**a)** We can find many organizations around us, which do not have any commercial objective of making profits. Their genesis may be for social, charitable, or educational purposes. Their main aim is to provide services to members, beneficiaries or public at large. **b)** Non-commercial organization comes to existence to meet the needs not met by business enterprises. These organizations may not have owners in true sense.

B CATEGORY

7. Corporate Level Management (RTP-N18 (New))	8. Business Level Managers
a) Corporate level of management consists of Chief Executive Officer (CEO), other Senior Executives, the Board of Directors and Corporate Staff. **b)** These individuals occupy the apex of decision-making within the organization, with the CEO as the principal General Manager. **c)** Their role is to oversee the development of strategies for the whole organization in consultation with other Senior Executives	**a)** The Principal General Manager at the Business Level or the Business-Level Manager is the Head of the concerned division **b)** The strategic role of these managers is to translate the general statements of direction and intent that come from the corporate level into concrete strategies for individual businesses.

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

2. DYNAMICS OF COMPETITIVE STRATEGY

A Category

1. Product Development (MTP - N16)	2. SWOT Analysis(RTP-N18(New),M18)
a) Customers and suppliers must work together in the product development process. Right from the start the partners will have knowledge of all Involving all partners will help in shortening the life cycles. **b)** Products are developed and launched in shorter time and help organizations to remain competitive.	The comparison of strengths, weaknesses, opportunities, and threats is normally referred to as a SWOT analysis. **Strength: It** is an inherent capability of the organization which it can be use to gain strategic advantage over its competitors. **Weakness:** It is an inherent limitation or constraint of the organization which creates strategic disadvantage to it. **Opportunity:** It is a favourable condition in the organisation's environment which enables it to strengthen its position. **Threat:** It is an unfavourable condition in the organisation's environment which causes a risk for, or damage to, the organisation's position.
3. Industry (PM, MTP - M15)	**4. Driving forces**
a) Industry is a consortium of firms whose products or services have homogenous attributes or are close substitutes such that they compete for the same buyer. **b)** For example, all paper manufacturers constitute the paper industry.	**a)** The dominant forces that have the biggest influence on what kind of changes will take place in the industry's structure and competitive environment and the economy are called Driving Forces of industry's change (or Drivers or Triggers). **b)** They differ from industry to industry and they are responsible for massive or drastic changes in an industry.
5. Strategic Group Mapping (M11, 12 - 1M, PM, RTP - M16, MTP - N15, MTP - M17, M17 - 4M)	**6. Opportunity (PM, RTP - N13, MTP – M14,MTP - M17,RTP-M18(New))**
a) Strategic group mapping is a technique for displaying the different markets or competitive positions that rival firms occupy in the industry. **b)** A strategic group is a cluster of firms in an industry with similar competitive approaches and market positions. An industry contains only one strategic group when all sellers pursue essentially identical strategies and have comparable market positions. **c)** It involves plotting firms on a two-variable map using pairs of differentiating characteristics such as price/quality range; geographic coverage and so on.	**a)** An opportunity is a favourable condition in the firm's environment which enables it to strengthen its position. **b)** A firm should formulate a strategy that helps it in exploiting its opportunities and strengths.

7. Strategic Group (RTP- N11, M15,N18)

a) A strategic group consists of those rival firms that have similar competitive approaches and positions in the market.

b) Organisations in the same strategic group can resemble one another in any of the several ways: they may have comparable product-line breadth, sell in the same price/quality range, emphasize the same distribution channels, use essentially the same product attributes to appeal to similar types of buyers, depend on identical technological approaches, or offer buyers similar services and technical assistance.

8. Competitive Intelligence

a) Competitive Intelligence is the knowledge about the strategies that rivals are developing, their latest moves, their resource strengths and weaknesses, and the plans they have announced.

b) Competitive intelligence can help a company determine whether it needs to defend against specific moves taken by rivals or whether those moves provide an opening for a new offensive thrust.

9. Dogs (PM, RTP- M13)

a) According to BCG Matrix, Dogs are low-growth, low-share businesses and products.

b) They may generate enough cash to maintain themselves, but do not have much future. Sometimes they may need cash to survive.

c) Dogs should be minimised by means of divestment or liquidation.

10. Market Penetration (M12 - 1M, RTP- M12, PM, MTP- M14)

a) Market penetration is a growth strategy where the business focuses on selling existing products into existing markets.

b) It is achieved by making more sales to present customers without changing products in any major way.

c) It might require greater spending on advertising or personal selling.

11. Market Development (RTP- M13)

a) Market development refers to a growth strategy where the business seeks to sell its existing products into new markets. It is a strategy for company growth by identifying and developing new markets for the existing products of the company.

b) This strategy may be achieved through entering into new geographical markets, new product dimensions or packaging, new distribution channels, different pricing policies to attract different customers, creating new market segments.

12. Key Success Factors (PM, MTP- M15, M17,RTP-N18(New))

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

b) The particular strategy elements, product attributes, resources, competencies, competitive capabilities, and favourable business outcomes that spell the difference between profit and loss and, ultimately, between competitive success or failure.

13. Strategic Business Unit (SBU) (N 12 - 1M, RTP- M12)

a) An SBU is a unit of the company that has separate mission and objectives, and which can be planned independently from other businesses of the company.

b) SBU can be a company division, a product line within a division or even a single product/brand, specific group of customers or geographical location.

c) The SBU is given the authority to make its own strategic decisions within corporate guidelines as long as it meets corporate objectives.

14. Experience Curve (RTP- N15,M18,M19)

a) Experience curve is based on the commonly observed phenomenon that unit costs decline as a firm accumulates experience in terms of a cumulative volume of production.

b) The implication is that larger firms in an industry would tend to have lower unit costs as compared to those of smaller organizations, thereby gaining a competitive cost advantage.

c) Experience curve results from a variety of factors such as learning effects, economies of scale, product redesign and technological improvements in production.

15. Product Life Cycle (PLC)(RTP-M18)	16. Portfolio Analysis (RTP- M12, M15)
a) Product Life Cycle is a useful concept for guiding strategic choice. **b)** It is an S-shaped curve which exhibits the relationship of sales with respect of time for a product that passes through the four successive stages of introduction (slow sales growth), growth (rapid market acceptance) maturity (slowdown in growth rate) and decline (sharp downward drift).	**a)** Portfolio analysis can be defined as a set of techniques that help strategists in taking strategic decisions with regard to individual products or businesses in a firm's portfolio. **b)** It is primarily used for competitive analysis and corporate strategic planning in multi product and multi business firms.
17. Stars (N 07 -2M, RTP - M12, MTP- N14)	**18. ADL Matrix (PM, RTP- M14)**
a) BCG growth-share matrix is a simple way to portray an organisation's portfolio of investments. **b)** The matrix is based on combinations of relative market share of the products or SBUs and their market growth rate. **c)** Stars, a position in the matrix, are characterised by high market share and high growth rate. They are products or SBUs that are growing rapidly. They also need heavy investment to maintain their position and finance their rapid growth potential. Business organisations that enjoy star positions have best opportunities for expansion and growth.	**a)** The ADL matrix which has derived its name from Arthur D. Little is a portfolio analysis method that is based on product life cycle. **b)** The approach forms a two dimensional matrix based on stage of industry maturity and the firms competitive position, environmental assessment and business strength assessment.
19. Competitive Advantage (PM, RTP- M12, N15,M18-2M)	**20. Core Competence (PM, RTP- M13,M18-2M)**
a) It is the position of a firm to maintain and sustain a favorable market position when compared to the competitors. It is ability to offer buyers something different and thereby providing more value for the money. **b)** This position gets translated into higher market share, higher profits when compared to those that are obtained by competitors operating in the same industry. **c)** It may be in the form of low cost relationship in the industry or being unique in the industry along dimensions that are widely valued by the customers in particular and the society at large.	**a)** A core competence is a unique strength of an organization which may not be shared by others. **b)** Core competencies are those capabilities that are critical to a business achieving competitive advantage. In order to qualify as a core competence, the competency should differentiate the business from any other similar businesses.
21. Value Chain Analysis (PM, N11, RTP- M14, MTP- M16)	**22. Globalisation (RTP- M12, N14)**
a) Value chain analysis refers to separate activities which are necessary to underpin an organization's strategies and are linked together both within and around the organization. **b)** Organizations are much more than a random collection of machines, money and people. Value chain of a manufacturing organization comprises of primary and supportive activities.	**a)** In simple economic terms, globalization refers to the process of integration of the world into one huge market. **b)** At the company level, globalization means two things: (a) the company commits itself heavily with several manufacturing locations around the world and offers products in several diversified industries, and (b) it also means ability to compete in domestic markets with foreign competitors.

23. Multinational or Global Company

a) A Multinational Company (MNC) or a Transnational Company (TNC) is the one that by operating in more than one country, gains R&D, production, marketing and financial advantages in its costs and reputation, which are not available to purely domestic competitors.

b) A Multi National Company Views the world as one market, minimises the importance of national boundaries, and raises its capital and markets its products, wherever it can do the job best.

B CATEGORY

24. Intensity of Competition

a) Intensity of competition refers to the extent or severity of competition prevailing in an industry.

b) Intensity of competition arises on account of Rival Sellers, New Entrants, Substitute Products, Supplier Bargaining power, and Customer Bargaining Power.

c) These five forces together determine the intensity of competition prevailing in an industry.

25. Cash Cows

a) According to BCG Matrix, Cash Cows are low-growth, high market share businesses or products.

b) They generate cash and have low costs. They are established, successful, and need less investment to maintain their market share.

c) In long run when the growth rate slows down, stars become cash cows.

26. Question Marks

a) According to BCG Matrix, Question Marks, sometimes called problem children or wildcats, are low market share business in high-growth markets.

b) They require a lot of cash to hold their share. They need heavy investments with low potential to generate cash. Question marks if left unattended are capable of becoming cash traps.

c) Since growth rate is high, increasing it should be relatively easier. It is for business organisations to turn them stars and then to cash cows when the growth rate reduces.

27. Competitive Landscape

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

b) It is about identifying and understanding the competitors and at the same time, it permits the comprehension of their vision, mission, core values, niche market, strengths and weaknesses. Understanding of competitive landscape requires an application of "competitive intelligence".

28. Competitive Strategy

a) The competitive strategy evolves out of consideration of <u>several factors that are external</u> to the firm.

b) <u>The objective of a competitive strategy</u> is to generate competitive advantage, increase market share and beat competition. A competitive strategy consists of moves to:

- Attract customers.
- Withstand competitive pressures.
- Strengthen market position.

29. Super-National Enterprise

a) Super-National Enterprise is a worldwide enterprise chartered by a substantially non-political international body such as IMF or World Bank.

b) Its function is international business service. It remains viable only by performing that service adequately for nations which permit its entry.

They serve all their member countries adequately without being attached to any one member country.

C CATEGORY

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

3. STRATEGIC MANAGEMENT PROCESS

A CATEGORY

1. Strategic Planning	2. Objective(M19)
a) It is the process of determining the objectives of the firm, resources required to attain these objectives and formulation of policies to govern the acquisition, use and disposition of resources. **b)** It involves a fact of interactive and overlapping decisions leading to the development of an effective strategy for the firm. **c)** Strategic planning determines where an organization is going over the next year or more and the ways for going there. The process is organization wide, or focused on a major function such as a division or other major function.	**a)** Objectives are organizations performance targets–the results and outcomes it wants to achieve. **b)** They function as yardsticks for tracking an organizations performance and progress.
3. Strategic Intent	**4. Strategic Decision Making (PM, RTP- M12)**
a) Strategic intent refers to purposes of what the organization strives for. **b)** It gives an idea of what the organization desires to attain in future. It indicates the long-term market position, which the organization desires to create and the opportunity for exploring new possibilities. **c)** It provides the framework within which the firm would adopt a predetermined direction and would operate to achieve strategic objectives.	**a)** Decision making is a managerial process of selecting the best course of action out of several alternative courses for the purpose of accomplishment of the organizational goals. **b)** Decisions may be operational i.e., which relate to general day-to-day operations. **c)** They may also be strategic in nature. According to Jahuch and Glueck "Strategic decisions involve the definition of the business, products to be handled, markets to be served, functions to be performed and major policies needed for the organisation to execute these decisions to achieve the strategic objectives.".
5. Strategic Vision	**6. Mission (RTP- M12,M17, PM)**

(RTP- M12, N14, N15,N18 (New), PM, MTP - M16,M18-2M)	
a) A strategic vision describes an organisation's aspirations for the business, providing a panoramic view of the position where the organisation is going. **b)** It points an organization in a particular direction, charts a strategic path for it to follow in preparing for the future, and moulds organizational identity. **c)** A Strategic vision is a road map of a company's future – providing specifics about technology and customer focus, the geographic and product markets to be pursued, the capabilities it plans to develop, and the kind of company that management is trying to create.	**a)** Mission statement is an answer to the question "Who we are and what we do" and hence has to focus on the organisation's present capabilities, focus activities and business makeup. **b)** An organisation's mission states what customers it serves, what need it satisfies, and what type of product it offers. **c)** A company's mission statement is typically focused on its present business scope—"who we are and what we do".
7. Shared Vision	**8. Goal**
a) When the individuals in an organization are able to bring organisational vision close to their hearts and minds they have "shared vision". **b)** Shared vision is a force that creates a sense of commonality that permeates the organization and gives coherence to diverse activities. **c)** For success of organisations having shared vision is better than vision shared.	**a)** A Goal is a broad statement what an organisation wants to achieve in the long run. **b)** It is broader in nature and is often a generalized and qualitative statement. For e.g., the goal of a company is 'to increase sales', which is an open ended statement.
9. Vision Shared	
a) 'Vision shared' shows imposition of vision from the top management. b) It may demand compliance rather than commitment.	
B CATEGORY	
10. Purpose	
a) Purpose refers to anything which an organisation is striving for. It relates to what the organisation strives to achieve in order to fulfill its mission to the society. **b)** Purpose is internal reasoning and relates to internal environment and is for its own employees.	

A CATEGORY

1. Directional Strategies(M18-2M)

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

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

2. Turnaround Strategy(RTP-N18)

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

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

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

3. Divestment Strategy

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

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

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

4. Liquidation Strategy

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

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

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

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

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

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

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

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

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

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

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

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

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

a) Concentric diversification comes under related diversification.

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

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

11. Retrenchment Strategy (RTP – N15, MTP-N17)

a) A business organization can redefine its

12. Conglomerate/ Unrelated Diversification Strategy (N 10 - 1M, RTP- N11, MTP- N15)

a) When an organization adopts a strategy which

business by divesting a major product line or a market. **b)** Retrenchment becomes necessary for coping with hostile and adverse situations in the environment and when any other strategy is likely to be suicidal or hopeless. **c)** In business parlance also, retreat is not always a bad proposition to save the enterprise's vital interests, to minimise the adverse environmental effects, or even to regroup and recoup the resources before a fresh assault and ascent on the growth ladder is launched.	requires taking up activities which are unrelated to the existing businesses, either in terms of their respective customer groups, customer functions or alternative technologies, it is called conglomerate diversification. **b)** Conglomerate diversification has no common thread at all with the firm's present position. In process/technology/function, there is no connection between the new products and the existing ones. It is a totally unrelated diversification.
13. Combination Strategies(RTP-M18 (New),N18(New))	**14. Co- generic Merger (RTP- M14,M18-2M)**
a) Combination Strategies refer to a mix of different strategies like stability; expansion, diversification or retrenchment to suit particular situations that an enterprise is facing. **b)** For instance, a strategy of diversification/acquisition may call for retrenchment in some obsolete product lines.	**a)** In co-generic merger two or more merging organizations are associated in some way or the other related to the production processes, business markets, or basic required technologies. **b)** For example, an organization manufacturing refrigerators can diversify by merging with another organization having business in kitchen appliances.

B CATEGORY

15. Stability Strategy	**16. Growth/ Expansion Strategy**
a) Stability is one of the important goals of a business enterprise. **b)** It is intended to safeguard its existing interests and strengths, to pursue well established and tested objectives, to continue in the chosen business path, to maintain operational efficiency on a sustained basis, to consolidate the commanding position already reached, and to optimise returns on the resources committed in the business.	**a)** It is implemented by redefining the business by enlarging the scope of business and substantially increasing investment in the business. **b)** It is a popular strategy that tends to be equated with dynamism, vigour, promise and success. **c)** It is often characterised by significant reformulation of goals and directions, major initiatives and moves involving investments, exploration and onslaught into new products, new technology and new markets, innovative decisions and action programmes and so on.

5. BUSINESS LEVEL STRATEGIES

A CATEGORY

a) Cost Leadership Strategy (PM, MTP – Aug16,RTP-N18(New))	**2. Differentiation Strategy(M19)**
a) A number of cost elements affect the relative attractiveness of generic strategies. **b)** A successful cost leadership strategy usually permeates the entire firm, as evidenced by high efficiency, low overhead cost, and waste reduction. **c)** The low cost leadership should be such that no competitors are able to imitate so that it can result in sustainable competitive advantage to the cost leader firm.	**a)** This strategy involves producing unique products and services and charging a premium price, targeting consumers who are relatively price-insensitive. **b)** Successful differentiation can mean greater product flexibility, greater compatibility, lower costs, improved service, less maintenance, greater convenience, or more features.
3. Focus Strategy	**4. Focused Cost Leadership Strategy**
a) Focus strategy involves producing products and services that fulfill the needs of a narrow market that consists of consumers whose	**a)** This strategy requires competing based on price to target a narrow market. **b)** A firm that follows this strategy does not

needs and preferences are distinctively different from the rest of the market. **b)** It involves selecting or focusing a market or customer segment in which to operate.	necessarily charge the lowest prices in the industry. Instead, it charges low prices relative to other firms that compete within the target market. Firms that compete based on price and target a narrow market are following a focused cost leadership strategy.
5. Focused Differentiation Strategy	**6. Best Cost Provider Strategy (MTP- March 17,RTP-M18(New))**
a) This strategy requires offering unique features that fulfill the demands of a narrow market. **b)** Some firms using a focused differentiation strategy concentrate their efforts on a particular sales channel, such as selling over the internet only. Others target particular demographic groups. **c)** Firms that compete based on uniqueness and target a narrow market are following a focused differentiations strategy.	**a)** This strategy involves providing customers more value for the money by emphasizing low cost and better quality difference. **b)** It can be done: (i) through offering products at lower price than what is being offered by rivals for products with comparable quality and features or (ii) charging similar price as by the rivals for products with much higher quality and better features.

6. FUNCTIONAL LEVEL STRATEGIES

A CATEGORY	
1. Production System Strategy (PM, M12,RTP-M18(New))	**2. Supply Chain Management (PM, M11)**
a) The production system is concerned with the activities directed towards creation of products and services for customers. **b)** It covers factors such as capacity, location, layout, design, work systems, automation, and so on.	**a)** It is a tool of business transformation and involves delivering the right product at the right time to the right place and at the right price. **b)** It reduces costs of logistics of an organisations and enhances customer service by linkages between suppliers, manufacturers and customers. **c)** Supply chain management is an extension of logistics management.
3. Financial Strategy (M13, PM)	**4. Marketing Mix (PM)**
a) The financial strategies of an organization are related to several finance/ accounting concepts considered to be central to strategy implementation. **b)** These are: acquiring needed capital/sources of fund, developing projected financial statements/budgets, management/ usage of funds, and evaluating the worth of a business.	**a)** It is a set of controllable marketing variables that the firm blends to influence the demand for its products and to produce the desired response it wants, in the target market. **b)** It consists of everything that the firm can do to influence the demand for its product. **c)** These variables are often referred to as “4Ps.” When translated to the perspective of buyers, they may be termed as “4Cs” also.
5. Logistics Strategy (PM, N 08 - 2M, RTP - M12, MTP - N15, MTP – N16,RTP-M18 & N18(New))	**6. Relationship Marketing (PM)**
a) Logistics is a process that integrates the flow of supplies into, through and out of an organization to achieve a level of service that facilitate movement and availability of materials in a proper manner. **b)** When a company creates a logistics strategy, it is defining the service levels at which its logistics is smooth and is cost effective.	**a)** Relationship marketing is the process of creating, maintaining, and enhancing strong, value-laden relationship with customers and other stakeholders, thus, providing special benefits to select customers to strengthen bonds. **b)** It will go a long way in building relationship.
7. Services Marketing (PM, MTP- Aug17)	**8. Differential Marketing (PM, MTP- Aug17)**
a) Service Marketing is applying the concepts, ools, and techniques, of marketing to services. **b)** Service is any activity or benefit that one	**a)** A market-coverage strategy in which a firm decides to target several market segments and designs separate offer for each.

party can offer to another that is essentially intangible and non-perishing. These may be from business to consumer and from business to business.	**b)** Differentiation can be achieved through variation in size, shape, colour, brand names and so on.
9. Enlightened Marketing (PM)	**10. Person Marketing (PM)**
a) Enlightened Marketing helps a company to support the best long-run performance of the marketing system. **b)** It is based on five principles – customer oriented marketing, innovative marketing, value marketing, sense-of-mission marketing, and societal marketing.	**a)** Person marketing consists of activities undertaken to create, maintain or change attitudes or behavior towards particular people. **b)** For example, politicians, sport stars, film stars, professionals market themselves to get votes or promote their careers and income.
11. Marketing (PM,M18)	**12. Augmented Marketing (MTP- Aug17,N18-2M)**
a) Marketing is an activity performed by business organizations. **b)** It is considered to be the activities related to identifying the needs of customers and taking such actions to satisfy them in return of some consideration. **c)** The term marketing constitutes different processes, functions, exchanges and activities that create perceived value by satisfying needs of individuals.	**a)** It is provision of additional customer services and benefits built around the care and actual products that relate to introduction of hi-tech services like movies on demand, online computer repair services, secretarial services, etc. **b)** Such innovative offerings provide a set of benefits that promise to elevate customer service to unprecedented levels.
B CATEGORY	
13. Skimming Pricing	**14. Penetration Pricing**
a) In skimming pricing policy, prices are set at a very high level. The product is directed to those buyers who are relatively price insensitive but sensitive to the novelty of the new product. **b)** For example, call rates of mobile telephony were set very high initially. Since the initial off take of the product is low, high price, in a way, helps in rationing of supply in favour of those who can afford it.	**a)** In penetration pricing firm keeps a temptingly low price for a new product which itself is selling point. A very large number of the potential consumer may be able to afford and willing to try the product. **b)** The pricing kept by Reliance Jio is penetration.
C CATEGORY	
15. Strategic Human Resource Management	
a) Strategic Human Resource Management is the linking of HR management with Firm strategic goals and objectives, to improve business performance and develop organizational culture that fosters innovation and flexibility. **b)** The success of an organization depends on its human resources. This means how they are acquired, developed, motivated and retained in the organization play an important role in organizational success. This presupposes an integrated approach towards human resource functions and overall business functions of an organization.	

7. ORGANISATION & STRATEGIC LEADERSHIP

A CATEGORY

1. Functional Structure

a) Functional structure is widely used because of its simplicity and low cost.

b) A functional structure groups tasks and activities by business function. The functional structure consists of a chief executive officer or a managing director and limited corporate staff with functional line managers in dominant functions such as production, accounting, marketing, R&D, engineering and human resources.

c) Disadvantages of a functional structure are that it forces accountability to the top, minimizes career development opportunities, etc.

2. Multi Divisional Structure or M - Form Structure(MTP-M19)

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

b) The divisional structure can be organized in one of four ways: by geographic area, by product or service, by customer, or by process. With a divisional structure, functional activities are performed both centrally and in each separate division.

3. SBU Structure (PM, RTP- N16)

a) The SBU structure is composed of operating units where each unit represents a separate business to which the top corporate officer delegates responsibility for day-to-day operations and business unit strategy to its managers.

b) By such delegation, the corporate office is responsible for formulating and implementing overall corporate strategy and manages SBUs through strategic and financial controls.

c) This change in structure can facilitate strategy implementation by improving coordination between similar divisions and channeling accountability to distinct business units.

4. Matrix Organizational Structure

a) A Matrix Structure is a combination of vertical and horizontal flows of authority and communication (hence the term Matrix)

b) Employees are attached to the 'Home' Department (i.e. a functional department, which has personnel on permanent basis) who report to their respective functional managers.

c) These employees are assigned to one or more projects or project units that are temporary. They report to the project manager, during the period of completion of the project.

5. Network Structure (PM, RTP – M17, RTP- N15, M16, M17,M18(New))

a) Network structure is a more radical organizational design.

b) The network structure could be termed as 'non-structure' as it virtually eliminates in-house business functions and outsource many of them.

c) A corporation organized in this manner is a virtual organization because it is composed of a series of project groups or collaborations linked by constantly changing non-hierarchical, cobweb-like networks.

6. Strategic Business Unit (SBU) (PM, N12, RTP – N16,RTP-N18(New))

a) A Strategic Business Unit (SBU) is a unit of the company that has a separate mission and objectives which can be planned independently from other company businesses.

b) SBU can be a company division, a product line within a division or even a single product/brand, specific group of customers or geographical location.

c) The SBU is given the authority to make its own strategic decisions within corporate guidelines as long as it meets corporate objectives.

7. Corporate culture (RTP- M14,N18(New) MTP- Feb16,N18)

a) The phenomenon which often distinguishes

8. Strategic Leadership (PM)

a) Strategic leadership is the ability of influencing

good organizations from bad ones could be summed up as 'corporate culture'. **b)** Corporate culture refers to a company's values, beliefs, business principles, traditions, ways of operating and internal work environment. **c)** Culture affects not only the way managers behave within an organization but also the decisions they make about the organization's relationships with its environment and its strategy.	others to voluntarily make decisions that enhance prospects for the organisation's long-term success while maintaining short-term financial stability. **b)** It includes determining the firm's strategic direction, aligning the firm's strategy with its culture, modeling and communicating high ethical standards, and initiating changes in the firm's strategy, when necessary. **c)** Strategic leadership sets the firm's direction by developing and communicating a vision of future and inspires organization members to move in that direction. Unlike strategic leadership, managerial leadership is generally concerned with the short-term, day – to – day activities.
9. Unfreezing for change (RTP- N11)	**10. Transformational Leadership (RTP- N11, N14)**
a) The process of unfreezing simply makes the individuals or organizations aware of the necessity for change and prepares them for such a change. **b)** Lewin proposes that the changes should not come as a surprise to the members of the organization. Sudden and unannounced change would be socially destructive and morale lowering. The management must pave the way for the change by first "unfreezing the situation", so that members would be willing and ready to accept the change. **c)** This can be achieved by making announcements, holding meetings and promoting the ideas throughout the organization.	**a)** It uses charisma and enthusiasm to inspire people to exert them for the good of the organization. **b)** This style is appropriate in turbulent environments, in industries at the very start or end of their life-cycles, in poorly performing organizations when there is a need to inspire a company to embrace major changes. **c)** Transformational leaders offer excitement, vision, intellectual stimulation and personal satisfaction. They inspire involvement in a mission, giving followers a 'dream' or 'vision' of a higher calling so as to elicit more dramatic changes in organizational performance. **d)** Such a leadership motivates followers to do more than originally affected to do by stretching their abilities and increasing their self-confidence, and also promote innovation throughout the organization.
11. Entrepreneurship	**12. Intrapreneurship**
a) Entrepreneurship is an attitude of mind to seek opportunities, take calculated risk and drive benefits by starting and running a venture. It comprises of numerous activities involved in the conception, creation and running an enterprise. **b)** An entrepreneur is a person who searched for business opportunity and starts a new enterprise to make use of that opportunity.	**a)** An intrapreneur is a person who operates within the boundaries of an organisation. He is an employee of a large organisation, who is vested with authority of initiating creativity and innovation in the company's products, services and projects, redesigning the processes, workflows and systems. **b)** The intrapreneurs believe in change and do not fear failure. They discover new ideas, look for such opportunities that can benefit the whole organisation and take risks, promote innovation to improve the performance and profitability of the organisation. **c)** The job of an intrapreneur is extremely challenging. They get recognition and reward for the success achieved by them.

B CATEGORY

13. Organisation Structure	14. Leadership

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

8. STRATEGY IMPLEMENTATION & CONTROL

A CATEGORY

1. Strategy Implementation	2. Strategic Change (MTP- N16)
a) Strategy implementation is the managerial exercise of putting a chosen strategy into place. Strategy execution deals with supervising the ongoing pursuit of strategy, making it work, improving the competence with which it is executed and showing measurable progress in achieving the targeted results. **b)** Strategic implementation is concerned with translating a decision into action. **c)** It involves allocation of resources to new courses of action that need to be undertaken. There may be a need for adapting the organization's structure to handle new activities as well as training personnel and devising appropriate system.	a) The changes in the environmental forces often require businesses to make modifications in their existing strategies and bring out new strategies. b) Strategic change is a complex process and it involves a corporate strategy focused on new markets, products, services and new ways of doing business.
3. Business Process	**4. Premise Control (PM, RTP - N11, M13, M16,N18(New))**
a) A Business Process is a set of logically related tasks or activities oriented towards achieving a specified outcome. **b)** It is a collection of activities which creates some value to the customer. It is a set of activities that transform a set of inputs into set outputs for another person or process and it often surpasses departmental or functional boundaries	**a)** A strategy is formed on the basis of certain assumptions or premises about environment. Over a period of time these premises may change. **b)** Premise control is a tool for systematic and continuous monitoring of the environment to verify the validity and accuracy of the premises on which the strategy has been built. **c)** It primarily involves monitoring two types of factors: (i) Environmental factors such as economic (inflation, liquidity, interest rates), technology, social and regulatory. (ii) Industry factors such as competitors, suppliers, substitutes.
5. Unfreezing for change (RTP- N11)	**6. Core or Generic Business Processes**
d) The process of unfreezing simply makes the individuals or organizations aware of the necessity for change and prepares them for	**g)** Core or Generic Business Processes are those which are highly critical for the success and survival of the firm.

such a change. **e)** Lewin proposes that the changes should not come as a surprise to the members of the organization. Sudden and unannounced change would be socially destructive and morale lowering. The management must pave the way for the change by first "unfreezing the situation", so that members would be willing and ready to accept the change. **f)** This can be achieved by making announcements, holding meetings and promoting the ideas throughout the organization.	**h)** Core business processes are also known as key success factors and they differ from industry to industry. Within the same industry, core business processes change from time to time due to driving forces.
7. Business Process Re-engineering (BPR) (M 07 - 2.5M,RTP-N18)	**8. Benchmarking (M 07 - 2.5M,M19-2M, RTP-M13,M19, MTP- Aug17)**
a) BPR stands for business process reengineering. **b)** It refers to the analysis and redesign of workflows both within and between the organisation and the external entities. **c)** Its objective is to improve performance in terms of time, cost, quality, and responsiveness to customers. It implies giving up old practices and adopting the improved ones. It is an effective tool of realising new strategies.	a) It is a process of finding the best practices within and outside the industry to which an organisation belongs. b) Knowledge of the best helps in standards setting and finding ways to match or even surpass own performances with the best performances.
9. Implementation Control(RTP-M18(New),MTP-M19)	**10. Strategic Surveillance (RTP- N17,M19)**
a) Managers implement strategy by converting major plans into concrete, sequential actions that form incremental steps. **b)** Implementation control is directed towards assessing the need for changes in the overall strategy in light of unfolding events and results associated with incremental steps and actions. **c)** Strategic implementation control is not a replacement to operational control. Strategic implementation control, unlike operational controls continuously monitors the basic direction of the strategy.	**a)** Contrary to the premise control, the strategic surveillance is unfocussed. It involves general monitoring of various sources of information to uncover unanticipated information having a bearing on the organizational strategy. **b)** It involves casual environmental browsing. Reading financial and other newspapers, business magazines, meetings, conferences, discussions at clubs or parties and so on can help in strategic surveillance. **c)** Strategic surveillance may be loose form of strategic control, but is capable of uncovering information relevant to the strategy.
11. Strategy Audit(M18)	**12. Refreezing(RTP-M18)**
a) A strategy audit is an examination and evaluation of areas affected by the operation of a strategic management process within an organization. **b)** A strategy audit provides an excellent platform for discussion with the top management regarding necessary corporate actions or changes in the existing business plan. It also identifies the need to adjust the existing business strategies and plans.	**a)** 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. **b)** The new behaviour must replace the former behaviour completely for successful and permanent change to take place. It may be achieved through continuous reinforcement.
B CATEGORY	
13. Intra- group Benchmarking	**14. Functional Benchmarking**
a) Intra- group or internal benchmarking is	**a)** It is one of the forms of inter- group or external

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

THE END

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1. INTRODUCTION TO STRATEGIC MANAGEMENT

A CATEGORY	
1.	**Strategic management is a bundle of tricks and magic.** **(J09 - 2M, PM, RTP - N15, MTP - M14, M17 -2M)**
A.	**False:** Strategic management is not a bundle of tricks and magic. It is much more serious affair. It involves systematic and analytical thinking and action. Although, the success or failure of a strategy is dependent on several extraneous factors, it can't be stated that a strategy is a trick or magic. Formation of a strategy requires careful planning and requires conceptual, analytical and visionary skills.
2.	**Functional level constitutes the lowest hierarchical level of strategic management.** **(M 07 – 2M, MTP- M16)**
A.	**True:** Functional-level managers and strategies operate at the lowest hierarchical level of strategic management. Functional level is responsible for the specific business functions or operations (human resources, purchasing, product development, customer service, and so on) that constitute a company or one of its divisions. Although they are not responsible for the overall performance of the organisation, functional managers have a major strategic role to develop functional strategies in their area that help to fulfill the strategic objectives set by business and corporate-level managers.
3.	**A company's strategy has always to be pro-active in nature.** **(N 08 - 2M, N13, PM, RTP- M15, N17)**
A.	**False:** A company's Strategy is a blend of proactive actions and reactive actions by the management. Reactive actions are required to deal with unanticipated developments and environmental conditions. Thus, not every strategic move is the result of proactive and deliberate management actions. At times, some kind of strategic reactions or adjustments are also required.
4.	**Strategic management is not needed in non-profit making organizations. (N 08, 10 –2M,M18-2M PM,RTP-N18)**
A.	**False:** Strategic management applies equally to profit as well as non-profit organizations. Though non-profit organizations are not working for the profit, they have to have purpose, vision and mission. They also work within the environmental forces and need to manage strategically to stay afloat to accomplish their objectives. For the purpose of continuity and meeting their goals, they also need to have and manage funds and other resources just like any other for profit organization.
5.	**Strategies provide an integral framework for management to negotiate its way through a complex and turbulent external environment. (RTP- M13, PM)** **(or)** **Strategies provide a systematic basis for the enterprise at the time of change. (MTP- N17)**
A.	**True:** Strategies are meant to fill in the need of enterprises for a sense of direction, focus and coherent functioning. They provide a systematic basis for the enterprise to stand its ground in the face of challenge and change as also quickly adjust to them. They obviate the occasions for impulsive and crisis decisions, false starts, misdirected moves, wasted resource uses and the like.
6.	**Strategy is a substitute for sound, alert and responsible management. (N 08 – 2M, PM)**
A.	**False:** Strategy is not substitute for sound, alert and responsible management. Strategy can never be perfect, flawless and optimal. Strategies are goal-directed decision and actions in which capabilities and resources are matched with the opportunities and threats in the environment. A good management at the top can steer the organizations by adjusting its path on the basis of the changes in the environment.
7.	**Strategies are perfect, flawless and optimal organisational plans. (PM, MTP- M15)**
A.	**False:** Strategy can never be perfect, flawless and optimal. It is in the very nature of strategy that it is flexible and pragmatic; it is art of the possible; it does not preclude second-best choices, trade-offs, sudden emergencies, pervasive pressures, failures and frustrations. However, in a sound strategy, allowances are made for possible miscalculations and unanticipated external events.

8.	**A sound strategy does not leave any scope for miscalculations. (RTP- N14)**
A.	**False:** In a sound strategy, allowances are made for possible miscalculations and unanticipated events. Strategy is no substitute for sound, alert and responsible management. Strategy can never be perfect, flawless and optimal. It is in the very nature of strategy that it is flexible and pragmatic; it is art of the possible; it does not discard second-best choices, trade-offs, sudden emergencies, pervasive pressures, failures and frustrations.
9.	**The strategic management process ends with implementation. (RTP- N14)**
A.	**False:** Strategy formulation, implementation, and evaluation activities are performed on a continual basis, not just at the end of the year or semi-annually. The strategic management process is dynamic and continuous. It never really ends. Any significant extraneous factor can trigger a change in the process.
10.	**Strategic planning always flows from top to bottom. (RTP- N14)**
A.	**False:** Although strategic planning is a top level management function, the flow of planning can be from corporate to divisional level or vice-versa. There are two approaches for strategic planning - top down or bottom up. Top down strategic planning describes a centralized approach to strategy formulation in which the corporate centre determines mission, strategic intent, objectives and strategies for the organization as a whole and for all parts. Unit managers are seen as implementers of pre-specified corporate strategies. Bottom up strategic planning is the characteristic of autonomous or semi-autonomous divisions or subsidiary companies in which the corporate centre does not conceptualize its strategic role as being directly responsible. It may prefer to act as a catalyst and facilitator.
11.	**Corporate strategy is basically the growth design of the firm. (PM)**
A.	**True:** Corporate strategy in the first place ensures the growth of the firm and ensures the correct alignment of the firm with its environment. It serves as the design for filling the strategic planning gap. It also helps to build the relevant competitive advantages.
12.	**Control systems run parallel with strategic levels.** **(N10 - 2M, PM, RTP- N16,N18(New), MTP- Aug16)**
A.	**True:** There are three strategic levels – corporate, business and functional. Control systems are required at all the three levels. At the top level, strategic controls are built to check whether the strategy is being implemented as planned and the results produced by the strategy are those intended. Down the hierarchy management controls and operational controls are built in the systems. Operational controls are required for day-today management of business.
13.	**The first step in strategic management model is developing a strategic vision and mission.** **(RTP - M11)**
A.	**True:** Identifying an organisation's existing vision, mission, objectives are the starting point for any strategic management process. Determining vision and mission provides long- term direction, describe what kind of enterprise the company is trying to become and infuse the organisation with a sense of purposeful action.
14.	**Corporate- level managers can be viewed as the guardians of stakeholders.** **(RTP-M12, N17,M18(Old))**
A.	**True:** Corporate- level managers provide a link between the people who oversee the strategic development of a firm and those who own it (the shareholders). Corporate- level managers, and particularly the CEO, can be viewed as the guardians of shareholder welfare. It is their responsibility to ensure that the corporate and business strategies that the company pursues are consistent with maximizing shareholder wealth. If they are not, then ultimately the CEO is likely to be called to account by the shareholders.
15.	**Strategic Management helps organisations to be more reactive in shaping their future.** **(RTP - M12)**
A.	**False:** Strategic Management helps organisations to be more proactive instead of reactive in shaping its future. Organisations are able to analyse and take actions instead of being mere spectators. Thereby they are able to control their own destiny in a better manner. It helps them in working within vagaries of environment and shaping it, instead of getting carried away by its

	turbulence or uncertainties.
16.	**Developing annual objectives & short-term strategies that are compatible with the selected set of long-term objectives are one of the major tasks of strategic management. (PM, M12)**
A.	**True:** A strategic manager has to set the long term objectives, future oriented plans by appreciating the competitive environment. Without bifurcating grand strategies and long-term objectives into annual objectives and short-term strategies, implementation of the strategies is not possible. Dividing objectives, into annual plans help to move forward in a systematic manner.
17.	**Strategic planning gives direction to the organization. (RTP- M16, MTP - N15)**
A.	**True:** Strategic planning is process of determining organizational strategy. It gives direction to the organization and involves making decisions and allocating resources to pursue the strategy. It is the formal consideration of future course of an organization. It determines where an organization is going over the next year or more and the ways for going there.
18.	**The characteristics of strategic management decisions differ depending upon the levels of management of an organisation. (RTP- M16)**
A.	**True:** There are three main strategic levels of management - corporate, business and functional. The characteristics of strategic management decisions vary in terms of type, measurability, frequency, relation to present activities, risk, profit potential, cost, time horizon, flexibility, co-operation required differ depending upon the levels of management in an organisation. Functional decisions are taken to bifurcate and implement business strategies that are created within the ambit of corporate strategies.
19.	**Strategy evolves over a period of time. (RTP - N16)**
A.	**True:** Strategy of a business, at a particular point of time, is result of a series of small decisions taken over an extended period of time. A manager who makes an effort to increase the growth momentum of an organization is materially changing strategy. A company's strategy evolves over time as a consequence of changing environmental conditions and need to keep strategy in tune with the changes that have a bearing on the functioning of organizations.
20.	**In strategic process organizational potential is not matched with the environmental opportunities. (RTP - N16)**
A.	**False:** In the process of strategic management an organisation continuously scan its relevant environment to identify various opportunities and threats. Organisations keen to grow and expand often look for promising opportunities that match their potential. Such opportunities become a good stepping stone for achieving the goals of the organisation.
21.	**Strategists in governmental organisations have lesser autonomy than their counterparts in private sector. (RTP - M17)**
A.	**True:** Strategists in governmental organizations operate with less strategic autonomy than their counterparts in private firms. Public enterprises generally cannot diversify into unrelated businesses or merge with other firms. Governmental strategists usually enjoy little freedom in altering the organizations' missions or redirecting objectives. There is also scare of public scrutiny.
22.	**Strategic management involves huge cost. (RTP-M18(New))**
A.	**True**: Strategic management is a costly process. Strategic management adds a lot of expenses to an organization. Expert strategic planners need to be engaged. Efforts are made for analysis of external and internal environments, devise strategies and properly implement them. These can be really costly for organisations with limited resources particularly when small and medium organisation create strategies to compete.
23.	**Successful businesses have to recognize different elements of environment. (RTP-M18(O))**
A.	**True**: Various elements of environment significantly impact businesses and need to be recognized for success. Businesses have to respect, adapt, manage and sometimes influence these elements. They must continuously monitor and adapt to the environment to survive and prosper.

24.	**Strategic actions are always in reaction to the changes in environment. (RTP-M18(O))**
A.	**False**: Strategic actions are typically a blend of (1) proactive actions on the part of managers to improve the company's market position and financial performance and (2) as needed reactions to unanticipated developments and emerging market conditions and developments.
	B CATEGORY
25.	**Functional level managers are very important to an organisation.**
A.	**True:** Functional mangers have a major strategic role to develop functional strategies in their areas that help to fulfill the strategies and objectives set by business level & Corporate level managers. Functional managers help business level and corporate –level managers to formulate realistic and achievable strategies because they are closer to the customer.
26.	**"Without a strategy an organization is like a ship without a rudder".**
A.	**True:** The rudder of a ship provides it with the direction and it makes it move forward. In the same way, the strategy serves as a route map which provides a long term direction to a company. In absence of the strategy, a company cannot survive in the long run as it lacks a direction.
	C CATEGORY
27.	**Strategic management is the other name for forecasting.**
A.	**False:** Strategic management is not mere forecasting; it is concerned with ensuring a good future for the firm. It tries to prepare the firm to face the future and even shape the future in its favor. Strategic management unlike forecasting will never accept the environment as it is, rather, it tries to influence the environmental forces in its favor.
28.	**The Strategy is a short term oriented plan.**
A.	**False:** A Strategy is not a short-term oriented plan. Strategy is a broad based long range plan of a company. However, a strategy will also have some short-term implications for an organization. Strategy is a unified, comprehensive and integrated plan designed to assure that the basic objectives of an organization are achieved.
29.	**Strategy is all about matching or balancing an organization's resources with that of opportunities in the external world.**
A.	**True:** A firm through its strategy tries to bring about a perfect fit or match between its internal environment (strengths and weaknesses) the external environment (opportunities and threats). Strategy helps a firm in striking a balance between an organization's resources and the opportunities present in the external environment.
30.	**The values, ethics, and beliefs of the founders of an organization will influence to a greater extent the selection of a strategy or business.**
A.	**True:** The selection of a strategy depends to a greater extent on the values, ethics and beliefs of the founder of the company. Strategies must ensure that the strategy they formulate is not against to the company's values. For eg., Tata will never into manufacturing or marketing of alcoholic drinks as it is against the values and ethics of its founder Jamsetji Tata.

2. DYNAMICS OF COMPETITIVE STRATEGY

	A CATEGORY
1.	**The process of strategy avoids matching potential of the organization with the environmental opportunities. (N11, RTP- M15, N17)**
A.	**False.** In the process of strategic management an organisation continuously scan its relevant environment to identify various opportunities and threats. Organisations keen to grow and expand often look for promising opportunities that match their potential. Such opportunities become a good stepping stone for achieving the goals of the organisation.

2.	**Competitive strategy is designed to help firms achieve competitive advantage. (PM,RTP-N18(New))**
A.	**True:** Competitive strategy is designed to help firms achieve competitive advantage. Having a competitive advantage is necessary for a firm to compete in the market. Competitive advantage comes from a firm's ability to perform activities more effectively than its rivals.
3.	**PLC is an S-Shaped Curve. (J 09 – 2M)**
A.	**True:** Product life cycle (PLC) is an S-shaped curve. It is a graphical representation of sales overtime with 4 stages-introduction, growth, maturity and decline. These stages are common to all types of products though the duration of each phase is different in each case. Identification of PLC stage for a product / service offers useful insights for marketing management.
4.	**BCG Growth- Share Matrix classifies businesses on two dimensional scales. (RTP- N11)**
A.	**True:** The BCG Growth- Share Matrix represents businesses on a two dimensional scale. The vertical axis represents market growth rate and provides a measure of market attractiveness. The horizontal axis represents relative market share and serves as a measure of company strength in the market. On the basis of different positions of the businesses on the matrix they are classified as stars, cash cows, question marks and dogs.
5.	**Key Success factors are constant for all industries. (RTP- M12,N18)**
A.	**False:** Key Success Factors vary from industry to industry and even from time to time within the same industry as driving forces and competitive conditions change. Rarely an industry has more than three or four key success factors at any point of time. And even among these three or four, one or two usually outrank the others in importance.
6.	**In BCG Matrix, "Question Marks" represent low growth and high market share businesses or products. (RTP - M12, M17)**
A.	**False:** Question Marks, sometimes called problem children or wildcats, are low market share businesses in high- growth markets. They require a lot of cash to hold their share. They need heavy investments with low potential to generate cash. Question marks if left unattended are capable of becoming cash traps. Since growth rate is high, increasing it should be relatively easier. It is for business organisations to turn them into stars and then to cash cows when the growth rate reduces.
7.	**A SBU is a group of unrelated businesses. (RTP- M12)**
A.	**False:** An SBU is a grouping of related businesses, which is amenable to composite planning treatment. As per this concept, a multi- business enterprise groups its multitude of businesses into a few distinct business units in a scientific way. The purpose is to provide effective strategic planning treatment to each one of its products/ businesses.
8.	**A strategic Group is a cluster of firms with dissimilar competitive approaches. (RTP- M13)**
A.	**False:** Strategic groups are clusters of competitors that share similar strategies and therefore compete more directly with one another than with other firms in the same industry. Any industry contains only one strategic group when all firms essentially have identical strategies and have comparable market positions. At the other extreme, there are as many strategic groups as there are competitors when each rival pursues a distinctively different competitive approach.
9.	**Portfolio analysis helps the strategists in identifying and evaluating various businesses of a company. (PM, N12, N15)**
A.	**True:** A business portfolio is a collection of businesses and products that make up the organisation. Portfolio analysis is a tool by which management identifies and evaluates its various businesses. In portfolio analysis top management views its product lines and business units as a series of investments from which it expects returns. The best business portfolio is the one that best fits its strengths and weaknesses to the opportunities and threats in the environment. Through portfolio analysis, organisations are able to compare its various businesses and categorize them in various strata as promising, growing, without good future and so on.

10.	**A strategic group consists of rival firms with similar competitive approaches and positions in the market. (M13, RTP - N15, N16)**
A.	**True:** A strategic group consists of those rival firms that have similar competitive approaches and positions in the market. Organisations in the same strategic group can resemble one another in any of the several ways: they may have comparable product-line breadth, sell in the same price/quality range, emphasize the same distribution channels; use essentially the same product attributes to appeal to similar types of buyers, depend on identical technological approaches, or offer buyers similar services and technical assistance.
11.	**An industry can have more than one strategic group. (N14, PM)**
A.	**True:** An industry contains only one strategic group when all sellers pursue essentially identical strategies and have comparable market positions. At the other extreme, there are as many strategic groups as there are competitors when each rival pursues a distinctively different competitive approach and occupies substantially different competitive position in the market place.
12.	**The purpose of SWOT analysis is to rank organizations. (PM, J 09 - 2M)**
A.	**False:** SWOT analysis stands for the analysis of strengths, weaknesses opportunities, and threats. It is not used for ranking of organizations. It is a tool for organizational and environmental appraisal necessary for formulating effective strategies.
13.	**SWOT analysis merely examines internal environment of an organization. (PM, RTP - N17)**
A.	**False**: SWOT analysis presents the information about both external and internal environment in a structured form to compare external opportunities and threats with internal strengths and weaknesses. This helps in matching external and internal environments so that strategic decision makers in an organisation can come out with suitable strategies by identifying patterns of relationship and develop suitable strategies.
14.	**"B" in BCG Matrix stands for balance. (PM)**
A.	**False:** The acronym BCG stands for Boston Consulting Group, an organization that developed a matrix to portray an organizational corporate portfolio of investment. This matrix depicts growth of business and the business share enjoyed by an organization. The matrix is also known for its cow and dog metaphors and is popularly used for resource allocation in a diversified company.
15.	**Growth share matrix is popularly used for resource allocation. (PM, M16, RTP - M14,N18)**
A.	**True**: Growth share matrix also known for its cow and dog metaphors is popularly used for resource allocation in a diversified company. Primarily it categorises organisations / products on the basis two factors consisting of the growth opportunities and the market share enjoyed.
16.	**One or two key success factors may outrank others. (RTP - N14)**
A.	**True:** Key success factors vary from industry to industry and even from time to time within the same industry as driving forces and competitive conditions change. Only rarely does an industry have more than three or four key success factors at any one time. And even among these three or four, one or two usually outrank the others in importance. Managers, therefore, have to resist the temptation to include factors that have only minor importance.
17.	**"Industry is a grouping of dissimilar firms". (M – 08, PM)**
A.	**False:** Industry is a consortium of firms whose products or services have homogenous attributes or are close substitutes such that they compete for the same buyer. For example, all paper manufacturers constitute the paper industry.
18.	**Strength is an inherent capacity of an organization. (PM, MTP - M15)**
A.	**True:** Strength is an inherent capacity which an organization can use to gain strategic advantage over its competitors. An example of strength is superior research and development skill which can be used for continuous product innovation or for new product development so

	that the company gains competitive advantage.
19.	**A 'Strategic Group' consists of rival firms with different competitive approaches and positions in the market. (M 13 - 2M)**
A.	**False:** A strategic group consists of rival firms with similar competitive approaches and positions in the market. Companies in the same strategic group have similarity in any one or more of the aspects like, product lines, product attributes, price/ Quality range, distribution and marketing channels, etc.
20.	**Portfolio analysis involves comparison of various functional areas of business. (RTP- N15)**
A.	**False:** Portfolio analysis can be defined as a set of techniques that help strategists in taking strategic decisions with regard to individual products or businesses in a firm's portfolio. It is primarily used for competitive analysis and corporate strategic planning in a multi-product and multi-business firm.
21.	**SWOT analysis presents a comparative account. (RTP- N15)**
A.	**True:** SWOT analysis presents the information about both external and internal environment in a structured form where it is possible to compare external opportunities and threats with internal strengths and weaknesses. This helps in matching external and internal environments so that a strategist can come out with suitable strategy by developing certain patterns of relationship. The patterns are combinations say, high opportunities and high strengths, high opportunities and low strengths, high threats and high strengths, high threats and low strengths.
22.	**The concept of experience curve is relevant for a number of areas in strategic Management. (RTP- M16, MTP – Mar, Aug17)**
A.	**True:** Experience curve results from a variety of factors such as learning effects, economies of scale, product redesign and technological improvements in production. The concept of experience curve is relevant for a number of areas in strategic management. For instance, experience curve is considered a barrier for new firms contemplating entry in an industry. It is also used to build market share and discourage competition.
23.	**There are many other reasons for changes in industry other than its position in life cycle. (RTP- M16)**
A.	**True:** There are more causes of industry's changes than its position in the life cycle. All industries are characterized by trends and new developments that gradually produce changes important enough to require a strategic response from participating firms. The life-cycle stages are strongly linked to changes in the overall industry growth rate. Industry and competitive conditions change because forces are dynamic. The most dominant forces are called driving forces because they have the biggest influence on what kinds of changes will take place in the industry's structure and competitive environment.
24.	**Market penetration is a growth strategy where the business focuses on selling new products into new markets. (RTP- M16)**
A.	**False:** Market penetration is a growth strategy where the business focuses on selling existing products into existing markets. It is achieved by making more sales to present customers without changing products in any major way. Penetration might require greater spending on advertising or personal selling.
25.	**Key success factors vary from industry to industry. (RTP - M16)**
A.	**True:** Key success factors vary from industry to industry and even from time to time within the same industry as driving forces and competitive conditions change. Only rarely does an industry have more than three or four key success factors at any one time. And even among these three or four, one or two usually outrank the others in importance.
26.	**BCG Growth Share Matrix is popularly used for resource allocation (M - 16)**
A.	**True**: BCG Growth Share Matrix popularly used for resource allocation to various SBUs by a multi- business or multi- product firm. BCG Matrix was developed on the basis of two

	parameters namely, 'Relative Market Share' and 'Market Growth Rate' of SBUs.
27.	**In BCG matrix, question marks represent low growth, low share businesses. (RTP - M17)**
A.	**False:** Question Marks, also known as problem children or wildcats, are low market share business in high-growth markets. They need heavy investments with low potential to generate cash. On the other hand dogs are low-growth, low-share businesses and products. Dogs generate enough cash to maintain themselves, but do not have much future.
28.	**A core competence is a unique strength of an organization which may not be shared by others. (N07 – 2M, PM, RTP- N16)**
A.	**True:** A core competence is a unique strength of an organization which may not be shared by others. If business is organized on the basis of core competence, it is likely to generate competitive advantage. A core competence provides potential access to a wide variety of markets. Core competencies should be such that it is difficult for competitors to imitate them.
29.	**Globalisation means different things to different people. (PM, M10 – 2M)**
A.	**True:** Globalisation means several things to several people. For some it is a new paradigm shift – a change that involves substantially different skills, knowledge and different ways of doing things. For developing countries, globalization means opening up of their domestic economies to the global markets. For some, it means integrating the domestic economy with the world economy. Globalisation refers to the process of integration of the world into one huge market. This unification leads to the removal of all trade barriers among countries, including the political and geographical barriers.
30.	**Key success factors determine competitive success. (RTP-M18(New))**
A.	**True**: The purpose of identifying Key Success Factors is to make judgments about things that are more important to competitive success and the things that are less important. To compile a list of every factor that matters even a little bit defeats the purpose of concentrating management attention on the factors truly critical to long term competitive success.
31.	**An opportunity is an inherent capacity which an organization can use to gain strategic advantage over its competitors. (RTP-M18(O))**
A.	**False:** An opportunity is not an inherent capacity of any organization. It is a favourable condition in the organization's environment which enables it to consolidate and strengthen its position. An example of an opportunity is growing demand for the products or services that a company provides.
	B CATEGORY
32.	**Setting a high price for product is the strategy of penetration pricing.**
A.	**False:** Penetration pricing strategy involves charging a low price for a product or service during the initial stage of its launch to attract customers and increasing it slowly as the firm penetrates into the market. This strategy is followed for products that are already available in the market.
33.	**GE matrix is an improvement over BCG matrix.**
A.	**True:** The two parameters (market attractiveness and company's business strength) used in GE matrix are broader when compared to the ones used in BCG matrix. For example, industry growth rate, a parameter used in BCG matrix is one of the indicators of industry attractiveness, a broader term used as a parameter in GE Matrix.
	C CATEGORY
34.	**Driving Forces are also known as 'triggers'.**
A.	**True:** The dominant forces that have a great influence on the changes that take place in the competitive environment and the economy are called Driving Forces of industry's change. They are also known as drivers or triggers.

35.	**Key success Factors in an industry always remain the same.**
A.	**False:** Key Success Factors (KSFs) are the elements that affect the ability of a firm/industry to prosper in the market place. They constitute the rules that shape whether a company will be financially or competitively successful. As driving forces and competitive conditions change, KSFs vary from industry to industry and even from time to time within the same industry.
36.	**Portfolio analysis helps a multi- business or a multi - product firm.**
A.	**True:** Portfolio analysis can be defined as a set of techniques that facilitate in taking strategic decisions with regard to individual products or businesses in a firm's portfolio. Portfolio approach helps a multi-product, multi-business firm to channelise its resources (at the corporate level) to the businesses that have greater potential.
37.	**Portfolio analysis is a tool for analyzing the strengths, weaknesses, opportunities, and threats of an organization.**
A.	**False:** portfolio analysis is a tool by which management identifies and evaluates its various business, product-lines, business units and investments of the company and the returns expected / obtained from them. In the context of Strategic Management, Portfolio analysis is defined as a set of techniques that facilitate in taking strategic decisions with regard to individual products or businesses in a firm's portfolio.
38.	**An SBU is also known as a profit centre.**
A.	**True:** An SBU is a single business or collection of related businesses that can be planned separately. It has its own set of competitors and has a manager who is responsible for strategic planning and profit. Hence an SBU is also known as a profit centre.

3. STRATEGIC MANAGEMENT PROCESS

A CATEGORY	
1.	**For a small entrepreneur vision and mission are irrelevant.** **(PM, N16, RTP- M14, N14,N18(New))**
A.	**False:** Every organization whether it is large or small requires strategic vision and mission statements. Organisations irrespective of their size face similar business environment and have to work through competition. Small organizations have to plan strategies for their survival in the market where large organizations are also present. **Note:** The above question was asked in Nov 2014 exam in the following way. Strategic Vision and Mission statements are needed only by large business houses.
2.	**Strategic planning is an attempt to improve operational efficiency.** **(PM, RTP – N16)**
A.	**False:** Strategic planning, an important component of strategic management, involves developing a strategy to meet competition and ensure long- term survival and growth. They relate to the top level in the organisation and relate the organisation with its environment. Operational efficiency is not a direct outcome of strategic planning.
3.	**The first step of strategy formulation in strategic management model is to undertake internal analysis.** **(PM, M 07 - 2M, N – 11,RTP-N18)**
A.	**False:** Identifying an organisation's existing vision, mission, objectives, and strategies is the starting point for any strategic management process because an organisation's existing situation and condition may preclude certain strategies and may even dictate a particular course of action. Determining vision and mission provides long-term direction, delineate what kind of enterprise the company is trying to become and infuse the organisation with a sense of purposeful action.
4.	**Objectives are open- ended and goals are closed- ended.** **(MTP - 2)**
A.	**False:** Objectives are closed ended and are specific, time bound, concrete and measurable or quantifiable. Whereas goals are open ended broad statements of what an organization wants to

	achieve at a future date. They don't convey a direct meaning. **For Eg:** The goal of a company is to increase its sales. This goal when converted into an objective may look like this. The objective of the company is to increase sales by 5% by June 30 through sales representatives. **Note:** In ICAI Study material, the answer is given opposite to our answer. Students are required to follow the answer given by ICAI.
5.	**All strategies emerge from corporate vision. (N08 – 2M, PM)**
A.	**True:** Vision explains where the organization is headed, so as to provide long-term direction, delineate what kind of enterprise the company is trying to become and infuse the organization with a sense of purpose. All strategies need to be drawn in the light of corporate vision, which is what the firm ultimately wants to become.
6.	**Vision and Mission are translated into objectives.**
A.	**True:** Vision and mission cannot be achieved on their own. They have to be converted into specific performance targets known as objectives. The accomplishment of mission of an organisation requires the formulation of objectives. Objectives help an organisation to pursue its vision and mission. Objectives are the performance targets of an organisation i.e. the results and outcomes it wants to achieve.
7.	**A strategic vision delineates organisation's aspirations for the business. (RTP - M16)**
A.	**True:** A strategic vision delineates organisation's aspirations for the business, providing a panoramic view of the position where the organisation is going. A strategic vision points an organization in a particular direction, charts a strategic path for it to follow in preparing for the future, and moulds organizational identity.
8.	**Judgment about what strategies should be pursued flows from intuition. (RTP- M17)**
A.	Strategy formulation is not a task which managers can get by with intuition, opinions, good instincts, and creative thinking. Judgments about what strategy to pursue need to flow directly from analysis of an organisational external environment and internal situation.
9.	**Information gathering and deep analysis can eliminate uncertainty. (RTP-M18)**
A.	**False**: 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.
10.	**Vision is one of the key elements of Strategic Intent. (N18-2M(New))**
A.	**Ture:** 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.
	B CATEGORY
11.	**The mission of a company is always static and it will never change.**
A.	**True:** As the mission denotes the purpose or reason for an organization's existence, it will never change. A mission is an enduring statement of purpose that distinguishes an organization from other organizations.
	C CATEGORY
12.	**A business firm would still grow even if it defines its business narrowly.**
A.	**False:** To ensure continued evolution of growth, an organisation must define their business in a broader sense to take advantage of the growth opportunities that emerge over time. Organisations that define their businesses too narrowly dig their own graves. They develop short sightedness over a period of time and get unrecognised in the market in the long run.
13.	**Strategic decision making involves commitment of resources**
A.	**True:** Strategic issues involve commitment of resources i.e. large amounts of company's financial investment, to venture into new areas of business, employing more people with new set of skills

	in them, take-over of another enterprise, business expansion, etc. All these decisions involve substantial amount of organization's resources.

4. CORPORATE LEVEL STRATEGIES

A CATEGORY	
1.	**Divestment strategy involves the sale or liquidation of a portion of business.**
A.	**True:** Divestment strategy involves the sale or liquidation of a portion business, or a major division, profit center or SBU. Divestment is usually a part of rehabilitation or restructuring plan and is adopted when a turnaround has been attempted but has proved to be unsuccessful. The option of a turnaround may even be ignored if it is obvious that divestment is the only answer.
2.	**Liquidation strategy may be a pleasant strategic alternative. (MTP - N15)**
A.	**False:** Liquidation may be unpleasant as a strategic alternative but when a "dead business is worth more than alive", it is a good proposition. For instance, the real estate owned by a firm may fetch it more than the actual returns of doing business. When liquidation is evident (though it is difficult to say exactly when), an abandonment plan is desirable. Planned liquidation would involve a systematic plan to reap the maximum benefits for the firm and shareholders through the process of liquidation.
3.	**Restructuring is a slow process that brings consistent changes.**
A.	**False:** Restructuring is neither slow nor the changes are consistent with the existing structure. An organisation that needs to improve its efficiency and profitability may use restructuring as a strategic tool. It involves careful study of existing structures and identifying focus areas that need to be dismantled and rebuilt within an organization. Strategic restructuring in organisations is often adopted after acquisitions, takeovers or bankruptcy. Restructuring can involve a significant change of an organization's liabilities or assets.
4.	**Stability strategies are do- nothing approach to managing. (PM, M14, RTP - N14,N18(new)))**
A.	**False:** Stability strategies are implemented by approaches wherein few functional changes are made in the products or markets. However, it is not a 'do nothing' strategy. It involves keeping track of new developments to ensure that the strategy continues to make sense. This strategy is typical for mature business organizations. Some small organizations will also frequently use stability as a strategic focus to maintain comfortable market or profit position.
5.	**Strategic planning is an attempt to improve operational efficiency. (RTP- M13, N16, PM)**
A.	**False:** Strategic planning, an important component of strategic management, involves developing a strategy to meet competition and ensure long-term survival and growth. They relate to the top level in the organisation and relate the organisation with its environment. Operational efficiency is not a direct outcome of strategic planning.
6.	**Divesting a major product line or market in an organization can be termed as retrenchment strategy. (PM, MTP - M16)**
A.	**True:** An organization can redefine its business by divesting a major product line or market. The divesting can be termed as retrenchment strategy. The enterprise may withdraw from marginal markets, withdraw some brands or sizes of products. It may also withdraw of some slow moving products. In an extreme manner it may seek retirement either from the production or the marketing activity.
7.	**Acquisition is a type of growth strategy (N 07, PM)**
A.	**True:** An acquisition is a type of growth strategy through which one firm buys a controlling or complete interest in another firm. Acquisition of an existing concern is an instant means of achieving growth through expansion and/or diversification. Ideally, acquisition strategy should be used when the acquiring firm is able to enhance its economic value through ownership and the use of the assets that are acquired.
8.	**Diversification only involves entering in new businesses that are related to the existing business of an organization. (PM)**
A.	**False:** Although, organisations can diversify into businesses that are vertically or horizontally related to the existing businesses, the diversification is not limited to the related businesses. In conglomerate diversification; the new businesses/ products are disjointed from the existing

	businesses/products in every way. There is no connection between the new products and the existing ones in process, technology or function.
9.	**Vertical diversification integrates firms forward or backward in the product chain. (PM,RTPM14,N18)**
A.	**True:** In vertically integrated diversification, firms opt to engage in businesses that are related to the existing business of the firm. It moves forward or backward in the chain and enters specific product with the intention of making them part of new businesses for the firm.
10.	**Concentric diversification amounts to unrelated diversification. (PM)**
A.	**False:** Concentric diversification amounts to related diversification. Concentric diversification takes place when the products or services added are in different industry but are similar to the existing product or service line with respect to technology or production or marketing channels or customers.
11.	**To diversify organisations need to enter into businesses that are unrelated to the present business of the organisation. (RTP - M17)**
A.	**False:** Diversification endeavours can be related or unrelated to existing businesses of the firm. A related diversification can be vertically integrated, horizontally integrated or concentric. In conglomerate diversification no linkages with the existing businesses exist.
12.	**Turnaround should succeed liquidation strategy. (RTP-M18)**
A.	**False**: A retrenchment strategy considered the most extreme and unattractive is liquidation strategy, which involves closing down a firm and selling its assets. It is considered as the last resort because it leads to serious consequences such as loss of employment for workers and other employees, termination of opportunities where a firm could pursue any future activities, and the stigma of failure. In an ideal scenario, turnaround should be attempted first and should precede option of liquidation.
13.	**Acquiring of ambulance services by a hospital is an example of forward integration strategy. (N18-2M(New))**
A.	**False**: Acquiring of ambulance services by a hospital is an example of backward integration strategy. Backward integration is a step towards creation of effective supply by entering business of input providers. Forward integration is moving forward in the value chain.
14.	**There is no such thing as backward integration. (N18-2M(New))**
A.	**True**: Organisations may diversify into new businesses that are vertically integrated with their existing business. Backward integration firms create effective supply by entering business of input providers. This strategy is employed to expand profits and gain greater control over production.
	B CATEGORY
15.	**Retrenchment implies downsizing of business. (M 07 – 2M, PM)**
A.	**False:** In the context of strategic management, retrenchment implies giving up certain products and reducing the level of business as a compulsive measure to cope up with certain adverse developments on which the firm has little control. Downsizing (or rightsizing) is planned elimination of positions or jobs. Retrenchment does not imply downsizing, however, the latter is often used to implement a retrenchment strategy.
	C CATEGORY
16.	**Liquidation is the last resort option for a business organisation. (PM)**
A.	**True:** Liquidation as a form of retrenchment strategy is considered as the most extreme and unattractive. It involves closing down a firm and selling its assets. It is considered as the last resort because it leads to serious consequences such as loss of employment for workers and other employees, termination of opportunities a firm could pursue, and the stigma of failure. The company management, government, banks and financial institutions, trade unions, suppliers,

	creditors, and other agencies are extremely reluctant to take a decision, or ask, for liquidation.

5. BUSINESS LEVEL STRATEGIES

	A CATEGORY
1.	**Focus strategies are most effective with consumers having similar preferences. (RTP- N15)**
A.	**False:** Focus strategies are most effective when consumers have distinctive preferences or requirements and when rival firms are not attempting to specialize in the same target segment. An organization using a focus strategy may concentrate on a particular group of customers, geographic markets, or on particular product line segments in order to serve a well-defined but narrow market better than competitors who serve a broader market.
2.	**Porter's five forces model considers new entrants as a significant source of competition. (PM,RTP-N18(New))**
A.	**True:** Porter's five forces model considers new entrants as major source of competition. The new capacity and product range that the new entrants bring in throw up new competitive pressure. The bigger the new entrant, the more severe the competitive effect. New entrants also place a limit on prices and affect the profitability of existing players.
3.	**Substitute products are latent source of competition. (RTP - M15)**
A.	**True:** Substitute products are a latent source of competition in an industry. In many cases, they become a major constituent of competition. Substitute products offering a price advantage and/ or performance improvement to the consumer can drastically alter the competitive character of an industry. For example, coir suffered at the hands of synthetic fibre. Wherever, substantial investment in R &D is taking place, threats from substitute products can be expected. Substitutes, too, usually limit the prices and profits in an industry.
4.	**Competition adversely hits the organizational growth. (RTP- M16)**
A.	**False:** All organizations have competition. Multinationals and large organizations clash directly on every level of product and service. Mid-sized and small business also chases same customers and finds that prices and product quality are bounded by the moves of their competitors. Competition can challenge organizations to work better, improve and grow. Lack of competition can make organizations complacent with their present positions.
5.	**Substitutes can also exert significant competitive pressures. (RTP-M18)**
A.	**Ture**: According to porter's five forces model, a final force that can influence industry profitability is the availability of substitutes for an industry's product. To predict profit pressure from this source, firms must search for products that perform the same, or nearly the same, function as their existing products.
	B CATEGORY
6.	**Differentiation strategy allows a firm to charge a higher price for its product / service.**
A.	**True:** As a company following differentiation strategy offers superior quality in its product / service, or products of unique features, naturally the product can command a premium or high price in the market. For example Rolex watch Mercedes Benz, etc. are some of the highly differentiated brands and are able to command a premium price in the market.
7.	**The Best- cost provider strategy is nothing but offering a product / service at the lowest price possible.**
A.	**False:** The Best- cost provider strategy is a further development Michael Porter's Generic strategies and is a hybrid of cost leadership and differentiation strategies. It means offering a well – differentiated product with a focus on cost reduction at the same time. This strategy requires the

	firm to develop a unique expertise in simultaneously managing costs down and superior features and attributes in a product / service.
	C CATEGORY
8.	**Focus strategy involves introduction of only one product.**
A.	**False:** Focus is one of the generic strategies proposed by Michael porter. The focus strategy involves introducing products and services that fulfill the needs of small group of consumers. In terms of market, the firm here selects a niche / narrow market and puts its entire efforts in catering to the customers in that narrow / niche segment. For example, Ayur, a herbal based cosmetic company offers only herbal based cosmetics to the herbal conscious customers which is a niche market in India.
9.	**A company following a focus strategy will incur losses in the long run.**
A.	**False:** A successful focus strategy depends on an industry segment that is of sufficient size, has good growth potential and is not critical to the success of other major competitors. Narrow market does not mean too narrow to be profitable, it will be of enough size.

6. FUNCTIONAL LEVEL STRATEGIES

	A CATEGORY
1.	**Supply chain management is conceptually wider than logistics management. (Or) Logistics Management is an extension of Supply Chain Management. (N16)**
A.	**True:** Supply chain management is an extension of logistic management. Logistic management is related to planning, implementing and controlling the storage & movement of goods & services while supply chain management is much more than that. It is a tool of business transformation and involves delivering the right product at the right time to the right place and at the right price.
2.	**Publicity is a personal form of promotion.(RTP-M18(New))**
A.	**False:** Publicity is also a non- personal form of promotion similar to advertising. However, no payments are made to the media as in case of advertising. Organisations skillfully seek to promote themselves and their product without payment. Publicity is communication of a product, brand or business by placing information about ir in the media without paying for the time or media space directly. Basic tools for publicity are press releases, press conferences, reports, stories, and internet releases.
3.	**Publicity is a non-personal form of promotion similar to advertising. (MTP- Sept16)**
A.	**True:** Publicity is also a non-personal form of promotion similar to advertising. However, no payments are made to the media as in case of advertising. Organizations skillfully seek to promote themselves and their product without payment. Publicity is communication of a product, brand or business by placing information about it in the media without paying for the time or media space directly. Thus it is way of reaching customers with negligible cost. Basic tools for publicity are press releases, press conferences, reports, stories, and internet releases. These releases must be of interest to the public.
4.	**The management of funds can play a pivotal role in strategy implementation. (RTP - M15)**
A.	**True:** The management of funds can play a pivotal role in strategy implementation as it aims at the conservation and optimum utilization of funds which are central to any strategic action. Organizations that implement strategies of stability, growth or retrenchment cannot escape the rigorous of proper management of funds. In fact, good management of funds often creates the difference between a strategically successful and unsuccessful company.
5.	**Cost- plus pricing ensures profits in competition. (RTP- N14)**
A.	**False:** Theoretically, organizations may adopt cost plus pricing wherein a margin is added to the cost of the product to determine its price. However, in the competitive environment such an approach may not be feasible. More and more companies of today have to accept the market price with minor deviations and work towards their costs. They reduce their cost in order to

	maintain their profitability.
6.	**Production strategy implements, supports and drives higher strategies. (PM, M10 - 2M, RTP- M14, M15,N16,M18,N18)**
A.	**True:** For effective implementation of higher level strategies, strategists need to provide direction to functional managers, including production, regarding the plans and policies to be adopted. Production strategy provides a path for transmitting corporate and business level strategy to the production systems and makes it operational. It may relate to production planning, operational system, control and research & development.
7.	**Skimming means keeping price very low (PM)**
A.	**False:** In skimming, prices of a new product are kept at a very high level. The idea is to take advantage of the initial interest that a new product generates amongst the buyers who are relatively price insensitive.
8.	**De-marketing is used to eliminate the competitors' market share. (RTP- N15)**
A.	**False:** De-marketing is a marketing strategy to reduce demand temporarily or permanently-the aim is not to destroy demand, but only to reduce or shift it. This happens when the demand is too much to handle. For example, buses are overloaded in the morning and evening, roads are busy for most of times, zoological parks are over-crowded on Saturdays, Sundays and holidays. Here demarketing can be applied to regulate demand.
9.	**Logistics is a process that integrates the flow of supplies into, through and out of an organization. (RTP- N16)**
A.	Logistics is a process that integrates the flow of supplies into, through and out of an organization to achieve a level of service that facilitate movement and availability of materials in a proper manner. When a company creates a logistics strategy, it is defining the service levels at which its logistics is smooth and is cost effective.
10.	**De- marketing strategies may aim to reduce demand temporarily or permanently.(PM, M15)**
A.	De-marketing is a marketing strategy to reduce demand temporarily or permanently – the aim is not to destroy demand, but only to reduce or shift it. This happens when the demand is too much to handle. For example, buses are overloaded in the morning and evening, roads are busy for most of times, zoological parks are over-crowded on Saturdays, Sundays and holidays. Here de-marketing can be applied to regulate demand.
11.	**Strategies need to be segregated into functional level strategies and plans. (RTP- M17)**
A.	**True:** Functional strategies are made within the higher level strategies and guidelines. Functional managers need guidance from the business strategy in order to take decisions. Strategies need to be segregated into viable functional plans and policies. Operational plans tell the functional managers what has to be done while policies state how the plans are to be implemented.
12.	**Human Resource Management aids in strategic management. (PM, MTP- N16)**
A.	**True**: The human resource management helps the organization to effectively deal with the external environmental challenges. The function has been accepted as a partner in the formulation of organization's strategies and in the implementation of such strategies through human resource planning, employment, training, appraisal and rewarding of personnel.
13.	**Performance appraisal is a tool to identify the deficiencies in employees. (N18-2M(O))**
A.	**True:** Performance appraisal is a systematic process to assess job performance of employees in relation to certain pre-established criteria and organizational objectives. Performance appraisal can help to identify performance deficiencies in employees, accordingly can help in identifying deficiencies.

	B CATEGORY
14.	**Functional strategies facilitate the implementation corporate strategy. (M 10)**
A.	**True:** Different functional strategies like marketing, finance, HR, R & D etc. facilitate the implementation of corporate strategy of a firm. Functional strategies though operate at the lowest hierarchy of an organization, they are essential in implementing in an overall corporate strategy and also the business level strategies.
15.	**The role of Human Resource Manager is significant in building up core competency of the firm. (PM, N11M18-2M)**
A.	**True.** The human resource manager has a significant role to play in developing core competency of the firm. A core competence is a unique strength of an organization which may not be shared by others. Core-competencies can be generated and maintained only through the effective management of human resources and their skills.
16.	**Functional level constitutes the lowest hierarchical level of strategic management. (PM, M 07)**
A.	**True:** Functional-level managers and strategies operate at the lowest hierarchical level of strategic management. Functional level is responsible for the specific business functions or operations (human resources, purchasing, product development, customer service, and so on) that constitute a company or one of its divisions. Although they are not responsible for the overall performance of the organisation, functional managers nevertheless have a major strategic role to develop functional strategies in their area that help to fulfill the strategic objectives set by business and corporate-level managers.
17.	**Market penetration ignores competition.**
A.	**False:** Market penetration refers to a growth strategy where the business focuses on selling existing products into existing markets. Penetration might require greater spending on advertising or personal selling. Overcoming competition in a mature market requires an aggressive promotional campaign, supported by a pricing strategy designed to make the market unattractive for competitors.
18.	**Augmented marketing is provision of additional customer services and benefits. (PM)**
A.	**True:** Augmented marketing refers to deliberate and accelerated efforts to get better marketing returns through additional means. It includes provision of additional customer services and benefits built around the care and actual products that relate to introduction of hi-tech services like movies on demand, on-line computer repair services, secretarial services, etc. Such innovative offerings provide a set of benefits that promise to elevate customer service to unprecedented levels.
19.	**Tele-shopping is an instance of direct marketing. (PM, N 07- 2M,M18-2M,RTP-N18(New))**
A.	**True:** Direct marketing is done through various advertising media that interact directly with customer. Teleshopping is a form of direct marketing which operates without conventional intermediaries and employs television and other IT devices for reaching the customer. The communication between the marketer and the customer is direct through third party interfaces such as telecom or postal systems
	C CATEGORY
20.	**Supply chain management is conceptually wider than logistics management. (PM)**
A.	**True:** Supply chain management is an extension of logistic management. Logistic management is related to planning, implementing and controlling the storage & movement of goods & services while supply chain management is much more than that. It is a tool of business transformation and involves delivering the right product at the right time to the right place and at the right price.

7. ORGANISATION & STRATEGIC LEADERSHIP

A CATEGORY	
1.	**In every organization, strategy follows structure. (M08 – 2M, PM)**
A.	**False:** An organization's structure is designed to facilitate its strategic pursuit and therefore, structure follows strategy. Without a strategy or reason for being, it will be difficult to design an effective organization structure. Strategic developments may require allocation of resources and there may be a need for adapting the organization's structure to handle new activities as well as training personnel and designing appropriate systems.
2.	**Network structure creates virtual organisations. (RTP- N14)**
A.	**True:** In a network structure many activities are outsourced. A corporation organized in this manner is often called a virtual organization because it is composed of a series of project groups or collaborations linked by constantly changing non-hierarchical, cobweb-like networks. The network structure becomes most useful when the environment of a firm is unstable and is expected to remain so. Under such conditions, there is usually a strong need for innovation and quick response. Instead of having salaried employees, it may contract with people for a specific project or length of time.
3.	**"Resistance to change is an impediment in building of strategic supportive corporate culture." (PM, M 08 - 2M)**
A.	**True:** Corporate culture refers to a company's values, beliefs, business principles, traditions, ways of operating, and internal work environment. In an organizational effort to build strategic supportive corporate culture, employees' resistance to change can impede its successful implementation and execution.
4.	**An organization's culture is always an obstacle to successful strategy implementation. (N 08 - 2M)**
A.	**False:** A company's culture is manifested in the values and business principles that management preaches and practices. The beliefs, vision, objectives and business approaches and practices underpinning a company's strategy may be compatible with its culture or may not. When they are compatible the culture becomes a valuable ally (support) in strategy implementation and execution.
5.	**Corporate Culture is always identical in all the organisations. (PM, N – 09, MTP- M16,M17-2M,M18-2M)**
A.	**False:** Every company has its own organisational culture. Each has its own business philosophy and principles, its own ways of approaching to the problems and making decisions, its own work climate, work ethics, etc. Therefore, corporate culture need not be identical in all organisations. However, every organisation over a period of time inherits and percolates down its own specific work ethos and approaches.
6.	**Strategies may require changes in organizational structure. (PM, RTP - M14,N18(New))**
A.	**True:** Strategies may require changes in structure as the structure dictates how resources will be allocated. Structure should be designed to facilitate the strategic pursuit of a firm and, therefore, should follow strategy. Without a strategy or reasons for being, companies find it difficult to design an effective structure.
7.	**SBU concepts facilitate multi-business operations. (J09 - 2M, RTP- M13, N16, N17,M18, PM, MTP- N14)**
A.	**True:** Organizing business along SBU lines and creating strategic business units has become a common practice for multi-product/service and global organizations. It is a convenient and intelligent grouping of activities along distinct businesses and has replaced the conventional groupings. SBU facilitates strategic planning, gaining product related / market-related

	specialization, gaining cost-economies and more rational organizational structure.
8.	**Culture promotes better strategy execution. (PM, N13)**
A.	**True:** Strong cultures in an organisation promote good strategy execution when there's fit and hurt execution when there's negligible fit. A culture grounded in values, practices, and behavioural norms that match what is needed for good strategy execution helps energize people throughout the company to do their jobs in a strategy-supportive manner, adding significantly to the power and effectiveness of strategy execution.
9.	**An organisation's culture is always an obstacle to successful strategy implementation (N – 08, PM)**
A.	**False:** A company's culture is manifested in the values and business principles that management preaches and practices. The beliefs, vision, objectives and business approaches and practices underpinning a company's strategy may be compatible with its culture or may not. When they are compatible the culture becomes a valuable ally in strategy implementation and execution.
10.	**A corporate culture is always identical in organizations located in same geographical area. (PM, RTP- N15)**
A.	**False:** Every company has its own organisational culture. Each has its own business philosophy and principles, its own ways of approaching to the problems and making decisions, its own work climate, work ethics, etc. Therefore, corporate culture need not be identical in all organisations in a geographical area. However, every organisation over a period of time inherits and percolates down its own specific work ethos and approaches.
11.	**Changes in strategy may lead to changes in organizational structure. (RTP- M16,N18)**
A.	**True:** Changes in strategy may require changes in structure as the structure dictates how resources will be allocated. Structure should be designed to facilitate the strategic pursuit of a firm and, therefore, should follow strategy. Without a strategy or reasons for being, companies find it difficult to design an effective structure.
12.	**A match between strategy and structure may create competitive advantage. (RTP-M17,M18)**
A.	**True:** A competitive advantage is created when there is a proper match between strategy and structure. Ineffective strategy/structure matches may result in company rigidity and failure, given the complexity and need for rapid changes in today's competitive landscape. Thus, effective strategic leaders seek to develop an organizational structure and accompanying controls that are superior to those of their competitors.
13.	**In hourglass structure, more personnel are required at middle levels for effective functioning. (RTP - M17,N18)**
A.	**False:** Hourglass organization structure consists of three layers with constricted middle layer. The structure has a short and narrow middle-management level. Information technology links the top and bottom levels in the organization taking away many tasks that are performed by the middle level managers. A shrunken middle layer coordinates diverse lower level activities.
14.	**Network Structures eliminate many in-house functions. (RTP-M18(New))**
A.	**Ture**: The network structure can be termed a "non-structure" by its virtual elimination of in-house business functions. Many activities are outsourced. A corporation organized in this manner is often called a virtual organization because it is composed of a series of project groups or collaborations linked by constantly changing non-hierarchical, cobweb-like networks.
15.	**Network structure brings flexibility and adaptability in an organization. (RTP-M18(O))**
A.	**Ture:** The network organization structure provides an organization with increased flexibility and adaptability to cope with rapid technological change and shifting patterns of international trade and competition. It allows a company to concentrate on its distinctive competencies, while gathering efficiencies from other firms who are concentrating their efforts in their areas of

	expertise.
16.	**Structure has no impact on the strategy of the organization. (N18-2M(New))**
A.	**False:** Structures are designed to facilitate the strategic pursuit of a firm and, therefore, follows strategy. Without a strategy or reason for being, it will be difficult to design an effective structure. Strategic developments may require allocation of resources and there may be a need for adapting the organisation's structure to handle new activities as well as training personnel and devising appropriate systems.
	B CATEGORY
17.	**There must always be a 'good fit' between an organization's culture and strategy.**
A.	**True:** An organization, in order to implement its chosen strategy effectively should have a supporting and relevant culture. This will stimulate the employees to accept the challenge of realizing the company's vision, do their jobs competently and with enthusiasm, and collaborate with others, to effectively implement the strategy.
18.	**When there is a 'strategy – culture conflict' in an organization, changes should be made in the strategy only.**
A.	**False:** A Strategy – culture conflict requires the firm to redesign its strategy so that it is culturally fit, or redesign the mismatched cultural features to fit the strategy. If there is compatibility between strategy and culture, the firm can effectively implement its strategies.
	C CATEGORY
19.	**Changes in the organisation structure guarantee the successful implementation of a strategy.**
A.	**False:** When a firm changes its strategy, the existing organisational structure may become ineffective. Structural changes are required to make the strategies workable. Changes in structure can only facilitate strategy implementation efforts. But changes in structure can't make a bad strategy to good, bad managers to good or bad products to sell.

8. STRATEGY IMPLEMENTATION & CONTROL

	A CATEGORY
39.	**Efficiency and effectiveness are similar terms and there is no much difference between them. (M08 – 2M,M18-2M, PM, RTP- M15, MTP- Sept16)**
A.	**False:** Efficiency pertains to designing and achieving suitable input output ratios of funds, resources, facilities and efforts whereas effectiveness is concerned with the organization's attainment of goals including that of desired competitive position. While efficiency is essentially introspective, effectiveness highlights the links between the organization and its environment. In general terms, to be effective is to do the right things while to be efficient is to do things rightly.
1.	**The thrust of operational control is on individual tasks or transactions.**
A.	**True:** The thrust of operational control is on individual tasks or transactions as against total or more aggregative management functions. For example, procuring specific items for inventory is a matter of operational control, in contrast to inventory management as a whole. One of the tests that can be applied to identify operational control areas is that there should be a clear- cut and somewhat measurable relationship between inputs and outputs which could be predetermined or estimated with least uncertainty.
2.	**Strategy formulation heavily relies on intuition and hunch. (RTP- N14)**
A.	**False:** Strategy formulation is not a task that managers can get by with intuition, opinions, good instincts, and creative thinking. Judgments about what strategies to pursue flow directly from analysis of an organisational external environment and internal situation. It is a pragmatic approach in which strategies are carefully chosen from various alternatives after thorough analysis of micro and macro environment, competition, capabilities, resources, internal strengths,

	weaknesses and market position.
3.	**Unfreezing facilitates change. (RTP- N14)**
A.	**True:** Unfreezing makes the individuals or organizations aware of the necessity for change and prepares them for such a change. According to Kurt Lewin changes should not come as a surprise to the members of the organization. Sudden and unannounced change would be socially destructive and morale lowering. The management must pave the way for the change by first "unfreezing the situation", so that members would be willing and ready to accept the change. Unfreezing is the process of breaking down the old attitudes and behaviours, customs and traditions so that they start with a clean slate.
4.	**"Resistance to change is an impediment in building of strategic supportive corporate culture." (PM, M 08 - 2M)**
A.	**True:** Corporate culture refers to a company's values, beliefs, business principles, traditions, ways of operating, and internal work environment. In an organizational effort to build strategic supportive corporate culture, employees' resistance to change can impede its successful implementation and execution.
5.	**Primarily, strategy formulation is an operational process and strategy implementation is an intellectual process. (PM)**
A.	**False:** Strategy formulation is primarily an intellectual process and strategy implementation is primarily an operational process. Strategy formulation is based on strategic decision-making which requires analysis and thinking while strategy implementation is based on strategic as well as operational decision-making which requires action and doing.
6.	**An organisation's culture is always an obstacle to successful strategy implementation (N – 08, PM)**
A.	**False:** A company's culture is manifested in the values and business principles that management preaches and practices. The beliefs, vision, objectives and business approaches and practices underpinning a company's strategy may be compatible with its culture or may not. When they are compatible the culture becomes a valuable ally in strategy implementation and execution.
7.	**There is both opportunity and challenge in a 'change' (N 09, RTP- M15)**
A.	**True:** It is said that change is inevitable, especially in the context of business environment. Changes in the business environment from time to time throw up new issues before businesses. A right perspective of such new issues is to view them both as challenges and opportunities - challenge because appropriate action is called for and, opportunity because it opens up new potentials for the future plans that would lead to prosperous business.
8.	**Good strategy and proper implementation ensures organisational success. (RTP- M16,M18)**
A.	**False:** Strategic management process does not end when the firm decides what strategies to pursue. There must be a translation of strategic thought into action through the process of implementation. A sound strategy with excellent implementation would lead to organisational success but cannot ensure it. Organisational environment is dynamic and can be hostile jeopardising best of the strategies. It is not feasible to accurately predict the future environmental conditions that have bearing on the success of strategy.
9.	**Judgment about what strategies should be pursued flows from intuition. (RTP- M17)**
A.	**False:** Strategy formulation is not a task which managers can get by with intuition, opinions, good instincts, and creative thinking. Judgments about what strategy to pursue need to flow directly from analysis of an organisational external environment and internal situation.
10.	**BPR is an approach to maintain the existing growth of an organization. (PM)**
A.	**False:** BPR is an approach to unusual enhancement in operating effectiveness through the redesigning of critical business processes and supporting business systems. It is revolutionary

	redesign of key business processes that involve examination of the basic processes.
11.	**Benchmarking is a remedy for all problems faced by organizations. (PM, N12)**
A.	**False:** Benchmarking is an approach of setting goals and measuring productivity based on best industry practices and is a process of continuous improvement in search for competitive advantage. However, it is not panacea for all problems. Rather, it studies the circumstances and processes that help in superior performance. Better processes are not merely copied. Efforts are made to learn, improve and evolve them to suit the organizational circumstances.
12.	**Benchmarking relates to embossing organizational motif on the furniture. (MTP -1, 3)**
A.	**False:** Benchmarking is the process of identifying and learning from the best industry practices and the processes by which they are achieved. It is an approach of setting goals and measuring the productivity based on best industry practices. It is a process of continuous improvement in search of competitive advantages.
13.	**BPR refers to the analysis and redesign of workflows within the organisation and with the external entities. (RTP - M13, PM)**
A.	**True:** BPR stands for business process reengineering. It refers to the analysis and redesign of workflows both within and between the organisation and the external entities. Its objective is to improve performance in terms of time, cost, quality and responsiveness to customers. It implies giving up old practices and adopting the improved ones. It is an effective tool of realizing new strategies.
14.	**Benchmarking and Business process Reengineering are one and the same. (M 10 - 2M,N18-2M, PM,RTP-N18(New))**
A.	**False:** Benchmarking relates to setting goals and measuring productivity based on the best industry practices. The idea is to learn from competitors and others to improve their own performance. On the other hand business process reengineering relates to analysis and redesign of workflows and processes both within and between the organizations.
15.	**Business Process Reengineering (BPR) means partial modification or marginal improvement in the existing work processes. (PM, N15,RTP-N18)**
A.	**False:** Business Process Reengineering does not mean any partial modification or marginal improvement in the existing work processes. On the other hand, it is an approach to unusual enhancement in operating effectiveness through the redesigning of critical business processes and supporting business systems. It is revolutionary redesign of key business processes. It involves forgetting how work has been done so far and deciding how best it can be done now.
16.	**Benchmarking is a process of one-time improvement in search for competitive advantage. (RTP - M16)**
A.	**False:** Benchmarking is a process of continuous improvement in search for competitive advantage. Firms can use benchmarking process to achieve improvement in diverse range of management function like maintenance operations, assessment of total manufacturing costs, product development, product distribution, customer services, plant utilisation levels and human resource management.
17.	**There are challenges in implementing business process reengineering. (RTP- M17)**
A.	**True:** BPR disturbs established hierarchies and functional structures. It also involve resistance among the work-force. Reengineering takes time and expenditure, at least in the short run. Even there can be loss in revenue during the transition period. Setting of targets is tricky and difficult. If the targets are not properly set or the whole transformation not properly carried out, reengineering efforts may turn-out as a failure.
18.	**Reengineering involves slow and gradual improvement in the existing work processes that occur over a period of time. (RTP- N17)**
A.	Reengineering does not involve slow and gradual improvement in the existing work processes. It is a revolutionary approach towards radical and total redesigning of the business processes.

19.	**Strategic surveillance is highly focussed and organised control activity. (RTP-M18(New))**
A.	**False**: 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.
20.	**Successful strategy formulation guarantee successful strategy implementation. (RTP-N18(O))**
A.	**False:** Strategy implementation is fundamentally different from strategy formulation. Successful strategy formulation does not guarantee successful strategy implementation. It is always more difficult to do something (strategy implementation) than to say you are going to do it (strategy formulation).
	B CATEGORY
21.	**Changes of any type are always disquieting, sometimes they may be threatening. (M 08 - 2M)**
A.	**False:** Favorable changes either in the external environment or internal environment are not threatening and/or disquieting. Changes that are initiated by the management to bring improvements in its working are not always disquieting. However, sometimes changes can be threatening especially for a old and weak organization with risk averse and inactive managers.
22.	**Participative process is a pre-requisite for effective strategy implementation.**
A.	**True:** Managers and employees throughout the firm should participate early and directly in strategy-implementation decisions. As much as possible divisional and functional managers should be involved in strategy formulation activities. As much as possible, strategists should also be involved in strategy implementation activities.
	C CATEGORY
23.	**Strategy Implementation is a one- time activity.**
A.	**False:** Strategy Implementation / Execution deals with the managerial exercise of supervising the ongoing implementation of strategy, making the strategy to work, improving the competence with which it is executed, and showing good progress in achieving the targeted results. Strategy implementation is a continuous process.
24.	**Strategy Formulation is primarily an intellectual process.**
A.	**True:** Strategy Formulation is the responsibility of top level management in an organization. Strategy formulation is nothing but planning. Planning is related to intellect of an individual and is essentially a mental process. Successful strategy formulation requires strong intellectual capabilities on the part of top level management.
25.	**Successful formulation of a strategy guarantees successful implementation.**
A.	**False:** Successful formulation does not guarantee successful implementation. Even the most technically perfect strategic plan will serve little if it is not implemented properly. It is always difficult to do something (implementation) than to say it (formulation). Strategy implementation involves allocation of resources to new courses of action, adjusting the firm's structure to handle new activities, training personnel, and developing proper systems to perform work in the firm.

THE END

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PART C – TRUE/FALSE QUESTIONS

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1. INTRODUCTION TO STRATEGIC MANAGEMENT

Fill in the blanks in the following statements with the most appropriate word:

1. Business Policy is the other name of ______.

2. Strategy is a unified, comprehensive and ____ plan designed to assure that the basic objectives of the enterprise are achieve.

3. Strategic Management is not a box of tricks or a bundle of techniques. It is analytical thinking and ________ of resources to action. **(N 11)**

4. Strategy of a company is partly ______ and partly re-active.

5. ______ are divisional Managers, in charge of separate areas of activity and their staff.

6. ______ are operational managers, who handle individual functions like, Finance, Production, Marketing, R&D, Materials, Management, Personnel, etc.

7. Corporate- level strategies should be operationalised by divisional and ____ strategies about product lines, production volumes, quality ranges, prices, product promotion, market penetration, etc.

8. Strategy is a unified, ________, and integrated plan, designed to achieve the goals of the company.

9. The role of ________ managers is to oversee the development of strategies for the whole organization.

10. __ managers handle individual business functions in an organization.

11. Business level managers in an organization are held responsible for the _____.

12. Strategic management is not mere ________, it is concerned with ensuring a good future for the firm.

13. Business policy presents a ______ for understanding strategic decision-making.

14. Business Policy as a distinct field of study was first introduced in ______ Business School.

15. Firms can effectively deal with the _____ external environment if they adopt a strategic approach.

16. Strategy is a long range ________ of an organisation's desired image, direction and destination.

17. ______ is a consciously chosen and flexibly designed scheme of corporate intent and action.

18. Strategies are not a ____ for sound, alert and responsible management.

19. Strategic thinking involves orientation of the firm's internal environment with the ______ of the external environment.

20. _______ level consists of operational managers handling individual functions e.g. Finance, Production, Marketing, R&D, Materials, Management, Personnel, etc.

21. Corporate-wide strategies should be _____ by divisional and functional strategies.

22. Corporate level of management occupies the ____ of decision-making within the organisation.

23. The role of ____ Managers is to oversee the development of strategies for the whole organisation.

24. __ level managers design and implement robust strategies that will contribute towards the maximization of long-run profitability.

25. ________ managers are closer to the customer.

26. Functional Managers themselves may generate _______ that subsequently may become major strategies for the Company.

27. A successful hospital strategy for the future requires renewed and ___ collaboration with physicians, who are central to the hospitals' well-being.

2. DYNAMICS OF CORPORATE STRATEGY

Fill in the blanks in the following statements with the most appropriate word:

1. ______ analysis involves evaluation of all situational or environment factors, whether internal or external.
2. ______ of a company evolves over a period of time.
3. Strategy formulation tries to match the internal potential of the organisation with the ______opportunities.
4. ______ risk is on account of inconsistencies between strategies and the forces in the environment.
5. Strategic analysis or Situational analysis is the first stage of ______ Process.
6. ______analysis involves evaluation of opportunities, threats, trends and uncertainties.
7. The dominant forces that have a great influence on the changes that take place in the competitive environment and the economy are called ______.
8. A ______ consists of rival firms with similar competitive approaches and positions in the market.
9. ______ is the knowledge about the strategies that rivals are developing, their latest moves, their resource strengths and weaknesses, and the plans they have announced.
10. ______ are the elements that affect the ability of a firm/industry to prosper in the market place.
11. Appealing designs & colour combinations is one of the ______in apparel/ garment manufacturing.
12. ______Level Strategy includes methods that organisations should adopt to maximize the long-run profitability and the ways to gain competitive advantage.
13. ______ is an inherent limitation or constraint of the firm which creates strategic disadvantage to it.
14. ______is an unfavourable condition in the firm's environment which causes a risk for, or damage to the firm's position.
15. Heinz Weihrich has developed a matrix called ______.
16. A business ______ is a collection of businesses and products that make up the company.
17. The best Business Portfolio is the one that best fits the company's ____, to the opportunities and threats in the environment.
18. _____is a unit of the company that has separate mission and objectives, and which can be planned independently from other businesses of the company.
19. An SBU is also known as a ______
20. ______ concept is based on common experience that Average Cost per unit declines as a firm accumulates experience in terms of volume of production.
21. ______is an S-shaped curve which shows the relationship of sales with respect to time for a product that passes through the four successive stages.
22. Rise in sales levels of a product at decreasing rates is seen the ______ stage of its life cycle.
23. Ratio of SOH to Sales is the highest for a product in ______ stage of its life cycle.
24. Every product/ service will pass through introduction, growth, ______, and decline phases during its life cycle.
25. Company's relative market share and ______ are the two parameters used in BCG Matrix.
26. Under BCG Matrix, ______is an SBU of a company operating in a low growth market with a high relative market share.
27. Under BCG Matrix, a 'Star' is an SBU with a market growth rate having ______ relative market share.

28. Market Penetration strategy involves selling/ introducing ______ products into existing markets. **(M 12 – 1 M)**

29. Penetration i.e. making increased sales to present customers, without changing products in a major way, might require greater spending on ______.

30. Selling existing products in new markets is the strategy of ____.

31. Product Development Strategy involves introducing new products in ______ markets.

32. The strategy of introducing new products into new markets is known as ______.

33. ______ Strategy involves starting up or acquiring businesses outside the company's current products and markets.

34. The two dimensions used in GE Matrix are ______, and Business position of the firm.

35. Product Life Cycle portrays the distinct _______ in the sales history of a product. **(N 10 – 1M)**

36. A company's product may be classified into core or main product and _________.

37. Industry is a group of firms/ business enterprises whose products and services have ___ such that they compete for the same buyers.

38. The dominant forces that have a great influence on the changes that take place in the _____ and the economy are called Driving Forces.

39. Driving Forces are also known as drivers or __________.

40. The fourth step in the concept of strategic group mapping is determining the position of each strategic group, making it proportional to the size of the group's respective share of total ______ sales revenue.

41. ___ consists of rival firms with similar competitive approaches and positions in the market.

42. The number of strategic groups in an industry varies with the _______ pursued by various sellers and their comparable market positions.

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

44. ______ constitute the rules that shape whether a company will be financially or competitively successful in an industry.

45. Key Success Factors are determined based on the Product attributes which are ____ in influencing the behaviour of buyer.

46. As driving forces and _____ change, KSFs vary from industry to industry and even from time to time within the same industry.

47. ______ and Competitive Analysis aims to define the industry's profit outlook, i.e. the relative attractiveness or unattractiveness of an industry.

48. Threat is an ______condition in the firm's environment which causes a risk for, or damage to the firm's position.

49. Weakness is an inherent limitation or constraint of the firm which creates strategic ______ to it.

50. Industry Attractiveness is _______ but not absolute.

51. Narrow product line relative to rivals is the example of a potential _____ of a firm.

52. Mounting competition from new entrants is a ____ threat for an existing company.

53. A good _________ strategy without a good defensive strategy and vice versa most often fail.

54. A firm can't face the threats posed by environment, if it is already suffering from _________.

55. SWOT matrix takes into account various environmental and organisational factors, so as to facilitate strategy formulation and ensure ______ of organisational resources.

56. Portfolio analysis can be defined as a ______ that facilitate in taking strategic decisions with regard to individual products or businesses in a firm's portfolio.

57. ____ Business Portfolio is the one that best fits the company's strengths and weaknesses, to the opportunities and threats in the environment.

58. Portfolio approach helps a multi-product or a _____ firm to channelise its resources.

59. The strategy may relate to Stability or Expansion or Retrenchment or an appropriate ____ thereof.

60. SBU can be a company division, or a ______ within a division, or even a single product or brand.

61. A _____ has a manager who is responsible for strategic planning and profit.

62. The concept of Experience Curve is based on common experience that Average Cost per unit declines as a firm _____ experience in terms of volume of production.

63. Due to _______, larger firms in an industry tend to have lower costs per unit, when compared to smaller companies.

64. Experience Curve is considered as a _______ for new firms which are thinking of entering into the industry.

65. PLC is an S-shaped curve which shows the______ of sales with respect to time for a product that passes through the four successive stages.

66. A ______ consists of those rival firms with similar competitive approaches and positions in the market. **(RTP M17)**

67. In GE Portfolio Matrix, the vertical axis represents ______ and horizontal axis represents __________. **(RTP M16)**

68. Globalisation refers to the process of ______ of the world into one huge market.

69. A Transnational Company is one that by operating in more than one country, gains R&D, production, marketing and financial advantages in its costs and reputation, that are not available to purely ______ competitors.

70. MNC is a ______ of multiple units located in different parts of the globe but all linked by common ownership.

71. A Multi National Company views ______ as one market.

72. ______ can locate its different operations in different countries on the basis of raw material availability, consumer markets and low-cost labour.

73. ______is the position of superiority that a firm enjoys over its rivals in any of its functions or activities.

74. A Firm enjoys ______ advantage if its total costs are lower than the market average.

75. When customers perceive that a firm's product is of higher quality, and are willing to pay a premium price for this product, then the company is said to have______ advantage.

76. Outbound Logistics is one of the ______ activities as per the concept of Value Chain Analysis.

77. Purchasing of raw materials, supplies and other consumable Items as well as assets, a support activity as per the Value Chain concept is known as ______.

78. A core competence is the one which is competitively ______-, specific to a firm which can't be imitated.

3. STRATEGIC MANAGEMENT PROCESS

Fill in the blanks in the following statements with the most appropriate word:

1. ______statement expresses the position that a firm would like to attain or achieve in the distant future.
2. Vision is always______ oriented. **(N 10 – 1M)**
3. Through ______, a firm clarifies its aspirations, where exactly it would like to reach and what it would like itself to be.
4. _____ is the purpose or reason for the organisation's existence.
5. "In the factory, we make cosmetics. In the drugstore, we sell______" **(N 10 – 1M)**
6. ______ satisfies the firm's presence and existence i.e. what purpose it seeks to achieve as a business firm.
7. A firm's Mission Statement should be Specific, Measurable, Attainable, _____, and Time bound.
8. "In the factory, we produce oil and gasoline products. In the market, we provide various types of safe and cost effective __."
9. ______ relates to what the organisation strives to achieve in order to fulfill its mission to the society.
10. The corporate Mission is an expression of the ________ of the firm. **(M 11 – 1M)**
11. ______ are the performance targets of an organisation i.e. the results and outcomes it wants to achieve.
12. Business organisations translate their vision and ___ into objectives.
13. Objectives are close-ended attributes which are more precise and specific than ______.
14. An organisation's __are quantifiable or measurable but its goals are not.
15. Problems calling for_______ decisions should be considered by top management.
16. Strategic issues involve ________ of resources.
17. ________ serves as a road map of a company's future.
18. Strategic thinking involves predicting the future environmental conditions and how to ____ for the changed conditions.
19. Strategic decision making involves an organization in its _____.
20. ______ decisions have an impact on long term prosperity of the organisation.
21. Good visions are clear, inspiring and _______.
22. Vision expresses the position that a firm would like to achieve in the ______ future.
23. Forming a strategic vision is an exercise in _ entrepreneurship.
24. Mission is a firm's ____ principle, which the entire firm shares and pursues.
25. A mission statement should give special _______ to the firm.
26. Strategic thinking involves orientation of the firm's internal environment with the ______ of the external environment.
27. ________ are also known as performance targets, which an orgnaisation wants to achieve.
28. _________ are organisation's performance targets- the results and outcomes it wants to achieve.

4. CORPORATE LEVEL STRATEGIES

Fill in the blanks in the following statements with the most appropriate word:

1. ______ is the growth design of the firm and it spells out the growth objective of the firm i.e. the direction, extent, space and timing of the firm's growth.
2. ______ focuses on shaping the future of the firm and it has a futuristic approach.
3. Only firms with modest growth objective will opt for ______ strategy.
4. Stability strategy does not involve a ______of the business of the corporation
5. A Firm can truly achieve growth only by ______Strategy.
6. Risk is ______Expansion Strategy than in Stability Strategy.
7. ______ Strategy is Status quo oriented.
8. ______refers to the entry into new products or product lines, new services or new markets, involving substantially different skills, technology and knowledge.
9. In vertically integrated diversification, the firm engages in businesses that are ______to its existing business.
10. ____ Strategy involves adding/acquisition of one or more similar businesses at the same stage of the production – marketing chain.
11. In ______Strategy, the Firm adds a new business, which is linked to the existing business through process, technology, or marketing.
12. There are no vertical or loop-like linkages with existing products/processes in ______strategy.
13. In ____strategy the firm reduces the scope of its business (es).
14. Cutting back on capital and revenue expenditure, e.g. R&D projects, advertising, executives' perks, etc. is one of the ways of ______strategy.
15. Converting a loss-making unit into a profitable one is known as ______strategy.
16. ______ Strategy involves the sale or liquidation of portion of business, or a major division, profit centre or SBU.
17. Divestment is a part of rehabilitation and is adopted when a ___ has been attempted but has proved to be unsuccessful. **(N - 11)**
18. ___ Strategy involves closing down a Firm and selling off all its assets and paying off its liabilities.
19. ___Firms with modest growth objective will opt for _____ strategy.
20. Stability strategy is basically a safety-oriented, _____oriented strategy.
21. Stability strategy does not warrant much of _____ investments.
22. Stability strategy does not involve a redefinition of the ______ of the corporation.
23. One of the objectives of stability strategy is to maintain operational efficiency on a ______ basis.
24. Consolidation is sought through _______ after a period of rapid expansion.
25. A Firm can truly achieve _______ only by Expansion Strategy.
26. Under Expansion strategy, the firm seeks to mobilize and utilize all its resources by venturing into new or _______ areas of activity.
27. Expansion Strategy involves a re-definition of the _______ of the Firm, by adding to its scope.
28. Product Development strategy involves ______ modification of existing products or creation of new but related products that can be marketed to current customers through established channels.
29. ________ offers greater prospects of growth and profitability, for active Firms.

30. Firms which have excess capacity or capability in manufacturing facilities, investible funds, marketing channels, competitive standing, market prestige, etc. can ____ into new lines of activity.

31. In vertically integrated diversification, the firm engages in businesses that are _____ to its existing business.

32. Horizontally integrated diversification involves adding / acquisition of one or more similar businesses at the _______ of the production – marketing chain.

33. Conglomerate Diversification is a totally _____ diversification.

34. Divestment is usually a part of ______ or restructuring plan.

5. BUSINESS LEVEL STRATEGIES

Fill in the blanks in the following statements with the most appropriate word:

1. ______ is a powerful and widely used tool for systematically diagnosing the principal competitive pressures in a market and assessing the strength and importance of each.

2. Lack of experience curve benefit is a major disadvantage to __.

3. Greater Concentration among suppliers than among buyers results in increased bargaining power of ______.

4. Backward integration of firms in an industry will ______ the bargaining power of suppliers.

5. Under Porter's 5 forces model new entrants are ______ source of competition. **(RTP 1)**

6. If a company produces standardised products at a very low cost per unit, for price-sensitive consumers, then the company is said to be following ______ strategy.

7. If a company produces unique products and services, targeting consumers who are relatively price – insensitive, then the company is said to be following ______ strategy.

8. Cost leadership strategy is suitable when the market consists of _____type of buyers.

9. ______strategy allows a firm to charge a higher price for its product and to gain customer loyalty.

10. A firm following ______strategy may concentrate on a particular group of customers, geographic markets, or on particular product lines.

11. Michael Porter's Generic Strategies allow organizations to gain competitive advantage by cost leadership, _____ and focus.

12. Offering a well – differentiated product with a focus on cost reduction at the same time is known as ______ strategy.

13. Cutting back on capital and revenue expenditure, e.g. R&D projects, advertising, executives' perks, etc. is one of the ways of ______strategy.

14. Cost leadership strategy involves producing _______ products at a very low cost per unit, for price-sensitive consumers.

15. Focus strategy involves producing Products and services that ______ the needs of small groups of consumers.

16. Cost Leadership Strategy attempts to make the firm a ______ in the industry.

17. Cost leadership strategy is more effective when there is large number of buyers with significant _________.

18. Cost leadership strategy aims to lower cost and _______ competitors, in order to gain market share and sales.

19. Technological breakthroughs in the industry may make cost leadership strategy ______.

20. Differentiation strategy requires Strong co-ordination between the R&D and ______ functions.

21. Differentiation strategy allows a firm to charge a higher price for its product and to gain _____ because customers may become strongly attached to the differentiation features.
22. Differentiation strategy will not be successful if ______ are sufficient to meet the customer needs.
23. Differentiation strategy will not be successful if the uniqueness of the product is not valued by the customers to justify a _____.
24. Focus strategy is effective when consumers have________ preferences or requirements.
25. A successful focus strategy depends on an industry segment that is of ________ size.
26. A successful focus strategy depends on an industry segment that has good _________.
27. One of the risks of focus strategy include ____ will shift towards the product attributes desired by the market as a whole.
28. Intense supervision of labour is one of the skills and resource requirements of ______ strategy.
29. Amenities to attract highly skilled labour, scientists or creative people are one of the organisational requirements of ______ strategy.
30. _____ Strategy means offering a well – differentiated product with a focus on cost reduction at the same time.
31. The market emphases of ________ strategy is on either under pricing rival brands with comparable features or matching the price of rivals and provide better features to build a reputation for delivering best value.
32. ______ Strategy should be sustained by offering economical prices/good value by managing costs down, year after year, in every area of business.
33. ___ Strategy involves giving features and attributes that appeal to the tastes and/or special needs of the target segment.
34. In Michael Porter's Generic Strategies, _________ emphasizes on producing standardized products at a very low cost per unit for consumers who are price sensitive. **(RTP 1)**

6. FUNCTIONAL LEVEL STRATEGIES

Fill in the blanks in the following statements with the most appropriate word:

1. The process of marketing through various advertising media that interact directly with consumers is known as ______.
2. ______ refers to the planned allocation of a Firm's resources based on forecasts of the future.
3. ______ is concerned with the capacity, location, layout, product or service design, work system, degree of automation, extent of vertical integration, and similar factors.
4. The objective of ______strategy is to ensure that the right materials are available at the right place, at the right time, of the right quality, and at the right cost.
5. ___allows a Pioneer Firm to develop the first version of the new product and demonstrate that a market exists, and thereafter using excellent R&D personnel and an excellent marketing department, to produce similar version of the product.
6. ______ is the linking of HR management with Firm strategic goals and objectives.
7. The process of creating, maintaining, and enhancing strong, value- laden relationship with customers and other stakeholders is known as ___________. **(RTP 1)**
8. Supply Chain Management is conceptually wider than ________ management. **(RTP 2)**
9. The role of human resource manager is ________ in building up core competence of the firm. **(RTP 2)**

7. ORGANISATION & STRATEGIC LEADERSHIP

Fill in the blanks in the following statements with the most appropriate word:

1. Changes in ______ often require changes in structure.
2. Structural changes are required to make _____ workable.
3. Changes in ______ alone can't make a bad strategy to good, bad managers to good or bad products to sell.
4. In ______Organizational Structure, owner-manager makes all major decisions directly and monitors all activities.
5. Under ______organisational structure the entire work to be done is divided into major functional departments.
6. ______Organisation Structure groups similar divisions into Strategic Business Units and delegates authority and responsibility for each unit to a Head Senior Executive.
7. In ______organization structure, employees have two superiors - Functional Manager and Project or Product Manager.
8. An organization following network organization structure is known as ______.
9. ______is a single business or collection of related businesses, which offers scope for independent planning.
10. When a set of product groups are superimposed across functional departments, this creates a ____ type of organization design.
11. An SBU is a grouping of ________ businesses.
12. __ is the capacity to frame plans which will succeed and faculty to persuade others to carry them out in the face of all difficulties.
13. ______refers to company's values, beliefs, business philosophy and principles, traditions, work climate, ways of operating and approaching problems & internal work environment.
14. Whether culture is an ally or obstacle to strategy execution depends on the compatibility between the company's strategy and its _____.
15. If there is compatibility between strategy and culture in an organization then culture becomes a valuable _____ in strategy implementation.
16. Intensive management action is required over a period of time to replace an unhealthy culture with a _____.
17. Structure should be designed to ________ strategic pursuit of a firm.
18. If there is no proper ______ between strategy and structure it leads to company rigidity and failure.
19. As firms _______, their structures change from simple to complex, due to linking together of several basic strategies.
20. Changes in ___ can't make a bad strategy to good, bad managers to good or bad products to sell.
21. Company's staffs merely serve as executors of _______ taken by the owner-manager.
22. Simple organisation structure is _____ for Companies that follow a single-business strategy and offer a line of products in a single geographic market.
23. In simple structure there will be ______ involvement of owner-manager in all phases of day-to-day operations.
24. __ Structure cannot manage complicated information processing requirements.
25. Under functional organisational structure the entire work to be done is divided into major ______.
26. In a Functional Structure, each major function of business is organised as a _____ department.

27. Functional organisation structure enables _______ distribution of work through specialization.
28. Employee morale is comparatively ______ in a divisional structure than in a centralized structure.
29. Divisional organisation structure allows better ______ on local situations.
30. SBU Structure groups similar divisions into Strategic Business Units and _______ authority and responsibility for each unit to a Head Senior Executive.
31. A Matrix Structure is a combination of vertical and horizontal flows of ______ and communication.
32. In a matrix structure there will be dual lines of authority, ______ the principle of "Unity of Command".
33. _____ leadership style uses charisma and enthusiasm to inspire people to exert them for the good of the organisation. **(RTP 2)**

8. STRATEGY IMPLEMENTATION & CONTROL

Fill in the blanks in the following statements with the most appropriate word:

1. ______part of the strategic management involves translating a good idea into action.
2. ______focuses on relationship between inputs & outputs.
3. To be ______means, "to do the right things".
4. To be effective is to survive whereas to be ______is neither necessary nor sufficient for survival.
5. ______are the goals, policies, procedures, rules, steps to be taken in putting a plan into action.
6. As much as possible, strategists, in addition to formulating strategies should also be involved in ______.
7. Strategy formulation is primarily an ______ process and strategy implementation is primarily an ______ process.
8. Strategy Implementation involves translating a good _______ into action.
9. ______ Stage involves developing proper systems to perform work in the firm.
10. Effectiveness highlights linkages between firm and its ______ environment.
11. Efficiency focuses on the _______ between inputs & outputs.
12. To be effective is to _______ whereas to be efficient is neither necessary nor sufficient for survival.
13. A technically imperfect plan that is implemented ___will achieve more than perfect plan that is never implemented.
14. Even the most technically _____ strategic plan will serve little if it is not implemented properly.
15. Strategy Formulation requires good ____ and analytical skills.
16. Strategy Implementation requires combination and ____ work among many individuals.
17. The concepts and tools used in _____ is similar for small and large, business and non-profit organisations.
18. Success of an organisation is a _____ of good strategy and proper implementation.
19. Past strategic actions are referred and ____ while formulating / designing new strategies.
20. The responsibility of top management does not end with ______ of a strategy.
21. Strategists' genuine ______ in the implementation of strategy is necessary and it is a powerful motivational force for managers and employees.
22. Managers and employees throughout the firm should participate early and directly in strategy ______ decisions.
23. In Kurt Lewin change process _________ occurs when the new behaviour becomes a normal

way of life. **(RTP 2)**

24. ______ is a set of logically related tasks or activities oriented towards achieving a specified outcome.

25. ______ Business Processes are those which are highly critical for the success and survival of the firm.

26. ______ refers to the analysis and re-design of workflows and processes both within and between business firms.

27. Achieving dramatic improvement in performance is the objective of ______.

28. The orientation of the redesign effort refers to a total _______ and rethinking of entire business process. **(M 11 - 1M)**

29. ______ means setting aside old practices and procedures. It involves forgetting how work has been done so far and deciding how it can best be done now.

30. The process of identifying and learning from the best industry practices and the processes by which they are achieved is known as ______.

31. Benchmarking is a process of continuous improvement in search for ______ advantage. **(N - 11)**

32. A business process often ______ departmental or functional boundaries.

33. A set of ______ processes will form a business system.

34. Fragmentation of ________ makes it difficult to improve the quality of work performance and also develops a narrow vision among the employees.

35. BPR refers to the analysis and _______ of workflows and processes both within and between business firms.

36. Dramatic improvement in performance is a ____ for overcoming competition.

37. The objective of BPR is to obtain ______ in the performance of the process in terms of time, cost, output, quality, and responsiveness to customers.

38. A business process is a collection of _____which creates some value to the customer.

39. A business process is a set of activities that _______ a set of inputs into set outputs for another person or process.

40. The performance of a business firm is the result of __ operations of its business processes.

41. Core Business processes are very important for the _ of a business.

42. Fragmentation of work processes makes it difficult to improve the quality of work performance and also develops a _______ among the employees.

43. Emerging critical issues may remain unattended by traditional management systems, due to the ______ of tasks or roles of an individual department.

44. Business Process Re-engineering (BPR) refers to the _______ and re-design of workflows and processes both within and between business firms.

45. The operational excellence of a company is very important for its _____.

46. For considering new ways of re-designing processes, each and every concept, assumption, purpose and principle should be ____ temporarily.

47. Dramatic improvement in performance is a ____ for overcoming competition.

48. To obtain considerable _____ in the performance of the process in terms of time, cost, output, quality, and responsiveness to customers is the objective of BPR.

49. BPR begins with ______ re-thinking.

50. The thinking process in BPR begins with a totally free _____ i.e. without any pre-conceived notions.

51. BPR looks at the ______ details of the process such as why the work is done, who does it, where it is done and when it is done.

52. BPR is supported by the vision and _____ of the firm's top leadership, to ensure its effective completion and implementation.

53. Firms are now forced to improve their business ____ to meet increased competition.

54. There is a need to re-design the firm's processes not only to meet customer expectations, but also to ____ the expectations and to improve quality standards to new levels.

55. BPR is a ____ and multi-dimensional approach.

56. BPR involves _____ and therefore causes resistance among the workforce.

57. If the targets are not properly set or the whole transformation is not properly carried out, BPR efforts may lead to ________.

58. Benchmarking is a process of continuous improvement in search for _______ advantage.

KEY FOR FILL IN THE BLANKS

1. INTRODUCTION TO STRATEGIC MANAGEMENT

1.	Strategic Management	2.	Integrated	3.	Commitment	4.	Proactive
5.	Business level Managers	6.	Functional Managers	7.	Functional	8.	Comprehensive
9.	Corporate Level	10.	Functional	11.	Performance	12.	Forecasting
13.	Framework	14.	Harvard	15.	Complexities	16.	Blueprint
17.	Strategy	18.	Substitute	19.	Changes	20.	Functional
21.	Operationalised	22.	Apex	23.	Corporate level	24.	Business
25.	Functional	26.	Important ideas	27.	Deep		

2. DYNAMICS OF CORPORATE STRATEGY

1.	Strategic	2.	Strategy	3.	Environmental	4.	External
5.	Strategic Management	6.	External	7.	Driving forces or triggers	8.	Strategic Group
9.	Competitive Intelligence	10.	Key Success Factors	11.	Key Success Factors	12.	Business
13.	Weakness	14.	Threat	15.	TOWS Matrix	16.	Portfolio
17.	Strengths	18.	SBU	19.	Profit Centre	20.	Experience curve
21.	PLC	22.	Maturity	23.	Introduction	24.	Maturity
25.	Market / industry growth rate	26.	Cash Cow	27.	High	28.	Existing
29.	Advertising & personal selling	30.	Market development	31.	Existing	32.	Diversification
33.	Diversification	34.	Industry growth rate	35.	Stages	36.	Secondary / allied product
37.	Similar attributes	38.	Competitive environment	39.	Triggers	40.	Industry
41.	Strategic group	42.	Strategies	43.	Outperform	44.	Key Success Factors
45.	Crucial	46.	Competitive conditions	47.	Industry	48.	Unfavorable
49.	Disadvantage	50.	Relative	51.	Weakness	52.	Significant
53.	Offensive	54.	Weaknesses	55.	Efficient utilisation	56.	Set of techniques
57.	The best	58.	Multi- business	59.	Combination	60.	Product line
61.	Strategic Business Unit	62.	Accumulates	63.	Experienced curve	64.	Barrier
65.	Relationship	66.	Strategic group	67.	Industry growth rate & business position	68.	Integration
69.	Domestic	70.	Conglomerate	71.	World	72.	An MNC
73.	Competitive advantage	74.	Low cost competitive	75.	Differentiation competitive	76.	Primary
77.	Procurement	78.	Unique	79.			

3. STRATEGIC MANAGEMENT PROCESS

1.	Vision	2.	Future	3.	Vision statement	4.	Mission
5.	Hope	6.	Mission	7.	Realistic	8.	Energy
9.	Purpose	10.	Growth ambition	11.	Objectives	12.	Mission
13.	Goals	14.	Objectives	15.	Strategic	16.	Commitment
17.	Vision	18.	Orient	19.	Totality	20.	Strategic
21.	Motivating	22.	Distant	23.	Intelligent	24.	Guiding
25.	Identity	26.	Changes	27.	Objectives	28.	Objectives

4. CORPORATE LEVEL STRATEGIES

1.	Corporate strategy	2.	Corporate strategy	3.	Stability	4.	Redefinition
5.	Expansion	6.	Higher in	7.	Stability	8.	Diversification
9.	Related	10.	Horizontally integrated diversification	11.	Concentric diversification	12.	Conglomerate diversification
13.	Retrenchment	14.	Turnaround	15.	Turnaround	16.	Divestment
17.	Turnaround	18.	Liquidation	19.	Stability	20.	Status-quo
21.	Fresh	22.	Business	23.	Sustained	24.	Stabilizing
25.	Growth	26.	Unexplored	27.	Business	28.	Substantial
29.	Diversification strategy	30.	Diversify	31.	Related	32.	Same stage
33.	Unrelated	34.	Rehabilitation				

5. BUSINESS LEVEL STRATEGIES

1.	Michael Porter's 5- Forces Model of Competition Analysis	2.	New entrants	3.	Suppliers	4.	Reduce
5.	Significant	6.	Cost leadership	7.	Differentiation	8.	Price sensitive
9.	Differentiation	10.	Focus	11.	Differentiation	12.	Best cost provider
13.	Turnaround	14.	Standardized	15.	Fulfill	16.	Low-cost provider
17.	Bargaining power	18.	Under price	19.	Ineffective	20.	Marketing
21.	Customer loyalty	22.	Standardised products	23.	Higher price	24.	Distinctive
25.	Sufficient	26.	Goud growth potential	27.	Consumers interests	28.	Cost leadership
29.	Differentiation	30.	Best-cost provider	31.	Best-cost provider	32.	Cost leadership
33.	Focus	34.	Cost leadership strategy				

6. FUNCTIONAL LEVEL STRATEGIES

1.	Direct marketing	2.	Financial budget	3.	Production system strategy	4.	Logistics
5.	Follower or imitator	6.	Strategic human resource management	7.	Relationship management	8.	Logistics
9.	Significant						

7. ORGANISATION & STRATEGIC LEADERSHIP

1.	Strategy	**2.**	Strategy	**3.**	Structure	**4.**	Simple
5.	Functional	**6.**	SBU	**7.**	Matrix	**8.**	Virtual organisation
9.	An SBU	**10.**	Matrix	**11.**	Related	**12.**	Leadership
13.	Corporate culture	**14.**	Culture	**15.**	Ally	**16.**	Healthy culture
17.	Facilitate	**18.**	Match	**19.**	Grow	**20.**	Structure
21.	The decisions	**22.**	Suitable	**23.**	Direct	**24.**	Simple
25.	Functional departments	**26.**	Separate	**27.**	Efficient	**28.**	Higher
29.	Control	**30.**	Delegates	**31.**	Authority	**32.**	Violating
33.	Transformational						

8. STRATEGY IMPLEMENTATION & CONTROL

1.	Implementation	**2.**	Efficiency	**3.**	Efficient	**4.**	Efficient
5.	Programmes	**6.**	Implementation	**7.**	Intellectual	**8.**	Idea
9.	Strategy implementation	**10.**	External	**11.**	Relationship	**12.**	Survive
13.	Properly	**14.**	Perfect	**15.**	Intuitive	**16.**	synchronised
17.	Strategy formulation	**18.**	Product	**19.**	Analysed	**20.**	Mere formulation
21.	Commitment	**22.**	Implementation	**23.**	Refreezing	**24.**	Business process
25.	Core	**26.**	BPR	**27.**	BPR	**28.**	Deconstruction
29.	BPR	**30.**	Benchmarking	**31.**	Competitive	**32.**	Surpasses
33.	Interconnected	**34.**	Work processes	**35.**	Redesign	**36.**	Prerequisite
37.	Dramatic improvement	**38.**	Interrelated activities	**39.**	Transform	**40.**	Inter connected
41.	Survival & success	**42.**	Narrow vision	**43.**	Narrow definition	**44.**	Analysis
45.	Survival	**46.**	Abandoned	**47.**	Prerequisite	**48.**	Gain
49.	Fundamental	**50.**	State of mind	**51.**	Minute	**52.**	Commitment
53.	Processes	**54.**	Exceed	**55.**	Cross-functional	**56.**	Change
57.	Failure	**58.**	Competitive				

THE END

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1. INTRODUCTION TO STRATEGIC MANAGEMENT

1. Functional Managers vs. General Managers

No.	Functional Managers	General Managers
1.	Functional Managers themselves may generate important ideas that subsequently may become major strategies for the Company.	It is not the case with the General Managers.
2.	The responsibility of functional managers is confined to one organizational activity	General Managers look after the operations of the whole Company or Division.
3.	Functional Managers can be referred to as 'Specialists' because they develop expertise in their respective areas of activity.	They are more of 'Generalists', as they oversee the operations of an entire division or of the whole company.
4.	Functional Managers work in the third level of the organisaional hierarchy and includes such managers as Marketing, Finance, Production, HR, Production, etc.	General Managers may be found at the Divisional Level (Divisional Managers) or at the Corporate Level (Corporate General Managers)

2. Top- Down vs. Bottom- Up Strategic Planning (N10 - 2M, M13 -3M, RTP- M13, M15, N16,M18, MTP-M19,PM)

No.	Top- Down Strategic Planning	Bottom- Up Strategic Planning
1.	It is a Centralised Approach to Strategy Formulation.	It is a Decentralised Approach to Strategy Formulation.
2.	The Corporate Centre or head office determines mission, strategic intent, objectives and strategies for the organization as whole and for all parts.	Corporate centre does not conceptualise its strategic role as being directly responsible for determining the mission, objectives or strategies of its operational character.
3.	Divisional Managers role is limited to mere implementation of pre- specified corporate strategies.	corporate level may prefer to act as a catalyst and facilitator, keeping things reasonably simple and confining itself to perspective and broader strategic intent.

3. Comparison of the features of strategic management decisions at different levels of management. (RTP-M19(New))

Feature	Corporate Level	Business Level	Functional Level
Type	Conceptual	Mixed	Operational
Frequency	Periodic or sporadic	Periodic or sporadic	Periodic
Relation to present activities	Innovative	Mixed	Supplementary
Risk	Wide range	Moderate	Low
Profit potential	Large	Medium	Small
Cost	Major	Medium	Modest
Time horizon	Long range	Medium range	Short range
Flexibility	High	Medium	Low
Co- operation required	Considerable	Moderate	Little
Impact	Significant	Medium	Low

2. DYNAMICS OF COMPETITIVE STRATEGY

1. Decisions based on Industry Attractiveness / Unattractiveness

No.	Decisions if the industry is "Attractive"	Decisions if the industry is "Unattractive"
1.	Strengthen the long-term competitive positions in the business.	Diversification into more attractive businesses.
2.	Expand sales efforts.	Sales efforts will be no longer useful as the industry itself is unattractive.
3.	Invest in additional facilities and equipment as needed.	Invest cautiously.
4.	Focus more on the present business as it is attractive.	Begin to look outside the industry for attractive diversification opportunities.

2. Strengths and Weaknesses vs. Opportunities and Threats

No.	Strengths and Weaknesses	Opportunities and Threats
1.	They are internal to a firm	They are external to an organization.
2.	They can be known with the help of self-analysis or internal environmental analysis.	They can be known through external environmental analysis.
3.	An organization has control over its strengths and weakness and can modify them at any point of time.	They can't be altered or modified as they are external to an organization.

3. Market Development Strategy vs. Product Development Strategy (M16- 3M,N18-4M)

No.	Market Development Strategy	Product Development Strategy
1.	Market development refers to a growth strategy where the business seeks to sell its existing products into new markets.	Product development refers to a growth strategy where business aims to introduce new products into existing markets.
2.	It is a strategy for company growth by identifying and developing new markets for current company products.	It is a strategy for company growth by offering modified or new products to current markets.
3.	Market development strategy may be achieved through new geographical markets, new product dimensions or packaging, new distribution channels or different pricing policies to attract different customers or create new market segments.	Product development strategy may require the development of new competencies and requires the business to develop modified products which can appeal to existing markets.

4. SWOT Analysis vs. TOWS Matrix (RTP- M12, M14)

No.	SWOT Analysis	TOWS Matrix
1.	It emphasizes on internal environment	It emphasizes on external environment.
2.	It is about S, W, O, and T.	It is about the combinations of SO, ST, WO and WT.
3.	It is a planning tool.	It is an action tool.
4.	It is usually employed in evaluating a company's business plan.	It is particularly useful in evaluating the potential impact of sudden events or developments.

5.	Competitive Advantage vs. Core Competence

No.	Competitive Advantage	Core Competence
1.	It refers to the position of superiority that firm enjoys in any of its functions over its rival firms.	A core competence is the one which is competitively unique, specific to a firm which can't be imitated.
2.	A company's competitive advantage may be its strength in low cost of production or differentiation.	Core competencies are created by superior integration of technological, physical, and human resources, which may be in tangible or intangible forms.
3.	A company's competitive advantage may be imitated by its competitors in the long- run.	A firm's core competence can't be imitated by its competitors or they might do it with the greatest difficulty.
4.	A firm's competitive advantage is not durable/ sustainable.	The core competency of a firm is more durable and from which newer and stronger competitive advantages can keep emerging for the firm.

6.	Inbound Logistics vs. Outbound Logistics (RTP- M13, N14, M17,M18(New),MTP-M19)

	Inbound Logistics	Outbound Logistics
1.	These are the activities concerned with receiving, storing and distributing inputs to the product/ service.	They refer to the collection, storage and distribution of the product to customers.
2.	It includes all activities such as materials handling, stock control, transport etc.	It includes all activities such as storage/ warehousing of finished goods, order processing, scheduling deliveries, operation of delivery vehicles, etc.
3.	It is one of pre- production activities.	It is one of the post- production activities.

3. STRATEGIC MANAGEMENT PROCESS

1.	**Mission vs. Purpose:** Generally, Mission and Purpose are used together in the context of Business policy. But the following differences can be identified:

No.	Mission	Purpose
1.	It refers to a statement which defines the role that an organisation plays in the society.	It refers to anything which an organisation is striving for.
2.	It strictly refers to the particular needs of the society e.g. quality products/ services.	It relates to what the organisation strives to achieve in order to fulfill its mission to the society.
3.	Mission is the societal reasoning.	Purpose is the overall reasoning.
4.	Mission is external reasoning and is related to external environment.	Purpose is internal reasoning and relates to internal environment.
5.	Mission is for outsiders.	Purpose is for its own employees.

Example:

- **Mission:** Satisfying the information needs of the society.
- **Purpose:** A Book Publisher may produce good books and materials to meet the above Mission, but a News Magazine may strive to present balanced and unbiased news.

Here the Mission is identical, but Purposes are different.

2. Vision vs. Mission (RTP- M12, M17 – 4M, M16, M13,M18 & M19(New), PM, M15-3M)

No.	Vision	Mission
1.	The vision describes a future identity.	Mission serves as an ongoing and time-independent guide.
2.	The vision statement can galvanize the people to achieve defined objectives, provided the vision is specific, measurable, achievable, relevant and time bound.	A mission statement provides a path to realize the vision in line with its values. Vision statement will have a direct bearing on the bottom line and success of the organization.
3.	Vision statement is more specific in terms of both the future state and the time frame. Vision describes what will be achieved if the organization is successful.	A mission statement defines the purpose or broader goal for being in existence or in the business and can remain the same for decades.

3. Objectives vs. Goals

No.	Objectives	Goals
1.	Objectives are the specific performance targets of an organisation i.e., the results and outcomes it wants to achieve	Goals are broad statements of what an organisaiton wants to achieve in the future.
2.	They are quantifiable or measurable.	They are qualitative in nature.
3.	They are precise or concrete and specific in nature.	They are broader in nature and are often generalized.
4.	Objectives are defined in order to implement goals or defining the type of business the company is in.	Goals are broad statements what an organisation wants to achieve in the long run.
5.	Closed ended.	Open ended.

4. Shared Vision vs. Vision Shared (M10 – 2M,M18-3M, RTP- M13, PM)

No.	Shared Vision	Vision Shared
1.	A Shared Vision comes from employees in an organization.	Here, the vision of the organization comes directly from its CEO or top management.
2.	Employees actively involve in preparing the vision for their organization with the encouragement of the CEO / top management.	As it is an imposition of vision from top management, employees almost have no role to play in its formulation.
3.	It is a bottom- up approach.	It is top- down approach.
4.	A shared vision of an organization is close to its employees' hearts and minds as they personally involve in its preparation.	It is not so with a vision shared.
5.	High employee motivation.	Low employee motivation.

5. Routine Decisions Vs. Strategic Decisions. (MTP M15)

No.	Routine Decisions	Strategic Decisions
1.	Generally taken by lower, middle management within the framework set by top management.	Taken by Top management.
2.	Relates to routine day to day activities and generally impacts a part of the organisation.	Future oriented involves predicting the future environmental conditions. Affects / influences the entire organisation. Usually have major multifunctional or multi-business consequences.
3.	Involves limited utilisation of organisational resources.	Involves the allocation of large amounts of organizational resources.
4.	Impacts short term outcomes in the organisation.	Likely to have significant impact on the long term prosperity of the organisation.
5.	The examples of routine decisions include decisions on leave application or shutting down plant for general maintenance.	The examples of strategic decisions may include decisions on mergers, acquisitions, and diversification and so on.

4. CORPORATE LEVEL STRATEGIES

1. Stability Strategy vs. Expansion Strategy

No.	Stability	Expansion
1.	Low rewards/ returns	High rewards/ returns
2.	Low risk	High risk
3.	There is no re-definition of business scope.	It involves venturing into new areas of activity.
4.	Fresh investment is not required.	Requires fresh investment for new products/ process/ markets.
5.	The nature of growth of the firm employing this strategy is modest.	The nature of growth of the firm employing this strategy is high.

2. Expansion Strategy vs. Retrenchment Strategy (M 12 - 3M, PM)

No.	Expansion Strategy	Retrenchment Strategy
1.	Expansion strategy is implemented by redefining the business by adding the scope of business substantially increasing the efforts of the current business.	Retrenchment Strategy involves redefinition of business by divesting a major product line or market.
2.	Expansion is a promising and popular strategy that tends to be equated with dynamism, vigour, promise and success.	Retrenchment or retreat becomes necessary or expedient for coping with particularly hostile and adverse situations in the environment and when any other strategy is likely to be suicidal.
3.	Expansion may take the enterprise along relatively unknown and risky paths, full of promises and pitfalls.	Retrenchment involves regrouping and recouping of the resources.

3. Concentric Diversification vs. Conglomerate Diversification

(N11, N13,N18, RTP- M13, N14, PM, M16- 4M,MTP-M19)

No.	Concentric Diversification	Conglomerate Diversification
1.	Concentric diversification occurs when a firm adds related products or markets.	Conglomerate diversification occurs when a firm diversifies into areas that are unrelated to its current line of business.
2.	In concentric diversification, the new business is linked to the existing businesses through process, technology or marketing.	In conglomerate diversification, no such linkages exist; the new business/product is disjointed from the existing businesses/ products.
3.	The most common reasons for pursuing a concentric diversification are that opportunities in a firm's existing line of business are available.	Common reasons for pursuing a conglomerate growth strategy is that opportunities in a firm's current line of business are limited or opportunities outside are highly lucrative.

4. Backward Integrated Diversification Vs. Forward Integrated Diversification
(J 09 – 2M, RTP- M12, N14, M13,N18(New),N18, PM)

No.	Backward Integrated Diversification	Forward Integrated Diversification
1.	This involves entry into activities which are in the pre- production stage.	This strategy involves entry into activities which are in the post- production stage.
2.	Here, a company takes up manufacturing of raw materials or components as its new business	Here, a company takes up distribution or retailing as its new business.
3.	Activities in the pre- production of stage of the firm's product- process chain become new businesses for it.	Activities in the post- production stage of the firm's product- process chain become new businesses for it.
4.	Nirma is the best example for backward integration.	Raymond is the best example for forward integration.

5. Vertically Integrated Diversification vs. Horizontally Integrated Diversification
(N 12 – 3M, PM, RTP- M16,M18)

No.	Vertically Integrated Diversification	Horizontally Integrated Diversification
1.	In vertically integrated diversification, the firm remains vertically within the same product-process chain.	This involves adding / acquisition of one or more similar businesses at the same stage of the production – marketing chain
2.	The firm moves either forward or backward in the chain, and enters specific product / process steps with the intention of making them into new business for the Firm.	The firm doesn't move across the stages in the product- process chain, but it remains in the same stage.
3.	It involves either forward integration or forward integration or both.	It involves taking over Competitor's products, or production of Complementary products, or sale of By- products, or entering into repairs and servicing of products.
4.	In this strategy there is a vertical linkage between the company's existing business and the newly diversified business.	There is a horizontal linkage between the company's existing and new business.

6.	Vertically Integrated Diversification vs. Concentric Diversification (PM)

No.	Vertically Integrated Diversification	Concentric Diversification
1.	This involves adding/ diversifying into new businesses which are in different stages of the same Product- Process Chain.	This involves starting new businesses which are outside the company's existing Product- Process Chain
2.	There will be vertical linkage between the company's existing business and the newly diversified business.	There will be loop- like linkage between the new business and the existing process/ technology/ product of the firm.
3.	Intermediary/ support services/ activities become new businesses to the company here.	No such thing exists here.

7.	Divestment Strategy vs. Liquidation Strategy (PM, N14- 4M, RTP- N15, M17)

No.	Divestment Strategy	Liquidation Strategy
1.	Divestment strategy involves the sale or liquidation of a portion of the business, or a major division, profit centre or SBU of the company.	Liquidation Strategy involves closing down a Firm and selling off all its assets and paying off its liabilities.
2.	Divestment is a part of rehabilitation or restructuring plan, and is adopted when a turnaround has been attempted but has proved to be unsuccessful.	It is a form of retrenchment strategy is considered as the most extreme and unattractive.
3.	Sometimes the option of a turnaround may even be ignored if it is obvious that divestment is the only answer.	It is considered as the last resort because it leads to serious consequences such as loss of employment for workers and other employees, termination of opportunities a firm could pursue, and the stigma of failure.

8.	Mergers & Acquisitions (RTP- N16,M18 & M19(New),N18-3M)

No.	Mergers	Acquisitions
1.	Merger is a process when two or more companies come together to expand their business operations.	When one organization takes over the other organization and controls all its business operations, it is known as acquisition.
2.	Here the deal gets finalized on friendly terms and both the organizations share profits in the newly created entity.	A deal in case of an acquisition is often done in an unfriendly manner; it is more or less a forced association.
3.	In a merger two organizations combine to increase their strength and financial gains.	In acquisition one that is financially stronger and bigger establishes its power. The combined operations then run under the name of the powerful entity.

1.	Cost Leadership & Differentiation Strategies (PM, M14- 4M, MTP- Feb16,RTP-N18(New))

No.	Cost Leadership	Differentiation
1.	Cost leadership emphasizes producing standardized products at a very low per-unit cost for consumers who are price-sensitive.	Differentiation is a strategy aimed at producing products and services considered unique industry wide and directed at consumers who are relatively price-insensitive.
2.	A primary reason for pursuing forward, backward, and horizontal integration strategies is to gain cost leadership benefits.	Differentiation strategy should be pursued only after a careful study of buyers' needs and preferences to determine the feasibility of incorporating one or more differentiating features into a unique product.
3.	Successful cost leadership strategy enables a firm to lower cost and under price competitors thereby gaining substantial cost advantage.	Successful differentiation strategy allows a firm to charge a higher price for its product and to gain customer loyalty.

6. FUNCTIONAL LEVEL STRATEGIES

1.	Selling vs. Marketing

No.	Selling	Marketing
1.	Selling focuses on the needs of the seller.	Marketing focuses on the needs of the customers.
2.	Focus is on increasing sales.	Focus is on ensuring customer satisfaction.
3.	Starts with manufacturing and ends with sales.	Starts with identification of customers' needs and ends with mutually beneficial relationship.
4.	Transaction oriented	Relationship oriented.
5.	Selling is an old and outdated concept.	Marketing is a new concept, which is apt to the present day context.
6.	It is a narrow and short- term activity.	Marketing is long- term oriented and is a broader concept, which includes all the 4 Ps, namely, product, price, place and promotion.

2.	Logistics Management vs. Supply Chain Management (PM, N16, N 12 – 4M, RTP- N15, M17,N18 & M19(New),N18,MTP-M19)

No.	Logistics Management	Supply Chain Management
1.	Logistical activities typically include management of inbound and outbound goods, transportation, warehousing, handling of material, fulfillment of orders, inventory management, supply / demand planning.	Although these activities also form part of Supply chain management, it has different other components.
2.	It is a narrower concept.	It is a broader concept.

3.	It is one of the parts of Supply Chain Management and is related to planning, implementing, and controlling the movement and storage of goods, services and related information between the point of origin and the point of consumption.	It includes more aspects apart from the logistics function. It is a tool of business transformation and involves delivering the right product at the right time to the right place and at the right price.

3. Social Marketing & Services Marketing (PM, M14- 3M,M18)

No.	Social Marketing	Services Marketing
1.	It refers to the design, implementation, and control of programs seeking to increase the acceptability of social idea, cause, or practice among a target group. For instance, the publicity campaign for prohibition of smoking or encouraging girl child, etc.	It involves applying the concepts, tools and techniques, of marketing to services. Service refers to any activity or benefit that one party can offers to another, and is essentially intangible, e.g. Banking, Retailing, Educational or other utilities. These may be from business to consumer and from business to business.
2.	It is non- profit motive.	It is profit motive.
3.	It is usually undertaken by charitable trusts, NGOs, and Government.	It is usually undertaken by commercial establishments both in private and public sectors.

4. Synchro Marketing & De- Marketing (RTP- N15,M18)

No.	Synchro Marketing	De- Marketing
1.	Synchro-marketing can be used to regularize the pattern of demand for a product/ service through flexible pricing, promotion, and other incentives.	De- Marketing is used to reduce demand temporarily or permanently for a product/ service, the aim is not to destroy demand, but only to reduce or shift it.
2.	Followed in case of products whose demand is irregular due to season, some parts of the day, or on hour basis, causing idle capacity or overworked capacities,	Followed in case of products for which there is overfull demand.
3.	For example, products such as movie tickets can be sold at lower price over week days to generate demand.	For example, buses are overloaded in the morning and evening, roads are busy for most of times, zoological parks are over-crowded on Saturdays, Sundays and holidays. Here de-marketing can be applied to regulate demand.

5. Advertising & Publicity (N16 - 3M)

Basis	Advertising	Publicity
Meaning	Advertising is a non-personal, highly flexible and dynamic promotional method. It is a paid form of communicating the message.	Publicity is communication of a product, brand or business by placing information about it in the media without paying for the time or media space directly.
Methods	The media for advertising are several such as brochures, newspapers, magazines,	Basic tools for publicity are press releases, press conferences, reports, stories, blogs

	display boards, radio, television and internet. Choice of appropriate media is important for effectiveness of the message. The media may be local, regional, national or international.	and internet releases. These releases must be of interest to the public. Thus, it is way of reaching customers with negligible cost.

7. ORGANISATION & STRATEGIC LEADERSHIP

1. Transformational Leadership vs. Transactional Leadership (PM, RTP- M12, M14, M 13- 4M, MTP- N15, N16, N15,M18(New),N18)

No	Transformational Leadership	Transactional Leadership
1.	It uses charisma and enthusiasm to inspire people to exert them for the good of the organization.	It uses the authority of its office to exchange rewards, such as pay and status.
2.	Appropriate in turbulent environments, in industries at the very start or end of their life-cycles, in poorly performing organizations when there is a need to inspire a company to embrace major changes.	Appropriate in settled environment, in growing or mature industries, and in organizations that are performing well.
3.	Transformational leaders inspire employees by offering excitement, vision, intellectual stimulation and personal satisfaction.	Transactional leaders prefer a more formalized approach to motivation, setting clear goals with explicit rewards or penalties for achievement or non-achievement. Transactional leaders focus mainly to build on existing culture and enhance current practices.
4.	This style is suited to motivate employees to stretch their abilities and increase their self-confidence, and to promote innovation throughout the firm.	The style is better suited in persuading people to work efficiently and run operations smoothly.
5.	Informal Leadership Style.	Formal Leadership Style.

8. STRATEGY IMPLEMENTATION & CONTROL

1. Efficiency vs. Effectiveness

No.	Efficiency	Effectiveness
1.	To be efficient means “to do the things right”.	To be effective means, “to do the right things”.
2.	Focus on relationship between inputs & outputs.	Focus on relationship between means & ends.
3.	Short-run in nature.	Long-run in nature.
4.	Introspective effect i.e. within the firm.	Highlights linkages between firm and its external environment.
5.	Operational in nature.	Strategic in nature.
6.	Strategy implementation viewpoint.	Strategy formulation viewpoint.

2. Strategy Formulation vs. Strategy Implementation (PM, N16, N08 – 2M, M11 – 4M, M12 – 3M, M15- 4M, M19-3M,RTP- M12, M15, M17,M18)

No.	Strategy Formulation	Strategy Implementation
1.	It involves the design and choice of appropriate organizational strategies.	It is the process of putting the various strategies into action of organizations.
2.	It is positioning forces before the action.	It is managing forces during the action
3.	It focuses on effectiveness.	It focuses on efficiency.
4.	It is primarily an intellectual process.	It is primarily an operational process.
5.	It requires good intuitive and analytical skills.	It requires special motivation and leadership skills.
6.	It requires coordination among a few individuals.	It requires coordination among many individuals.

3. Strategic Control vs. Budgetary Control

No.	Strategic Control	Budgetary Control
1.	Time period is lengthy- ranging from a few years to over ten years.	Time period is usually one year or less.
2.	Measurements are quantitative and qualitative.	Measurements are quantitative.
3.	Concentration is internal and external.	Concentration is internal
4.	Corrective action is on- going.	Corrective action any be taken after budget period has elapsed.

4. Strategic Control vs. Operational Control

No.	Attribute	Strategic Control	Operational Control
1.	Basic Question	'Are we moving in the right direction?'	'How are we performing?'
2.	Aim	Proactive, continuous questioning of the basic direction of strategy.	Allocation and use of organisational resources.
3.	Main Concern	'Steering the organisation's future direction.	Action Control
4.	Focus	External environment	Internal organization
5.	Time Horizon	Long- term	Short- term
6.	Exercise of Control	Exclusively by top management through lower level support.	Mainly by executive or middle- level management on the direction of the top management.
7.	Main Techniques	Environmental Scanning, information gathering, questioning and review.	Budgets, schedules and Management By Objectives.

5. Operational Control vs. Management Control (N13,M19-5M, RTP- M15, N16,N18(New))

No.	Operational Control	Management Control
1.	The thrust of operational control is on individual tasks or transactions.	The thrust of Management Control is on total or more aggregative management functions.
2.	It is narrow in nature.	It is more inclusive and more aggregative.
3.	The basic purpose of operational control is ensure that the organisation's day-to-day	The basic purpose of Management Control is the achievement of enterprise goals- short

	activities are performed efficiently.	range and long range- in an effective and efficient manner.
4.	Example: Procuring specific items for inventory.	Example: Inventory Management as a whole is management control.

6. BPR vs. Conventional Methods of improving organizational efficiency

No.	Business Process Re-engineering	Conventional Methods of improving operational efficiency
1.	Total re-designing of business processes.	Partial modification of processes.
2.	Dramatic improvement in performance.	Marginal improvement in performance.
3.	Existing processes, procedures, ways of doing things, etc. are questioned and challenged.	Existing processes and procedures are not challenged. They are just modified & improvised.
4.	Altogether new processes are identified.	New processes may not be identified.
5.	BPR is a cross-functional and multi-dimensional approach. It affects all functions, departments and sub-systems.	It may be restricted to a certain function (e.g. purchase or production or marketing) or a certain geographical area.
6.	Leads to massive organisational change.	May not involve substantial change, as seen in BPR.

7. Traditional Business Processes vs. Re- engineered Business Processes

No.	Traditional Business Processes	Re- engineered Business Processes
1.	In traditional Business Processes there was sub- system view, i.e., individual departments or divisions of a firm try to optimize their own performance, without considering the effect on other areas of operation.	Here a firm has process orientation and every department or division in it focuses on the process improvement.
2.	Traditional business processes are lengthy, time- consuming, costly, inefficient, obsolete and irrational.	Re- engineered business processes are faster, efficient, economical, modern and are more rational and logical.
3.	There is no use of Information Technology in traditional business processes as they were developed based on a series of unplanned decisions during the pre- internet era.	Re- engineered business processes are Information Technology supported and hence they help in increasing customer satisfaction.
4.	A firm cannot achieve operational excellence with the help of traditional business processes.	A firm can achieve operational excellence with the help of its re- engineered business processes.

8. Intra- group Benchmarking vs. Inter- group Benchmarking

No.	Intra- group Benchmarking	Inter- group Benchmarking

1.	It means performing benchmarking within the company itself.	It involves benchmarking done external to the company.
2.	It is also known as internal benchmarking.	It is also known as external benchmarking.
3.	Here the company identifies the best processes or practices within the company.	Here the company identifies the best processes or practices outside the company.
4.	It may be plant-to-plant or department-to-department, or division-to-division comparison within in the same company.	It may be functional, or competitive, or generic benchmarking done against the best in the industry or in the world.
5.	It is undertaken when a firm identifies the best practices within the company.	It is resorted to when the firm realizes that there are no best practices or processes prevailing in the company.

THE END