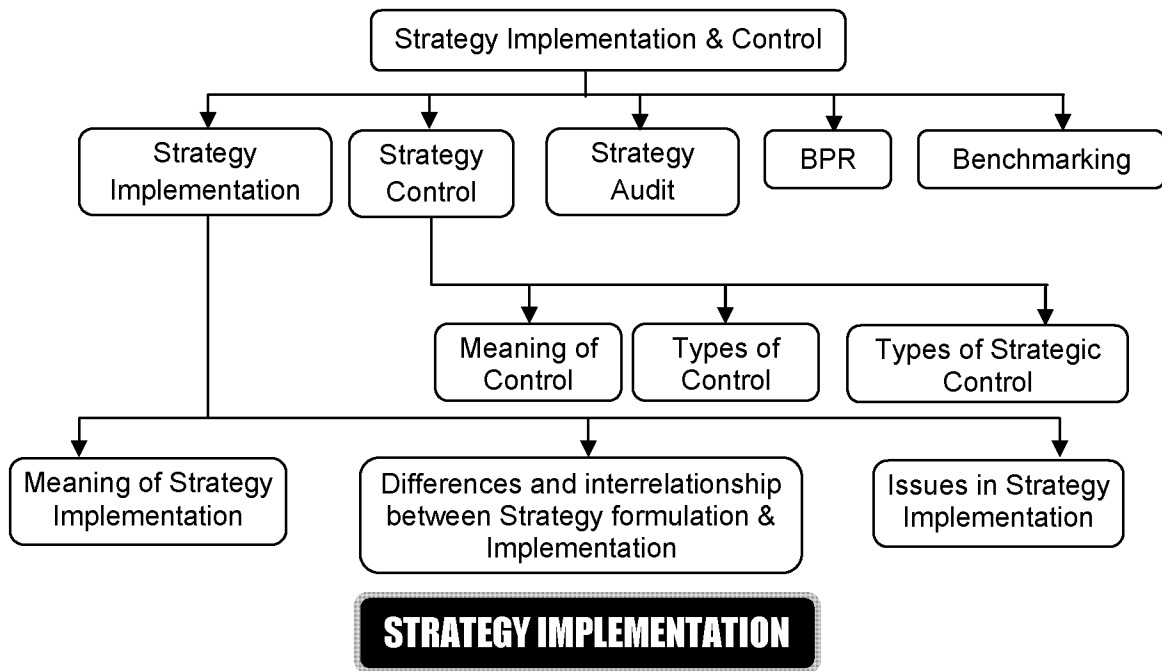


8. STRATEGY IMPLEMENTATION & CONTROL



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

(OLD PM)

1. Strategy Implementation / Execution is the managerial exercise of putting a freshly chosen strategy into action and deals with:
 - a) Supervising the ongoing implementation of strategy,
 - b) Making it work,
 - c) Improving the competence with which it is executed, and
 - d) Showing good progress in achieving the targeted results.
2. It involves translating a decision into action.
3. It requires:
 - a) Allocation of resources to new course of action,
 - b) Adjusting the firm's structure to handle new activities,
 - c) Training personnel, and
 - d) Developing proper systems to perform work in the firm.



SIMILAR QUESTIONS:

1. An important part of strategic management process is implementation of strategy. Comment.
 - A. Refer above answer
2. Strategic management process does not end when the firm decides what strategies to pursue. There must be a translation of strategic thought into strategic action. In this connection, write about strategy implementation.
 - A. Refer above answer

Q.No.2. Outline the activities in implementing and executing the strategy. (B)

(M18- 5M)

Good Strategy Execution involves creating Strong "Fits"

1. Between Strategy and Organisational Capabilities,
2. Between Strategy and the Reward Structure,

3. Between Strategy and Internal Operating Systems, and
4. Between Strategy and the Organisation’s Work Climate and Culture.

The Strategy Implementation and Execution Process involve the following aspects:



1. Internal capabilities	<ul style="list-style-type: none"> • Staffing the organisation with requisite skills and expertise. • Building and strengthening strategy supportive competencies and capabilities.
2. Reward Structure	<ul style="list-style-type: none"> • Motivating people to pursue the objectives energetically. • Rewards & Incentives System to encourage achievement of performance
3. Internal Operating Systems	<ul style="list-style-type: none"> • Developing budgets for efficient utilisation of resources. • Installing information and operating systems for carrying out strategic tasks, roles and activities. • Execution of policies and procedures and organising the work effort. • Using the best-known practices to perform core business activities & for improvement.
4. Work Climate & Culture	<ul style="list-style-type: none"> • Creating a company culture and work climate, conducive to successful strategy implementation and execution. • Using the internal leadership needed to drive implementation forward and keep improving execution.

SIMILAR QUESTION:

1. To convert strategic plans into actions and results, a manager must be able to direct organizational change, motivate people, build and strengthen company competencies and competitive capabilities, create a strategy-supportive work climate, and meet or beat performance targets. Explain the principal aspects of strategy-execution process. (RTP N18)

A. Refer above answer

Q.No.3. Efficiency vs. Effectiveness. (B) (M08 - 2M)

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

RELATIONSHIP BETWEEN EFFICIENCY AND EFFECTIVENESS:

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

Principal combinations of efficiency and effectiveness

- If an organisation is placed in cell 1 then it is well placed and will flourish because it is achieving what it aspires to achieve with an efficient input / output ratio.
- An organisation in cell 2 & 4 will be ruined, unless it can establish some strategic direction.
- Cell 2 is a worst place than cell 3 because, in later, the strategic direction is present to ensure effectiveness even if too much input is being used to generate output.
- To be effective is to survive whereas to be efficient is neither necessary nor sufficient for survival.

SIMILAR QUESTION:

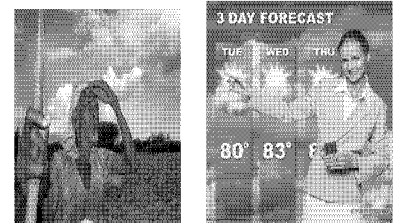
- For an Organisation to be successful, operational efficiency and strategic effectiveness are required. In this connection, list out the features of efficiency and effectiveness.

A. Refer above answer

Q.No.4. Strategy Formulation Vs. Strategy Implementation. (B)**(OLD PM)**

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)
- Even the most technically perfect strategic plan will serve little purpose if it is not implemented.
- Change comes through implementation and evaluation and not through the plan. A technically imperfect plan that is implemented well will achieve more than the perfect plan that is not implemented.
- Following are some of the differences between Strategy Formulation and its implementation.



Basis	Strategy Formulation	Strategy Implementation
1. Nature	Positioning forces before the action	Managing forces during the action
2. Focus	Focuses on Effectiveness	Focuses on Efficiency
3. Process	Primarily an Intellectual Process	Primarily an Operational Process
4. Skills required	Good Intuitive and Analytical skills	Special motivation & leadership skills
5. Co-ordination	Requires co-ordination among few individuals	Combination and synchronized work among many individuals
6. Concepts and Tools	Similar for small and large, business and non-profit organisations	It is different for different types of organisations
7. Orientation	Planning Orientation	Action / Execution Orientation
8. Scope	Entrepreneurial Activity	Administrative Task
9. Responsibility	Top Level Management	Middle & Operational Level Management

SIMILAR QUESTION:

- “Successful formulation does not guarantee successful implementation”. Discuss. (RTP N15)

A. Refer above answer

- Although inextricably linked, strategy implementation is fundamentally different from strategy formulation. Strategy formulation and implementation can be contrasted in many ways. What are they?

A. Refer above answer

**Q.No.5. Outline the Inter-relationship between Strategy Formulation and Implementation. (A)
(OLD PM, RTP M14, M12 - 3M)**

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

Strategy Formulation	Sound	A	B
	Flawed	C	D
		Weak	Excellent

Strategy formulation and implementation matrix

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

- **Square B** is the ideal situation where a company has succeeded in designing a sound and competitive strategy and is successful in implementing it.
- **Square A** is the situation where a company has formulated a very competitive strategy, but is facing difficulties in implementing it successfully. This can be due to various factors, such as lack of experience (e.g. for startups), the lack of resources, missing leadership and so on. In such a situation, the company will aim at moving from square A to square B, if they realize their implementation difficulties.
- **Square D** is the situation where the strategy formulation is flawed, but the company is showing excellent implementation skills. When a company finds itself in square D the first thing they have to do is to redesign their strategy before readjusting their implementation / execution skills.
- **Square C** is a situation where a company hasn't succeeded in coming up with a sound strategy formulation and in addition is bad at implementing its flawed strategic model. Its path to success also goes through business model redesign and implementation / execution readjustment.

SIMILAR QUESTION:

1. Elaborate the interrelationship between strategy formulation and implementation.

A. Refer above answer

2. Organizational success is a function of good strategy and proper implementation. Illustrate.

A. Refer above answer

**Q.No.6. Explain the linkages between Strategy Formulation and Strategy Implementation. (C)
(RTP M15) (For Student - Self Study)**

- The strategy formulation and implementation stages are highly interlinked.
- Two types of linkages exist between these two phases of strategic management. They are Forward linkages and Backward Linkages.
- The forward linkages deal with the impact of the formulation on implementation while the backward linkages are concerned with the impact in the opposite direction.

FORWARD LINKAGES:

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

- b) With the formulation of new strategies, or reformulation of existing strategies, many changes have to be effected within the organization.
- c) For e.g. the organizational structure has to be changed based on the requirements of the modified or new strategy. The style of leadership has to be adapted to the needs of the modified or new strategies.

BACKWARD LINKAGES:

- a) Just as implementation is determined by the formulation of strategies, the formulation process is also affected by factors related with implementation.
- b) While dealing with strategic choice, past strategic actions also determine the choice of strategy.
- c) Organizations tend to adopt those strategies which can be implemented with the help of present structure combined with some additional efforts.
- d) Such incremental changes, over a period of time, take the organization from where it is to where it wishes to be.

SIMILAR QUESTION:

1. **Strategy Formulation influences and is influenced by Strategy implementation. Comment?**
 - A. Refer above answer
2. **It is to be noted that the division of strategic management into different phases is only for the purpose of orderly study. In real life, the formulation and implementation processes are intertwined. In this connection, what linkages exist between strategy formulation and implementation?**
 - A. Refer above answer

Q.No.7. What are the key issues to be considered while implementing strategies? (B) (RTP M16)

The different issues involved in strategy implementation cover practically everything in the discipline of management studies. Therefore, a strategist has to apply a wide range of knowledge, skills, attitudes and abilities. Following are the key issues to be considered while implementing the strategies:

- a) **STRATEGIES:** The strategic plan devised by the organization proposes the manner in which the strategies could be put into action. Strategies do not lead to action by themselves. They are like statement of intent. Strategies have to be activated through implementation.
- b) **PLANS:** Strategies lead to plans. For e.g. if stability strategy is to be implemented, it should be converted into various plans. One such plan could be a modernization plan.
- c) **PROGRAMMES:** Plans result in different kinds of programmes. A programme is a broad term, which includes goals, policies, procedures, rules and steps to be taken in putting a plan into action. For e.g. a research and development programme may be prepared for the development of a new product.
- d) **PROJECTS:** Programmes lead to the formulation of projects. A project is a highly specific programme for which the time schedule and costs are predetermined. It requires allocation of funds based on capital budgeting by organizations. For e.g. research and development Programmes may consist of several projects, each of which is intended to achieve a specific and limited objective, requires separate allocation of funds, and is to be completed within a set time schedule.

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

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

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

SIMILAR QUESTIONS:

1. What are the Key Issues in Strategy Implementation?

A. Refer above answer.

2. Strategy is just intent. For proper implementation of strategy it has to be broken down in to different units to have clarity in implementation. List out the procedure of dividing the strategy in to various units.

A. Refer the above answer.

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

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

1. Establishing Objectives,	7. Minimizing Resistance to Change,
2. Designing Policies,	8. Matching Managers with Strategy,
3. Allocating Resources,	9. Developing a Strategy Supportive Culture,
4. Modifying the Existing Organisational Structure,	10. Adapting Production/ Operations & Processes,
5. Re-structuring and Re-engineering,	11. Developing an Effective Human Resource Function,
6. Revising Reward & Incentive systems,	12. Creating a Conducive Organisational Climate

SIMILAR QUESTION:

1. Discuss the management issues central to strategy implementation.

A. Same as above.

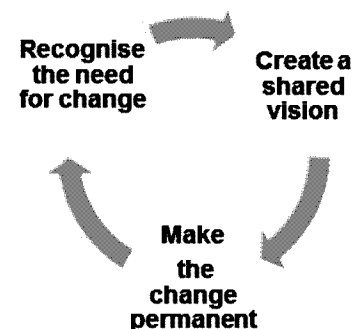
STRATEGIC CHANGE

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

(OLD PM, RTP N14, M08 - 5M, M12 - 3M, N18 - 7M)

STRATEGIC CHANGE:

- The changes in the environmental forces often require businesses to make modifications in their existing strategies and bring out new strategies.
- Strategic change is a complex process and it involves a corporate strategy focused on new markets, products, services and new ways of doing business.



STEPS TO INITIATE STRATEGIC CHANGE:

1. **Recognize the need for change:**

- The first step is to diagnose the areas of the present corporate culture that are strategy supportive and that are not.
- It needs environmental scanning, involving appraisal of both internal and external capabilities. Then we need to determine where the lacuna (=gap) lies and where there is a scope for change.

2. Create a shared vision to manage change:

- a) Objectives and vision of both individuals and organization should coincide.
- b) Senior managers need to constantly and consistently communicate the vision not only to inform but also to overcome resistance.
- c) Strategy implementers have to convince that the change in business culture is not superficial or cosmetic.

3. Institutionalize the change:

- a) This is an action stage which requires implementation of changed strategy.
- b) Creating and sustaining a different attitude towards change is essential to ensure that the firm does not slip back into old ways of thinking or doing things.
- c) All these changes should be set up as a practice to be followed by the organization and be able to transfer from one level to another as a well settled practice.
- d) It takes time for the changed culture to prevail.

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

A. Refer above answer

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

A. Refer above answer

3. Strategies are never rigid, they have to be flexible and strategic change is an inevitable act in the light of changes in the dynamic environment. Comment.

A. Refer above answer

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

(OLD PM, RTP N14, M11 - 3M, M13 - 4M, N14 - 3M, MTP M18)

- The changes in the environmental forces often require businesses to make modifications in their existing strategies and bring out new strategies.
- Strategic change is a complex process and it involves a corporate strategy focused on new markets, products, services and new ways of doing business.
- To make the 'change' lasting, Kurt Lewin proposed 3 phases of the change process, for moving the organisation from the present to the future.

1. UNFREEZING THE SITUATION:

- a) Lewin proposes that the changes should not come as a surprise to the members of the organisation. Management must pave the way for the change by first "unfreezing the situation", so that members would be willing and ready to accept the change.
- b) Unfreezing is the process of breaking down old attitudes and behaviors, customs, and traditions. So that they start with a clean slate.
- c) The process of unfreezing simply makes the individuals or organisations aware of the necessity for change and prepares them for such a change.
- d) *This can be achieved by making announcements, holding meetings and promoting the ideas throughout the organisation.*

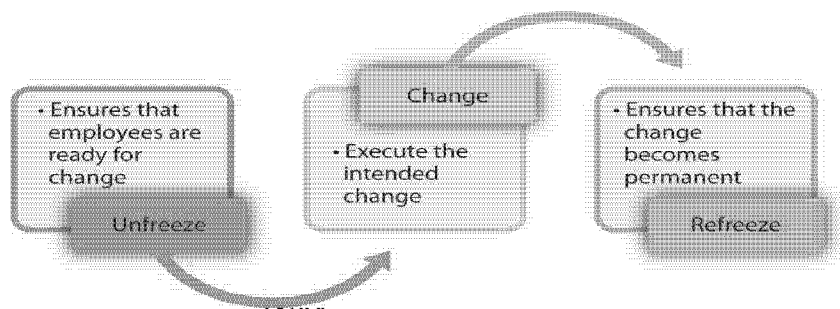


2. CHANGING TO NEW SITUATION:

- a) Once the unfreezing process has been completed their behaviour patterns need to be redefined.
- b) H.C. Kellman has proposed following 3 methods for reassigning new patterns of behaviour:
 - i) **Compliance:** It is achieved by strictly enforcing the reward and punishment strategy for good or bad behaviour.
 - ii) **Identification:** It occurs when members are psychologically impressed upon to identify themselves with some given role models whose behaviour they would like to adopt and try to become like them.
 - iii) **Internalization:** It involves changing the individual's thought process in order to adjust to new environment. This involves giving freedom to learn and adopt new behaviour in order to succeed in the new set of circumstances.

3. REFREEZING:

- a) Refreezing occurs when the new becomes a normal way of life.
- b) *The new behaviour must replace the former behaviour completely for successful and permanent change to take place.*
- c) For the new behaviour to become permanent, it must be continuously reinforced so that this new acquired behaviour does not diminish or extinguish.



Conclusion: Change process is not a one-time application but a continuous process due to dynamism and ever changing environment. The process of unfreezing, changing and refreezing is a cyclical one and remains continuously in action.

SIMILAR QUESTIONS:

1. ABC Ltd. plans to introduce changes in its structure, technology and people. Explain how Kurt Lewin's change process can help this firm.
 - A. Refer above answer
2. Change is a complex process and especially organizational strategic change is much more complex. In order to make the change effective, a cyclical process is required. In this context write about Kurt Lewin's change process.
 - A. Refer above answer

STRATEGY CONTROL

Q.No.11. What is Control? What are the elements of controlling process? (B)

MEANING:

- a) Control is one of the important functions of management.
- b) It is intended to ensure that the organisation has achieved what it wants to achieve after implementing a strategy.

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

- i) Measuring actual performance,
- ii) Comparing actual performance to standards, and
- iii) Taking corrective action to ensure that planned events actually occur.

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

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

a) **Operational Control:**

(N15-3M)

- i) The thrust of operational control is on individual tasks or transactions as against total or more aggregative management functions.
- ii) Many of the control systems in organisations are operational and mechanical in nature.
- iii) Some of the examples of operational controls can be stock control, production control, quality control, cost control, budgetary control.

b) **Management Control:**

- i) When compared with operational control, management control is more inclusive and more aggregative.
- ii) Its basic purpose is to achieve enterprise goals - short range and long range - in a most effective and efficient manner.

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

- i) The strategy is being implemented as planned, and
- ii) The results produced by the strategy are those intended.

SIMILAR QUESTION:

1. **Organisations need to be controlled at three levels for proper implementation of strategy. Explain.**

A. Refer above answer

**Q.No.13. What is Strategic Control? Explain different types of Strategic Control. (A)
(OLD PM, RTP M12, N16, M12 - 4M, M18- 3M)****MEANING:**

1. Strategic Control is the process of evaluating strategy as it is formulated and implemented.
2. It is directed towards identifying problems and changes in premises and making necessary adjustments.

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

1. **Premise Control:**

(RTP N11)

- 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.

2. Strategic Surveillance:

- Strategic surveillance is unfocussed.
- It involves general monitoring of various sources of information to uncover unanticipated information having a bearing on the organizational strategy.
- It involves casual environmental browsing. Reading financial and other newspapers, business magazines, meetings, conferences, discussions at clubs or parties and so on can help in strategic surveillance.*

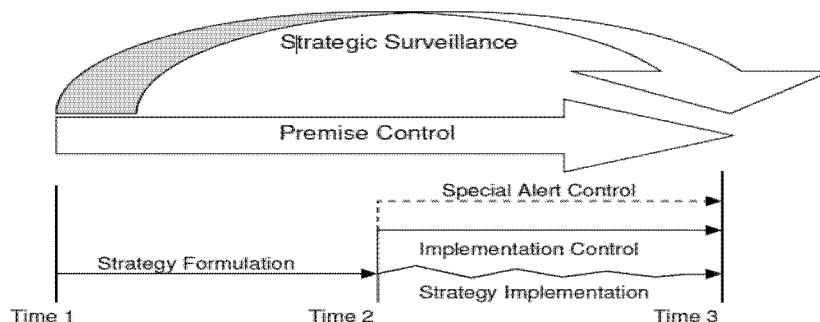
3. Special Alert Control:

- Sometimes unexpected events may force organisations to reconsider their strategy.
- Sudden changes in government, natural calamities, terrorist attacks, unexpected merger/acquisition by competitors, industrial disasters and other such events may trigger an immediate and intense review of strategy.
- To cope up with these eventualities, organisations may form crisis management teams to handle the situation.*

4. Implementation Control:

(RTP-M18)

- Managers implement strategy by converting major plans into concrete, sequential actions that form incremental steps.
- Implementation control is directed towards assessing the need for changes in the overall strategy in light of unfolding events and results associated with incremental steps and actions.
- The two basic forms of implementation control are:**
 - Monitoring strategic thrusts:** It helps managers to determine whether the overall strategy is progressing as desired or whether there is need for readjustments.
 - Milestone Reviews:** All key activities necessary to implement strategy are segregated in terms of time, events or major resource allocation. It normally involves a complete reassessment of the strategy. It also assesses the need to continue or refocus the direction of an organization.

**SIMILAR QUESTIONS:**

- Premise control is a tool for systematic and continuous monitoring of the environment. Discuss.** (RTP M16)
 - Refer 1st point in the above answer.
- Write short note on Implementation Control.** (RTP M18, MTP N18)
 - Refer 4th point in the above answer.
- What is strategic control? Also explain briefly Premise Control?**
 - Refer Meaning & 1st point in above answer.
- A strategy might be affected on account of changes in internal and external environments of organisation. There is a need for warning systems to track a strategy as it is being implemented. In this connection, what are the different techniques of strategic control?**
 - Refer above answer.

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

(RTP M18, M18 - 7M)

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

1. **Meaning:**

- a) A strategy audit is an examination and evaluation of areas affected by the operation of a strategic management process within an organization.
- b) It provides an excellent platform for discussion with the top management regarding necessary corporate actions or changes in the existing business plan. It also identifies the need to adjust the existing business strategies and plans.
- c) Strategy Audit focuses mainly on the following questions:
 - i) How well is the current strategy working?
 - ii) How well will the current strategy be working in future?
 - iii) How can this be evaluated in present and future?
 - iv) How urgent is there a need to change the strategy?

2. **Need of Strategy Audit:** A strategy audit is needed under the following conditions:

- a) When the performance indicators reflect that a strategy is not working properly or is not producing desired outcomes.
- b) When the goals and objectives of the strategy are not being accomplished.
- c) When a major change takes place in the external environment of the organization.
- d) When the top management plans: a) to fine-tune the existing strategies and introduce new strategies and b) to ensure that a strategy that has worked in the past continues to be in-tune with subtle internal and external changes that may have occurred since the formulation of strategies.

SIMILAR QUESTION:

1. Kewal Kapadia is the Managing Director of KK industries located in Kanpur. In a review meeting with the head of finance, Kuldeep Khaitan he said that in the first five years of last decade the company grew between 8-10 percent every year, then the growth rate started falling and in previous year the company managed 1 per cent. Kuldeep replied that the company is facing twin issues, one the strategy is not being implemented as planned; and two the results produced by the strategy are not in conformity with the intended goals. There is mismatch between strategy formulation and implementation. Kewal disagreed and stated that he takes personal care in implementing all strategic plans. You have been hired as a strategy consultant by the KK Industries. Advise way forward for the company to identify problem areas and correct the strategic approaches that have not been effective. (RTP M18)

A. Refer 2nd point in the above answer.

Q.No.15. Richard Rumelt's criteria for Strategy Audit. (A)

(RTP N18)

There are four major criteria for Strategy Audit given by Richard Rumelt.

1. **Consistency:** A strategy should not present inconsistent goals and policies. Organizational and interdepartmental conflicts are often a sign of strategic inconsistency. The following guidelines help in determining if organizational problems are due to inconsistencies in strategy:
 - If managerial problems continue despite changes in personnel.
 - If success for one organizational department results in failure for another department.
 - If policy problems and issues continue to be brought to the top level management for resolution.

2. **Consonance:** Consonance refers to the need for strategists to examine sets of trends, as well as individual trends, in auditing strategies. A strategy must represent an adaptive response to the external environment and to the critical changes occurring within it. One difficulty in matching a firm's key internal and external factors in the formulation of strategy is that most trends are the result of interactions among other trends. For example, the concept of day-care centres has emerged due to the combined result of many trends, like, a rise in the average level of education, increase in income, inflation, an increase in women in the workforce, etc.
3. **Feasibility:** A strategy must neither overtax available resources nor create unsolvable sub-problems. Can the strategy be attempted within the physical, human, and financial resources of the enterprise. The financial resources of a business are the easiest to quantify and are normally the first limitation against which strategy is audited.
4. **Advantage:** A strategy must provide for the creation and/or maintenance of a competitive advantage in a selected area of activity. Competitive advantages normally are the result of superiority in one of three areas: (1) resources, (2) skills, or (3) position.

SIMILAR QUESTIONS:

1. **What is Strategy Audit? Explain briefly the criteria for strategy audit given by Richard Rumelt's.** (RTP N18)
- A. Write 1(a) in the answer of q.no.14 + write the above answer.

Q.No.16. Difficulties in Strategy Audit/ Evaluation. (A)

(M18- 7M)

Reasons why Strategy Audit/ evaluation is more difficult today include the following trends:

1. A dramatic increase in the environment's complexity.
2. The increasing difficulty of predicting the future with accuracy.
3. The increasing number of variables in the environment.
4. The rapid rate of obsolescence of even the best plans.
5. The increase in the number of both domestic and world events affecting organizations.
6. The decreasing time span for which planning can be done with any degree of certainty.

SIMILAR QUESTIONS:

1. **Explain the concept and need of Strategy Audit. Why is it more difficult in present scenario?** (M18 - 7M)
- A. Refer Q. no's 14 & 16 above.

BUSINESS PROCESS RE-ENGINEERING (BPR)

INTRODUCTION: *Waiting in a queue in a post office or bank, a person may feel need for improvement in processes. In case of queue the process begins with a person stepping into the queue, and ends with receiving the desired items or service and leaving the place. The steps of the process are the activities that the customer and the personnel providing services perform to complete the transaction.*

Q.No.17. Define the term Business Process and outline the importance of Business Process. (C)

MEANING: A Business Process

1. Is a set of logically related tasks or activities oriented towards achieving a specified outcome.
2. Is a collection of activities which creates some value to the customer
3. It often surpasses departmental or functional boundaries.
4. Is a set of activities that transform a set of inputs into set of outputs for another person or process.

EXAMPLES: Examples of Business Processes are:

1. Development of a new product or service,
2. Launching a new product in the market,
3. Procurement of goods from suppliers,
4. Fulfillment of customer orders,
5. Preparation of firm's financial and operational budgets, etc.
6. The steps followed by a bank when a customer deposits a cheque.
7. Buying a ticket is a simple business process.

SIMILAR QUESTION:

1. **Business process or business activities are not discrete or unrelated pieces of work. What is a business process?**
 - A. Refer above answer

Q.No.18. Write short notes on Core or Generic Business Processes? (C)
(For student self - study)

MEANING:

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

SOME EXAMPLES OF CORE BUSINESS PROCESSES ARE:

Nature of Activity	Core Business Processes
1. News distribution by TV, newspaper, etc.	Collection & Broadcasting of news in a timely manner.
2. Fast Moving Consumer Goods	Marketing, Brand Management.
3. Electronics and Software	New Product development.
4. Banking	Mobilising Deposits and generating funds for providing advances to customers.
5. Insurance	Balance between competitive premium and profits after claims for the company.

SIMILAR QUESTION:

1. **Some processes turn out to be extremely critical for the success and survival of the enterprise. What are core business processes?**
 - A. Refer the above answer.

Q.No.19. Outline the need for Business Process Re-engineering (BPR)? (B)

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

1. **OUTDATED PROCESSES:** Most of the processes that firms follow might have been developed by their functional units over a period of time. They might be developed based on a series of unplanned decisions. *There has not been any serious effort to systematically analyse the processes and measure their effectiveness towards the organizational efficiency.*

2. **SUB-SYSTEM VIEW**: Individual departments or divisions of a firm try to optimize their own performance, without considering the effect on other areas of operation. This will lead to sub-optimal performance of the entire organisation.
3. **TIME AND COST**: Existing business processes may be lengthy, time-consuming, costly, inefficient, obsolete and irrational.
4. **FRAGMENTATION**: Fragmentation of work processes makes it difficult to improve the quality of work performance and also develops a narrow vision among the employees.
5. **INEFFICIENCY**: Emerging critical issues may remain unattended by traditional management systems, due to the narrow definition of tasks or roles of an individual department.
6. **NEED FOR IT**: Most of the existing work processes were developed before the advent of computers and IT revolution. By using Information Technology, it is possible to
 - a) Increase the speed of normal production,
 - b) Increase asset turnover i.e. utilise assets and machinery more effectively, and
 - c) Reduce the customer response time and increase customer satisfaction.

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



Money withdrawal process earlier was very time consuming and cumbersome.

The above factors bring out the need for BPR.

SIMILAR QUESTIONS:

1. State the Problems in Traditional Business Processes?

A. Refer above answer

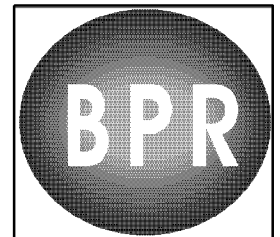
2. Organisations must break themselves free from their primitive and archaic work processes that drag them down and redesign their processes to reach their vision and achieve competitive advantage. In this context, what is the need of BPR?

A. Refer above answer

Q.No.20. Define the term Business Process Re-engineering (BPR)? (A)

MEANING:

- Business Process Re-engineering (BPR) refers to the analysis and re-design of workflows and processes both within and between business firms.
- It is a total deconstruction and re-thinking of a business process in its entirety, unconstrained by its existing structure and pattern.
- Its objective is to dramatically improve performance in terms of time, cost, quality, and responsiveness to customers.
- It implies giving up old practices and adopting the improved ones.



SIMILAR QUESTION:

1. Define the term BPR.

A. Same as above.

(OLD PM, M07 - 2.5M, J09 - 2M)

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Q.No.21. State the objectives of Business Process Re-engineering? (B)

FIRST WRITE THE MEANING OF BPR:

FOLLOWING ARE THE OBJECTIVES OF BUSINESS PROCESS RE-ENGINEERING:



Consumer's life today has become much simpler due to the introduction of ATM's, online banking etc.

1. To obtain considerable gain in the performance of the process in terms of time, cost, output, quality, and responsiveness to customers.
2. To simplify and streamline the process by -
 - a) Eliminating all redundant and non-value adding steps, activities and transactions,
 - b) Drastically reducing the number of stages or transfer points of work, and
 - c) Speeding up the work flow by using information technology systems.
3. To obtain dramatic improvement in operational effectiveness by re-designing core business processes and supporting business systems.
4. To provide competitive advantage to the firm.

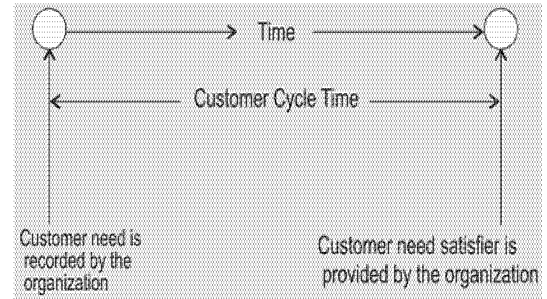
Q.No.22. Bring out the features of Business Process Re-engineering? (B)

First write the meaning of BPR.

1. **STARTING FROM SCRATCH:** BPR means setting aside old practices and procedures. It involves forgetting how work has been done so far and deciding how it can best be done now.
2. **NO ASSUMPTIONS:** BPR does not begin with any assumptions. The thinking process in BPR begins with a totally free state of mind i.e. without any pre-conceived notions.
3. **RADICAL:** BPR involves radical re-designing of processes. Radical re-designing means going to the root of the problem. It will not try to make any superficial changes. It completely ignores the existing structures and procedures and develops completely new ways of doing the work.

BPR aims at achieving extraordinary improvement in performance but not marginal improvement in performance.
4. **DRAMATIC IMPROVEMENT:** BPR aims to achieve dramatic improvement in performance. Marginal improvement in any area of operation can be achieved by making some simple adjustments in existing processes. But BPR is about substantial improvements.
5. **CENTRAL THRUST AREA:** The thrust area in BPR is "reduction of total cycle time of a business process". This involves:
 - a) Eliminating the unwanted, unnecessary and redundant steps,
 - b) Simplifying the systems and procedures, and
 - c) Eliminating waiting time and transit time to the maximum extent possible.
6. **RE-INVENTION:** BPR is about business re-invention, not business improvement, business enhancement or business modification.
7. **PROCESS ORIENTATION:** BPR focuses on the process and tries to improve performance. A process involves producing the output or rendering the service and output is the result of such process.

8. BPR begins with fundamental re-thinking.
9. BPR is a continuous improvement process.
10. BPR uses Information Technology for the most rational, simple and efficient re-design of work structure.
11. BPR involve massive change throughout the organisation. Work changes from task oriented to process-oriented.



NOTE: For 4 marks it is sufficient to write the first 5 or 6 points in a detailed manner. It is sufficient write the side headings of remaining points.

SIMILAR QUESTION:

1. **Business process reengineering means starting all over, starting from scratch.” Reengineering, in other words, means putting aside much of the age-old practices and procedures of doing a thing. It implies forgetting how work has been done so far, and deciding how it can best be done now. In this context, what are the elements of BPR?**

A. Refer above answer.

Q.No.23. Write down the steps in the implementation of BPR? (A)

(RTP M12, M09 - 6M, M14 - 4M, M15, N15, N16)

THE STEPS INVOLVED IN BUSINESS PROCESS RE-ENGINEERING ARE:

1. Determining Objectives and Framework:

- a) Objectives are the desired end results of the BPR process which a firm tries to achieve.
- b) This will provide the required focus, direction and motivation for the re-design process.
- c) It helps in building a comprehensive foundation for the BPR process.

2. Identify customers and determine their needs:

- a) The purpose is to re-design business process that clearly provides added value to the customer. For this purpose, the designers should understand customers.
- b) This involves identification of -
 - i) Customer(s) and customer group(s),
 - ii) Customer requirements and expected utilities in a product or service,
 - iii) Customers' problems and perceptions about the product, and
 - iv) Buying habits, tendencies, etc.
 - v) Their profile, usage and disposal of products.

3. Study the Existing Processes: For understanding "what", and "why" of targeted processes, the existing processes will act as important base. Hence, existing processes should be analysed carefully.

4. Formulate a Re - design Process Plan:

- a) Formulation of re-design plan is the real crux of BPR efforts. So, the information gained through analysis and study is translated into an ideal re-design process.
- b) Customer focused re-design concepts are identified and formulated. Alternative processes are considered and the best one is selected.

5. Implement the Re - design:

- a) Implementation of the re-designed process and application of other knowledge gained from the previous steps is very important to achieve dramatic improvements.
- b) It is the joint responsibility of the designers and management to implement the new process.

SIMILAR QUESTIONS:

1. Define Business process Re - engineering? Briefly explain the steps therein?
 - A. Refer meaning in Q, no.20 + same as above.
2. What is rationale behind BPR? What steps would you recommended implementing BPR in an organisation? (OLD PM, M14 - 7M)
 - A. Refer meaning in Q. no.20 + same as above.
3. Slow Ltd. is a fifty year old organisation engaged in manufacturing of consumer products. Over a time, its processes have lengthened making it very slow in decision making, production, product and service delivery. As a manager, you have been asked to suggest how the processes of Slow Ltd. can be improved? (MTP1 N18)
 - A. Any organisation has a number of processes. Typically, a business process involves a number of Steps performed by different people in different departments. Slow Ltd. needs to identify and change the processes improve the speed and quality. The tool that can be employed is Business Process Reengineering. Steps are as follows: + write the above answer.

Q.No.24. What is the Rationale of BPR? (A)**(M14 - 3M)**

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

1. **AVAILABILITY OF LATEST TECHNOLOGY:** New concepts in Information Technology (internet, e-commerce, etc.) are rapidly bringing new capabilities to businesses. This increases the options available to the firm to achieve dramatic improvement in the performance.
2. **INCREASED COMPETITION:** Firms are now forced to improve their business processes to meet increased competition. Major changes are required even to stay in the competitive market.
3. **DEMANDING CUSTOMERS:** Customers are demanding better products and services. If they do not receive what they want from one firm, they will switch over to other firms. Customers are ready to try new brands. There is a need to re-design the firm's processes not only to meet customer expectations, but also to exceed the expectations and to improve quality standards to new levels.

CONCLUSION: Improving business processes is very important for businesses to stay competitive in the current economic conditions. So, BPR may be viewed as a means of solving business problems by using the capabilities of information technology.

SIMILAR QUESTIONS:

1. Analyse the role of BPR in strategy implementation (OLD PM)
 - A. Refer above answer
2. Improving business processes is paramount for businesses to stay competitive in today's marketplace. Over the last three decades several factors have accelerated the need to improve business processes. What is the justification of BPR in modern times?
 - A. Refer above answer

Q.No.25. Explain the role of information Technology in BPR.**(OLD PM, RTP M16, N11 - 4M, N12 - 3M, N18- 3M)**

1. The speed at which information technology has developed during the past few years had a very large impact in the transformation of business processes.
2. Various studies have conclusively established the role of information technology in the transformation of business processes.
3. Information technology is playing a significant role in changing the business processes.

4. A re-engineered business process, characterized by IT-assisted speed, accuracy, adaptability and integration of data and service points is focused on meeting the customer needs and expectations quickly and adequately, thereby enhancing the level of customer satisfaction.
5. With the help of tools of information technology organizations can modify their processes to make the automatic, simpler, time saving. Thus, IT can bring efficiency and effectiveness in the functioning of business.
6. The IT-initiatives, thus, provide business values in three distinct areas:
 - Efficiency - by way of increased productivity,
 - Effectiveness - by way of better management,
 - Innovation - by way of improved products and services

Information Technology is the heart of BPR exercise.

Thus, Information technology (IT) is a critical factor in the success of bringing this change.

SIMILAR QUESTIONS:

1. Trace the role of information technology in BPR? (OLD PM)
 - A. Refer above answer
2. Identify three aspects of impact of IT systems on BPR and list three areas where provides business value. (N18- 3M)
 - A. Refer above answer
3. Various studies have conclusively established the role of the information technology in the transformation of business processes. Information technology is going to play a significant role in changing the business processes during the years to come, has been established beyond doubt. In this context, write about the role played by IT in BPR?
 - A. Refer above answer

BENCHMARKING

Q.No.26. What is Benchmarking? What are the areas where benchmarking can help? (A)
(OLD PM, RTP N14, N08 - 3M, M11, N12 - 2M)

MEANING:

1. Dictionary defines a benchmark as a standard or a point of reference against which things may be compared and by which something can be measured and judged.
2. Benchmarking is the process of identifying and learning from the best industry practices and the processes by which they are achieved. It developed out of the need to have information against which performances can be measured. *E.g. a customer support engineer of a television manufacturer attends a call within forty-eight hours. If the industry norm is that all calls are attended within twenty-four hours, then the twenty-four hours can be a benchmark.*
3. Benchmarking is not a solution to all the 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.
4. 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 advantage.
5. **Benchmarking involves:**
 - a) Comparing different aspects of the firm's products, services, activities, processes and other aspects of performance with that of competitors or other leaders in the field and the best prevailing practices.
 - b) Identifying gaps and deficiencies in the firm's own performance,

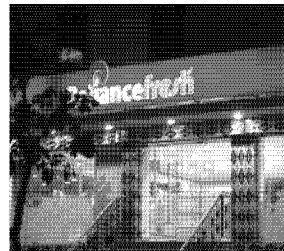
- c) Finding out novel methods to reduce the gaps and also to improve the situations, and
- d) Ensuring that these improved methods are implemented.

Areas in which the benchmarking process can be helpful:

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

- Product Development.
- Plant Utilization Levels.
- Maintenance Operations.
- Human Resource Management.
- Product Distribution.
- Customer services.
- Assessment of total manufacturing cost

Xerox pioneered this process in late 70's by benchmarking its manufacturing costs against those of domestic and Japanese competitors and got dramatic improvement in the manufacturing cost. Subsequently ALCOA, Eastman Kodak, IBM adopted benchmarking.



Reliance took Wal-Mart as its benchmark in its retailing business.

SIMILAR QUESTIONS:

1. "Firms can use benchmarking process to achieve improvement in diverse range of management functions". Elucidate. (OLD PM)
 - A. Refer above answer
2. Analyse the role of benchmarking in strategy implementation. (OLD PM)
 - A. Refer above answer
3. What is Benchmarking?
 - A. Refer meaning in above answer
4. What is bench marking? What are the areas where benchmarking can help?
 - A. Refer above answer (OLD PM, RTP M15)
5. In recent years, different commercial and non-commercial organizations are discovering the value of benchmarking and are applying it to improve their processes and systems. Comment.
 - A. Refer above answer

Q.No.27. What are the Elements/Steps in the Process of Benchmarking? (A)
(OLD PM, N08 - 7M, M11 - 2M, N15 - 7M, RTP M18, MTP M18)

Benchmarking Process involves the following steps:

Stage	Steps
1. Identifying the need for benchmarking and planning	<ul style="list-style-type: none"> • Define the objectives of the benchmarking exercise and the type of benchmarking. • Identify the <u>realistic opportunities</u> for improvement.
2. Clearly understanding existing business processes	<ul style="list-style-type: none"> • Obtain information and data on the firm's actual performance. • Collect information and <u>data using different</u> methods like interviews, site-visits, filling questionnaires, etc. • Create an outline or map of existing business processes.

3. Identify best processes	<ul style="list-style-type: none"> • Within the selected framework, best processes are identified. • These may be within the same organization or external to them.
4. Compare own processes and performance with that of others	<ul style="list-style-type: none"> • Compare own processes and performance with that of others. • Identify gaps in performance between the firm and better performers. • Analyse the performance gaps to seek explanations, to make such <u>comparisons</u> meaningful and credible. • Examine the chances of making the improvements in the light of conditions that exist within the firm.
5. Prepare a report and implement the steps necessary to close the performance gap	<ul style="list-style-type: none"> • A report on the Benchmarking initiatives containing recommendations is prepared. • Such a report includes the action plan(s) for implementation.
6. Evaluation	<ul style="list-style-type: none"> • Evaluate the results of benchmarking in terms of improvements vis-à-vis objectives and other criteria set for the purpose. • Review, evaluate and re-set the benchmarks periodically, in the light of changing conditions.

SIMILAR QUESTIONS:

1. What is bench marking? Explain briefly the elements involved in benchmarking process?
 - A. Refer meaning in 26th question & elements in the above answer. (RTP M17, M18, MTP M18)
2. Swift Ltd and Quick Ltd are two companies that are in the business of light industrial machines. While Swift is the market leader the sales of Quick has been falling. In the year 2017-18 the market share of the two companies was forty per cent and five per cent respectively. During the last five years the market share of quick reduced from third to sixth position. As an immediate corrective measure top management of Quick decided to emulate the successful standards of Swift Ltd and set them as their own yardsticks. With the help of standards they intended to compare measure and judge their performance. What is the strategic tool Quick Ltd is adopting? How is it implemented? (RTP N18)
 - A. The top management of Quick Ltd is doing benchmarking. The benchmarking helps an organization to get ahead of competition. + write the 1st, 2nd & 4th points in the answer of Q. no.26 + write down the steps in the above answer.

APPLICATION ORIENTED QUESTIONS

Q.No.28. Discuss the importance of proper implementation of strategy in strategic management. (B) (OLD PM)

1. **MEANING OF STRATEGY IMPLEMENTATION:** As given above.
2. **IMPORTANCE:** There are situations where an organisation formulates a very competitive strategy, but is showing difficulties in implementing it successfully. This can be due to various factors, such as the lack of experience, the lack of necessary resources, missing leadership and so on.
3. Unless corrective actions are taken the strategy will fail.

Q.No.29. Being a strategic professional, analyze and redesign the work flows in the context of business process reengineering. (B) (NEW SM)

1. BPR refers to the analysis and redesign of workflows and processes both within and between the organizations.
2. The orientation of the redesign effort is radical. It involves total deconstruction and rethinking of a business process in its entirety.

3. The workflows are studied, appraised and improved in terms of time, cost, output, quality, and responsiveness to customers.
4. The redesign effort aims to simplify and streamline a process by eliminating all extra avoidable steps, activities, and transactions. With the help of redesigning workflows, organizations can drastically reduce the number of stages of work, and improve their performance.

TEST YOUR KNOWLEDGE

1. The process of Strategic Management ends with Strategy Implementation. Comment
2. The Government of India sets many objectives in the areas like eradication of poverty, 100% literacy, etc. in its every 5 year plan, but most of them are unachieved. What could be the possible reasons for this?
3. The role of top level management in strategy formulation is that of a 'Facilitator' in nature? Comment.
4. What will happen if the top level management of an organisation prepares various plans and leaves their implementation to middle & operational level management and goes on a long pleasure trip to Bangkok?
5. When will a CA student said to be
 - (i) Efficient and
 - (ii) Effective
6. What is the difference between Intuitive Skills and Analytical Skills?
7. What is a Business Process? Mention the various business processes of a bank.
8. Explain the drastic changes that took place in the Indian Banking Sector after implementing Business Process Reengineering.
9. How do you persuade ICAI to implement BPR? What are the different possible areas/ aspects in which ICAI can implement BPR?
10. Which Company did Reliance benchmark with in retailing business? What are the different areas in which did Reliance follow benchmarking in retailing?
11. Benchmarking is nothing but imitating the best? Comment.

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THE END