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**STRATEGIC
MANAGEMENT**

Question Bank

Edition 01



By

Theory Queen

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MRP. ₹499

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Specialized in Teaching
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Youtuber (Channel - Sonali Jain Padhai Made Easy) **

**She is the Proactive Mover to launch Handmade Notes
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PREFACE



Dear Students,

I am delighted to present the 1st edition of my meticulously crafted Question Bank of Strategic Management. Tailored specifically to meet the academic requirements of students at the Inter level of CA Examinations.



The unique aspect of this Question Bank is it covers the latest RTP issued by ICAI as well as 30 Important Questions which a student must go through.

It is my sincere belief that, it will prove to be a valuable asset for students aiming to excel in their examinations.

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INDEX

01 *Introduction to
Strategic Management*

02 *Strategic Analysis:
External Environment*

03 *Strategic Analysis:
Internal Environment*

04 *Strategic Choices*

05 *Strategy Implementation
and Evaluation*

06 *30 Most Important Questions* 



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CHAPTER

01

Introduction to Strategic Management

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**Question 1**

Tech Innovators Inc., a rapidly expanding technology company, aims to lead in artificial intelligence (AI) and machine learning (ML). With recent growth, the company is evaluating which organizational structure will best support its vision for innovation and leadership in AI technologies. They are considering three options: the Functional and Divisional Relationship for specialization, the Horizontal Relationship for flat, collaborative management, and the Matrix Relationship for cross functional teams. Which of these relationships—Functional and Divisional, Horizontal, or Matrix—will most effectively achieve Tech Innovators Inc.'s strategic goals, and why?

(RTP Sep 24)

Answer

The Matrix Relationship is the most effective structure for Tech Innovators Inc. to achieve its vision of leadership in AI technologies. This structure promotes cross-functional collaboration, essential for managing complex AI projects and fostering innovation. By integrating expertise from various departments into temporary, task-based teams the Matrix Relationship supports dynamic project management and aligns well with the company's strategic goals for technologies. Despite its complexity, this approach advancing AI provides the flexibility and collaboration necessary for a leading-edge AI and ML focus.

Relationship	Benefits	Drawbacks	Suitability for AI Leadership
Functional and Divisional	<i>Specialization, clear management of Functions and products.</i>	<i>Potential for departmental isolation, limited collaboration.</i>	<i>Less effective for cross-functional AI projects.</i>
Horizontal	<i>Open communication, encourages innovation and fast idea sharing.</i>	<i>Hard to scale, unclear roles and responsibilities.</i>	<i>Suitable for startups, less for large AI initiatives.</i>
Matrix	<i>Facilitates cross-functional collaboration, flexible resource management for complex projects.</i>	<i>Complex reporting structures, potential conflicts.</i>	<i>Ideal for managing diverse, innovative AI projects.</i>



<p>Question 2</p>	<p><i>Strategic management helps an organization to work through changes in the environment to gain competitive advantage. In light of statement discuss its benefits.</i></p>
<p>Answer</p>	<p style="text-align: right;"><i>(RTP Sep 24)</i></p> <p><i>Strategic management involves developing the company's vision, environmental scanning, strategy formulation, implementation, evaluation and control. It emphasizes the monitoring and evaluation of external opportunities and threats in the light of a company's strengths and weaknesses and designing strategies for survival and growth. It helps in the creation of a competitive advantage to outperform the competitors and also guides the company successfully through all changes in the environment.</i></p> <p><i>The major benefits of strategic management are:</i></p> <ul style="list-style-type: none"> <i>• Strategic management gives directions to the company to move ahead. It defines the goals and mission.</i> <i>• It helps organisations to be proactive instead of reactive in shaping their future.</i> <i>• It provides frameworks for all major decisions of an enterprise such as decisions on businesses, products, markets, manufacturing facilities, investments and organisational structure. It provides better guidance to the entire organisation on the crucial point what it is trying to do.</i> <i>• It helps organisations to identify the available opportunities and identify ways and means to achieve them.</i> <i>• It serves as a corporate defence mechanism against mistakes and pitfalls.</i> <i>• It helps to enhance the longevity of the business.</i> <i>• It helps the organisation to develop certain core competencies and competitive advantages that would facilitate survival and growth.</i>
<p>Question 3</p>	<p><i>Mr. Raj has been hired as a CEO by XYZ Ltd a FMCG company that has diversified into affordable cosmetics. The company intends to Launch Feelgood brand of cosmetics. XYZ wishes to enrich the lives of people with its products that are good for skin and are produced in ecologically beneficial manner using herbal ingredients. Draft vision and mission statement that may be formulated by Raj.</i></p> <p style="text-align: right;"><i>(RTP Nov: 20, Nov: 19, New SM)</i></p>



<p>Answer</p>	<p>Feelgood brand of cosmetics may have following vision and mission:</p> <p>Vision: Vision implies the blueprint of the company's future position. It describes where the organisation wants to land. Mr. Raj should aim to position "Feelgood cosmetics" as India's beauty care company. It may have vision to be India's largest beauty care company that improves looks, give extraordinary feeling and bring happiness to people.</p> <p>Mission: Mission delineates the firm's business, its goals and ways to reach the goals. It explains the reason for the existence of the firm in the society. It is designed to help potential shareholders and investors understand the purpose of the company:</p> <p>Mr. Raj may identify mission in the following lines:</p> <ul style="list-style-type: none"> • To be in the business of cosmetics to enhance the lives of people, give them confidence to lead. • To protect skin from harmful elements in environment and sun rays. • To produce herbal cosmetics using natural ingredients.
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Question 4 Define the role of corporate level managers.

(Nov: 18)

<p>Answer</p>	<p>Corporate-level managers participate in strategic decision making within the organization. The role of corporate-level managers is to oversee the development of strategies for the whole organization.</p> <p>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.</p>
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Question 5 "Strategy is partly proactive and partly reactive." Discuss.

(MTP Oct 19, Mar21 5 Marks, PYP 5 Marks Nov 18, RTP May 18 & Nov 20, Old & New SM)

Answer




Strategic Management

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Question 6	<i>What benefits accrue by following a strategic approach to managing?</i>
	<i>(MTP 5 Marks Oct 20, RTP May 23 & Nov 18)</i>
Answer	
Question 7	<p><i>Kamal Sweets Corner, a very popular sweets shop in Ranchi, was facing tough competition from branded stores of packaged sweets and imported goods. The owners realised that their business reduced by 50% in the last six months, and this created a stressful business environment for them. To find a solution, they consulted a business consultant to help them develop a strategy to fight competition and sustain their century old family business. The business consultant advised them to innovate a new snack for the public and market it as a traditional snack of the region. The owners liked the idea and developed a new snack called Dahi Samosa, which very quickly became popular amongst the public and it helped regain the lost business of Kamal Sweets Corner.</i></p> <p><i>One of the very crucial importance of strategic management was used by the business consultant to help the owners of Kamal Sweets Corner. Which one could it be? Also, was this strategy Reactive or Proactive? According to you who are more beneficial in general parlance?</i></p>
	<i>(MTP 5 Marks April 21, Old SM)</i>



<p>Answer</p>	<p>The strategy used here was of developing a competitive advantage via product which helped Kamal Sweets Corner regain their lost business. This is also one of the major importance cum advantage of strategic management, that is helps to develop core competencies and competitive advantages to overcome competition. This strategy was a Reactive strategy. Wherein, the owners saw their business fall to 50% of revenue and then seeking a strategic advisory. They did not plan proactively as to when the new shops were already opening. They reacted only when the business started to lose up.</p> <p>Generally, it is always beneficial to develop strategies proactively, so that the dip in businesses is small and manageable, and even if they are huge, the management has ample time to fix it.</p>
<p>Question 8</p>	<p>Yummy Foods and Tasty Foods are successfully competing in the business of ready to eat snacks in Patna. Yummy has been pioneer in introducing innovative products. These products will give them good sale. However, Tasty Foods will introduce similar products in reaction to the products introduced by the Yummy Foods taking away the advantage gained by the former</p>
	<p>(MTP 5 Marks Oct 21 & April 23, Old & New SM, RTP Nov 18)</p>
<p>Answer</p>	<p>Yummy foods are proactive in its approach. On the other hand, Tasty Food is reactive. Proactive strategy is planned strategy whereas reactive strategy is adaptive reaction to changing circumstances. A company's strategy is typically a blend of proactive actions on the part of managers to improve the company's market position and financial performance and reactions to unanticipated developments and fresh market conditions.</p> <p>If organisational resources permit, it is better to be proactive rather than reactive. Being proactive in aspects such as introducing new products will give you advantage in the mind of customers.</p> <p>At the same time, crafting a strategy involves stitching together a proactive/intended strategy and then adapting first one piece and then another as circumstances surrounding the company's situation change or better options emerge-a reactive/adaptive strategy. This aspect can be accomplished by Yummy Foods.</p>



<p>Question 9</p>	<p><i>Define Strategic Management. Also discuss the limitations of Strategic Management.</i></p> <p><i>(MTP 5 Marks Sep 22, March 19, May 20, Apr 21, Mar 22, Oct 22 & Oct 23 5 Marks, PYP May 18 & May 19, RTP May 18, 19 & 21, Nov 21, Nov 23 Old SM)</i></p> <p style="text-align: center;">OR</p> <p><i>The strategic management cannot counter all hindrances and always achieve success for an organization." Do you agree with this statement? Give arguments in support of your answer.</i></p> <p style="text-align: right;"><i>(RTP Nov 23) (PYP 5 Marks Nov 22)</i></p>
<p>Answer</p>	
<div style="background-color: #0056b3; color: white; padding: 10px;"> <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="width: 30%;"> <p>Batch Features</p> <ul style="list-style-type: none"> ➔ Handmade Notes ➔ Study Mat Question & Answer ➔ Presentation Tips & Tricks ➔ Examination Support ➔ MTP, RTP & Case Base Questions </div> <div style="width: 40%; text-align: center;"> <p>CA INTERMEDIATE</p> <p>STRATEGIC MANAGEMENT</p> <p>उम्मीद REGULAR BATCH</p> <p>WWW.SMCLASSES.COM</p> <p>ORDER NOW</p> </div> <div style="width: 25%; text-align: right;">    <p>July Recordings</p> <p>BY SONALI MA'AM</p> </div> </div> </div>	
<p>Question 10</p>	<p><i>ABC Limited is in a wide range of businesses which include apparels, lifestyle products, furniture, real estate and electrical products. The company is looking to hire a suitable Chief Executive Officer. Consider yourself as the HR consultant for ABC limited. You have been assigned the task to enlist the activities involved with the role of the Chief Executive Officer. Name the strategic level that this role belongs to and enlist the activities associated with it.</i></p>
	<p style="text-align: right;"><i>(MTP 5 Marks Oct 22 & Sep 23, PYP Jan 21 5 Marks, Old & New SM)</i></p>
<p>Answer</p>	<p><i>The role of Chief Executive Officer pertains to Corporate level.</i></p> <p><i>The corporate level of management consists of the Chief Executive Officer (CEO) and other top-level executives. These individuals occupy the apex of</i></p>



	<p>decision making within the organization.</p> <p>The role of Chief Executive Officer is to:</p> <ol style="list-style-type: none"> 1. oversee the development of strategies for the whole organization; 2. defining the mission and goals of the organization; 3. determining what businesses, it should be in; 4. allocating resources among the different businesses; 5. formulating, and implementing strategies that span individual businesses; 6. providing leadership for the organization; 7. ensuring that the corporate and business level strategies which company pursues are consistent with maximizing shareholders wealth; and 8. managing the divestment and acquisition process.
Question 11	Explain the difference between three levels of strategy formulation.
	(MTP 5 Marks March 23, MTP Aug 18 5 Marks, Old & New SM, RTP May 20)
Answer	<p>A typical large organization is a multidivisional organisation that competes in several different businesses. It has separate self-contained divisions to manage each of these. There are three levels of strategy in management of business - corporate, business, and functional.</p> <p>The corporate level of management consists of the chief executive officer and other top level executives. These individuals occupy the apex of decision making within the organization. The role of corporate-level managers is to oversee the development of strategies for the whole organization. This role includes defining the mission and goals of the organization, determining what businesses it should be in, allocating resources among the different businesses and so on rests at the Corporate Level.</p> <p>The development of strategies for individual business areas is the responsibility of the general managers in these different businesses or business level managers. A business unit is a self - contained division with its own functions - for example, finance, production, and marketing. The strategic role of business-level manager, head of the division, is to translate the general statements of direction and intent that come from the corporate level into concrete strategies for individual businesses.</p>



	<p><i>Functional-level managers are responsible for the specific business functions or operations such as human resources, purchasing, product development, customer service, and so on. Thus, a functional manager's sphere of responsibility is generally confined to one organizational activity, whereas general managers oversee the operation of a whole company or division.</i></p>
Question 12	<p><i>What is strategic vision?</i></p> <p><i>(MTP-March 18, 2 Marks, RTP Nov 18, PYP 2 Marks May 18)</i></p>
Answer	
Question 13	<p><i>Mission statement of a company focuses on the question: 'who we are' and 'what we do'. Explain briefly.</i></p> <p><i>(MTP 5 Marks Oct 20, Apr 21, RTP May 23)</i></p>
Answer	<p><i>A company's mission statement is typically focused on its present business scope- "who we are and what we do"; mission statements broadly describe an organizations present capability, customer focus activities and business makeup. An organisation's mission states what customers it serves, what need it satisfies, and what type of product it offers. It is an expression of the growth ambition of the organisation. It helps organisation to set its own special identity, business emphasis and path for development. Mission amplifies what brings the organization to this business or why it is there, what existence it seeks and what purpose it seeks to achieve as a business organisation.</i></p> <p><i>In other words, the mission serves as a justification for the firm's very presence and existence; it legitimizes the firm's presence.</i></p>



Question 14	Explain briefly the key areas in which the strategic planner should concentrate his mind to achieve desired results.
	<i>(5 Marks March 22) (RTP Nov 22 & May 21)</i>
Answer	<p>A strategic manager defines the strategic intent of the organisation and take it on the path of achieving the organisational objectives. There can be a number of areas that a strategic manager should concentrate on to achieve desired results. They commonly establish long-term objectives in seven areas as follows:</p> <ul style="list-style-type: none"> • Profitability. • Productivity. • Competitive Position. • Employee Development. • Employee Relations. • Technological Leadership. • Public Responsibility.
Question 15	What are 'objectives'? What characteristics it must possess to be meaningful?
	<i>(MTP 5 Marks April 23, RTP May 22, May 21, PYP 5 Marks May 19)</i>
Answer	

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For
Sep 24



Question 16

Dharma Singh, the procurement department head of Cyclic, a mountain biking equipment company, was recently promoted to look after sales department along with procurement department. His seniors at the corporate level have always liked his way of leadership and are assures that he would ensure the



	<p><i>implementation of policies and strategies to the best of his capacity but have never involved him in decision making for the company.</i></p> <p><i>Do you think this is the right approach? Validate your answer with logical reasoning around management levels and decision making.</i></p>
	<p><i>(RTP May 21, Old & New SM)</i></p>
Answer	<p><i>Functional managers provide most of the information that makes it possible for business and corporate level managers to formulate realistic and attainable strategies.</i></p> <p><i>This is so because functional managers like Dharma Singh are closer to the customer than the typical general manager is. A functional manager may generate important ideas that subsequently may become major strategies for the company. Thus, it is important for general managers to listen closely to the ideas of their functional managers and involve them in decision making.</i></p> <p><i>An equally great responsibility for managers at the operational level is strategy implementation: the execution of corporate and business level plans, and if they are involved in formulation, the clarity of thoughts while implementation can benefit too. Thus, the approach of Cylix Corporate management is not right. They should involve Dharma Singh, as well as other functional managers too in strategic management.</i></p>
Question 17	<p><i>Ramesh Sharma has fifteen stores selling consumer durables in Delhi Region. Four of these stores were opened in last three years. He believes in managing strategically and enjoyed significant sales of refrigerator, televisions, washing machines, air conditioners and like till four years back. With shift to the purchases to online stores, the sales of his stores came down to about seventy per cent in last four years.</i></p> <p><i>Analyze the position of Ramesh Sharma in light of limitations of strategic management.</i></p>
	<p><i>(RTP Nov 19 & Nov 20, Old & New SM)</i></p>
Answer	<p><i>Ramesh Sharma is facing declining sales on account of large scale shift of customers to online stores. While he is using the tools of strategic management, they cannot counter all hindrances and always achieve success. There are limitations attached to strategic management as follows:</i></p> <ul style="list-style-type: none"> <i>• Environment under which strategies are made is highly complex and turbulent. Entry of online stores, a new kind of competitor brought a</i>



	<p>different dimension to selling consumer durables. Online stores with their size power could control the market and offer stiff competition to traditional stores.</p> <ul style="list-style-type: none"> • Another limitation of strategic management is that it is difficult to predict how things will shape-up in future. Ramesh Sharma, although managing strategically failed to see how online stores will impact the sales. • Although, strategic management is a time-consuming process, he should continue to manage strategically. The challenging times require more efforts on his part. • Strategic management is costly. Ramesh Sharma may consider engaging experts to find out preferences of the customers and attune his strategies to better serve them in a customized manner. Such customized offerings may be difficult to match by the online stores. • The stores owned by Ramesh Sharma are much smaller than online stores. It is very difficult for him to visualize how online stores will be moving strategically.
Question 18	<p>Mr. Mehta sharing with his friend in an informal discussion that he has to move very cautiously in his organization as the decisions taken by him has organization wide impact and involves large commitments of resources. He also said that his decisions decide the future of his organization. Where will you place Mr. Mehta in the organizational hierarchy and explain his role in the organization.</p>
	(RTP Nov 21)
Answer	<p>Mr. Mehta works in an organization at top level. He participates in strategic decision making within the organization. The role of corporate-level managers is to oversee the development of strategies for the whole organization. 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.</p>
Question 19	<p>ABC Ltd. currently sells its product in two major markets - Europe and Asia. While it is a market leader in Europe, ABC Ltd. has struggled to penetrate the more competitive Asian market. ABC Ltd. hired a strategic consultant to analyze the situation and submit his report to them. After the report received</p>



	<p>from the strategic consultant, it has therefore decided to pull out of Asia entirely and focus on its European markets only. This decision relates to which level in ABC Ltd. and explain the role of managers at this level in the organization.</p>
	(RTP May 22)
Answer	<p>Corporate level strategy relates to the markets and industries that the organization chooses to operate in, as well as other decisions that affect the organization as a whole. The role of corporate-level managers is to oversee the development of strategies for the whole organization. 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.</p>
Question 20	<p>Define strategic intent. Briefly explain the elements of strategic intent.</p> <p style="text-align: right;">(RTP May 18, May 19, May 20)</p> <p style="text-align: center;">OR</p> <p>"Strategic intent provides the framework within which the firm would adopt a predetermined direction and would operate to achieve strategic objectives." In the light of this statement, discuss the elements of strategic intent.</p> <p style="text-align: right;">(PYP 5 Marks Nov 22)</p>
Answer	

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Question 21	Essentials of a strategic vision.
	(RTP Nov 18)
Answer	
Question 22	'Objectives' and 'Goals' provide meaning and sense of direction to organizational endeavor. Explain.
	(RTP Nov 18)
Answer	Business organizations translate their vision and mission into objectives. Objectives are open-ended attributes that denote the future states or outcomes. Goals are close-ended attributes which are precise and expressed in specific terms. Thus, the goals are more specific and translate to objectives to short term perspective.



	<p><i>All organizations have objectives. The pursuit of objectives is an unending process such that organizations sustain themselves. They provide meaning and sense of direction to organizational endeavor. Organizational structure and activities are designed and resources are allocated around the objectives to facilitate their achievement. They also act as benchmarks for guiding organizational activity and for evaluating how the organization is performing.</i></p>
Question 23	<p><i>ABC Pharmaceuticals, a leading pharmaceutical company, is in the process of formulating its strategic intent. The top management of ABC Pharmaceuticals wants to define the company's future direction, objectives, and goals. They aim is to create a vision that sets the organization apart and provides a roadmap for future growth. ABC Pharmaceuticals aspires to enrich the lives of people by producing high quality pharmaceutical products at competitive prices and wants to become the world's leading pharmaceutical company by 2030." Based on this context, draft a vision and mission statement that could be formulated by the top management of ABC Pharmaceuticals.</i></p>
	(RTP Nov 23)
Answer	<p>ABC Pharmaceuticals may have following vision and mission:</p> <p>Vision: Vision implies the blueprint of the company's future position. It describes where the organisation wants to land. ABC Pharmaceuticals may have vision "To be the globally recognized leader in pharmaceutical innovation and enriching the lives of people worldwide by providing high-quality, affordable, and accessible pharmaceutical products."</p> <p>Mission: Mission delineates the firm's business, its goals and ways to reach the goals. It explains the reason for the existence of the firm in the society. It is designed to help potential shareholders and investors understand the purpose of the company.</p> <p>ABC Pharmaceuticals may identify mission in the following lines:</p> <ul style="list-style-type: none"> To improve the well-being of individuals and communities by relentlessly pursuing excellence in pharmaceutical research, development, and manufacturing.



	<ul style="list-style-type: none"> Committed to producing safe, effective, and sustainable medicines that address unmet medical needs and enhance the quality of life for patients. Through innovation, collaboration, and ethical practices, we aim to make a positive impact on global healthcare and become the trusted partner of healthcare providers and patients alike.
Question 24	<p>'ALBELA' Foods and 'Just BE' Foods are successfully competing chain of restaurants in India. ALBELA's are known for their innovative approach, which has resulted in good revenues. On the other hand, Just BE is slow in responding to environmental change. The initial stages of Covid-19 pandemic and the ensuring strict lockdown had an adverse impact on both the companies. Realizing its severity and future consequences. ALBELA, foods immediately chalked out its post lockdown strategies, which include initiatives like:</p> <ol style="list-style-type: none"> Contactless dining New category of foods in the menu for boosting immunity Improving safety measures and hygiene standards Introducing online food delivery app <p>Seeing the positive buzz around these measures taken by ALBELA Food, Just BE Foods also thinks to introduce these measures.</p> <ol style="list-style-type: none"> Identify the strategic approach taken by 'ALBELA' Foods and 'Just BE' Foods. Discuss these strategic approach. Which strategic approach is better and why?
	(PYP 5 Marks, July 21)
Answer	<ol style="list-style-type: none"> ALBELA' foods are proactive in its approach. On the other hand, 'Just BE' foods are reactive in its approach. <ul style="list-style-type: none"> Proactive strategy is planned strategy. While continuing with the previously initiated business approaches that are working well, the newly launched managerial initiatives aim to strengthen the company's overall position and performance. These are outcomes of management's analysis and strategic thinking about the company's situation and its conclusions about the positioning of the company in the marketplace. If done well, it helps the company to effectively compete for buyer patronage. Reactive strategy is an adaptive reaction to changing circumstances. It



	<p>is not always possible for a company to fully anticipate or plan for changes in the market. There is also a need to adapt strategy as new learnings emerge about which pieces of strategy are working well and which aren't. By itself also, the management may hit upon new ideas for improving the current strategy.</p> <p>(II). In reference to the given case, proactive strategy seems to be better because ALBELA foods had been able to utilize available opportunities, reduce adverse impact, enhance the demand for product and is also able to avail the first mover advantage.</p>
Question 25	<p>Why an organization should have a mission? What considerations are to be kept in mind while writing a good mission statement of a company?</p> <p style="text-align: right;">(PYP 5 Marks, Nov 19, Old SM)</p>
Answer	
Question 26	<p>"Management at all levels develop strategies". Explain the different strategies formulated at different levels of management.</p> <p style="text-align: right;">(PYP 5 Marks May 23)</p>
Answer	<p>Corporate-Level Strategies: At the highest level of management, corporate-level strategies are developed. These strategies focus on the overall direction and scope of the entire organization. Major corporate-level strategies include Stability strategies, Growth strategies, Retrenchment strategies and Combination strategies.</p>



Business-Level Strategies: Business-level strategies are developed by middle-level management and focus on individual business units or divisions within the organization. These strategies aim to achieve competitive advantage within specific markets. Common business-level strategies include Cost Leadership, Differentiation and Focus strategies.

Functional-Level Strategies: Functional-level strategies are formulated by lower-level management or department heads responsible for specific functional areas, such as marketing, finance, operations, or human resources. These strategies align with business-level strategies and focus on achieving functional objectives. These strategies include Marketing strategies, Financial strategies, Operations strategies, Research & Development strategy and Human Resource strategies.

In conclusion, management at all levels develops strategies that align with the organization's goals. Corporate-level strategies determine the overall direction, business-level strategies focus on competitive advantage within specific markets, and functional-level strategies aim to achieve functional objectives in support of the broader strategies.

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Introduction to Strategic Management

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CHAPTER

02

Strategic Analysis: External Environment



Question 1	<i>A company has recently launched a new product in the market. Initially, it faced slow sales growth, limited markets, and high prices. However, over time, the demand for the product expanded rapidly, prices fell, and competition increased. Identify the stages of the product life cycle (PLC) that the company went through.</i>
	<i>(RTP Sep 24)</i>
Answer	<p><i>The company went through the following stages of the product life cycle (PLC):</i></p> <p>Introduction stage: <i>Initially, the company faced slow sales growth, limited markets, and high prices, which are characteristic of the introduction stage. During this stage, competition is almost negligible, and customers have limited knowledge about the product.</i></p> <p>Growth stage: <i>Over time, the demand for the product expanded rapidly, prices fell, and competition increased. These are typical features of the growth stage in the PLC.</i></p> <p><i>In this stage, the product gains market acceptance, and customers become more aware of the product's benefits and show interest in purchasing it.</i></p>
Question 2	<i>Rajiv Arya owns an electrical appliance company specializing in the manufacture of domestic vacuum cleaners. The market is competitive, with four other manufacturers offering similar products and achieving comparable sales volumes. Additionally, these rival firms hold several patents related to the vacuum cleaner technology. The supplier base for raw materials is extensive, with multiple suppliers available. Identify and explain the significant forces from Porter's Five Forces framework that are relevant to Rajiv Arya's company.</i>
	<i>(RTP Sep 24, Nov 22)(MTP 5 Marks Oct 23)</i>
Answer	<p><i>The competitive rivalry will be a significant force in case of company of Rajiv Arya as all the rivals are similar in sizes and are manufacturing similar products. It is difficult for any single manufacturer to dominate the market. Large number of patents will make it difficult for new entrants to break into the market. Further, as there are a large number of small suppliers the power that suppliers can exert will also be low.</i></p>



	<p><i>There is no information relating to substitutes and bargaining power of customers in the information given in scenario. However, a domestic vacuum cleaner will directly compete with other options such as house maids. Availability of house maids at low cost can significantly disturb the sales of products.</i></p> <p><i>Further, as the products are similar customers can easily shift from one company to another. This will only enhance competitive rivalry.</i></p>
Question 3	<p><i>Eco-carry bags Ltd., a recyclable plastic bags manufacturing, and trading company has seen a potential in the ever-growing awareness around hazards of plastics and the positive outlook of the society towards recycling and reusing plastics. A major concern for Eco-carry bags Ltd. are paper bags and old cloth bags. Even though they are costlier than recyclable plastic bags, irrespective, they are being welcomed positively by the consumers.</i></p> <p><i>Identify and explain that competition from paper bags and old cloth bags fall under which category of Porter's Five Forces Model for Competitive Analysis?</i></p>
	<i>(RTP May 20, Old & New SM)</i>
Answer	<p><i>Eco-carry bags Ltd. faces competition from paper bags and old cloth bags and falls under Threat of Substitutes force categories in Porter's Five Forces Model for Competitive Analysis. Paper and cloth bags are substitutes of recyclable plastic bags as they perform the same function as plastic bags. 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.</i></p>
Question 4	<p><i>Dinesh Yadav is the owner of a beverage-based private company in Sonipat, Haryana. His unit is producing fruit juices, cold drinks, soda and lime. While its products have significant market share in the northern part of country, the sales are on decline in last couple of years. He seeks help of a management expert who advises him to first understand the competitive landscape. Explain the steps to be followed by Dinesh Yadav to understand competitive landscape.</i></p>
	<i>(MTP-March 19 & Sep 22, 5 Marks, Old & New SM, PYP May 19 & July 21 5 Marks, RTP May 18)</i>
Answer	<i>Steps to understand the competitive landscape:</i>



	<p>(I) Identify the competitor: The first step to understand the competitive landscape is to identify the competitors in the firm's industry and have actual data about their respective market share.</p> <p>(II) Understand the competitors: Once the competitors have been identified, the strategist can use market research report, internet, newspapers, social media, industry reports, and various other sources to understand the products and services offered by them in different markets.</p> <p>(III) Determine the strengths of the competitors: What are the strength of the competitors? What do they do well? Do they offer great products? Do they utilize marketing in a way that comparatively reaches out to more consumers. Why do customers give them their business?</p> <p>(IV) Determine the weaknesses of the competitors: Weaknesses (and strengths) can be identified by going through consumer reports and reviews appearing in various media. After all, consumers are often willing to give their opinions, especially when the products or services are either great or very poor.</p> <p>(V) Put all of the information together: At this stage, the strategist should put together all information about competitors and draw inference about what they are not offering and what the firm can do to fill in the gaps. The strategist can also know the areas which need to be strengthened by the firm.</p>
<p>Question 5</p>	<p>Explain the concept of Experience Curve and highlight its relevance in strategic management.</p>
	<p>(MTP 5 Marks Oct 20, Oct 18, Old & New SM, RTP May 18)</p>
<p>Answer</p>	<p>Experience curve is similar to learning curve which explains the efficiency gained by workers through repetitive productive work. 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. It is represented diagrammatically as follows:</p> <p>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. Experience curve results from a variety of factors such as learning effects, economies of scale, product redesign and technological improvements in production.</p>



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.



Question 6 Write short note on "Phases and significance of Product Life Cycle".

(MTP 5 Marks April 22, Old & New SM)

Answer

Product Life Cycle (PLC) is a useful concept for guiding strategic choice. Essentially, PLC is 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). If businesses are substituted for product, the concept of PLC could work just as well.

The first stage of PLC is the introduction stage in which competition is almost negligible, prices are relatively high, and markets are limited. The growth in sales is at a lower rate because of lack of knowledge on the part of customers.

The second stage of PLC is growth stage. In the growth stage, the demand expands rapidly, prices fall, competition increases, and market expands. The customer has knowledge about the product and shows interest in purchasing it.

The third stage of PLC is maturity stage. In this stage, the competition gets tough, and market gets stabilised. Profit comes down because of stiff competition. At this stage organisations may work for maintaining stability.



The fourth stage of PLC is declining stage in which the sales and profits fall down sharply due to some new product replaces the existing product. So, a combination of strategies can be implemented to stay in the market either by diversification or retrenchment.



Significance of PLC

The main advantage of PLC is that it can be used to diagnose a portfolio of products (or businesses) in order to establish the stage at which each of them exists. Particular attention is to be paid on the businesses that are in the declining stage. Depending on the diagnosis, appropriate strategic choice can be made. For instance, expansion may be a feasible alternative for businesses in the introductory and growth stages. Mature businesses may be used as sources of cash for investment in other businesses which need resources. A combination of strategies like selective harvesting, retrenchment, etc. may be adopted for declining businesses. In this way, a balanced portfolio of businesses may be built up by exercising a strategic choice based on the PLC concept.

Question 7

Atrix Ltd. is a company engaged in the designing, manufacturing, and marketing of mechanical instruments like speed meters, oil pressure gauges, and so on. Their products are fitted into two and four wheelers. During the last couple of years, the company has been observing a fall in the market share. This is on account of shift to the new range of electronic instruments. The customers are switching away mechanical instruments that have been the backbone of Atrix Ltd. As a CEO of Atrix Ltd., what can be the strategic options available with you.

(MTP 5 Marks Aug 18, Old SM)



<p>Answer</p>	<p>Atrix is having a product portfolio that is evidently in the decline stage. The product is being replaced with the technologically superior product. Strategically the company should minimize their dependence on the existing products and identify other avenues for the survival and growth. As a CEO of Atrix Ltd., following can be the strategic options available with the CEO:</p> <ul style="list-style-type: none"> • Invest in new product development and switchover to the new technology. Atrix Ltd. also need time to invest in emerging new technology. • They can acquire or takeover a competitor, provided they have or are able to generate enough financial resources. • They may also consider unrelated growth and identify other areas for expansion. This will enable Atrix Ltd. to spread their risks. • In longer run, they should divest the existing products. However, they may continue with the existing products in a limited manner for such time there is demand for the product.
<p>Question 8</p>	<p>The CEO of ABC Enterprises, Mr. Rasik Mehta, had the idea of creating a fitness shake called Robust, which prompted the company to conduct research and development. The company conducted a market survey and feasibility study, which indicated that the idea was feasible and had potential for profitability. Consequently, the product was manufactured, marketed, and launched, which led to its success. As a result, the production of Robust grew, and it became widely available. However, with time, the demand for the product decreased, leading to its obsolescence. Identify and explain the concept highlighted in the above case?</p>
	<p>(MTP 5 Marks April 23)</p>
<p>Answer</p>	<p>The case highlights the concept of Product Life Cycle (PLC), which outlines the various stages a product goes through, including introduction, growth, maturity and decline. Successful businesses must adapt their strategies to each stage to remain profitable.</p> <p>Product Life Cycle (PLC) is a useful concept for guiding strategic choice. Essentially, PLC is 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</p>



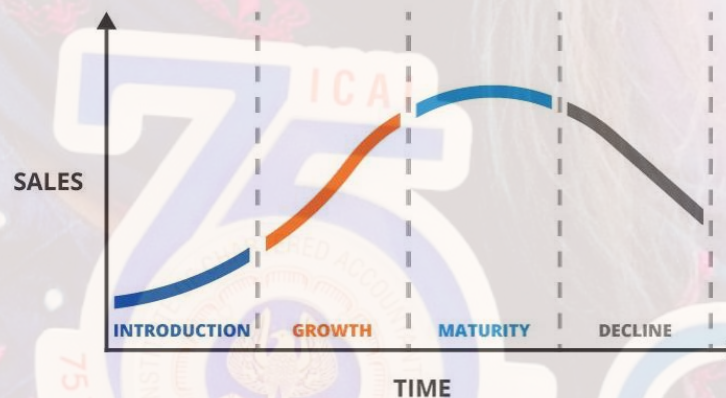
(slowdown in growth rate) and decline (sharp downward drift). If businesses are substituted for product, the concept of PLC could work just as well.

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Question 9

Explain briefly the primary activities that are grouped into five main activities under Value chain analysis.

(MTP 5 Marks April 23)



Answer

Question 10

Pulkit was very confident about cloud kitchen business model, and he bought three real estate spaces in very hideous localities. Later due to government and court orders the cloud kitchens had to be only operated in a well-ventilated space, which made his investment redundant. What aspect of industry competition is Pulkit currently faced as a result of this situation?

(5 Marks April 23)

Answer

Pulkit may be facing exit barriers due to his investment in the real estate spaces. Exit barriers are factors that make it difficult for a company to exit a particular market or industry. In this case, Pulkit's investment in the real estate spaces may make it difficult for him to exit the cloud kitchen industry or switch to a different business model. If Pulkit is unable to find new spaces or make the necessary renovations, he may be forced to continue operating in the hideous localities, which may impact his brand image and customer experience. This can create an exit barrier for Pulkit as it may be difficult for him to turn to a different business model or exit the industry entirely.

Additionally, Pulkit may have incurred significant sunk costs in the purchase and renovation of the real estate spaces, which can create a further exit barrier. Sunk costs refer to costs that have already been incurred and cannot be recovered. If Pulkit has invested a significant amount of money in the real



	<p>estate spaces, he may be hesitant to exit the industry or switch to a different business model as it may mean that he has to write off the sunk costs.</p> <p>Therefore, Pulkit may be facing exit barriers due to his investment in the real estate spaces, which may make it difficult for him to adapt to the new requirements or exit the industry entirely.</p>
Question 11	<p>ABC Ltd. manufactures and sells air purifier 'Fresh Breath'. The 'Fresh Breath' has seen sales growth of around 1% for the last two years, after strong growth in the previous five years. This is due to new products entering the market in competition with the 'Fresh Breath'. ABC Ltd. is therefore considering cutting its prices to be in line with its major rivals with a hope to maintain the market share. Market research indicates that this will now cause a significant increase in the level of sales, even though in previous years price cuts have had little effect on demand. ABC Ltd. is also planning to launch a promotional campaign to highlight the benefits of the 'Fresh Breath' against its rival products. Identify and explain the stage of the product life cycle in which 'Fresh Breath' falls.</p> <p style="text-align: right;">(RTP May 21)</p>
Answer	<p>Product Life Cycle is a useful concept for guiding strategic choice. PLC 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).</p> <p>The product 'Fresh Breath' of ABC Ltd. falls under Maturity stage of product life cycle. In this stage, the competition gets tough and market gets stabilized. Profit comes down because of stiff competition. At this stage, ABC Ltd. have to work for maintaining stability by cutting the prices to be in line with its major rivals with a hope to maintain the market share and by launching a promotional campaign to highlight the benefits of the 'Fresh Breath' against its rival products.</p>
Question 12	<p>A company has recently launched a new product in the market. Initially, it faced slow sales growth, limited markets, and high prices. However, over time, the demand for the product expanded rapidly, prices fell, and competition increased.</p>



	<p><i>Identify the stages of the product life cycle (PLC) that the company went through.</i></p> <p style="text-align: right;"><i>(RTP Nov 23)</i></p>
Answer	<p><i>The company went through the following stages of the product life cycle (PLC):</i></p> <p><i>Introduction stage: Initially, the company faced slow sales growth, limited markets, and high prices, which are characteristic of the introduction stage. During this stage, competition is almost negligible, and customers have limited knowledge about the product.</i></p> <p><i>Growth stage: Over time, the demand for the product expanded rapidly, prices fell, and competition increased. These are typical features of the growth stage in the PLC. In this stage, the product gains market acceptance, and customers become more aware of the product's benefits and show interest in purchasing it.</i></p>
Question 13	<p><i>What are the common barriers that are faced by new entrants when an existing firm earns higher profits?</i></p> <p style="text-align: right;"><i>(RTP May 18, RTP May 23)</i></p> <p style="text-align: center;">OR</p> <p><i>Rahul Sharma is Managing Director of a company which is manufacturing trucks. He is worried about the entry of new businesses. What kind of barriers will help Rahul against such a threat?</i></p> <p style="text-align: right;"><i>(RTP May 19 ,Old SM)</i></p>
Answer	

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Question 14	<i>Easy Access is a marketing services company providing consultancy to a range of business clients. Easy Access and its rivals have managed to persuade the Government to require all marketing services companies to complete a time-consuming and bureaucratic registration process and to comply with an industry code of conduct. Do you think that by doing this Easy Access and its rivals has an advantage in some way to fight off competitors? Explain.</i>
	<i>(RTP Nov 21, RTP Nov 23)</i>
Answer	<i>Yes, Easy Access and its rivals get advantage by this move. The new bureaucratic process is making it more complicated for organizations to start up and enter in Easy Access market, increasing barriers to entry and thereby reducing the threat of new entrants. New entrants can reduce an industry's profitability, because they add new production capacity, leading to increase in supply of the product, sometimes even at a lower price and can substantially erode existing firm's market share position. However, New entrants are always a powerful source of competition. The new capacity and product range they bring in throws up a 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, which is known as Price War.</i>
Question 15	<i>A startup company is thinking of launching of a low cost detergent powder in the market. The market of the said product is already dominated by a big FMCG player. You are advised to put forward your suggestions to the management of the company to deal with the problems of 'Entry Barrier' while launching the low cost detergent powder.</i>
	<i>(RTP Nov 22)</i>



Answer	<p>There are number of factors that can act as entry barrier for the start-up company. An FMCG, big in size, is already dominating the market space and will act as a strong deterrent for the new start-up. The following will be some suggestions to the management of the start-up to deal with the problem of entry barriers:</p> <p>(I). The company is working on producing low cost detergent. Keeping other expenses also on the lower side the management can create price advantage that is competitive to the existing established players including the large FMCG.</p> <p>(II). The company focussing on single product in comparison to multiple products of an FMCG can develop competencies to produce and sell the low cost detergent that are difficult to deploy by the FMCG by its strategy that addresses needs of multiple products.</p> <p>(III). The start-up needs to have strong financial strength to sustain the onslaught from the dominant FMCG and other players. The start-up can identify sources of capital well in advance and be able to use it judiciously to their advantage.</p> <p>(IV). The start-up should identify the customer segments that are likely to switch to the product well in advance so as to target the same and generate the initial hold on the market. Once the product gets some hold and their brands get some identity, the market can be further developed to address other customers.</p> <p>(V). The start-up should identify the environmental factors that go to their advantage. These may include special scheme of the government to encourage entrepreneurs, tax holiday, low interest rates, advantages available to small and medium sized enterprises alike.</p> <p>(VI). It has to create an image in the market that its products are qualitative and 'Made in India' to attract a particular segment of customers.</p> <p>(VII). They need to have a team of experts and dedicated management professionals who can implement strategies formulated by top management.</p>
Question 16	Why companies should go global? Mention any five reasons.
	(PYP 5 Marks, Nov 20)
Answer	



<p>Question 17</p>	<p><i>What are the factors which determine the nature of rivalry in an industry?</i> (PYP 5 Marks Dec 21)</p> <p style="text-align: center;">OR</p> <p><i>Discuss in what conditions rivalry among competitors tends to be cut-throat and profitability of the industry goes down.</i> (PYP 5 Marks, Nov 19)</p>
<p>Answer</p>	

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Question 18	<i>"The bargaining power of suppliers determines an industry's attractiveness and profitability." Discuss.</i>
	<i>(PYP 5 Marks May 22)</i>
Answer	<p><i>Quite often, suppliers too, exercise considerable bargaining power over purchasing companies. The more specialised the offering from the supplier, greater may be its clout. Further, when the suppliers are limited in number, they may openly exhibit their bargaining power. The bargaining power of suppliers determines the cost of raw materials and other inputs of the industry, and therefore, an industry's attractiveness and profitability. Suppliers can influence the profitability of an industry in a number of ways. Suppliers can command bargaining power over a firm when;</i></p> <ul style="list-style-type: none"> <i>(I). Their products are crucial to the buyer and substitutes are not available.</i> <i>(II). They can erect/ensure high switching costs.</i> <i>(III). They are more concentrated than their buyers. Less suppliers, more buyers.</i>
Question 19	<i>Buyers of an industry's products or services can sometimes exert considerable pressure on the company. In the light of the five forces as propagated by Michael Porter explain this force. Also state as to when this leverage is evident.</i>
	<i>(PYP 5 Marks May 23)</i>
Answer	<p><i>Bargaining Power of Buyers: This is another force that influences the competitive condition of an industry. This force becomes heavier depending on the possibility of buyers forming groups or cartels. Mostly, this is a phenomenon seen in industrial products. Quite often, users of industrial products come together formally or even informally and exert pressure on the producer. The bargaining power of the buyers influences not only the prices that the producer can charge but also influences costs and investments of the producer. This is because</i></p>



powerful buyers usually bargain for better services which involves more investment on the part of the producer.

Buyers of an industry's products or services can sometimes exert considerable pressure on existing firms to secure lower prices or better services. This leverage is particularly evident when;

- (I). Buyers have full knowledge of the source(s) of products and their substitutes. Thus, challenging the price being charged by producers.
- (II). They spend a lot of money on the industry's products i.e. they are big buyers. Thus, in a position to demand favorable terms of contract.

The industry's product is not perceived as critical to the buyer's needs and buyers are more concentrated than firms supplying the product. They can easily switch to the substitutes available.

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AUG
17

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AUG
31

T
E
S
T
S
E
R
I
E
S

AUG
10

CHAPTER 02

AUG
24

CHAPTER 04

SEP
7

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CHAPTER

03

Strategic Analysis: Internal Environment



<p>Question 1</p>	<p><i>Inspite of high commodity inflation, shortage of components and the threat of third wave of COVID-19 pandemic in India, manufacturers of packaged goods, home appliances and consumer electronics are expecting the business to grow by 12 to 25 percent in the coming months. After one-and-a-half years of disruption, manufacturers are now confident about managing their inventories better, keeping their supply channels well-stocked and preparing themselves to minimize the impact of any COVID related restrictions even as they gear up for the festive season, which usually accounts for 25 to 35 percent of their yearly sales.</i></p> <p><i>The home appliances sector could be an example. After a dismal April June quarter in the year 2021, producers of air conditioners, refrigerators and washing machines are expecting their business to grow by 15-20 percent in the months to come. All the companies operating in the sector have geared up to grab the opportunities available in the market.</i></p> <p><i>A leading company in the home appliances domain, XXP India, is planning to launch various innovative product designs and offer loyalty programmes to lure consumers.</i></p> <p><i>With reference to Michael Porter's generic strategies, identify which strategy XXP India has planner for? Explain how this strategy will be advantageous to the company to remain profitable?</i></p>
	<p>(RTP Sep 24)</p>
<p>Answer</p>	<p><i>According to Michael Porter, strategies allow organizations to gain competitive advantage from three different bases: cost leadership, differentiation, and focus. Porter called these base generic strategies.</i></p> <p><i>XXP India Ltd. has planned for Differentiation Strategy. The company is planning to launch various innovative product designs and offer loyalty programmes to lure customers.</i></p> <p><i>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 that features the desired</i></p>



attributes. A successful differentiation strategy allows a firm to charge a higher price for its product and to gain customer loyalty, because consumers may become strongly attached to the differentiated features.

Advantages of Differentiation Strategy

A differentiation strategy may help an organisation to remain profitable even with rivalry, new entrants, suppliers' power, substitute products, and buyers' power.

1. **Rivalry** - Brand loyalty acts as a safeguard against competitors. It means that customers will be less sensitive to price increases, as long as the firm can satisfy the needs of its customers.
2. **Buyers** - They do not negotiate for price as they get special features, and they have fewer options in the market.
3. **Suppliers** - Because differentiators charge a premium price, they can afford to absorb higher costs of supplies as the customers are willing to pay extra too.



4. **Entrants** - Innovative features are an expensive offer. So, new entrants generally avoid these features because it is tough for them to provide the same product with special features at a comparable price.



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	5. Substitutes – Substitute products can't replace differentiated products which have high brand value and enjoy customer loyalty
Question 2	How can Mendelow's Matrix be used to analyze and manage the stakeholders effectively?
	(RTP Sep 24)
Answer	<p>Mendelow's Matrix can be used effectively to analyze and manage stakeholders through a grid-based approach by the following steps:</p> <ol style="list-style-type: none"> 1. Identify Stakeholders: Begin by identifying stakeholders for all relevant your project or organization. This includes individuals, groups, or organizations that may be impacted by or have an impact on your activities. 2. Assess Power and Interest: For each stakeholder, assess their power to influence your project or organization and their level of interest in its success. Power can be assessed based on factors such as authority, resources, and expertise, while interest can be gauged by their level of involvement, expectations, and potential benefits or risks. 3. Plot Stakeholders on the Grid: Create a grid with Power on one axis and Interest on the other. Plot each stakeholder on the grid based on your assessment. Stakeholders with high power and high interest are placed in the "Key Players" quadrant, those with high power but low interest are in the "Keep Satisfied" quadrant, those with low power but high interest are in the "Keep Informed" quadrant, and those with low power and low interest are in the "Low Priority" quadrant. 4. Develop Strategies for each Quadrant: Based on the placement of stakeholders in the grid, develop specific strategies for managing each quadrant: <ul style="list-style-type: none"> • Key Players: Fully engage with these stakeholders, seek their input, and keep them informed. They are crucial for the success of your project, so their needs and expectations should be a top priority. • Keep Satisfied: These stakeholders have significant power but may not be as interested in your project. Keep them satisfied by providing regular updates and addressing any concerns they may have to prevent them from becoming detractors.



	<ul style="list-style-type: none"> • Keep Informed: While these stakeholders may not have much power, they are highly interested in your project. Keep them informed to ensure they remain supportive and to leverage their insights and feedback. • Low Priority: These stakeholders have low power and interest. Monitor them for any changes but allocate minimal resources to managing their expectations. <p>5. Monitor and Adapt: Continuously monitor the power and interest of stakeholders and adjust your strategies accordingly. Stakeholders may move between quadrants based on changing circumstances, so it's important to remain flexible and responsive.</p> <p>By using Mendelow's Matrix as a grid-based tool, you can effectively analyze and manage stakeholders by tailoring your engagement strategies to their specific needs and expectations, ultimately increasing the likelihood of project success.</p>
<p>Question 3</p>	<p>A century-old footwear company "Mota Shoes" had an image of being the footwear choice for formal occasions. In an attempt to reinvent its brand, it tied up with a foreign footwear giant "Buffering" to manufacture and sell its Hide seek brand in the country. Putting its best foot forward, it launched extra soft, casual and relaxed footwear for young. Aiming at a brand and image makeover the "Mota Shoes" decided to price the Hide Seek products at premium. What kind of Michael Porter business level strategy is being used by "Mota Shoe company"? State its advantages.</p>
	<p>(RTP Nov 19, Old & New SM)</p>
<p>Answer</p>	<p>Mota shoes is trying to use differentiation. This strategy is aimed at broad mass market and involves the creation of a product or service that is perceived by the customers as unique. The uniqueness can be associated with product design, brand image, features, technology, dealer network or customer service. Because of differentiation, the business can charge a premium for its product.</p> <p>A differentiation strategy has definite advantages as it may help to remain profitable even with rivalry, new entrants, suppliers power, substitute products, and buyers power.</p>



	<p>(I) Rivalry: Brand loyalty acts as a safeguard against competitors. It means that customers will be less sensitive to price increases, as long as the firm can satisfy the needs of its customers.</p> <p>(II) Buyers: They do not negotiate for price as they get special features and also, they have fewer options in the market.</p> <p>(III) Suppliers: Because differentiators charge a premium price, they can afford to absorb higher costs of supplies and customers are willing to pay extra too.</p> <p>(IV) New entrants: Innovative features are expensive to copy. So, new entrants generally avoid these features because it is tough for them to provide the same product with special features at a comparable price.</p> <p>(V) Substitutes: Substitute products can't replace differentiated products which have high brand value and enjoy customer loyalty.</p>
Question 4	<p>Infant care is a successful store chain that caters products for expectant mothers and new moms. They offer everything from nursing classes to strollers, toys, infant clothes, diapers and baby furniture. Due to a one-stop shop for infants, they are charging a premium for its products. Identify and explain how the strategy adopted by infant care.</p>
	(MTP - March 19, 5 Marks, New & Old SM)
Answer	<p>Infant care is opting for differentiation strategy. A one-stop shop is a benefit for this type of customers, seeking convenience in a time. Infant care is catering the products only related to infants that is perceived by the customers as unique. Because of differentiation, the Infant care is charging a premium for its product.</p>
Question 5	<p>Gennex is a company that designs, manufactures and sells computer hardware and software. Gennex is well known for its innovative products that has helped the company to have advantage over its competitors. It also spends on research and development and concerned with innovative software's. Often the unique features of their product help them to gain competitive advantage. Gennex using the strategy is consistently gaining its position in the industry over its competitors. Identify and explain the strategy which Gennex has opted to gain the competitive advantage.</p>
	[MTP-April 19, 5 Marks, New & Old SM , RTP Nov 18)



<p>Answer</p>	<p>According to Porter, strategies allow organizations to gain competitive advantage from three different bases: cost leadership, differentiation, and focus. Porter called these base generic strategies.</p> <p>Gennex has opted differentiation strategy. Its products are designed and produced to give the customer value and quality. They are unique and serve specific customer needs that are not met by other companies in the industry. Highly differentiated and unique hardware and software enables Gennex to charge premium prices for its products hence making higher profits and maintain its competitive position in the market.</p> <p>Differentiation strategy is aimed at broad mass market and involves the creation of a product or service that is perceived by the customers as unique. The uniqueness can be associated with product design, brand image, features, technology, dealer network or customer service.</p>
<p>Question 6</p>	<p>X-Olympus is a gaming software company specializing in developing games for ZBox and GameStation. The company is facing stiff competition due to saturation of market and price wars, which has excessively favor and highlight their dependence on gaming console manufacturers. Thereby, the company desires to establish a competitive advantage over industry rivals by enhancing the gaming experience by expanding into Edge-Cloud Gaming Service on a monthly subscription basis. This service offering does not require dedicated gaming consoles yet provide customers game streaming in 4K resolution with an ample range of games to select from. This move is expected to insulate X-Olympus from price wars and provide a competitive advantage. Identify and explain the generic strategies adopted by X-Olympus?</p>
	<p>(MTP 5 Marks March 21)</p>
<p>Answer</p>	<p>According to Porter, strategies allow organizations to gain competitive advantage from three different bases: cost leadership, differentiation, and focus. Porter called these base generic strategies.</p> <p>X-Olympus is facing cutthroat competition due to saturation of market and price wars as there is no clear leader out of the numerous competitors. For this, the strategy adopted by X-Olympus is Product Differentiation by introducing a unique product to cater the customer needs at a lesser cost which would insulate it from the fierce competition and never-ending price wars.</p>



<p>Question 7</p>	<p><i>Domolo is a premium cycles and cycling equipment's brand which targets high spending customer with a liking for quality and brand name. Their cycles range from rupees fifteen thousand to rupees one lac. The recent trend of fitness through cycling has created humongous demand for cycles and peripherals like helmets, lights, braking systems, fitness applications, etc. The customer base has grown 150% in the last three months. Mr. Vijay, who is an investor wants to tap in this industry and bring about cheaper options to people who cannot spend so much. Which business level strategy would best suit for Mr. Vijay's idea and what are the major sub- strategies that can be implemented to capture maximum market?</i></p>
	<p><i>(MTP 5 Marks April 21) (RTP May 23, Old SM)</i></p>
<p>Answer</p>	<p><i>The Best Cost Provider strategy would ensure a better reach to the not so affluent customers and provide them with good quality cycles and equipment's, thus tapping in on the increasing trend of cycling.</i></p> <p><i>Two sub-strategies that can be implemented are:</i></p> <ol style="list-style-type: none"> <i>1. Offering lower prices than rivals for the same quality of products.</i> <i>2. Charging same prices for better quality of products.</i> <p><i>The idea of Mr. Vijay is to provide almost same quality of products in terms of functionality if not so in terms of branding, to customer who do not have huge sums of money to pay. Thus, sub- strategy number one, offering lower prices for almost same quality should be implemented to become the best cost provider of cycles and related equipments in the market.</i></p>
<p>Question 8</p>	<p><i>Spacetek Pvt. Ltd. is an IT company. Although there is cut throat competition in the IT sector, Spacetek deals with distinctive niche clients and is generating high efficiencies for serving such niche market. Other rival firms are not attempting to specialize in the same target market. Identify the strategy adopted by Spacetek Pvt. Ltd. and also explain the advantages and disadvantages of that strategy.</i></p>
	<p><i>(MTP 5 Marks Oct 21, PYP 5 Marks Jan 21, Old & New SM)</i></p>
	<p><i>Spacetek Pvt. Ltd. company has adopted Focus strategy which is one of the Michael Porter's Generic strategies. 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</i></p>



	<p><i>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.</i></p> <p>Advantages of Focus Strategy</p> <ol style="list-style-type: none"> 1. <i>Premium prices can be charged by the organizations for their focused product/services.</i> 2. <i>Due to the tremendous expertise about the goods and services that organizations following focus strategy offer, rivals and new entrants may find it difficult to compete.</i> <p>Disadvantages of Focus Strategy</p> <ol style="list-style-type: none"> 1. <i>The firms lacking in distinctive competencies may not be able to pursue focus strategy.</i> 2. <i>Due to the limited demand of product/services, costs are high which can cause problems.</i> 3. <i>In the long run, the niche could disappear or be taken over by larger competitors by acquiring the same distinctive competencies.</i>
<p>Question 9</p>	<p><i>BHAVNAV is a business which makes and sells laptop computers in France. In recent years it has been struggling to compete with its rivals and has seen a significant fall in its market share. BHAVNAV's managers identify that majority of its products launched by BHAVNAV's rivals were high specification, with good quality materials and many innovative design features. Products with inferior quality, such as those sold by BHAVNAV have not sold well in France. This information led BHAVNAV's management team to decide to select a new business strategy based on Porter's Generic Strategic Model. Identify and suggest the best business strategy BHAVNAV's management has to opt for?</i></p>
<p>Answer</p>	<p style="text-align: right;"><i>(MTP 5 Marks Nov 21)</i></p> <p><i>According to Porter, the three different business strategies are: cost leadership, differentiation, and focus. Porter called these base generic strategies.</i></p> <p><i>The information about competitor activities indicates that the market is uninterested in low-cost items, so a cost leadership approach is unlikely to be successful for BHAVNAV. It is suggested to adopt a differentiation strategy and find some way of enabling its laptops to stand out from its rivals. Differentiation</i></p>



	<i>strategy is aimed at broad mass market and involves the creation of a product or service that is perceived by the customers as unique. The uniqueness can be associated with product design, brand image, features, technology, dealer network or customer service.</i>
Question 10	<i>'Coffee Beans' is a coffeehouse chain that operates across the globe in different countries. 'Coffee Beans' has adopted a strategy to build business by establishing product uniqueness or qualities and gain competitive advantage based on features of its offerings in coffee business. Which type of strategy 'Coffee Beans' has adopted?</i>
	<i>(MTP 5 Marks Oct 19)</i>
Answer	<i>Coffee Beans is opting for differentiation strategy. This strategy is aimed at broad mass market and involves the creation of a product or service that is perceived by the customers as unique. The uniqueness can be associated with product design, brand image, features, technology, dealer network or customer service. Because of differentiation, Coffee Beans can charge a premium for its product.</i>
Question 11	<i>A private Moneyload Ltd. Bank that targets high worth individuals. They offer a premium service with many additional and personal services not normally available through other banks. They charge a significant annual fee for these services. The company makes full use of information technology throughout its operations in order to minimize costs. Identify and explain the generic strategy adopted by Moneyload Ltd. Bank?</i>
	<i>(MTP 5 Marks Mar 22)</i>
Answer	<i>According to Porter, strategies allow organizations to gain competitive advantage from three different bases: cost leadership, differentiation, and focus. Porter called these base generic strategies. Moneyland Ltd. Bank targets a narrow segment of the market, offering unique and desirable products. The bank will want to keep its costs under control, but it will not reduce costs at the expenses of reducing the quality levels of the customer service it offers. By maintaining high quality levels, it will still be able to charge a premium for its services. Thus, the strategy adopted by Moneyland Ltd. Bank is Focused Differentiation. A focused differentiation strategy requires offering unique features that fulfil the demands of a narrow market. Some firms using a focused differentiation strategy concentrate their efforts on a particular sales channel,</i>



	<i>such as selling over the internet only. Others target particular demographic groups. Firms that compete based on uniqueness and target a narrow market are following a focused differentiations strategy.</i>
Question 12	<i>Explain in brief the various basis of differentiation strategy.</i>
	<i>(MTP 5 Marks March 23, RTP Nov 21 & Nov 23)</i>
Answer	
Question 13	<i>Telecom industry is growing at a rapid speed in India. There is a cut throat competition among the service providers in the industry. Identify the capabilities that will best serve as a source of competitive advantage for a firm over its rivals?</i>
	<i>(MTP-Oct 19, Apr 22 5 Marks, Old SM)</i>
	<i>Core competencies are capabilities that serve as a source of competitive advantage for a firm over its rivals. Core competency as the collective learning in the organization, especially coordinating diverse production skills and integrating multiple streams of technologies. An organization's combination of technological and managerial know-how, wisdom and experience are a complex set of capabilities and resources that can lead to a competitive advantage compared to a competitor.</i>
Question 14	<i>'Speed; is a leading retail chain, on account of its ability to operate its business at low costs. The retail chain aims to further strengthen its top position in the retail industry. The Chief executive of the retail chain is of the view that to achieve the goals they should focus on lowering the costs of procurement of products. Highlight and explain the core competence of the retail chain.</i>
	<i>(MTP-April 19, 5 Marks, RTP Nov 18 & Nov 20, Old SM)</i>



	<p><i>A core competence is a unique strength of an organization which may not be shared by others. 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. A core competency for a firm is whatever it does is highly beneficial to the organisation. 'Speed' is the leader on account of its ability to keep costs low. The cost advantage that 'Value for Money' has created for itself has allowed the retailer to price goods lower than competitors. The core competency in this case is derived from the company's ability to generate large sales volume, allowing the company to remain profitable with low profit margin.</i></p>
Question 15	<p>Define the term 'Marketing'. Distinguish between social marketing and service marketing.</p>
	<p><i>(MTP 5 Marks Sep 22, RTP Nov 23, PYP 5 Marks May 18)</i></p>
Answer	<p><i>In general, marketing is an activity performed by business organizations. In the present day for business, 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. The term marketing constitutes different processes, functions, exchanges and activities that create perceived value by satisfying needs of individuals.</i></p> <p><i>Social marketing and service marketing are marketing strategies primarily with different orientations. Social Marketing refers to the design, implementation, and control of programs seeking to increase the acceptability of a social ideas, cause, or practice among a target group. For instance, the publicity campaign for prohibition of smoking or encouraging girl child, etc.</i></p>
Question 16	<p>BudgetSmart Retailers, a renowned supermarket chain, faced fierce competition in the grocery retail sector due to escalating operational expenses. Rising costs from rent, labor, and inventory management challenged their profitability amidst the emergence of discount stores and online competitors. To counter this, BudgetSmart Retailers optimized their supply chain through bulk procurement, revamped store layouts for cost efficiency and customer experience, embraced lean operational practices to minimize waste, and conducted comprehensive staff training to boost productivity and customer service efficiency. Identify and</p>



	<i>explain the strategy adopted by BudgetSmart Retailers to enhance the profitability.</i>
	<i>(MTP 5 Marks Sep 23)</i>
Answer	<p><i>Budget Smart Retailers adopted a cost leadership strategy to enhance profitability in the fiercely competitive grocery retail sector. It is a low-cost competitive strategy that aims at broad mass market. It requires vigorous pursuit of cost reduction in the areas of procurement, production, storage and distribution of product or service and also economies in overhead costs. Because of its lower costs, the cost leader is able to charge a lower price for its products than most of its competitors and still earn satisfactory profits.</i></p> <p><i>By negotiating bulk procurement deals with suppliers, BudgetSmart Retailers lowered their cost of goods, allowing them to offer competitive prices to customers. The revamping of store layouts aimed to maximize space utilization and product placement, reducing operational costs and improving the overall shopping experience. Embracing lean principles minimized waste in the supply chain, reducing unnecessary expenses and improving efficiency. Comprehensive staff training boosted employee productivity and customer service efficiency, contributing to cost reduction and enhanced customer satisfaction.</i></p>
Question 17	Explain Best-cost provider strategy
	<i>(RTP May 18)</i>
Answer	

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Question 18 *A differentiation strategy may help to remain profitable even with rivalry, new entrants, suppliers power, substitute products, and buyers power. Explain.*

(RTP May 20)

Answer

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For Sep 24

Question 19 *Write a short note on the concept of cost leadership strategy and how to achieve it?*

(RTP May 19, RTP May 21, PYP 5 Marks ,Nov 19)

Answer





Question 20	<p><i>A business consultancy firm specializes in environment management consultancy. It advises client companies on how to set up environmental management accounting systems. For measuring recording and analyzing environmental costs. A large part of its business involves performing environmental audits to check whether companies have achieved an international assurance standard in environmental management; this is something that rival consultancy firms do not do. The firm also carries out other management consultancy projects for client, but these make up only a small proportion of its total annual fee income. Identify the strategy categories by Michael Porter which best describes the strategy of this firm.</i></p>
	<p><i>(RTP May 22)</i></p>
Answer	<p><i>By concentrating mainly on the 'market' for consultancy services in environmental management, the firm is pursuing a focus strategy. By offering audit services, which rival firms do not, this indicates a differentiation strategy within this chosen market niche. Hence, the firm is following Focus differentiation strategy. A focused differentiation strategy requires offering unique features that fulfil the demands of a narrow market. Similar to focused low-cost strategy, narrow markets are defined in different ways in different settings. 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. Firms that compete based on uniqueness and target a narrow market are following a focused differentiations strategy.</i></p>
Question 21	<p><i>Rohitha Patel is having a small chemist shop in the central part of Ahmedabad. What kind of competencies Rohitha can build to gain competitive advantage over online medic in sellers?</i></p>
	<p><i>(RTP May 19, Old SM)</i></p>
Answer	<p><i>Capabilities that are valuable, rare, costly to imitate, and non-substitutable are core competencies. A small chemist shop has a local presence and functions within a limited geographical area. Still it can build its own competencies to gain competitive advantage. Rohitha Patel can build competencies in the areas of:</i></p> <ul style="list-style-type: none"> <i>(I). Developing personal and cordial relations with the customers.</i> <i>(II). Providing home delivery with no additional cost.</i>



	<p>(III)· Developing a system of speedy delivery that can be difficult to match by online sellers· Being in central part of city, he can create a network to supply at wider locations in the city·</p> <p>(IV)· Having extended working hours for convenience of buyers·</p> <p>(V)· Providing easy credit or a system of monthly payments to the patients consuming regular medicines·</p>
Question 22	<p>Capabilities that are valuable, rare, costly to imitate, and non-substitutable are core competencies· Explain these four specific criteria of sustainable competitive advantage that firms can use to determine those capabilities that are core competencies·</p>
	<p>(May 20, PYP May 22)</p>
Answer	<p>Four specific criteria of sustainable competitive advantage that firms can use to determine those capabilities that are core competencies· Capabilities that are valuable, rare, costly to imitate, and non-substitutable are core competencies·</p> <p>(I)· Valuable: Valuable capabilities are the ones that allow the firm to exploit opportunities or avert the threats in its external environment· A firm created value for customers by effectively using capabilities to exploit opportunities· Finance companies build a valuable competence in financial services· In addition, to make such competencies as financial services highly successful require placing the right people in the right jobs· Human capital is important in creating value for customers·</p> <p>(II)· Rare: Core competencies are very rare capabilities and very few of the competitors possess this· Capabilities possessed by many rivals are unlikely to be sources of competitive advantage for any one of them· Competitive advantage results only when firms develop and exploit valuable capabilities that differ from those shared with competitors·</p> <p>(III)· Costly to imitate: Costly to imitate means such capabilities that competing firms are unable to develop easily· For example: Intel has enjoyed a first-mover advantage more than once because of its rare fast R&D cycle time capability that brought SRAM and DRAM integrated circuit technology, and brought microprocessors to market well ahead of the competitor· The product could be imitated in due course of time, but it was much more difficult to imitate the R&D cycle time capability·</p> <p>(IV)· Non-substitutable: Capabilities that do not have strategic equivalents are called non-substitutable capabilities· This final criterion for a capability</p>



	<p><i>to be a source of competitive advantage is that there must be no strategically equivalent valuable resources that are themselves either not rare or imitable.</i></p>
<p>Question 23</p>	<p><i>Core competencies provide edge to a business over its competitors.</i> (RTP Nov 21, PYP 5 Marks, Jan 21)</p> <p style="text-align: center;">OR</p> <p><i>Major core competencies are identified in three areas - competitor differentiation, customer value and application to other markets. Discuss.</i> (RTP Nov 19)</p>
<p>Answer</p>	<div style="text-align: center;"> </div> <div style="background-color: yellow; padding: 10px; text-align: center;"> <p>Practice & Presentation of Standards of Auditing with Amendments</p> <p>Audit Fast Track अभ्यास Batch</p> <p>✓ Duration 40 Hours ✓ 6 Month Validity ✓ Unlimited Views ✓ Faculty Full Support</p> <p>WWW.SMCLASSES.COM ORDER NOW BY SONALI MA'AM</p> </div>
<p>Question 24</p>	<p><i>Sohan and Ramesh are two friends who are partners in their business of making biscuits. Sohan believe in making profits through selling more volume of products. Hence, he believes in charging lesser price to the customers. Ramesh, however</i></p>



	<p><i>of the opinion that higher price should be charged to create an image of exclusivity and for this, he proposes that the product to undergo some change. Analyze the nature of generic strategy used by Sohan and Ramesh.</i></p>
	<p><i>(PYP 5 Marks, Nov 18, Old & New SM)</i></p>
Answer	<p><i>Considering the generic strategies of Porter there are three different bases: cost leadership, differentiation and focus. Sohan and Ramesh are contemplating pricing for their product.</i></p> <p><i>Sohan is trying to have a low price and high volume are thereby trying for cost leadership. Cost leadership emphasizes producing standardised products at a very low per unit cost for consumers who are price sensitive.</i></p> <p><i>Ramesh desires to create perceived value for the product and charge higher prices. He is trying to adopt differentiation. Differentiation is aimed at producing products and services considered unique industry wide and directed at consumers who are relatively price insensitive.</i></p>
Question 25	<p><i>ABC Ltd. is a beverage manufacturing company. It chiefly manufactures soft drinks. The products are priced on the lower side which has made the company a leader in the business. Currently it is holding 35 percent market share. The R & D of company developed a formula for manufacturing sugar free beverages. On successful trial and approval by the competent authorities, company was granted to manufacture sugar free beverages. This company is the pioneer to launch sugar free beverages which are sold at a relatively higher price. This new product has been accepted widely by a class of customers. These products have proved profitable for the company. Identify the strategy employed by the company ABC Ltd. and mention what measures could be adopted by the company to achieve the employed strategy.</i></p>
	<p><i>(PYP 5 Marks, Nov 20, Old & New SM)</i></p>
Answer	<p><i>According to Porter, strategies allow organizations to gain competitive advantage from three different bases: cost leadership, differentiation, and focus. Porter called these base generic strategies.</i></p> <p><i>ABC Ltd. has opted Differentiation Strategy. The company has invested huge amount in R & D and developed a formula for manufacturing sugar free beverages to give the customer value and quality. They are pioneer and serve specific</i></p>



customer needs that are not met by other companies in the industry. The new product has been accepted by a class of customers. Differentiated and unique sugar free beverages enable ABC Ltd. to charge relatively higher for its products hence making higher profits and maintain its competitive position in the market.

Sugar free beverage of ABC Ltd. is being accepted widely by a class of customers. Differentiation strategy is aimed at broad mass market and involves the creation of a product or service that is perceived by the customers as unique. The uniqueness can be associated with product design, brand image, features, technology, and dealer network or customer service.

Achieving Differentiation Strategy

1. To achieve differentiation, following strategies are generally adopted by an organization:
2. Offer utility to the customers and match products with their tastes and preferences.
3. Elevate/Improve performance of the product.
4. Offer the high-quality product/service for buyer satisfaction.
4. Rapid product innovation to keep up with dynamic environment.
5. Taking steps for enhancing brand image and brand value.
6. Fixing product prices based on the unique features of product and buying capacity of the customer.

Question 26 *In spite of high commodity inflation, shortage of components and the threat of third wave of COVID19 pandemic in India, manufacturers of packaged goods, home appliances and consumer electronics are expecting the business to grow by 12 to 25 percent in the coming months. After one-and-a-half years of disruption, manufacturers are now confident about managing their inventories better, keeping their supply channels well-stocked and preparing themselves to minimize the impact of any COVID related restrictions even as they gear up for the festive season, which usually accounts for 25 to 35 percent of their yearly sales.*

The home appliances sector could be an example. After a dismal April-June quarter in the year 221; producers of air conditioners, refrigerators and washing machines are expecting their business to grow by 15-20 percent in the months



to come. All the companies operating in the sector have geared up to grab the opportunities available in the market.

A leading company in the home appliances domain, XXP India, is planning to launch various innovative product designs and offer loyalty programmes to lure consumers. With reference to Michael Porter's generic strategies, identify which strategy XXP India has planned for? Explain how this strategy will be advantageous to the company to remain profitable?

(PYP 5 Marks Dec 21)

Answer

According to Michael Porter, strategies allow organizations to gain competitive advantage from three different bases: cost leadership, differentiation, and focus. Porter called these base generic strategies. XXP India Ltd. has planned for Differentiation Strategy. The company is planning to launch various innovative product designs and offer loyalty programmes to lure customers. 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 that features the desired attributes. A successful differentiation strategy allows a firm to charge a higher price for its product and to gain customer loyalty, because consumers may become strongly attached to the differentiated features.

Advantages of Differentiation Strategy

A differentiation strategy may help an organisation to remain profitable even with rivalry, new entrants, suppliers power, substitute products, and buyers power.

1. Rivalry - Brand loyalty acts as a safeguard against competitors. It means that customers will be less sensitive to price increases, as long as the firm can satisfy the needs of its customers.
2. Buyers - They do not negotiate for price as they get special features, and they have fewer options in the market.
3. Suppliers - Because differentiators charge a premium price, they can afford to absorb higher costs of supplies as the customers are willing to pay extra too.
4. Entrants - Innovative features are an expensive offer. So, new entrants generally avoid these features because it is tough for them to provide the same product with special features at a comparable price.



	<p>5. <i>Substitutes - Substitute products can't replace differentiated products which have high brand value and enjoy customer loyalty.</i></p>
Question 27	<p><i>Quick N Sturdy Inc., a multinational company, is undergoing feasibility study to introduce new luxury and sports car for specific group of customers. The product is meant for customers with distinctive preferences and special requirements. The product is not a standard one and as such the target market is also narrow. Company knows that demand for the product is large enough to be profitable for the company, but small enough to be ignored by other major industry players. The company wants to position itself in the niche market with the prime consideration to offer unique features in the product for the target market.</i></p> <p><i>In the given situation, identify the generic strategy as suggested by Michael Porter. Also state the advantages and disadvantages of such strategy.</i></p> <p style="text-align: right;"><i>(PYP 5 Marks Nov 22)</i></p>
Answer	<p><i>Quick N Sturdy Inc. has adopted Focused Differentiation Strategy which is one of the Michael Porter's Generic strategies. A focused differentiation strategy requires offering unique features that fulfil the demands of a narrow market. 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. Firms that compete based on uniqueness and target a narrow market are following a focused differentiation strategy.</i></p> <p><i>Advantages of Focused Strategy</i></p> <ol style="list-style-type: none"> <i>1. Premium prices can be charged by the organisations for their focused product/services.</i> <i>2. Due to the tremendous expertise in the goods and services that the organisations following focus strategy offer, rivals and new entrants may find it difficult to compete.</i> <p><i>Disadvantages of Focused Strategy</i></p> <ol style="list-style-type: none"> <i>1. The firms lacking in distinctive competencies may not be able to pursue focus strategy.</i> <i>2. Due to the limited demand of product/services, costs are high, which can cause problems.</i>



	<p>3. In the long run, the niche could disappear or be taken over by larger competitors by acquiring the same distinctive competencies.</p>
Question 28	<p>STU's association with India goes back to 1967, when it played a key role in constructing a very long highway in India spreading over multiple states. Since then, it is contributing in many ways to the country's growth story. Now it is looking at playing an active role in the key projects taken up by the central government. Suggest few Opportunities and Threats that the company should consider.</p>
	<p>(PYP 5 Marks Dec 21)</p>
Answer	<p>Faced with a constantly changing environment, each business unit needs to develop a marketing information system to track trends and developments, which can be categorized as an opportunity or a threat. The company has to review its strength and weakness in the background of environment's opportunities and threat, i.e., an organization's SWOT analysis.</p> <p>STU is looking at playing an active role in the key projects taken up by the central government. Following are the potential opportunities and threats to STU:</p> <p>Potential STU's Opportunities:</p> <ul style="list-style-type: none"> • Alliances or joint ventures with central government that expand the STU's market coverage or boost its competitive capability. • Possibilities of working on the future projects of central government. • Serving additional customer groups or expanding into new geographic markets. • Utilizing existing company skills or technological know-how to enter new projects. • Openings to take market share away from rivals. • Openings to exploit emerging new technologies. • Integrating forward or backward. <p>Potential STU's Threats:</p> <ul style="list-style-type: none"> • Due to COVID-19 pandemic, companies can have face the lockdown situation. • Economic factors such as recession etc. • Likely entry of potent new competitors.



- Technological changes/innovations in construction equipment's.
- Costly new regulatory requirements.
- Growing bargaining power of suppliers.
- Vulnerability to industry driving forces.

Question 29 Mohan has joined as the new CEO of XYZ Corporation and aims to make it a dominant technology company in the next five years. He aims to develop competencies for managers for achieving better performance and a competitive advantage for XYZ Corporation. Mohan is well aware of the importance of resources and capabilities in generating competitive advantage. Discuss the four major characteristics of resources and capabilities required by XYZ Corporation to sustain the competitive advantage and its ability to earn profits from it.

(PYP 5 Marks, Jan 21, Old SM, PYP May 23 5 Marks)

Answer



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04

Strategic Choices



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<p>Question 1</p>	<p><i>Pizza Galleria was India's first pizza delivery chain enjoying monopoly for several years. However, after the entry of Modino and Uncle Jack it is struggling to compete. Both Modino and Uncle Jack have opened several eateries and priced the product aggressively. In the last four years the chain has suffered significant losses. The chain wishes to know whether they should go for a turnaround strategy. List out components of action plan for turnaround strategy.</i></p>
	<p>(RTP Sep 24)</p>
<p>Answer</p>	<p>Pizza Chain may choose to have turnaround strategy if there are:</p> <ul style="list-style-type: none"> • Persistent negative cash flow from business. • Uncompetitive products or services. • Declining market share. • Deterioration in physical facilities. • Over-staffing, high turnover of employees, and low morale. • Mismanagement. <p>For turnaround strategies to be successful, it is imperative to focus on the short and long-term financing needs as well as on strategic issues. The chain may attempt to leverage the potential Indian market by engaging a new logistics partner. It may bring innovation in food items, as well as quality and improvements in the overall dine-in and delivery experience. During the turnaround, the “product mix” may be changed, requiring the organization to do some repositioning.</p> <p>A workable action plan for turnaround would involve:</p> <p>Stage One - Assessment of current problems: The first step is to assess the current problems and get to the root causes and the extent of damage the problem has caused.</p> <p>Stage Two - Analyze the situation and develop a strategic plan: Before making any major changes; determine the chances of the business's survival. Identify appropriate strategies and develop a preliminary action plan.</p> <p>Stage Three - Implementing an emergency action plan: If the organization is in a critical stage, an appropriate action plan must be developed to stop the bleeding and enable the organization to survive. A positive operating cash flow</p>



must be established as quickly as possible and enough funds to implement the turnaround strategies must be raised.

Stage Four - Restructuring the business: The financial state of the organization's core business is particularly important. If the core business is irreparably damaged, then the outlook for the entire organization may be bleak. Efforts to be made to position the organization for rapid improvement.

Stage Five - Returning to normal: In the final stage of turnaround strategy process, the organization should begin to show signs of profitability, return on investments and enhancing economic value added. Emphasis is placed on a number of strategic efforts such as carefully adding new products and improving customer service, creating alliances with other organizations, increasing the market share, etc.

Question 2

Distinguish between Concentric Diversification and Conglomerate Diversification.

(RTP Sep 24)

Answer

The following are the principal points of distinction between concentric diversification and conglomerate diversification:

- (I). Concentric diversification occurs when a firm adds related products or markets. On the other hand, conglomerate diversification occurs when a firm diversifies into areas that are unrelated to its current line of business.
- (II). 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 products.
- (III). The most common reasons for pursuing concentric diversification are that opportunities in a firm's existing line of business are available. However, common reasons for pursuing a conglomerate growth strategy are that opportunities in a firm's current line of business are limited or opportunities outside are highly lucrative.

Question 3

Leatherite Ltd., was started as a leather company to manufacture footwear. Currently, they are in the manufacturing of footwears for males and females. The top management desires to expand the business in the leather manufacturing goods. To expand they decided to purchase more machines to manufacture



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	<i>leather bags for males and females. Identify and explain the strategy opted by the top management of Leatherite Ltd.</i>
	<i>(MTP-March 19, 5 Marks, RTP Nov 21)</i>
Answer	<p><i>Leatherite Ltd. is currently manufacturing footwears for males and females and its top management has decided to expand its business by manufacturing leather bags for males and females. Both the products are similar in nature within the same industry. The strategic diversification that the top management of Leatherite Ltd. has opted is concentric in nature. They were in business of manufacturing leather footwears and now they will manufacture leather bags as well. They will be able to use existing infrastructure and distribution channel. Concentric diversification amounts to related diversification.</i></p> <p><i>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. This means that in concentric diversification too, there are benefits of synergy with the current operations.</i></p>
Question 4	<i>A company manufactures computers that are of low in production cost, competitive price, and quality to their competitor's product. Profits and market share are declining day by day. Shree, a senior executive realizes that drastic strategies have to be created for the survival of a company. After SWOT analysis by assessing the strengths and weaknesses, they come up with the conclusion that they cannot compete in the computers with the competitors. The management directs Shree to act quick and develop a suitable strategic plan. Discuss the strategy which can be opted by Shree.</i>
	<i>(MTP-April 19, Mar 18 5 Marks, Old SM)</i>
Answer	<p><i>Shree can opt for turnaround strategy which is a highly-targeted effort to return the company to profitability and increase positive cash flows to a sufficient level. Organizations those have faced a significant crisis that has negatively affected operations require turnaround strategy. Once turnaround is successful the organization may turn to focus on growth.</i></p> <p><i>Conditions for turnaround strategies</i></p> <p><i>When firms are losing their grips over market, profits due to several internal and external factors, and if they have to survive under the competitive</i></p>



	<p>environment they have to identify danger signals as early as possible and undertake rectification steps immediately. These conditions may be, inter alia cash flow problems, lower profit margins, high employee turnover and decline in market share, capacity underutilization, low morale of employees, recessionary conditions, mismanagement, raw material supply problems and so on.</p> <p>Action plan for turnaround strategy</p> <ul style="list-style-type: none"> • Stage One - Assessment of current problems • Stage Two - Analyze the situation and develop a strategic plan • Stage Three - Implementing an emergency action plan • Stage Four - Restructuring the business • Stage Five - Returning to normal
Question 5	Write short note on expansion through acquisitions and mergers.
	(MTP 5 Marks Oct 20, RTP May 20, Old & New SM)
Answer	<p>Acquisitions and mergers are basically combination strategies. Some organizations prefer to grow through mergers. Merger is considered to be a process when two or more companies come together to expand their business operations. In such a case the deal gets finalized on friendly terms and both the organizations share profits in the newly created entity. In a merger, two organizations combine to increase their strength and financial gains along with breaking the trade barriers.</p> <p>When one organization takes over the other organization and controls all its business operations, it is known as acquisition. In this process of acquisition, one financially strong organization overpowers the weaker one. Acquisitions often happen during recession in economy or during declining profit margins. In this process, one that is financially stronger and bigger establishes its power. The combined operations then run under the name of the powerful entity. A deal in case of an acquisition is often done in an unfriendly manner, it is more or less a forced association where the powerful organization either consumes the operation or a company in loss is forced to sell its entity.</p>
Question 6	Justify the statement "Stability strategy is opposite of Expansion strategy"
	(MTP 5 Marks March 21, RTP May 21)
Answer	Stability strategies, as name suggests, are intended to safeguard the existing interests and strengths of business. It involves organizations to pursue



established and tested objectives, continue on the chosen path, maintain operational efficiency and so on.

A stability strategy is pursued when a firm continues to serve in the same or similar markets and deals in same products and services.

In stability strategy, few functional changes are made in the products or markets, however, it is not a 'do nothing' strategy. This strategy is typical for mature business organizations.

Some small organizations also frequently use stability as a strategic focus to maintain comfortable market or profit position.

On the other hand, expansion strategy is aggressive strategy as it involves redefining the business by adding the scope of business substantially, increasing efforts of the current business.

In this sense, it becomes opposite to stability strategy. Expansion is a promising and popular strategy that tends to be equated with dynamism, vigor, promise and success.

Expansion also includes diversifying, acquiring and merging businesses. This strategy may take the enterprise along relatively unknown and risky paths, full of promises and pitfalls.

Question 7 Distinguish between the following: Divestment and liquidation strategy.

(MTP 5 Marks Nov 21, Oct 19, & April 21, Old SM, PYP 5 Marks Nov 20)

Answer

Divestment Strategy

Divestment strategy involves the sale or liquidation of a portion of 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. Option of a turnaround may even be ignored if it is obvious that divestment is the only answer.

Liquidation Strategy

It involves closing down a firm and selling its assets.

Liquidation becomes only option in case of severe and critical conditions where either turnaround and divestment are not seen as solution or have been attempted but failed.



	<i>Efforts are made for the survival of organization.</i>	<i>Liquidation as a form of retrenchment strategy is considered as the most extreme and unattractive.</i>
	<i>Survival of organization helps in retaining personnel, at least to some extent.</i>	<i>There is loss of employment with stigma of failure.</i>
Question 8	<i>There has been fierce demand for both Gecko and FlyBee for the last 3 years. Gecko makes mass consumption pens while FlyBee is a notebook and diary brand - both being complementary goods of each other. But to grow further, FlyBee decided to take up competition with Gecko in pens segment and thereby launched, FlyPens. Identify and explain the growth strategy opted by FlyBee?</i>	
	<i>(MTP 5 Marks March 22)</i>	
Answer	<p><i>FlyBee is a notebook and diary brand. But to grow further, FlyBee decided to take up competition with Gecko in pens segment and thereby launched, FlyPens. FlyBee that is hitherto not into producing pens starts producing them and other similar products is following concentric diversification which is basically related diversification.</i></p> <p><i>In this form of diversification, the new business is linked to the existing businesses through existing systems such as processes, technology or marketing. The new product is a spin-off from the existing facilities and products/processes. There are benefits of synergy with the current operations. The most common reasons for pursuing a concentric diversification are that opportunities in existing line of business are available.</i></p>	
Question 9	<i>X Pvt. Ltd. had recently ventured into the business of co-working spaces when the global pandemic struck. This has resulted in the business line becoming unprofitable and unviable, and a failure of the existing strategy. However, the other businesses of X Pvt. Ltd. are relatively less affected by the pandemic as compared to the recent co-working spaces. Suggest a strategy for X Pvt. Ltd. with reasons to justify your answer.</i>	
	<i>(MTP 5 Marks April 22, Old & New SM, PYP 5 Marks Jan 21)</i>	



<p>Answer</p>	<p><i>It is advisable that divestment strategy should be adopted by X Pvt. Ltd. In the given situation where the business of co-working spaces became unprofitable and unviable due to Global pandemic, the best option for the company is to divest the loss-making business. Retrenchment may be done either internally or externally. Turnaround strategy is adopted in case of internal retrenchment where emphasis is laid on improving internal efficiency of the organization, while divestment strategy is adopted when a business turns unprofitable and unviable due to some external factors. In view of the above, the company should go for divestment strategy.</i></p> <p><i>Further, divestment helps address issues like:</i></p> <ol style="list-style-type: none"> <i>1. Persistent cash flows from loss making segment could affect other profit-making segments, which is the case in the given scenario.</i> <i>2. Inability to cope from the losses, which again is uncertain due to pandemic.</i> <i>3. Better investment opportunity, which could be the case if X Pvt. Ltd. can invest the money it generates from divestment.</i>
<p>Question 10</p>	<p><i>Jynklo Ltd. is an established online children gaming company in Japan. They are performing good in the gaming industry. The management of Jynklo Ltd. has decided to expand its business. They decided to start a premium sports drink named JynX for athletes. Identify and explain the growth strategy adopted by Jynklo Ltd.?</i></p>
	<p><i>(MTP 5 Marks Sep 22, RTP Nov 23)</i></p>
<p>Answer</p>	<p><i>Currently Jynklo Ltd. is performing in the children gaming industry. But now its management has decided to expand their business by starting a premium sports drink named JynX for athletes. As there are no linkages in both products with respect to customer groups, customer functions, or the technologies being used, so Jynklo Ltd. have opted Conglomerate diversification.</i></p> <p><i>Jynklo Ltd. diversify in a business that is not related to their existing line of product and can be termed as conglomerate diversification. In conglomerate diversification, the new businesses/ products are disjointed from the existing businesses/products in every way; it is a unrelated diversification. In process/ technology/ function, there is no connection between the new products and the</i></p>



	<p>existing ones. Conglomerate diversification has no common thread at all with the firm's present position.</p>
<p>Question 11</p>	<p>Jeff Inc., a leading USA based Mobile company decides to make India a hub for the company's Android Mobile having largest storage memory to be manufactured in collaboration with the Desi Group, a leading Indian mobile manufacturer. The production is to be exported to the company's home market as well as to other European countries.</p> <p>What is this growth strategy called? Point out the most important advantages both the companies expect from such strategy/collaboration. (MTP 5 Marks March 23, PYP Dec 21 & Nov 19)</p> <p style="text-align: center;">OR</p> <p>What are the advantages of a strategic alliance? (MTP 5 Marks Nov 21)</p> <p style="text-align: center;">OR</p> <p>Strategic alliances are formed if they provide an advantage to all the parties in the alliance. Do you agree? Explain in brief the advantages of a strategic alliance. (RTP May 18, May 19)</p>
<p>Answer</p>	<p>Jeff Inc. of USA and Desi group of India opted for strategic alliance as their growth strategy. A strategic alliance is a relationship between two or more businesses that enables each to achieve certain strategic objectives which neither would be able to achieve on its own. Strategic alliances are often formed in the global marketplace between businesses that are based in different regions of the world. A strategic alliance is a relationship between two or more businesses that enables each to achieve certain strategic objectives which neither would be able to achieve on its own. The strategic partners maintain their status as independent and separate entities, share the benefits and control over the partnership, and continue to make contributions to the alliance until it is terminated</p>

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Advantages of Strategic Alliance

Strategic alliance usually is only formed if they provide an advantage to all the parties in the alliance. These advantages can be broadly categorised as follows:

- (I). *Organizational*: Strategic alliance helps to learn necessary skills and obtain certain capabilities from strategic partners. Strategic partners may also help to enhance productive capacity, provide a distribution system, or extend supply chain. Having a strategic partner who is well-known and respected also helps add legitimacy and creditability to a new venture.
- (II). *Economic*: There can be reduction in costs and risks by distributing them across the members of the alliance. Greater economies of scale can be obtained in an alliance, as production volume can increase, causing the cost per unit to decline. Finally, partners can take advantage of co-specialization, creating additional value, such as when a leading computer manufacturer bundles its desktop with a leading monitor manufacturer's monitor.
- (III). *Strategic*: Rivals can join together to cooperate instead of competing with each other. Vertical integration can be created where partners are part of supply chain. Strategic alliances may also be useful to create a competitive advantage by the pooling of resources and skills. This may also help with future business opportunities and the development of new products and technologies. Strategic alliances may also be used to get access to new technologies or to pursue joint research and development.
- (IV). *Political*: Sometimes strategic alliances are formed with a local foreign business to gain entry into a foreign market either because of local prejudices or legal barriers to entry. Forming strategic alliances with politically influential partners may also help improve your own influence and position.

Question 12 Distinguish between the following: Market Development and Product Development under Ansoff's Product Market Growth Matrix

.(MTP 5 Marks March 21 & April 23, RTP Nov 22)

Answer Following are the differences between the market development and product development:

Market Development	Product Development
Meaning	Meaning



	<p><i>It 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 current company products.</i></p> <p>Strategy Application <i>It 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.</i></p>	<p><i>It refers to a growth strategy where business aims to introduce new products into existing markets. It is a strategy for company growth by offering modified or new products to current markets.</i></p> <p>Strategy Application <i>It is for company's growth and requires the development of new competencies and the business to develop modified products which can appeal to existing markets.</i></p>
Question 13	<p><i>Sky chemical industry intends to grow its business. Advise the company on the available options using Ansoff's product market growth matrix.</i></p> <p><i>(MTP 5 Marks March 22, MTP 5 Marks Oct 22, RTP May 23, Old SM)</i></p>	
Answer	<p><i>The Ansoff's product market growth matrix (proposed by Igor Ansoff) is a useful tool that helps businesses decide their product and market growth strategy. With the use of this matrix, a business can get a fair idea about how its growth depends upon its markets in new or existing products in both new and existing markets.</i></p> <p><i>The Ansoff's product market growth matrix is as follows:</i></p>	

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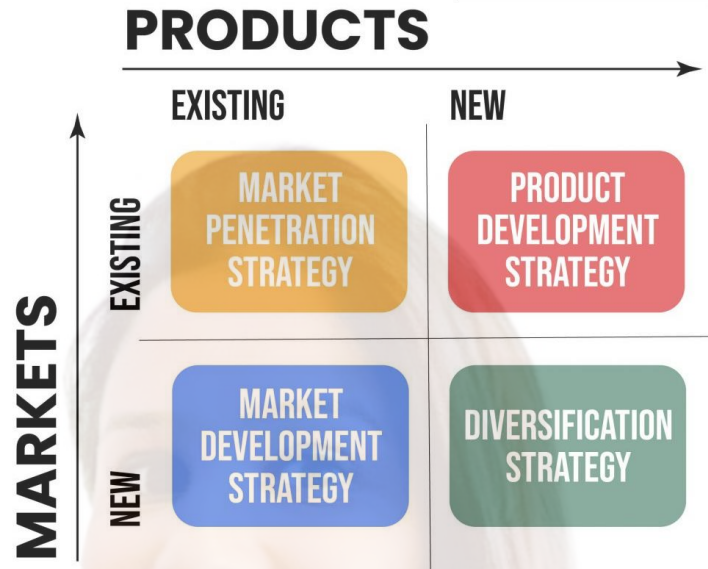
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Sky chemical industry can adopt market penetration, product development, market development or diversification simultaneously for its different products.

Market penetration refers to 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.

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.

Product development refers to a growth strategy where business aims to introduce new products into existing markets. It is a strategy for company growth by offering modified or new products to current markets.

Diversification refers to a growth strategy where a business markets new products in new markets. It is a strategy by starting up or acquiring businesses outside the company's current products and markets.

As market conditions change overtime, a company may shift product-market growth strategies. For example, when its present market is fully saturated a company may have no choice other than to pursue new market.



Question 14	<i>"XYZ Ltd., a multi-product company, has been experiencing consistent losses in recent years, leading to a significant erosion of its net worth. What strategic options should the management consider addressing the company's current situation? Provide recommendations along with supporting reasons."</i>
	<i>(MTP 5 Marks Oct 23)</i>
Answer	<p><i>XYZ Ltd. is a sick company with accumulated losses that have eroded its net worth. The multi-product company may analyse its various products to take decisions on the viability of each. The company may consider a retrenchment strategy. Retrenchment becomes necessary for coping with hostile and adverse situations in the environment and when any other strategy is likely to be suicidal.</i></p> <p><i>Retrenchment strategy is adopted because of continuous losses and unviability and stability can be ensured by reallocation of resources from unprofitable to profitable businesses.</i></p> <p><i>Retrenchment strategy is followed when an organization substantially reduces the scope of its activity. This is done through an attempt to find out the problem areas and diagnose the causes of the problems. Next, steps are taken to solve the problems. These steps result in different kinds of retrenchment strategies as follows:</i></p> <p><i>Turnaround strategy: If the organization chooses to transform itself into a leaner structure and focuses on ways and means to reverse the process of decline, it adopts a turnaround strategy. It may try to reduce costs, eliminate unprofitable outputs, generate revenue, improve coordination, better control, and so on.</i></p> <p><i>Divestment Strategy: Divestment strategy involves the sale or liquidation of a portion of business, or a major division, profit centre or SBU. Divestment is usually a part of a rehabilitation or restructuring plan and is adopted when a turnaround has been attempted but has proved to be unsuccessful.</i></p> <p><i>Liquidation Strategy: In the retrenchment strategy, the most extreme and unattractive is liquidation strategy. It involves closing down a firm and selling</i></p>



	<p>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.</p> <p>The management of multiproduct sick company manufacturing various items need to understand pros and cons of each strategic option. The decision will depend upon the specific circumstances of each product and the management goals of the company.</p>
Question 15	<p>Swift Insurance is a company engaged in the business of providing medical insurance maintaining a market share of 25 to 30 per cent in last five years. Recently, the company decided to enter into the business of auto insurance by having foreign collaboration. Identify the strategy being followed by the Swift Insurance with its advantages.</p>
	(RTP May 18, Old SM)
Answer	<p>Overall Swift Insurance is following growth or expansion strategy as it is redefining the business and enlarging its scope. The step will also substantially increase investment in the business.</p> <p>The new business is related and at the same time caters to a different segment and accordingly can be termed as related diversification. The new business falls within the scope of general insurance and horizontally related to the existing business.</p> <p>In the process of expansion, the company will be able to exploit:</p> <ul style="list-style-type: none"> • Its brand name. • The marketing skills available. • The existing sales and distribution infrastructure. • Research and development. • Economies of scale
Question 16	<p>With the global economic recession Soft Cloth Ltd. incurred significant losses in all its previous five financial years. Currently, they are into manufacturing of cloth made of cotton, silk, polyester, rayon, lira and blends. Competition is also</p>



	<p><i>intense on account of cheap imports. The company is facing cash crunch and has not been able to pay the salaries to its employees in the current month. Suggest a grand strategy that can be opted by Soft Cloth Ltd.</i></p>
	<p><i>(RTP May 19, Old & New SM)</i></p>
Answer	<p><i>Soft Cloth Ltd. is facing internal as well as external challenges. The external environment is in economic recession and the organization is facing cash crunch. The company needs to work on retrenchment / turnaround strategy. The strategy is suitable in case of issues such as:</i></p> <ul style="list-style-type: none"> • <i>Persistent negative cash flow.</i> • <i>Uncompetitive products or services</i> • <i>Declining market share</i> • <i>Deterioration in physical facilities</i> • <i>Overstaffing, high turnover of employees, and low morale</i> • <i>Mismanagement</i> <p><i>The company may consider to substantially reduce the scope of its activity. This is done through an attempt to find out the problem areas and diagnose the causes of the problems. Next, steps are taken to solve the problems.</i></p> <p><i>These steps result in different kinds of retrenchment strategies. If the organization chooses to focus on ways and means to reverse the process of decline, it adopts a turnaround strategy. If it cuts off the lossmaking units, divisions, or SBUs, curtails its product line, or reduces the functions performed, it adopts a divestment strategy. If none of these actions work, then it may choose to abandon the activities totally, resulting in a liquidation strategy.</i></p>
Question 17	<p><i>Oregano is a large supermarket chain. It is considering the purchase of a number of farms that provides Oregano with a significant amount of its fresh produce. Oregano feels that by purchasing the farms, it will have greater control over its supply chain. Identify and explain the type of diversification opted by Oregano?</i></p>
	<p><i>(RTP May 20)</i></p>
Answer	<p><i>Oregano is a large supermarket chain. By opting backward integration and purchase a number of farms, it will have greater control over its supply chain. Backward integration is a step towards, creation of effective supply by entering business of input providers. Strategy employed to expand profits and gain greater</i></p>



	<i>control over production of a product whereby a company will purchase or build a business that will increase its own supply capability or lessen its cost of production.</i>
Question 18	<i>Mini theatre Ltd. was a startup venture of three young IIM graduates. They developed an application to watch web-based content like web series, TV Shows, theatre shows, etc. after purchasing their exclusive rights. They were successful in getting many consumers enrolled with them. After a certain span of time, the company realized that some regional content like 'Bangla movies', 'Gujarati shows' etc. we're having high cost and less viewership. The leadership team of Mini Theatre Ltd. decided to sell the rights and curtail any further content development in these areas. Identify and explain the corporate strategy adopted by the leadership team of Mini Theatre Ltd.</i>
	<i>(RTP May 21)</i>
Answer	<i>The leadership team of Mini Theatre Ltd. decided to cut off the loss-making units, reduce the functions performed that some of regional content like 'Bangla movies', 'Gujarati shows' etc. we're having high cost and less viewership, it adopts a divestment strategy. The leadership team of Mini Theatre Ltd. decided to sell the rights and curtail any further content development in these areas.</i> <i>Divestment strategy involves the sale or liquidation of a portion of 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.</i>
Question 19	<i>Vastralok Ltd., was started as a textile company to manufacture cloth. Currently, they are in the manufacturing of silk cloth. The top management desires to expand the business in the cloth manufacturing. To expand they decided to purchase more machines to manufacture cotton cloth. Identify and explain the strategy opted by the top management of Vastralok Ltd.</i>
	<i>(RTP Nov 18, Old SM)</i>
Answer	<i>Vastralok Ltd. is currently manufacturing silk cloth and its top management has decided to expand its business by manufacturing cotton cloth. Both the products are similar in nature within the same industry. The strategic diversification that the top management of Vastralok Ltd. has opted is concentric in nature. They</i>



	<p>were in business of manufacturing silk and now they will manufacture cotton as well. They will be able to use existing infrastructure and distribution channel. Concentric diversification amounts to related diversification.</p> <p>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. This means that in concentric diversification too, there are benefits of synergy with the current operations</p>
Question 20	<p>Pizza Galleria was India's first pizza delivery chain enjoying monopoly for several years. However, after entry of Molino and Uncle Jack it is struggling to compete. Both Molino and Uncle Jack have opened several eateries and priced the product aggressively. In last four years the chain has suffered significant losses. The chain wishes to know whether they should go for turnaround strategy. List out components of action plan for turnaround strategy.</p>
	(RTP Nov 19, Old SM)
Answer	<p>Pizza Chain may choose to have turnaround strategy if there are:</p> <ul style="list-style-type: none"> • Persistent negative cash flow from business. • Uncompetitive products or services. • Declining market share. • Deterioration in physical facilities. • Over-staffing, high turnover of employees, and low morale. • Mismanagement. <p>For turnaround strategies to be successful, it is imperative to focus on the short and long-term financing needs as well as on strategic issues. The chain may attempt to leverage the potential Indian market by engaging a new logistics partner. It may bring innovation in food items, as well as quality and improvements in the overall dine-in and delivery experience. During the turnaround, the "product mix" may be changed, requiring the organization to do some repositioning.</p> <p>A workable action plan for turnaround would involve:</p>



Stage One - Assessment of current problems: The first step is to assess the current problems and get to the root causes and the extent of damage the problem has caused.

Stage Two - Analyze the situation and develop a strategic plan: Before making any major changes; determine the chances of the business's survival. Identify appropriate strategies and develop a preliminary action plan.

Stage Three - Implementing an emergency action plan: If the organization is in a critical stage, an appropriate action plan must be developed to stop the bleeding and enable the organization to survive. A positive operating cash flow must be established as quickly as possible and enough funds to implement the turnaround strategies must be raised.

Stage Four - Restructuring the business: The financial state of the organization's core business is particularly important. If the core business is irreparably damaged, then the outlook for the entire organization may be bleak. Efforts to be made to position the organization for rapid improvement.

Stage Five - Returning to normal: In the final stage of turnaround strategy process, the organization should begin to show signs of profitability, return on investments and enhancing economic value-added. Emphasis is placed on a number of strategic efforts such as carefully adding new products and improving customer service, creating alliances with other organizations, increasing the market share, etc.

Question 21 *What is a stability strategy? What are the reasons to pursue stability strategy?*

(RTP Nov 19 & Nov 23)

Answer

One of the important goals of a business enterprise is stability - 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 optimize returns on the resources committed in the business. A stability strategy is pursued by a firm when:



	<ul style="list-style-type: none"> • It continues to serve in the same or similar markets and deals in same or similar products and services. • The strategic decisions focus on incremental improvement of functional performance. <p>Major reasons for stability strategy are as follows:</p> <ul style="list-style-type: none"> • A product has reached the maturity stage of the product life cycle. • It is less risky as it involves less changes and the staff feels comfortable with things as they are. • The environment faced is relatively stable. • Expansion may be perceived as being threatening. • Consolidation is sought through stabilizing after a period of rapid expansion.
Question 22	<p>General public is discerning from buying air conditioning units based on the Health Ministry guidelines regarding emergence of a contagious viral pandemic. Consequently, Nebula Pvt. Ltd, a manufacturer of evaporation coils used in air conditioning units has faced significant loss in working capital due to sharp fall in demand. The company conducted financial assessment and developed a workable action plan based on short and long term financial needs. But for immediate needs, an emergency plan has been implemented. It includes selling scrap, asset liquidation and overheads cost reduction. Further, to avoid any such untoward event in future, they plan to diversify into newer business areas along with its core business. Identify and explain the strategy opted by M/s. Nebula Pvt. Ltd.?</p>
	(RTP Nov 20)
Answer	<p>M/s. Nebula Pvt Ltd has opted Turnaround Strategy as the company while facing serious working capital crunch persistently conducted an assessment of current problem and developed a workable action plan based on short and long term financial needs and strategic issues. A workable action plan for turnaround would involve:</p> <p>Stage One - Assessment of current problems: In the first step, assess the current problems and get to the root causes and the extent of damage.</p>



	<p><i>Stage Two - Analyze the situation and develop a strategic plan: Identify major problems and opportunities, develop a strategic plan with specific goals and detailed functional actions.</i></p> <p><i>Stage Three - Implementing an emergency action plan: If the organization is in a critical stage, an appropriate action plan must be developed to stop the bleeding and enable the organization to survive.</i></p> <p><i>Stage Four - Restructuring the business: If the core business is irreparably damaged, then the outlook for the entire organization may be bleak. Efforts to be made to position the organization for rapid improvement.</i></p> <p><i>Stage Five - Returning to normal: In the final stage of turnaround strategy process, the organization should begin to show signs of profitability, return on investments and enhancing economic value-added.</i></p>
<p>Question 23</p>	<p><i>Racers Ltd. manufactures bicycles. Until recently it has adopted a differentiation strategy, offering high quality bicycles which Racers Ltd. sells at a high profit margin.</i></p> <p><i>In recent years, Racers Ltd. has entered a period of decline due to the market becoming flooded with cheaper, high quality bicycles from abroad, where labour costs are lower.</i></p> <p><i>Racers Ltd. has therefore decided to adjust its strategy and adopt a focus approach, targeting its bicycles towards professional athletes. This will allow Racers Ltd. to continue earning high margins, though the size of its potential market will likely fall.</i></p> <p><i>Identify and explain the need of adopting this strategy by Racers Ltd. to manage decline?</i></p>
	<p><i>(RTP May 22)</i></p>
<p>Answer</p>	<p><i>Racers Ltd. has adopted Turnaround strategy. This involves Racers Ltd. repositioning itself in the market in an attempt to once again gain competitive advantage.</i></p>



	<p>Turnaround is needed when an enterprise's performance deteriorates to a point that it needs a radical change of direction in strategy, and possibly in structure and culture as well. It is a highly targeted effort to return an organization to profitability and increase positive cash flows to a sufficient level. It is used when both threats and weaknesses adversely affect the health of an organization so much that its basic survival is difficult.</p> <p>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. To achieve its objectives, turnaround strategy must reverse causes of distress, resolve the financial crisis, achieve a rapid improvement in financial performance, regain stakeholder support, and overcome internal constraints and unfavourable industry characteristics.</p>
Question 24	<p>Redefinition of business is involved in both "Expansion" and "Retrenchment" strategy, however, method involved in their execution is completely different. Explain.</p> <p style="text-align: right;">(RTP May 23)(MTP 5 Marks Sep 23)</p>
Answer	<p>Expansion strategy is implemented by redefining the business by adding the scope of business substantially increasing the efforts of the current business. On the other hand, Retrenchment strategy involves redefinition of business by divesting a major product line or market.</p> <p>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.</p> <p>Expansion may take the enterprise along relatively unknown and risky paths, full of promises and pitfalls. Retrenchment involves regrouping and recouping of the resources.</p>
Question 25	<p>ABC Inc. a successful company in the healthcare industry, was facing a decline due to outdated technology and lack of innovation. The company was losing market share and struggling to retain customers. In an effort to reverse the trend, the management decided to implement a strategy. They hired new talent,</p>



	<p>invested in research and development, and streamlined their operations to increase efficiency. Through these efforts, ABC Inc. was able to introduce new products and services, reposition themselves in the market, and eventually regain their competitive edge. The company's revenue and profits increased, and they were once again on the path to success. Discuss the strategy which has been implemented by the management of ABC Inc.</p>
	(RTP May 23)
Answer	<p>The management of ABC Inc. implemented turnaround strategy which is a highly-targeted effort to return ABC Inc. to profitability and increase positive cash flows to a sufficient level. Organizations those have faced a significant crisis that has negatively affected operations require turnaround strategy. Once turnaround is successful the organization may turn to focus on growth.</p> <p>Conditions for turnaround strategies</p> <p>When firms are losing their grips over market, profits due to several internal and external factors, and if they have to survive under the competitive environment they have to identify danger signals as early as possible and undertake rectification steps immediately. These conditions may be, inter alia cash flow problems, lower profit margins, high employee turnover and decline in market share, capacity underutilization, low morale of employees, recessionary conditions, mismanagement, raw material supply problems and so on.</p> <p>Action plan for turnaround strategy</p> <ul style="list-style-type: none"> • Stage One - Assessment of current problems • Stage Two - Analyze the situation and develop a strategic plan • Stage Three - Implementing an emergency action plan • Stage Four - Restructuring the business • Stage Five - Returning to normal
Question 26	<p>Ajanta & Sons Limited are manufacturers of domestic household security alarms for high income group homeowners in India. The company is currently reviewing two strategic options.</p> <p>Option 1: Selling the same alarms although with different coverings to smaller and low-income group households at a lower price.</p>



	<p><i>Option 2: Development of new, more sophisticated alarms and a wide range of security services (guards and surveillance) for sale to industrial clients for higher prices.</i></p> <p><i>The senior management team of Ajanta & Sons Limited are keen to analyze the two options using Ansoff's matrix.</i></p>
	(Nov 21)
Answer	<p><i>Selling the same alarms with different coverings to smaller and low income group households at a lower price represents Market Development as the same products are being sold into a new market. 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.</i></p> <p><i>While the development of new and more sophisticated alarms and a wide range of security services (guards and surveillance) for sale to industrial clients for higher prices is classified as Diversification, because it involves a new product, being sold in a new market. Diversification refers to a growth strategy where a business markets new products in new markets. It is a strategy by starting up or acquiring businesses outside the company's current products and markets.</i></p>
Question 27	<p><i>Explain the role of ADL Matrix in assessing competitive position of a firm.</i></p>
	(RTP May 22, Nov 20)
Answer	<p><i>The ADL matrix has derived its name from Arthur D. Little which is a portfolio analysis method based on product life cycle. The approach forms a two-dimensional matrix based on stage of industry maturity and the firm's competitive position, environmental assessment and business strength assessment. The role of ADL matrix is to assess the competitive position of a firm based on an assessment of the following criteria:</i></p> <ul style="list-style-type: none"> <i>• Dominant: This is a comparatively rare position and in many cases is attributable either to a monopoly or a strong h</i> <i>• Strong: By virtue of this position, the firm has a considerable degree of freedom over its choice of strategies and is often able to act without its market position being unduly threatened by its competitors.</i>

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	<ul style="list-style-type: none"> • <i>ø Favorable: This position, which generally comes about when the industry is fragmented and no one competitor stand out clearly, results in the market leaders a reasonable degree of freedom.</i> • <i>Tenable: Although the firms within this category are able to perform satisfactorily and can justify staying in the industry, they are generally vulnerable in the face of increased competition from stronger and more proactive companies in the market.</i> • <i>Weak: The performance of firms in this category is generally unsatisfactory although opportunities for improvement do exist.</i>
Question 28	<p><i>ABC Corporation is a conglomerate with a diverse portfolio of businesses. One of its businesses is a well-established division in a mature and stable market. The division has maintained a high market share over the years but is experiencing slow growth due to market saturation. The management team is contemplating the best course of action for this division. How should ABC Corporation approach this division according to the BCG growth-share matrix, and what would be the rationale behind it?</i></p>
	<i>(RTP Nov 23)</i>
Answer	<p><i>According to the BCG growth-share matrix, the division in a mature and stable market falls into the "Cash Cows" category. "Cash Cows" are low-growth, high market share businesses that generate cash with low costs. The recommended approach for ABC Corporation would be to adopt the "Hold" strategy. This means the company should preserve the market share of the division and continue generating cash with low costs. Since the market is mature and growth opportunities are limited, the division's focus should be on maintaining profitability and using the generated cash to support other high-potential businesses within the conglomerate. By holding onto the "Cash Cow" division, ABC can leverage its stability and cash flow to invest strategically in other areas of the business for future growth and innovation.</i></p>
Question 29	<p><i>Forward integration and backward integration.</i></p>
	<i>(RTP Nov 18)</i>
Answer	



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Question 30 *Gautama and Siddhartha two brothers are the owners of a cloth manufacturing unit located in Faridabad. They are doing well and have substantial surplus funds available within the business. They have different approaches regarding corporate strategies to be followed to be more competitive and profitable in future. Gautama is interested in acquiring another industrial unit located in Faridabad manufacturing stationery items such as permanent markers, notebooks, pencils and pencil sharpeners, envelopes and other office supplies. On the other hand, Siddhartha desires to start another unit to produce readymade garments. Discuss the nature of corporate strategies being suggested by two brothers and risks involved in it.*

(PYP 5 Marks May 19, Old & New SM)

Answer *Gautama wishes to diversify in a business that is not related to their existing line of product and can be termed as conglomerate diversification. He is interested in acquiring another industrial unit located in Faridabad manufacturing stationery items such as permanent markers, notebooks, pencils and pencil sharpeners, envelopes and other office supplies, which is not related to their existing product. In conglomerate diversification, the new businesses/ products are disjointed from the existing businesses/products in every way; it is an unrelated diversification. In process/ technology/ function, there is no connection*



between the new products and the existing ones. Conglomerate diversification has no common thread at all with the firm's present position.

On the other hand, Siddhartha seeks to move forward in the chain of existing product by adopting vertically integrated diversification/ forward integration. The cloth being manufactured by the existing processes can be used as raw material of garments manufacturing business. In such diversification, firms opt to engage in businesses that are related to the existing business of the firm. The firm remains vertically within the same process and moves forward or backward in the chain. It enters specific product/process steps with the intention of making them into new businesses for the firm. The characteristic feature of vertically integrated diversification is that here; the firm does not jump outside the vertically linked product-process chain.

Both types of diversifications have their own risks. In conglomerate diversification, there are no linkages with customer group, customer marketing functions and technology used, which is a risk. In the case of vertical integrated diversification, there is a risk of lack of continued focus on the original business.

Question 31 ABC Steel Industries finds out that its products have reached at maturity stage and already has overcapacity. Therefore, it concentrates on maintaining operational efficiency of its plants. Identify the strategy implemented by ABC Steel Industries along with reasons.

(PYP 5 Marks May 22)

Answer



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Question 32 *What do you understand by diversification? Distinguish between concentric and conglomerate diversification.*

(PYP 5 Marks May 22, Old SM)

Answer

Question 33 *A company started its operation in 2015 with Product Alpha. In early 2021, with intent to have its better presence in the market, the company diversifies by acquiring a company with product Beta. After sometime, it was observed that product Beta is not faring well. Aggressive competition was therein market for the product. It was also revealed that though customers are not price*



sensitive, but product was not keeping pace with the fast changing unique features as expected by its customers.

Company has tried one of the retrenchment strategies by putting efforts to improve its internal efficiency, but could not get desired results. In the situation, company is of a considered view to remain and grow in product alpha and to decouple with product Beta from its portfolio.

As a strategist, suggest the retrenchment strategy to be adopted by the company. Also delineate reasons why a company should adopt such strategy?

(PYP 5 Marks Nov 22)

Answer

As per the facts of the case, company had tried to improve its internal efficiency. In other words, had tried turnaround strategy but could not get the desired results.

Company does not want to go for complete close down of business. Rather it wants to continue and grow in its original business i.e. product Alpha.

As a strategist, it is advisable that the company should adopt divestment strategy. In the given situation where the business of product Beta is not faring well and became unprofitable and unviable due to aggressive competition in the market, the best option for the company is to divest the product Beta which is loss-making business.

Retrenchment may be done either internally or externally. Turnaround strategy is adopted in case of internal retrenchment where emphasis is laid on improving internal efficiency of the organization, while divestment strategy is adopted when a business turns unprofitable and unviable due to some external factors. In view of the above, the company should go for divestment strategy.

A divestment strategy may be adopted due to various reasons:

- 1. A business that had been acquired proves to be a mismatch and cannot be integrated within the company.*
- 2. Persistent negative cash flows from a particular business create financial problems for the whole company, creating the need for divestment of that business.*



	<p>3. Severity of competition and the inability of a firm to cope with it may cause it to divest.</p> <p>4. It is not possible for the business to do Technological up-gradation that is required for the business to survive, a preferable option would be to divest.</p> <p>5. A better alternative may be available for investment, causing a firm to divest a part of its unprofitable business.</p>
Question 34	<p><i>Health Pharma Pvt. Ltd. (HPPL) a one person company with limited liability is manufacturing generic and medicinal drugs in India.</i></p> <p><i>Hygiene Laboratories Plc. (HLP) a multinational company with its strong financial position is one of the major players in pharmaceutical sector.</i></p> <p><i>Individually, each company has its own core competencies. However, additional focus by the state on generic medicine with renewed regulatory requirements are posing challenges in fierce competitive environment.</i></p> <p><i>Considering benefits of synergies, both the companies are considering to join hands for better growth opportunities. Earlier, they tried to go for joint venture or strategic alliance but the arrangement could not materialize.</i></p> <p><i>In view of the facts given above:</i></p> <p><i>(I). If HPPL and HLP join hands and make new entity named Health N Hygiene Pharma Ltd., what type of growth strategy will this strategic development be?</i></p> <p><i>(II). In case, HLP is sold out to HPPL and HLP ceased to exist, what type of growth strategy will this strategic deal be?</i></p> <p><i>(III). What are the differences between the above two identified growth strategies?</i></p> <p style="text-align: right;"><i>(PYP 5 Marks May 23)</i></p>
Answer	<p><i>(I). If HPPL and HLP join hands and form a new entity named Health N Hygiene Pharma Ltd., this strategic development would be considered a Merger growth strategy. A merger is a combination of two or more companies to form a new entity with shared ownership and control.</i></p>



(II)· If HLP is sold out to HPPL and HLP ceases to exist, this strategic deal would be categorized as an Acquisition growth strategy. An acquisition occurs when one company purchases another, resulting in the acquiring company gaining control over the acquired company's assets, operations, and intellectual property.

(III)· iii) Many organizations in order to achieve quick growth, expand or diversify with the use of mergers and acquisitions strategies. Merger and acquisition in simple words are defined as a process of combining two or more organizations together. There is a thin line of difference between the two terms, but the impact of combination is completely different in both the cases.

Merger is considered to be a process when two or more organizations join together to expand their business operations. In such a case the deal gets finalized on friendly terms. Owners of pre-merged entities have right over the profits of new entity. In a merger two organizations combine to increase their strength and financial gains.

While, when one organization takes over the other organization and controls all its business operations, it is known as acquisition. In the process of acquisition, one financially strong organization overpowers the weaker one. Acquisitions often happen during economic recession or during declining profit margins. In this process, one that is financially stronger and bigger establishes its power. The combined operations then run under the name of the powerful entity. A deal in case of an acquisition is often done in an unfriendly manner; it is more or less a forced association.

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05

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<p>Question 1</p>	<p><i>A Mumbai-based conglomerate, PQR Ltd., has announced a major restructuring of its business operations. The company has decided to split its business into four separate units: Manufacturing, Retail, Services, and Technology. Each unit will operate as a separate business, with delegated responsibility for day-to-day operations and strategy to the respective unit managers. Identify the organization structure that PQR Ltd. has planned to implement. Discuss any four attributes and the benefits the firm may derive by using this organization structure.</i></p>
	<p>(RTP Sep 24)</p>
<p>Answer</p>	<p><i>PQR Ltd. has planned to implement the Strategic Business Unit (SBU) structure. Very large organisations, particularly those running into several products, or operating at distant geographical locations that are extremely diverse in terms of environmental factors, can be better managed by creating strategic business units. SBU structure becomes imperative in an organisation with increase in number, size and diversity.</i></p> <p><i>The attributes of an SBU and the benefits a firm may derive by using the SBU Structure are as follows:</i></p> <ul style="list-style-type: none"> • <i>A scientific method of grouping the businesses of a multi - business corporation which helps the firm in strategic planning.</i> • <i>An improvement over the territorial grouping of businesses and strategic planning based on territorial units.</i> • <i>Strategic planning for SBU is distinct from rest of businesses. Products/ businesses within an SBU receive same strategic planning treatment and priorities.</i> • <i>Each SBU will have its own distinct set of competitors and its own distinct strategy.</i> • <i>The CEO of SBU will be responsible for strategic planning for SBU and its profit performance.</i> • <i>Products/businesses that are related from the standpoint of function are assembled together as a distinct SBU.</i> • <i>Unrelated products/ businesses in any group are separated into separate SBUs.</i>



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	<ul style="list-style-type: none"> • Grouping the businesses on SBU lines helps in strategic planning by removing the vagueness and confusion. • Each SBU is a separate business and will be distinct another on the basis of mission, objectives etc.
Question 2	Why Strategic Performance Measures are essential for organizations?
	(RTP Sep 24)
Answer	<p>Strategic performance measures are essential for organizations for several reasons:</p> <ul style="list-style-type: none"> • Goal Alignment: Strategic performance measures help organizations align their strategies with their goals and objectives, ensuring that they are on track to achieve their desired outcomes. • Resource Allocation: Strategic performance measures provide organizations with the information they need to make informed decisions about resource allocation, enabling them to prioritize their efforts and allocate resources to the areas that will have the greatest impact on their performance. • Continuous Improvement: Strategic performance measures provide organizations with a framework for continuous improvement, enabling them to track their progress and make adjustments to improve their performance over time. • External Accountability: Strategic performance measures help organizations demonstrate accountability to stakeholders, including shareholders, customers, and regulatory bodies, by providing a clear and transparent picture of their performance.
Question 3	HQ is a service company? Two years back the company hired a reputed management consultant to formulate its strategy. The consultant recommended an aggressive expansion plan. Now in an internal review meeting the company finds that many of the suggestions are not even fully considered. Which part of strategic management process is missing in HQ?
	(MTP-APRIL-2019-5 Marks)
Answer	Strategy implementation is missing in HQ. It is concerned with the managerial exercise of putting a chosen strategy into action. It deals with the managerial exercise of 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.

Strategic implementation is concerned with translating a strategic decision into action, which presupposes that the decision itself (i.e., the strategic choice) was made with some thought being given to feasibility and acceptability. The allocation of resources to new courses of action will need to be undertaken, and there may be a need for adapting the organization's structure to handle new activities as well as training personnel and devising appropriate systems.

It is crucial to realize the difference between the formulation and implementation because they both require very different skills. Also, a company will be successful only when the strategy formulation is sound and implementation is excellent.

Question 4 *What is implementation control? Discuss its basic forms.*

(MTP-March-2019 & Oct-2018 5 Marks, RTP May 18, Nov 19, Nov 21, Nov 23)

Answer

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Question 5 *Dr. Raman has been running a nursing home for about twenty two years now, and has gained enormous name for his benevolence in Balram district of*



Chhattisgarh. Recently, his daughter, Dr. Radhika completed her medicine degree from the United States of America and returned to her hometown to be a part of her father's practice. She has been given the baton to promote modern medicine and retain the local skilled youth in their practice. However, their nursing home's skilled youth has been more inclined to E-Commerce employment opportunities. Dr. Radhika has taken it as a challenge to imbibe the very essence of service in them, by being employed as nurses and caretakers of the ill. This shall be very crucial in growing the practice as desired. Which of the following phases of Kurt Lewin's Model of Change will be most challenging for Dr. Radhika to strategically positioning her father's nursing home?

(MTP 5 Marks May 20)

Answer

Kurt Lewin's Model of Change proposes three phases of change process to make the change lasting. They are Compliance, Identification and Internalization.

For Dr. Radhika, Compliance and Identification will not a big challenge, as her father has been one of the most sort after personalities serving the ill in their district. And her return from the USA to serve her country, especially her district, will help the workforce identify her as a role model and there would actually be no need for compliance, i.e. Reward and Punishment for bringing about a change. However, the new lucrative E-Commerce employment opportunities will have to be fought through Internalization, i.e. internal changing of the individual's thought process, to give them freedom to learn and succeed. Thus, Internalization will be the most challenging phase.

Question 6

Distinguish between Strategy Formulation and Strategy Implementation.

(MTP 5 Marks March 21 & March 23, Old SM, PYP 3 Marks May 19)

Answer

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Question 7	<i>Sanya Private Limited is an automobile company. For the past few years, it has been observed that the progress of the company has become stagnant. When scrutinized, it was found that the planning department was performing fairly well but the plans could not be implemented due to improper use of resources, undesirable tendencies of workers and non-conformance to norms and standards. You are hired as a Strategic Manager. Suggest the elements of process of control to overcome the problem.</i>
	<i>(MTP 5 Marks April 22, Old & New SM)</i>
Answer	<p><i>Sanya Private Limited deteriorating performance due to poor implementation of plans that is improper use of resources, undesirable tendencies of the workers, and non-conformance to norms and standards, all point towards weak controls in the organization. Implementation of plans cannot assure results unless strong and sufficient controls are put in place. The management of the company should focus diligently on developing controls especially in the identified problem areas.</i></p> <p><i>The process of control has the following elements:</i></p> <ol style="list-style-type: none"> <i>a) Objectives of the business system which could be operationalized into measurable and controllable standards.</i> <i>b) A mechanism for monitoring and measuring the performance of the system.</i> <i>c) A mechanism (i) for comparing the actual results with reference to the standards (ii) for detecting deviations from standards and (iii) for learning new insights on standards themselves.</i> <i>d) A mechanism for feeding back corrective and adaptive information and instructions to the system, for effecting the desired changes to set right the system to keep it on course.</i> <p><i>Above elements of control would ensure a proper check on improper use of resources, undesirable tendencies of the workers, and non-conformance to norms and standards and ensure a result oriented implementation of plans.</i></p>



Question 8	Why is strategy evaluation more difficult? Give reasons.
	(MTP 5 Marks Sep 22, PYP 5 Marks Dec 21)
Answer	<p>Strategic evaluation involves measuring and evaluating performance. The goals achieved are compared with the desired goals to identify deviations and make necessary adjustments in strategies or in the efforts being put to achieve those strategies.</p> <p>Reasons why strategy evaluation is more difficult today include the following trends:</p> <ul style="list-style-type: none"> • A dramatic increase in the environment's complexity. • The increasing difficulty of predicting the future with accuracy. • The increasing number of variables in the environment. • The rapid rate of obsolescence of even the best plans. • The increase in the number of both domestic and world events affecting organizations. • The decreasing time span for which planning can be done with any degree of certainty.
Question 9	ABC Ltd. is a shoe manufacturing company. The strategic manager of ABC Ltd. is Ms. Suman. Ms. Suman hired the best designers she could find online for her ethnic shoe brand but later she found that the designers were better at leather designs. Identify and explain linkage in the given situation as she had to change her strategy basis the actual resources she had?
	(MTP 5 Marks Sep 22, RTP Nov 23)
Answer	<p>The strategy formulation and strategy implementation are intertwined and linked with each other. Two types of linkages exist between these two phases of strategic management. The forward linkages deal with the impact of strategy formulation on strategy implementation while the backward linkages are concerned with the impact in the opposite direction.</p> <p>In the given situation Ms. Suman has to follow Backward Linkages as she had to change her strategy basis the actual resources she had. While dealing with strategic choice, remember that past strategic actions also determine the choice of strategy. Organizations tend to adopt those strategies which can be implemented with the help of the present structure of resources combined with</p>



	<p><i>some additional efforts. Such incremental changes, over a period of time, take the organization from where it is to where it wishes to be.</i></p>
Question 10	<p><i>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.</i></p> <p style="text-align: right;"><i>(MTP-March 19, 5 Marks)</i></p> <p style="text-align: center;"><i>OR</i></p> <p><i>Strategy execution is an operations-oriented activity which involves a good fit between strategy and organizational capabilities, structure, climate & culture. Enumerate the principal aspects of strategy execution process which are used in most of the situations.</i></p> <p style="text-align: right;"><i>(MTP 5 Marks Oct 21)</i></p> <p style="text-align: center;"><i>OR</i></p> <p><i>Describe the principal aspects of strategy-execution process, which are included in most situations.</i></p> <p style="text-align: right;"><i>(MTP 5 Marks Sep 22 & Oct 23, PP 5 Marks May 18, Old & New SM, RTP Nov 18 & Nov 21)</i></p> <p style="text-align: center;"><i>OR</i></p> <p><i>What are the important aspects of the process of implementation of strategy?</i></p> <p style="text-align: right;"><i>(PYP 5 Marks Dec 21 & Jan 21)</i></p>
Answer	<p><i>In most situations, strategy-execution process includes the following principal aspects:</i></p> <ul style="list-style-type: none"> <i>• Developing budgets that steer ample resources into those activities critical to strategic success.</i> <i>• Staffing the organization with the needed skills and expertise, consciously building and strengthening strategy-supportive competencies and competitive capabilities, and organizing the work effort.</i>



	<ul style="list-style-type: none"> • Ensuring that policies and operating procedures facilitate rather than impede effective execution. • Using the best-known practices to perform core business activities and pushing for continuous improvement. • Installing information and operating systems that enable company personnel to better carry out their strategic roles day in and day out. • Motivating people to pursue the target objectives energetically " Creating a company culture and work climate conducive to successful strategy implementation and execution. • Exerting the internal leadership needed to drive implementation forward and keep improving strategy execution. When the organization encounters stumbling blocks or weaknesses, management has to see that they are addressed and rectified quickly. Good strategy execution involves creating strong "fits" between strategy and organizational capabilities, between strategy and the reward structure, between strategy and internal operating systems, and between strategy and the organization's work climate and culture.
Question 11	How can a corporate culture be both strength and weakness of an organisation?
	(MTP-Oct 819, Mar 19 5 Marks, MTP 5 Marks Oct 20, PYP 5 Marks Nov 18)
Answer	<p>The most important phenomenon which often distinguishes one organisation with another is its corporate culture. Corporate culture refers to a company's values, beliefs, business principles, traditions, and ways of operating and internal work environment. Every corporation has a culture that exerts powerful influences on the behaviour of managers.</p> <ul style="list-style-type: none"> • As a strength: Culture can facilitate communication, decision making and control and instill cooperation and commitment. An organization's culture could be strong and cohesive when it conducts its business according to clear and explicit set of principles and values, which the management devotes considerable time to communicating to employees and which values are shared widely across the organisation. • As a weakness: Culture, as a weakness can obstruct the smooth implementation of strategy by creating resistance to change. An organization's culture could be characterised as weak when many sub-



	<p>cultures exists, few values and behavioural norms are shared and traditions are rare. In such organizations, employees do not have a sense of commitment, loyalty and sense of identity.</p>
Question 12	<p><i>Mathew & Sons Ltd. is a diversified business entity having business operations across the globe. Presently, Mr. Mathew is the CEO of Mathew & Sons Ltd. He is going to retire in next 4 months, so he has decided to change the company's leadership and hand over the pedals to his elder son Marshal. Marshal is a highly educated with an engineering degree from USA. However, being very young he is not clear about his role and responsibilities. In your view, what are the responsibilities of Marshal as CEO of Mathew & Sons Ltd.</i></p>
	<p><i>(MTP-Aug 18, 5 Marks, RTP May 20, RTP Nov 18, Old & New SM)</i></p>
Answer	<p><i>Marshal, to be an effective strategic leader of Mathew & Sons Ltd. must be able to deal with the diverse and cognitively complex competitive situations that are characteristic of today's competitive landscape. He has several responsibilities, including the following:</i></p> <ul style="list-style-type: none"> • <i>Making strategic decisions.</i> • <i>Formulating policies and action plans to implement strategic decision.</i> • <i>Ensuring effective communication in the organisation.</i> • <i>Managing human capital (perhaps the most critical of the strategic leader's skills).</i> • <i>Managing change in the organisation. " Creating and sustaining strong corporate culture. " Sustaining high performance over time.</i>
Question 13	<p><i>Discuss the concept of Multi Divisional Structure.</i></p>
	<p><i>(MTP-April 19, 5 Marks, RTP May 19)</i></p>
Answer	<p><i>Multidivisional (M-form) structure is composed of operating divisions where each division represents a separate business to which the top corporate officer delegates responsibility for day - today operations and business unit strategy to division managers. By such delegation, the corporate office is responsible for formulating and implementing overall corporate strategy and manages divisions through strategic and financial controls.</i></p> <p><i>Multidivisional or M-form structure was developed in the 1920s, in response to co-ordination-and control-related problems in large firms. Functional</i></p>



departments often had difficulty dealing with distinct product lines and markets, especially in coordinating conflicting priorities among the products.

Costs were not allocated to individual products, so it was not possible to assess an individual product's profit contribution. Loss of control meant that optimal allocation of firm resources between products was difficult (if not impossible). Top managers became over-involved in solving short-run problems (such as coordination, communications, conflict resolution) and neglected long-term strategic issues. Multidivisional structure calls for:

- Creating separate divisions, each representing a distinct business
- Each division would house its functional hierarchy;
- Division managers would be given responsibility for managing day-to-day operations;
- A small corporate office that would determine the long-term strategic direction of the firm and exercise overall financial control over the semi-autonomous divisions.

Question 14 *What is a strategic business unit? What are its advantages?*

(MTP 5 Marks May 20, New & Old SM, RTP May 20)

Answer

A strategic business unit (SBU) is any part of a business organization which is treated separately for strategic management purposes. The concept of SBU is helpful in creating an SBU organizational structure. It is discrete element of the business serving product markets with readily identifiable competitors and for which strategic planning can be concluded. It is created by adding another level of management in a divisional structure after the divisions have been grouped under a divisional top management authority based on the common strategic interests.

Advantages of SBU are:

- Establishing coordination between divisions having common strategic interests.
- Facilitates strategic management and control on large and diverse organizations.
- Fixes accountabilities at the level of distinct business units.



- Allows strategic planning to be done at the most relevant level within the total enterprise.
- Makes the task of strategic review by top executives more objective and more effective.
- Helps allocate corporate resources to areas with greatest growth opportunities.

Question 15 Delta Co. is an organization specializing in Information Technology enabled Services (ITeS) and Communications business. Last year, the organization had successfully integrated an Artificial Intelligence (AI) tool named 'Zeus' into the existing ERP system. The AI tool, using Deep Learning technique provided a digital leap transformation in various business processes and operations. It has significantly diminished the role played by specialist managers of the middle management. This technological tool in addition to saving organizational costs by replacing many tasks of the middle management has also served as a link between top and bottom levels in the organization and assists in quick decision making. The skewed middle level managers now perform cross-functional duties. Which type of organizational structure is the company transitioning into?

(MTP 5 Marks Oct 20, RTP Nov 20)

Answer The Delta company is transitioning into the hourglass organization structure because it has used technological tools to transform various business processes and operations and has significantly diminished the role played by specialist managers of the middle management. The technological tool in addition to saving organizational costs by replacing many tasks of the middle management has also served as a link between top and bottom levels in the organization and assists in faster decision making. The skewed middle level managers now perform cross-functional duties. All these factors indicate towards hourglass organization structure.





<p>Question 16</p>	<p><i>How can management communicate that it is committed to creating a new culture assuming that the old culture was problematic and not aligned with the company strategy?</i></p> <p><i>(MTP 5 Marks March 21 & Oct 22) (RTP May 21)</i></p> <p style="text-align: center;">OR</p> <p><i>You are appointed as a manager of a company where you find that the company's culture is out of sync with what is needed for strategic success. Discuss steps you would initiate to tackle the problem.</i></p> <p style="text-align: right;"><i>(May 23)</i></p>
<p>Answer</p>	<p>Corporate culture refers to company's values, beliefs, business principles, traditions, ways of operating and internal work environment. Changing problem cultures is very difficult because of deeply held values and habits. It takes concerted management action over a period of time to replace an unhealthy culture with a healthy culture or to root out certain unwanted cultural obstacles and instil ones that are more strategy-supportive.</p> <ul style="list-style-type: none"> • The first step is to diagnose which facets of the present culture are strategy supportive and which are not. • Then, managers have to talk openly and forthrightly to all concerned about those aspects of the culture that have to be changed. • The talk has to be followed swiftly by visible, aggressive actions to modify the culture -actions that everyone will understand are intended to establish a new culture more in tune with the strategy. <p>Management through communication has to create a shared vision to manage changes. The menu of culture-changing actions includes revising policies and procedures, altering incentive compensation, shifting budgetary allocations for substantial resources to new strategy projects, recruiting and hiring new managers and employees, replacing key executives, communication on need and benefit to employees and so on.</p>

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Question 17 *Suresh Sinha has been recently appointed as the head of a strategic business unit of a large multiproduct company. Advise Mr Sinha about the leadership role to be played by him in execution of strategy.*

(MTP 5 Marks April 21, Old & New SM, RTP May 18)

OR

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

(PYP 5 Marks, May 19)

OR

You have been appointed as a Chief Executive Officer (CEO) in a company which is facing many difficulties in proper execution of its strategy. Explain the leadership roles which you should play in pushing for good strategy execution.

(PYP 5 Marks Nov 22)

Answer

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Question 18 *Maadhyam, a hearing aid manufacturer recently introduced an AI based management tool in its organization which are having the qualities and capabilities*



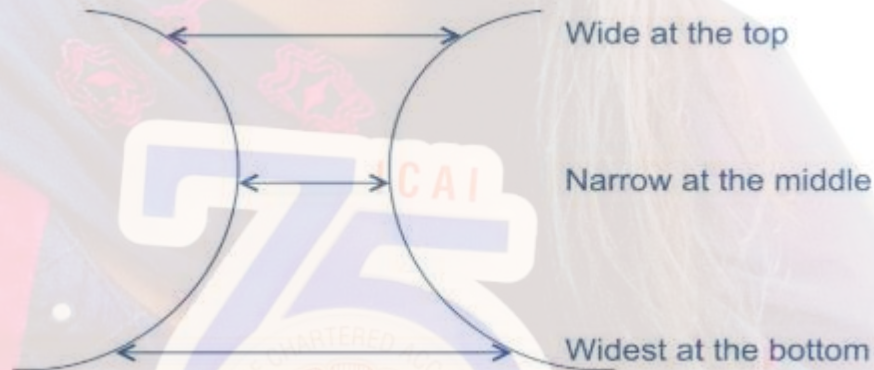
of managing teams across functions. This technological tool in addition to saving organisational costs by replacing many tasks of the middle management has also served as a link between top and bottom levels in the organisation and assists in quick decision making. The skewed middle level managers now perform cross-functional duties. What could be their new organizational structure post implementation of AI based management tool? How can this structure benefit the organization?

(MTP 5 Marks Oct 21, New SM)

Answer

In the recent years information technology and communications have significantly altered the functioning of organizations. The role played by middle management is diminishing as the tasks performed by them are increasingly being replaced by the technological tools. Hourglass organization structure consists of three layers in an organisation structure 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.



Hourglass structure has obvious benefit of reduced costs. It also helps in enhancing responsiveness by simplifying decision making. Decision making authority is shifted close to the source of information so that it is faster. However, with the reduced size of middle management, the promotion opportunities for the lower levels diminish significantly.

Question 19

Distinguish between the following:

Transformational leadership and Transactional leadership.



	(MTP 5 Marks Oct 21, Sept 22, Old & New SM, PYP 5 Marks Nov 19, RTP Nov 20, RTP Nov 21)
Answer	<p>Following are the differences between transformational and transactional leadership:</p> <ol style="list-style-type: none"> 1. Transformational leadership style uses charisma and enthusiasm to inspire people to exert them for the good of organization. Transactional leadership style uses the authority of its office to exchange rewards such as pay, status symbols etc. 2. Transformational leadership style may be appropriate in turbulent environment, in industries at the very start or end of their cycles, poorly performing organisations, when there is a need to inspire a company to embrace major changes. Transactional leadership style can be appropriate in static environment, in growing or mature industries and in organisations 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 and nonachievement. Transactional leaders focus mainly to build on existing culture and enhance current practices.
Question 20	What do you understand by functional structure?
	(MTP 5 Marks March 22)
Answer	<p>Functional structure is widely used because of its simplicity and low cost. A functional structure groups tasks and activities by business function.</p> <p>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. Disadvantages of a functional structure are that it forces accountability to the top, minimizes career development opportunities, etc.</p>
Question 21	Ramesh is owner of a popular brand of Breads. Yashpal, his son after completing Chartered Accountancy started assisting his father in running of business. The approaches followed by father and son in management were very



	<p><i>different. While Ramesh preferred to use authority and having a formal system of defining goals and motivation with explicit rewards and punishments, Yashpal believed in involving employees and generating enthusiasm to inspire people to deliver in the organization. Discuss the difference in leadership style of father and son.</i></p>
	<p><i>(MTP 5 Marks April 22 & Sep 23, Old & New SM, RTP May 19)</i></p>
Answer	<p><i>Ramesh is a follower of transactional leadership style that focuses on designing systems and controlling the organization's activities. Such a leader believes in using authority of its office to exchange rewards, such as pay and status. They prefer a more formalized approach to motivation, setting clear goals with explicit rewards or penalties for achievement or non-achievement. Transactional leaders try to build on the existing culture and enhance current practices. The style is better suited in persuading people to work efficiently and run operations smoothly.</i></p> <p><i>On the other hand, Yashpal is follower of transformational leadership style. The style uses charisma and enthusiasm to inspire people to exert them for the good of the organization. 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. 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.</i></p>
Question 22	<p><i>Bunch Pvt Ltd. is dealing in multiproduct like electronics and FMCG and are having outlets in different cities and markets across India. Due to scale of operation, it is having technical difficulty in dealing with distinct product line and markets especially in coordination and control related problems. Identify and suggest an ideal organizational structure for Bunch Pvt Ltd in resolving the problem?</i></p>
	<p><i>(MTP 5 Marks March 23, Nov 21, RTP Nov 21)</i></p>
Answer	<p><i>To deal with the problems facing by the Bunch Pvt Ltd., we suggest Multi divisional structure for the organisation. Multidivisional (M-form) structure is composed of operating divisions where each division represents a separate business to which the top corporate officer delegates responsibility for day-to-day</i></p>



	<p>operations and business unit strategy to division managers. By such delegation, the corporate office is responsible for formulating and implementing overall corporate strategy and manages divisions through strategic and financial controls.</p> <p>Multidivisional or M-form structure was developed in the 1920s, in response to coordination- and control-related problems in large firms. Functional departments often had difficulty dealing with distinct product lines and markets, especially in coordinating conflicting priorities among the products. Costs were not allocated to individual products, so it was not possible to assess an individual product's profit contribution. Loss of control meant that optimal allocation of firm resources between products was difficult (if not impossible). Top managers became over-involved in solving short-run problems (such as coordination, communications, conflict resolution) and neglected long-term strategic issues.</p>
Question 23	Discuss three methods for reassigning new patterns of behavior as proposed by H.C. Kellman.
	(RTP Nov 20, Old SM)
Answer	
Question 24	Glassware Ltd. is about to go through a significant restructuring. The strategic change involves moving from a decentralized to a centralized structure. This will help Glassware avoid duplication of support activities and lower its costs. The management have held the first staff briefing in which they went to great lengths to explain that the change was necessary to equip the company to face



	<i>future competitive challenges. Identify and explain the current stage of Glassware Ltd. from the Lewin's three-stage model of change?</i>
	<i>(RTP May 22)</i>
Answer	<p><i>Glassware Ltd. is currently in the 'unfreezing' stage, where management is attempting to explain the need for change in an attempt to maximize buy-in by employees and reduce the amount of resistance.</i></p> <p><i>Unfreezing the situation: The process of unfreezing simply makes the individuals aware of the necessity for change and prepares them for such a change. Lewin proposes that the changes should not come as a surprise to the members of the organization. Sudden and unannounced change would be socially destructive and morale lowering. The management must pave the way for the change by first "unfreezing the situation", so that members would be willing and ready to accept the change.</i></p> <p><i>Unfreezing is the process of breaking down the old attitudes and behaviours, customs and traditions so that they start with a clean slate. This can be achieved by making announcements, holding meetings and promoting the new ideas throughout the organization.</i></p>
Question 25	<i>Explain the concept of Network structure</i>
	<i>(RTP May 18)</i>
Answer	<p><i>Network structure is a newer and somewhat more radical organizational design. The network structure could be termed as 'non-structure' as it virtually eliminates in-house business functions and outsource many of them. 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.</i></p>
Question 26	<i>Surah Prakash and Chandler Prakash are two brothers engaged in the business of spices. Both have different approaches to management. Surah Prakash prefers the conventional and formal approach in which authority is used for explicit rewards and punishment. While, on the other hand, Chandler Prakash believes in democratic participative management approach, involving employees to give their best. Analyze the leadership style followed by Surah Prakash and Chandler Prakash.</i>



	(RTP May 21)
	OR
	<p><i>Ram and Shyam are two brothers engaged in the business of spices. Both have different approaches to management. Ram prefers the conventional and formal approach in which authority is used for explicit rewards and punishment. While, on the other hand, Shyam believes in democratic participative management approach, involving employees to give their best.</i></p> <p><i>Analyse the leadership style followed by Ram and Shyam.</i></p> <p style="text-align: right;">(PYP 5 Marks, May 18)</p>
Answer	<p><i>Surah Prakash is a follower of transactional leadership style that focuses on designing systems and controlling the organization's activities. Such a leader believes in using authority of its office to exchange rewards, such as pay and status. They prefer a more formalized approach to motivation, setting clear goals with explicit rewards or penalties for achievement or non-achievement. Transactional leaders try to build on the existing culture and enhance current practices. The style is better suited in persuading people to work efficiently and run operations smoothly.</i></p> <p><i>On the other hand, Chandler Prakash is a follower of transformational leadership style. The style uses charisma and enthusiasm to inspire people to exert them for the good of the organization. Transformational leaders offer excitement, vision, intellect, team 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. 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.</i></p>
Question 27	<i>Davis and Lawrence have proposed three distinct phases to develop matrix structure. Explain.</i>
	(RTP Nov 18)
Answer	<i>For development of matrix structure, Davis and Lawrence have proposed three distinct phases:</i>



	<ul style="list-style-type: none"> • <i>÷ Cross-functional task forces: Temporary cross-functional task forces are initially used when a new product line is being introduced. A project manager is in charge as the key horizontal link.</i> • <i>Product/brand management: If the cross-functional task forces become more permanent, the project manager becomes a product or brand manager and a second phase begins. In this arrangement, function is still the primary organizational structure, but product or brand managers act as the integrators of semipermanent products or brands.</i> • <i>Mature matrix: The third and final phase of matrix development involves a true dual- authority structure. Both the functional and product structures are permanent. All employees are connected to both a vertical functional superior and a horizontal product manager.</i>
<p>Question 28</p>	<p><i>Jupiter Electronics Ltd. is known for its ability to come out with path-breaking products. Though the work environment at Jupiter's is relaxed and casual, yet, there is a very strong commitment to deadlines. The employees believe in "work hard play hard" ethic. The organization has moved away from formal and hierarchical set up to a more results-driven approach. Employees are committed to strategies and work towards achieving them. They guard innovations, maintain confidentiality and secrecy in their working. They are closely related to values, practices, and norms of organizations What aspects of an organization that are being discussed Explain?</i></p>
	<p style="text-align: right;"><i>(RTP Nov 19, Old SM)</i></p>
<p>Answer</p>	<p><i>The scenario being referred to is culture in Jupiter Electronics. Strong culture promotes good strategy execution when there's fit and impels execution when there's negligible fit. A culture grounded in values, practices, and behavioral norms that match what is needed for good strategy execution helps energize people throughout the organization to do their jobs in a strategy-supportive manner. A culture built around such business principles as listening to customers, encouraging employees to take pride in their work, and giving employees a high degree of decision-making responsibility. This is very conducive to successful execution of a strategy of delivering superior customer service.</i></p> <p><i>A strong strategy-supportive culture makes employees feel genuinely better about their jobs and work environment and the merits of what the company is trying to accomplish. Employees are stimulated to take on the challenge of</i></p>



	<i>realizing the organizational vision, do their jobs competently and with enthusiasm, and collaborate with others.</i>
Question 29	<i>"A network structure is suited to unstable environment." Elucidate this statement.</i>
	<i>(RTP May 22)</i>
Answer	<p><i>Network structure is a newer and somewhat more radical organizational design. The network structure could be termed a "non-structure" as it virtually eliminates in-house business functions and outsource many of them. An organization 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.</i></p> <p><i>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.</i></p> <p><i>Instead of having salaried employees, it may contract with people for a specific project or length of time. Long-term contracts with suppliers and distributors replace services that the company could provide for itself through vertical integration. The network structure provides organization with increased flexibility and adaptability to cope with rapid technological change and shifting pattern of international trade and competition.</i></p>
Question 30	<i>'A strategy-supportive culture promotes good strategy execution.' - Explain.</i>
	<i>(RTP Nov 22) (MTP 5 Marks Oct 23)</i>
Answer	<p><i>Strong cultures promote good strategy execution when there's fit and hurt execution when there's negligible fit. A culture grounded in values, practices, and behavioral norms that match what is needed for good strategy execution helps energize people throughout the organization to do their jobs in a strategy-supportive manner. A culture built around such business principles as listening to customers, encouraging employees to take pride in their work, and giving employees a high degree of decision making responsibility. This is very conducive to successful execution of a strategy of delivering superior customer service.</i></p>



	<p><i>A work environment where the culture matches the conditions for good strategy execution provides a system of informal rules and peer pressure regarding how to conduct business internally and how to go about doing one's job.</i></p> <p><i>A strong strategy-supportive culture makes employees feel genuinely better about their jobs and work environment and the merits of what the company is trying to accomplish. Employees are stimulated to take on the challenge of realizing the organizational vision, do their jobs competently and with enthusiasm, and collaborate with others.</i></p>
Question 31	<p><i>"Samar Electronics Limited" is engaged in manufacturing and sale of consumer electronic goods globally. The company is rated 'best' in "customer satisfaction survey" for 5 years in a row. The spread of the current pandemic has affected the internal and external environment of the company adversely. Such adverse impact has negatively impacted the revenue of the company. In order to survive and retain the business, the company decided to outsource a major part of its organisational activities, like manufacturing, distribution channels, after sales service etc. Now the organisation's business functions are scattered worldwide with a small headquarter connected to independent business units digitally. What type of organisational structure is the company transitioning into? List the basic features of this new structure and the disadvantages that the company may face in future in this new structural arrangement.</i></p>
	<i>(RTP Nov 22)</i>
Answer	<p><i>Samar Electronics Limited transitioning into network structure. It is a newer and somewhat more radical organisational design. Its essential features are as follows:</i></p> <ol style="list-style-type: none"> <i>1. It is termed as "non-structure" as it eliminates in house functions and outsources many of them.</i> <i>2. An organisation organised in this manner is often called "virtual organization" because it is composed of a series of project groups or collaborations linked by constantly changing nonhierarchical, cob-web like structures.</i> <i>3. Network structures become 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.</i>



	<p>4. Instead of having salaried employees, it may contract with people for a specific project or length of time.</p> <p>5. Long term contracts with suppliers and distributors replace services that company could provide for itself.</p> <p>However, network structure does have following disadvantages that the company may face in future:</p> <ol style="list-style-type: none"> 1. The availability of numerous potential partners can be a source of trouble. 2. Co-ordination among the functioning of business partners is perhaps, the biggest problem for the management in the networking structure. 3. Employees may lack the level of confidence necessary to participate actively in organisation sponsored learning experiences.
Question 32	<p>Anshuman was a CEO at a struggling company. Despite the challenges, he believed in the potential of his team and was determined to turn the company around. He started by communicating his vision to his employees. He encouraged them to think outside the box, take risks and be creative. He also invested in training programs to help employees develop new skills. He regularly recognized and rewarded employees for their hard work, which increased their job satisfaction and commitment. As a result, the company began to see positive changes. Identify and discuss the leadership style adopted by Anshuman?</p>
	(RTP May 23)
Answer	<p>Being a CEO of a struggling company, Anshuman has adopted Transformational leadership style. The style uses charisma and enthusiasm to inspire people to exert them for the good of the organization. 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. 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.</p> <p>Anshuman believed in the potential of his team. He started by communicating his vision to his employees. He encouraged them to think outside the box, take risks and be creative. He also invested in training programs to help employees</p>



	<i>develop new skills. He regularly recognized and rewarded employees for their hard work, which increased their job satisfaction and commitment.</i>
Question 33	Write a short note on Matrix structure.
	<i>(RTP Nov 23, PYP 5 Marks, Jan 21)</i>
Answer	<p><i>In matrix structure, functional and product forms are combined simultaneously at the same level of the organization. Employees have two superiors, a product / project manager and a functional manager. The “home” department - that is, engineering, manufacturing, or marketing - is usually functional and is reasonably permanent. People from these functional units are often assigned temporarily to one or more product units or projects.</i></p> <p><i>The product units / projects are usually temporary and act like divisions in that they are differentiated on a product-market basis. The matrix structure may be very appropriate when organizations conclude that neither functional nor divisional forms, even when combined with horizontal linking mechanisms like strategic business units, are right for the implementation of their strategies. Matrix structure was developed to combine the stability of the functional structure with flexibility of the product form. It is very useful when the external environment (especially its technological and market aspects) is very complex and changeable.</i></p> <p><i>A matrix structure is most complex of all designs because it depends upon both vertical and horizontal flows of authority and communication. It may result in higher overhead costs due to more management positions.</i></p> <p><i>The matrix structure is often found in an organization when the following three conditions exist:</i></p> <ol style="list-style-type: none"> <i>1. Ideas need to be cross-fertilized across projects or products;</i> <i>2. Resources are scarce; and</i> <i>3. Abilities to process information and to make decisions need to be improved.</i>
Question 34	Write a short note on strategic change and explain the process of strategic change.
	<i>(PYP 7 Marks, Nov 18)</i>

*Answer*

Question 35 *XYZ Ltd. is an automobile company that offers diversified products for all customer segments. Due to COVID-19, the changes took place in the economy forced the company to change its strategy. Being the CEO of the company, what stages will you follow for developing and executing the new strategy?*

(PYP 5 Marks May 22)

Answer

Today, India has become the outsourcing hub for many of the global automobile manufacturers. The auto industry comprises of four segments which are passenger vehicles, commercial vehicles, three wheelers and two wheelers. XYZ Ltd. is an automobile company that offers diversified products for all customer segments. The company has already in existence, so it has its own vision, mission and a strategy to execute for achieving its vision. While developing and executing the strategy, XYZ Ltd. might have followed the five-stage managerial process as given below:

- 1. Developing a strategic vision.*
- 2. Environmental and organizational analysis.*



3. Formulation of strategy.
4. Implementing and executing the strategy.
5. Strategic evaluation and control.

But due to COVID-19, the automobile industry has faced the lockdown situation. Changes in the economy forced the XYZ Ltd. to change its existing strategy and prepare the new strategy. The changes in the environmental forces due to COVID-19 requires XYZ Ltd. to make modifications in their existing strategies and bring out new strategies. For initiating strategic change, three steps can be followed by the CEO of the company which are as under:

- (I). Recognize the need for change: This is the first step to diagnose facets of the corporate culture that are strategy supportive or not. This has already identified by the XYZ Ltd.
- (II). Create a shared vision to manage change: Objectives and vision of both individuals and organization should coincide. The CEO of XYZ Ltd. need to constantly and consistently communicate the vision not only to inform but also to overcome resistance.
- (III). Institutionalize the change: Creating and sustaining a different attitude towards change is essential to ensure that the XYZ Ltd. does not slip back into old ways of thinking or doing things. All these changes should be set up as a practice to be followed by the company and be able to transfer from one level to another as a well settled practice.

Question 36 *Manoj started his telecom business in 2010. Over next five years, he gradually hired fifty people for various activities such as to keep his accounts, administration, sell his products in the market, create more customers, provide after sales service, coordinate with vendors. Draw the organization structure Manor should implement in his organization and name it.*

(PYP 5 Marks, Nov 18, Old & New SM)

Answer *Manor has started a telecom business. Accounts, Administration, Marketing (customer creation, after sales service, vendor coordination) are the functional areas that are desired in the organisational structure. Further there is inherent need to have a department for the management of telecom services/ operations. Thus, the functional structure in the telecom business of Manor can be as follows:*



Question 37 *Moonlight Private Limited deals in multi-products and multi-businesses. It has its own set of competitors. It seems impractical for the company to provide separate strategic planning treatment to each one of its product or businesses. As a strategic manager, suggest the type of structure best suitable for Moonlight Private Limited and state its benefits.*

(PYP 5 Marks, Jan 21, Old & New SM)

Answer

It is advisable for Moonlight Private Limited to follow the strategic business unit (SBU) structure.

Moonlight Private Limited has a multi-product and multi-business structure where, each of these businesses has its own set of competitors. In the given case, Strategic Business Unit (SBU) structure would best suit the interests of the company.

SBU is a part of a large business organization that is treated separately for strategic management purposes. It is separate part of large business serving product markets with readily identifiable competitors. It is created by adding another level of management in a divisional structure after the divisions have been grouped under a divisional top management authority based on the common strategic interests.

Very large organizations, particularly those running into several products, or operating at distant geographical locations that are extremely diverse in terms



of environmental factors, can be better managed by creating strategic business units, just as is the case for Moonlight Private Limited. SBU structure becomes imperative in an organization with increase in number, size and diversity.

Benefits of SBUs:

1. Establishing coordination between divisions having common strategic interest.
2. Facilitate strategic management and control.
3. Determine accountability at the level of distinct business units.
4. Allow strategic planning to be done at the most relevant level within the total enterprise.
5. Make the task of strategic review by top executives more objective and more effective.
6. Help to allocate resources to areas with better opportunities.

Thus, an SBU structure with its set of advantages would be most suitable for the company with the given diverse businesses having separate identifiable competitors, but a common organizational goal.

Question 38 A Chennai based fast moving consumer goods (FMCG) major CDE Ltd. recently announced restructuring its business. The company indicated that the business would be split into mainly four different streams FMCG, E-commerce, Retail, and Research & Development. The company management has decided that these four units will operate as separate businesses. The top corporate officer shall delegate responsibility for day-to-day operations and business unit strategy to the concerned managers. Identify the organization structure that CDE Ltd. has planned to implement. Discuss any four attributes and the benefits the firm may derive by using this organization structure.

(PYP 5 Marks Dec 21)

Answer CDE Ltd. has planned to implement Strategic Business Unit (SBU) structure. Very large organisations, particularly those running into several products, or operating at distant geographical locations that are extremely diverse in terms of environmental factors, can be better managed by creating strategic business units. SBU structure becomes imperative in an organisation with increase in number, size and diversity.



	<p>The attributes of an SBU and the benefits a firm may derive by using the SBU Structure are as follows:</p> <ul style="list-style-type: none"> • A scientific method of grouping the businesses of a multi - business corporation which helps the firm in strategic planning. • An improvement over the territorial grouping of businesses and strategic planning based on territorial units. • Strategic planning for SBU is distinct from rest of businesses. Products/ businesses within an SBU receive same strategic planning treatment and priorities. • Each SBU will have its own distinct set of competitors and its own distinct strategy. • The CEO of SBU will be responsible for strategic planning for SBU and its profit performance. • Products/businesses that are related from the stand point of function are assembled together as a distinct SBU. • Unrelated products/ businesses in any group are separated into separate SBUs. • Grouping the businesses on SBU lines helps in strategic planning by removing the vagueness and confusion. • Each SBU is a separate business and will be distinct from one another on the basis of mission, objectives etc.
<p>Question 39</p>	<p>Due to reoccurrence of various variants of Corona virus, LMN Ltd. is facing unstable environment and it has started unbundling and disintegrating its activities. It also started relying on outside vendors for performing these activities. Identify the organisation structure LMN Ltd. is shifting to. Under what circumstances this structure becomes useful?</p>
	<p>(PYP 5 Marks May 22)</p>
<p>Answer</p>	<p>LMN Ltd. is shifting into network structure. It is a newer and somewhat more radical organizational design. The network structure could be termed a "non-structure" as it virtually eliminates in-house business functions and outsource many of them. An organization 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.</p>



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. Long-term contracts with suppliers and distributors replace services that the company could provide for itself through vertical integration. The network structure provides organization with increased flexibility and adaptability to cope with rapid technological change and shifting pattern of international trade and competition.

Question 40 Write short note on Strategic Business Unit (SBU).

(PYP 5 Marks Nov 22)

Answer

Question 41 Ramesh and Suresh own software development firms ACS Ltd. and BDS Ltd. Ramesh and Suresh pitch their business in international markets and win international contracts. Ramesh has fifty software engineers in his team. Suresh,



on the other hand, leads a team of forty software engineers. Every project has a specific and fixed timeline. Individual projects are assigned to project heads by Ramesh and Suresh. Ramesh adheres to strict rules and procedures. He met with the project heads to get an update but exchanged ideas occasionally. He set a weekly target of forty hours to complete the assigned goal or task. The group that met the deadline and completed the task received a 10% bonus. The group that was unable to meet the deadline was penalized. The group that did not meet the deadline was penalized with unpaid extra working hours to complete the task. Suresh, unlike Ramesh, did not priorities a structured approach to work. Suresh inspired the project managers by making them feel like leaders rather than just participants. Suresh's empowering attitude helped to align individual goals with group goals. Ramesh established routines to maximize his team efficiency. Suresh, on the other hand, used positive reinforcement to maximize his team efficiency.

- (a) Identify the leadership style employed by Ramesh and Suresh.
- (b) What are the conditions/situations that make such leadership styles more appropriate?
- (c) Discuss the characteristics of the leadership styles.

(PYP 5 Marks May 23)

Answer

- (I). Ramesh adopted transactional leadership style, while Suresh adopted transformational leadership style.
- (II). Transactional leadership style can be appropriate in settled and static environment, in growing or mature industries and in organizations that are performing well.
Transformational leadership style may be appropriate in turbulent environment, 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.
- (III). Transactional leadership style uses the authority of its office to exchange rewards such as pay, status symbols etc. Transactional leaders prefer a more formalized approach to motivation, setting clear goals with explicit rewards or penalties for achievement and non-achievement. Transactional leaders focus mainly to build on existing culture and enhance current practices.



	<i>Transformational leadership style uses charisma and enthusiasm to inspire people to exert them for the good of organization. Transformational leaders inspire employees by offering excitement, vision, intellectual stimulation and personal satisfaction.</i>
Question 42	<i>You have been appointed as head of the Strategic Business Unit (SBU) of a large multiproduct company. Explain the leadership roles, you have to play as a Manager in pushing for good strategy execution.</i>
	<i>(PYP 5 Marks May 23)</i>
Answer	<p><i>A head of the strategic business unit (SBU) has many different leadership roles to play: visionary, chief entrepreneur and strategist, chief administrator, culture builder, resource acquirer and allocator, capabilities builder, process integrator, crisis solver, spokesperson, negotiator, motivator, arbitrator, policy maker, policy enforcer, and head cheerleader. Managers have five leadership roles to play in pushing for good strategy execution:</i></p> <ol style="list-style-type: none"> <i>1. Staying on top of what is happening, closely monitoring progress, working through issues and obstacles.</i> <i>2. Promoting a culture that mobilizes and energizes organizational members to execute strategy and perform at a high level.</i> <i>3. Keeping the organization responsive to changing conditions, alert for new opportunities and remain ahead of rivals in developing competitively valuable competencies and capabilities.</i> <i>4. Ethical leadership and insisting that the organization conduct its affairs like a model corporate citizen.</i> <i>5. Pushing corrective actions to improve strategy execution and overall strategic performance.</i>

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AUG
10

CHAPTER 02

AUG
24

CHAPTER 04

SEP
7

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For
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Q1. In spite of high commodity inflation, shortage of components and the threat of third wave of COVID-19 pandemic in India, manufacturers of packaged goods, home appliances and consumer electronics are expecting the business to grow by 12 to 25 percent in the coming months. After one-and-a-half years of disruption, manufacturers are now confident about managing their inventories better, keeping their supply channels well-stocked and preparing themselves to minimize the impact of any COVID related restrictions even as they gear up for the festive season, which usually accounts for 25 to 35 percent of their yearly sales.

The home appliances sector could be an example. After a dismal April-June quarter in the year 2021; producers of air conditioners, refrigerators and washing machines are expecting their business to grow by 15-20 percent in the months to come. All the companies operating in the sector have geared up to grab the opportunities available in the market.

A leading company in the home appliances domain, XXP India, is planning to launch various innovative product designs and offer loyalty programmes to lure consumers.

With reference to Michael Porter's generic strategies, identify which strategy XXP India has planned for? Explain how this strategy will be advantageous to the company to remain profitable?



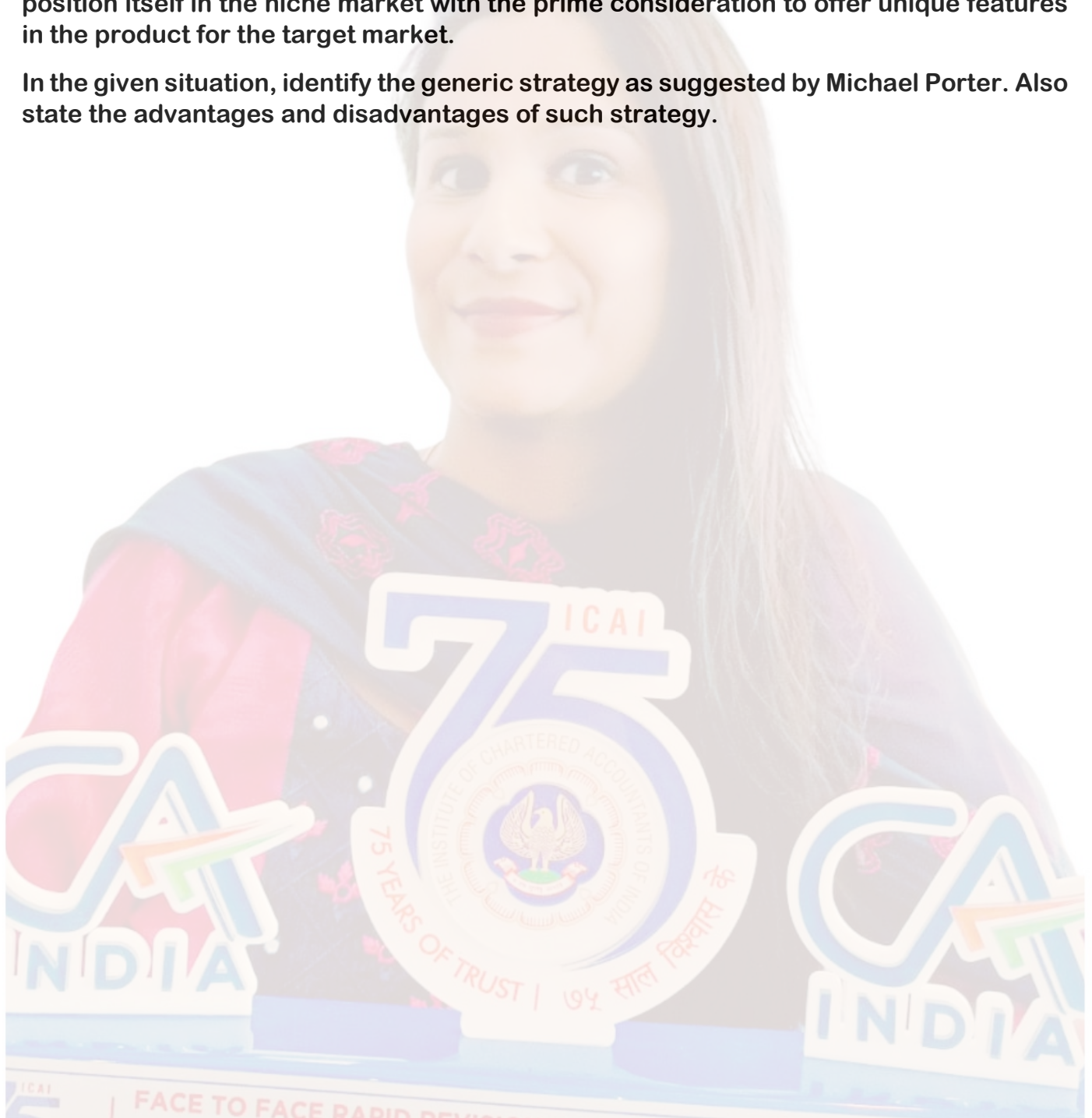
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Q2. Quick N Sturdy Inc., a multinational company, is undergoing feasibility study to introduce new luxury and sports car for specific group of customers. The product is meant for customers with distinctive preferences and special requirements. The product is not a standard one and as such the target market is also narrow. Company knows that demand for the product is large enough to be profitable for the company, but small enough to be ignored by other major industry players. The company wants to position itself in the niche market with the prime consideration to offer unique features in the product for the target market.

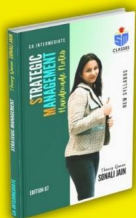
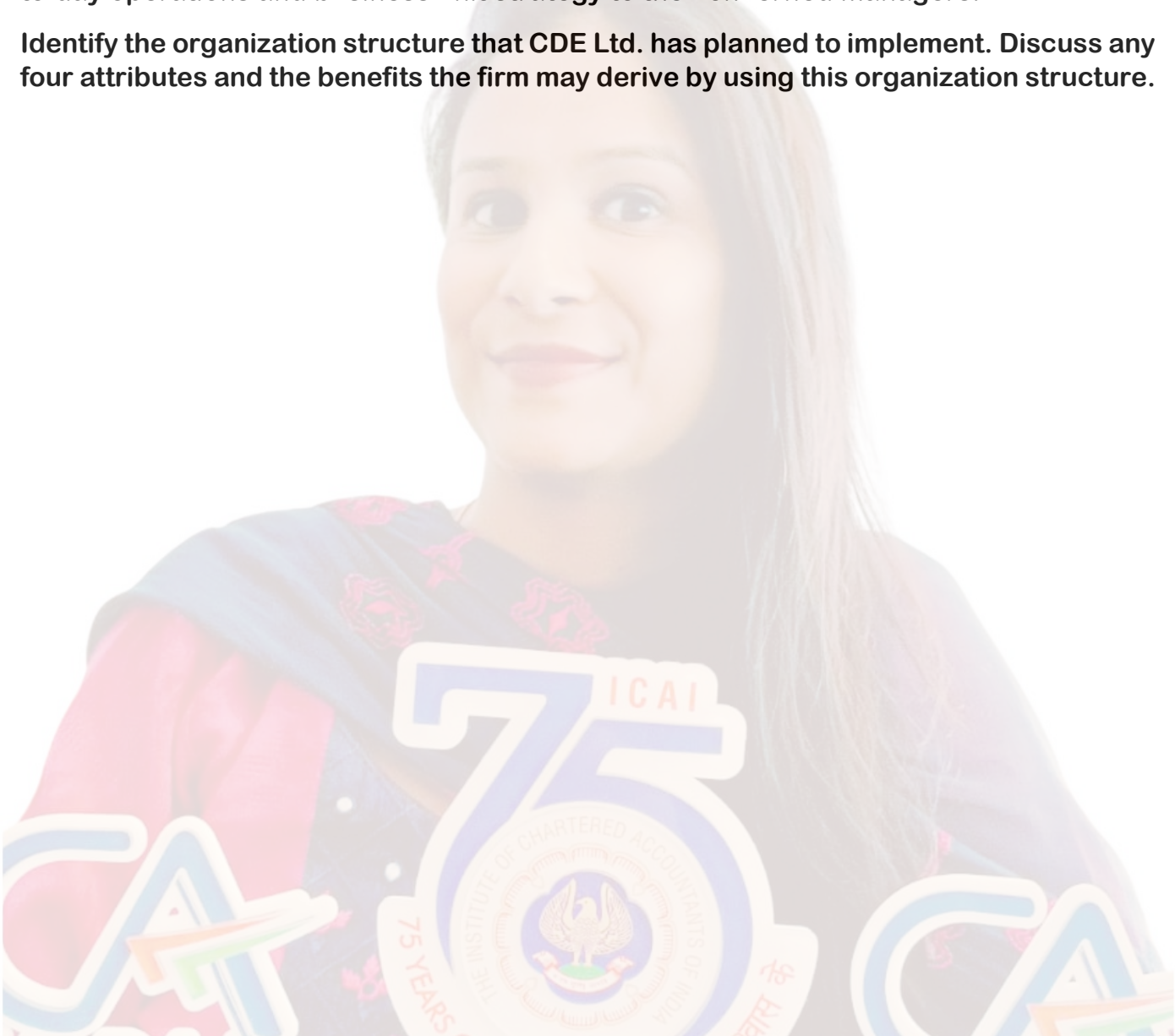
In the given situation, identify the generic strategy as suggested by Michael Porter. Also state the advantages and disadvantages of such strategy.





Q3. A Chennai based fast moving consumer goods (FMCG) major CDE Ltd. recently announced restructuring its business. The company indicated that the business would be split into mainly four different streams-FMCG, E-commerce, Retail, and Research & Development. The company management has decided that these four units will operate as separate businesses. The top corporate officer shall delegate responsibility for day-to-day operations and business unit strategy to the concerned managers.

Identify the organization structure that CDE Ltd. has planned to implement. Discuss any four attributes and the benefits the firm may derive by using this organization structure.



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Q4. XYZ Ltd. is an automobile company that offers diversified products for all customer segments. Due to COVID-19, the changes took place in the economy forced the company to change its strategy. Being the CEO of the company, what stages will you follow for developing and executing the new strategy?





Q5. A company started its operation in 2015 with Product Alpha. In early 2021, with intent to have its better presence in the market, the company diversifies by acquiring a company with product Beta. After sometime, it was observed that product Beta is not faring well. Aggressive competition was therein market for the product. It was also revealed that though customers are not price sensitive, but product was not keeping pace with the fast changing unique features as expected by its customers.

Company has tried one of the retrenchment strategies by putting efforts to improve its internal efficiency, but could not get desired results. In the situation, company is of a considered view to remain and grow in product alpha and to decouple with product Beta from its portfolio.

As a strategist, suggest the retrenchment strategy to be adopted by the company. Also delineate reasons why a company should adopt such strategy?





Q6. STU's association with India goes back to 1967, when it played a key role in constructing a very long highway in India spreading over multiple states. Since then, it is contributing in many ways to the country's growth story. Now it is looking at playing an active role in the key projects taken up by the central government. Suggest few Opportunities and Threats that the company should consider.





Q7. Due to reoccurrence of various variants of Corona virus, LMN Ltd. is facing unstable environment and it has started unbundling and disintegrating its activities. It also started relying on outside vendors for performing these activities. Identify the organisation structure LMN Ltd. is shifting to. Under what circumstances this structure becomes useful?



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Q8. GWA, a leading Japan based automobile company decides to make India a hub for the company's 250 cc motorcycle to be manufactured in collaboration with the TPR Group, a leading Indian motorcycle manufacturer. The production is to be exported to the company's home market as well as to other African countries.

What is this growth strategy called? Point out the most important advantages both the companies expect from such strategy/collaboration.





Q9. "The strategic management cannot counter all hindrances and always achieve success for an organization." Do you agree with this statement? Give arguments in support of your answer.





Q10. ABC Steel Industries finds out that its products have reached at maturity stage and already has overcapacity. Therefore, it concentrates on maintaining operational efficiency of its plants. Identify the strategy implemented by ABC Steel Industries along with reasons.





Q11. ABC Ltd. currently sells its product in two major markets – Europe and Asia. While it is a market leader in Europe, ABC Ltd. has struggled to penetrate the more competitive Asian market. ABC Ltd. hired a strategic consultant to analyze the situation and submit his report to them. After the report received from the strategic consultant, it has therefore decided to pull out of Asia entirely and focus on its European markets only. This decision relates to which level in ABC Ltd. and explain the role of managers at this level in the organization.

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S
T
S
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E
S

AUG
10

CHAPTER 02

AUG
24

CHAPTER 04

SEP
7

FULL SYLLABUS

For
Sep 24





Q12. Ajanta & Sons Limited are manufacturers of domestic household security alarms for high income group homeowners in India. The company is currently reviewing two strategic options.

Option 1: Selling the same alarms although with different coverings to smaller and low-income group households at a lower price.

Option 2: Development of new, more sophisticated alarms and a wide range of security services (guards and surveillance) for sale to industrial clients for higher prices. The senior management team of Ajanta & Sons Limited are keen to analyse the two options using Ansoff's matrix.





Q13. Ramesh and Suresh own software development firms ACS Ltd. and BDS Ltd. Ramesh and Suresh pitch their business in international markets and win international contracts . Ramesh has fifty software engineers in his team. Suresh, on the other hand, leads a team of forty software engineers. Every project has a specific and fixed timeline. Individual projects are assigned to project heads by Ramesh and Suresh. Ramesh adheres to strict rules and procedures. He met with the project heads to get an update but exchanged ideas occasionally. He set a weekly target of forty hours to complete the assigned goal or task. The group that met the deadline and completed the task received a 10% bonus. The group that was unable to meet the deadline was penalized. The group that did not meet the deadline was penalized with unpaid extra working hours to complete the task. Suresh, unlike Ramesh, did not priorities a structured approach to work. Suresh inspired the project managers by making them feel like leaders rather than just participants. Suresh's empowering attitude helped to align individual goals with group goals. Ramesh established routines to maximize his team efficiency. Suresh, on the other hand, used positive reinforcement to maximize his team efficiency.

- (a) Identify the leadership style employed by Ramesh and Suresh.
- (b) What are the conditions/situations that make such leadership styles more appropriate?
- (c) Discuss the characteristics of the leadership styles.





Q14. Jynklo Ltd. is an established online children gaming company in Japan. They are performing good in the gaming industry. The management of Jynklo Ltd. has decided to expand its business. They decided to start a premium sports drink named JynX for athletes. Identify and explain the growth strategy adopted by Jynklo Ltd.?





Q15. Health Pharma Pvt. Ltd. (HPPL) a one person company with limited liability is manufacturing generic and medicinal drugs in India.

Hygiene Laboratories Plc. (HLP) a multinational company with its strong financial position is one of the major players in pharmaceutical sector.

Individually, each company has its own core competencies. However, additional focus by the state on generic medicine with renewed regulatory requirements are posing challenges in fierce competitive environment.

Considering benefits of synergies, both the companies are considering to join hands for better growth opportunities. Earlier, they tried to go for joint venture or strategic alliance but the arrangement could not materialize.

In view of the facts given above:

- (i) If HPPL and HLP join hands and make new entity named Health N Hygiene Pharma Ltd., what type of growth strategy will this strategic development be?**
- (ii) In case, HLP is sold out to HPPL and HLP ceased to exist, what type of growth strategy will this strategic deal be?**
- (iii) What are the differences between the above two identified growth strategies?**





Q16. A business consultancy firm specializes in environment management consultancy. It advises client companies on how to set up environmental management accounting systems. For measuring recording and analyzing environmental costs. A large part of its business involves performing environmental audits to check whether companies have achieved an international assurance standard in environmental management; this is something that rival consultancy firms do not do. The firm also carries out other management consultancy projects for client, but these make up only a small proportion of its total annual fee income.

Identify the strategy categories by Michael Porter which best describes the strategy of this firm.





Q17. Swagatam was a chain of hotels. The business was good until the whole nation was impacted by COVID-19 pandemic in early 2022.

The management soon understood that pandemic had seriously disrupted the hotel sector and average revenue-per-available room fell by nearly 90% and they expected this decline to continue due to travel bans and fear seen in the society.

Pandemic required 14-day compulsory quarantine for the affected individuals and hospitals were short of rooms.

Management found a small opportunity as they had sufficient rooms, staff and could follow required health and safety standards. They decided to do service transformation by letting some of their units to hospitals to be transformed into covid-care units & rest of the units were rented to individuals as a quarantine facility.

- Name the strategic level of management at which such decisions are made.
- The above scenario depicts one of the limitations of strategic management. Discuss which limitation of strategic management is depicted here.
- Here the decision taken by the management was reactive. Discuss the benefit of proactive approach over reactive approach.

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Q18. Glassware Ltd. is about to go through a significant restructuring. The strategic change involves moving from a decentralized to a centralized structure. This will help Glassware avoid duplication of support activities and lower its costs.

The management have held the first staff briefing in which they went to great lengths to explain that the change was necessary to equip the company to face future competitive challenges. Identify and explain the current stage of Glassware Ltd. from the Lewin's three-stage model of change?





Q19. Mr. LMN has established a successful venture in the textiles sector in Maharashtra. His enterprise specializes in crafting unique and high-quality home furnishings, which have garnered significant market presence. However, there was a sales dip in the previous year. Seeking professional advice, Mr. LMN consulted a strategic management expert who suggested his first course of action should be to grasp the dynamics of the competitive landscape.

In order to comprehend the competitive landscape, what steps should Mr. LMN follow?





Q20. Leatherite Ltd. was started as a leather company to manufacture footwear. Currently, they are in the manufacturing of footwears for males and females. The top management desires to expand the business in the leather manufacturing goods. To expand they decided to purchase more machines to manufacture leather bags for males and females.

Identify and explain the strategy opted by the top management of Leatherite Ltd.





Q21. Dharam Singh, the procurement department head of Cyclix, a mountain biking equipment company, was recently promoted to look after sales department along with procurement department. His seniors at the corporate level have always liked his way of leadership and are assures that he would ensure the implementation of policies and strategies to the best of his capacity but have never involved him in decision making for the company.

Do you think this is the right approach? Validate your answer with logical reasoning around management levels and decision making.





Q22. Easy Access is a marketing services company providing consultancy to a range of business clients. Easy Access and its rivals have managed to persuade the Government to require all marketing services companies to complete a time-consuming and bureaucratic registration process and to comply with an industry code of conduct. Do you think that by doing this Easy Access and its rivals has an advantage in some way to fight off competitors? Explain.





Q23. ABC Ltd. manufactures and sells air purifier 'Fresh Breath'. The 'Fresh Breath' has seen sales growth of around 1% for the last two years, after strong growth in the previous five years. This is due to new products entering the market in competition with the 'Fresh Breath'. ABC Ltd. is therefore considering cutting its prices to be in line with its major rivals with a hope to maintain the market share. Market research indicates that this will now cause a significant increase in the level of sales, even though in previous years price cuts have had little effect on demand. ABC Ltd. is also planning to launch a promotional campaign to highlight the benefits of the 'Fresh Breath' against its rival products.

Identify and explain the stage of the product life cycle in which 'Fresh Breath' falls.

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Q24. Connect Group was one of the leading makers of the mobile handsets till a few years ago and which went at the bottom of the heap. Connect Group didn't adapt to the current market trends which eventually lead to its downfall. Which would have helped Connect Group to change, adapt and survive? Explain the steps to initiate the change.





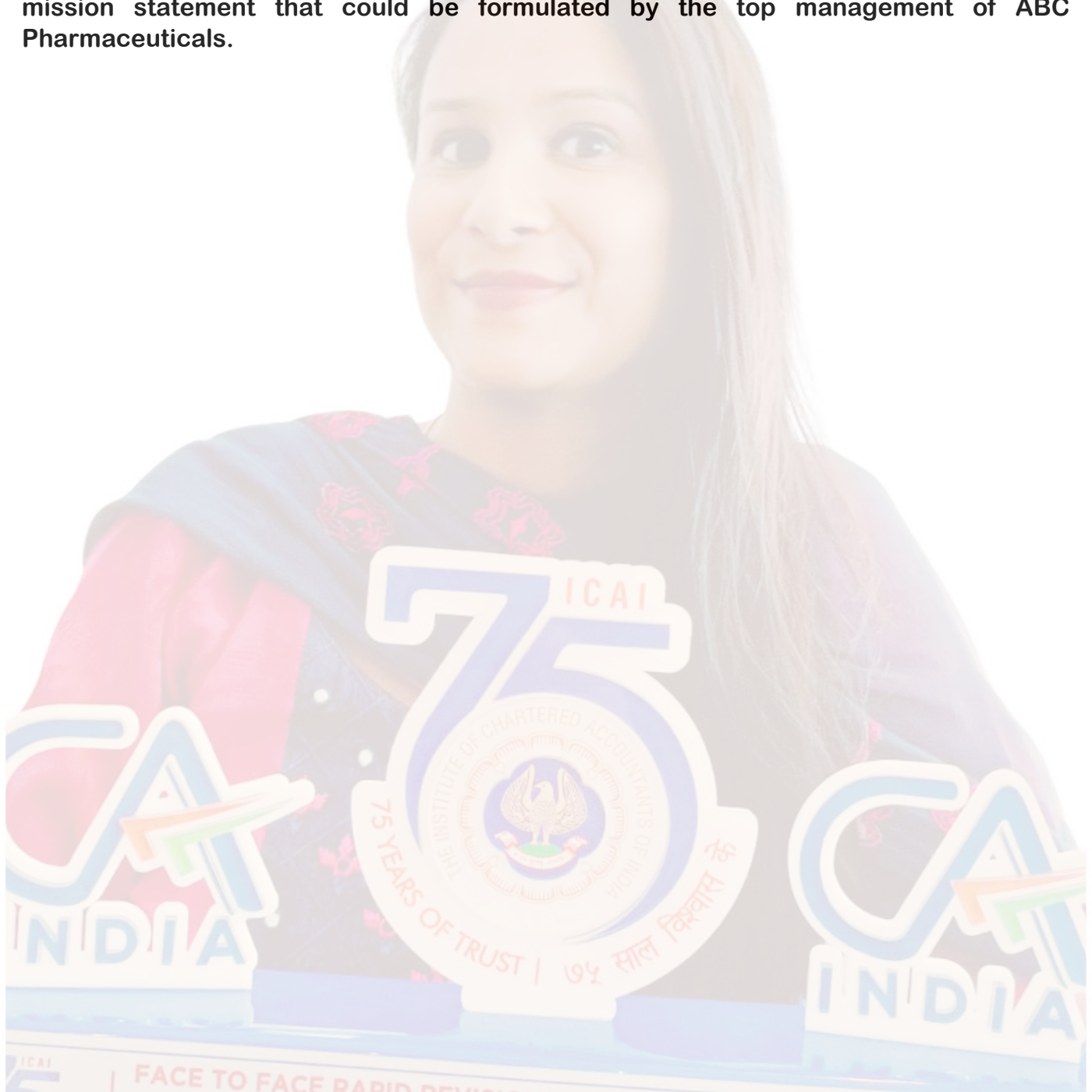
Q25. Mini theatre Ltd. was a startup venture of three young IIM graduates. They developed an application to watch web-based content like web series, TV Shows, theatre shows, etc. after purchasing their exclusive rights. They were successful in getting many consumers enrolled with them. After a certain span of time, the company realized that some regional content like 'bangla movies', 'Gujarati shows' etc. were having high cost and less viewership. The leadership team of Mini theatre Ltd. decided to sell the rights and curtail any further content development in these areas.

Identify and explain the corporate strategy adopted by the leadership team of Mini theatre Ltd.





Q26. ABC Pharmaceuticals, a leading pharmaceutical company, is in the process of formulating its strategic intent. The top management of ABC Pharmaceuticals wants to define the company's future direction, objectives, and goals. They aim is to create a vision that sets the organization apart and provides a roadmap for future growth. ABC Pharmaceuticals aspires to enrich the lives of people by producing high-quality pharmaceutical products at competitive prices and wants to become the world's leading pharmaceutical company by 2030." Based on this context, draft a vision and mission statement that could be formulated by the top management of ABC Pharmaceuticals.





Q27. Suraj Prakash and Chander Prakash are two brothers engaged in the business of spices. Both have different approaches to management. Suraj Prakash prefers the conventional and formal approach in which authority is used for explicit rewards and punishment. While, on the other hand, Chander Prakash believes in democratic participative management approach, involving employees to give their best.

Analyse the leadership style followed by Suraj Prakash and Chander Prakash.



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Q28. O-Farm, an organic farm products brand has been operating in India since 2014. It has had a decent history of business with revenue of ₹ 50 crores in the previous year and a Compound Annual Growth Rate (CAGR) of 11% year on year.

While the company operated on “Kisaan Kalyan” i.e., farmer friendly agenda since its inception, the rough times ahead seem to call for changes. The recent amendments in Agriculture laws, though indirectly related to organic farming, have posed immense threat to how the business operates. The leaders have been proactive in shifting gears and budgeted funds for shifting focus to “Upbhokta Sewa”, i.e., customer orientation.

To create newer demands and position themselves against the local farming practice changes, they reached out to West Asian and African Nations for their farm inputs, just like many other small traders from their segment. Accordingly, they ordered dry fruits from Afghanistan, whole wheat from Nigeria, and citrus fruits from Turkey. This has helped them get raw inputs at cheaper than usual rates and even better contractual terms, thus, reducing input costs and thereby, passing on the surplus margins to customers.

Further, the marketing team roped in big cricket stars and many social media influencers to aware customers about the brand’s customer orientation and product benefits. But, as the focus was on minimal spending, the team smartly locked in affiliate marketing terms with the influencers and even celebrities, instead of upfront promotion fee. This also helped in saving a lot of cost initially.

With the changing environment in the Indian subcontinent around agriculture production, the team is confident with its strategic positioning. The sales have been just at the break - even bars for now, and the projected CAGR is 19% year on year, taking the sales volume to 10X in the next 4 years.

Farming has been a respected profitable business with big players as huge as oil companies. Nonetheless, it is complex, as it involves a lot of stakeholders, especially as it still remains a labour intensive industry.

Based on the above Case Scenario, answer the Multiple Choice Questions.

- (I). O-Farm ’s new strategy implementation as a result of amendment of Agriculture laws by the government, resonates with which of the following statements?
- Organisational operations are highly influenced by ripple effect of environmental changes.
 - Organisational structure is highly influenced by ripple effect of environmental changes.
 - Organisational operations are not affected by the ripple effect of environmental changes.
 - Organisational structure can influence the environmental changes.



- (II). The shift of O-Farm from “Kisaan Kalyan” to “Upbhokta Sewa” is a change in?
- Mission
 - Vision
 - Promotion
 - Product
- (III). Which of the following was the first and major advantage for O-Farm that helped them achieve Cost Leadership in the market?
- Economies of Scale was achieved very early on
 - Prompt forecast of product’s demand
 - Becoming customer oriented
 - Well negotiated purchase contracts
- (IV). O-Farm’s marketing strategy is an example of which of the following marketing strategies?
- Person Marketing
 - Augmented Marketing
 - Enlightened Marketing
 - Synchro Marketing
- (V). The brand has achieved cost leadership through multiple strategies, but it would be a constant challenge to sustain this leadership because of which of the following reasons?
- Competitors would imitate its modus operandi.
 - Marketing cost will be huge as volumes increase given its choice of marketing strategy.
 - Change in Agriculture Laws shall disrupt its supply chain time and gain.
 - Sales volume will have to outperform its own targets and even that of competitors.



Q29. Easy Drinks LLP, a company in the health drink industry, found itself grappling with a severe cash crunch due to high production costs and sluggish sales amid tough competition. Led by KK Batra, the team realized that a significant overhaul of their existing processes and business approach was necessary to turn the tide. Taking a bold leap, they took the decision to invest all of their debt in their balance sheet into brand building.

Their new strategy comprised of two key elements. First, they sought to position their brand as a leading extreme sports drink, aiming to elevate the customer's experience and perceived value. Second, they opted to outsource their production and distribution to external vendors. This move was driven by the intention to reduce operational costs significantly and channel the savings into strengthening their brand positioning.

With these transformative changes in mind, the company reimagined itself as "Purple Tiger." The brand's new identity featured a distinctive logo—a roaring tiger on a bright purple can, setting it apart from its competitors in the market.

To build a brand that resonated with consumers, Easy Drinks LLP heavily invested in extreme sports sponsorships. They supported world record holders' attempts, sponsored skydiving, fishing, deep diving, paragliding, bullfights, hot air balloon races, and various other adventure sports worldwide. The vision was to capture the attention of every individual who identified with the thrill of adventure sports. This approach marked a revolutionary step for the company.

Another aspect that set Purple Tiger apart from its competitors was its packaging. While most other brands offered standard 150 ml fat cans, Purple Tiger introduced a unique 180 ml long slimmer can. This differentiation allowed the company to charge a premium for the perceived "pride" it added to the consumer's experience, a strategy they termed "Pride Premium Pricing."

However, the decision to outsource the entire operations posted its own set of risks, mainly concerning quality control and measurement. Despite this, Easy Drinks LLP carefully selected Thai Beverages, a reputable Thailand-based company, as their strategic partner to support them in this endeavour. To instill confidence and ensure a long-term relationship, Thai Beverages was offered a share in the profits. This move aimed to free up the team's focus from operational and supply chain matters, enabling them to concentrate fully on brand building.

Purple Tiger's transformation exemplifies how a change in strategy can bring about a complete shift in the outlook, vision, and mission of a company. The successful execution of their new approach demonstrates the potential for newer dimensions to emerge in the business landscape.

Based on the above Case Scenario, answer the Multiple-Choice Questions.

- (I). How did Purple Tiger's unique packaging contribute to its competitive advantage?**



- a) It attracted more customers
b) It reduced production costs
c) It allowed them to charge a premium
d) It strengthened the partnership with Thai Beverages
- (II). Which of the following growth strategy did Easy Drinks LLP use to free up their own teams and focus on their core specification of brand building?
- a) Horizontal integrated diversification
b) Vertical integrated diversification
c) Conglomerate diversification
d) Concentric diversification
- (III). Purple Tiger's decision to involve Thai Beverages in profit sharing reflects a strategic focus on:
- a) Strategic alliances
b) Competitive benchmarking
c) Financial leverage
d) Outsourcing
- (IV). Easy Drinks LLP's decision to sponsor extreme sports aligns with which strategic objective?
- a) Market development
b) Market penetration
c) Product development
d) Diversification



Q30. Since its inception in 1910, the family business of Indian ethnic wear firm Shanti Prasad & Sons, run by Mr. Mukesh Gupta and his three sons has seen major transformation in supply chain, product development and management. The inheritance over generations hasn't been easy, as it was subject to family brawls, but the company stood strong to its core principles.

Since 2011, major foreign brands have been eyeing the segment with world class designers opening up their boutiques in plush areas around the country. JMM, a French design house, recently branded its Indian wear with leading film personalities, to attract masses. This damaged existing supply chains, attracted new age buyers and has been profitable from the very beginning.

The three sons reach out to you for management consultancy, to help them meet the competition, if not beat it. You study the business inside out and come up with three options.

First, to exit Indian Market, and start exporting their designs to European markets. This would ensure bigger revenue and forex gains, and also the distribution chains were well built there.

Second, to become the major manufacturer of JMM and other big foreign brands. This would ensure they stay relevant in the market as all the promotional spend would be taken care of by JMM and the volumes they would rope in would actually mean growth for Shanti Prasad & Sons too.

Third, to sell their designs to the global brands with patent protection. This would ensure a perpetual flow of revenue and a new market altogether, with global business exposure.

The family after considering your proposals, knowing the intricacies of business, and its environment, decided to blend options two and three. The success or failure could only be gauged in three quarters, when they sit down for an internal post implementation review.

Based on the above Case Scenario, answer the Multiple Choice Questions.

- (I). What can be said about the attitude of the owners with regards to their strategy mindset when they reached out for consultancy?
- a) Expansion Oriented
 - b) Stability Oriented
 - c) Retrenchment Oriented
 - d) Combination Oriented
- (II). Option three if opted, would help in sustainability of which of the following, and would ensure so because of what major characteristic of sustainability?



- a) Sustainability of Competitive Advantage by ensuring Transferability
b) Sustainability of Value Creation by ensuring Appropriability
c) Sustainability of Value Creation by restricting Imitability
d) Sustainability of Competitive Advantage by ensuring Durability+
- (III). For Shanti Prasad & Sons well as JJM, globalisation has been a key area of consideration. As times change, and new players enter a market, the existing firms need to be careful about their survival. Which of the following statements about Globalisation is false for JJM?
- a) It unifies the trade and such trade barriers become irrelevant
b) It needs ability to compete in domestic market with foreign competitors
c) It includes commitment to invest heavily in other countries
d) It brings in foreign investment in the form of FDI
- (IV). For JMM, which of the following structures would be best suited, in case all major Indian family run businesses start producing designs for them, while JMM simply takes care of distribution and marketing?
- a) Simple Structure
b) Network Structure
c) Matrix Structure
d) Divisional Structure





Q31. Easy Access is a marketing services company providing consultancy to a range of business clients. Easy Access and its rivals have managed to persuade the Government to require all marketing services companies to complete a time-consuming and bureaucratic registration process and to comply with an industry code of conduct. Do you think that by doing this Easy Access and its rivals has an advantage in some way to fight off competitors? Explain.





Q32. Racers Ltd. manufactures bicycles. Until recently it has adopted a differentiation strategy, offering high quality bicycles which Racers Ltd. sells at a high profit margin.

In recent years, Racers Ltd. has entered a period of decline due to the market becoming flooded with cheaper, high quality bicycles from abroad, where labour costs are lower.

Racers Ltd. has therefore decided to adjust its strategy and adopt a focus approach, targeting its bicycles towards professional athletes. This will allow Racers Ltd. to continue earning high margins, though the size of its potential market will likely fall.

Identify and explain the need of adopting this strategy by Racers Ltd. to manage decline?





Q33. Anand, a fashion designer from Mumbai, started a nail art parlour in a posh Mumbai urban area, in partnership with his college friend Aanya. They had a clear choice of business as per their field of study and were assured that cosmetics is one of the biggest industries in India.

Cosmetics include a huge range of products, from skin care to hair care, makeup (the most profitable), lip care, hygiene products and many more lines of personal care. However, Aanya being a trained nano art designer and Anand driven by Nail Art, happened to share common interests, and hence, built Naileo.

The business plan was simple, collaborate with online service providers, be active on social media, offer paid promotions, and give out free trials to lure in customers. The focus being on creating a connection. Clearly, the target group was young working females who could spend decent amounts of money on personal luxury. The brand wanted to cash on easy disposal income of the target consumers. However, in the same segment for men, tattoo parlours were already taking away the share of business. These tattoo brands could easily transition into Nail Art and be a tough competition to Naileo. The team had to be aware of the competitor dynamics.

Anand had personal connections in Solan district of Himachal Pradesh, where they planned to open small workshops to produce artificial nails of high quality to be sold panIndia, online as well as to other parlours. The team of two also wanted to add value to the society. For that they offered free training to young girls and offered them permanent employment. The customers found the initiative quite enriching and supported them by being loyal to their services. This was an unplanned aspect of brand building that added more value than paid promotions.

The brand has been doing well lately, with the economic model being sustainable so far. They plan to open two more stores in Mumbai and a flagship store in Bengaluru. With a set vision of the future and a socially impactful mission, Naileo has been a profitable bet for Anand and Aanya.

Based on the above Case Scenario, answer the Multiple Choice Questions.

- (I). Tattoo Parlours are an indirect competition to Naileo. Application of which of the following can be utilised to understand the in-depth intricacies of their competitive strength?
- a) Competitive Landscape
 - b) Identification Tools
 - c) Competitive Intelligence
 - d) Collation of all gathered information
- (II). Anand's decision of opening Solan Workshop can be described as?
- a) Horizontal Integration Diversification



- b) Vertical Integration Diversification
- c) Concentric Diversification
- d) Strategic Alliance

(III). Based on question three above, what was the core methodology behind willingly ignoring a major aspect of marketing?

- a) SWOT Analysis, founders' area of expertise
- b) BCG Matrix, Artificial Nails being a cash cow
- c) Vision, to employ underprivileged youth
- d) Mission, to be a national leader in new cosmetic segment

(IV). Anand being the strategy implementer of Naileo, should be aware of which of the following statements around corporate culture?

- a) Corporate Culture prevails strategic decisions
- b) Change all the hindering facets of corporate culture for effective strategy execution
- c) Implementation is a superset of corporate culture
- d) Leadership Style is a subset of culture

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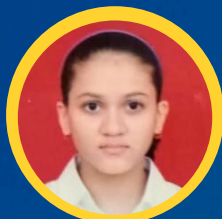
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