CA Inter SM By CA Amol Jain

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Edition 1

Attempt - Jan/May 25

Preface:

In the journey towards becoming a Chartered Accountant, a strong practise for past questions is paramount. This question is meticulously crafted to be your guiding light through Past ICAI examination, RTP and MTP questions which will help you to understand exam expectation.

Why One Stop Solution Chart Book??

1) 100% SM Concept Coverage
2) ICAI based cased studies
3) Ideal for last Minute detailed revision
4) Key words highlighted in red
5) Mnemonics for better retention

With the help of the above color coding, I believe this Chart Book is a companion for your regular in-depth study as well as your EXAM-oriented revisions! Making it a "ONE-STOP SOLUTION" for CA Inter SM.

So deep down into this Chart Book and complete your 100% CA Inter SM.
And when you are done, I would love to hear from you what you think about this ONE STOP SOLUTION!!

So, show some Love and give your amazing feedback and input below Share a snap of this on - 7887788757

I am doing the BEST to help you to crack CA Inter SM but will you? I need a promise from you..

I, Future CA .... will give my BEST to crack CA Inter in this attempt.

Index cum Study Planner

Your Space

Exam Planner

Chapter	Important Topics from Chart Book
1	
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Commitment is an act, not a word

So be committed to yourself and others!

Everything will follow

Note Your Vision Here

Note Your Mission Here

- Meaning and nature of Strategic Management
- Concept of Strategy
- Strategic Intent
- Strategic Management
  - Importance of Strategic Management
  - Limitations of Strategic Management
- Strategic Levels in Organisations
  - Corporate Level
  - Business Level
  - Functional Level

Effective management involves both leadership and systematic execution of organizational functions.

Key Group - Mukesh Ambani ji of Reliance , played a pivotal role in making strategic decisions that led Jio to revolutionize the Indian telecom industry.

Functions & Processes: Jio excelled in planning by launching affordable data services, organizing resources to rapidly build telecom infrastructure, directing teams to execute projects efficiently, staffing skilled engineers, and controlling operations to ensure seamless service.

1.1/2 - Meaning & Nature of Strategic Management

CS ki OPD

Term 'management' is used in 2 senses, such as -

a) It is used with reference to a key group in an organisation in charge of its affairs

b) also used with reference to a set of interrelated functions & processes carried out by management of an org.

These functions include Planning, Organising,Directing, Staffing & Control

Proactive Strategy: Under the leadership of Guenter Butschek (former CEO), Tata Motors proactively launched the Tata Nexon, focusing on safety as a unique selling proposition, which helped the company capture a significant market share in the compact SUV segment.

Reactive Strategy: In response to the sudden rise in environmental concerns and government regulations on emissions, Tata Motors quickly adapted by accelerating the development and launch of electric vehicles like the Tata Nexon EV.

1.3 - Concept of Strategy

a) Igor H. ansoff :

Common thread among organization's activities & product-markets that defines essential nature of business that organization has or planned to be in future

b) William F. Glueck :

A unified, comprehensive and integrated plan designed to assure that basic objectives of enterprise are achieved

c) In large org, strategies are formulated at: *Corporate, divisional, & functional levels*

d) Strategy is partly proactive & partly reactive

(i) Proactive actions on part of managers to improve co's market position & financial performance

ii) Reactions to unanticipated developments & fresh market conditions in dynamic business environment.

Imp Note:

A company uses both strategies to cope up uncertain business environment.
Proactive strategy is planned strategy whereas reactive strategy is adaptive reaction to changing circumstances

1.4 - SM - Importance and Limitations

Objective of Strategic Management

a) To create competitive advantage

b) To guide company successfully through all changes in environment

'Strategic management'

Refers to managerial process of developing a strategic vision, setting objective, crafting a strategy, implementing & evaluating strategy, & finally initialing corrective adjustments were deemed appropriate.

Under Jeff Bezos, Amazon developed a strategic vision to become "Earth's most customer-centric company."

Benefits: Amazon's strategic management enables it to set clear, realistic goals such as expanding its market presence globally, being proactive by continuously enhancing customer experience, and making major decisions like acquiring Whole Foods to diversify its offerings.

amazon

Limitations: Despite Amazon's robust strategic management, the complexity and turbulence of the global market, including unpredictable regulatory changes and competitive responses, present challenges in accurately forecasting and adapting to future conditions.

Flipkart NYKAA Jio

Benefits - Strategic Management

1) Helps organisations to be proactive instead of reactive in shaping its future

2) Defines the goals and mission

3) Serves as a corporate defense mechanism against mistakes and pitfalls.

4) Prepares the organisation to face the future

5) SM provides frameworks for all major decisions of an enterprise

6) Enhance the longevity of the business.

7) Develop certain core competencies and competitive advantage

HD-SPPED

Limitations - Strategic Management

a) Environment is highly complex & turbulent. It is difficult to understand complex environment & exactly pinpoint how it will shape-up in future

b) In a competitive scenario, where all organizations are trying to move strategically, it is difficult to clearly estimate competitive responses to a firm's strategies

c) SM is a time-consuming process

d) It is a costly process

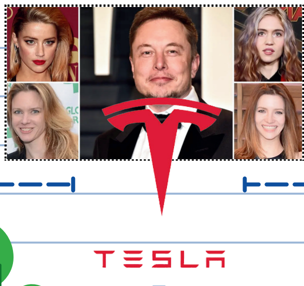
HD-TC

1.5 -Strategic Intent

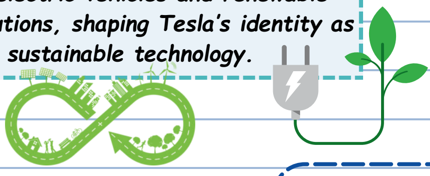
Strategic Management is defined as a dynamic process of

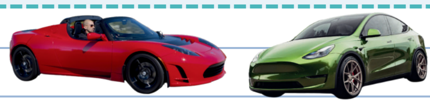
formulation, implementation, evaluation, & control of strategies to realize organization's strategic intent Strategic intent refers to purposes of what the organization strives for senior managers must define "what they want to do" and "why they want to do".

Vision: Under the leadership of Elon Musk, Tesla's vision is to "accelerate the world's transition to sustainable energy." This vision directs the company towards innovative electric vehicles and renewable energy solutions, shaping Tesla's identity as a leader in sustainable technology.



Mission: Tesla's mission is "to create the most compelling car company of the 21st century by driving the world's transition to electric vehicles." This mission defines Tesla's business focus on electric cars and renewable energy, clearly answering what Tesla does and the market it serves.





1.5.1 - Vision

Meaning

i) Top management's views about co's direction & product customer market- technology focus constitute strategic vision for co.

ii) Strategic vision thus points out a particular direction, charts a strategic path to be followed in future, & moulding organisational identity.

iii) A clearly articulated strategic vision communicates management's aspirations to stakeholders & helps steer energies of company personnel in a common direction

TIEE

Essential of a strategic vision

i) Entrepreneurial challenge in developing a strategic vision is to ***think creatively*** about how to prepare a company for the future.

ii) best-worded vision statement clearly ***illuminates*** the direction in which organization is headed

iii) Forming a strategic vision is an exercise in intelligent ***entrepreneurship***.

iv) well-articulated strategic vision creates enthusiasm among members of organization

1.5.2 - Mission

Meaning

A mission is an answer to basic question 'what business are we in & what we do'

U MUST OF

Why an organization should have a mission?

i) To ensure ***unanimity*** of purpose

ii) To develop a basis, or standard, for ***allocating resources***

iii) To provide a basic for ***motivating*** use of resources

iv) To establish a general ***tone***

v) Serve as a ***focal point***

vi) Facilitate translation of ***objective & goals*** into a work structure

vii) ***Specify organizational purposes*** & translation of these purposes into goals

Following points are useful while writing mission

i) One of the roles of a mission statement is to give org its ow special identity, business emphasis & path for development - one that typically sets it apart from other similarly positioned co's

ii) co's business is defined by what needs it is trying to satisfy, which customer groups it is targeting & technologies & competencies it uses activities it performs

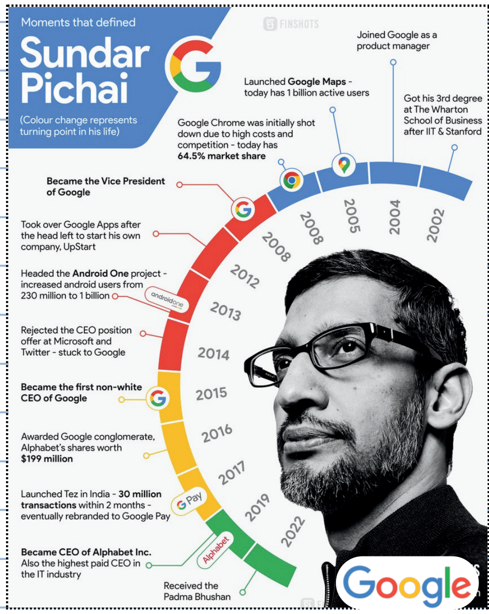
iii) Good mission statements are - unique to arg. for which they are developed

A good mission statement should be

precise, clear, feasible, distinctive & motivating.

Goals: Google's vision to "organize the world's information and make it universally accessible and useful" is translated into open-ended goals like improving access to information globally.

Objectives: These goals are further specified into measurable objectives, such as increasing the number of internet users by providing free Wi-Fi in developing regions through projects like Google Station.



1.5.3 - Goals and Objectives

Meaning

i) Business organization translates their vision & mission into goal & objectives

ii) Goals are open-ended attributes that denote future states or outcomes

iii) Objectives are close-ended attributes which are precise & expressed in specific terms

iv) Objective are more specific & translate goals to both long term & short-term perspective

Characteristics of Objectives

i) Should define organization's **relationship with its environment**

ii) Facilitative towards **achievement of mission & purpose**

iii) Basis for **strategic decision-making**

iv) **Standards for performance** appraisal

v) Concrete & specific

vi) Related to a **time frame**

vii) **Measurable & controllable**

viii) **Challenging**

ix) Different objectives should **correlate with each other**

x) Set within constraints

Long-term objectives

To achieve long-term prosperity, strategic planners commonly establish long-term objectives in 7 areas

- Profitability
- Productivity
- Competitive Position
- Employee Development
- Employee Relations
- Technological Leadership
- Public Responsibility

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1.5.4 - Values

Meaning

Examples of values are Integrity, Innovation, Trust, Humility, Accountability, & Diversity

Why are values so important?

- A company's value sets the tone for how the people of think and behave, especially in situations of dilemma.
- It creates a sense of shared purpose to build a strong foundation and focus on longevity of the company's success.
- Employees prefer to work with employers whose values resonate with them the ones they can relate to in their daily work & personal life

1.6 Strategic Levels in Organisations

Corporate Level

Natarajan Chandrasekaran (Chairman, Tata Sons)

Business Level

Guenter Butschek (Former CEO, Tata Motors)

Functional Level

Rajendra Petkar (President & CTO, Tata Motors)

Corporate Level

i) It consists of CEO, other senior executives, BOD, & corporate staff
ii) These individuals participate in strategic decision making within org.
iii) This role includes defining mission & goals, determining what businesses it should be in, allocating resources among different businesses, formulating & implementing strategies that span individual businesses, & providing leadership for org. as a whole

Business Level

i) It consists divisional managers & staff
ii) Business-level manager, is head of division
iii) Strategic role of these managers is to translate general statements of direction
iv) Business-level managers are concerned with strategies that are specific to a particular business

Functional Level

i) It consists Functional Managers for specific business functions or operations
ii) Whereas general managers oversee operation of a whole co. or division
iii) It provide most of info that makes it possible for business & corporate level general managers to, formulate realistic & attainable strategies
iv) It may generate important ideas that subsequently may become major strategies for Co.

1.6.1. Network of relationship between the 3 levels

V. Srikanth (Joint CFO) - Independently manages the Finance function of Reliance Industries and reports directly to Mukesh Ambani, the Chairman (corporate level) Same for HR, and Marketing

Reporting to

Subsidiary

Reliance often forms cross-functional teams, bringing together employees from various departments like Finance, IT, and Marketing to work on specific projects, such as the launch of JioFiber. These temporary project teams allow for efficient management of complex tasks that require input from multiple functions.

Jio

JioFiber

Functional & Divisional Relationship

i) it is an independent relationship, where each function or a division is run independently headed by function/division head, who is a business level manager, reporting directly to business head, who is a corporate level manager.

ii) Functions maybe like Finance, Human Resources, Marketing, etc.

In startups like Jio, a flat structure was followed where even senior executives like Akash Ambani (Director, Jio) were in close communication with junior staff, allowing for rapid idea sharing and development in the highly competitive telecom industry.

Horizontal Relationship

i) All positions, from top management to staff- level employees, are in the same hierarchical position.
It is a flat structure where everyone is considered at some level.

ii) This type of relationship between levels is more suitable for startups where the need to share ideas with speed is more desirable.

Matrix Relationship

i) It features a grid-like structure of levels in an organization, with teams formed with people from various departments that are built for temporary task-based projects

ii) This relationship helps manage huge conglomerates with ease where it is nearly Impossible to track and manage every single team independently

2 Strategic Analysis : External Environment

- **Strategic Analysis**
  - 1 Issues
  - 2 Strategic Risk
  - 3 Strategic Analysis
- **Business Enviornment**
  - 1 Helps Business
  - 2 Micro / Macro
  - 3 PESTLE
- **Internationalisation**
  - 1 Characteristics
  - 2 Steps
  - 3 Why Global
  - 4 Assessment of International Environment
- **Product & Industry**
  - 1 Characteristics
    - Product Life Cycle (PLC)
    - Value Chain Analysis
  - 2
    - Micheal Porter 5 forces
    - Attractiveness of Industry
    - Experience Curve
    - Value Creation
- **Market & Customer**
- **Competitive Strategy**

2.0 STRATEGIC ANALYSIS

Evaluation Current
Vision Mission Goals Strategies

External Analysis

Internal Analysis

Analysis

Identify Opportunity, Threats

Identify Strength, Weakness

2.0A STRATEGIC ANALYSIS

DP

Issue to consider for Strategic Analysis

a) Strategy evolves over a period of time
b) Balance of external and internal factors
c) Risk

External Analysis

a) Customer Analysis: Segments, motivations, unmet needs.
b) Competitor Analysis: Strategic groups, performance, objectives, strategies, culture, cost structure.
c) Market Analysis: Size, growth, profitability, entry barriers.
d) Environmental Analysis: Technological, government, economic, cultural, demographic. Opportunities, threats, trends, & Strategic uncertainties

Internal Analysis

a) Performance Analysis: Profitability, sales, customer satisfaction, product qualify, relative cost, new products, human resources.
b) Determinants Analysis Post and current strategies, strategic problems, organizational Capabilities and constraints, financial resources, strengths, and weaknesses. Strategic strengths, weakness, problems, constraints, & uncertainties

Strategy Identification & Selection

a) Identify strategic alternatives
b) Select strategy
c) Implement the operating plan
d) Review strategies

Strategic Risk

	Short Time	Long Time
External	Errors in interpreting the external environment lead to strategic failure in the short term.	Changes in the environment lead to obsolescence of strategy.
Internal	Organizational capacity is unable to cope up with strategicdemands.	Inconsistencies with the strategyare developed on account of changes in internal capacities and preferences

NOKIA

Kodak

YAHOO!

2.0 B Strategy and Business Environment

Business Environment

The term "business environment" refers to all external factors, influences, or situations that in some way affect business decisions, plans, & operations.

Organizational success is determined by its business environment, & even more from its relationship with it. Strategic management is involved with choosing a long- term direction in relation to these resources and opportunities.

It helps the business in the following ways:

a) Determine opportunities & threats
b) Give direction for growth
c) Continuous Learning
d) Image Building
e) Meeting Competition

Micro and Macro Environment

Micro Environment

Micro-environment is related to small area or immediate periphery of an organization. It influences an organization regularly and directly. Within the micro or the immediate environment in which a firm operates we need to address the following issues -

a) The employees of the firm, their characteristics and how they are organized.
b) The existing customer base on which the firm relies for business.
c) The ways in which the firm can raise its finance.
d) Who are the firm suppliers and how are the links between the two being developed?
e) The local community within which the firm operates.
f) The direct competition and their comparative performance.

GET DSP

1.Elements of Macro Environment

The environment includes factors outside the firm which can lead to opportunities for, or Characteristics threats to the firm. Although, there are many factors, the most important of the factors are socio-economic, technological, supplier, competitors, & government

a) Demographic Environment
b) Socio-Cultural Environment
c) Economic Environment
d) Political-Legal Environment
e) Technological Environment

2.PESTLE-A tool to Analyse Macro Environment

a) Political factors

Tesla benefits from government subsidies and tax credits for electric vehicles (EVs) in countries promoting green energy and clean transportation. For instance, U.S. government policies incentivize EV adoption through tax breaks.

b) Economic factors

Rising fuel prices and increasing demand for sustainable energy sources have contributed to Tesla's growth in the electric vehicle market.

c) Social factors

Social awareness of climate change and the growing preference for environmentally friendly products have boosted Tesla's market as consumers are more inclined to buy electric vehicles.

d) Technological factors

Tesla's innovations in battery technology and autonomous driving systems have positioned it as a leader in the EV industry, constantly pushing technological advancements.

e) Legal factors

Tesla faces various regulatory challenges related to safety standards, emissions regulations, and data privacy laws in different markets around the world.

f) Environmental factors

Tesla's mission to reduce carbon emissions by producing electric vehicles and investing in renewable energy (e.g., solar panels and energy storage solutions) aligns with global environmental goals.

PESTLE-A tool to Analyse Macro Environment

Political

- *Political stability*
- *Political principles and ideologies*
- *Current and future taxation policy*
- *Regulatory bodies and processes*
- *Government policies*
- *Government term and change*
- *Thrust areas of political leaders*

Economic

- *Economy situation and trends*
- *Market and trade cycles*
- *Specific industry factors*
- *Customer/end-user drivers*
- *Interest and exchange rates*
- *Inflation and unemployment*
- *Strength of consumer spending*

Social

- *Lifestyle trends*
- *Demographics*
- *Consumer attitudes and opinions*
- *Brand, company, technology image*
- *Consumer buying patterns*
- *Ethnic/religious factors*
- *Media views and perception*

Technological

- *Replacement technology/solutions*
- *Maturity of technology*
- *Manufacturing maturity & capacity*
- *Innovation potential*
- *Technology access, licensing, patents, property rights and copyrights*

Environmental

- *Ecological/environmental issues*
- *Environmental hazards*
- *Environmental legislation*
- *Energy consumption*
- *Waste disposal*

Legal

- *Business and Corporate Laws*
- *Employment Law*
- *Competition Law*
- *Health & Safety Law*
- *International Treaty and Law*
- *Regional Legislation*

SM KI पाठशाला BY CA AMOL JAIN

2.3.4 Internationalization of Business

(i) Characteristics of a global business

a) It is a conglomerate of multiple units but all linked by common ownership.

b) Multiple units draw on a common pool of resources, such as money, credit, information, patents, trade names & control systems.

c) The units respond to some common strategy.

(ii) Developing internationally

a) Evaluate global opportunities & threats and rate them with the internal capabilities.

b) Describe the scope of the firm's global commercial operations.

c) Create firm's global business objectives.

d) Develop distinct corporate strategies for the global business & whole organisation.

Why do companies go global?

FORD CRISIS

a) Often finding **opportunities** in other parts of globe organisation extend their businesses & globalise

b) There is **rapid shrinking of time & distance** across globe thanks to faster communication

c) It is being realised that **domestic markets** are no longer adequate & rich

d) Need for reliable or **cheaper source** of raw-materials, cheap labour, etc.

e) Companies often set up overseas plants to **reduce high transportation costs**

f) When exporting organisations find **foreign markets** to open up or grow big

g) **Rise of services** to constitute largest single sector in world economy; & regional economic Integration

h) Trend is towards **increased privatization** of manufacturing & services sectors

i) made co's in different countries to form **strategic alliances** to ward off economic & technological threats & leverage their respective comparative & competitive advantages

2.3.5 International Environment

a) Multinational environmental analysis involves identifying, anticipating, & monitoring significant components of the global environment on a large scale.

b) Regional environmental analysis is a more in-depth evaluation of the critical factors in a specific geographical area

c) Country environmental analysis has to take a deeper look at imp environmental factors

SM KI पाठशाला

2.4 - Understanding Product & Industry

Characteristics of Business Product

a) Products are either tangible or Intangible
b) Product has a price.
c) Products have certain features that deliver satisfaction
d) Product is pivotal for business
e) A product has a useful life

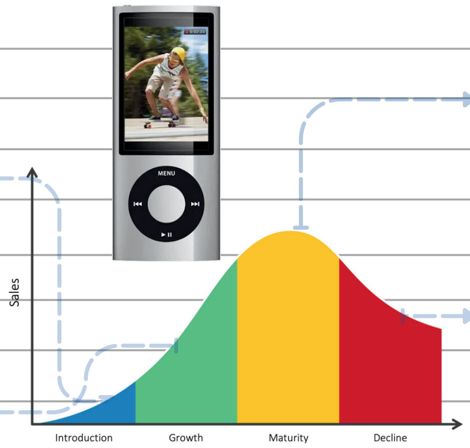
2.4.1 - Product Life Cycle

Product Life Cycle

PLC is S-shaped curve which exhibits relationship of sales with respect of time for product that passes through four successive stages:

The iPod was introduced in 2001 with almost no competition in the portable digital music player market. The product was priced high, and the market was limited to tech enthusiasts and early adopters.

Demand for the iPod rapidly expanded in the early 2000s as it became a mainstream product. Prices dropped with the introduction of various iPod models, and competition from other MP3 players increased.



Demand for the iPod rapidly expanded in the early 2000s as it became a mainstream product. Prices dropped with the introduction of various iPod models, and competition from other MP3 players increased.

The iPod experienced a sharp decline in sales as the iPhone and other smartphones replaced standalone MP3 players, eventually leading Apple to discontinue the iPod product line.

a) Introduction - Competition is almost negligible, prices are relatively high & markets are limited

b) Growth - Demand expands rapidly, prices fall, competition increases & market expands

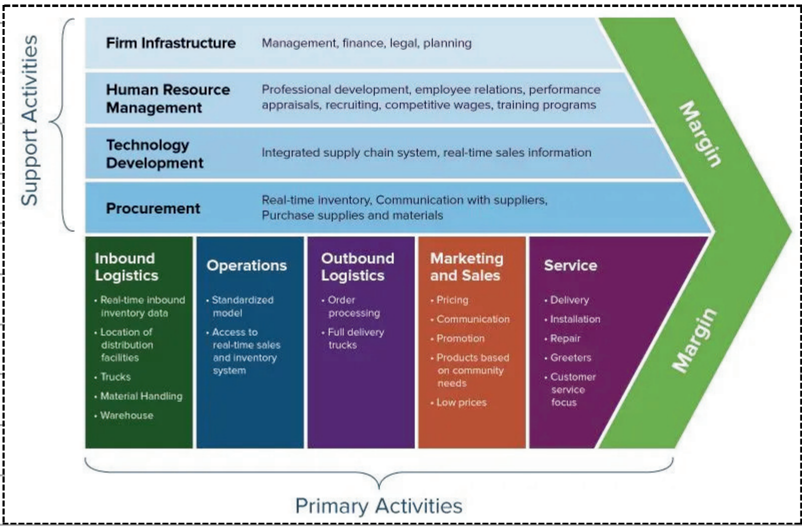
c) Maturity - Competition gets tough & market gets stablised, Profit comes down

d) Decline - Sales & profits fall down sharply due to some new product replaces existing product

2.4.2 - Value Chain Analysis

Value Chain Analysis

Value chain analysis is a method of examining each activity in value chain of a business in order to identify areas for improvements. When you do a value chain analysis, you must analyse how each stage in the process adds or subtracts value from the end product or service.



2.5 - Industry Environment Analysis

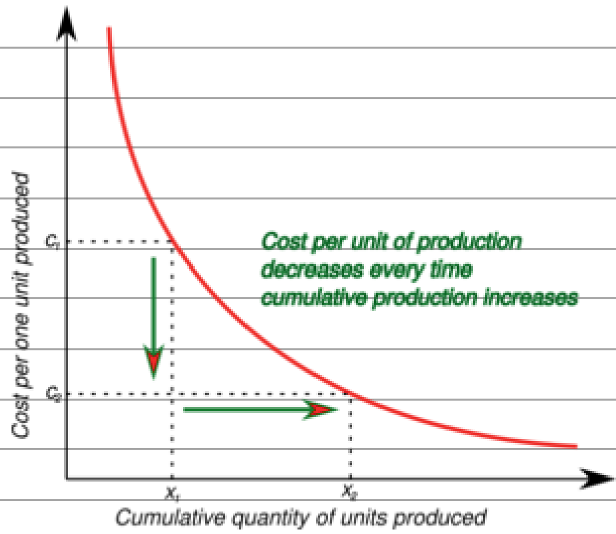
2.5.3 - Experience Curve

Experience curve is based on commonly observed phenomenon that unit costs decline as a firm accumulates experience in terms of a cumulative volume of production. It is based on the concept, "we learn as we grow" Experience curve has following features:

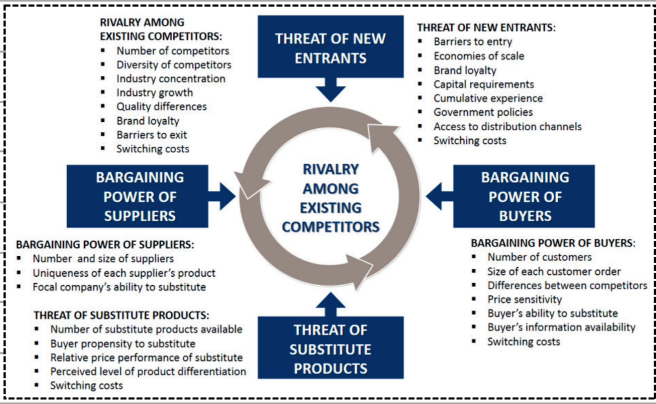
a) As business organisation grow, they gain experience.

b) Experience may provide an advantage over the competition. Experience is a key barrier to entry.

c) Large and successful organisation possess stronger "experience effect"



2.5.1 - Porter's Five Forces Model



Threat of New Entrants

a) A firm's profitability tends to be higher when other firms are blocked from entering industry

b) Common barriers to entry include:
(i) Capital requirements
(ii) Economies of scale
(iii) Product differentiation
(iv) Switching costs
(v) Brand identity
(vi) Access to distribution channels
(vii) Possibility of aggressive retaliation by existing players

Bargaining Power of Suppliers

a) Suppliers can command bargaining power over a firm when:- (i) Their products are crucial to buyer & substitutes are not available (ii) They can erect high switching costs (iii) They are more concentrated than their buyers

Bargaining Power of Buyers

a) Buyers of an industry's products or services can sometimes exert considerable pressure on existing firms to secure lower prices or better services

b) This leverage is particularly evident when
(i) Buyers have full knowledge of sources of products & their substitutes
(ii) They spend a lot of money on industry's products
(iii) Industry's product is not perceived as critical to buyer's needs

Threat of Substitutes

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 consumer can drastically alter competitive character of an industry. & they can bring it about all of a sudden

The Nature of Rivalry in Industry

a) Rivalry among competitors tends to be cutthroat & industry profitability low under various conditions explained as follows-
(i) Industry Leader
(ii) Number of Competitors
(iii) Fixed Costs
(iv) Exit Barriers
(v) Product Differentiation
(vi) Slow Growth

2.5.2 - Attractiveness of Industry

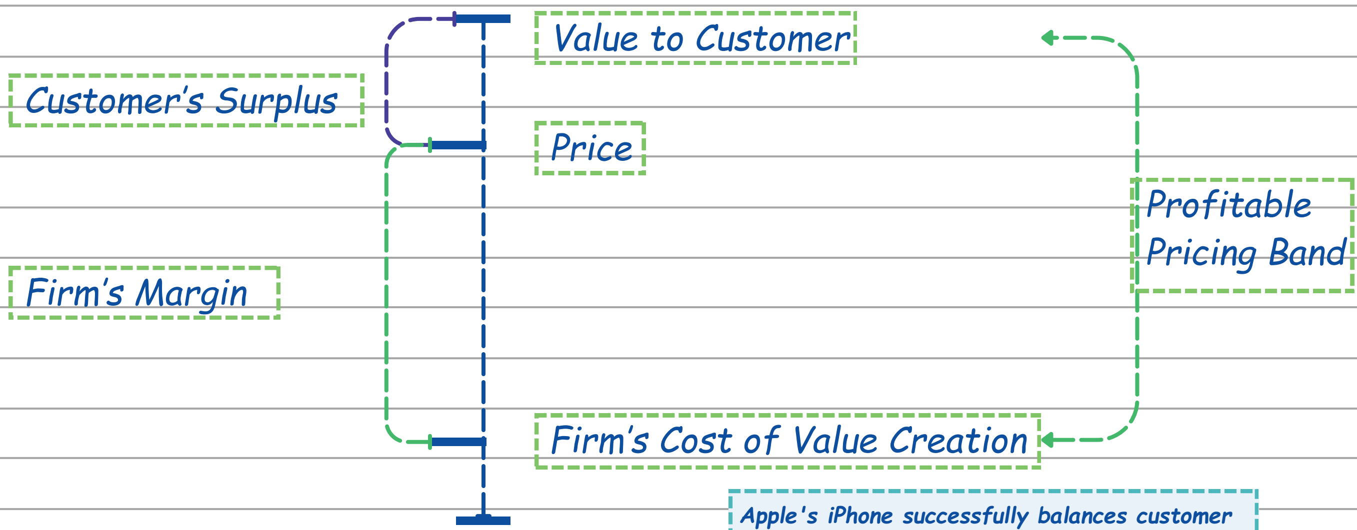
Important factors on which the management may base conclusions include

a) The industry's growth potential, is it **futuristically viable**?
b) Whether competition currently permits **adequate profitability** & whether competitive forces will become stronger or weaker?
c) Whether industry profitability will be **favourably or unfavourably** affected by the prevailing driving forces?
d) The **competitive position** of an organization in the industry and whether its position is likely to grow stronger or weaker.
e) The **potential to capitalize** on the vulnerabilities of weaker rivals
f) Whether the company is able to **defend against** or counteract the factors that make the industry unattractive?
g) The **degrees of risk and uncertainty** in the industry's future
h) The **severity of problems** confronting the Industry as a whole.
i) Whether **continued participation** in this industry adds importantly to the firm's ability to be successful in other industries in which it may have business interests?

2.5.4 - Value Creation

Value Creation

It is an activity or performance by the firm to create value that increases the worth of goods, services, business processes or even the whole business system. Competitive advantage leads to superior profitability. At the most basic level, how profitable a company becomes depends on three factors
a) the value customers place on the company's products,
b) the price that a company charges for its products; &
c) the costs of creating those products



Apple's iPhone successfully balances customer value, pricing, and cost to achieve superior profitability and sustainable competitive advantage in the smartphone market.

2.6 - Market & Customer

Market

Market is a place, business strategist work on marketing to improve the chances of success. The term "marketing" encompasses a wide range of operations, including research, designing, pricing, promotion, transportation, and distribution. Often market activities are categorised and explained in terms of four Ps of marketing-product, place, pricing, & promotion

Customer

A customer is a person or business that buys products or services from another organisation Customers are important because they provide revenue & organisations cannot exist without them

Customer Analysis

It identifies target clients, determines their wants, & then defines how product meets those needs. Thus, it involves the examination & evaluation of consumer needs, desires, & wants. It includes the administration of customer surveys, the study of consumer data, the evaluation of market positioning strategies, development of customer profiles, & the selection of the best market segmentation techniques

Customer Behaviour

Consumer behaviour may be influenced by a number of things. These elements can be categorised into the following conceptual domains

a) External Influences
b) internal influences
c) Decision Making
d) Post-decision Processes

Competitive Strategy

Competitive Landscape

It is about identifying & understanding the competitors & at the same time, it permits the comprehension of their vision, mission, core values, niche market, strengths and weaknesses

Steps to understand the Competitive Landscape

a) Identify the competitor

b) Understand the competitors

c) Determine the strengths of the competitors

d) Determine the weaknesses of the competitors

e) Put all of the information together

Key factors for competitive success

a) On what basis do customers choose between the competing brands of sellers? What product attributes are crucial to sales?

b) What resources and competitive capabilities does a seller need to have to be competitively successful, better human capital, quality of product or quantity of product, cost of service, etc?

c) What does it take for sellers to achieve a sustainable competitive advantage, something that can be sustained for long term?

Stakeholders

Understanding Key Stakeholders by Mendelow's Matrix

- Keep Satisfied
- Key Player
- Low Priority
- Keep Informed

Strategic Drivers

1 Strategic Group Mapping

2 Customer

Pricing

- Customer

Value Creation

- Consumer

3 Channels

1. Sales Channel
2. Product Channel
3. Service channel

4 Products / Service

1. Social Marketing
2. Augmented Marketing
3. Direct Marketing
4. Relationship Marketing
5. Service Marketing
6. Person Marketing
7. Organisation Marketing
8. Place Marketing
9. Enlightened Marketing
10. Differential Marketing
11. Synchro Marketing
12. Concentrated Marketing
13. De-marketing

SWOT Analysis

1) Strengths
2) Weakness
3) Opportunities
4) Threats

Core Competency

Michel, Porter's, Generic Strategies

- Cost Leader
- Differentiation
- Focus
- Best Cost Provider

3.1/2 Understanding Key Stakeholder

Lets Understand first who are Stakeholders?

Individuals & entities that have a stake in its success & con impact it as well. They may be the employees, shareholders, investors, suppliers, customers, regulators and so on. This view of the firm is in contrast to the earlier view of the firm that was considered to be an extension of the owners & shareholders alone

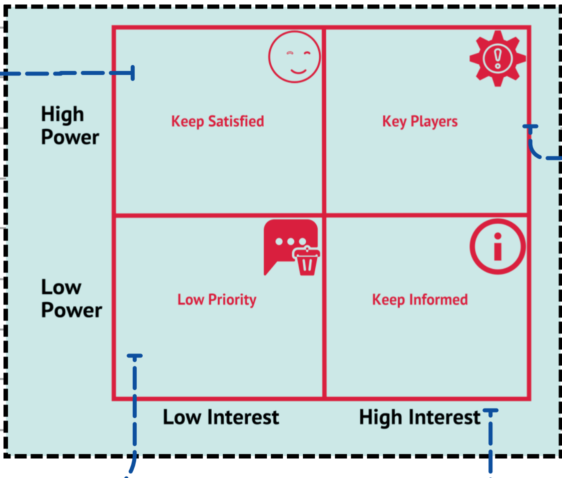
OTT Platform - Ex of Key Stakeholders & their requirements

Shareholders	CEO and Board of Directors	Major Vendors (Production Houses)	Consumers (Viewers)	Employees
• *innovation & continuous creative content* • *Total shareholder return (RoI)* • *Corporate social responsibility* • *Top rankings of the org* • *Highest market share*	• *Prestige* • *Market share* • *Revenue and profit growth* • *Market rankings*	• *Growth* • *Stability of ordering* • *Stable margins*	• *New content-innovation* • *Better deals-Pricing Benefits* • *Value for money* • *Continuous supply*	• *Wages & benefits* • *Stability of employment* • *Pride of working for a reputed org*

3.2.1 Mendelow's Matrix

- *Mendelow's Matrix is based on Power & Interest.*
- *It suggests to identify which stakeholders are incredibly Important.*
- *It defines the importance of High Power & High Interest which management would need to manage closely, while investing a lot of time & resources.*

- Consult often
  Increase their interest
- Can be hindrance to new ideas or strategic choices



- Manage Closely
- Involve in decision making
- Engage regularly and build strong relationship

- Monitor only, no engagement
- General occasional communication

- Utilise the high interest by engaging in decisions
- Consult in their areas of
- expertise and interest

3.3 Strategic Driver

- Industry
- Customer
- Product
- Channels

3.3.1 - Industry & Markets

IPAD

Is market the same for all businesses?

Market refers to all buyers & sellers of a particular product/ service & so it would be incorrect to say that market is same for all businesses.

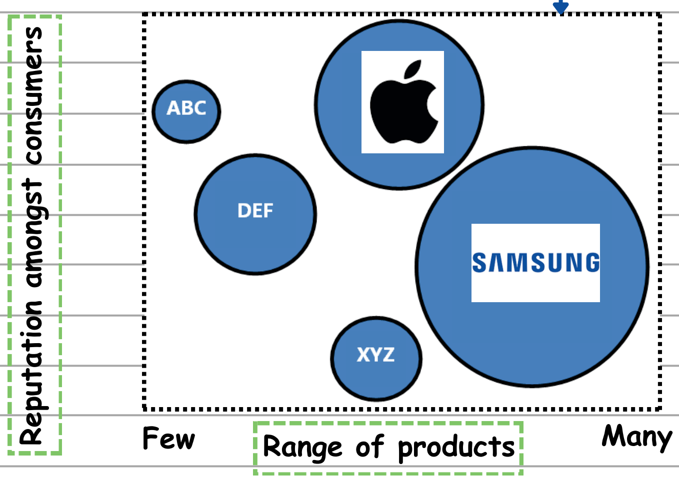
Each business has its own set of customers , market & more so, each product within a business has its own market

Analyzing industry and Markets

Industry & market analysis is extremely important to identify one's position as compared to the competitors, who can be of equal size & value, or bigger in size & value or even smaller & newer. A tool used for this is called Strategic Group Mapping

Procedure for constructing a strategic group map & deciding which firms belong in which strategic group is straight forward-

- ***Identify*** *the competitive characteristics that differentiate firms in industry typical variables are price/quality range, geographic coverage, degree of vertical integration, product-line breadth, use of distribution channels, & degree of service offered*
- ***Plot the firms*** *on a two-variable map using pairs of these differentiating characteristics*
- ***Assign firms*** *that fall in about the same strategy space to the same strategic group.*
- ***Draw circles*** *around each strategic group making the circles proportional to the size of the group's respective share of total Industry sales revenues*



ABC - Has a few mobile models but enjoys a great reputation in the market.
DEF - Not mentioned specifically but assumed to operate within the same competitive scenario.
Apple - Offers a wide range of products. Most reputed company in the Mobile market (largest bubble and highest on the Y-Axis).
XYZ - Has the same range of products as GHI (same position on the X-Axis). However, it has significantly lower reputation compared to GHI (smaller bubble and lower on the Y-Axis).
Samsung - High range of products and good Reputation amongst the consumer

Learning:

Strategists can analyze competitors using scenarios like this to compare factors such as reputation and product range.
This graphical representation helps businesses better understand competition based on two or more critical factors simultaneously.

3.3.2 -Customers

Customer versus Consumer

A simple bifurcation yet extremely important for strategy build up. Consumers are the ones who finally use a product/service, while customers are the buyers of that product.

A customer can be a consumer and vice versa. But for strategy teams especially marketing teams it is Important to understand the customer and consumer separately.

3.3.3 - Product/Services

Product/Services

1. Product stands for the combination of "goods-and-services" that the company offers to the target market.
2. For a new product, pricing strategies for entering a market need to be designed and for that matter at least three objectives must be kept in mind-

a) Have customer-centric approach while making a product.
b) Produce sufficient returns through a reasonable margin over cost.
c) Increasing market share.

Marketing strategies

Social Marketing

Augmented Marketing

Direct Marketing

Relationship Marketing

Services Marketing

Person Marketing

Organization Marketing

Place Marketing

Enlightened Marketing

Differential Marketing

Synchro-marketing

Concentrated Marketing

Demarketing

3.3.4 Channels

1. Channels are the distribution system by which an organisation distributes its product or provides its service
2. There are typically three channels thot should be considered
a) The sales channel
b) The product channel
c) The service channel

boAt

Coca-Cola

Sells its products via retail stores, intermediary stores (like Nykaa, Westside, Reliance Trends), as well as online mode like amazon, flipkart, nykaa online and its own website.

Only online via e-commerce platforms like flipkart and amazon

Retail shops across the nation, in each district, each town as well as online mode via dunzo, blinkit, etc.

3.4 - Role of Resources & Capabilities: Building Core Competency

Competency is defined as a combination of skills & techniques rather than individual skill or separate technique

Major core competencies are identified in three areas
a) competitor differentiation,
b) customer value, and
c) application to other markets

Criteria for bilding a core competencies (CC)
a) Valuable
b) Rare
c) Costly to imitate
d) Non-substitutable

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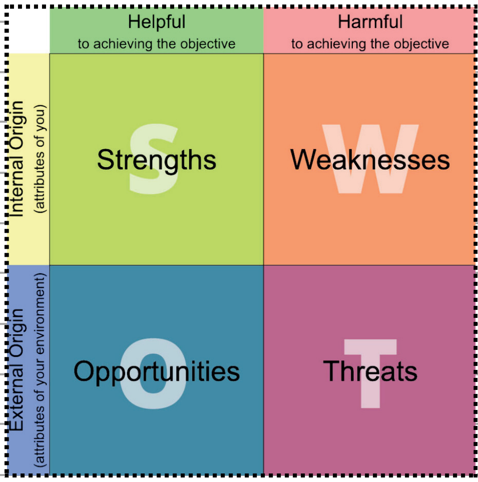
3.5 - Combining External & Internal Analysis (SWOT Analysis)

SWOT analysis is the analysis of a business's strengths, weaknesses, opportunities & threats



SWOT stands for Strengths, Weaknesses, Opportunities & Threats.

Internal analysis is more focused on understanding the existing structure & competencies of the business, thus highlighting the Strengths and Weaknesses, while External Analysis is about identifying and preparing for uncontrollable which can either be Opportunities or threats.

Therefore, SWOT Analysis is a tool which is used for both Internal & External Analysis.

Example (Law Firm)

STRENGTH	WEAKNESS
Multiple Partners with varied expertise Long Term contractual service agreements 70 years of brand value Services spread across 20 states of India 400+ employee strength to deliver work	Run by old methods No automation of work and documentation Not very employee friendly culture
OPPORTUNITY	**THREAT**
Automation driven advancement. Startups can be supported with experienced partners. Investment in technology can multiply returns.	Online players entering market. AI based solutions and applications. Price point of online being very competitive Speed of work becoming faster by the day.

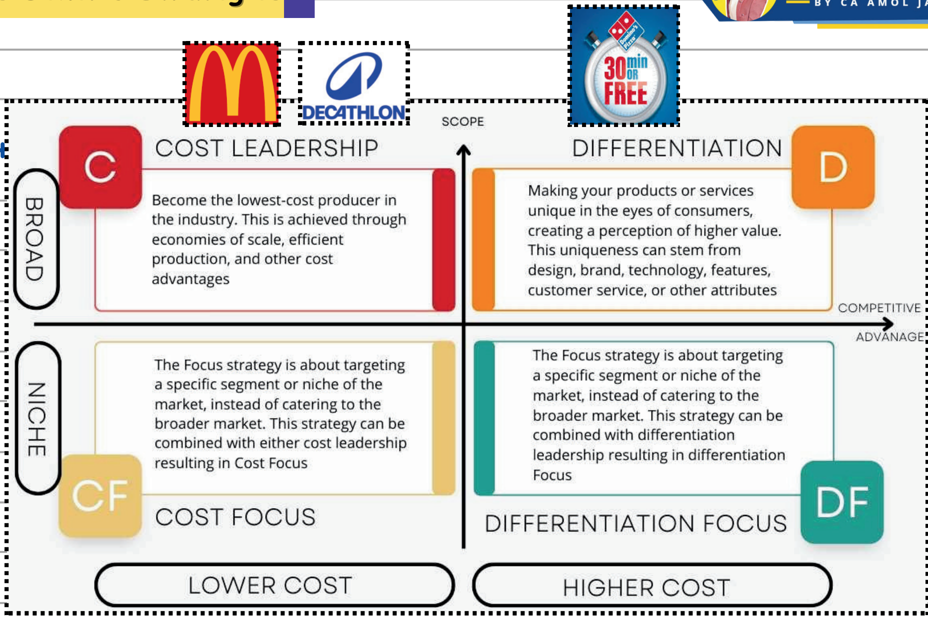
3.6 - Competitive Advantage: Using Michael Porter's Generic Strategies

3.6.1 - Sustainability of Competitive Advantage

Durability | Transferability | Imitability | Appropriability

DIAT

3.6.2 - Michael Porter's Generic Strategies



COMPETITIVE SCOPE

COMPETITIVE ADVANTAGE

3.6.2.1 Cost Leadership Strategy

a) It is a low cost competitive strategy that aims at broad mass market

b) It is effective when market is composed of many price- sensitive buyers, when there are few ways to achieve product differentiation

Disadvantages

i) Cost advantage may not last long as competitors may imitate cost reduction techniques.

ii) Cost leadership can succeed only if the firm can achieve higher sales volume.

iii) Cost leaders tend to keep their costs low by minimizing cost of advertising, market research, and research & development, but this approach can prove to be expensive in the long run.

iv) Technological advancement areas a great threat to cost

Achieving Cost Leadership Strategy

a) <u>Prompt forecasting</u> of demand of a product or service.

b) <u>Optimum utilization</u> of resources to achieve cost advantages.

c) <u>Achieving economies of scale</u>; thus, lower per unit cost of product/service

d) <u>Standardisation of products</u> for mass production to yield lower cost per unit

e) <u>Invest in cost saving technologies</u> & using advance technology for smart efficient working.

f) <u>Resistance to differentiation</u> till it become essential

AP ISRO

Advantages

i) Rivalry

ii) Buyers

iii) Suppliers

iv) Entrants

v) Substitutes

3.6.2.2 Differentiation Strategy

a) Aimed at broad mass market & involves creation of a product or service that is perceived by customers as unique

b) Basis of Differentiation-
- Product • Pricing • Organization

Advantages

i) Rivalry
ii) Buyers
iii) Suppliers
iv) Entrants
v) Substitutes

Achieving Differentiation Strategy

a) Offer utility to the customers & match products with their tastes & preferences.

b) Elevate/Improve performance of the product.

c) Offer the high-quality product/service for buyer satisfaction.

d) Rapid product innovation to keep up with dynamic environment.

e) Taking steps for enhancing brand image & brand value.

f) Fixing product prices based on unique features of product & buying capacity of customer.

Disadvantages

i) In long term, uniqueness is difficult to sustain.

ii) Charging too high a price for differentiated features may cause the customer to switch-off to another alternative.

iii) Differentiation fails to work if its basis is something that is not valued by the customers

3.6.2.3 Focus Strategies

Focused cost leadership

i) It requires competing based on price to target a narrow market

ii) It charges low prices relative to other firms that compete within target market

Focused differentiation

i) It requires offering unique features that fulfill demands of a narrow market

ii) It concentrate their efforts on a particular sales channel

Achieving Focused Strategy

i) Selecting specific niches which are not covered by cost leaders and differentiators,

ii) Creating superior skills for catering such niche markets.

iii) Generating high efficiencies for serving such niche markets.

iv) Developing innovative ways in managing the value chain.

Advantages	Disadvantages
i) Premium prices can be charged by the organisations for their focused product/services. ii) 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) The firms lacking in distinctive competencies may not be able to pursue focus strategy. ii) Due to the limited demand of product/services, costs are high, which can cause problems. iii) In the long run, the niche could disappear or be taken over by larger competitors by acquiring the same distinctive competencies.

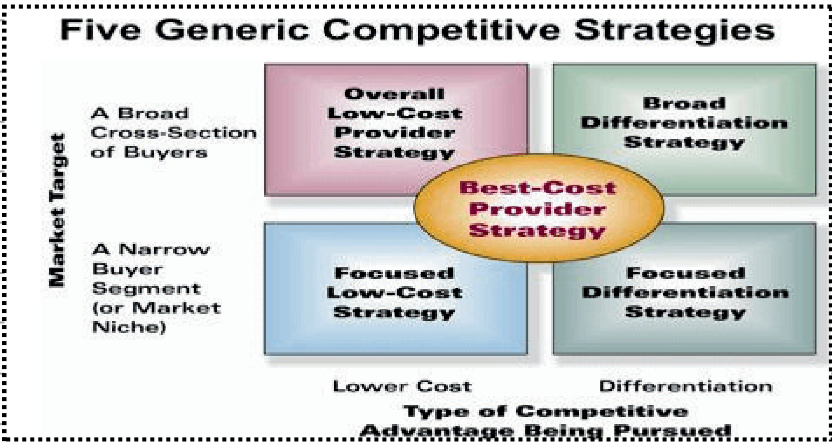
(IV) Best-Cost Provider Strategy

Best-cost provider strategy involves providing customers more value for the money by emphasizing on lower cost and better- quality differences. It can be done through -

a) offering products at lower price than what is being offered by rivals for products with comparable quality and features

Or

b) charging similar price as by the rivals for products with much higher quality and better features.



For example, android flagship phones from OnePlus, Xiaomi,Oppo, Vivo, etc, are all rooting for giving better quality at lowest prices to the customers. They are following the best-cost provider strategy to penetrate market.

4 Strategic Choices

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V'Smart Academy

Broad Strategies
1. Stability
2. Growth/Expansion
3. Retrenchment
4. Combination

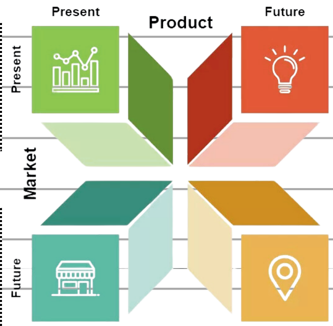
Strategic Exits
1. Turnaround
2. Divestment
3. Liquidation

Strategic Options
1. Ansoff's Matrix
2. GE Matrix
3. ADL Matrix
4. BCG Matrix

Ansoff's Matrix

Market Penetration

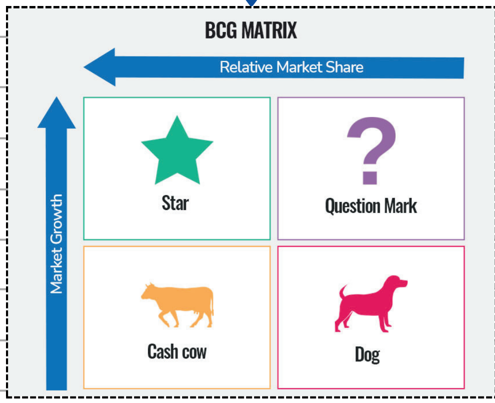
Product Development



Market Penetration

Diversification

BCG Matrix



ADL Matrix

Stage of industry maturity - Arthur D. Little (ADL) Matrix				
Competitive position	**Embryonic**	**Growth**	**Mature**	**Ageing**
Dominant	- Fast grow - Build barriers - Act offensively	- Fast grow - Attend cost leadership - Renew - Defend position - Act offensively	- Defend position - Attend cost leadership - Renew - Fast grow - Act offensively	- Defend position - Renew - Focus - Consider withdrawal
Strong	- Differentiate - Fast grow	- Differentiate - Lower cost - Attack small firms	- Lower cost - Focus - Differentiate - Grow with industry	- Find niche - Hold niche - Harvest
Favorable	- Differentiate - Focus - Fast grow	- Focus - Differentiate - Defend	- Focus - Differentiate - Harvest - Find niche - Hold niche - Turnaround - Grow with industry - Hit smaller firms	- Harvest - Turnaround
Tenable	- Grow with industry - Focus	- Hold niche - Turnaround - Focus - Grow with industry - Withdraw	- Turnaround - Hold niche - Retrench	- Divest - Retrench
Weak	- Find niche - Catch-up - Grow with industry	- Turnaround - Retrench - Niche or Withdraw	- Withdraw - Divest	- Withdraw

GE Matrix

	High	Medium	Low
High	INVEST GROW	INVEST GROW	SELECTIVITY EARNINGS
Medium	INVEST GROW	SELECTIVITY EARNINGS	HARVEST DIVEST
Low	SELECTIVITY EARNINGS	HARVEST DIVEST	HARVEST DIVEST

4.1 - Different types of strategies on the basis of their classification

(i) Level
- a) Corporate Level
- b) Business Level
- c) Functional Level

(ii) Stages of Business Life Cycle
- a) **Entry/Introduction Stage** Market Penetration Strategy
- b) **Growth Stage** Growth/Expansion Strategy
- c) **Maturity Stage** Stability Strategy
- d) **Decline Stage** Retrenchment/Turnaround Strategy

(iii) Competition Oriented
- a) **Competitive Strategies** - Cost Leadership, Differentiation, Focus
- b) **Collaboration Strategies** - Joint Venture, Merger & Acquisition, Strategic Alliance

4.2 - Corporate Strategy

TATA

A) Stability Strategy

TATA STEEL #WeAlsoMakeTomorrow

Tata Steel, under Tata Group's leadership, has focused on stability in its core steel business, maintaining steady growth by optimizing operations and increasing efficiency without major expansion into unrelated areas.

B) Expansion Strategy

tcs TATA CONSULTANCY SERVICES

TCS, part of Tata Group, has pursued significant expansion by entering new business areas like digital services and cloud computing, building on its core IT services business.

C) Retrenchment Strategy

TATA MOTORS

In 2017, Tata Motors decided to sell off its loss-making Nano car business and refocus on its core automobile segments, such as commercial and electric vehicles.

D) Combination Strategy

TATA SONS

Tata Group employs a combination of strategies, as seen in its simultaneous focus on stability in established businesses like Tata Steel, expansion through TCS, and retrenchment in underperforming sectors like Tata Nano.

4.2A - Stability Strategy

The firm stays with its current businesses and product markets; maintains the existing level of effort;and is satisfied with incremental growth.

A stability strategy is pursued by a firm when:-

i) it continues to serve in same or similar markets & deals in same or similar products & services

ii) This strategy is typical for those firms whose product have reached the maturity stage of product life cycle or those who have a sufficient market share but need to retain that

4.2A - Stability Strategy

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Characteristics

i) Firm stays with same business, same product-market posture & functions
ii) Endeavour is to enhance functional efficiencies in an incremental way, through better deployment & utilization of resources
iii) It does not involve a redefinition of business of corporation
iv) It is basically a safety-oriented, status quo.
v) It does not warrant much of fresh investments
vi) Risk is less
vii) concentrating its resources & attention on existing businesses/products & markets
viii) firms with modest growth objective choose this strategy.

Major Reasons for Stability Strategy

i) A product has reached the maturity stage of the product life cycle.
ii) The staff feels comfortable with the status quo as it involves less changes and less risks.
iii) It is opted when the environment in which an organisation is operating is relatively stable.
iv) Where it is not advisable to expand as it may be perceived as threatening.
v) After rapid expansion, a firm might want to stabilize & consolidate itself

We know Startups do not aim for stability, But why?

A startup is an entrepreneurial venture in the early stages of ideation & development, generally created for solving real-life problems through technology. For it, the most important factors are speed and agility, because of it being in a nascent stage of operations. Stability on the other hand is more meaningful strategy when the size of operations is expanded to full capacity and business is at a mature stage. Thereby, we rarely see startups aiming for stability.

4.2B - Growth / Expansion Strategy

Redefining business by enlarging scope of business & substantially increasing investment in business

Characteristics

i) Redefinition of business
ii) It is opposite of stability strategy
iii) It leads to business growth
iv) process of renewal of firm through fresh investments & new businesses/Products/ Markets
v) It is a highly versatile strategy; it offers several permutations & combinations
vi) Expansion strategy holds within its fold two major strategy routes: Intensification & Diversification

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4.2B - Growth / Expansion Strategy

Major Reasons for Growth/Expansion

i) It may become imperative when environment demands increase in pace of activity.

ii) Strategists may feel more satisfied with the prospects of growth from expansion; chief executives may take pride in presiding over organizations perceived to be growth-oriented.

iiii) It may lead to greater control over the market vis-a-vis competitors.

iv) Advantages from the experience curve and scale of operations may accrue.

v) It also includes intensifying, diversifying, acquiring & merging businesses

Types of Growth / Expansion Strategy

Internal Growth Strategies

a) Expansion through Intensification

i) Market Penetration

offering free data services

ii) Market Development

services into rural India and network connectivity to previously underserved regions.

iii) Product Development

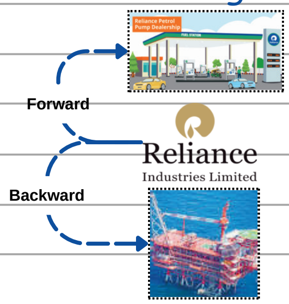
b) Expansion through Diversification

i) Concentric diversification

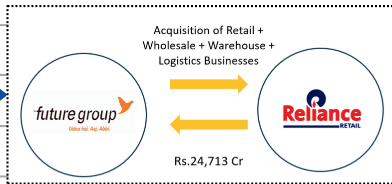
ii) Conglomerate diversification

iii) Innovation

a. Vertically integrated Diversification Forward & Backward Integration



b. Horizontal Integrated Diversification



- Helps to solve complex problems
- Increases Productivity
- Gives Competitive Advantage

External Growth Strategies

a) Expansion through Mergers & Acquisitions

Vertical Merger

It is a merger of two organizations that are operating in the **same industry but at different stages** of production or distribution system

Horizontal Merger

Horizontal merger is a combination of firms engaged in the same industry. It is a merger with a **direct competitor**

Meta

Instagram

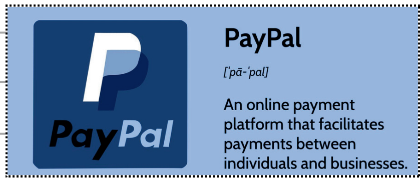
Co-generic Merger

In Co-generic merger two or more merging organizations are **associated in some way** or the other related to the production processes, business markets, or basic required technologies

Conglomerate Merger

Conglomerate mergers are the combination of organizations that are **unrelated**. No linkages w.r.t. customer groups, customer functions & technologies.

WhatsApp



b) Expansion through Strategic Alliance

Advantages-
Organizational
Economic
Strategic
Political
Disadvantages
Sharing

Facebook formed a strategic alliance with PayPal to integrate payment services for users, which provided economic and strategic advantages without merging the companies.

4.3 Strategic Exits

Strategic Exits are 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.

Turnaround Strategy

Internal retrenchment by emphasis on improving internal efficiency, known as turnaround strategy.

- In 2009, General Motors filed for bankruptcy and initiated a turnaround strategy under CEO Fritz Henderson.
- This strategy involved closing underperforming plants, reducing the workforce, and focusing on core brands like Chevrolet, Cadillac, Buick, and GMC.
- GM also received government bailouts to support its recovery.

Forbes INDIA LEADERSHIP INNOVATION BILLIONAIRES LISTS STARTUPS

Home / Global Game / Cross Border / How General Motors Was Really Saved

How General Motors Was Really Saved

gm General Motors
Automotive manufacturer

Conditions or indicators which point out that a turnaround is

a) **Persistent** negative cash flow from business
b) **Uncompetitive** products or services
c) **Declining market share**
d) **Deterioration** in physical facilities
e) **Over-staffing**, high turnover of employees, & low morale
f) **Mismanagement**

PM UDDO

Action Plan for Turnaround

Stage one - Assessment of current problems
Stage two -Analyze situation & develop a strategic plan
Stage Three - Implementing an emergency action plan
Stage Four - Restructuring business
Stage Five - Returning to normal

Important elements

a) Changes in top management
b) Initial credibility building actions
c) Neutralizing external pressures
d) Identifying quick payoff activities
e) Quick cost reductions
f) Revenue generation
g) Asset liquidation
h) Better internal coordination

Disinvestment Strategy

Involves sale or liquidation of a portion of business

- Tata Group, under Chairman Ratan Tata, divested its loss-making cosmetics division, Lakme, by selling it to Hindustan Unilever.
- The decision allowed Tata to exit a non-core business and refocus on its core sectors like steel, automobiles, and IT.

A divestment strategy may be adopted due to various reason

i) A business that had been acquired proves tom be a mismatch & cannot be integrated within the company.
ii) Persistent negative cash flows from a particular business create financial problems for the whale company, creating the need for divestment of that business.
iii) Severity of competition & the inability of a firm to cope with it may cause it to divest
iv) it is not possible for the business to do Technological upgradation that is required for the business to survive, a preferable option would be to divest
v) A better alternative may be available for investment, cowing a firm to divest a part of its unprofitable business

Is Turnaround strategy only relevant to loss making businesses?

No!

- Turnaround strategy is relevant when a company is experiencing a period of poor performance.
- Poor performance does not always mean losses, it may also mean **lower than expected growth**, no future clarity, or even lesser than target profits.

Characteristics of Divestment Strategy

i) This strategy involves divestment of some of the activities in a given business of firm or sell-out of name of the businesses as such.

ii) Divestment is to be viewed as an integral part of corporate strategy without any stigma attached

Retrenchment

The firm retrenches some of the activities in some business (es), or) or drops the business as such through sell-out or liquidation.

Major Reasons for Retrenchment/ Turnaround Strategy

NN BP ST

a) The management **no longer** wishes to remain in business either partly or wholly due to continuous losses and unviability

b) The management feels that **business** could be made viable by divesting some of the activities or liquidation of unprofitable activities

c) A business that had been acquired **proves to be a mismatch** and cannot be integrated within the company

d) Persistent **negative cash** flows from a particular business create financial problems for the whole company, creating the need for divestment of that business

e) **Severity of competition** & the inability of a firm to cope with it may cause it to divest

f) **Technological upgradation is required** if the business is to survive but where it is not possible for the firm to invest in it, a preferable option would be to divest

4.4 Combination Strategy

The firm combines the above strategic alternatives in some permutation/combination so as to suit the specific requirements of the firm.

Strategic Options - Portfolio Analysis Models

- Primarily used for competitive analysis and corporate strategic planning in **multi-product and multi-business firms.**
- May also be used in less diversified firms if these consist of a main business and other minor complementary interests.
- The main advantage in adopting a portfolio approach in a multi-product, multi-business firm is that **resources could be channelised** at the corporate level to those businesses that possess the greatest potential.

Ansolf's product market growth Matrix | **General Electric Matrix** | **BCG growth- share Matrix** | **ADL Matrix**

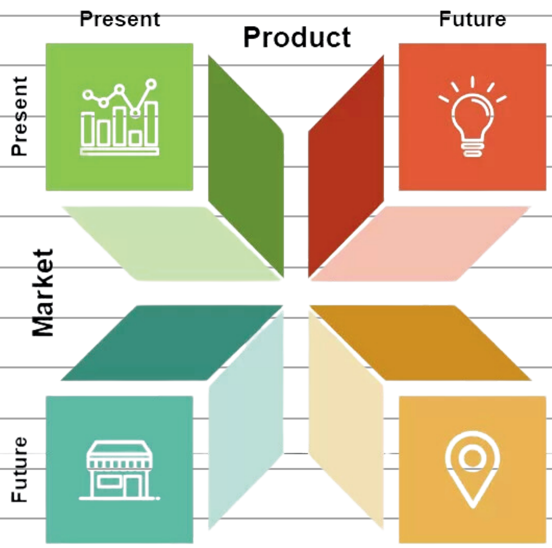
- Proposed by Igor Ansoff
- Helps in deciding product & market growth strategy.
- Gives a fair idea about the growth of the business in terms of product and markets.
- It is also known as product market expansion grid.
- It is a portfolio planning tool.
- Helps in identifying growth opportunities.

Market Penetration

Selling existing products into existing markets

Product Development

New products into existing markets



Market Penetration

Selling existing products into **NEW** markets

Diversification

New products in new markets

- The ADL matrix (derived its name from Arthur D. Little) is a portfolio analysis technique that is **based on product life cycle.**
- The approach forms a **two-dimensional matrix** based on stage of industry maturity and the firm's competitive position.
- Stage of industry maturity is an environmental measure that represents a position in the industry's life cycle.
- Competitive position is a measure of business strengths that helps in categorization of products or SBU's into one of five competitive positions:
- Dominant
- Strong
- Favourable
- Tenable
- Weak

Stage of industry maturity - Arthur D. Little (ADL) Matrix

Competitive position	Embryonic	Growth	Mature	Ageing
Dominant	- Fast grow - Build barriers - Act offensively	- Fast grow - Attend cost leadership - Renew - Defend position - Act offensively	- Defend position - Attend cost leadership - Renew - Fast grow - Act offensively	- Defend position - Renew - Focus - Consider withdrawal
Strong	- Differentiate - Fast grow	- Differentiate - Lower cost - Attack small firms	- Lower cost - Focus - Differentiate - Grow with industry	- Find niche - Hold niche - Harvest
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Tenable	- Grow with industry - Focus	- Hold niche - Turnaround - Focus - Grow with industry - Withdraw	- Turnaround - Hold niche - Retrench	- Divest - Retrench
Weak	- Find niche - Catch-up - Grow with industry	- Turnaround - Retrench - Niche or withdraw	- Withdraw - Divest	- Withdraw

ADL Matrix

i) Dominant Monopoly or strong & protected technological leadership.

ii) Strong Freedom over its choice of strategies & is often able to act without its market position being unduly threatened by its competitions

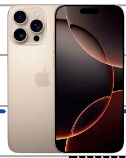
iii) Favorable - Reasonable degree of freedom

iv) Tenable Perform satisfactorily, vulnerable to increased competition from stronger co. in market

v) Weak: Performance of firms unsatisfactory, opportunities for improvement exist

BCG growth-share Matrix

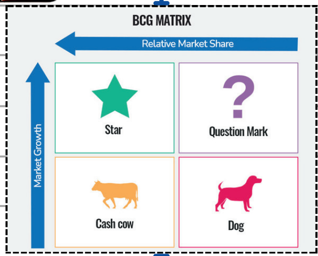
Products that are growing rapidly, need heavy investment to maintain position



The iPhone represents Apple's "star" product, dominating the smartphone market with high market growth and a large market share, driving significant revenue for the company.

Require a lot of cash to hold their share

Apple TV+ represents a "question mark," with the company entering the competitive streaming market but facing uncertainty about gaining substantial market share.



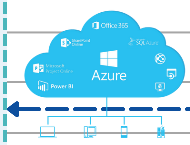
Generate cash & have low costs

Apple's MacBook is a "cash cow" with steady demand, a high market share, and generates stable revenue, though the personal computer market has slower growth.

Generate enough cash to maintain themselves, but do not have much future

The iPod, once revolutionary, is now considered a "dog" due to declining market demand and low growth as consumers have shifted to smartphones.

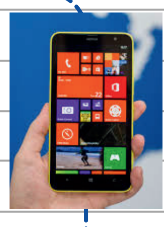
General Electric Matrix



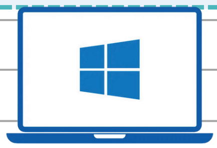
- Microsoft's cloud computing service, Azure, is positioned in a high-growth market (cloud computing) and is one of the leaders in terms of business strength.
- Microsoft has made significant investments in expanding Azure's capabilities, which has become a key driver of the company's growth.

Business Stength

Market Attractiveness			
High	INVEST GROW	INVEST GROW	SELECTIVITY EARNINGS
Medium	INVEST GROW	SELECTIVITY EARNINGS	HARVEST DIVEST
Low	SELECTIVITY EARNINGS	HARVEST DIVEST	HARVEST DIVEST
	High	Medium	Low



Windows OS operates in a relatively mature market but maintains strong business strength due to its dominant market share in personal computers.



The Windows Phone was in a low-growth mobile market and had weak business strength, leading Microsoft to eventually discontinue the product line.

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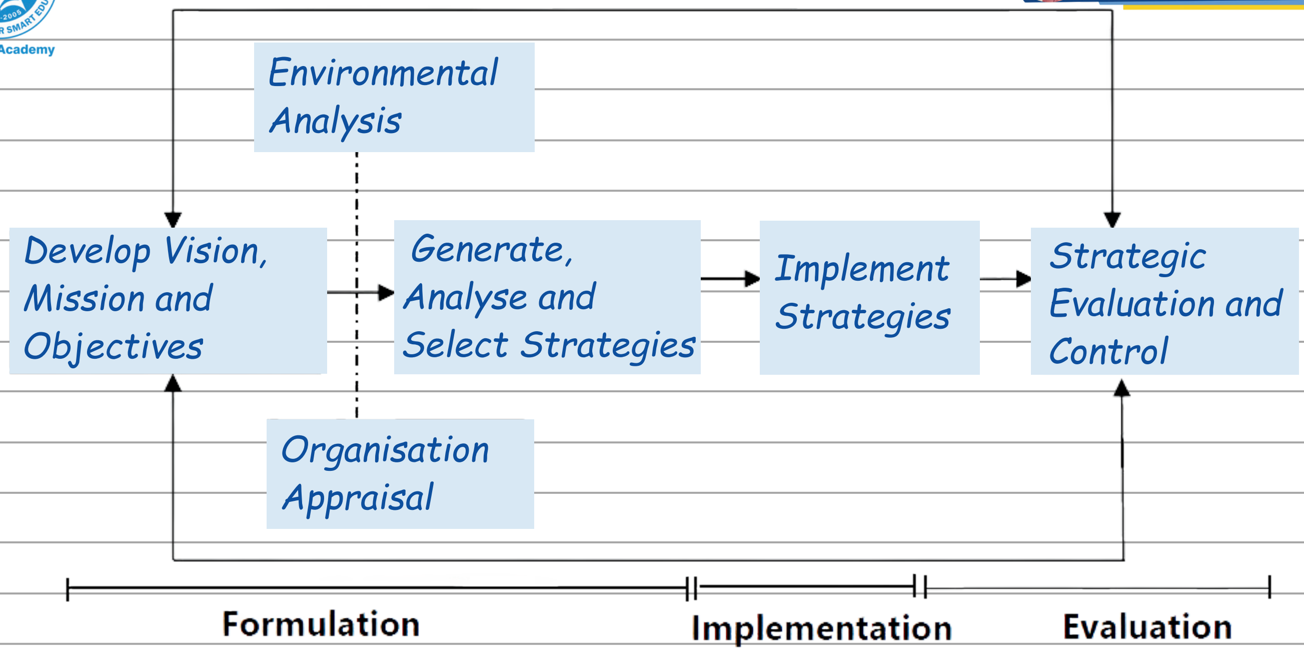
5.1/2 - Strategic Management Process



5.2.1 - Stages in Strategic Management

a) Developing a strategic vision & formulation of statement of mission, goals & objectives
b) Environmental & organizational analysis
c) Formulation of
d) Implementation of strategy
e) Strategic evaluation & control

5.2.2 Strategy Formulation

Strategic planning

Characteristics of Strategic planning

i) Shapes the organisation & its resources
ii) Assesses the impact of environmental variables
iii) Takes a holistic view of the organisation.
iv) Develops overall objectives & strategies
v) Is concerned with the long-term success of the organisation.
vi) Is a senior management responsibility.

Strategic uncertainty and how to deal with it?

a. Flexibility
b. Diversification
c. Building Resilience
d. Monitoring & Scenario Planning
e. Collaboration and Partnerships

Operational planning

Characteristics of Operational planning

i) Deals with current deployment of Resources
ii) Develops tactics rather than strategy.
iii) Projects current operations into the future.
iv) Makes modifications to the business
v) functions but not fundamental changes.
vi) Is the responsibility of functional

Strategic Management Process

Strategy implementation

Strategy implementation concerns the managerial exercise of putting a freshly 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.

Difference Between Strategy Formulation & Strategy Implementation

Strategy Formulation	Strategy implementation
i) It includes planning & decision-making involved in developing organization's strategic goals & plans	i) It involves all those means related to executing the strategic plans
ii) It is placing the Forces before action	ii) It is managing forces during action.
iii) An Entrepreneurial Activity based on strategic decision-making	iii) An Administrative Task based on strategic & operational decisions.
iv) Emphasizes an effectiveness	iv) Emphasizes an efficiency.
v) Primarily an intellectual & rational process	v) Primarily an operational process
vi) Requires co-ordination among few individuals at the top level	vi) Requires co-ordination among many individuals at the middle & lower
vii) Requires a great deal of initiative, logical skills, conceptual intuitive & analytical skills..	vii) Requires specific motivational leadership traits
viii) Strategic Formulation precedes Strategy Implementation	

Issues in Strategy implementation

BF PP RS

i) **Project** implementation
ii) **Procedural** implementation
ii) **Resource** allocation
iv) **Structural** implementation
v) **Functional** implementation
vi) **Behavioral** Implementation

Strategy Formulation → Forward Linkage → Strategy implementation

Strategy implementation → Backward linkage → Strategy Formulation

Strategy formulation and implementation matrix

Strategy Formulation	Weak	Excellent
Sound	A	B
Flawed	C	D

Implementation

- Competitive strategy formulated but poor implementation.
- Causes: Lack of experience, resources, or leadership.
- Solution: Move towards Square B by improving implementation.

- Sound and competitive strategy with successful implementation.

- Flawed strategy but strong implementation skills.
- Solution: Redesign strategy before refining execution.

- Flawed strategy with weak implementation.
- Solution: Redesign both strategy and implementation approach.

Principal combinations of efficiency and effectiveness

Operational Management	Strategic Formulation: Effective	Strategic Formulation: Ineffective
Efficient	1 Thrive	2 Die Slowly
Inefficient	3 Survive	4 Die Quickly

- Cell 1:

Organization is well-positioned, achieving goals with efficient output/input ratio, leading to success.

- Cell 2 and Cell 4:

Organization is at risk unless a clear strategic direction is established. Note: Cell 2 is worse than Cell 3 because Cell 3 has a strategic direction, ensuring effectiveness even with high input.

- Key Insight:

Effectiveness ensures survival, whereas efficiency alone does not guarantee it.

5.2.5 Linkages and Issues in Strategy Implementation

Reliance adopted backward linkage by investing in oil exploration and production to secure raw material for its petrochemical business, reducing dependency on external suppliers.

Backward linkage ← Reliance → Forward Linkage

Reliance Retail | Jio

Reliance uses forward linkage by establishing retail outlets (Reliance Retail) and digital services (Jio) to reach consumers directly, expanding its market reach \from refining and petrochemicals to the end customer in retail and telecommunications.

Forward Linkage

Different elements in strategy formulation starting with objective setting through environmental & organizational appraisal, strategic alternatives & choice to strategic plan determine course that an organization adopts for itself

Backward linkage

Organization tend to adopt those strategies which can be implemented with help of present structure of resources

5.3 - Strategic Change Through Digital Transformation

Strategic Change

Steps to initiate strategic change

i) Recognize the need for change
ii) Create a shared vision to manage change
iii) Institutionalise the change

Kurt Lewin's Model of Change

i) Unfreezing the situation
ii) Changing to the new situation
- Compliance
- Identification
- Internalization

iii) Refreezing

Digital transformation

Use of digital technologies to develop fresh, improved, or entirely new company procedures, goods, or services is known as "digital transformation"

Change management in the digital transition consists of four essential elements:

a) Defining the goals and objectives of the transformation
b) Assessing the current state of the organization and identifying gaps
c) Creating a roadmap for change that outlines the steps needed to reach the desired state
d) Implementing and managing the change at every level of the organization

How does change management work?

Change management is a process or sets of tools and best practices used to manage changes in an organization. It assists in making changes in a safe and regulated manner, reducing the possibility of detrimental effects on the company

A properly implemented change management strategy can help an organization to

a) Specify the parameters and goals of the digital transformation
b) Determine which procedures and tools need to be modified.
c) Make a plan for implementing the improvements.
d) Involve staff members and parties involved in the transformation process.
e) Track progress and make required course corrections

Change Management Strategies for Digital Transformation

The five best practices for managing change in small and medium-sized
a) Begin at the top
b) Ensure that the change is both necessary and desired
c) Reduce disruption
d) Encourage communication
e) Recognize that change is the norm, not the exception

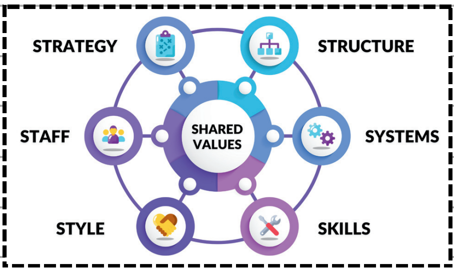
How to Manage Change during Digital Transformation

a) Specify the digital transformation's aims & objectives
b) Always, always, always communicate
c) Be ready for resistance
d) Implement changes gradually
e) Offer assistance and training

5.4 - Organizational Framework

McKinsey 7S Model

i) It refers to a tool that analyzes a company's "organizational design"
ii) McKinsey 7s Model focuses on how the "Soft Sa" & "Hard Ss" elements are interrelated, suggesting that modifying one aspect might have a ripple effect on the other elements in order to maintain an effective balance.



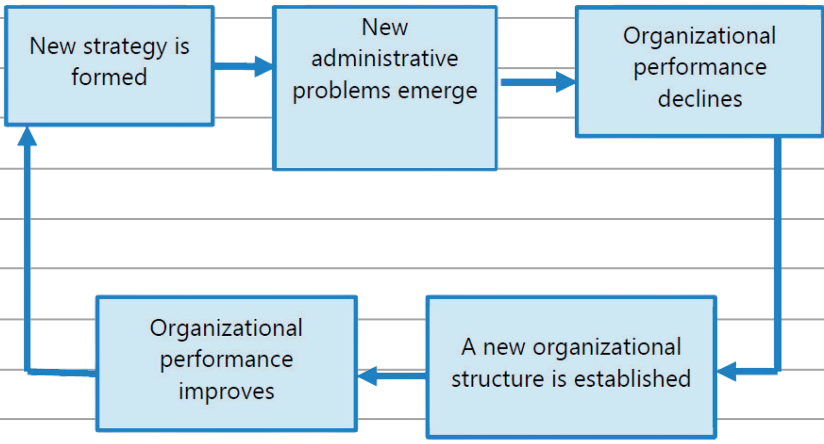
__Hard elements are:__
Strategy: What steps does thecompany intend to take to address current and futures challenges?
Structure: How is work divided, how do different departments work and collaborate?
Systems: Which formaland informal processes is the company's structure based on?

__Soft elements are:__
Shared Values: What is the idea the organization subscribes to? Is this idea communicated credibly to others?
Staff: This elements refers to employees development and relevant processes, performances and feedbackprograms etc.
Skill: What is the company's base of skills and competencies?
Style: This depicts the leadership style and how it influences the strategic decisions of the organization.

Limitations of this model are

a) It ignores the importance of the external environment and depicts only the most crucial elements within the organization.
b) The model does not clearly explain the concept of organizational effectiveness or performance.
c) The model is considered to be more static and less flexible for decision making.
d) It is generally criticized for missing out the reals gaps in conceptualization and execution of strategy.

5.4.1 - Organizational Structure



Chandler's Strategy-Structure Relationship

Organisation Structure

1. Simple Structure

i) It is most appropriate for companies that follow a single business strategy & offer a line of products in a single geographic market

ii) Communication is frequent direct, & new products tend to be introduced to market quickly, which can result in a competitive advantage

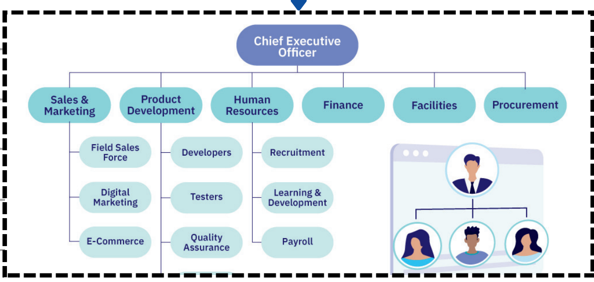
2. Functional Structure

i) It groups tasks & activities by business function

ii) It is simple & inexpensive

iii) It promotes specialization of labour, encourages efficiency, minimizes need for an elaborate control system, & allows rapid decision making

iv) It consists of CEO or MD & limited corporate staff with functional line managers in dominant functions



3. Divisional Structure

i) It can be organized in ways

a. Geographic

b. Product or service

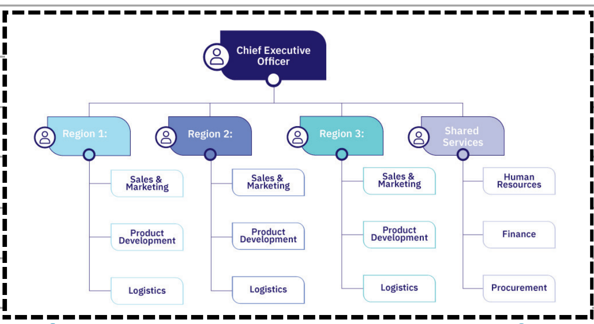
c. Customer

d. Functional

ii) Clear Accountability

iii) It is based on extensive delegation of authority, managers & employees can easily see results of their good or bad performances

iv) It is similar to functional structure, because activities are organized according to the way work is actually performed



4. Multi Divisional Structure

It is composed of operating divisions where each division represents a separate business to which top corporate officer delegates responsibility for day-to-day operations & business unit strategy to division managers

Multidivisional structure calls for i) Creating separate divisions, each representing a distinct business ii) Each division would house its functional hierarchy,

iii) Division managers would be given responsibility for managing day-to-day operations;

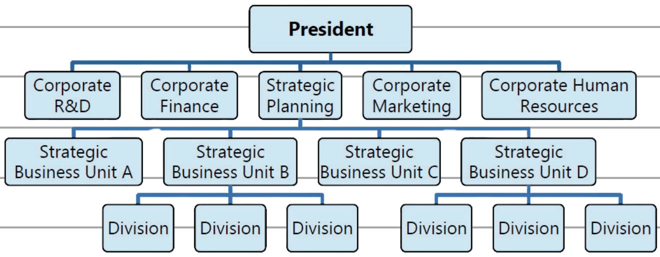
v) A small corporate office that would determine the long-term strategic direction of the firm and exercise overall financial control over the semi-autonomous divisions

5.Strategic Business Unit (SBU) Structure

a. It is termed "non-structure" by its virtual elimination

b. It become useful when environment of firm in unstable & is expected to remain so

c. It provides org with increased flexibility & adaptability to cope with rapid technological change & shifting pattern of international trade & competition



Important characteristics of

i) It is a single business or a collection of related businesses which offer scope for independent planning & which might feasibly standalone from the rest of the organization.

ii) It has its own set of competitors

iii) It has a manager who has responsibility for strategic planning & profit performance, & who has control of profit-influencing factors.

Attributes of an SBU & the benefits -

i) A scientific method of grouping the businesses of a multi-business corporation which helps the firm in strategic planning

ii) An improvement over the territorial grouping of businesses & strategic planning based on territorial units

iii) It is a grouping of related businesses that can be taken up for strategic planning distinct from the rest of the businesses

iv) Products/businesses that are related from the standpoint of "function" are assembled together as a distinct SBU.

v) Unrelated products/businesses in any group are separated

vi) Grouping the businesses on SBU lines helps the firm in strategic planning by removing the vagueness and confusion

vii) Each SBU is a separate business from strategic planning standpoint

viii) Each SBU will have its own distinct set of competitors & its own distinct strategy.

ix) Each SBU will have a CEO.

x) SBUs might build on similar technologies, or all provide similar sorts of products or services

xi) SBUs might be serving similar or different markets.

xii) Or it may be that other competences on which the competitive advantage of different SBUs are built have similarities

6. Matrix Structure

i) In matrix structures, functional & product forms are combined simultaneously at same level

ii) It is complex of all design since it depends upon both vertical & horizontal flows

iii) It result in higher overhead

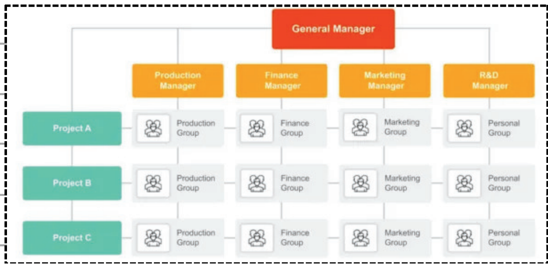
iv) Project objective are clear

Phases for development of matrix structure Davis & Lawrence

a. Cross - functional task forces

b. Product/brand management

c. Mature matrix



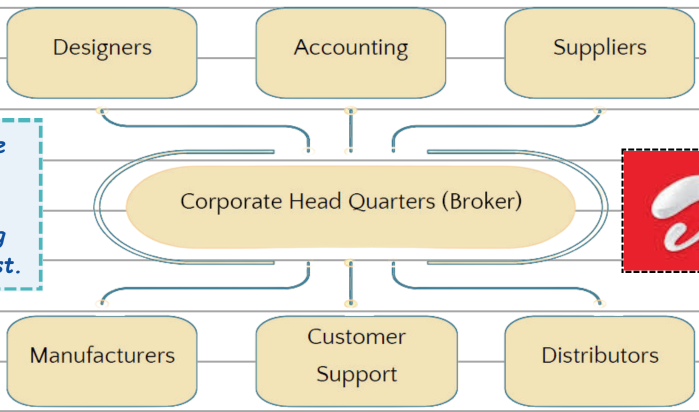
7. Network Structure

a. It is termed "non-structure" by its virtual elimination

b. It become useful when environment of firm is unstable & is expected to remain so

c. It provides org with increased flexibility & adaptability to cope with rapid technological change & shifting pattern of international trade & competition

Companies like Airtel use the network structure in their operations function by subcontracting manufacturing to other companiesin low-cost.



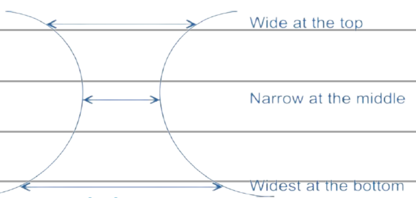
7. Hourglass Structure

i) This structure consists of 3 layers with constricted middle layer

ii) Structure has short & narrow middle-management level

iii) IT links top & bottom levels in org taking away many tasks that are performed by middle level managers

iv) Managers are generalists & they handle cross-functional issues emanating such as those from marketing, finance or production



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5.4.2 Organization Culture

Corporate culture refers to a company's values, beliefs, business principles, traditions, ways of operating, and internal work environment.

Where Does Corporate Culture Come From?

A company's culture is manifested in the values & business principles that management preaches & practices, in its ethical standards & official policies, in its stakeholder relationships, in the traditions the organization maintains, in its supervisory practices, in employees' attitudes and behaviour, in the legends people repeat about happenings in the organization, inthe peer pressures that exist, in the organization's politics that permeate the work environment

Culture: ally or obstacle to strategy execution?

Organization's culture is either an important contributor or an obstacle to successful strategy execution. The beliefs, vision, objectives, and business approaches and practices underpinning a company's strategy may or may not be compatible with its culture

Role of culture in strategy execution

i) Perils of Strategy-Culture Conflict

ii) Creating a strong fit between strategy & culture

iii) Changing a problem culture

5.5 - Strategic Leadership

Managers have five leadership roles to play in pushing for good strategy execution

TRECC

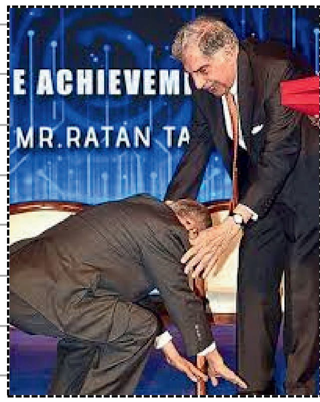
*i) Staying on **top** of what is happening, closely monitoring progress, solving out issues, and learning what obstacles lie in the path of good execution.*

*ii) Promoting a **culture of esprit de corps** (Common Spirit) that mobilizes and energizes organizational members to execute strategy in a competent fashion and perform at a high level.*

*iii) Keeping the organization **responsive to changing conditions**, alert for new opportunities, bubbling with innovative ideas, and ahead of rivals in developing competitively valuable competencies and capabilities.*

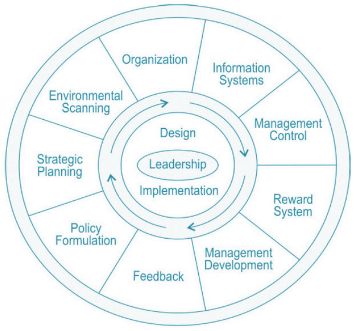
*iv) Exercising **ethical leadership** and insisting that the company conduct Its affairs like a model corporate citizen*

*v) Pushing **corrective actions** to improve strategy execution and overall strategic performance*



Leadership role in implementation

Microsoft



Satya Nadella transformed Microsoft's strategic direction by focusing on cloud computing and digital transformation, empowering employees to adopt a growth mindset, and guiding the company through significant changes in the competitive tech landscape.

Responsibilities of Strategic Leader FCS 3ME

i) Making strategic decisions
ii) Formulating policies & action plan
iii) Ensuring effective communication
iv) Managing human capital
v) Managing change in org
vi) Creating & sustaining strong corporate culture
vii) Sustaining high performance over time

Approaches to leadership style

Transformational leadership style

a) It uses enthusiasm to inspire people to exert them for good of organization
b) Transformational leaders offer excitement, vision, intellectual stimulation & personal satisfaction

Transactional leadership style

a) It uses authority of its office to exchange rewards, such as pay & status
b) More formalized approach to motivation, setting clear goals with explicit rewards or penalties for achievement or non-achievement

5.6 - Strategic Control

Strategic Control

It is function intended to ensure & make possible performance of planned activities & to achieve predetermined goals & results

Elements

a) Objectives & characteristics of system which could be operationalized into measurable & controllable standards
b) Mechanism for monitoring & measuring characteristics of system
c) Mechanism for comparing actual results with reference to standards, detecting deviations from standards & learning new insights on standards themselves
d) Mechanism feeding back corrective & adaptive information & instruction to system, for effecting desired changes

Types of organizational Control

Operational Control

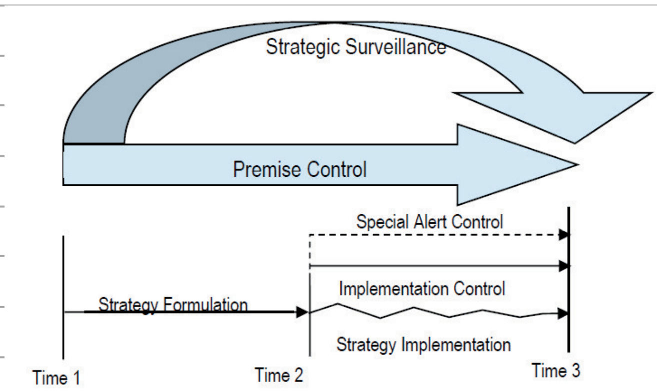
It is on individual tasks or transactions as against total or more aggregative management functions

Management Control

It is more inclusive & more aggregative in sense of embracing integrated activities of complete department, division or even entire org, instead or mere narrowly circumscribed activities of sub-units

Strategic Control

i) It focuses on dual questions of whether
a) Strategy is being implemented as planned
b) Results produced by strategy are those intended
ii) It is process of evaluating strategy as it is formulated & implemented
iii) Types of Strategic Control:
a. Premise control
b. Strategic surveillance
c. Special alert control
d. Implementation control
i) Monitoring strategic thrusts
ii) Milestone Reviews



5.7 - Strategic Performance Measures

Types of Strategic Performance Measures

a) Financial Measures
<u>Stock Price, Revenue</u>

b) Customer Satisfaction Measures
<u>Net Promoter Scores (NPS)</u>

c) Market Measures
<u>Market share in the electric vehicle segment</u>

d) Employee Measures
<u>Engagement/retention rates</u>

e) Innovation Measures
<u>R&D / product innovation</u>

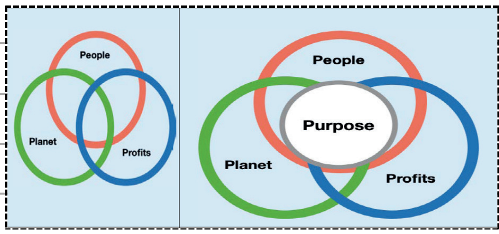
f) Environmental Measures
<u>Carbon footprint</u>

The Importance of Strategic Performance Measures

a) Goal Alignment
b) Resource Allocation
c) Continuous Improvement
d) External Accountability

Choosing the Right Strategic Performance Measures

a) Relevance
b) Data Availability
c) Data Quality
d) Data Timeliness



Development of management thought and practice has persistently pushed the frontier of strategic performance beyond financial metrics. Thus, the Triple Bottom Line framework (TBL) emphasises People and PlanetaryConcerns besides profitability or Economic Prosperity alone. The Quadruple Bottomline adds the 4th P to add a spiritualdimension named 'Purpose.'