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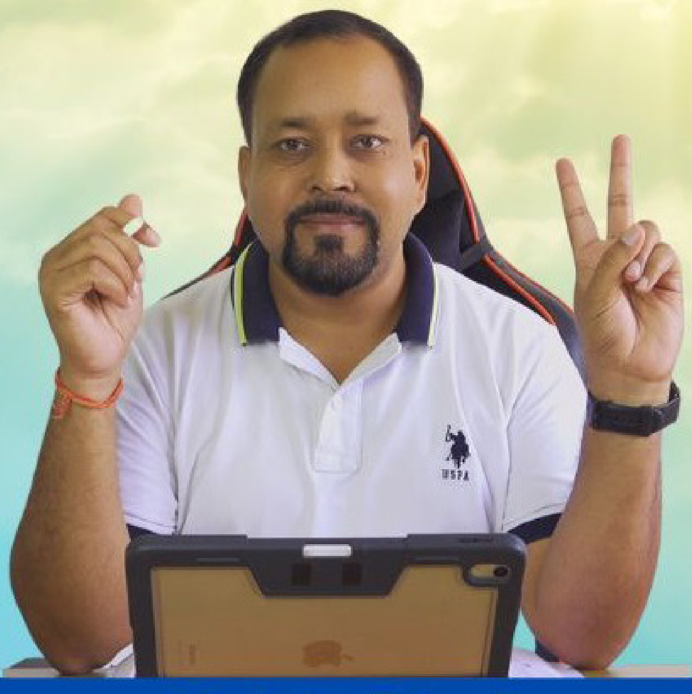

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OTC VIRTUAL'S STRATEGIC MANAGEMENT TERMINATOR 4.0

[CA Intermediate]
Jan/May/Sept. - 2025

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Preface

Welcome to this new edition of **Strategic Management Terminator 4.0**

As an author, I am sensitive to your learning as well as examination needs. I believe that citation of the right content with right answers to questions and their presentation in the examination is an effective tool that determines the success of a student. For this very reason, I have taken your point of view into consideration. In writing each chapter, I have taken every care to make the content informative as well as easy and interesting to read, write and present in examination.

The aim of **Strategic Management Terminator 4ww.0** is to help CA Intermediate (New Course) students by clearly explaining, analysing, and evaluating important Strategic Management concepts. My approach in writing this book was essentially twofold: to write an accessible textbook that students feel comfortable with but without compromising on the academic rigour.

The case-studies, scenarios and MCQs herein, have been taken from contemporary world, ICAI literatures and leading brands around us. These help to bridge the gap between theory to practice aiming not only at a comprehensive learning experience but also offering an interesting reading. To supplement this, I have tried to adopt a user-friendly writing style that gives clear and concise explanations to help students engage readily with the content and grasp complex strategic concepts easily.

The book has been divided into 5 Parts.

Part 1: Descriptive and Practical Questions (PYQs, RTPs, MTPs, etc. covered)

Part 2: Case Studies and Scenario Based MCQs

I would be happy to get your feedback, comments, and queries. You can get in touch with me at omtrivedi@ymail.com or call me at 9958300572 (between 8 pm – 10 pm).

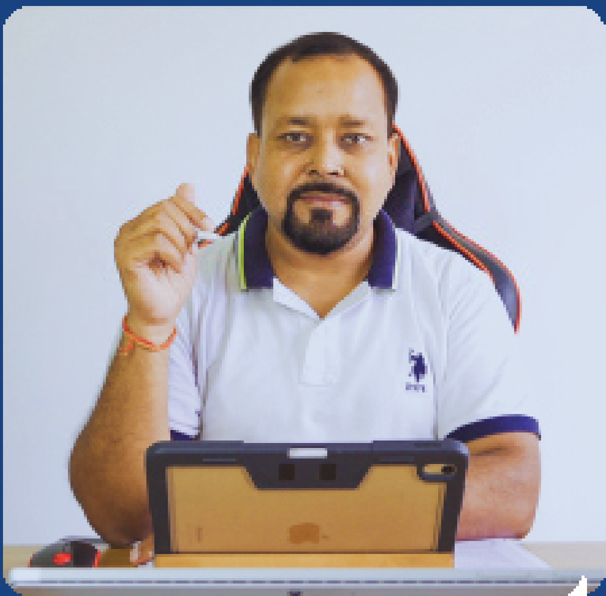
Good luck for a challenging and successful learning experience!

Prof. Om Trivedi

It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is the most adaptable to change.

– Charles Darwin

About Prof. Om Trivedi



Prof. Om Trivedi

An Edupreneur, Visiting Faculty Member of #NIRC and #WIRC of ICAI, Guest Faculty of LVC and External Subject Expert at the BOS of #ICAI, IIM-C Alumnus, Author, Publisher, Educationist, Management Consultant, and Corporate Speaker.

Synopsis:

- Over **11 years of teaching experience** in various CA, CS, CMA and MBA courses.
- Guided more than **1,00,000 CA, CS, and CMA** students through Face to Face Classes and more than **2,00,000** students through LIVE Virtual & Online Classes.
- Students scored **All India 'Highest Marks, AIR 20, 22, 23, 36, 37, 40 & 47 with 1000s of exemptions.**
- His student scored **"Highest Marks"** in this subject.
- Done research and projects in areas like competition studies, Financial Modelling, Data Analytics, value creation, and competitive advantages, MIS, and Process Improvement Techniques, etc.
- **Author** of books on **Financial Management, Strategic Management, CMA, Strategic Financial Management, Strategic Cost Management & Performance Evaluation, Risk Management, Mercantile Law, Generic Skills & Ethics, and Communication.** Case Study Developer and Content writer on Management subjects for different Distance Learning Programmer (DLPs) of eminent universities of India.
- Over **17 years of industry experience in Publishing, Content Development and Editing,** Instructional Design, Instructor's Resource Development, Acquisitions of Businesses, Authors and Imprints, Sales and Marketing, Publishing solution, and operations.
- Worked with **Thomson Learning** as **Regional Head**, with **Tata McGraw-Hills as Acquisition Head, with Macmillan as Acquisition Editor** and **Partner with LexisNexis India** (A Reed Elsevier Company).
- Worked as a **Consultant Business Head - HEP of Trinity Press** (Formerly Macmillan India's Higher Education Programme) in 2013-14 and played an instrumental role in the acquisition of Macmillan India's Higher Education Programme by LPPL under the brand name Trinity Press.
- Worked as a **consultant and business advisor** on book publishing, content development, instructional design, case study development, instructor's resources, and copyright matters to several companies like **Macmillan, Taxmann, LexisNexis India, Vikas Publishing, Excel Books, Firewall Media, Biztantra, etc.**

If you're a champion, you have to have it in your heart.

Contents

Part - I

Descriptive and Practical Questions

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FMSM List of Important Questions for Jan 2025

SM Marathon

SM MCQs Marathon

Chapter 1
Introduction to Strategic Management

Chapter 1 Revision

Exam Focus...

Nov 2018	RTP
Nov 2019	RTP

Question 1:

What is Strategic Management? What benefits accrue by following a strategic approach to managing?

Or,

Strategic management helps an organization to work through changes in environment to gain competitive advantage. In light of statement discuss its benefits.

Answer:

STEP 1

The term **'STRATEGIC MANAGEMENT'** refers to the **managerial process** of developing a **strategic vision, setting objectives, crafting a strategy, implementing and evaluating the strategy,** and initiating corrective adjustments where deemed appropriate.

STEP 2

The overall objective of strategic management is twofold:

- To **create competitive advantage,** so that the company can outperform the competitors in order to have dominance over the market.
- To guide the company successfully through all **changes in the environment.**

STEP 3

Benefits of strategic approach to managing:

i. Strategic management helps organizations to be more **proactive instead of reactive** in shaping its future. Organizations are able to analyse and take actions instead of being mere spectators. Thereby they are able to control their own destiny in a better manner.

ii. It helps them in working within vagaries of **environment** and shaping it, instead of getting carried away by its **turbulence or uncertainties.**

iii. Strategic management provides **framework for all the major decisions** of an enterprise such as decisions on businesses, products, markets, manufacturing facilities, investments and organisational structure. It provides better guidance to entire organisation on the crucial point - **what it is trying to do.**

iv. Strategic management seeks to **prepare the corporation to face the future** and act as pathfinder to various business opportunities

v. Organisations are able to **identify the available opportunities** and identify ways and means as how to reach them.

vi. Strategic management serves as a **corporate defence mechanism** against mistakes and pitfalls.

vii. It helps organisations **to avoid costly mistakes in product market choices or investments.**

viii. Over a period of time strategic management helps organisation to evolve certain **core competencies and competitive advantages** that assist in its fight for survival and growth.

STEP 4:

Conclusion

Above are the reasons why companies like, Dell, Alibaba, Microsoft, Tata, RIL, Tesla, P&G, Unilever, Walmart, Nestle, Times, TOI, IBM, Apple, etc. continuously gain strategic success by **building core competencies** and **competitive advantage** which ultimately improves the aging of the organization.

Exam Focus...	
May 2018	RTP
May 2019	RTP
Dec 2021	RTP
May 2024	RTP
May 2023	PYQ

Question 2:

Are there any limitations attached to strategic management in organizations? Discuss.

Or,

The presence of strategic management cannot counter all hindrances and always achieve success for an organization. What are the limitations attached to strategic management?

Or,

'Strategic Management is not a panacea for all the corporate ills, it has its own pitfalls which can't counter all hindrances and always achieve success'. Do you agree with this statement? Discuss.

Answer:

STEP 1:

The presence of strategic management cannot counter all hindrances and always achieve success. There are limitations attached to strategic management.

STEP 2:

Limitations attached to strategic management are as following:

- **Environment is highly complex and turbulent:** It is difficult to understand the complex environment and exactly pinpoint how it will shape-up in future. The organisational estimate about its future shape may awfully go wrong and jeopardise all strategic plans.

Example:

> The pandemic like COVID-19 shut down almost so many start-ups and businesses across industries around the world.

- **Strategic management is a time-consuming process:** Organisations spend a lot of time in preparing, communicating the strategies that may **impede daily operations and negatively impact the routine business.**
- **Strategic management is a costly process:** Strategic management adds a lot of expenses to an organization. **Expert strategic planners need to be engaged,** efforts are made for analysis of external and internal environments devise strategies and properly implement. These can be really costly for organisations with limited resources.
- **Competition Analysis is a complex process:** In a competitive scenario, where all organisations are trying to move strategically, it is difficult to clearly estimate the competitive responses to a firm's strategies.

Example:

> In industries like entertainment, FMCG, Airlines, Automobile, News broadcasting, etc. competition is cut-throat, and it is quite difficult to gauge the strategic planning of competitors because most of these decisions are taken within closed doors by the top management, keeping the intensity of competition in mind.

STEP 3:

Conclusion

However, there are organizations that know how to deal with the above limitations. Organizations which **can deal with adversities, weaknesses, uncertainties, threats and adverse events and trends** progress well with changing times and gain competitive advantages.

Question 3:

Exam Focus...	
Nov 2021	RTP

Explain the difference between three levels of strategy formulation.

Answer:

STEP 1

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.

STEP 2

There are three levels of strategy in management of business:

i. Corporate level strategy

ii. Business level strategy

iii. Functional level strategy

STEP 3

Corporate Level strategy

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.**

STEP 4

Business Level strategy

- 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 like,** 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.

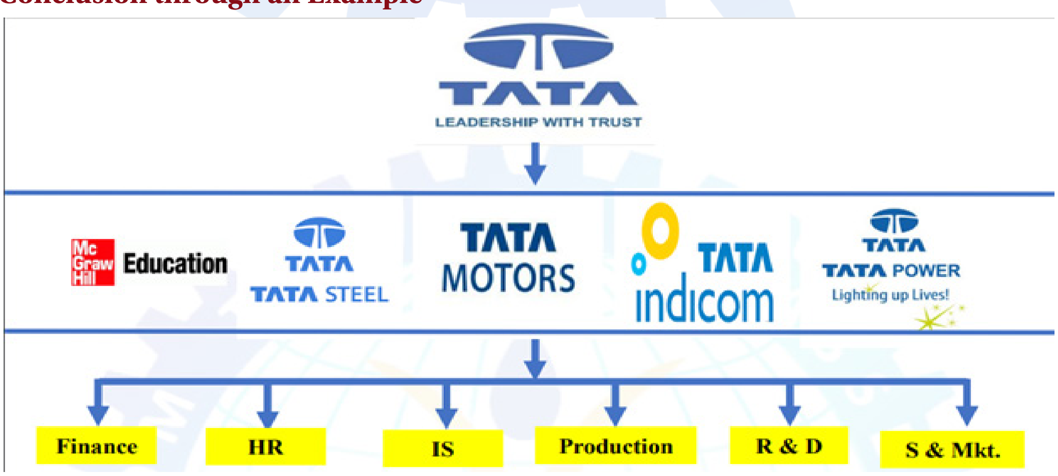
STEP 5

Functional Level strategy

- Functional-level managers are **responsible for the specific business functions** or operations such as human resources, purchasing, product development, customer service, and so on.
- 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.**

STEP 6

Conclusion through an Example



Exam Focus...

Nov 2018	PYQ

Question 4:

"Strategy is partly proactive and partly reactive." Discuss.

Answer:

STEP 1

Strategy is partly proactive and partly reactive.

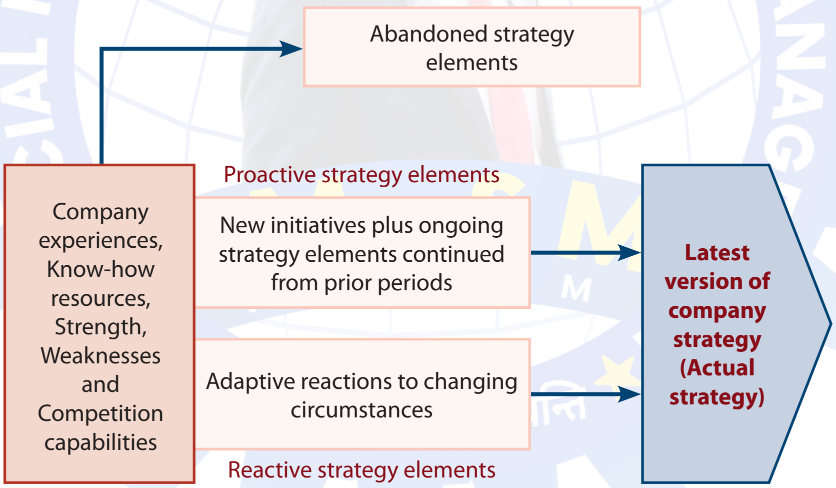
- **In proactive strategy,** organizations will analyze possible environmental scenarios and create strategic framework after proper planning and set procedures and work on these strategies in a predetermined manner.
- However, in reality no company can forecast both internal and external environment exactly.
- Everything cannot be **planned in advance.** It is not possible to anticipate moves of rival firms, consumer behavior, evolving technologies and so on.
- There can be significant deviations between what was visualized and what actually happens. Strategies need to be attuned or modified in the light of possible environmental changes.
- There can be significant or major strategic changes when the environment demands.

STEP 2

Reactive strategy is triggered by the changes in the environment and provides ways and means to cope with the negative factors or take advantage of emerging opportunities.

STEP 3

Conclusion: Crafting a strategy involves **stitching together a proactive/intended strategy based on prior successful experience and then adapting pieces of successful reactions** as circumstances surrounding the company's situation change or better options emerge a reactive/adaptive strategy.



Exam Focus...

Nov 2018	RTP

Question 5:

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.

Required:

Discuss the strategic approach of the two companies. Which is superior?

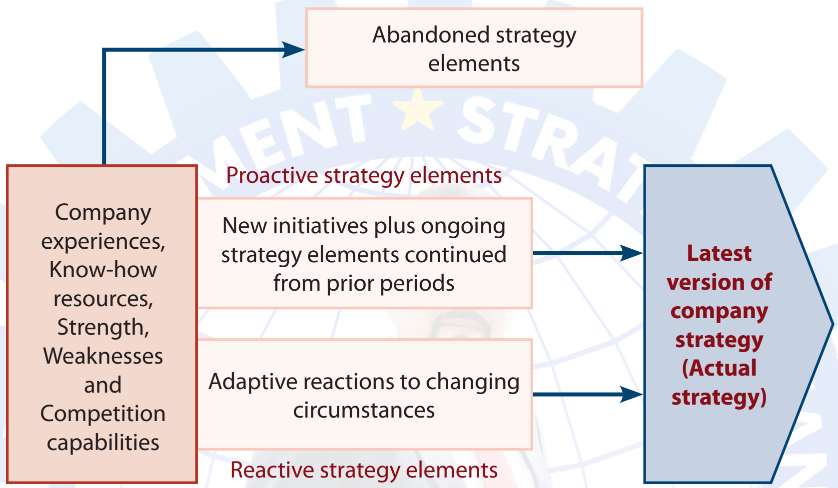
Answer:

STEP 1

Yummy foods is proactive in its approach. On the other hand, **Tasty Food is reactive.**

STEP 2

- 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.
- If organizational 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.**



STEP 3

Conclusion:

Crafting a strategy involves **stitching together a proactive/intended strategy based on prior successful experience and then adapting pieces of successful reactions** as circumstances surrounding the Yummy and Tasty Food's situation change or **better options emerge a reactive/adaptive strategy. This aspect can be accomplished by Yummy Foods.**

Exam Focus... Study Material

Question 6:

Alpha Food Joints and Beta Foods Corner are successfully competing in the business of ready to eat snacks in Delhi NCR. Alpha Food Joints has been pioneer in introducing innovative products. These products will give them good sale. However, Beta Foods Corner will introduce similar products in reaction to the products introduced by the Alpha Food Joints taking away the advantage gained by the former.

Required:

i. Discuss the strategic approach of the two companies.

ii. Which one of the approaches is superior in terms of strategic moves and why?

iii. Discuss with suitable examples. i.

Answer:

Same as per Question No. 5

Exam Focus... Study Material

Question 7:

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 in practice 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.

Required:

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?**

ii. **Also, was this strategy Reactive or Proactive?**

iii. **According to you which is more beneficial in general parlance?**

Answer:

Same as per Question No. 5 and 6.

Exam Focus...	
Nov 2019	RTP

Question 8:

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.

Required:

Analyze the position of Ramesh Sharma in light of limitations of strategic management.

Answer:

STEP 1

Synopsis: 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.

STEP 2

There are limitations attached to strategic management as follows:

a. Environment under which strategies are made is **highly complex and turbulent.** Entry of online stores, a new kind of competitor brought a different dimension to selling consumer durables. Online stores with their size power could control the market and offer **stiff competition to traditional stores.**

b. 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.

c. Although, strategic management is a **time-consuming process,** he should continue to manage strategically. The challenging times require more efforts on his part.

d. 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.

e. 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.

STEP 3

Conclusion: However, Ramesh Sharma's organization should learn that how to deal with the above limitations. Organizations which **can deal with adversities,**

weaknesses, uncertainties, threats and adverse events and trends progress well with changing times and regain competitive advantages.

Exam Focus...
Study Material

Question 9:

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.

Required:

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

Answer:

STEP 1

Functional managers provide most of the information that makes it possible for business and corporate level managers to formulate realistic and attainable strategies.

STEP 2

- This is so because functional managers like **Dharam 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 invoice them in decision making.
- 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.

STEP 3

Conclusion: Thus, the **approach of Cylcix Corporate management is not right.** They should involve Dharam Singh, as well as other functional managers too in strategic management.

Exam Focus...
May 2014 | PYQ

Question 10:

Define the term Strategy. What are the characteristics of a Corporate Strategy?

Answer:

Please refer to the Main Book.

Exam Focus...
Study Material

Question 11:

Organizations sustain superior performance over a long period of time, in spite of the rapid changes taking place continually in its competitive environment if they implement strategic management successfully.' discuss.

Answer:

STEP 1

Business organizations function within **dynamic environment.** The environment may vary from being conducive to hostile. Whatever be the conditions, implementation of strategic management is very important for the survival and growth of business organizations.

STEP 2

Strategy implementation helps in improving the competence with which it is executed and helps organizations to sustain superior performance in following manner:

i. Strategic management helps organizations to be **more proactive** rather than reactive in dealing with its future.

ii. It provides better **guidance to entire organization** on the crucial point – what it is trying to do.

iii. It facilitates to prepare the organization to **face the future.** Organizations are able to identify the available opportunities and identify ways and means as how to reach them.

iv. It serves as a corporate **defense mechanism against mistakes** and pitfalls.

v. Over a period of time strategic management helps organization to evolve certain **core competencies and competitive advantages.**

Exam Focus...

Jan 2021	PYQ

Question 12:

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.

Answer:

STEP 1

The role of Chief Executive Officer pertains to Corporate level.

The corporate level of management consists of the Chief Executive Officer (CEO) and other top-level executives. These individuals occupy the apex of decision making within the organization.

STEP 2

The role of Chief Executive Officer is to:

i. Oversee the **development of strategies** for the whole organization

ii. Defining the **mission and goals** of the organization;

iii. Determining **what businesses, it should be in;**

iv. **Allocating resources** among the different businesses;

v. Formulating, and implementing strategies that span individual businesses;

vi. **Providing leadership** for the organization;

vii. Ensuring that the corporate and business level strategies which company pursues are consistent with **maximizing shareholders wealth;** and

viii. Managing the **divestment and acquisition process.**

Question 13:

What is a mission statement? State the points that may be considered while writing a mission statement of a company.

Answer:

STEP 1

Mission statement is an answer to the question **"Who we are and what we do"** and hence has to focus on the organisation's present capabilities, focus activities and business makeup.

STEP 2

An organization'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 organization. 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 capabilities, customer focus activities and business makeup.

STEP 3

The following points must be considered while writing a mission statement of a company.

i. To establish the **special identity of the business** - one that typically distinct it from other similarly positioned companies.

ii. Needs which business tries to satisfy, **customer groups it wishes to target** and the technologies and competencies it uses and the activities it performs.

iii. Good mission statements should be **unique to the organisation** for which they are developed.

iv. The **mission of a company should not be to make profit.** Surpluses may be required for survival and growth but cannot be mission of a company.

Exam Focus...
Study Material

Question 14:

Briefly discuss the difference between vision and mission.

Answer:

STEP 1

A Mission statement tells you the fundamental purpose of the organization. It concentrates on the present. It defines the customer and the critical processes. It informs you of the desired level of performance. On the other hand, a vision statement outlines what the organization wants to be. It concentrates on the future. It is a source of inspiration. It provides clear decision-making criteria.

STEP 2

A mission statement can resemble a vision statement in a few companies, but that can be a grave mistake. It can confuse people.

STEP 3

Following are the major differences between vision and mission:

1. The vision states the **future direction** while the mission states the **ongoing activities** of the organization.

2. The vision statement can **galvanize the people to achieve defined objectives,** even if they are stretch objectives, provided the vision is specific, measurable, achievable, relevant and time bound. A mission statement provides **a path to realize the vision** in line with its values. These statements have a direct bearing on the bottom line and success of the organization.

3. A vision statement defines the purpose or **broader goal** for being in existence or in the business and can remain the same for decades if crafted well while a mission statement is **more specific in terms of both the future state and the time frame.** Mission describes what will be achieved if the organization is successful.

Exam Focus...	
May 2018	RTP
May 2019	PYQ

Question 15:

Define strategic intent. Briefly explain the elements of strategic intent.

Answer:

STEP 1

Strategic Management is defined as a **dynamic process of formulation, implementation, evaluation, and control of strategies** to realize the organization's strategic intent.

- Strategic intent refers to purposes for what organization strives for. Top management must define **"what they want to do"** and **"why they want to do".**
- **"Why they want to do"** represents strategic intent of the firm.

- Clarity in strategic intent is extremely important for the future success and growth of the enterprise, irrespective of its nature and size.
- Strategic intent can be understood as **the philosophical base of strategic management.**
- It implies the purposes, which an organization **endeavors to achieve.**
- It is a statement that provides a perspective of the means, which will lead the organization, reach its vision in the long run.
- Strategic intent gives **an idea of what the organization desires to attain in future.**
- Strategic intent provides the framework within which the firm would **adopt a predetermined direction** and would operate to achieve strategic objectives.
- Strategic intent could be in the form of **vision and mission statements for the organisation at the corporate level.**
- It could be expressed as the **business definition and business model at the business level** of the organisation.
- Strategic intent is generally stated in **broad terms** but when stated in precise terms it is an expression of aims to be achieved operationally i.e., **goals and objectives.**

STEP 2

Elements of Strategic Intent

i. Vision: Vision implies the blueprint of the company's future position. It describes where the organisation wants to land. It depicts the organisation's aspirations and provides a glimpse of what the organization would like to become in future. Every sub system of the organization is required to follow its vision.

ii. 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. A mission statement helps to identify, 'what business the company undertakes.' It defines the present capabilities, activities, customer focus and business makeup.

iii. Goals and objectives: These are the base of measurement. Goals are the end results, that the organization attempts to achieve. On the other hand, objectives are time-based measurable targets, which help in the accomplishment of goals. These are the end results which are to be attained with the help of an overall plan, over the particular period. However, in practice no distinction is made between goals and objectives and both terms are used interchangeably. The vision, mission, business definition, and business model explain the philosophy of the organisation, but the goals and objectives represent the results to be achieved in multiple areas of business.

iv Values are the deep-rooted principles which guide an organisation's decisions and actions. Collins and Porras succinctly define core values as being **inherent and sacrosanct;** they can never be compromised, either for convenience or short-term economic gain. **Values often reflect the values of the company's founders—**Hewlett-Packard's celebrated "HP Way" is an example. They are the source of a company's distinctiveness and must be maintained at all costs.

Question 16:

Objectives' and 'Goals' Provide Meaning and sense of direction to organizational endeavor. Explain.

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. 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.

Exam Focus...

Study Material

Question 17:

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.

Answer:

Feelgood brand of cosmetics may have following vision and mission:

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' largest beauty care company that improves looks, give extraordinary feeling and bring happiness to people.

Mission: Mission 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. Mr. Raj may identify mission in the following lines:

- **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.**

Exam Focus...

Nov 2019	RTP

Question 18:

Why should an organization have a mission? What considerations are to be kept in mind while writing a good mission statement of a company?

Answer:

STEP 1

Organization should have a mission on account of the following reasons:

- To ensure **unanimity of purpose** within the organization.
- To develop a basis, or **standard, for allocating organizational resources.**
- To provide a basis for motivating the use of the organization's resources.
- To establish a **general tone or organizational climate.**

- To serve as **a focal point** for those who can identify with the organization's purpose and direction.
- To facilitate the **translation of objective and goals** into a work structure involving the assignment of tasks to responsible elements within the organization.
- To specify organizational purposes and the translation of these purposes into goals in such a way that cost, time, and performance parameters can be assessed and controlled.

STEP 2

The following points must be considered while writing a good mission statement of a company:

i. To establish the **special identity of the business** - one that typically distinct it from other similarly positioned companies.

ii. Good mission statements should be **unique to the organisation** for which they are developed.

iii. Needs which business tries to satisfy, **customer groups it wishes to target** and the technologies and competencies it uses and the activities it performs.

Exam Focus...

May 2018	RTP
Nov 2019	PYQ

Question 19:

What is strategic vision? Describe the essentials of strategic vision.

Answer:

STEP 1

Strategic Vision: A strategic vision is a roadmap of a company's future – providing specifics about technology and customer focus, the geographic and product markets to be pursued, the capabilities it plans to develop, and the kind of company that management is trying to create. It helps the company to answer the question "where we are to go" and provides a convincing rationale for why this makes good business sense for the company.

STEP 2

Essentials of a strategic vision

- The **entrepreneurial challenge** in developing a strategic vision is to think creatively about how to prepare a company for the future.
- Forming a strategic vision is an exercise in **intelligent entrepreneurship.**
- A well-articulated strategic vision **creates enthusiasm** among the members of the organization.
- The **best-worded vision statement clearly illuminates the direction** in which organization is headed.

Exam Focus...

May 2021	RTP

Question 20:

Briefly explain the key areas in which the strategic planner should concentrate his mind to achieve desired results.

Answer:

STEP 1

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:

- **Profitability**
- **Productivity**
- **Competitive Position**
- **Employee Development**

- **Employee Relations**
- **Technological Leadership**
- **Public Responsibility**

Exam Focus...

May 2021	RTP

Question 21:

What are 'objectives'? What characteristics it must possess to be meaningful?

Answer:

STEP 1

Objectives are organizations performance targets – the results and outcomes it wants to achieve. They function as yardstick for tracking an organization's performance and progress.

Objectives with strategic focus relate to outcomes that strengthen an organization's overall business position and competitive vitality.

STEP 2

Objectives, to be meaningful to serve the intended role, must possess the following characteristics:

- Objectives should define the organization's relationship with its environment.
- Objectives should be facilitative towards achievement of mission and purpose.
- Objectives should provide the basis for strategic decision-making.
- Objectives should provide standards for performance appraisal.
- Objectives should be understandable, concrete and specific.
- Objectives should be related to a time frame, measurable and controllable.
- Objectives should be challenging but set within constraints.
- Different objectives should correlate

Exam Focus...

May 2024	MTP

Question 22:

Swati is the marketing manager at a software company. She is responsible for developing and implementing marketing strategies for the company's products. Swati leads a team of marketing professionals and works closely with the product development and sales teams to ensure that the company's products are effectively promoted in the market. She also analyzes market trends and customer feedback to refine the marketing strategies. Which level is she working at, discuss the roles and responsibilities of this level in organization?

Answer:

STEP 1

Swati operates at the **functional level of management,** specifically as the marketing manager at a software company. Functional managers like Swati oversee specific departments or functions within an organization, such as marketing, finance, or operations. **Their primary responsibilities** include **implementing corporate strategies and policies** within their area of expertise and e**nsuring that daily operations are conducted efficiently and effectively.**

STEP 2

In Swati's case, as a marketing manager, her **role** involves **developing and executing marketing strategies** for the company's products. This includes **leading a team** of marketing professionals, **collaborating with product development** and **sales teams,** and **analyzing market trends** and **customer feedback** to refine strategies. By working closely with these teams, Swati ensures that the company's products are effectively promoted in the market and that marketing efforts align with overall business goals.

STEP 3

Functional managers like Swati play a critical role in the organization by **bridging the gap between corporate strategy and daily operations.** They are responsible for translating high-level strategic goals into actionable plans for their departments and ensuring that these plans are executed effectively. Additionally, they are often **key decision-makers** within their areas of responsibility, making strategic choices that impact on the company's success. Overall, Swati's role as a marketing manager exemplifies the importance of functional managers in driving the success of their organizations.

Exam Focus...

May 2024	MTP

Question 23:

Imagine you are a strategic consultant advising a retail company that is facing increasing competition from online retailers. The company is considering several strategic options to improve its market position. Using the concept that strategy is partly proactive and partly reactive, explain how the company can develop a strategic approach to address this challenge.

Answer:

STEP 1

The retail company can develop a strategic approach that is both proactive and reactive to address the challenge of increasing competition from online retailers. To achieve this, the company can:

STEP 2

- **Proactive Strategy:** The company can proactively analyze market trends and customer preferences to identify opportunities for growth. For example, it can invest in market research to understand what customers value in a retail experience and tailor its offerings to meet those needs. This proactive approach can help the company stay ahead of competitors and attract new customers.
- **Reactive Strategy:** In addition to proactive measures, the company should also be prepared to react to changes in the market environment. For example, if a competitor launches a new online shopping platform, the company should quickly assess the impact on its business and develop a response. This reactive strategy can help the company adapt to changing market conditions and maintain its competitiveness.

STEP 3

Conclusion: By combining proactive and reactive strategies, the retail company can develop a comprehensive approach to addressing the challenge of increasing competition from online retailers. This approach will allow the company to capitalize on opportunities for growth while also mitigating risks and responding to threats in the market.

Exam Focus...

May 2024	MTP

Question 24:

ABC retail chain regularly monitors consumer trends and supply chain flexibility. The retail chain tracks consumer trends to adjust its offerings, ensuring they meet customer needs. Simultaneously, it maintains a flexible supply chain to respond swiftly to demand fluctuations. This strategy enables ABC retail chain to anticipate market shifts and adapt to them effectively, ensuring its competitiveness and customer satisfaction. Which type of strategy is the retail chain employing?

Answer:

STEP 1

The retail chain is employing a strategy that combines both **proactive and reactive** elements. Monitoring consumer trends and adjusting product offerings accordingly demonstrates a proactive approach to anticipate and meet customer needs. On the other hand, maintaining a flexible supply chain to respond quickly to changes in demand reflects a reactive strategy to address unforeseen shifts in the market.

STEP 2

This combination **allows the retail chain to both anticipate future trends and react effectively to immediate market changes, making its strategy partly proactive and partly reactive.** This dual strategy of proactive trend monitoring and reactive supply chain flexibility enables the retail chain to anticipate market shifts and adapt to them effectively, ensuring its competitiveness and customer satisfaction.

Exam Focus...

May 2024	RTP

Question 25:

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. Their 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.

Answer:

STEP 1

ABC Pharmaceuticals may have following vision and mission:

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."

STEP 2

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 society. It is designed to help potential shareholders and investors understand the purpose of the company.

ABC Pharmaceuticals may identify mission in the following lines:

- To improve the well-being of individuals and communities by relentlessly pursuing excellence in pharmaceutical research, development, and manufacturing.
- 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 26:

"Is it imperative to segregate top level strategies into viable functional plans and policies?" Do you agree with this statement? Support your answer with reason.

Answer:

STEP 1

Yes, it is imperative to segregate the top-level strategies into viable functional plans and policies that are compatible with each other. Major strategies must be translated to lower levels to give holistic strategic direction to an organisation. Functional strategies provide details to business strategy & govern as to how key activities of the business will be managed.

STEP 2

The reasons why functional strategies are needed can be enumerated as follows:

- Functional strategies lay down clearly what is to be done at the functional level. They provide a sense of direction to the functional staff.

- They are aimed at facilitating the implementation of corporate strategies and the business strategies formulation at the business level.
- They act as basis for controlling activities in the different functional areas of business.
- They help in bringing harmony and coordination as they are formulated to achieve major strategies.
- These strategies help the functional managers in handling similar situations occurring in different functional areas in a consistent manner.

Exam Focus...

May 2023	PYQ

Question 27:

"Management at all levels develop strategies". Explain the different strategies formulated at different levels of management.

Answer:

STEP 1

At different levels of management, various strategies are formulated to align with organizational goals and objectives which are as follows:

STEP 2

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.**

STEP 3

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.**

STEP 4

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.**

STEP 5

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.**

Exam Focus...

Nov 2023	PYQ

Question 28:

Swagatam was a chain of hotel. The business was good until the whole nation was impacted by COVID-19 pan

demic 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 the 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.

(a) Name the strategic level of management at which such decisions are made.

(b) The above scenario depicts one of the limitations of strategic management. Discuss which limitation of strategic

(c) Here the decisions taken by the management was reactive. Discuss the benefit of proactive approach over reactive approach.

Answer:

STEP 1

(i) The strategic level of management at which decisions like transforming hotel units into COVID-care units and quarantine facilities are made is at the **"Corporate Level."** This level of management is responsible for making decisions that affect the overall direction and scope of the entire organization.

(ii) The given scenario highlights a limitation of strategic management known as **highly complex and turbulent** environment. Due to this, there exist environmental uncertainty and unpredictability of the external factors that affect an organization. In this case, the **COVID-19 pandemic created a highly uncertain and unpredictable business environment** for Swagatam Hotels. The pandemic significantly impacted the hotel sector, causing a rapid decline in revenue and necessitating a strategic shift to adapt to the changing circumstances.

(iii) **A proactive approach** involves anticipating and addressing issues before they become critical, while a reactive approach responds to problems after they have occurred. In the scenario, the decision to transform hotel units into COVID-care units and quarantine facilities was reactive, driven by the unexpected impact of the pandemic.

STEP 2

A proactive approach offers several benefits.

First, it **allows for better risk management** by identifying potential challenges in advance, enabling organizations to develop contingency plans.

Second, proactive strategies often **result in cost savings** as preventive measures can be more efficient than addressing crises retroactively.

Third, organizations can **maintain a competitive edge** by staying ahead of industry trends and changes.

Overall, a proactive approach enhances organizational strength and responsiveness in navigating uncertainties.

Exam Focus...	
Nov 2023	PYQ

Question 29:

CDE Holdings operates in various sectors, including manufacturing fitness equipment organic foods, eco-friendly products and children's educational tools The organization is currently in the process of recruiting a Chief Executive Officer In this scenario imagine yourself as a HR consultant for CDE holdings.

Identify the strategic level that encompasses this role within CDE Holding

Provide an overview of the key duties and responsibilities falling under the Chief Executive Officer's scope.

Answer:

STEP 1

The Chief Executive Officer (CEO) position within CDE Holdings operates at the **Corporate Level.** This executive level is key in leading the overall direction, performance, and success of the entire organization. The CEO assumes a central role in shaping the company's strategic vision, overseeing diverse business sectors, and ensuring alignment with organizational goals.

STEP 2

Key Duties and Responsibilities of the CEO:

The CEO's role encompasses various strategic responsibilities at the Corporate Level, involving:

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.

Check Your Progress [Scenario Based Questions - SBQs]

Question 1:

OTC Lifestyle deals in a wide range of businesses which includes lifestyle products, processed food items, fashion, furniture, electronics items, real estate, jewellery and gardening tools. CA Kamal Kamalke is one of the important people in OTC Lifestyle. In an informal discussion with his friend, he shared that he must move very cautiously in his organization as the decisions taken by him have organization wide impact and involve large commitments of resources.

He also said that his decisions decide the future of his organization.

Required:

i. Where will you place CA Kamal Kamalke in organizational hierarchy?

ii. In your opinion, what is the name of the strategic level CA Kamal Kamalke belongs to?

iii. Enlist the activities involved with the role of CA Kamal Kamalke at his strategic level.

iv. Enlist and describe the strategy adopted by CA Kamal Kamalke.

Answer: Discussed in the class. Refer to the class discussion.

Question 2:

Headquartered in Cupertino, California, Apple Inc. designs, produces, and markets smartphones, watches, personal computers, digital music players, and much more worldwide. Apple is arguably the most successful company in modern times. The company was founded in 1977 by a great strategist, an American legend, the late Mr. Steve Jobs.

According to Financial Times, the best corporate strategist in 2014 was Apple CEO Tim Cook, who led apple to a record $700 billion market capitalization, with booming iPhone and personal computer sales, and handed billion of dollars to shareholders.

Financial Times names CEO Cook as "Person of the Year" for Apple's huge achievements as well as Cook's courage. Amidst tremendous fanfare, Apple recently released its iWatch and is posed to introduce iTV, along with electric car. Apple and IBM have released the first apps to emerge from their collaboration a collection that CEO

Also, Apple recently entered the e-book business as well as the banking business with its Apple Pay system, whereby customers use their iPhone to pay for merchandise at hundred retail checkout counters.

In addition, Apple recently acquired Metaio, a company that makes augmented-reality (AR) technologies, a concept that allows developers to overlay digital information on top of the real world. A number of companies are working on AR, including Microsoft and Google with their HoloLens and Magic Leap projects, respectively. Many scientists expect AR and Virtual reality (VR) to be the next major computing platform after mobile devices such as smartphones and tablets. For the eight year in a row, Fortune recently named Apple the world's most admired company.

Required:

i. In your opinion what is the strategic approach of Apple Inc.

ii. Discuss the strategic approach of Apple Inc. with Examples and Models.

Answer: Discussed in the class. Refer to the class discussion.

Question 3:

General Electric Company recently sold its appliance business to Sweden-based Electrolux AB for $3.3 billion, leaving GE focused almost entirely on finance and big-ticket industrial equipment, such as power turbines, locomotives, and aircraft engines.

GE's CEO Jeff Immelt, when asked "What is GE?" recently responded with the word energy, rather than insurance, plastics, media, consumer finance, or appliances. Founded by Thomas Edison in 1889 and originally named Edison General Electric Company, GE is returning to its roots as an energy company. The company has spent about $14 billion lately buying oil-and-gas service companies, while divesting dishwashers, radios, stoves, microwaves, and toasters.

Required:

i. **In your opinion, which type of strategy is being followed by General Electric Company and its CEO Jeff Immelt? Discuss.**
ii. **Discuss the major aspects the above strategy is concerned with.**

Answer: Discussed in the class. Refer to the class discussion.

Question 4:

OTC Retail Venture Ltd. (ORVL) operates some of India's most popular retail chains that inspires trust through innovative offerings, quality products and affordable prices that help customers achieve a better quality of life every day. It serves millions of customers in more than 515 cities in every state of the country through digital platforms and over 3580 stores that cover over 21 million square feet of retail space with an income of Rs 20,185.37 crore in FY19 and Rs 15,717.09 crore in FY20.

However, ORVL Has a consolidated debt of ₹12,778 crore as of Sep. 2019. ORVL had a gross debt of ₹2,657 crore as of March 2019. It had been in financial difficulty since the nationwide lockdown started hurting its businesses. ORVL's net profits declined to ₹164.56 crore on a consolidated basis in Q3-FY20 from ₹197.60 crore in the year-ago period. Revenue from operations decreased to ₹5,193.19 crore in Q3-FY20 compared to ₹5,368.46 crore in Q3-FY19.

ORVL is a strategically managed enterprise. It takes all decisions through a strategy group formed at the top of the hierarchy. However, the presence of strategic management and strategy group could not stop the continuing loses and acquisition of OTC Retail Venture Ltd. (ORVL) by Prathama Retail Venture Ltd. (PRVL)

Required:

i. **In your opinion, what are the major reasons for the above situations?**
ii. **Discuss the reasons with suitable examples.**

Answer: Discussed in the class. Refer to the class discussion.

Question 5:

Retailco is the leading supermarket Indian retailer and one of the top seven Indian retailers. The pursuit of this strategy has meant Retailco diversifying into growing emerging markets which bring opportunities and threats. Diversifying reduces Retailco's reliance on few business areas but also increases its risks since the 'industry life cycle' is less well understood in emerging markets.

Retailco's core business is significant within the group, with over 1,00,000 employees and over 14000 stores. Nearly 80 per cent of group sales and profits come from the India business. Growth in India business comes from new space, extensions to existing stores and multi-format approach. Sales of non-food which are growing at around twice the rate of food, also contribute to the overall growth picture.

In 2020, Retailco reported a 17 per cent increase in group profits before tax. Its group sales were a staggering 2.5

Lakh Crores, representing an increase of 14 per cent on the previous year. Its share in the market is 32 per cent well ahead of its nearest rivals Big Bazar and Easy Day.

Required:

i. **Keeping the Essentials of a strategic vision in mind, articulate the strategic vision of Retailco.**

ii. **Do you think that Retailco must write its mission statement. If yes, then why do you believe so?**

Answer: Discussed in the class. Refer to the class discussion.

Question 6:

Organizations sustain superior performance over a long period of time, in spite of the rapid changes taking place continually in its competitive environment if they implement strategic management successfully.' discuss.

Answer: Discussed in the class. Refer to the class discussion.

Question 7:

A Good strategy execution involves creating strong "fits" between strategy and organisational capabilities, between strategy and the reward structure, between strategy and internal operating systems, and between strategy and the organisation's work climate and culture. It also entails vigilantly searching for ways or continuously improve and then making corrective adjustments whenever and wherever it is useful to do so. In the light of the above statement, discuss the principal aspects of strategy implementation and control process with a suitable example.

Answer: Discussed in the class. Refer to the class discussion.

Question 8:

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.

Answer: Discussed in the class. Refer to the class discussion.

Question 9:

OTC Enterprise hires you in the role of a Futurist or Strategist or Strategic Planner. While executing your duties as a Futurist or Strategist or Strategic Planner for OTC Enterprise, mention the key areas in which you should concentrate your mind to achieve desired results.

Answer:

Discussed in the class. Refer to the class discussion.


If you're a champion, you have to have it in your heart.
Congratulations!
The League of Champions
MEENAKSHI AIR 20
ROHIT AIR 22
SHUBHAM AIR 23
ANUSHKA AIR 36
CHERRY AIR 37
SANJEEV AIR 47
SATYAM KUMAR 87 MARKS
SUSHANT ARORA 83 MARKS
BHARAT GAUTAM 80 MARKS
PRADEEP ROHILLA 79 MARKS
ANUSHKA SHARMA 78 MARKS
KSHITIZ TAYAL 78 MARKS
SAIKAT GHOSH 77 MARKS
NILESH JAISWAL 76 MARKS
NUZAIF AKTHAR 76 MARKS
KOMAL SANWAL 75 MARKS
SHALINI SONI 75 MARKS
ASHUTOSH KUMAR 74 MARKS
NANDA CHATURVEDI 74 MARKS
ARYAN MERATWAL 73 MARKS
DEEPANSHI JAIN 73 MARKS
KAUSHAL ARORA 73 MARKS
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ANKIT JAIN 72 MARKS
MAYURI PRAMOD 72 MARKS
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SONU AGRAWAL 72 MARKS
TANYA BANSAL 72 MARKS
ANURAG AGGRAWAL 71 MARKS
CHIRAG JAIN 70 MARKS
NITESH LAHU 70 MARKS
PARAS BANSAL 70 MARKS
RAJSHREE 70 MARKS
RAJVI DILIP 70 MARKS
YASH JAIN 70 MARKS
OTC VIRTUALS
Congratulations
The league of Champions
FM-SM
OTC CHAMPIONS
75 Marks Sanskar Jain
75 Marks Shushobit Verma
75 Marks Mayank Gupta
74 Marks Vasudev
72 Marks Preeti Aggarwal
69 Marks Sandeep Shaw
69 Marks Shashank
69 Marks Riya Bansal
68 Marks Akansha
68 Marks Arsalan Ali
67 Marks Abhay Nahar
67 Marks Harsh
66 Marks Ankita Rani
66 Marks Anshu Kumar
65 Marks Pulkit Luthra
65 Marks Seerat Sharma
65 Marks Ayush Sharma
65 Marks Shubham
3000+ Exemptions
3500+ Above 50 Marks
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Chapter 2
Strategic Analysis: External Environment

Chapter 2 Revision

Exam Focus...	
May 2018	RTP
May 2024	RTP

Question 1:

Explain the concept of Experience Curve and highlight its relevance in strategic management.

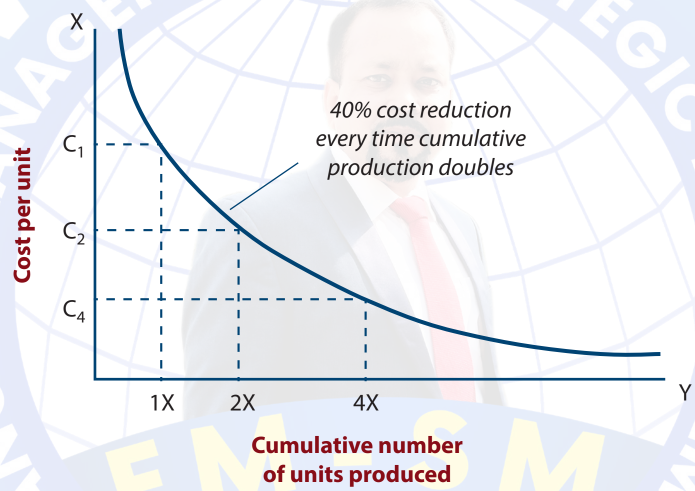
Answer:

STEP 1

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

STEP 2



STEP 3

Experience Curve has following features:

- As business organisation grow, they gain experience.
- Experience may provide an advantage over the competition.
- Experience is a **key barrier to entry.**
- Large and successful organisation possess stronger **"experience effect".**

STEP 4

Relevance of Experience Curve in Strategic Management

- 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.
- 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.**

Exam Focus...

Nov 2018	RTP

Question 2:

Write a short note on Product Life Cycle (PLC) and its significance in portfolio diagnosis.

Answer:

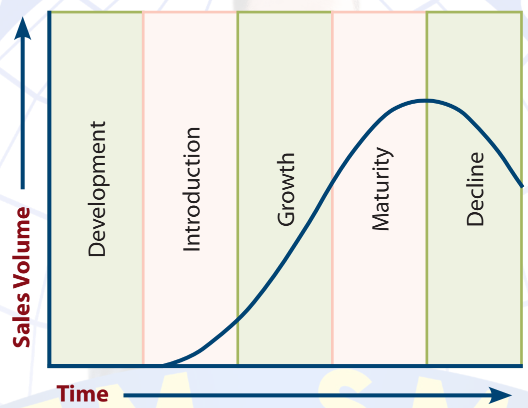
STEP 1

Product Life Cycle is an important concept in strategic choice and S-shaped curve which exhibits the relationship of sales with respect of time for a product that passes through the four successive stages.

STEP 2

- 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 also at a lower rate.
- The **second stage** of PLC is the growth stage, in which the **demand expands rapidly,** prices fall, competition increases, and market expands.
- The **third stage** of PLC is the maturity stage, where in the **competition gets tough and market gets stabilized.** Profit comes down because of stiff competition.
- The fourth stage is the declining stage of PLC, in which the **sales and profits fall down sharply** due to some new product replaces the existing product.

STEP 3



STEP 4

Conclusion:

- **PLC 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 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.

Exam Focus...

Study Material

Question 3:

"Management of internal linkages in the value chain could create competitive advantage in a number of ways". Briefly explain.

Answer:

The management of internal linkages in the value chain could create competitive advantage in a number of ways:

- **There may be important linkages between the primary activities.** For example, a decision to hold high levels of finished stock might ease production scheduling problems and provide for a faster response time to the customer. However, an assessment needs to be made whether the value added to the customer by this faster response through holding stocks is greater than the added cost.
- It is easy to miss this issue of **managing linkages between primary activities** in an analysis if, for example, the organization's competences in marketing activities and operations are assessed separately. The operations may look good because they are geared to high-volume, low-variety, low-unit-cost of production. However, at the same time, the marketing team may be selling speed, flexibility and variety to the customers. So, competence in separate activities need to be compatible.
- The management of the **linkages between a primary activity and a support activity** may be the basis of a core competence. It may be key investments in systems or infrastructure which provides the basis on which the company outperforms competition. Computer-based systems have been exploited in many different types of service organization and have fundamentally transformed the customer experience.
- **Linkages between different support activities** may also be the basis of core competences. For example, the extent to which human resource development is in tune with new technologies has been a key feature in the implementation of new production and office technologies. Many companies have failed to become competent in managing this linkage properly and have lost out competitively.

Exam Focus...

Nov 2018	RTP
Nov 2020	RTP

Question 4:

'Value for Money' 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. Marshal, the CEO 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 'Value for Money' retail chain.

Or,

'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.

Answer:

STEP 1

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.

STEP 2

- 'Value for Money' 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.**

Exam Focus...	
May 2018	RTP
Nov 2023	PYQ
May 2019	PYQ

Question 5:

Suresh Singhania is the owner of an agri-based private company in Sangrur, Punjab. His unit is producing puree, ketchups and sauces. 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 Suresh Singhania to understand competitive landscape.

Or,

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.

Or,

Riya Sharma owns a confectionery business in Jaipur, specializing in homemade chocolates and candies. Despite holding a substantial market share in the central region, her business has experienced declining sales of these products over the last few years. Concerned about the market dynamics, Riya consults a management expert for guidance. The consultant recommends a comprehensive understanding of the competitive landscape. Explain the steps to be followed by Riya Sharma to understand the competitive landscape to address the sales decline.

Answer:

STEP 1

- Competitive landscape is a **business analysis** which identifies competitors, either direct or indirect.
- This is about **identifying and understanding the competition and at the same time, it permits the comprehension of their mission, vision, core values, niche market, strengths and weaknesses.**
- This also involves an application of "Competitive Intelligence".

STEP 2

Steps to understand the competitive landscape:

1. **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.

This answers the question:

- Who are the competitors and how big are they?

2. **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.

This answers the question:

- What are their product and services?

3. Determine the strengths of the competitors: What are the strength of the competitors? What do they do well? Do they offer great products? Why are consumers liking their product/service? Do they utilize marketing in a way that comparatively reaches out to more consumers. Why

This answers the questions:

- What are their financial positions?
- What gives them cost and price advantage?
- What are they likely to do next?
- How strong is their distribution network?
- What are their human resource strengths?

4. **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. Like reviews on online websites, google, tripadvisor, amazon, blogs, youtube videos, etc.

This answers the question:

- Where are they lacking?

5. **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 strengthen by the firm.

This answers the questions:

- What will the business do with this information?
- What improvements does the firm need to make?
- How can the firm exploit the weaknesses of competitors?

Exam Focus...

May 2021	RTP

Question 5:

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.

Answer:

STEP 1

Product Life Cycle is a useful concept for **guiding strategic choice.**

STEP 2

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).**

STEP 3

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 stablised. 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.

Exam Focus...

May 2021	RTP

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.

Answer:

STEP 1

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.

STEP 2

As a CEO of Atrix Ltd., following can be the strategic options available:

I. **Invest in new product development** and switchover to the new technology. Atrix Ltd. also need time to invest in emerging new technology.

II. They can **acquire or takeover a competitor** provided they have or are able to generate enough financial resources.

III. They may also consider **unrelated growth and identify other areas for expansion.** This will enable Atrix Ltd. to spread their risks.

IV. 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.

Exam Focus...

May 2018	PYQ

Question 8:

Explain the concept of competitive advantage.

Answer:

Competitive advantage is the position of a firm to maintain and sustain a favorable market position when compared to the competitors. Competitive advantage is ability to offer buyers something different and thereby providing more value for the money. It is achieved advantage over rivals when a company's profitability is greater than average profitability of firms in its industry.

It is the result of a successful strategy. This position gets translated into **higher market share, higher profits** when compared to those that are obtained by competitors operating in the same industry. Competitive advantage may also be in the form of low cost relationship in the industry or being unique in the industry along dimensions that are widely valued by the customers in particular and the society at large.

Exam Focus...

Nov 2019	PYQ

Question 9:

"Industry and competitive analysis begins with an overview of the industry's dominant economic features." Explain and also narrate the factors to be considered in profiling in industry's economic features.

Answer:

Industry is "a group of firms whose products have same and similar attributes such that they compete for the same buyers." Industries differ significantly in their basic character and structure. Industry and competitive analysis begins with an overview of the industry's dominant economic features. The factors to be considered while profiling an industry's economic features are fairly standard and are given as under:

- Size and nature of market.
- Scope of competitive rivalry.
- Market growth rate and position in the business life.
- Number of rivals and their relative market share.
- The number of buyers and their relative sizes.
- The types of distribution channels used to access consumers.
- The pace of technological change in both production process innovation and new product introductions.
- Whether the products and services of rival firms are highly differentiated, weakly differentiated, or essentially identical?
- Whether organisation can realize economies of scale in purchasing, manufacturing, transportation, marketing, or advertising.
- Whether key industry participants are clustered in a location.
- Whether certain industry activities are characterized by strong learning and experience effects ("learning by doing") such that unit costs decline as cumulative output grows.
- Whether high rates of capacity utilization are crucial to achieve low-cost production efficiency.
- Capital requirements and the ease of entry and exit.
- Whether industry profitability is above or below par?

Exam Focus...

Nov 2020	PYQ

Question 10:

Why companies should go global? Mention any five reasons.

Answer:

There are several reasons why companies go global. These are discussed as follows:

1. One reason could be the rapid shrinking of time and distance across the globe - thanks to faster communication, speedier transportation, growing financial flows and rapid technological changes.
2. It is being realized that the **domestic markets are no longer adequate and rich.** Companies globalize to take advantage of opportunities available elsewhere.
3. A new product may gradually **get acceptance and grow locally and then globally. This may initially** be in form of exports and then later production facilities may begin in other countries.
4. Organizations may go global **to take advantage of cheaper raw material and labour costs.**
5. Companies often set up overseas plants to **reduce high transportation costs.**
6. The motivation to go global in high-tech industries is slightly different. Companies in electronics and telecommunications must spend large sums on research and development for new products and thus may be compelled to seek ways to improve sales volume to support high overhead expenses.
7. The companies may also go global **to take advantage of local taxation laws.**
8. To form s**trategic alliances to ward off economic and technological threats and leverage** their respective comparative and competitive advantages.

Exam Focus...

Nov 2018	PYQ
May 2018	PYQ
Nov 2023	PYQ

STEP 1

Question 11:

Explain Porter's five forces model as to how businesses can deal with the competition.

Answer:

To gain a deep understanding of a company's industry and competitive environment, managers do not need to gather all the information they can find and waste a lot of time digesting it. Rather, the task is much more focused.

A **powerful and widely used tool for systematically diagnosing the significant competitive pressures in a market and assessing the strength and importance of each is the Porter's five-forces model** of competition.

The model holds that the state of competition in an industry is a composite of competitive pressures operating in **five areas of the overall market.**

STEP 2

These five forces are:

1. **Threat of new entrants:**
   - New entrants are always a powerful source of competition.
   - The **new capacity and product range they bring in throw up new competitive pressure.**
   - And 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.
2. **Bargaining power of customers:**
   - This is another force that influences the competitive condition of the industry. This force will become heavier depending on the possibilities of the **buyers forming groups or cartels.**
   - Mostly, this is a phenomenon seen in industrial products. Quite often, users of industrial products come together formally or 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 in many cases, costs and** investments of the producer because powerful buyers usually bargain for better services which involve costs and investment on the part of the producer.
3. **Bargaining power of suppliers:**
   - Quite often suppliers, too, exercise considerable bargaining power over companies.
   - The **more specialized the offering from the supplier, greater is his clout.**
   - And, if the suppliers are also limited in number, they stand a still better chance to exhibit their bargaining power.
   - The bargaining power of suppliers **determines the cost of raw materials and other inputs** of the industry and, therefore, industry attractiveness and profitability.
4. **Rivalry among current players:**
   - The rivalry among existing players is quite obvious. This is what is normally understood as competition.
   - For any player, the competitors influence strategic decisions at different strategic levels.
   - The impact is evident more at functional level in the prices being charged, advertising, and pressures on costs, product and so on.

5. **Threats from 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 the consumer can drastically alter the competitive character of an industry. And they can bring it about all of a sudden.
   - Example: Coir suffered at the hands of synthetic fiber.
   - Wherever substantial investment in R&D is taking place, threats from substitute products can be expected. Substitutes, too, usually limit the prices and profits in an industry.

STEP 3

Conclusion:

The five forces together determine industry attractiveness/profitability. This is so because these forces influence the causes that underlie industry profitability.

Example:

Elements such as cost and investment needed for being a player in the industry decide industry profitability, and all such elements are governed by these forces. The collective strength of these five competitive forces determines the scope to earn attractive profits. The strength of the forces may vary from industry to industry.

Exam Focus...	
May 2018	RTP
May 2019	PYQ

Question 12:

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?

Answer:

STEP 1

A firm's profitability tends to be higher when other firms are blocked from entering the industry. **New entrants can reduce industry profitability because they add new production capacity leading to increase supply of the product even at a lower price and can substantially erode existing firm's market share position.** Barriers to entry represent economic forces that slow down or impede entry by other firms.

STEP 2

Common barriers to entry include:

i. **Capital requirements:** When a large amount of capital is required to enter an industry, firms lacking funds are effectively barred from the industry, thus enhancing the profitability of existing firms in the industry.

ii. **Economies of scale:** Many industries are characterized by economic activities driven by economies of scale. Economies of scale refer to the decline in the per-unit cost of production (or other activity) as volume grows. **A large firm that enjoys economies of scale can produce high volumes of goods at successively lower costs. This tends to discourage new entrants.**

iii. **Product differentiation:** Production differentiation refers to the physical or perceptual differences, or enhancements, that make a product special or unique in the eyes of customers. **Firms in the personal care products and cosmetics industries actively engage in product differentiation to enhance their products' features.** Differentiation works to reinforce entry barriers because the cost of creating genuine product differences may be too high for the new entrants.

iv. **Switching costs:** To succeed in an industry, new entrant must be able to persuade existing customers of other companies to switch to its products. **To make a**

switch, buyers may need to test a new firm's product, negotiate new purchase contracts, and train personnel to use the equipment, or modify facilities for product use. Buyers often incur substantial financial (and psychological) costs in switching between firms. When such switching costs are high, buyers are often reluctant to change.

v. **Brand identity:** The brand identity of products or services offered by existing firms can serve as another entry barrier. Brand identity is particularly important for infrequently purchased products that carry a high unit cost to the buyer. **New entrants often encounter significant difficulties in building up the brand identity,** because to do so they must commit substantial resources over a long period.

vi. **Access to distribution channels:** The unavailability of distribution channels for new entrants poses another significant entry barrier. **Despite the growing power of the internet, many firms may continue to rely on their control of physical distribution channels** to sustain a barrier to entry to rivals. Often, existing firms have significant influence over the distribution channels and can retard or impede their use by new firms.

vii. **Possibility of aggressive retaliation: Sometimes the mere threat of aggressive retaliation by incumbents**

Example:

introduction of products by a new firm may lead existing firms to reduce their product prices and increase their advertising budgets.

Exam Focus...

May 2022	PYQ
May 2023	PYQ

Question 13:

Buyers can exert considerable pressure on business. Do you agree? Discuss.

Answer:

STEP 1

Buyers of an industry's products or services can exert considerable pressure on existing firms to secure lower prices or better services. This is evident in situations where buyers enjoy superior position than the seller of product.

STEP 2

This leverage is particularly evident in the following circumstances:

i. **Buyer Knowledge:** Buyers lacking knowledge of the true quality or efficacy of a product are handicapped when bargaining with product suppliers. A skilled supplier can sometimes convince buyers to pay a high price, even for a product that may not be too different from those of its competitors. Conversely when buyers have sufficient knowledge and information to evaluate competitive offerings, their bargaining power grows. In such cases, competitors have less ability to charge premium prices **and industry profitability is lower.**

ii. **Purchase Size:** Buyers have less incentive to pressure suppliers for a low price when a small purchase is involved, because even a large percentage reduction in price has little impact on total purchase cost.

iii. **Product Function:** When products serve a critical function, buyers will pay premium prices to obtain them. The pharmaceutical industry is a case in point. When people are sick or injured, the price of pharmaceuticals means little to them.

iv. **Concentration of Buyers:** When buyers are more concentrated than firms supplying the product, suppliers often have alternatives when seeking buyers. Buyers can then often obtain better terms on price and service.

v. **Undifferentiated Products:** Buyers also tend to have strong bargaining power when they purchase standardized, undifferentiated products from their suppliers. They can easily change suppliers without incurring significant switching costs.

vi. **Buyer Entry into the Industry:** Buyers' bargaining power is increased if they can potentially enter the industry from which they are currently buying. If buyers decide to produce those items for themselves that they now purchase, they can exert strong bargaining power over the supplying industry.

Exam Focus...	
May 2020	RTP

Question 14:

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. 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?

Answer:

Synopsis:

STEP 1

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.

STEP 2

- 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

Exam Focus...	
Dec 2021	RTP

Question 15:

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.

Answers:

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.

Exam Focus...

May 2018	PYQ

Question 16:

Economies of scale discourage new entrants. State with reason.

Answers:

Correct: Economies of scale leads to decline in the per-unit cost of production (or other activity) as volume grows. A large firm that enjoys economies of scale can produce high volumes of goods at successively lower costs. This tends to discourage new entrants.

Question 17:

Porter's five forces model considers new entrants as a significant source of competition. State with reason.

Answer:

Correct: Porter's five forces model considers new entrants as major source of competition. The new capacity and product range that the new entrants bring in throws up new competitive pressure. The bigger the new entrant, the more severe the competitive effect. New entrants also place a limit on prices and affect the Profitability of existing Players

Exam Focus...

May 2024	MTP

Question 18:

ABC Corp, a multinational consumer electronics company, is planning to expand its operations into a new country. The company's senior management is evaluating the potential risks and opportunities of entering this new market. As part of their analysis, they decide to use the PESTLE framework to assess the external factors that could impact their decision. How can the PESTLE framework help ABC Corp assess the external factors affecting its decision to expand into a new country?

Answer:

STEP 1:

The PESTLE framework can help ABC Corp assess the external factors affecting its decision to expand into a new country by considering the following aspects:

Political Factors: These include the stability of the government, government policies on foreign investment, trade agreements, and regulatory frameworks. By analyzing these factors, ABC Corp can assess the political risks associated with entering the new market.

- **Economic Factors:** Economic factors such as GDP growth rate, inflation rate, exchange rates, and economic stability can impact ABC Corp's decision. By analyzing these factors, the company can understand the economic environment of the new market and its potential impact on business operations.
- **Social Factors:** Social factors such as cultural norms, demographics, and lifestyle trends can influence consumer behavior and demand for ABC Corp's products. Understanding these factors can help the company tailor its marketing strategies to the new market.
- **Technological Factors:** Technological factors such as infrastructure, technological advancements, and the level of technology adoption in the new market can impact ABC Corp's operations. By assessing these factors, the company can determine the technological requirements for entering the new market.
- **Legal Factors:** Legal factors such as laws and regulations related to foreign investment, intellectual property rights, and labor laws can impact ABC Corp's decision. By analyzing these factors, the company can ensure compliance with legal requirements in the new market.

- **Environmental Factors:** Environmental factors such as climate change, environmental regulations, and sustainability practices can impact ABC Corp's operations and reputation. By considering these factors, the company can assess the environmental risks and opportunities in the new market.

STEP 2

Overall, the PESTLE framework can provide ABC Corp with a comprehensive analysis of the external factors that could impact its decision to expand into a new country, helping the company make informed and strategic decisions.

Exam Focus...	
May 2024	MTP

Question 19:

You are a strategic manager for a tech company launching a new smartphone model. The company wants to target tech-savvy consumers who value innovation and cutting-edge technology. Using the concept of customer behavior, develop a marketing strategy to promote the new smartphone.

Answer:

STEP 1

To target tech-savvy consumers for the new smartphone model, the tech company can develop a marketing strategy based on customer behavior. Consumer behaviour may be influenced by a number of things. **Consumer behaviour may be influenced by a number of things.** These elements can be categorised into the following three conceptual domains:

STEP 2

- **External Influences:** External influences, like **advertisement, peer recommendations or social norms,** have a direct impact on the psychological and internal processes that influence various consumer decisions. The focus of external effects is on the numerous elements that have an impact on customers as they choose which needs to satisfy and which products to use to do so. These aspects are divided into two groups – the company's marketing efforts and the numerous environmental elements.
- **Internal Influences:** Internal processes are **psychological factors internal to customers** and affect consumer decision making. Consumer behaviour is influenced by a combination of internal and external influences, including motivation and attitudes.
- **Decision Making:** A rational consumer, as **decision maker,** would seek information about potential decisions and carefully integrate this with the existing knowledge about the product. After weighing the advantages and disadvantages of each option, they would decide. The **stages of decision-making process can be described as:**
  - **Problem recognition,** i.e., identify an existing need or desire that is unfulfilled.
  - **Search for desirable alternatives** and list them.
  - **Seeking information on available alternatives** and weighing their pros and cons.
  - **Make a final choice.**

STEP 3

This behaviour of making decisions happens very frequently. However, it mostly applies when the purchase is one that is significant to the customer, such as when the product could have a significant influence on their health or **self-image.** The process is extremely valid when purchasing a car, television, or a refrigerator in contrast to purchase of ice creams or soft drinks.

- **Post-decision Processes:** After deciding and purchasing a product, the final phase in the decision-making process is **evaluating the outcome.** The consumer's reaction may vary **depending upon the satisfaction.** While a happy customer may make repeat purchase and recommend to others, customer with dissonance will neither purchase the product again nor recommend it to others.

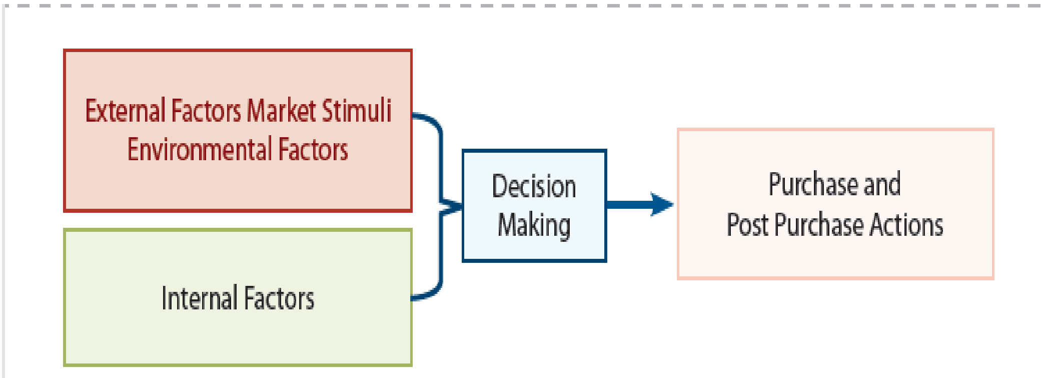


Figure: Process of consumer behaviour

By understanding the behavior of tech-savvy consumers and aligning the marketing strategy with their preferences, the tech company can effectively promote the new smartphone and attract this demographic.

Exam Focus...

May 2024	MTP

Question 20:

Green Thrift Inc., a sustainable clothing retailer, is experiencing a surge in popularity due to the growing awareness of environmental issues among consumers. The company specializes in selling second-hand clothing and upcycled garments, offering an eco-friendly alternative to traditional fast fashion.

A major concern for GreenThrift Inc. is the emergence of new sustainable fashion brands in the market. These brands focus on using organic and recycled materials, as well as ethical manufacturing practices, which align with the values of environmentally conscious consumers. Identify and explain that competition from new sustainable fashion brands falls under which category of Porter's Five Forces Model for Competitive Analysis?

Answer:

Competition from new sustainable fashion brands falls under the "Threat of New Entrants" category of Porter's Five Forces Model for Competitive Analysis. These new entrants pose a threat to existing sustainable clothing retailers like GreenThrift Inc. by increasing competition and potentially eroding market share. The emergence of these brands, focusing on using organic and recycled materials along with ethical manufacturing practices, aligns with the values of environmentally conscious consumers, making them strong competitors in the sustainable fashion market.

Exam Focus...

May 2024	MTP

Question 21:

Reshuffle Corp is a company that manufactures and sells office furniture. They offer a range of products, from desks and chairs to cabinets and shelves. Recently, the company has been facing increased competition from online retailers offering similar products at lower prices.

Analyzing the characteristics of products in the furniture industry, discuss how Reshuffle Corp can differentiate its products to maintain a competitive edge in the market.

Answer:

To maintain a competitive edge in the face of increased competition, Reshuffle Corp can differentiate its products in several ways:

- **Tangible and Intangible Aspects:** Reshuffle Corp can focus on the tangible aspects of its products, such as using high-quality materials and innovative designs to create furniture that is both functional and aesthetically pleasing. Additionally, they can emphasize the intangible aspects of their products, such as excellent customer service and a strong brand reputation for reliability and durability.

- **Pricing Strategies:** While market prices are often dictated by competition, Reshuffle Corp can work on cost optimization to maintain profitability. They can also consider offering value-added services, such as free installation or extended warranties, to justify a higher price point.
- **Product Features:** By continually optimizing their product features based on customer feedback and market trends, Reshuffle Corp can ensure that their products deliver maximum satisfaction to their target customers. This may include features that enhance functionality, design, quality, and overall user experience.
- **Product Centric Approach:** Reshuffle Corp should keep their products at the center of their strategic activities, ensuring that all business processes, from production to sales and marketing, are aligned to meet customer needs and expectations.
- **Product Life Cycle Management:** Reshuffle Corp should be aware of the life cycle of their products and plan for reinvention or replacement accordingly. They can introduce new product lines or upgrade existing ones to keep up with changing customer preferences and market trends.

Exam Focus...

May 2022	PYQ

Question 22:

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. Identity the strategy implemented by ABC Steel Industries along with reasons.

Answer:

STEP 1

ABC Steel Industries has opted to implement Stability strategy. Stability strategies are intended to safeguard the existing interests and strengths of business. It involves organisations 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.

STEP 2

Major reasons for Stability strategy are:

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

Exam Focus...

May 2023	PYQ

Question 23:

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.

Answer:

STEP 1

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

STEP 2

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 favourable terms of contract.

(iii) 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.

Exam Focus...	
May 2023	PYQ

Question 24:

Baby Turtle is a children's clothing brand that has been created a new age demand for washable diapers. The major benefit for the brand has been that not many companies have shown interest in the product, thinking it is not viable, however, customers, majorly working mothers are loving their product. The core material needed for production is also used in many other water proofing products in various industries. Baby Turtle sources this material from a renowned supplier at comparatively low prices. Which of the five forces of competitive pressure would Baby Turtle experience due to above setup and what are major factors that create such pressure for a product? Do you think Baby Turtle has an advantage in some way to fight off this pressure?

Answer:

Baby Turtle would experience, Bargaining Power of Suppliers, as a competitive pressure for their washable diaper product. This is because the core material for production is sourced from a single supplier, who is renowned and in a position to create pressure in terms of prices.

Further, other factors that lead to such pressure are:

1. Their products are crucial to the buyer and substitutes to the material required for production are not available.
2. Suppliers can manipulate switching cost as the brand is in inception stage and making margins are important.

An advantage that Baby Turtle has is even though the material required has no substitutes, but it used to make many other products and thus there are many other suppliers who can provide that material. It might affect operations in short term but will help to fight off the pressure created by existing supplier.

Check Your Progress [Scenario Based Questions - SBQs]

Question 25:

Prathama IT Solutions Pvt. Ltd. is a multinational company dealing in software and BPMS with its operations in 18 countries across the globe. It operates through 25 branches in India, 18 of its SBUs, 5 subsidiary companies in China, Japan, UK, US and France, and 10 strategic partners in African subcontinent with whom it has signed "Technology Transfer Agreements" and shared its technical knowhow for royalty.

Required:

You are supposed to advice the company about the assessment of global environmental factors and their influences over the business and its operations.

Question 26:

Hyundai Motors provides the following sales history of Hyundai Verna (MC) Model on its website in the public domain for the knowledge and information of its stakeholders.

Financial Year	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Sales Volume	**0**	**7488**	**8990**	**9709**	**5880**	**3260**

Required:

Prepare a 'Product Life Cycle' diagram of Hyundai Verna (MC) Model from the above data.

Chapter 3
Strategic Analysis: Internal Environment

Chapter 3 Part 1 Revision

Chapter 3 Part 2 Revision

Exam Focus...

Study Material

Question 1:

Distinguish between Cost Leadership and Differentiation Strategies.

Answer:

STEP 1

Cost leadership emphasizes producing standardized products at a very low per-unit cost for consumers who are price-sensitive.

Differentiation is a strategy aimed at producing products and services considered unique industry wide and directed at consumers who are relatively price insensitive.

STEP 2

- A primary reason for pursuing forward, backward, and horizontal integration strategies is to gain cost leadership benefits.
- **But cost leadership generally must be pursued in conjunction with differentiation.** Different strategies offer different degrees of differentiation.
- A 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.
- A successful differentiation strategy allows a firm to charge a higher price for its product and to gain customer loyalty.

Exam Focus...

May 2018	PYQ
Nov 2020	RTP

Question 2:

Airlines industry in India is highly competitive with several players. Businesses face severe competition and aggressively market themselves with each other. Luxury Jet is a private Delhi based company with a fleet size of 9 small aircrafts with seating capacity ranging between 6 seats to 9 seats. There aircrafts are chartered by big business houses and high net worth individuals for their personalized use. With customized tourism packages their aircrafts are also often hired by foreigners. Identify and explain the Michael Porter's Generic Strategy followed by Luxury Jet.

Answer:

Synopsis:

STEP 1

The Airlines industry faces stiff competition. However, Luxury Jet has attempted to create a niche market by adopting focused differentiation strategy. A **focused differentiation strategy** requires offering unique features that fulfil the demands of a narrow market.

STEP 2

Luxury Jet competes in the market based on **uniqueness and target a narrow market which provides business houses, high net worth individuals to maintain strict schedules.** The option of charter flights provided several advantages including, flexibility, privacy, luxury and many a times cost saving. Apart from conveniences, the facility will provide time flexibility. Travelling by private jet is the most comfortable, safe and secure way of flying your company's senior business personnel. Chartered services in airlines can have both business and private use. Personalized tourism packages can be provided to those who can afford it.

Exam Focus...

Nov 2018	PYQ

Question 3:

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. Often the unique features of their product, that are

not available with their competitors helps them to gain competitive advantage. Gennex using the strategy is consistently gaining its position in the industry over its competitors. Identify and explain the Porter's generic strategy which Gennex has opted to gain the competitive advantage.

Answer:

STEP 1:

Synopsis:

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. **Gennex has opted differentiation strategy.**

STEP 2:

- 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.

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.

Question 4:

What do you understand by cost leadership? How is it achieved?

Answer:

STEP 1

Cost leadership 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.

STEP 2

- **Because of its lower costs, the cost leader is able to charge a lower price** for its products than its competitors and still make satisfactory profits.
- Because of its lower costs, the cost leader is able to charge a lower price for its products than its competitors and still make satisfactory profits.
- A primary reason for pursuing forward, backward, and horizontal integration strategies is to gain cost leadership benefits.
- A successful cost leadership strategy usually permeates the entire firm, as evidenced by **high efficiency, low overhead, limited perks, intolerance of waste, intensive screening of budget requests, wide spans of control, rewards linked to cost containment, and broad employee participation in cost control efforts.**
- Some risks of pursuing cost leadership are that **competitors may imitate the strategy.**

STEP 3

To achieve cost leadership, following are the actions that could be taken:

a. **Forecast the demand** of a product or service promptly.

b. **Optimum utilization of the resources** to get cost advantages.

c. Achieving **economies of scale** leads to lower per unit cost of product/service.

d. Standardization of products for **mass production** to yield lower cost per unit.

e. Invest in **cost saving technologies** and try using advance technology for smart working.

f. **Resistance to differentiation** till it becomes essential.

Exam Focus...	
Nov 2019	RTP

Question 5:

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 "Buffrine" to manufacture and sell its Hideseek 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.

Answer:

Synopsis:

STEP 1

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.

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.

STEP 2

Rest of the Answer are Same as Question No. 6

Exam Focus...	
May 2020	PYQ

Question 6:

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

Answer:

A differentiation strategy may help 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 also, they have fewer options in the market.
3. **Suppliers –** Because differentiators charge a premium price, they can afford to absorb higher costs of supplies and 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.
5. **Substitutes –** Substitute products can't replace differentiated products which have high brand value and enjoy customer loyalty.

Exam Focus...	
Nov 2018	PYQ

Question 7:

Sohan and Ramesh are two friends who partners in their business of are 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, 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.

Answer:

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. **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. **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.

Exam Focus...	
Nov 2020	PYQ
May 2024	RTP

Question 8:

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.

Answer:

STEP 1

Synopsis:

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.

STEP 2

ABC Ltd. has opted for the **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 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.

STEP 3

Achieving Differentiation Strategy

To achieve differentiation, following strategies are generally adopted by an organization:

1. Offer utility to the customers and match products with their tastes and preferences.
2. Elevate/Improve performance of the product.
3. 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.

Exam Focus...

Jan 2021	PYQ

Question 9:

Spacetek Pvt. Ltd. is an IT company. Although there is cutthroat 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.

Answer:

STEP 1

Synopsis:

Spacetek Pvt. Ltd. Company has adopted **Focus strategy** which is one of the Michael Porter's Generic strategies.

STEP 2

Focus strategies are most effective when consumers have distinctive preferences or requirements and when rival firms are not **attempting to specialize in the same target segment.**

An organization using a focus strategy may concentrate on a particular group of customers, geographic markets, or on particular product-line segments in order to serve a well-defined but narrow market better than competitors who serve a broader market.

STEP 3

Advantages of Focus

1. Premium prices can be charged by the organizations for their focused product/services.
2. 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.

STEP 4

Disadvantages of Focus Strategy

1. The firms lacking in distinctive competencies may not be able to pursue focus strategy.
2. Due to the limited demand of product/services, costs are high which can cause problems.
3. In the long run, the niche could disappear or be taken over by larger competitors by acquiring the same distinctive competencies.

Exam Focus...

Study Material

Question 10:

Rohit Sodhi runs a charitable organization for the promotion of sports in the country. His organization conducts regular free training camps for youths interested in playing cricket, football, hockey, badminton and so on. Many of his trainees have reached national level contests. Rohit noticed that with the success of IPL (Cricket) tournament there is an increasing trend to extend similar format in other sports as well. He wishes to know how the development is going to help sports and to which industries it will offer opportunities and threats.

Answer:

STEP 1

With the success of IPL, league matches are taking place in other sports as well. These are held in a grandeur manner between several teams.

STEP 2

Example:

League matches in magnificent manner now take place in Football, Kabaddi and Hockey in India. These events are profit and entertainment driven. These are going to help sports in India by generating interest in sports, making them more popular, increasing quality of competition and bringing money into sports.

STEP 3

- Several entities and processes are involved in these events from various industries offering opportunities and threats to them.
- An **opportunity** is a **favourable condition** in the organization's environment which enables it to strengthen its position.
- On the other hand, a **threat** is an **unfavourable condition** in the organization's environment which causes a risk for, or damage to, the organization's position.
- An opportunity is also a threat in case internal weaknesses do not allow organization to take their advantage in a manner rivals can.

STEP 4

It will offer opportunity and threats to the following:

Opportunities

- Stadia.
- Manufacturers of sports goods.
- Media Industry – Sports channels / television, advertisers.
- Hotel Industry linking events with their offerings.

Threats

- Entertainment industry engaged in TV serials, cinema theatres, Entertainment theme parks as competitors will be fighting for the same viewers/target customers.
- Event Management organization engaged in non-sports events.

Exam Focus...

May 2019	RTP

Question 11:

Rohit Patel has a small chemist shop in the central part of Ahmedabad. What kind of competencies Rohit can build to gain competitive advantage over online medicine sellers?

Answer:

STEP 1

Capabilities that are valuable, rare, costly to imitate, and non-substitutable are core competencies.

STEP 2

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.

STEP 3

Rohit Patel can build competencies in the areas of:

i. Developing personal and **cordial relations with the customers.**

ii. Providing home delivery at **no additional cost.**

iii. Developing a system of speedy delivery that can be difficult to match by online sellers. Being in the central part of the city, he can create a network to supply at wider locations in the city.

iv. Having **extended working hours** for the convenience of buyers.

v. Providing easy credit or a system of monthly payments to the patients consuming regular medicines.

Exam Focus...	
Nov 2018	RTP
Nov 2020	RTP

Question 12:

'Value for Money' 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. Marshal, the CEO 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 'Value for Money' retail chain.

Or,

'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.

Answer:

STEP 1

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 organization.

STEP 2

- **'Value for Money'** 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.**

Exam Focus...	
Nov 2019	RTP

Question 13:

Shridhar who is running a medium size cloth manufacturing business in Panipat wishes to understand the driving forces that trigger change. He has sought advice from you and wishes to know common driving forces.

Answer:

STEP 1

Industry and competitive conditions of organisation change as environmental forces are in motion. The most dominant forces are called driving forces because they have the biggest influence on what kinds of changes will take place in the industry's structure and competitive environment.

Analyzing driving forces has two steps:

I. identifying what the driving forces are and

II. assessing the impact they will have on the industry.

STEP 2

Many events can affect an industry powerfully enough to qualify as driving forces. Some are **unique and specific to a particular industry situation,** but many drivers of change fall into general categories affecting different industries simultaneously.

Some of the categories/examples of drivers are:

- The internet and the new e-commerce opportunities and threats it breeds in the industry.
- Increasing globalization.
- Changes in the long-term industry growth rate.
- Product innovation.

- Marketing innovation.
- Entry or exit of major forms.
- Diffusion of technical know-how across more companies and more countries.
- Changes in cost and efficiency.

Exam Focus...

Nov 2019	RTP
Jan 2021	PYQ
Dec 2021	RTP

Question 14:

Major core competencies are identified in three areas - competitor differentiation, customer value and application to other markets. Discuss.

Answer:

According to **C.K. Prahalad and Gary Hamel,** major core competencies are identified in three areas - competitor differentiation, customer value, and application to other markets.

- **Competitor differentiation:** The company can consider having a core competence if the **competence is unique and it is difficult for competitors to imitate.** This can provide a company with an edge compared to competitors. It allows the company to provide better products or services to market with no fear that competitors can copy it.
- **Customer value:** When purchasing a product or service it has to deliver a fundamental benefit for the end customer in order to be a core competence. It will include all the skills needed to **provide fundamental benefits.** The service or the product has to have real impact on the customer as the reason to choose to purchase them. If customer has chosen the company without this impact, then competence is not a core competence.
- **Application of competencies to other markets:** Core competence must be applicable to the whole organization; **it cannot be only one particular skill or specified area of expertise.** Therefore, although some special capability would be essential or crucial for the success of business activity, it will not be considered as core competence, if it is not fundamental from the whole organization's point of view.

Thus, a core competence is a unique set of skills and expertise, which will be used throughout the organisation to open up potential markets to be exploited.

Exam Focus...

May 2019	RTP
May 2024	MTP

Question 15:

What is a Strategic Group? Discuss the procedure for constructing a strategic group map.

Or,

Mr. Banerjee is head of the marketing department of a manufacturing company. His company is in direct competition with thirteen companies at the national level. He wishes to study the market positions of rival companies by grouping them into like positions. Name the tool that may be used by Mr. Banerjee? Explain the procedure that may be used to implement the technique.

Or,

A beverage company is launching a new line of energy drinks targeted at health-conscious consumers. The strategic manager wants to study the market position of rival companies in the energy drink segment. Which tool can be used for this analysis, and what is the procedure to implement it effectively?

Answer:

STEP 1

A **strategic group consists of those rival firms which have similar competitive approaches** and **positions in the market.** Companies in the same strategic group can resemble one another in any of the several ways – have comparable product-line breadth, same price/quality range, same distribution channels, same product attributes, identical technological approaches, offer similar services and technical assistance and so on.

STEP 2

The procedure for constructing a strategic group map and deciding which firms belong in which strategic group is as follows:

- **Identify the competitive characteristics** that differentiate firms in the industry typical variables are price/quality range (high, medium, low); geographic coverage (local, regional, national, global); degree of vertical integration (none, partial, full); product- line breadth (wide, narrow); use of distribution channels (one, some, all); and degree of service offered (no-frills, limited, full).
- **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.

Question 16:

Exam Focus...	
May 2022	PYQ
May 2020	RTP
May 2021	RTP

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.

Answer:

STEP 1

Four specific criteria of sustainable competitive advantage that firms can use to **determine those capabilities that are core competencies.**

STEP 2

Capabilities that are valuable, rare, costly to imitate, and non-substitutable are core competencies.

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 requires placing the right people in the right jobs. **Human capital is important in creating value for customers.**

II. **Rare:** Core competencies are very rare capabilities and **very few of the competitors possess these.** 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.

III. **Costly to imitate:** Costly to imitate means such **capabilities that competing firms are unable to develop easily.**

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.

IV. Non-substitutable: Capabilities that **do not have strategic equivalents** are called non- substitutable capabilities. This final criterion for a capability 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.

STEP 3

Conclusion: Core competencies are a source of competitive advantage only when they allow the firm to create value by exploiting opportunities in its external environment.

Question 17:

Telecom industry is growing at a rapid speed in India. There is a cutthroat 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?

Answer:

- 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.

Exam Focus...	
May 2020	RTP
May 2021	PYQ

Question 18:

What is the purpose of SWOT analysis? Why is it necessary to do a SWOT analysis before selecting a particular strategy for a business organization?

Answer:

STEP 1

An important component of strategic thinking requires the generation of a series of strategic alternatives, or choices of future strategies to pursue, given the company's internal strengths and weaknesses and its external opportunities and threats.

STEP 2

The comparison of strengths, weaknesses, opportunities, and threats is normally referred to as SWOT analysis.

- **Strength:** Strength is an inherent capability of the organization which it can use to gain strategic advantage over its competitors.
- **Weakness:** A weakness is an inherent limitation or constraint of the organization which creates strategic disadvantage to it.
- **Opportunity:** An opportunity is a favourable condition in the organization's environment which enables it to strengthen its position.
- **Threat:** A threat is an unfavourable condition in the organization's environment which causes a risk for, or damage to, the organization's position.

STEP 3

SWOT analysis helps managers **to craft a business model (or models) that will allow a company to gain a competitive advantage** in its industry (or industries).

Competitive advantage leads to increased profitability, and this maximizes a company's chances of surviving in the fast-changing, competitive environment.

Key reasons for SWOT analyses are:

- **It provides a logical framework.**
- **It presents a comparative account.**
- **It guides the strategist in strategy identification.**

Exam Focus...

May 2024	MTP

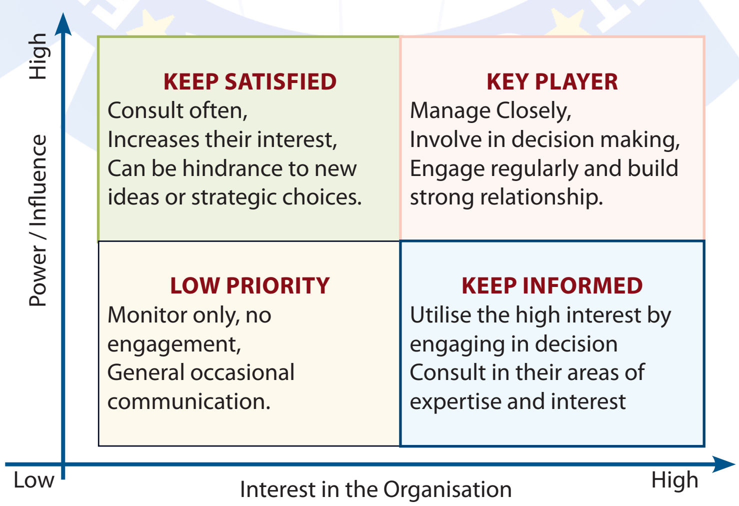
Question 19:

How can Mendelow's Matrix be used to analyze and manage the stakeholders effectively?

Answer:

Mendelow's Matrix can be used effectively to analyze and manage stakeholders through a grid-based approach by the following steps:

1. **Identify Stakeholders:** Begin by identifying all relevant stakeholders for 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
   - **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.
   - **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.
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. 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.

Exam Focus...

May 2024	MTP

Question 20:

EasyLife Corporation, a leading manufacturer of consumer electronics, is considering launching a new line of smart home devices. As a strategic manager, conduct a SWOT analysis for EasyLife Corporation to assess the feasibility and potential success of this new venture. Consider both internal and external factors that could impact the success of the new product line.

STEP 1:

Answer:

Strengths	Weaknesses
▪ Strong brand reputation in consumer electronics. ▪ Established distribution network. ▪ Access to technological expertise for product development. ▪ Financial resources to support product launch and marketing.	▪ Limited experience in the smart home devices market. ▪ May require additional investments in research and development. ▪ Potential challenges in integrating a new product line with existing offerings. ▪ Lack of established customer base for smart home devices.

Opportunities	Threats
◘ Growing market for smart home devices due to increasing consumer interest in home automation. ◘ Possibility of partnering with existing smart home platform providers. ◘ Potential to leverage brand loyalty from existing customers. ◘ Ability to differentiate through innovative features and design.	◘ Intense competition from established players in the smart home devices market. ◘ Rapid technological advancements lead to short product life cycles. ◘ Potential for cybersecurity threats in connected devices. ◘ Economic factors impacting consumer spending on discretionary items.

The SWOT analysis highlights that while EasyLife Corporation has several strengths that can support the launch of a new smart home devices line, there are also significant weaknesses and threats to consider. To maximize the chances of success, EasyLife Corporation should focus on leveraging its brand reputation and distribution network while carefully addressing the weaknesses and threats identified. Additionally, staying informed about technological developments and consumer trends will be essential for maintaining competitiveness in the dynamic smart home devices market.

Exam Focus...

May 2024	MTP

Question 21:

StarTech Solutions, an aerospace technology firm, operates in a highly competitive industry. Despite the fierce competition in the aerospace sector, StarTech has carved out a niche for itself by focusing on serving unique, high-end clients. Unlike its competitors, StarTech has chosen not to diversify its target market and instead specializes in providing cutting-edge solutions to this niche market.

Identify and explain the strategy adopted by StarTech Solutions. Discuss the advantages and disadvantages of this strategy.

Answer:

STEP 1

The strategy adopted by StarTech Solutions is **Focused differentiation.** This strategy involves targeting a specific segment of the market with unique products or services that are perceived as valuable by customers in that segment. By specializing in serving unique, high-end clients, StarTech is able to differentiate itself from competitors and create a competitive advantage.

Advantages of Focused Differentiation:

- **Strong Customer Loyalty:** By catering to a specific niche market, StarTech can build strong relationships with its customers, leading to higher customer loyalty and retention.
- **Higher Profit Margins:** Serving a niche market allows StarTech to command higher prices for its specialized products or services, leading to higher profit margins.
- **Reduced Competition:** By focusing on a niche market that other firms are not targeting, StarTech faces less competition, allowing it to establish itself as a leader in that segment.
- **Better Resource Allocation:** Focusing on a specific market segment allows StarTech to allocate its resources more efficiently, concentrating on areas that will provide the greatest return on investment.

STEP 3

Disadvantages of Focused Differentiation:

- **Limited Market Size:** The niche market that StarTech is targeting may be limited in size, restricting the company's potential for growth.
- **Risk of Market Changes:** Changes in the market or customer preferences could impact on the demand for StarTech's specialized products or services, leading to potential revenue loss.
- **Higher Costs:** Serving a niche market may require specialized resources and expertise, leading to higher costs of operation.
- **Imitation by Competitors:** If StarTech's success in the niche market attracts competitors, they may attempt to imitate its strategy, eroding its competitive advantage.

STEP 4

Conclusion:

Overall, the focused differentiation strategy adopted by StarTech Solutions has allowed it to differentiate itself in a competitive industry and build a strong position in the market. However, the company must be aware of the potential challenges and risks associated with this strategy and continue to innovate and adapt to maintain its competitive edge.

Exam Focus...	
Nov 2022	PYQ

Question 22:

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.

Answer:

STEP 1

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.**

STEP 2

Advantages of Focused Strategy

1. Premium prices can be charged by the organisations for their focused product/services.
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.

STEP 3

Disadvantages of Focused Strategy

1. The firms lacking in distinctive competencies may not be able to pursue focus strategy.
2. Due to the limited demand of product/services, costs are high, which can cause problems.
3. In the long run, the niche could disappear or be taken over by larger competitors by acquiring the same distinctive competencies.

Exam Focus...

May 2023	PYQ

Question 23:

"The sustainability of competitive advantage and a firm's ability to earn profits from its competitive advantage depends on characteristics of resources and capabilities". Explain this statement.

Answer:

STEP 1

The sustainability of competitive advantage and a firm's ability to earn profits from it depends, to a great extent, upon four major characteristics of resources and capabilities which are as follows:

1. **Durability:** The period over which a competitive advantage is sustained depends in part on the rate at which a firm's resources and capabilities deteriorate. In industries where the rate of product innovation is fast, product patents are quite likely to become obsolete. Similarly, capabilities which are the result of the management expertise of the CEO are also vulnerable to his or her retirement or departure. On the other hand, many consumer brand names have a highly durable appeal.
2. **Transferability:** Even if the resources and capabilities on which a competitive advantage is based are durable, it is likely to be eroded by competition from rivals. The ability of rivals to attack position of competitive advantage relies on their gaining access to the necessary resources and capabilities. The easier it is to transfer resources and capabilities between companies, the less sustainable will be the competitive advantage which is based on them.
3. **Imitability:** If resources and capabilities cannot be purchased by a would-be imitator, then they must be built from scratch. How easily and quickly can the competitors build the resources and capabilities on which a firm's competitive advantage is based? This is the true test of imitability. Where capabilities require networks of organizational routines, whose effectiveness depends on the corporate culture, imitation is difficult.
4. **Appropriability:** Appropriability refers to the ability of the firm's owners to appropriate the returns on its resource base. Even where resources and capabilities are capable of offering sustainable advantage, there is an issue as to who receives the returns on these resources.

Exam Focus...

Question 24:

A beverage company is launching a new line of energy drinks targeted at health-conscious consumers. The strategic manager wants to study the market position of rival companies in the energy drink segment. Which tool can be used for this analysis, and what is the procedure to implement it effectively?

Answer:

STEP 1

To study the market position of rival companies in the energy drink segment, the strategic manager can use strategic group mapping. This tool helps identify strategic groups, which consist of rival firms with similar competitive approaches and positions in the market. The procedure for implementing strategic group mapping effectively is as follows:

1. Identify the competitive characteristics that differentiate firms in the industry typical variables that are price/quality range (high, medium, low); geographic coverage (local, regional, national, global); degree of vertical integration (none, partial, full); product-line breadth (wide, narrow); use of distribution channels (one, some, all); and degree of service offered (no-frills, limited, full).
2. Plot the firms on a two-variable map using pairs of these differentiating characteristics.

3. Assign firms that fall in about the same strategy space to the same strategic group.
4. Draw circles around each strategic group making the circles proportional to the size of the group's respective share of total industry sales revenues.

By following these steps, the strategic manager can gain valuable insights into the competitive landscape of the energy drink segment and identify potential positioning strategies for the new line of energy drinks targeted at healthconscious consumers.

Exam Focus...

Question 25:

EasyLife Corporation, a leading manufacturer of consumer electronics, is considering launching a new line of smart home devices. As a strategic manager, conduct a SWOT analysis for EasyLife Corporation to assess the feasibility and potential success of this new venture. Consider both internal and external factors that could impact the success of the new product line.

Answer:

STEP 1

SWOT Analysis for EasyLife Corporation's New Smart Home Devices Venture:

Strengths	**Weaknesses**
▪ Strong brand reputation in consumer electronics. ▪ Established distribution network. ▪ Access to technological expertise for product development. ▪ Financial resources to support product launch and marketing.	▪ Limited experience in the smart home devices market. ▪ May require additional investments in research and development. ▪ Potential challenges in integrating a new product line with existing offerings. ▪ Lack of established customer base for smart home devices.
Opportunities	**Threats**
▪ Growing market for smart home devices due to increasing consumer interest in home automation. ▪ Possibility of partnering with existing smart home platform providers. ▪ Potential to leverage brand loyalty from existing customers. ▪ Ability to differentiate through innovative features and design.	▪ Intense competition from established players in the smart home devices market. ▪ Rapid technological advancements lead to short product life cycles. ▪ Potential for cybersecurity threats in connected devices. ▪ Economic factors impacting consumer spending on discretionary items.

The SWOT analysis highlights that while EasyLife Corporation has several strengths that can support the launch of a new smart home devices line, there are also significant weaknesses and threats to consider. To maximize the chances of success, EasyLife Corporation should focus on leveraging its brand reputation and distribution network while carefully addressing the weaknesses and threats identified. Additionally, staying informed about technological developments and consumer trends will be essential for maintaining competitiveness in the dynamic smart home devices market.

Exam Focus...

Question 26:

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 minimalize 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 planner for? Explain how this strategy will be advantageous to the company to remain profitable?

Answer:

STEP 1

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.
5. Substitutes – Substitute products can't replace differentiated products which have high brand value and enjoy customer loyalty.

Exam Focus...

Dec 2021	PYQ

Question 27:

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.

Answer:

STEP 1

Potential STU's Opportunities:

- 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.

STEP 2

Potential STU's Threats:

- 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.
- Costly new regulatory requirements.
- Growing bargaining power of suppliers.
- Vulnerability to industry driving forces.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SUSHANT ARORA 83 MARKS
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PRADEEP ROHILLA 79 MARKS
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Chapter 4
Strategic Choices

Chapter 4 Part1 Revision

Chapter 4 Part 2 Revision

Exam Focus...	
Nov 2018	RTP
Nov 2020	RTP

Question 1:

What is Divestment strategy? When is it adopted?

Answer:

STEP 1

Divestment strategy involves the **sale or liquidation of a portion of business, or a major division, profit center or SBU.** For a multiple product company, divestment **could be a part of rehabilitating or restructuring plan called turnaround.**

A divestment strategy may be adopted due to various reasons:

STEP 2

- When a **turnaround has been attempted but has proved to be unsuccessful.**
- A business that had been acquired proves to be a **mismatch and cannot be integrated within the company.**
- **Persistent negative cash flows** from a particular business create financial problems for the whole company.
- **Severity of competition** and the inability of a firm to cope with it.
- Technological upgradation is required if the business is to survive but where it is not possible for the firm to invest in it.
- A **better alternative** may be available for investment.

Exam Focus...	
May 2020	RTP

Question 2:

Write short note on expansion through acquisitions and mergers.

Answer:

STEP 1

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.

STEP 2

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 tone. **Acquisitions often happen during recession in economy or during declining profit margins.** In this process, one that is financially stronger and bigger establishes it 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.

Exam Focus...	
May 2022	PYQ

Question 3:

Distinguish between concentric and conglomerate diversification

Answer:

STEP 1

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.

STEP 2

In **concentric diversification,** the new business is **linked to the existing businesses through process, technology or marketing.** In conglomerate diversification, no such linkages exist; the new business/product is disjointed from the existing businesses/products.

STEP 3

The most common **reasons for pursuing a 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 4:

Differentiate between divestment and liquidation strategy.

Answer:

Divestment Strategy	Liquidation Strategy
◘ Divestment strategy involves the **sale or liquidation of a portion of business,** or a major division, profit center or SBU.	◘ It involves **closing down** a firm and selling its assets.
◘ 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 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.
◘ Efforts are made for the **survival of organization.**	◘ Liquidation as a form of retrenchment strategy is considered as the **most extreme and unattractive.**
◘ Survival of organization helps in retaining personnel, at least to some extent.	◘ There is loss of employment with stigma of failure

Exam Focus...	
May 2024	MTP

Question 5:

Under what conditions would you recommend the use of Turnaround strategy in an organization? What could be a suitable work plan for this?

Answer:

STEP 1

Rising competition, business cycles and economic volatility have created a climate where no business can take viability for granted. **Turnaround strategy is a highly targeted effort to return an organization to profitability and increase positive cash flows to a sufficient level.** Organizations that have faced a significant crisis that has negatively affected operations requires turnaround strategy.

STEP 2

Turnaround strategy is **used when both threats and weaknesses adversely affect the health of an organization** so much that its basic survival is a question. When organization is facing both internal and external pressures making things difficult then it has to find something which is entirely new, innovative and different. Being organization's first objective is to survive and then grow in the market; **turnaround strategy is used when organization's survival is under threat.** Once turnaround is successful the organization may turn to focus on growth.

STEP 3

Conditions for turnaround strategies

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.**

Action plan for turnaround strategy

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. Once the problems are identified, the resources should be focused toward those areas essential to efficiently work on correcting and repairing any immediate issues.

Stage Two – Analyze the situation and develop a strategic plan: Before you make any major changes; determine the chances of the business's survival. Identify appropriate strategies and develop a preliminary action plan. For this one should look for the **viable core businesses, adequate bridge financing and available organizational resources.** Analyze the **strengths and weaknesses** in the areas of competitive position. Once major problems and opportunities are identified, develop a strategic plan with specific goals and detailed functional actions.

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.** The plan typically includes **human resource, financial, marketing and operations actions to restructure debts, improve working capital, reduce costs, improve budgeting practices, prune product lines and accelerate high potential products. 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 **"Finance mix".** If the core business is irreparably damaged, then the outlook for the entire organization may be bleak. Prepare cash forecasts, analyze assets and debts, review profits and analyze other key financial functions to position the organization for rapid improvement.

During the turnaround, the **"product mix"** may be changed, requiring the organization to do some repositioning. Core products neglected over time may require immediate attention to remain competitive. Some facilities might be closed; the organization may even withdraw from certain markets to make organization leaner or target its products toward a different niche.

The **'people mix'** is another important ingredient in the organization's competitive effectiveness. Reward and compensation systems that encourage dedication and creativity encourage employees to think profits and return on investments.

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.

Exam Focus...

Study Material

Question 6:

What strategic option is available to the management of a sick company dealing in an electric home appliance? Give reasons for your answer.

Answer:

STEP 1

A sick company has huge accumulated losses that have eroded its net worth. The electric home appliance company may analyze its various products to take decisions on the viability of each.

Retrenchment becomes necessary for coping with hostile and adverse situations in the environment and when any other strategy is likely to be suicidal. The nature, extent and timing of retrenchment are matters to be carefully decided by management, depending upon each contingency.

STEP 2

Retrenchment strategy is adopted because:

- The management no longer wishes to remain in business either partly or wholly due to continuous losses and unviability.
- The environment faced is threatening.
- Stability can be ensured by reallocation of resources from unprofitable to profitable businesses.

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.

STEP 3

These steps result in different kinds of retrenchment strategies.

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. It may also involve changes in top management and reorienting leadership.

ii. **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

iii. **Liquidation Strategy:** In the retrenchment strategy, the most extreme and unattractive is liquidation strategy. It involves closing down a firm and selling its assets. It is considered as the last resort because it leads to serious consequences such as loss of employment for workers and other employees, termination of opportunities where a firm could pursue any future activities, and the stigma of failure. Many small-scale units, proprietorship firms, and partnership ventures liquidate frequently but medium-and large-sized companies rarely liquidate in India. The company management, government, banks and financial institutions, trade unions, suppliers and creditors, and other agencies are extremely reluctant to take a decision, or ask, for liquidation. Liquidation strategy may be unpleasant as a strategic alternative but when a “dead business is worth more than alive”, it is a good proposition.

STEP 4

Conclusion:

The management of a Sick company manufacturing various electrical home appliances be explained about the each of the above three options of retrenchment strategy with their pros and cons. But **the appropriate advice with respect to a particular option of retrenchment strategy will depend on the specific circumstances of each electrical home appliances and management goals of the company.**

Question 7:

What are acquisitions? Discuss with example of two companies resorting to this strategy?

Answer:

STEP 1

Acquisition of or merger with an existing concern is an instant means of achieving the **expansion.** It is an attractive and tempting proposition in the sense that it circumvents the time, risks and skills involved in screening internal growth opportunities, seizing them and building up the necessary resource base required to materialize growth. Organizations consider merger and acquisition proposals in a systematic manner, so that the marriage will be mutually beneficial, a happy and lasting affair.

STEP 2

Apart from the urge to grow, acquisitions and mergers are resorted to for purposes of achieving a measure of synergy between the parent and the acquired enterprises. Synergy may result from such bases as physical facilities, technical and managerial skills, distribution channels, general administration, research and development and so on. Only positive **synergistic effects are relevant in this connection which denote that the positive effects of the merged resources are greater than the sum of the effects of the individual resources before merger or acquisition.**

Example:

Tata's acquisition of Anglo Dutch steelmaker Corus, Tata's acquisition of British Jaguar Land Rover, Mittal Steel's takeover of Arcelor, HPCL's acquisition of Kenya Petroleum Refinery Ltd. and Hindalco's acquisition of Canada based Novalis.

Exam Focus...	
May 2018	PYQ

Question 8:

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.

Answer:

STEP 1

Synopsis: 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.

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.

STEP 2

In the process of expansion, the company will be able to exploit:

- Its **brand** names.
- The marketing **skills** available.
- The existing **sales and distribution** infrastructure.
- **Research and development.**
- **Economies of scale**

Exam Focus...

May 2019	PYQ
Nov 2023	PYQ

Question 9:

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, polyster, rayon, lycra and blends. Competition is also 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.

Answer:

STEP 1

Synopsis:

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.**

STEP 2

The strategy is suitable in case of issues such as:

- Persistent negative cash flow.
- Uncompetitive products or services
- Declining market share
- Deterioration in physical facilities
- Overstaffing, high turnover of employees, and low morale
- Mismanagement

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.

STEP 3

Conclusion: 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 at **turnaround strategy.** If it cuts off the loss-making 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.**

Exam Focus...

Nov 2018	PYQ

Question 10:

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.

Answer:

STEP 1

Synopsis:

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 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.**

STEP 2

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.

Exam Focus...

May 2019	RTP
Nov 2019	PYQ
Nov 2023	PYQ

Question 11:

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.

Or,

What are the advantages of a strategic alliance?

Answer:

STEP 1

Strategic alliances are formed if they provide an advantage to all the parties in the alliance.

These advantages can be broadly categorized as follows:

i. **Organizational: S**trategic alliances may be formed **to learn necessary skills and obtain certain capabilities** from the strategic partner. Strategic partners may also help **to enhance productive capacity, provide a distribution system, or extend supply chain.** A strategic partner may provide a good or service that complements each other, thereby creating a synergy. If one partner is relatively new or untried in a certain industry, having a strategic partner who is well-known and respected will help add legitimacy and creditability to the venture.

ii. **Economic:** Alliances can **reduce costs and risks** by distributing them across the members of the alliance. Partners can obtain **greater economies of scale** in an alliance, as production volume increase, causing the cost per unit to decline. Finally, partners can take advantage of **co-specialization,** where specializations are bundled together, creating additional value.

iii. **Strategic:** Organizations may join to **cooperate instead of competing.** Alliances may also create **vertical integration** 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 there is need to form a strategic alliance 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 overall influence and position.

Exam Focus...

Nov 2019	RTP

Question 12:

Pizza Galleria was India's first pizza delivery chain enjoying monopoly for several years. However, after 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 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.

Answer:

STEP

Synopsis: Pizza Chain may choose to have turnaround strategy if there are:

- 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.

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.

A workable action plan for turnaround would involve:

Answer: Same as Question No. 5.

Exam Focus...	
Nov 2019	RTP

Question 13:

What is stability strategy? What are the reasons to pursue stability strategy?

Answer:

STEP 1

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.

STEP 2

A stability strategy is pursued by a firm when:

- 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.

STEP 3

Major reasons for stability strategy are as follows:

- A product has reached the **maturity stage of the product life cycle.**
- It is **less risky** as it involves less changes and the staff feel 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.

Exam Focus...	
May 2020	RTP

Question 14:

Organo is a large supermarket chain. It is considering the purchase of a number of farms that provides Organo with a significant amount of its fresh produce. Organo feels that by purchasing the farms, it will have greater control over its supply chain. Identify and explain the type of diversification opted by Organo?

Answer:

STEP

Organo 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 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.

Exam Focus...

Nov 2020	RTP

Question 15:

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.?

Answer:

Synopsis: 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:

Answer: Same as Question No. 5.

Exam Focus...

May 2020	RTP

Question 16:

What is Divestment strategy? When is, it adopted?

Answer:

STEP 1

Divestment strategy involves the sale or **liquidation of a portion of business, or a major division, profit center or SBU.** For a multiple product company, divestment could be a part of rehabilitating or restructuring plan called turnaround.

STEP 2

A divestment strategy may be adopted due to various reasons:

- When a turnaround has been attempted but has proved to be unsuccessful.
- A business that had been acquired proves to be a mismatch and cannot be integrated within the company.
- Persistent negative cash flows from a particular business create financial problems for the whole company.
- Severity of competition and the inability of a firm to cope with it.
- Technological upgradation is required if the business is to survive but where it is not possible for the firm to invest in it.
- A better alternative may be available for investment.

Exam Focus...

May 2021	RTP

Question 17:

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.

Answer:

The leadership team of Mini theatre Ltd. decided to cut off the loss-making units, reduces the functions performed that some of regional content like 'Bangla movies', 'Gujarati shows' etc. were 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.

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 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.

Exam Focus...

May 2021	RTP
May 2024	RTP

Question 18:

Justify the statement "Stability strategy is opposite of Expansion strategy".

Answer:

STEP 1

Stability Strategies, as name suggests, are intended to safeguard the existing interests and strengths of business. It involves organisations 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.

STEP 2

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.

Exam Focus...

May 2018	PYQ

Question 19:

Describe the term 'Co-generic merger'.

Answer:

Same as Question No. 10.

Exam Focus...

May 2018	PYQ

Question 20:

Explain the meaning of Directional Strategy.

Answer:

Directional strategies, also called **grand strategies,** provide basic directions for strategic actions towards achieving strategic goals. Such strategies are formulated at the corporate level so are **also known as corporate strategies.** The corporate strategies a firm can adopt have been **classified into four broad categories: stability, expansion, retrenchment, and combination.**

Exam Focus...

May 2018	PYQ

Question 21:

XYZ Ltd. is a multi-product company, suffering from continuous losses since last few years and has accumulated heavy losses which have eroded its net worth. What strategic option is available to the management of this sick company? Advise with reasons.

Answer:

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 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.

Retrenchment strategy is adopted because of continuous losses and unviability and stability can be ensured by reallocation of resources from unprofitable to profitable businesses.

Rest of the Answers are same as given in Question 6.

Exam Focus...

Nov 2018	RTP

Question 22:

Acquiring of ambulance services by a hospital is an example of forward integration strategy.

Answer:

Incorrect: Acquiring of ambulance services by a hospital is an example of backward integration strategy. Backward integration is a step towards creation of effective supply by entering business of input providers. Forward integration is moving forward in the value chain.

Exam Focus...

May 2019	PYQ

Question 23:

Gautam 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. Gautam 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.

Answer:

STEP 1

Gautam 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.

STEP 2

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 existing ones.** Conglomerate diversification has no common thread at all with the firm's present position.

STEP 3

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.

STEP 4

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.

STEP 5

Conclusion:

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 24:

What do you mean by differentiation strategy? How is it achieved?

Answer:

STEP 1

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. **Because of differentiation, the business can charge a premium for its product.**

STEP 2

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.

STEP 3

To achieve differentiation, following measures can be adopted by an organization:

i. Offer utility for the customers and match the products with their tastes and preferences.

ii. Elevate the performance of the product.

iii. Offer the promise of high-quality product/service for buyer satisfaction.

iv. Rapid product innovation.

v. Taking steps for enhancing image and its brand value. vi. Fixing product prices based on the unique features of the product and buying capacity of the customer.

Exam Focus...

Nov 2020	PYQ

Question 25:

Briefly describe the meaning of divestment and liquidation strategy and establish difference between the two.

Answer:

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.

Liquidation strategy is a retrenchment strategy considered the most extreme and unattractive strategy, which involves closing down a firm and selling its assets.

Difference between Divestment strategy and Liquidation strategy:

Answer is Same as Question 4.

Exam Focus...

Jan 2021	RTP

Question 26:

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.

Answer:

STEP 1

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.

STEP 2

Further, divestment helps address issues like:

Answer is Same as Question 16.

Exam Focus...

Nov 2015	RTP

Question 27:

Identify with reasons the type of growth strategies followed in the following cases:

i. **A leading producer of confectionery products advertising the new uses of its product 'Chokoo Mix' Aggressively.**

ii. **A company in publishing industry deciding to revise college textbooks.**

iii. **A renowned company in textile industry staring to manufacture PFY and PSF, critical raw materials for textiles.**

iv. **A business giant in auto manufacturing enters into edible oils, hotels, financial services and dairy businesses.**

Answer:

i. The producer is following **Market Penetration Growth Strategy.**

Here, the producer of confectionary products advertising the new uses of its existing product in existing market. So, the product and market are same as previous, so producer is following market penetration growth strategy.

ii. The company here follows product **Development Growth Strategy:**

Here the company in publishing industry decides to revise product textbooks in market. So, it is following product development growth strategy.

iii. The company has adopted **Backward Integration Growth Strategy**

Under vertically integrated diversification. Since it has started with manufacture of critical raw material it will ensure uninterrupted supply of critical raw material and also ensure that company retains the margins in dealing with raw materials which otherwise would have gone to its suppliers.

iv. Here the company is following the **Diversification Growth Strategy.**

Here a business giant in auto manufacturing enters into edible oils hotels, financing and diary services so it produces new products and serves totally new customers.

Exam Focus...

Dec 2021	RTP

Question 28:

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.

Answers:

STEP 1

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.**

STEP 2

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.

Exam Focus...

Dec 2021	RTP

Question 29:

Explain the term Merger and Acquisition as a growth strategy. Differentiate between both of them. State the situations in which such strategies are considered by any organization.

Answers:

STEP 1

Acquisition or merger with an existing concern is an instant means of achieving expansion. It is an attractive and tempting proposition in the sense that it circumvents the time, risks and skills involved in screening internal growth opportunities, seizing them and building up the necessary resource base required to materialise growth.

- Apart from the urge to grow, acquisitions and mergers are resorted to for purposes of achieving a measure of synergy between the parent and the acquired enterprises. Synergy may result from such bases as physical facilities, technical and managerial skills, distribution channels, general administration, research and development and so on.
- 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.

STEP 2

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.

STEP 3

Acquisitions often happen **during economic recession or during declining profit margins.** In this process, one that is financially stronger and bigger establishes it 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.

Exam Focus...

Study Material

Question 30:

Describe the construction of BCG matrix and discuss its utility in strategic management.

Answer:

STEP 1

Companies that are large enough to be organized into strategic business units face the challenge of allocating resources among those units. In the early **1970's the Boston Consulting Group developed a model** for managing portfolio of different business units or major product lines. The BCG growth-share matrix facilitates portfolio analysis of a company having invested in diverse businesses with varying scope of profits and growth.

STEP 2

The BCG matrix can be used to determine what priorities should be given in the product portfolio of a business unit. Using the BCG approach, a company classifies its different businesses on a **two-dimensional growth share matrix. Two dimensions are market share and market growth rate.**

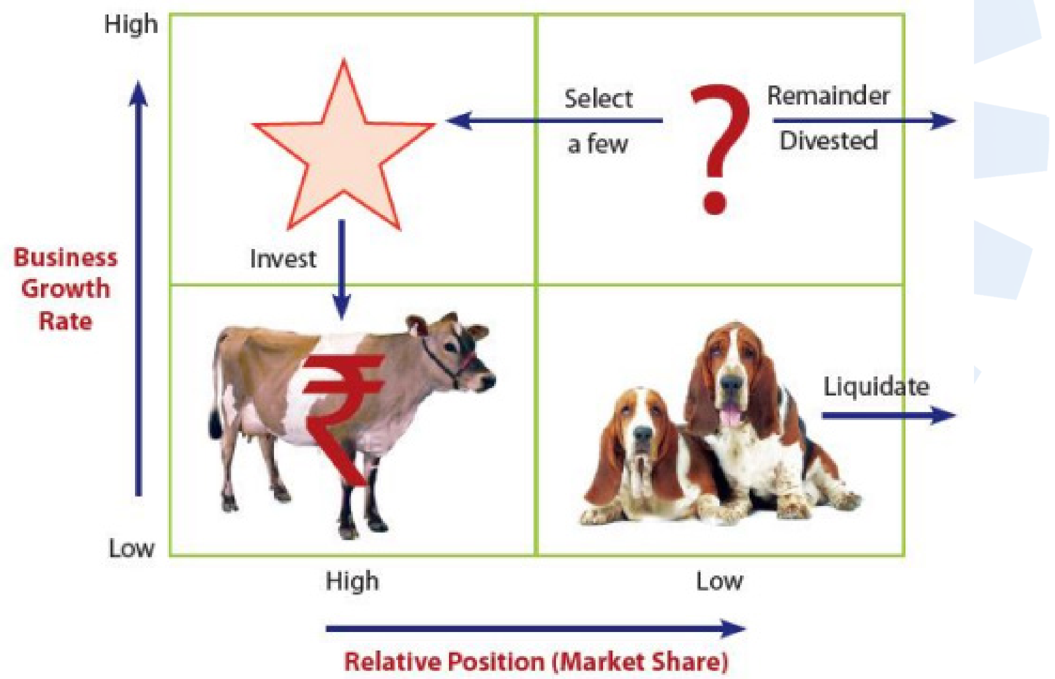
STEP 3

In the matrix:

- The **vertical axis represents market growth rate** and provides a measure of market attractiveness.
- The **horizontal axis represents relative market share** and serves as a measure of company's strength in the market.

STEP 4

BCG matrix depicts quadrants as shown in the following table:



STEP 5

Different types of business represented by either products or SBUs can be classified for portfolio analyses through BCG matrix. They have been depicted by meaningful metaphors, namely:

Stars (High Growth, High Market Share)

- Stars generate cash but because of fast growing market, stars require huge investments to maintain their lead.
- Net cash flow is usually modest. SBUs located in this cell are attractive as they are located in a robust industry and these business units are highly competitive in the industry.

- If successful, a star will become a cash cow when the industry matures.

Cash Cows (Low Growth, High Market Share)

- Cash cows require little investment and generate cash that can be utilized for investment in other business units.
- These SBU's are the corporation's key source of cash and are specifically the core business.
- They are the base of an organization. These businesses usually follow stability strategies.
- When cash cows lose their appeal and move towards deterioration, then a retrenchment policy may be pursued.

Question Marks (High Growth, Low Market Share)

- They require huge amount of cash to maintain or gain market share.
- Question marks are generally new goods and services which have a good commercial prospect.
- There is no specific strategy which can be adopted. If the firm thinks it has dominant market share, then it can adopt expansion strategy, else retrenchment strategy can be adopted.
- Most businesses start as question marks as the company tries to enter a high growth market in which there is already a market-share.
- If ignored, the question marks may become dogs, while if huge investment is made, they have the potential of becoming stars.

Dogs (Low Growth, Low Market Share)

- Dogs neither generate cash nor require huge amount of cash.
- Due to low market share, these business units face cost disadvantages.
- Generally retrenchment strategies are adopted because these firms can gain market share only at the expense of competitor's/rival firms.
- Unless a dog has some other strategic aim, it should be liquidated if there are fewer prospects for it to gain market share.
- Number of dogs should be avoided and minimized in an organization.

STEP 6

Conclusion:

The BCG matrix is useful for **classification of products, SBUs, or businesses, and for selecting appropriate strategies** for each type as follows:

a) Build with the aim for long-term growth and strong future.

b) Hold or preserve the existing market share.

c) Harvest or maximize short-term cash flows.

d) Divest, sell or liquidate and ensure better utilization of resources elsewhere.

Thus, BCG matrix is a powerful tool for strategic planning analysis and choice.

Exam Focus...
Study Material

Question 31:

An industry comprises of only two firms-Soorya Ltd. and Chandra Ltd. From the following information relating to Soorya Ltd., prepare BCG Matrix:

Product	Revenues (in ₹)	Percent Revenues	Profits (in ₹)	Percent Profits	Percentage Market Share	Percentage Industry Growth rate
A	6 crores	48	120 lakhs	48	80	+ 15
B	4 crores	32	50 lakhs	20	40	+ 10
C	2 crores	16	75 lakhs	30	60	- 20
D	50 Lakhs	4	5 lakhs	2	5	-10
Total	12.5 crore	100	250 lakhs	100		

Answer:

STEP 1

- Using the BCG approach, a company classifies its different businesses on a **two-dimensional growth-share matrix.**
- In the matrix, the vertical axis represents market growth rate and provides a measure of market attractiveness.
- The horizontal axis represents relative market share and serves as a measure of company strength in the market.

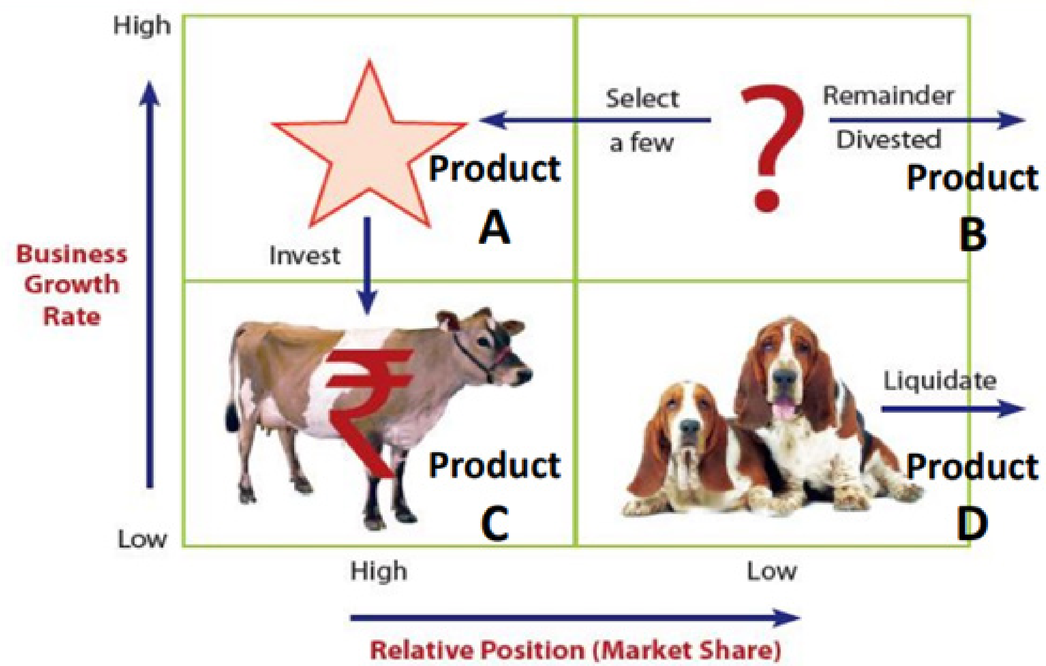
STEP 2

Working Note:

Product	Percentage Market Share	Position High/Low	Percentage Industry Growth rate	Position High/Law	Positioning in BCG Matrix
A	80	High	+15	High	Star
B	40	Low	+10	High	Question Mark
C	60	High	-20	Low	Cash Cow
D	5	Low	-10	Low	Dogs
Total					

STEP 3

With the given data on market share and industry growth rate of Soorya Ltd, its four products are placed in the BCG matrix as follows:



STEP 4

Conclusion:

- **Product A** is in best position as it has a high relative market share and a high industry growth rate.
- **Product B** has a low relative market share, yet competes in a high growth industry.
- **Product C** has a high relative market share but competes in an industry with negative growth rate. The company should take advantage of its present position that may be difficult to sustain in long run.
- **Product D** is in the worst position as it has a low relative market share and competes in an industry with negative growth rate.

Exam Focus...	
Nov 2018	RTP

Question 32:

Aurobindo, the pharmaceutical company wants to grow its business. Draw Ansoff's Product Market Growth Matrix to advise them of the available options.

Or,

How Ansoff's Product Market Growth Matrix is a useful tool for business organizations?

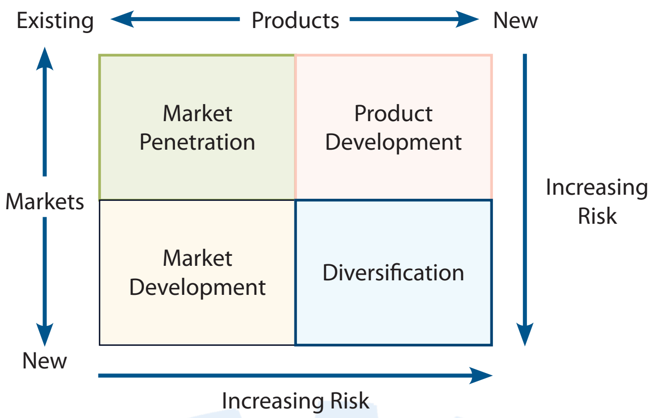
Answer:

STEP 1

The Ansoff's product market growth matrix **(proposed by Igor Ansoff)** is an 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.

STEP 2



STEP 3

- Based on the matrix, **Aurobindo may segregate its different products.** Being in pharmaceuticals, development of new products is result of extensive research and involves huge costs.
- There are also social dimensions that may influence the decision of the company. It can adopt **penetration, product development, market development or diversification** simultaneously for its different products.

STEP 4

1. **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.
2. **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.
3. **Product development** is referring 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.
4. **Diversification** refers to a growth strategy where a business markets **new product in new markets.** It is a strategy by starting up or acquiring businesses outside the company's current products and markets.

STEP 5

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

Exam Focus...

Study Material

Question 33:

In the context of Ansoff's Product-Market Growth Matrix, identify with reasons, the type of growth strategies followed in the following cases:

I. A leading producer of toothpaste advises its customers to brush teeth twice a day to keep breath fresh.

II. A business giant in hotel industry decides to enter into dairy business.

III. One of India's premier utility vehicles manufacturing company ventures to foray into foreign markets.

IV. A renowned auto manufacturing company launches ungeared scooters in the market.

Answer:

STEP 1

The Ansoff's product market growth matrix (proposed by Igor Ansoff) is an useful tool that helps businesses decide their product and market growth strategy. This matrix further helps to analyse different strategic directions.

STEP 2

According to Ansoff there are four strategies that organisation might follow.

I. **Market Penetration:** A leading producer of toothpaste, advises its customers to brush teeth twice a day to keep breath fresh. It refers to a growth strategy where the business focuses on selling existing products into existing markets.

II. **Diversification:** A business giant in hotel industry decides to enter into dairy business. It refers to a growth strategy where a business markets new products in new markets.

III. **Market Development:** One of India's premier utility vehicles manufacturing company ventures to foray into foreign markets. It refers to a growth strategy where the business seeks to sell its existing products into new markets.

IV. **Product Development:** A renowned auto manufacturing company launches ungeared scooters in the market. It refers to a growth strategy where business aims to introduce new products into existing markets.

Exam Focus...

Nov 2020	RTP

Question 34:

What is the role of ADL Matrix in assessing competitive position of a firm.

Answer:

STEP 1

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 t**wo-dimensional matrix based on stage of industry maturity and the firm's competitive position,** environmental assessment and business strength assessment.

STEP 2

The role of ADL matrix is to assess the competitive position of a firm based on an assessment of the following criteria:

- **Dominant:** This is a comparatively rare position and in many cases is attributable either to a monopoly or a strong and protected technological leadership.
- **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.
- **Favourable:** 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.
- **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.
- **Weak:** The performance of firms in this category is generally unsatisfactory although the opportunities for improvement do exist.

Exam Focus...

Nov 2018	RTP

Question 35:

Woodworld Ltd. is a company manufactures a variety of household furniture items. They offered traditional designs, low-cost furniture items to low income group customers. During the last couple of years, the company has been observing a fall in the market share. This is due to the change in the taste and preferences, designing, better quality, increase in purchasing power of buyers towards the household furniture. The customers are switching away traditional designs and material that have been the backbone of Woodworld Ltd.

Required:

As a CEO of Woodworld Ltd., what can be the strategic options available with you.

Answer:

Woodworld is having a product portfolio that is evidently in the decline stage. The product is being replaced with the latest designs with better quality of the 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 Woodworld Ltd., following can be the strategic options available with the CEO:

I. Invest in new product development and switchover to the latest designs. Woodworld Ltd. also need time to invest in hiring interior designers.

II. They can acquire or takeover a competitor, provided they have or are able to generate enough financial resources.

III. They may also consider unrelated growth and identify other areas for expansion. This will enable Woodworld Ltd. to spread their risks.

IV. 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.

Exam Focus...	
May 2024	RTP

Question 36:

XYZ Corporation is a multinational conglomerate operating in various industries. They have a diverse portfolio of businesses, including a leading consumer electronics division, a growing e-commerce platform, a mature industrial machinery division, and a newly established software development unit. Which division of XYZ Corporation would most likely be classified as a "Star" in the BCG Growth-Share Matrix?

Answer:

STEP 1

In the BCG Growth-Share Matrix, divisions or business units are classified into four categories: Stars, Cash Cows, Question Marks, and Dogs. These classifications are based on a combination of market share and market growth rate.

STEP 2

A "Star" in the BCG Matrix represents a business unit with a high market share in a high-growth market. In the scenario, the newly established software development unit would be classified as a "Star." The software development unit is described as "newly established," suggesting that it is operating in a high-growth market. Additionally, the potential for high market share can be inferred if the unit is strategically positioned to become a leader in the software development industry.

STEP 3

Stars typically require significant investment to fuel their growth, but they have the potential to become future Cash Cows as the market matures. Therefore, the software development unit's high growth potential and the opportunity to capture a substantial market share align with the characteristics of a BCG Matrix "Star."

Exam Focus...	
Nov 2022	PYQ

Question 37:

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?

Answer:

STEP 1

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.

STEP 2

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.
3. Severity of competition and the inability of a firm to cope with it may cause it to divest.
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.
5. A better alternative may be available for investment, causing a firm to divest a part of its unprofitable business.

Exam Focus...

May 2023	PYQ

Question 38:

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?

Answer:

STEP 1

(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.

(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) 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.

STEP 2

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 it **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.

Exam Focus...	
Nov 2022	PYQ

Question 39:

Which strategy is implemented by redefining the business by enlarging its scope of business and substantially increasing investment in the business? Explain the major reasons for adopting this strategy.

Answer:

STEP 1

The strategy in question is the **growth/expansion** strategy.

The Growth/Expansion strategy involves redefining the business, expanding its scope, and significantly increasing investments. This dynamic and vigorous approach is synonymous with promise and success. It entails a substantial reformulation of goals, major initiatives, and strategic moves, including investments, exploration into new products, technologies, and markets, and innovative decision-making. While promising growth, this strategy navigates the enterprise through relatively unknown and risky paths, rich with potential but also pitfalls.

STEP 2

Major Reasons for Adopting Growth/Expansion Strategy:

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

- 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.
- Expansion may lead to greater control over the market vis-a-vis competitors.
- Advantages from the experience curve and scale of operations may accrue.
- Expansion also includes intensifying, diversifying, acquiring and merging businesses.

FM-SM NOTES

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SANJEEV AIR 47
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SUSHANT ARORA 83 MARKS
BHARAT GAUTAM 80 MARKS
PRADEEP ROHILLA 79 MARKS
ANUSHKA SHARMA 78 MARKS
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69 Marks Shashank
69 Marks Riya Bansal
68 Marks Akansha
68 Marks Arsalan Ali
67 Marks Abhay Nahar
67 Marks Harsh
66 Marks Ankita Rani
66 Marks Anshu Kumar
65 Marks Pulkit Luthra
65 Marks Seerat Sharma
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Chapter 5
Strategic Implementation and Evaluation

Chapter 5Part 1 Revision

Chapter 5 Part 2 Revision

Exam Focus...	
Dec 2021	RTP

Question 1:

What is strategic decision making? What tasks are performed by a strategic Manager?

Answer:

STEP 1

Strategic decision making is a managerial process of **selecting the best course of action** out of several alternative courses for the purpose of accomplishment of the organizational goals. Decisions may be operational i.e., which relate to general day-to-day operations. They may also be strategic in nature.

STEP 2

According to Jauch and Glueck "Strategic decisions encompass the definition of the business, products to be handled, markets to be served, functions to be performed and major policies needed for the organisation to execute these decisions to achieve the strategic objectives."

STEP 3

The primary task of the strategic manager is **conceptualizing, designing, and executing company strategies. For this purpose, his tasks include:**

- 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.
- Providing leadership for the organization.

Exam Focus...	
May 2018	RTP
Jan 2021	PYQ
Nov 2018	RTP
Jan 2021	RTP
Dec 2021	RTP

Question 2:

Explain the principal aspects of strategy-execution process.

Or,

Describe the principal aspects of strategy-execution process, which are included in most situations.

Or,

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.

Answer:

Implementation or execution is an operations-oriented, activity aimed at shaping the performance of core business activities in a strategy-supportive manner. In most situations, strategy-execution process includes the following principal aspects:

- **Developing budgets** that steer ample resources into those activities that are critical to strategic success.
- **Staffing the organization with the needed skills and expertise,** consciously building and strengthening strategy-supportive competencies and competitive capabilities and organizing the work effort.
- **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 culture and climate conducive** to successful strategy implementation and execution.
- **Exerting the internal leadership** needed to drive implementation forward and keep improving strategy execution.

Exam Focus...

May 2019	RTP
May 2018	PYQ
Nov 2023	PYQ

Question 3:

Shri Alok Kumar is having his own medium size factory in Aligarh manufacturing hardware consisting of handles, hinges, tower bolts and so on. He has a staff of more than 220 in his organisation. One of the leading brands of Hardware seller in India is rebranding and selling the material from his factory. Shri Alok Kumar believes in close supervision and takes all major and minor decisions in the organisation. Do you think Shri Alok should take all decisions himself? What should be nature of decisions that should be taken by him.

Or,

Rohit Seth in an informal discussion with his friend shared that he has to move very cautiously in his organisation as the decisions taken by him have organisation wide impact and involve large commitments of resources. He also said that his decisions decide the future of his organisation. Where will you place Rohit Seth in organisational hierarchy? What are the dimensions of the decisions being taken by him?

Answer:

STEP 1

Decision making is a managerial process of selecting the best course of action out of several alternative courses for the purpose of accomplishment of the organizational goals. Decisions may be operational, i.e., which relate to general day-to-day operations. They may also be strategic in nature.

STEP 2

They may also be strategic in nature. As owner manager at the top level in the company, Shri Alok Kumar should concentrate on strategic decisions. These are higher level decisions having organization wide implications.

The major dimensions of strategic decisions are as follows:

- Strategic decisions require **top-management involvement** as they involve thinking in totality of the organization.
- Strategic decisions **involve significant commitment of organizational resources.**
- Strategic decisions necessitate **consideration of factors in the firm's external environment.**
- Strategic decisions are likely to have a significant impact on the **long-term prosperity of the firm.**
- Strategic decisions are **future oriented.**
- Strategic decisions usually have **major multifunctional or multi-business consequences.**

Exam Focus...

Nov 2019	RTP
May 2022	PYQ

Question 4:

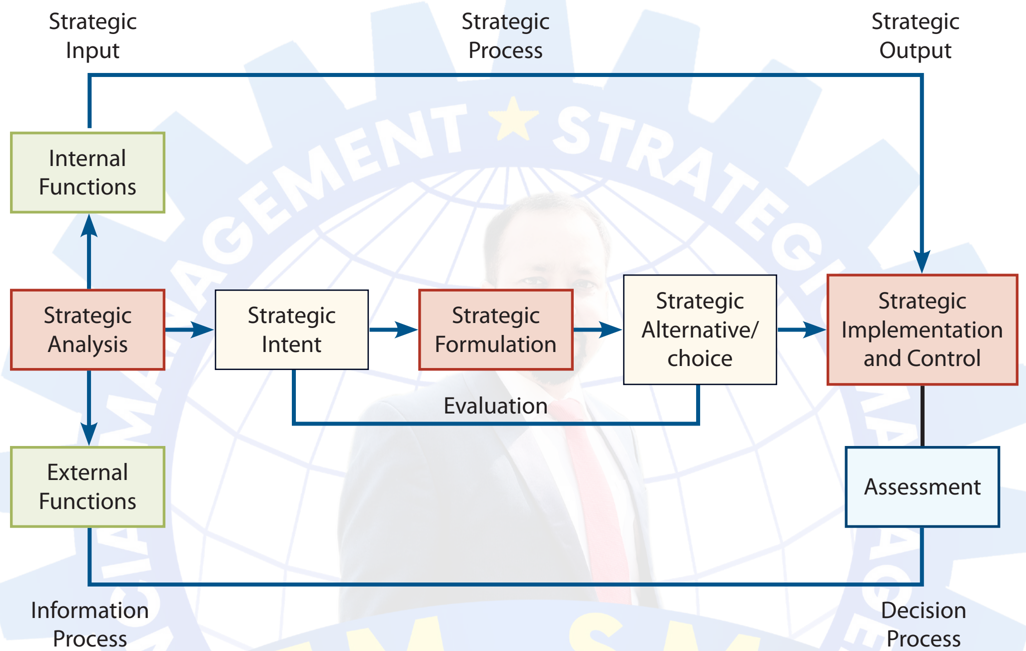
With the help of a model explain strategic management process.

Answer:

STEP 1

The strategic management process can best be studied and applied using a model. Identifying an organization's vision, mission, goals, and objectives, is the starting point for strategic management process. The strategic management process is **dynamic and continuous.** A change in any one of the major components in the model can necessitate a change in any or all the other components. Therefore, **strategy formulation, implementation, and evaluation activities** should be performed on a continual basis, not just at the end of the year or semi-annually.

STEP 2



STEP 3

- The strategic management process is not as cleanly divided and neatly performed in practice. Strategists do not go through the process in lockstep fashion.
- Generally, there is give-and-take among hierarchical levels of an organization.
- Many organizations conduct formal meetings semi-annually to discuss and update the firm's vision/mission, opportunities/threats, strengths/weaknesses, strategies, objectives, policies, and performance.
- Creativity from participants is encouraged in meeting. Good communication and feedback are needed throughout the strategic management process.

Exam Focus...	
Nov 2020	RTP

Question 5:

What is a strategic business unit? What are its advantages?

Answer:

STEP 1

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.

STEP 2

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.

Exam Focus...

Nov 2019	PYQ
Nov 2020	RTP

STEP 1

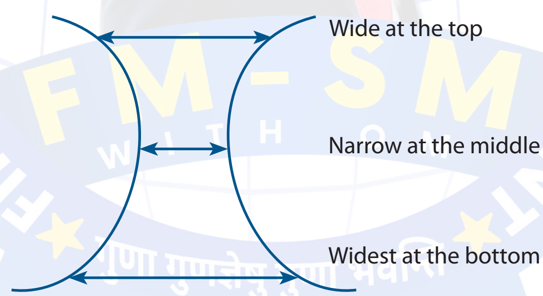
Question 6:

What is an 'hourglass structure'? How can this structure benefit an organization?

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 organization 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 activity.**



Hourglass Organization Structure

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.

Exam Focus...

Dec 2021	RTP

Question 7:

What do you mean by strategic leadership? What are two approaches to leadership style?

Answer:

STEP 1

Strategic leadership is the **ability of influencing others to voluntarily make decisions** that enhance prospects for the organization's **long-term success** while maintaining **short-term financial stability.** It includes **determining the firm's strategic direction, aligning the firm's strategy with its culture, modelling and communicating high ethical standards,** and **initiating changes** in the firm's strategy, when necessary. Strategic leadership sets the firm's direction by developing and communicating a vision of future and inspire organization members to move in that direction. Unlike strategic leadership, managerial leadership is generally concerned with the short-term, day-to-day activities.

STEP 2

Two basic approaches to leadership can be **transformational leadership** style and **transactional leadership style.**

- **Transformational leadership style use charisma and enthusiasm to inspire people to exert them for the good of the organization. Transformational leadership style may be appropriate in turbulent environments,** in industries at the very start or end of their life cycles, in poorly performing organizations when there is a need to inspire a company to embrace major changes.
- **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.
- **Transactional leadership style focuses more on designing systems and controlling** the organization's activities and are more likely to be associated with improving the current situation.
- **Transactional leaders try to build on the existing culture and enhance current practices.**
- **Transactional leadership style uses the 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 leadership style may be appropriate in static environment,** in growing or mature industries, and in organizations that are performing well. The style is better suited in persuading people to work efficiently and run operations smoothly.

STEP 3

Difference between transformational and transactional leadership

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

rewardsor penalties for achievement and non-achievement. **Transactional leaders focus mainly to build on existing culture and enhance current practices.**

Exam Focus...

May 2023	PYQ

Question 8:

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

Answer:

STEP 1

A strategy manager 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.

STEP 2

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

1. Staying on top of what is happening, c**losely monitoring progress, working through issues and obstacles.**
2. **Promoting a culture that mobilizes and energizes organizational members** to execute strategy and perform at a high level.
3. Keeping the organization responsive to changing conditions, alert for new opportunities and remain ahead of rivals in **developing competitively valuable competencies and capabilities.**
4. **Ethical leadership and insisting** that the organization conduct its affairs like a model corporate citizen.
5. **Pushing corrective actions to improve strategy** execution and overall strategic performance.

Question 9:

What is corporate culture? How is it both strength and weakness of an organisation?

Answer:

STEP 1

Corporate culture distinguishes one organisation from another. It 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. Culture affects not only the way managers behave within an organization but also the decisions they make about the organization's relationships with its environment and its strategy. A culture grounded in values, practices, and behavioural norms that match what is needed for good strategy execution helps energize people throughout the company to do their jobs in a strategy-supportive manner, adding significantly to the power and effectiveness of strategy execution.

STEP 2

Culture is both a strength and a weakness as follows:

Culture as a strength: As a strength, culture can facilitate communication, decisionmaking & control and create cooperation and commitment. An organization's culture could be strong and cohesive when it conducts its business according to a 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 organization.

Culture as a weakness: As a weakness, culture may obstruct the smooth implementation of strategy by creating resistance to change. An organization's culture could be characterized as weak when many subcultures exist, few values and behavioral norms are shared and traditions are rare. In such organizations, employees do not have a sense of commitment and loyalty with the organization.

Question 10

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 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.

Answer:

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. 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.

Exam Focus...

May 2018	PYQ
May 2023	PYQ

Question 11:

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.

Answer:

Leading change has to start with diagnosing the situation and then deciding which of several ways to handle it.

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

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** 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.

Exam Focus...	
Nov 2020	RTP

Question 12:

KaAthens Ltd., a diversified business entity having business operations across the globe. The company leadership has just changed as Mr. D. Bandopadhyay handed over the pedals to his son Aditya Bandopadhyay, due to his poor health. Aditya is a highly educated with an engineering degree from IIT, Delhi. However, being very young he is not clear about his role and responsibilities, In your view, what are the responsibilities of Aditya Bandopadhyay as CEO of the company.

Answer:

STEP 1

Aditya Bandopadhyay, an effective strategic leader of KaAthens Ltd. must be able to deal with the diverse and cognitively complex competitive situations that are characteristic of today's competitive landscape.

STEP 2

A Strategic leader has several responsibilities, including the following:

- Making strategic decisions.
- Formulating policies and action plans to implement strategic decision.
- Ensuring effective communication in the organisation.
- Managing human capital (perhaps the most critical of the strategic leader's skills).
- Managing change in the organisation.
- Creating and sustaining strong corporate culture.
- Sustaining high performance over time.

Exam Focus...	
Nov 2018	PYQ

Question 13:

Davis and Lawrence have proposed three distinct phases to develop matrix structure. Explain.

Answer:

STEP

For development of matrix structure, Davis and Lawrence have proposed three distinct phases:

- **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.
- **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 semi-permanent products or brands.
- **Mature matrix:** The third and final phase of matrix development involves a true dualauthority structure. Both the functional and product structures are permanent. All employees are connected to both a vertical functional superior and a horizontal product manager.

Exam Focus...	
May 2019	PYQ
Dec 2021	RTP

Question 14:

Discuss the concept of Multi Divisional Structure.

Answer:

STEP 1

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 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. 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.

STEP 2

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.

Exam Focus...

Nov 2019	PYQ
Nov 2019	RTP

Question 15:

Jupiter Electronics Ltd. is known for its ability to come out with pathbreaking products. Though the work environment at Jupiters is relaxed and casual, yet, there is a very strong commitment to deadlines. The employees believe in "work hard play hard" ethic. The organisation 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 organisations What aspects of an organization that are being discussed? Explain.

Answer

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.

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.

Exam Focus...

Nov 2020	RTP

Question 16:

Delta is an organization specializing in Information Technology enables Services (ITeS) and Communications business. Previous year the organization had successfully inte-

grated 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 organisational 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.

Which type of organisational structure is the company transitioning into?

Answer:

The company Delta 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 rest of the answers are same as that of Question 7.

Question 17:

Exam Focus...	
May 2021	RTP

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.

Answer:

Suraj Prakesh 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.

On the other hand, Chander 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, 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.

Question 18:

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?

Answer:

STEP

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.**

- **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.**

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.

Question 19:

Is strategy formulation an intellectual process? How is it different from strategy implementation?

Answer:

STEP 1

Yes, strategy formulation is primarily an intellectual process. It is based on strategic decision-making which requires analysis and thinking. Although inextricably linked, strategy implementation is fundamentally different from strategy formulation in the following ways:

STEP 2

Strategy Formulation	Strategy Implementation
Strategy formulation focuses on effectiveness.	Strategy implementation focuses on efficiency.
Strategy formulation is primarily an intellectual process.	Strategy implementation is primarily an operational process.
Strategy formulation requires conceptual intuitive and analytical skills.	Strategy implementation requires motivation and leadership skills.
Strategy formulation requires coordination among the executives at the top level.	Strategy implementation requires coordination among the executives at the middle and lower levels.

Question 20:

What is strategic change? Explain the change process proposed by Kurt Lewin that can be useful in implementing strategies?

Answer:

STEP 1

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

To make the change lasting, Kurt Lewin proposed three phases of the change process for moving the organization from the present to the future.

STEP 2

These stages are unfreezing, changing and refreezing.

a. **Unfreezing the situation:** The process of unfreezing simply makes the individuals or organizations aware of the necessity for change and prepares them for such a change. Lewin proposes that the changes should not come as a surprise to the members of the organization. Sudden and unannounced change would be socially destructive and morale lowering. The management must pave the way for the change by first "unfreezing the situation", so that members would be willing and ready to accept the change. 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 ideas throughout the organization.

b. **Changing to New situation:** Once the unfreezing process has been completed and the members of the organization recognize the need for change and have been fully prepared to accept such change, their behavior patterns need to be redefined. H.C. Kellman proposed three methods for reassigning new patterns of behavior as compliance, identification and internalization.

c. **Refreezing:** Refreezing occurs when the new behavior becomes a normal way of life. The new behavior must replace the former behavior completely for successful and permanent change to take place. In order for the new behavior to become permanent, it must be continuously reinforced so that this newly acquired behavior does not diminish or extinguish. Change process is not a onetime application but a continuous process due to dynamism and ever-changing environment. The process of unfreezing, changing and refreezing is a cyclical one and remains continuously in action.

Question 21:

Discuss three methods for reassigning new patterns of behavior as proposed by H.C. Kellman.

Answer:

H.C. Kellman has proposed three methods for reassigning new patterns of behavior. These are compliance, identification and internalization.

- **Compliance:** It is achieved by strictly enforcing the reward and punishment strategy for good or bad behavior. Fear of punishment, actual punishment or actual reward seems to change behavior for the better.
- **Identification:** Identification occurs when members are psychologically impressed upon to identify themselves with some given role models whose behavior they would like to adopt and try to become like them.
- **Internalization:** Internalization involves some internal changing of the individual's thought processes in order to adjust to a new environment. They have given freedom to learn and adopt new behavior in order to succeed in the new set of circumstances.

Exam Focus...
Study Material

Question 22:

What are the differences between operational control and management control.

Answer:

Differences between Operational Control and Management Control are as under:

I. The thrust of operational control is on individual tasks or transactions as against total or more aggregative management functions. When compared with operational, management control is more inclusive and more aggregative, in the sense of embracing the integrated activities of a complete department, division or even entire organisation, instead or mere narrowly circumscribed activities of sub-units. For example, procuring specific items for inventory is a matter of operational control, in contrast to inventory management as a whole.

II. Many of the control systems in organisations are operational and mechanistic in nature. A set of standards, plans and instructions are formulated. On the other hand, the basic purpose of management control is the achievement of enterprise goals – short range and long range – in an effective and efficient manner.

Exam Focus...	
May 2020	RTP
May 2019	RTP
May 2021	RTP
May 2023	PYQ

Question 23:

What is strategic control? Briefly explain the different types of strategic control.

Answer:

STEP 1

Strategic Control focuses on the dual questions of whether:

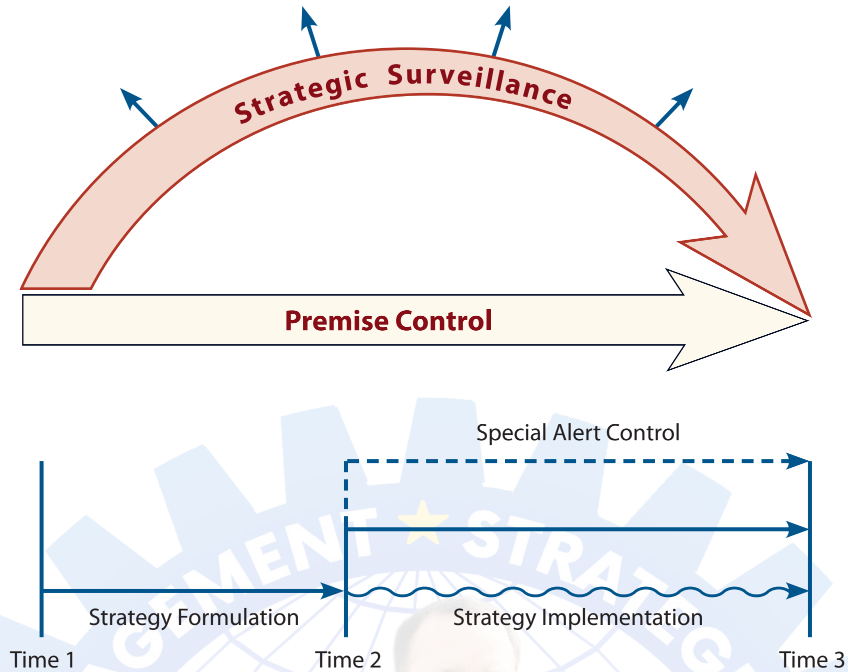
(1) the strategy is being implemented as planned; and

(2) the results produced by the strategy are those intended.

There are four types of strategic control:

- **Premise control:** A strategy is formed on the basis of certain assumptions or premises about the environment. Premise control is a tool for systematic and continuous monitoring of the environment to verify the validity and accuracy of the premises on which the strategy has been built.
- **Strategic surveillance:** Strategic surveillance is unfocussed. It involves general monitoring of various sources of information to uncover unanticipated information having a bearing on the organizational strategy.
- **Special alert control:** At times, unexpected events may force organizations to reconsider their strategy. Sudden changes in government, natural calamities, unexpected merger/acquisition by competitors, industrial disasters and other such events may trigger an immediate and intense review of strategy.
- **Implementation control:** Managers implement strategy by converting major plans into concrete, sequential actions that form incremental steps. Implementation control is directed towards assessing the need for changes in the overall strategy in light of unfolding events and results.

STEP 2



Source: Strategic Management, Pearce II. John & Robinson Jr., 2003

Exam Focus...	
Nov 2019	PYQ
Nov 2019	RTP
Dec 2021	RTP

Question 24:

What is implementation control? Discuss its basic forms.

Answer:

Managers implement strategy by converting major plans into concrete, sequential actions that form incremental steps. Implementation control is directed towards assessing the need for changes in the overall strategy in light of unfolding events and results associated with incremental steps and actions. Strategic implementation control is not a replacement to operational control. Strategic implementation control, unlike operational controls continuously monitors the basic direction of the strategy. The two basic forms of implementation control are:

i. **Monitoring strategic thrusts:** Monitoring strategic thrusts help managers to determine whether the overall strategy is progressing as desired or whether there is need for readjustments.

ii. **Milestone Reviews:** All key activities necessary to implement strategy are segregated in terms of time, events or major resource allocation. It normally involves a complete reassessment of the strategy. It also assesses the need to continue or refocus the direction of an organization.

Question 25:

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?

Answer:

STEP 1

Strategy implementation is missing in HQ. Implementation is 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.

STEP 2

Conclusion:

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.

Exam Focus...

May 2023	PYQ

Question 26:

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.

Answer:

Connect Group has to do strategic change for its survival. The changes in the environmental forces often require businesses to make modifications in their existing strategies and bring out new strategies. Strategic change is a complex process that involves a corporate strategy focused on new markets, products, services and new ways of doing business. Unless companies embrace change, they are likely to be freeze and unless companies prepare to deal with sudden, unpredictable, discontinuous, and radical change, they are likely to be extinct. Three steps for initiating strategic change are:

I. **Recognise the need for change:** The first step is to diagnose the which facets of the present corporate culture are strategy supportive and which are not.

II. **Create a shared vision to manage change:** Objectives of both individuals and organisation should coincide. There should be no conflict between them. This is possible only if the management and the organisation members follow a shared vision.

III. **Institutionalise the change:** This is an action stage which requires the implementation of the changed strategy. Creating and sustaining a different attitude towards change is essential to ensure that the firm does not slip back into old ways of doing things.

Exam Focus...

May 2024	MTP

Question 27:

Imagine you are a consultant advising a small manufacturing company embarking on a digital transformation journey. The company's leadership is concerned about managing the change effectively. Using the best practices for managing change in small and medium-sized businesses, outline a strategy to help the company navigate this transformation successfully.

STEP 1

Answer:

To help the small manufacturing company navigate its digital transformation successfully, we would recommend the following strategy:

1. **Begin at the top:** The leadership team should be united and committed to the digital transformation. They should communicate a clear vision for the future of the company and lead by example.
2. **Ensure that the change is necessary and desired:** Before implementing any changes, the company should assess its current state and identify areas where digital transformation can add value. It's important to involve employees in this process to ensure their buy-in.
3. **Reduce disruption:** Employee perceptions of change can vary, so it's important to minimize disruption. This can be done by communicating early and often about the changes, providing training and support for employees, and empowering change agents within the organization.
4. **Encourage communication:** Create channels for employees to ask questions and provide feedback. Encourage collaboration between departments to share ideas and innovations. Effective communication can help alleviate fears and keep everyone aligned.
5. **Recognize that change is the norm:** Digital transformation is not a one-time project but an ongoing process. The company should be prepared to adapt to new technologies and market conditions continuously.

STEP 2

By following these best practices, the small manufacturing company can successfully navigate its digital transformation and position itself for future growth and success.

Exam Focus...

May 2024	MTP

Question 28:

Why Strategic Performance Measures are essential for organizations?

Answer:

Strategic performance measures are essential for organizations for several reasons:

- **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.

Exam Focus...

May 2022	PYQ

Question 29:

Explain the concept of forward and backward linkages between strategy formulation and implementation in strategic management, using relevant examples. How do these linkages impact the overall strategic decision-making process of an organization?

Answer:

STEP 1

The concept of forward and backward linkages between strategy formulation and implementation in strategic management highlights the interconnected nature of these two phases and their impact on the overall strategic decision-making process of an organization.

Forward Linkages: Forward linkages refer to the impact of strategy formulation on strategy implementation. When an organization formulates a new strategy or revises an existing one, it sets the direction for the organization's future actions. For example, if a company decides to expand its product line to target a new market segment, this decision will require changes in the organization's structure, resources allocation, and possibly its leadership style. These changes are necessary to align the organization's operations with the new strategic direction. Thus, the formulation of strategies has forward linkages with their implementation, as it sets the stage for how the strategy will be executed.

Backward Linkages: Backward linkages, on the other hand, refer to the impact of implementation on strategy formulation. As an organization implements its strategies, it gains valuable insights and feedback from the implementation process. This feedback can influence future strategic decisions. For example, if a company faces unexpected challenges or discovers new opportunities during the implementation of a strategy, it may need to reevaluate its strategic choices. Similarly, past strategic actions and their outcomes can also influence the formulation of future strategies. Over time, these incremental changes in strategy and implementation take the organization from its current state to where it aims to be, reflecting the dynamic nature of strategic management.

In conclusion, the forward and backward linkages between strategy formulation and implementation highlight the iterative and interconnected nature of strategic management. By understanding and leveraging these linkages, organizations can enhance their strategic decision-making process and improve their overall performance.

Exam Focus...

May 2024	MTP

Question 30:

Define Strategic Performance Measures (SPM). Explain various types of strategic performance measures.

Answer:

STEP 1

Strategic Performance Measures (SPM) are metrics used by organizations to evaluate and track the effectiveness of their strategies in achieving strategic goals and objectives. SPM provides a framework for measuring the performance of key areas critical to the success of the organization's strategy. These measures help in assessing whether the organization is progressing towards its desired outcomes and allow for adjustments to be made to improve performance.

Types of Strategic Performance Measures

There are various types of strategic performance measures, including:

- **Financial Measures:** Financial measures, such as revenue growth, return on investment (ROI), and profit margins, provide an understanding of the organization's financial performance and its ability to generate profit.
- **Customer Satisfaction Measures:** Customer measures, such as customer satisfaction, customer retention, and customer loyalty, provide insight into the

organization's ability to meet customer needs and provide high-quality products and services.

- **Market Measures:** Market measures, such as market share, customer acquisition, and customer referrals, provide information about the organization's competitiveness in the marketplace and its ability to attract and retain customers.
- **Employee Measures:** Employee measures, such as employee satisfaction, turnover rate, and employee engagement, provide insight into the organization's ability to attract and retain talented employees and create a positive work environment.
- **Innovation Measures:** Innovation measures, such as research and development (R&D) spending, patent applications, and new product launches, provide insight into the organization's ability to innovate and create new products and services that meet customer needs.
- **Environmental Measures:** Environmental measures, such as energy consumption, waste reduction, and carbon emissions, provide insight into the organization's impact on the environment and its efforts to operate in a sustainable manner.

Exam Focus...

May 2024	RTP

Question 31:

York Investors, recognizing the importance of aligning its organizational elements with strategic objectives, has strategically invested in training programs, technology, and communication systems. The company aims to enhance the skills and capabilities of its workforce through comprehensive training initiatives. Simultaneously, York Investors leverages cutting-edge technology to streamline its operations and improve overall efficiency. The investment in communication systems ensures seamless collaboration and information flow across various departments. Identify and explain the model used by York Investors to achieve its strategic objectives.

Answer:

STEP 1

York Investors is employing the McKinsey 7S Model to achieve its strategic objectives. The model focuses on seven interdependent elements within an organization, categorized into "Hard Ss" and "Soft Ss." In this case:

STEP 2

- **Strategy (Hard S):** Investing in training programs and technology aligns with the strategic objective of enhancing workforce skills and operational efficiency.
- **Structure (Hard S):** The investment suggests a structural alignment to support the strategic initiatives, indicating a deliberate organization of resources.
- **Systems (Hard S):** The use of cutting-edge technology and communication systems reflects a commitment to optimizing daily tasks and improving overall efficiency, addressing the system component of the model.
- **Shared Values (Soft S):** The emphasis on comprehensive training initiatives indicates a commitment to shared values, reflecting a focus on developing a skilled and capable workforce.
- **Style (Soft S):** The leadership style is implied in the strategic decision to invest in technology and training for workforce development and operational efficiency.
- **Staff (Soft S):** The commitment to enhancing skills and capabilities reflects a focus on the talent pool within the organization.

- **Skills (Soft S):** The strategic investment in training programs directly addresses the development of key skills within the workforce.

STEP 3

York Investors' approach demonstrates a holistic application of the McKinsey 7S Model, emphasizing the interconnectedness of both hard and soft elements to achieve strategic alignment and organizational effectiveness.

Exam Focus...

May 2024	RTP

Question 32:

Why is change management crucial during digital transformation, and what are some key strategies for navigating change effectively?

Answer:

STEP 1

Change management is essential during digital transformation to ensure the success of the process. Here are some key strategies to navigate change effectively:

- **Specify the digital transformation's aims and objectives:** Clearly defining the intended outcomes and objectives helps ensure everyone is aligned and working towards the same goals.
- **Always communicate:** Regular and transparent communication is crucial to help people understand the goals of digital transformation and how it will impact various stakeholders, including employees, clients, and other parties.
- **Be ready for resistance:** Change, even if beneficial, can be met with resistance. Having a strategy in place to address resistance is important for overcoming challenges and ensuring a smooth transition.
- **Implement changes gradually:** Instead of making all changes at once, gradual implementation allows individuals to adapt to new ways of doing things without feeling overwhelmed by too much change simultaneously.
- **Offer assistance and training:** Providing support, guidance, and training for employees is crucial as they navigate new procedures, software applications, and other aspects of digital transformation.

STEP 2

In conclusion, meticulous planning and effective change management are vital for the successful completion of digital transformation projects. Without proper change management, these efforts are more likely to fail, and organizations can enhance the integration of new digital systems by anticipating and managing the necessary changes.

Exam Focus...

May 2022	PYQ

Question 33:

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?

Answer:

STEP 1

LMN Ltd. is shifting into network structure. It is a newer and somewhat more radical organisational 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.

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

Exam Focus...

May 2023	RTP

Question 34:

Strategic planning is an important constituent of strategic management. In the light of the same explain the meaning of strategic planning. Also outline the characteristics of strategic planning.

Answer:

STEP 1

Yes, strategic planning is an important constituent of strategic management. It is a process of determining organizational strategy. **It gives directions to the organization and involves making decisions and allocating resources to pursue the strategy.** It is the formal blueprint of future course of an organization. **Strategic plans are made by the senior management** for the entire organization after taking into account the **organization strength and weaknesses** in the light of opportunities and threats in the external environment. They involve **acquisition and allocation of resources for the attainment of organizational objectives.**

STEP 2

Strategic planning deals with one or more of three key questions:

- What are we doing?
- For whom do we do it?
- How to improve and excel?

STEP 3

Following are the characteristics of strategic planning:

- Strategic planning shapes the organisation and its resources.
- Strategic planning assesses the impact of environmental variables.
- Strategic planning takes a holistic view of the organisation.
- Strategic planning develops overall objectives and strategies.
- Strategic planning is concerned with the long-term success of the organisation.
- Strategic planning is a senior management responsibility.

Exam Focus...

Question 35:

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.

Answer:

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.

The attributes of an SBU and the benefits a firm may derive by using the SBU Structure are as follows:

- 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 standpoint 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.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68 Marks Akansha
68 Marks Arsalan Ali
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Part - II

Scenario and Case Based (MCQs)

If you're a champion, you have to have it in your heart.

APPENDIX -I

Case Studies and Scenario

	Integrated Case Study - 1 (Connect Private Limited)
	Connect Private Limited, a Mumbai based company is launching a smartphone, under the **brand name of Poppy.** The company recognizes plethora of options that customers have from Chinese manufacturers flooding the smartphone landscape. With recent COVID-19 pandemic hurting the global sentiment towards Chinese products, the company plans to play on the patriotic card and advertise Poppy as the **"Desi" smartphone** of India. Strategic Arm of the company undertook an industry analysis and reported, that, budget phone segment was overtaken by the Chinese brands completely, however, the **low segment of smartphones** was still open for exploration. Thus, the company planned to enter the market with two models, **Poppy A and Poppy B, priced at ` ₹4,499 and `₹ 5,499.** The company is also aware that their product can **easily be imitated at same costing as well as pricing,** and thus the very essence of their product can be lost. A team of marketing professionals was hired to tackle this issue. The solution they suggested was to take the **first mover advantage** by spending huge sums in advertising and promotion. Based on sound consciousness of the competition from huge money backed international players, the company decided to manufacture smartphone covers and accessories with the same "desi" tag, along with Poppy Smartphones. **This shall help them mitigate the risk f being completely thrown out of business. Consequently, they invested a fairly good amount in manufacturing of these accessories.** The investors made it an objective for the team to reach an annual sales volume of 15,000 handsets and 70,000 pieces of accessories. **The accessories sales surpassed the expectations by a fairly good margin.** However, Poppy A and Poppy B did not receive the much-anticipated response and the leadership decided to reduce the scope and focus purely on accessories business going forward. With a new focus on accessories production, the "Desi" tag will still play an important part in the success. However, they need to **ensure creation of strong barriers to entry for other domestic players, and for that, they have plans to augment the production to enormous levels.** This shall reduce their unit cost, thus, enable volume driven cost leadership.
	Based on the above case scenario, answer the following MCQs: **1. Connect Private Limited, entered a saturated market of smartphones, after a due market study of understanding the competitive landscape. Put the below steps in correct sequence of understanding the competitive landscape. (I) Understanding the competitors (II) Determining strengths and weaknesses of the competitors (III) Identify the competitors (IV) Put all information gathered together** **a.** (I),(III),(II),(IV) **b.** (III),(I),(II),(IV) **c.** (II),(III),(IV),(I) **d.** (I),(III),(II),(IV) **2. Annual sales volume as an objective by the investors was crucial to establish the company in the market. In which stage of strategic management are such annual objectives especially important?** **a.** Formulation **b.** Control **c.** Evaluation **d.** Implementation

3. **Following the sales numbers reported at the end of year, the leadership took a serious strategic o move forward and shift to a new core business which was more profitable. Under which of the following category of business strategy can this decision be categorized?**
   a. Retrenchment strategy **b.** Strategic alliance
   c. Diversification strategy **d.** Market development
4. **After getting results from the market, accessories business of the company can be classified under which category of BCG's growth share matrix?**
   a. Star **b.** Question mark
   c. Cash cow **d.** Dog
5. **The phase two of shifting the business focus to peripheral accessories production, Connect Private Limited has planned setting up entries to barrier for its potential competitors. Which of the following barrier have they planned to implement?**
   a. Star **b.** Question mark
   c. Cash cow **d.** Dog

Integrated Case Study - 2 (KingLike WLL)

KingLike WLL, is a construction company based in Dubai, which specializes in residential complexes. It has developed a new concept for the market, Private Vila cum Apartments called "Vilartment". These spaces are designed to suit the increasing demand of married couples wanting to stay with their parents, thus offering more space in a single residential unit.

The company has **huge land purchasing power which gives them a competitive advantage** over its rivals. Also, the designs are developed by the best in class Italian designers and the same have been **patented.** Thus, it is **very tough to replicate** KingLike's properties.

This project is positioned as a separate business unit to capture maximum potential of the management. Personnel at different levels have been employed to look after the respective functions of the unit. It is estimated that around 15,000 Vilartments will be constructed within next three years, and, 50% of the total units shall be ready to move into with immediate effect once the construction is completed.

The marketing team has roped in major **Bollywood and Hollywood celebrities to perform at the foundation stone ceremony** of the Vilartment, scheduled next month. The ceremony **will be covered by major global media houses and channels via print and social media,** thus, attracting potential buyers from all over the world.

With everything planned and efficient teams ready to execute, the management is confident of the project's success. The Vilartment shall position KingLike WLL as a leading real estate company in the global market.

Based on the above case scenario, answer the following MCQs:

1. **Lgor Ansoff gave a framework which describes the intensification options available to a firm. Which of them did KingLike use for its intensification strategy?**
   a. Market penetration **b.** Product development
   c. Market development **d.** Diversification into new products

Hint: Ansoff's Product Market Growth Matrix

2. **Core competency is built on multiple know-hows and is an integration of many resources. As per C.K. Prahalad and Gary Hamel. KingLike has expert teams and huge buying capacity. Which amongst the following is not an areas where core competency is identified?**
   a. Customer value **b.** Customer value
   c. Market development **d.** Competitor differentiation
3. **Different personnel have been deployed at respective levels in the project working as a business unit. Divisional managers and staff are a part of which of the following strategic levels in the organization?**
   a. Corporate level **b.** Functional level
   c. Business Level **d.** Consultant level

4. ____________ is the answer to basic question "what business we are and what we do". Many businesses fail to conceptualize this and it requires clarity. The company however has clarity on the same. Fill in the blank with the correct option.

   a. Vision **b.** Mission

   c. Strategy **d.** Planning

5. **Vilartment shall function as a strategic business unit (SBU), being one of the key businesses of the company. Which of the following is not a characteristic of a strategic business unit?**

   a. It is a combination of two or more independent businesses.

   b. The planning for the business is done separately.

   c. It has its own set of competitors.

   d. It has its own manager responsible for strategy and profits.

Integrated Case Study - 3 (Hareeyali Pvt. Ltd.)

Hareeyali Pvt. Ltd. is a company working towards making corporates spaces greener with their innovative infrastructural designs and products. The company is newly found and has six founders. It works with a team of just **four people in middle management and around fifty plus on ground,** working at various roles like client relationship management and delivery management. The **industry is fairly new but already dominated by GreenZone Pvt. Ltd.,** which produces around 800 designs for its fifty clients. GreenZone has a facility that produces the designed structures at **a massive scale of 3000 pieces per day.** It has been the sole player for a few years but as the corporates plan to go green, the industry is expecting a rise.

Hareeyali has begun decent operations but is struggling for a production facility. A proper strategy to build around the gaps and new areas of the industry shall take its business to another level. **The founders' have mission of reaching every single corporate in India.**

They plan to spread in three phases.

The first phase is to tap Delhi NCR and Mumbai.

Strategy team understands one important thing about these cities that, the working class needs something they can personalize. Hence, the company decided to go for company focused designing that shall give them an advantage over the standardized products from its rivals.

Hareeyali has also introduced Green Card Points System, wherein the employees who chose to use their products earn points and can further spend them to buy herbal and organic products from leading online platforms.

The company has been doing good business since last year and **plans to expand via online as and offline modes.**

Based on the above case scenario, answer the following MCQs:

1. **GreenZone has been the leader in the industry and has deployed some barriers to entry on new players wanting to tap into this new growing industry. Apparently, Hareeyali has been struggling on the very same front and thus, the barrier's magnitude increases. Which of the following is barrier to entry used by GreenZone?**

   a. Product differentiation **b.** Switching Cost

   c. Economies of scale **d.** Brand identity

2. **Hareeyali's Green points system falls under which strategic marketing technique?**

   a. Service marketing **b.** Person marketing

   c. Person marketing **d.** Augmented marketing

3. **If Hareeyali has to compete with GreenZone, it ought to have strategy in place. And not just strategy but a relevant strategy audit from time to time is necessary to accomplish results. As per Richard Rumelt, there are a few criterions to be considered in strategy audit. Which of the following is not one of the criterions as per Richard Rumelt?**

   a. Consistency **b.** Position

   c. Consonance **d.** Feasibility

4. The management structure of Hareeyali is apparently like any other company with a lot of founders/top management, as the middle office work is undertaken by business automation. It does reduce costs but the lower management has less opportunities to grow. Based on that, which if the following is the organizational structure of Hareeyali?

a. Network structure
b. Network structure
c. Divisional structure
d. Hourglass structure

5. Intensity of rivalry determines attractiveness and profitability of an Industry. The rivalry between the two companies is furious and the profitability shall be low because of all the below factors, except:

a. Variable costs of business
b. Green Zone is currently the business leader
c. Industry Growth is slow
d. Companies are planning product differentiation

Integrated Case Study - 4 (LUXHEAL)

LUXHEAL is a new age healthcare equipment designing and manufacturing company, with its founders being top Indian medical academicians. The company has been backed by a Pune based venture capital firm, that has invested approximately 115 crores as capital requirement fund.

The company has recently developed an automated mind mapped wheelchair called WHEELIX, which has been awarded at various forums around the world and even won the Industry **Differentiator Award** at an international conclave.

Dr. Budhiraja, was appointed as the CEO last year, when the company was unable to make a mark for itself in the industry. Under his leadership, the **company turned around to be a leader in innovation.** He has been instrumental in bringing about a culture of oneness and inspiration amongst the employees. Recently, he **introduced a company-wide competition for the best innovation.**

One of the key highlights of the company's strategies has been, that they use very **advanced benchmarking processes.** However, in eagerness to hit the markets and showcase their product range to the world, the company missed on implementing the inferences and conclusions.

WHEELIX, on the other hand would make them a **niche player in the market for elderly rich.** The company has already been approached by **WeGO,** the world leader in wheelchair production, to let them use its branding and facilities for a share in profit.

The Board is willing to accept the offer.

However, WeGO is stuck in a legal litigation with its distribution channel partners and thus, LUXHEAL will have to work immensely of stacking its own channels.

With the increasing number of **elderly rich** and the ever increasing demand for **luxury medical equipment,** LUXHEAL has a clear winning path in its vision and just needs to focus on implementing its ideas.

Based on the above case scenario, answer the following MCQs:

1. LUXHEAL envisages to be the most admired and responsible healthcare equipment company with international footprint. Is this a vision or a mission? If this is LUXHEAL's vision, then which of the following is not essential while drafting the strategic vision?

a. It should clearly illuminate the direction in which the organisation is headed.
b. It should create enthusiasm among members of the organization.
c. It should be rigidly defined to prepare the organisation for the future.
d. This is a mission statement and not a vision statement.

2. Which of the following steps in benchmarking did LUXHEAL skip, which eventually lead to the failure of the benchmarking process?

a. Identifying the need for benchmarking.
b. Comparing the own process and performance with that of others.
c. Identifying best process.
d. Reporting and implementing the steps to bridge the gaps identified

3. Dr. Budhiraja has been instrumental in bringing about monumental changes in the company's structure and working culture. He has been very approachable yet feared by employees at all levels. What kind of leadership style can his style be termed as?

a. Transactional leadership style
b. Autocratic leadership style
c. Diplomatic leadership style
d. Transformational leadership style

4. The recent international recognition that the company has got for WHEELIX, has turned around its strategy all together. Which of the following Michael Porter's generic strategies should LUXHEAL follow?

a. Cost leadership
b. Focused differentiation
c. Differentiation
d. Focused cost leadership

5. Which of the following is a key entry barrier for LUXHEAL?

a. Brand identity
b. Capital requirement
c. Access to distribution channels
d. Product differentiation

Integrated Case Study - 5 (Strong Girls Pvt. Ltd.)

Strong Girls Private Limited, is an all female-led early stage health drink company, operating out of Bangalore. The company is aware of the two important things with respect to their business; first, the youth is really conscious about health, and second, there are plethora of options available in the market to cater their demands.

With these pointers in mind, they launched their **flagship product, Avajuice, a health drink made with Amla, Papaya, Aloe Vera and Neem, targeted at increasing immunity of young teenage girls.** The unique selling proposition has been to make these drinks taste good with added organic flavours.

To achieve advantage in market segment the production process has been standardised. The benefit has reflected in **improved margins and better negotiating power.** This product has been identified by the strategy team, as a Star, as per BCGs growth matrix, for its rapid growth **and immense fund needs.**

The marketing team has been one of the most influential in mapping the success of Avajuice. The existing health drink companies have had a very **low customer loyalty and retention ratio.** The company had to work to win over this shortcoming. For this, they have setup **collaborations with major schools of Karnataka as well as got into an agreement with the State Government of Karnataka to provide Avajuice to girls of government schools at subsidised rate at just one rupee each.**

This has been instrumental in bringing about free publicity from local as well as national media. With media coverage, the company very smartly placed the tagline, **'We Offer Tasty Health for our Teens',** and this was further pushed as a trend on social media to spread awareness of brand. Effectively, the company has been able to **position itself in the niche market domain** and has been making really good margins.

Based on the above case scenario, answer the following MCQs:

1. As per Peter Drucker, it is important to have a meaningful answer to the question, 'what business are we in?'. Through Avajuice, the company answered the following as 'We Offer Tasty Health for our Teens'. Among which of the following does this statement fall?

a. Vision
b. Mission
c. Business definition
d. Action plan

2. The processes have been standardised as a strategy to improve margins and gain more negotiation power in the market. Which of the generic strategies by Michael Porter has the company deployed to create a favourable scenarios for itself?

a. Differentiation
b. Focussed differentiation
c. Cost leadership
d. Focussed cost leadership

3. Igor Ansoff developed a framework which describes the intensification options available to a firm. Which of the following did Strong Girls Private Ltd. use for intensifying Avajuice?

a. Market penetration | b. Product development
c. Market development | d. Diversification strategy

4. Which of the following was used to increase the saleability, based on industry analysis of the existing customer retention success rate? The marketing team could thus, track the open gaps and focus on the niche teenage girls segment to win over competition.

a. Triggers of change | b. Benchmarking
c. Business process reengineering | d. Strategy audit

5. Avajuice can be identified as a Star as per BCG's Growth Matrix, basis the rapid growth it has shown and the enormous funds it demanded to maintain market and fuel the growth potential. What would Avajuice turn into, as per the matrix, when its growth slows down?

a. Dog | b. Question mark
c. Will remain a star | d. Cash cow

Integrated Case Study - 6 (MidoriTech)

MidoriTech, a Japanese information technology giant recently got into a multi-million dollar deal with Dezyner Pvt. Ltd. of Bangalore, a user interface designing company.

MidoriTech is a leader in **developing firewall for cloud security services** and this deal would help it leverage the latest user-friendly designs of Dezyner Pvt. Ltd. to be incorporated in its own systems. The major motive of both the companies is **to capture the budding segments of the market,** which is very difficult to do given one's own isolated operations.

The second important aspect of the deal is a shared **Research and Development Centre in Bangalore with 70:30 investments in R&D over the period of next five years.**

The advancements in cloud computing are to be matched with other global giants, and this Centre will provide world class excellence for the requisite. Mr. B. K. Suman, the erstwhile head of **Dezyner Pvt. Ltd., has been appointed as the General Manager of the R&D Centre, and would report directly to the CEO of MidoriTech.**

MidoriTech has been in the industry for over thirty years and has over five hundred clients. For better control and ease of business, it has divided its business segments as per the clients' industry. Thus, it has four major segments; Robotics, E-Commerce, Energy and Others.

The company had been eyeing five probable Indian companies for a design oriented deal. Over the course of one year, they ran multiple financial models to find the most suitable synergy and finally zeroed in with Dezyner Pvt. Ltd. This was covered by all major media houses, as this is one of the biggest Indo-Japan Deal in the last decade.

The future is uncertain, but the companies through combined synergies have a stable market sanding and growth oriented future in purview.

Based on the above case scenario, answer the following MCQs:

1. Robotics, E-Commerce, Energy and Others, are separate units of MidoriTech, that have been devised for easy of control. Which of the following is not a characteristic that would have helped them identify and separate units for better strategic management?

a. Distinct markets | **b.** Customer's preference
c. Similar technologies | **d.** Identical competitive advantage

2. Dezyner Pvt. Ltd. and MidoriTech's deal falls under which type of Expansion Strategy?

a. Conglomerate merger | **b.** Concentric diversification
c. Horizontal merger | **d.** Strategic alliance

3. The R&D centre at Bangalore will be a game changer for both the companies. Which of the following is not an approach for implementation that Mr. Suman can deploy?

a. First firm to market new technology | **b.** Innovative imitator of successful products
c. Being a mediator in trading of new technology | **d.** Low cost mass producer of tested products

4. **Mr. B. K. Suman shall work as general manager to the R&D centre for the two companies. At which strategic level will he working as a General Manager?**
   a. Corporate level
   b. Corporate and business level
   c. Functional and business level
   d. Functional level
5. **MidoriTech used financial models to strategise its setup in India. Which of the following methods is not a viable model of valuation that is effective in this case?**
   a. Future earnings/synergy benefit model
   b. Value of similar firms in the industry
   c. Net worth method
   d. Price-earning ratio based valuation

Integrated Case Study - 7 (Sukh Pvt. Ltd.)

Sukh Pvt. Ltd. has been importing Italian crockery under the brand name of 'Facile' since 2017. The company was amongst the first ones in India to introduce the innovative unbreakable crockery. Their affiliate, an Italian company, which owns Facile, had entered into a progressive deal, wherein, products would be sourced to India via their logistics and all marketing spend would be covered by them.

However, **customer management and nation-wide distribution would be taken care of by Sukh Pvt. Ltd.** This required English speaking skilled workforce, which has been a constant challenge for the company in India.

The owners of Sukh Pvt. Ltd. have been regular at attending industry relevant conclaves, both national and international. Leaders of the company are avid readers of business magazines. Following that, it was observed that the recent sentiment of the country towards 'Vocal for Local' could disrupt their Italian brand's marketability. An extraordinary meeting was setup and the steps ahead were planned.

The outcome of the meeting was to **partner with local producers of earthen utensils** in phase one of the **change strategy.** For this, seven state governments were approached.

The team was successful in bagging contracts from all the government departments of these seven states and could position themselves fairly in the market. **To fund this new investment, they have planned to slowly sell off their Italian business assets as well as the brand, to probable buyers.** This timely shift is proving to be a game changer for the company and the leadership is quite happy with better than before earnings and a much greater response from the customers.

They find it easier to operate with **domestic producers and vendors,** and a sense of patriotism is instilled in the consumers' mind.

Based on the above case scenario, answer the following MCQs:

1. **The shift of the company to earthen home-grown utensils was based on a trigger of change Which of the following trigger is most relevant in the case of Sukh Pvt. Ltd.?**
   a. Product innovation
   b. Consumer sentiment
   c. Statutory changes
   d. Globalization
2. **Which of the following type of strategic control did the owners and leadership of Sukh pvt. ltd. Deploy, that eventually turned out to be one of the most effective strategic decisions for the company?**
   a. Premise control
   b. Special alert control
   c. Implementation control
   d. Strategic surveillance
3. **'Vocal for Local' is a market sentiment that changed customer's preferences for majority of products of all industries. Basis that, Sukh pvt. ltd. gauged the competition it might face in coming months and provisioned to change its own product. Which of the following force, as per Michael Porter's five forces of competitive analysis, is most relevant in this case?**
   a. Threat of new entrants
   b. Nature of rivalry in the industry
   c. Threat of substitutes
   d. Bargaining power of the buyer

4. **Which of the following aspects of supply chain management was the most challenging for Sukh pvt. ltd. at the time of selling Facile brand crockery?**
   a. Manufacturing **b.** Outsourcing
   c. Customer service **d.** Procurement
5. **To strategically revamp their business, partnerships were done with Indian local producers from seven states and to fund it, the existing arm of business was to be sold off. Which of the following strategy has Sukh pvt. ltd. opted for?**
   a. Turnaround strategy **b.** Divestment strategy
   c. Liquidation strategy **d.** Intensification strategy

Integrated Case Study - 8 (Dr. Mikesh Gupta)

Dr. Mikesh Gupta, Agriculture Management Guru at a leading management school in Patna, has been driving the business of E-Bandhu with seven of his students since 2017.

This business has two core objectives; **first,** sustainable farming awareness and second, seasonal availability of agricultural inputs.

It is a technology driven business wherein they have a one stop shop for all agricultural products available to farmers at competitive prices. The business is quite challenging, given the fact that farmers of the region are not well aware of the use of technology.

The team sat down in summer of 2019 to **reengineer the entire business** and they were very clear about making changes to entire business processes without any emphasis on existing processes.

A new definition was formulated to be successful in the agricultural sector.

First and foremost, the target was moved from directly serving the farmers to onboarding wholesalers and retailers into the system and selling products to them. This was done based on the study that wholesalers and retailers could be great influencers of technology adaptability and use.

S**econdly, logistics were outsourced to MaalGaadi,** a rural supply chain management company, which eased off the balance sheet of E-Bandhu in terms of asset procurement and the corresponding debt.

Third and the most important was **inclusion of a new service-based product in their application,** ChaaraVidya, which educates farmers about the latest sustainable farming practices being implemented around the world. This could be a game changer for E-Bandhu in the agro startup circle. The team is excited about the newness that Dr. Mikesh has brought in through the strategic changes and they foresee a better sustainable future of their idea.

Based on the above case scenario, answer the following MCQs:

1. **Switching from direct selling to marketing though wholesalers and retailers was a strategic decision taken by the management. Such decisions help an organization to be more of which of the following?**
   a. Authoritative **b.** Futuristic
   c. Proactiv **d.** Regularised
2. **ChaaraVidya was brought into the market to increase farmer awareness of soil quality and the latest sustainable farm practices from around the world? What kind of a growth strategy will it fall under?**
   a. Market penetration **b.** Market development
   c. Product development **d.** Diversification of business
3. **One of the most strategically advantageous decisions for E-Bandhu was to get into a contract with MaalGaadi. Which of the following could not be an advantage for E-Bandhu from this alliance?**
   a. Cost savings **b.** Reduced delivery time
   c. Improved customer satisfaction **d.** Increased inventory of products

4. **E-Bandhu spent a good amount of money on Reengineering its business. Which of the following steps in BPR, business process reengineering did they skip?**
   a. Determining Objectives **b.** Study of existing processes
   c. Formulating the redesign process plan **d.** Implementing the redesigned process
5. **One of the most strategically advantageous decisions for E-Bandhu was to get into a contract with MaalGaadi. Which of the following could not be an advantage for E-Bandhu from this alliance?**
   a. Mission **b.** Goals and Objectives
   c. Business definition **d.** Business model

Integrated Case Study - 9 (LactoQalci)

LactoQalci is a family run company in the business of manufacturing packaged sweetened probiotic milk beverage. The management envisions a potential future in health and fitness industry. It thereby, adopted a new statement **"Ensuring Health for Everyone"** to uplift company's business makeup and market position.

LactoQalci introduced a **new product for its existing customers,** a range of **sugar-free milkshakes.** The company initiated an advertisement campaign with the tag line **"Now enjoy the goodness of LactoQalci in sugar-free milkshakes".** It is anticipated to become the most selling product of the company.

Further, to make the product unique, they a**dopted a distinctive product packaging design.** The milkshake tetra packs came with a **'calories saved'** scale printed on them.

It was designed to motivate the consumers to a healthier life. As a result, the company was able to sell these milkshakes at a **higher price.** The company saw decent response from the market and were planning to scale up operations, when suddenly, political disturbance in the state pulled down their sales to rock bottom. Several warehouses of the company had to be temporarily shut down.

However, Mr. Rohatgi, **the passionate operations head of the company, responded swiftly, and reengineered the business processes. He automated inventory management and outsourced logistical support.**

Small investments in IT infrastructure in troubled times reaped higher returns. The company was able to achieve better than before efficiency at all levels of operations and ensured regular sales.

Based on the above case scenario, answer the following MCQs:

1. **Introducing Sugar-Free milkshakes by LactoQalci, falls under which Product-Market strategy as given by Ansoff**
   a. Product development **b.** Market penetration
   c. Market development **d.** Diversification
2. **Which of the Michael Porter's Generic Strategies was adopted by LactoQalci to gain competitive advantage?**
   a. Market penetration **b.** Differentiation strategy
   c. Focussed cost leadership strategy **d.** Focussed differentiation strategy
3. **Which strategic intent is expressed in the statement "Ensuring Health for Everyone" by LactoQalci**
   a. Vision **b.** Mission
   c. Goals and Objectives **d.** Business definition
4. **What kind of leadership did Mr. Rohatgi portray to pull out LactoQalci from the sudden disruption?**
   a. Transactional leadership **b.** Transformational leadership
   c. Transparent leadership **d.** Translational leadership
5. **Which central thrust area was at the focus of LactoQalci's management while implementing business Process reengineering (BPR)?**
   a. Total distribution time **b.** Total order time
   c. Total inventory time **d.** Total cycle time

Integrated Case Study - 10 (Code Consulting.)

After graduating from IIT in computer science, sisters, Shakti and Stuti, following their passion for computers, started **"Code Consulting".** They faced innumerable survival challenges in a highly dynamic IT market. But with combined efforts of a highly dedicated team of data scientists, their core business of big data analytics gained a prominent market presence.

From inception, Code Consulting has been a **women-centric organization.** The sisters ensured that women were provided with ample opportunities in the organization. Given the option of Work From Home as mandated by recent legal regulations, majority of the female workforce availed the option. To avoid drop in sales, the sisters expeditiously lead a crisis management team to accommodate adoption of the required technology to meet the changes of time. Code Consulting, having reached a reputable market standing, was now observing **cut-throat competition from foreign giants in its niche.**

The sisters resolved to make an effort into their long-aspired dream **to diversify into the innovative market space of 3D printing.**

Code Consulting, lacking the requisite experience, **went for a merger with a startup named "CreatyVT"** known for its technical know how. They have a strong skill-based team, but the **longstanding startup had relatively small market share in 3D printing arena.**

Early on, the management observed that the businesses of **big data analytics and 3D printing had distinct markets.** So, they split the company into different business units to independently identify their performance. Separation into business units helped in simplifying the control related problems too. Whereas, the challenge to grow the company's market share was successfully met by introducing ingenious 3D printers with easily refillable cartridges.

The new product was supported by an aggressive online advertisement campaign. The customers pleased by the products helped reach the desired sales targets in no time.

Having shown a never giving up attitude coupled with wise leadership skills, the business of Code Consulting sustained a turbulent patch and placed itself as a renowned brand in the Indian IT.

Based on the above case scenario, answer the following MCQs:

Based on the above case scenario, answer the following MCQs:

1. Applying BCG matrix, identify the correct investment category for the new "3D printing" business of Code Consulting, at the time of merger?

a. Star **b.** Cash cow

c. Dog **d.** Question mark

2. Which strategy has been adopted by Code Consulting to overcome the difficulties of low-market share for its "3D printing" business?

a. Dynamic strategy **b.** Adaptive strategy

c. Intended strategy **d.** Sound strategy

3. Mark the correct growth and expansion strategy employed by Code Consulting in merging with the startup named "CreatyVT"?

a. Horizontal merger **b.** Vertical merger

c. Co-generic merger **d.** Conglomerate merger

4. What has been the rationale behind Code Consulting's management for treating big data business and 3D printing business amenable to separate strategic treatment?

a. The businesses were unrelated **b.** The businesses were unmanageable

c. The businesses were related **d.** The businesses were identical

5. Which type of strategic control was adopted by Code Consulting when a new legal regulation proposed that women workers shall have the option to work from home?

a. Premise control **b.** Special alert control

c. Strategic surveillance **d.** Implementation control

Integrated Case Study - 11 (Samadhan Pvt. Ltd.)

Samadhan Pvt. Ltd, a recyclable plastic bags manufacturing and trading company, currently operating only in Maharashtra, the management has seen a potential in the growing awareness around hazards of plastics and the positive outlook of the society t**owards recycling and reusing plastics.**

Following this, they want to spread their business to major metro cities of the country.

The company has mobilised funds to set up multiple manufacturing units across different metro cities, introducing advance technologies and standardising their existing product line. They project to multiply the production by ten times to 25,000 units per day from existing 2,500 units.

A major concern for the company 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.**

Kaagaz LLP, an NGO operating from Kolkata, has been offering **lucrative personalisation offers through its art partners, for use of cloth and paper bags.** This has hurt Samadhan's market share. To fight off competition, the core team internally took an ambitious target, to reach seventy cities in the next **five years with a very strong implementation plan.**

This was backed by a positive environment study on recyclable plastics, published in a national daily. Further, to compete with personalisation of bags strategy, **they decided to acquire the art partners of Kaagaz LLP, and operate it as a separate SBU (Strategic Business Unit), giving outwards services back to Kaagaz, their competitor**

Based on the above case scenario, answer the following MCQs:

1. **While benchmarking its products against those of Samadhan Pvt. Ltd, what would be the core factor of consideration for Kaagaz LLP?**
   a. Product distribution **b.** Product development
   c. Product production cost **d.** Customer service
2. **Samadhan Pvt. Ltd. has focused on achieving cost leadership in the market through which of the following actions? (i) Economies of scale (ii) Invest in cost saving technologies (iii) Forecast demand of product promptly (iv) Standardization of products for mass production**
   a. (i),(iii) and (iv) **b.** Only (i) and (ii)
   c. (i), (ii) and (iii) **d.** Only (i) and (iv)
3. **Recyclable plastics are a game changer for Samadhan Pvt. Ltd. Which very important aspect of strategic management model has been overlooked completely?**
   a. Development of mission **b.** Implementation modules
   c. Feedback and communication **d.** Environmental analysis
4. **Acquisition of art partners of Kaagaz LLP and operating them as a separate SBU, can be classified as?**
   a. Backward integration **b.** Forward integration
   c. Concentric diversification **d.** Conglomerate diversification
5. **The factor that most aptly defines the competition amongst Samadhan and Kaagaz LLP is?**
   a. Economies of scale **b.** Substitute products
   c. New entrant in the market **d.** Brand identity

Integrated Case Study - 12 (Free Dum Pvt. Ltd.)

In 2018, Mr. Kumar Venkat, known as KV by his peers, started a career mentoring company under the name of FreeDum Pvt. Ltd., which aimed to provide world class career mentoring to students on global opportunities in the field of their interest.

The company was started with just twelve people initially, of which; two educationists closely worked with KV in the top management, three subject experts were in the middle management independently looking after three main streams of Commerce, Science and Humanities, while the rest of the team worked under the middle managers.

The company **targeted affluent schools and the response was quite enormous.** They **expanded their offices in five major cities within a span of 18 months. But as the company grew, so did the challenges.** A lot many new people started entering the education mentoring business. The market was getting skewed and only a few new enrolments were being made by **FreeDum.**

To set out a plan and strategize a win over competition, the top management headed by **KV appointed Miss Angela Michael to research the competition** and bring out the best and the worst of each of them. Even though the two experts wanted stream level middle managers to be a part of the decision making, KV was of the view that they shall anyway have to follow what was decided at the top level. Post analysis from Miss Michael, **FreeDum developed a service that was unique and valuable. They offered free student-parent question answer sessions, and as expected,** it uplifted their market position to become the most trusted educational guidance company.

A lot many **new people started entering** the education mentoring business. The market was getting skewed and only a few new enrolments were being made by **FreeDum.**

To set out a plan and strategize a win over competition, the top management headed by KV appointed Miss Angela Michael to research the competition and bring out the best and the worst of each of them.

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Parents started accepting and acknowledging the expert advice from FreeDum and even recommended them to their friends. This acceptance brought about a wave of growth for the company.

Also, **they do not mention a price for any of their services,** they devised a scheme wherein, they assured that the user gets the best price available amongst all competitors. This was also highly appreciated by students and their parents.

The company now plans to open their office in six more cities in the next 6 months and is also looking for overseas offices to partner with world class institutes and universities.

KV's vision and leadership has been a driving force for their 200 plus strong team of experts. Based on the above case scenario, answer the following MCQs:

1. **Which of the following tasks of strategy formulation and review was entrusted with Miss Angela Michael?**
   a. Benchmarking **b.** Strategy audit
   c. Operational control **d.** Resource allocation
2. **Parents accepted and appreciated FreeDum's services and their vision. Which inherent benefit did FreeDum enjoy from such acknowledgement to safeguard itself from competition?**
   a. Capital requirement **b.** Brand identity
   c. Differentiation **d.** Barriers to entry
3. **Parents accepted and appreciated FreeDum's services and their vision. Which inherent benefit did FreeDum enjoy from such acknowledgement to safeguard itself from competition?**
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   c. Differentiatio **d.** Barriers to entry

4. **Pricing decision of FreeDum can be categorized as?**
   a. Price leader
   b. Price indifferent
   c. Price differentiator
   d. Price follower
5. **Which of the following structures has KV and his team adopted?**
   a. Hourglass structure
   b. Matrix structure
   c. Strategic business unit structure
   d. Network structure

Integrated Case Study - 13 (Hens of Fashion (HUF)

The teenage fashion industry has been speculated to reach $14Trillion by 2021 with a profitability index of over 25%. Riding on this wave of assumed growth in the industry, Miss Sumita Ahuja, started a clothing label named **Hens of Fashion (HoF) in 2017.**

She began with a pop range of clothing for teenage girls and **diversified her way to boys clothing.** Her brand clocked revenue of over fifty lacs in the very first year, and to her excitement, she got an investment from a big brand label to expand pan India.

She along with her core team found a **niche consumer base, studied the industry in depth, strategized to fight off competition and even implemented these strategies to win.** Her instincts and belief have been too strong for the clothing segment and her brand per se.

Mr. Ramit Arora, who began as a consultant with Miss Ahuja, was made the **Head of Boys clothing segment and was given full freedom to think like an owner of the business segment and experiment for expansion.**

He took up the challenge and partnered with major foreign labels to bring Hens of Fashion (HoF) to mainstream consumers.

The brand was doing great **until a Japanese clothing brand by the name of Kimachee disrupted the low cost teenage clothing and apparel industry** with its global fame and pocket friendly pricing. Hens of Fashion saw its revenues drop to at least half of what they were expecting. An emergency strategy meeting amongst the leaders was called upon but Miss Ahuja was adamant on sticking to the idea of selling the brand as India's homegrown brand while other leaders including Mr. Ramit wanted to partner with Kimachee to sustain the business.

The team eventually resorted to sticking with Miss Ahuja's ideas and marketed the brand as the desi brand for teenagers.

Like every business faces a challenge when **the environment changes and throws opportunities or threats to the management,** Hens of Fashion has had its own set of principles and leadership styles to sustain the business in these challenging times.

Based on the above case scenario, answer the following MCQs:

1. **Miss Ahuja took a decision to enter teenage clothing industry based on which of the following important industry attractiveness considerations?**
   a. Less uncertainty in industry
   b. Growth potential of the industry
   c. Instinct and entrepreneurial belief
   d. Potential to capitalize weaker existing businesses
2. **Mr. Ramit Arora is an/a _______, while Miss Sumita Ahuja is an/a _______?**
   a. Entrepreneur and Intrapreneur
   b. Manager and Senior leader
   c. Intrapreneur and Entrepreneur
   d. Visionary and Incomeptent leader
3. **Which step of Strategic Management is skipped by Hens of Fashion?**
   a. Environmental analysis
   b. Formulation of strategy
   c. Evaluation and control
   d. Implementation of strategy

4. Kimachee blocked the industry with its global branding and disrupted Hens of Fashion. What kind of strategy control could have saved the brand from such a big impact?

a. Premise control
b. Special alert control
c. Milestone reviews
d. Monitoring strategic thrusts

5. In times of distress, the core of organisational structure helps an organisation to think holistically. Which of the following principles was highly ignored by Hens of Fashion?

a. Ideal organisational structure is one where leaders take final decision
b. Ideal organisational structure is one where executive order is valued over participation
c. Ideal organisational structure is one where source of idea carries more weight than the merit
d. Ideal organisational structure is one where ideas filter up as well down.

Integrated Case Study - 14 (Flash Co.)

IFlash Co. is a well-known sport goods manufacturer established in Deeland, sells its branded products widely. The Company's objective is to maximise shareholder wealth.

Due to the slowdown in the Deeland economy, the Company's recent performance has been weak. The Strategic Manager has applied **Porter's five forces model and reached the following conclusions:**

- **Threat of new entrants:** Low, as Flash Co's size presents a large entry barrier.
- **Bargaining power of buyers:** Significant, as customers worldwide have much choice from different competitors.
- **Bargaining power of suppliers:** Little threat. Most of Flash Co's material suppliers are small and Flash could easily find alternative sources of these. Labour is relatively cheap as most of Flash's production facilities are based in developing countries.
- **Threat of substitutes:** Low, as there is little scope of substitute products for sports goods.
- **Rivalry among competitors:** A major threat due to the constant launch of new products in this competitive industry.

The CEO directed the Strategic Manager to commission a **benchmarking exercise** to improve Flash's performance.

This exercise will involve comparison of a range of financial and other operational **performance indicators against Fennel, a similar business in Veeland.** Fennel agreed to share some recently available performance data with Flash as they operate in different countries.

The Veeland **economy is growing strongly.** There have been several tax incentives for businesses like Fennel in the last two years. The Veeland government has also underwritten loans taken out by businesses to support them. This has enabled Fennel to borrow funds for the significant capital investment required in IT systems.

The **automation has improved performance** by increasing the availability of goods at stores, and reducing inventories.

Flash uses the benchmarking process to achieve improvements in diverse range of management functions like – **assessment of manufacturing cost, production development, product distribution and plant utilisation levels.**

Based on the above case scenario, answer the following MCQs:

1. State the issues that Flash can face in the benchmarking exercise with Fennel?

a. There is no indication that Fennel is best in class
b. Fennel has taken tax incentives which is not available to Flash in Deeland.
c. Fennel operates in a different country where the economy is much stronger.
d. All of the above

2. The benchmarking exercise undertaken by Flash will help achieve improvement in the following except:

a. Plant utilisation levels
b. Product development
c. Mergers & Acquisitions
d. Product distribution

3. Which of the following correctly indicates less threat from Power of Suppliers?

a. Flash uses few suppliers

b. Difficulty in switching suppliers

c. The amount Flash spends with a supplier is low as a proportion of total cost

d. All of the above

4. The customers are loyal to Flash" implies which of the following of Porter's Five Forces?

a. Less threat of substitutes
b. High threat of substitutes
c. Less threat of suppliers
d. High threat of suppliers

5. The following can be cited as indicators of competitive rivalry, except:

a. Level of differentiation in sport goods
b. Launch of new products in the market
c. Bargaining power of customers of Flash
d. Market share of Flash

Integrated Case Study - 15 (Banerjee Tasty Teas Ltd (BTTL))

In the seventh decade of last century the Banerjee Tasty Teas Ltd (BTTL), engaged in tea plantations in Assam and Darjeeling for more than two decades, began selling packaged tea under the brand name **"Mitra" and "Dost".**

In At the time they had around **32 per cent** of market share in the packaged tea segment that was growing rapidly. Their next **competitor** had **18 per cent share.** In the middle of eighth decade the company launched a chain of eateries selling teas and branded it as **"Prakriti".** They brewed tea in these eateries by adding goodness of adrak, tulsi and other natural ingredients.

Their products were positioned as natural Indian tea with **ayurvedic ingredients** having health benefit. They positioned it as masala chai clinically proven to **enhance immunity and gave a tag line, "Dadi Maa Ke Gharelu Nuskhe".** It soon became the favourite chain of eateries, selling India's popular beverage, tea.

In early nineties when liberalization favoured entry of Multinationals in diverse sectors, two companies with their headquarters in USA - **Galaxly and Foodtle,** leading consumer goods company entered Indian market. The two companies respectively held two major global brands of teas **Krypton Breakfast Tea and Argon Grey Tea.** Both the global players with their vast pool of financial and other resources, knowledge of multiple markets and experienced professionals were expected to rewrite the history of the Indian Tea business.

BTTL concerned about their future engaged a leading management **consultant to** take advice on the **future course of action.**

The management consultants after a thorough study and survey in four largest metropolitan cities advised BTTL **to exit the market and encash their goodwill.** The consultants felt that it would be difficult for BTTL to survive in the tea business in India with the might of new competitors having abundant resources.

The BTTL engaged with the two global companies and **sold their packaged tea business to Galaxly in the year 1995 with a non-compete clause for 20 years.** The brands "Mitra" and "Dost" became property of Galaxly.

BTTP retained the eateries and **"Prakriti" brand. Galaxly got an edge over Foodtle in Indian Market with instant access to the distribution network.** In late 1990's Galaxly reduced production of "Mitra" and "Dost" and focussed to sell their own brands. However, both the new entrants struggled to sell their products in India. **Galaxly changed back its focus to "Mitra"** and "Dost" in the middle of last decade of the previous century and started gaining edge over Foodtle.

In the beginning of new century Galaxly had a **market share of 21 per cent and Foodtle had a market share of 13 per cent.** There were many other big and small brands that controlled the remaining share.

When the Indian tea market was witnessing a high-profile tussle between the global giants, Prakriti gained popularity among domestic consumers and increased the number of outlets to 163 located in 78 cities.

BTTL riding high on the success of their Prakriti outlets, **diversified into the fruit-flavoured beverages segment, with aims to garner significant share in the Indian fruit beverages market.** The company launched the brand 'Asli Bursts', and started selling packaged juices in three flavours – mixed fruit, green apple and tangy orange. **In the year 2010 the business expanded with the launch of 100% natural Tender Coconut Water.** As a result, it **became the country's largest health and nutritious drink brand with variety of products under its umbrella.** Over time the management of BTTL also changed and is now controlled by the next generation.

The new generation, nostalgic about their first product re-entered packaged tea business in the year 2015 with the brand **'swad'.**

They pursued to cater to broad **markets by reducing costs in the areas of procurement, storage and distribution of teas and selling it at attractive prices.** However, five years have passed; the **brand 'swad' is not able to garner any significant foothold** in Indian packaged Tea Market.

Based on the above case scenario, answer the following MCQs:

1. In the 1970's what was the position of BTTL in BCG matrix?

a. Stars **b.** Cash cows

c. Question marks **d.** Dogs

2. Which of the following are not strength of Galaxly in India in the year 1994? i. Financial resources ii. Krypton breakfast tea brand iii. Strong distribution channel

a. ii **b.** iii

c. ii and iii **d.** ii and iii

3. What is the Micheal Porter business level strategy for the brand `Swad'?

a. Cost leadership **b.** Differentiation

c. Focussed cost leadership **d.** Focussed differentiation

4. Entry of BTTL in coconut water is:

a. Market entry **b.** Market development

c. Market penetration **d.** Product development

5. Entry of BTTL in eateries with brand name Prakriti is

a. Vertically integrated diversification **b.** Horizontally integrated diversification

c. Concentric diversification **d.** Conglomerate diversification

Integrated Case Study - 16 (Money Mox)

With rising incomes of salaried class individuals and the percentage of second-generation kids pushing the economic consumption to an all time high, Anant Khanna, a 23 year old graduate of IIT Mumbai, betting on this new market segment, started a digital credit payback platform under the name of **Money Mox.**

The company began its operations last year and has already accumulated a customer base of around two million active users. One of the reasons to enter this market was the **disruptive technology already in place because of earlier FinTech startups.**

It was easy to mold the available infrastructure and build a platform. The **idea** of the company is simple; **make a gated community of high income - high spending individuals and reward them for their purchases via credit and debit cards.**

The company made news recently with global investors finding it attractive to bet on. Following which, **Josh Kattings, an early investor, met with the team and advised them to not just copy what Batuya, the key competitor with a different business model was doing, but to learn, improve and better the process for customers.**

Surprisingly, Josh also offered Batuya to work along with Money Mox for better penetration, but Anant and team did not agree to the same so early on. They had issues with their current infrastructure and rather **wanted to outshine the competition, than to shake hands and grow together.**

The company last month shared their revenue projections publicly and it attracted a lot of **old players in banking to take note of the new technology.** The leader in this sentiment was CBZ Bank which offered to buy Money Mox for 50 crores against a 100% equity deal.
Anant and team are yet to respond to the enormous offer from a well established bank, but **this surely speaks volume about how unique ideas are valued in the developing economies like India.**

Based on the above case scenario, answer the following MCQs:

1. **Which model has been thoughtfully considered while taking the decision to dive into FinTech market?**
   a. BCG growth share matrix **b.** ADL matrix
   c. Stop-Light strategy model **d.** SWOT analysis
2. **Money Mox's market strategy falls under which of Michael Porter's generic strategies?**
   a. Cost leadership strategy **b.** Focused differentiation strategy
   c. Focused cost leadership **d.** Differentiation strategy
3. **Which of the following may be true about the downsides of the plan to work along with Batuya, that Anant and team might have considered?**
   a. Trade secrets can be spilled out
   b. Ally may become a competitor
   c. There may be good sharing of skills and technology and thus the costs will rise
   d. Only A and B
4. **Which procedural approach was brought out in the investor meeting by Josh Kattings for a better market standing of Money Mox?**
   a. Business process re-engineering (BPR) **b.** Benchmarking
   c. Change management **d.** Strategy control
5. **CBZ Bank's offer to buy 100% equity of Money Mox is an example of?**
   a. Horizontal merger **b.** Concentric diversification
   c. Strategic alliance **d.** Co-generic merger

Integrated Case Study - 17 (Jalsa Group)

Jalsa Group is a family amusement park developer, based out of Ahmedabad. They have four prime properties in Gujarat; **Snake Land, Water World, Ride Road and Habitat Universe.**
Amongst above, Ride Road is the newest. The concept of Ride Road is that people can bring in their vehicles (of all sizes) and race against each other/in teams under expert guidance. The **idea is fairly new to Indian market** and the group is betting big money on it. Another bet that turned quite well for Jalsa is the **Snake Land.** The park has an integral design of a jungle with various rides based on snakes and reptiles. It has attracted locals in huge numbers and recently an influx of national tourists has been observed.
The owners liked a concept they saw on their visit to Indonesia, where people could visit an amusement park and plant vegetables and trees of their liking, and apparently own that particular tree/plant with all its produce being their property. This could have a major environmental benefit vis a vis **governmental support to set up the business.** The owners' proposed that this could even be made part of the Water World to revive it back to its glory.
Noting from above, Water World has seen tremendous competition at a national level, and the quality of rides has also deteriorated with new technological designs coming up. **To meet the losses being made at Water World, management of Jalsa built Habitat Universe in a close spot, which has been awarded at international level and is seeing slight competition with increasing tourism, as the ticket sales figures are quite high.**
The management team in their annual meeting presented the below matrix to the owners, based on which further plans were thought through;

- Stars: Snake Land
- Question Marks: Ride Road
- Cash Cows: Water World
- Dogs: Habitat Universe

The owners and team have realised that their **differentiating factor at a national level is their ability to observe international trends** and implement the same in India.

Following which, Jalsa has planned to form an international vigilance committee to find such international trends and give them an Indianess for their business. The Group plans to develop two more properties near Goa in the coming years.

Based on the above case scenario, answer the following MCQs:

1. Mark the statement(s) that are most appropriate.

a. Snake Land is in growth stage and Habitat Universe is in maturity stage.
b. Snake Land is in growth stage and Water World is in maturity stage.
c. Ride Road is in introduction stage and Habitat Universe is in maturity stage.
d. Ride Road is in introduction stage and Water World is in declining stage.

2. Formation of International Vigilance Committee is an incidental product of ________ of Jalsa Group?

a. Core competency
b. Differentiation strategy
c. Cost leadership
d. Strategy audit

3. Developing Habitat Universe is what kind of an expansion strategy?

a. Vertical diversification
b. Concentric diversification
c. Conglomerate diversification
d. Horizontal diversification

4. Which of the following is true in the matrix presented at annual meeting with the owners?

a. Stars: Snake Land and Question Marks: Ride Road
b. Cash Cow: Water World and Stars: Snake Land
c. Dogs: Habitat Universe and Question Marks: Ride Road
d. Question Marks: Ride Road and Cash Cow: Water World

5. Clearly SWOT analysis helped the owners' understand their differentiating factor of success, but which factor amongst the below can disrupt their differentiation factor in the long term?

a. Highly complex environment
b. Competitive scenario
c. Both (a) and (b)
d. SWOT analysis is a fool proof technique, thus nothing would affect

Integrated Case Study - 18 (Bhartiya Cricket Premier League (BCPL)

Bhartiya Cricket Premier League (BCPL) is one of the most valued sports events which is held every year. Started in 2007 by Board of Indian Cricket, the cricket tournament became a model for success with strong revenue flows both for the parent company i.e. Board, team owners, broadcasters and players.

According to an estimate valuation of the prestigious sports brand was approximately Rs 50000 crore. Approximately 60% of the revenue comes from sponsorship rights, 10 percent from ticket sales, 5% from merchandise sale and balance 25% from selling broadcast rights.

The sponsorship rights sold for 5 years had jumped from Rs 40 cr annually in 2007 to Rs 400 crores in 2019 and the Broadcast rights for five years were sold at staggering Rs 16000 crore. The annual event held so much attention when held in India that almost all the major companies wanted to associate with it in some or the other way.

In fact TV broadcasters started charging astronomical amounts for 10 second spot advertisements and the viewership was enhanced in quantum proportions. The event was organized in multiple cities in India where paying capacity was there, good infrastructure existed like hotels, sports complexes, gymnasiums, shopping malls etc.

In March 2020, Government of India looking at the growth of Covid 19 virus announced lock down aimed to curb movement and gathering of people.

All flights were cancelled and sports, cultural events were banned. There was **border tension with neighboring countries** as well. The management of Board of Indian Cricket were in fix as to **cancellation of the event.** There was immense pressure from politicians and media to cancel the event in view of global pandemic and border tensions. According to prevailing opinion safety of players and spectators would have been compromised in case the event is held. **Cancellation meant loss of annual revenue from sponsorships, broadcast rights and gate collections.** Many members of the Board wondered that in case spectators are not allowed for whom the event should be held? **An emergency Board meeting was held to take crucial decisions and the CEO was asked to present to the Board various options.** The CEO, a bright student with Management and CA background quickly did number crunching, studied various processes and prepared different options.

Based on the above case scenario, answer the following MCQs:

1. The Premier League, in the current situation has to undertake what kind of analysis to arrive at one of the choices provided by the CEO ?

a. Risk analysis **b.** Competitive analysis
c. Industry analysis **d.** Business analysis

2. Choose the appropriate options provided by the CEO on behalf of the board:

a. Cancel the event in the absence of scope of spectators.
b. Hold the event in India at an isolated location despite inadequate facilities.
c. Hold the event outside India to enhance earning through broadcast and sponsorships.
d. Postpone for the current period of pandemic.

3. Critical Business Processes that should be the first priority for the board to enhance revenue incase the event is physically held

a. Information technology enabled processes involving audience and sponsors.
b. Cost -effective hotel accommodation and travel.
c. Reduced revenue share to stakeholders.
d. Downsizing the composition of delegations.

4. The decisions that are going to be considered by the board for overcoming the situation can be strategic only if :

a. No reliance on external environment as they change and cannot be predicted.
b. The league should generate revenue to meet its operational costs.
c. The stakeholders are duly compensated in the short run.
d. Significantly impact on the long-term prosperity of the league.

5. According to the case, who are the chief customers in this scenario?

a. Sponsors **b.** Spectators
c. Channel partners **d.** Sports retailers

Integrated Case Study - 19 (HearU)

HearU, a home-grown millennial brand providing on demand services for clinical depression and unmodulated anxiety, recently launched a pan India application to serve individuals with early stage to severe levels of mental instability.

The brand was launched last year by a group of **middle-aged corporate executives, eyeing the growing mental health care sector.** Their services have had good organic reach where people of all ages are using their promotional free services. **The most active age group on their application has been 28 to 35.**

One of the biggest consumer goods brands, Palto, recently invested heavily in the **mental health segment,** and this gave the management of HearU much anticipated confidence in the industry's viability. It is important to note that Palto's leadership team **has been infamous for entering a market, infusing huge funds on developing the market, advertising on all media forms, and churning out money from the customers due to its established brand name.** This has been their strategy for the mental health segment as well.

The thought behind starting HearU was to spread awareness and serve the individuals in need; to set up a dialogue between those who might need consultation and those who are going through it, while being a mediator in finding mental calmness. **HearU is content with its organic reach and plans to infuse more on their quality of service than advertising and to do so affordably**

This core thought of serving people is a **top-down responsibility** within the company as well. Each **employee takes ownership of delivering selfless** and utmost quality help.

Teams are interactive, adjusting and the sense of competition is replaced by collaboration. The company leaders take pride in being able to find and retain such talent.

HearU has been making nil profits since inception and plans to monetise soon. Palto on other hand, has been disrupting the market by engaging with customers and making decent profits. They have lined up celebrities urging youngsters to use the application.

1. **Funds infusion by Palto in the mental health segment can be defined as which of the following methods of industry and competitive analysis?**
   - **a.** Dominant economic features of industry
   - **b.** Strength of competition
   - **c.** Triggers of change
   - **d.** Strategic moves of rivals
2. **What kind of strategy is HearU pursuing while Palto is spending so much on promotion?**
   - **a.** Expansion strategy
   - **b.** Combination strategy
   - **c.** Stability strategy
   - **d.** Retrenchment strategy
3. **Which of the following is false about HearU's corporate culture?**
   - **a.** Constructive environment
   - **b.** Cross-functional teams
   - **c.** Healthy competition
   - **d.** Leadership accessibility
4. **Which of the following Ps of Marketing Mix are core strengths of HearU?**
   - **a.** Product and Place
   - **b.** Price and Promotion
   - **c.** Product and Price
   - **d.** Place and Price
5. **Which of the following is flawed in Palto Brand's strategic intent?**
   - **a.** Vision
   - **b.** Mission
   - **c.** Goals
   - **d.** Objectives

Integrated Case Study - 20 (MPCL)

Medline patient care limited (MPCL) began its business as a small family-run business supplying custom-made hospital furniture and patient care equipment.

The company started its operations with meager capital and work force in the year 1990, now having 20 years of experience and expertise, it has grown into a thriving hub of experts specializing in either custom-made, locally sourced or quality imported commercial grade hospital furniture. The company has made a significant name in the field of **"patient care equipment"** by providing high quality products to its customers.

MPCL has a wide business network throughout India and supply its products to various hospitals, nursing homes and medical colleges. It is well-known for manufacturing **Hospital Furniture and Operation Theatre Equipment (Tables and Lights).** Due to sudden plunge in the sales volume, margin of profits and declining market share, the company's CEO called a meeting with Board of Directors and other senior executives. **They decided to appoint Mrs. Puri as a new strategy manager.**

As a newly appointed strategy manager, **Mrs. Puri has to assess and analyse the business environment and work out on the reasons of declining trends.** Mrs. Puri conducted **SWOT analysis** and observed that the reason of these decreasing trends is increased **competition that has emerged over the last three years.** For many years, MPCL has been known for high quality but now this **quality is being matched by the competitors who are able to sell at lower prices**

After analysing the business environment, **Mrs. Puri submitted her report to the top level management with the following proposals:**

- Focus on technology, innovation, and quality: The expert technology, quality and innovates can earn the confidence of Doctors and the trust of consumers in developing latest Medical Equipments.
- Employee training & development: She advised to train and experts technical staff in our company to produce trouble free products.
- Cost rationalization: Reduction in the cost of production is required.
- Client service, support, and feedback: MPCL understands the importance of "After Sale-Service" to customers and always concentrate on this point.
- Product testing: All products are thoroughly tested before dispatch.

Based on the above case scenario, answer the following MCQs:

1. **After conducting the SWOT analysis by Mrs. Puri in MPCL, she identifies that high quality, custom-made hospital furniture has made a significant name in the field of "patient care equipment" by MPCL. For MPCL, these features of its products are its: a. Less uncertainty in industry**

   a. Strength **b.** Opportunity
   c. Weakness **d.** Threat

2. **MPCL recruits and appoints various employees at their respective levels in the organisation. Identify, the CEO, Board of Directors and other senior executives are a part of which of the following Strategic Levels in the organization?**

   a. Business level **b.** Functional level
   c. Corporate level **d.** Consultant level

3. **According to Michael Porter's five forces model, which force came into existence for declining the growth and profits of MPCL**

   a. Threat of new entrant **b.** Threat of substitutes
   c. Bargaining power of customers **d.** Bargaining power of suppliers

4. **MPCL's market share is declining due to equivalent products being sold by competitors at lower prices. What does this statement reflect?**

   a. It reflects that the cost of production of competitors is lower than MPCL
   b. It reflects that the competitors are providing cheap products
   c. It reflects that MPCL has declined the quality of its products
   d. All of the above.

5. Competitive advantage leads to superior profitability. Mrs. Puri's report indicates the factors for value creation. Identify the factors by which MPCL can achieve competitive advantage by value creation.

a. The expert technology, quality and innovates can earn the confidence.

b. Reduction in the cost of production is required.

c. After Sale-Service to customers and welcome the valuable suggestions from their customers.

d. All of the above.

Integrated Case Study - 21 (Trepsico Trito Company)

Trepsico Trito Company is one of the most famous brands in food and beverages industry in the world. It has seventeen food and beverage brands worth more than 100 crores. Trepsico Trito, Crisppy Chips (subsidiary), Tasty Chips (acquisition), Tangy (joint venture), Twisters (acquisition), and Threshold drink are just some of the household names that Trepsico Trito Company manages. Trepsico Trito's **mission is to provide consumers around the world with delicious, affordable, convenient and complementary foods and beverages** from wholesome breakfasts to healthy and fun daytime snacks and beverages to evening treats. Convenient F&B defines Trepsico Trito's business. Trepsico Trito's vision is articulated as achieving business and financial success while leaving a positive imprint on society – delivering what **it calls Performance with Purpose.**

For example, Trepsico Trito India's Agri program presently benefits over 24,000 farmers across 14 states through various Agri and sourcing initiatives. All the potato used in Crisppy Chips and Tasty Chips is grown in India and sourced from Indian farmers. Through its **360-degree farmer connect initiatives for potato cultivation, Trepsico Trito provides training and seed support, advanced plant protection programs, and assured buy-back with reasonable returns.** Besides backward integration with farmers it has invested in cold storages along its supply chain **Since 2009 it has been Water Positive by conserving, utilising and managing this important resource in a sustainable manner.**

The company is **geographically diverse** too. Trepsico Trito operates all around the world- only 50 per cent of its sales come from the United States and Canada.

Given this breadth of business and market scope, Trepsico Trito faces a variety of strategic scenarios: **capitalizing on scale advantage in its core brand where it is a global leader; building businesses in fast-developing and unpredictable markets, categories, and products more so on account of shifts in consumer behaviour such as a greater focus on healthy living away from its "star" carbonated beverages and "cash cow" fried snacks businesses; the need for greater experimentation and innovation,** for example in new flavours of chips to create and capitalize on newer sources of growth. It is not inconceivable that Trepsico Trito's different businesses at different times go through different stages of strategy thus necessitating a portfolio approach to strategy formulation with reference to market /business growth and market share such as BCG Matrix.

While it competes fiercely with Chilled drink in different countries, it proactively fosters strategic partnerships with quick service restaurants and multiplex players.

1. Match the columns in respect of the following elements of the strategic intent and their descriptions:

Column A	Column B
(i) Vision	(a) Product-Market Configuration
(ii) Business Mode	(b) The way business is conducted
(iii) Business Definition	(c) Aspiration for a desired future
(iv) Mission	(d) The scope of Business

a. (i)-(a); (ii)-(b); (iii)-(c); (iv)-(d)

b. (i)-(b); (ii)-(c); (iii)-(d); (iv)-(a)

c. (i)-(c); (ii)-(b); (iii)-(d); (iv)-(a)

d. (i)-(d); (ii)-(c): (iii)-(b); (iv)-(a)

2. State the two dimensions implied by portfolio approach to strategy formulation in Trepsico Trito's experiences are:

a. Vision and Mission

b. Food business and Beverages business

c. Market growth and Relative market share

d. Performance and Purpose

3. The business/ product portfolio classification implied by BCG Matrix comprises which of the following combinations?

a. Growth; Stability; Retrenchment; Turnaround

b. Weakness-Threat; Weakness-Opportunity; Strength-Opportunity; Strength-Threat

c. Cash-cows; Stars; Question marks; Dogs

d. Market penetration; Product development; Market development; Diversification

4. Which of the following may be cited as instances of collaborative approach/ strategic alliance Trepsico Trito follows in its strategy?

a. Diversification from carbonated drinks to fruit juices

b. Diversification from fried to baked chips

c. Partnerships with quick service restaurants and multiplexes

d. Diversification into breakfast cereals

5. Which of the following is the most correct corporate level strategic alternative by the overall strategic direction evident from Trepsico Trito's corporate strategy?

a. Growth/Expansion strategy **b.** Stability strategy

c. Retrenchment strategy **d.** Turnaround strategy

Integrated Case Study - 22 (Aero Mind Bridge Technologies Ltd.)

Aero Mind Bridge Technologies Ltd (AMBTL) is a software development company work as a solution provider to airlines industry.

The company was established more than a decade ago by Mr. Pranshu Gupta having experience of working in the United States of America (USA). His entrepreneurial desires brought him back to India to promote Aero Mind Bridge Technologies Ltd (AMBTL). The company started its operations with a meager capital of Rs. 10 lakhs with limited workforce. Currently, it enjoys a valuation of more than Rs. 50 crores. Almost everybody **acknowledged the competency of AMBTL in developing customised software for the airlines industry.**

The high growth of the company was mainly on account of the heavy inflows of the funds in the airlines industry from various big business houses that have diversified into airlines industry. **Currently, these business houses were in the manufacturing of FMCG, textiles, packaging etc. and having good expertise and uniqueness** in these industries.

However, AMBTL saw stagnation in last three years. The order position was shrinking day by day. The margins were also reducing. Last year was particularly bad for the AMBTL and its **annual sales reduced by 20 %** for the first time since its inception.

Most of the business houses that had entered in the airlines industry had **less knowledge and experience in the industry.** However, their desire to diversify and seeing new opportunity in the airlines industry prompted them to invest heavily into the industry.

However, things did not turn out to be as expected.

The tough competition between several players, reduction in the fare by railways and high prices of aviation fuel created problems for the industry. T**he sector was not able to generate reasonable profits** thus resulting difficulty in maintaining operations. They were in need for hard to come by capital.

Lately, the airlines industry is witnessing some consolidation with companies planning for mergers or even contemplating closures.

The **general global recession** also resulted in the reduction of travel expenditure of corporates resulting in decrease in the order position of AMBTL.

Based on the above case scenario, answer the following MCQs:

1. Identify the nature of diversification by the business houses entering into airlines industry

a. Concentric diversification **b.** Conglomerate diversification

c. Vertically integrated diversification **d.** Horizontal integrated diversification

2. The big business houses were in the manufacturing of FMCG, textiles, packaging etc. and having good expertise and uniqueness in these industries. But they are not performing well in airlines industry because of

a. Non availability of funds **b.** Incompetent workforce

c. Rapid technological changes **d.** Lacking core competence

3. According to Michael Porter's model, identify the competitive pressures faced by airlines industry as per the given scenario.

1. Competitive pressure among rival sellers
2. Competitive pressure from suppliers
3. Competitive pressure from substitute products
4. Competitive pressure from buyers
5. Competitive pressure from new entrants

Select the correct combination in the above scenario:

a. 1, 2 & 3 **b.** 1, 3 &

c. 2, 3 & 5 **d.** 1, 4 & 5

4. AMBTL could be easily marked as a Star as per BCG's Growth Matrix in its early years. However, the last three years have not been good for AMBTL. Where would you put it on the BCG Matrix?

a. Dog **b.** Question mark

c. Will remain a star **d.** Cash cow

5. Mr. Pranshu Gupta as a core strategist of AMBTL has been authorised to bring about strategic change in his company, how he will initiate "unfreezing of the situation"?

a. Promoting new ideas throughout the organization

b. Promoting compliance throughout the organization

c. Promoting change in process throughout the organization

d. None of the above

Integrated Case Study - 23 (Cosmetrix)

Cosmetrix was awarded as the fastest growing cosmetics brand with over 50 stores in various parts of the country The brand had been doing fairly **well until the advent of e-commerce** in India. Huge flocks of consumers shifted to online buying and the business of Cosmetrix started to slow down.

The management had a staunch belief that brick and mortar businesses shall prevail even if consumers opted to buy online, and thus, to turn around the brand, they added a new segment of branded watches to their existing stores under the name of **Rize.**

The new segment involved spending huge funds in inventory, distribution and promotion, more so, it ate up 80% of the companies working capital. It can only be termed unfortunate that even **Rize was a flop show strategy for the company.** The management saw one of the biggest losses in a decade and were skeptical of continuing the business.

There came a **Japanese clothing brand called Amixo offered Cosmetrix to lease their stores and distribution channels,** as they wanted to set up 500 plus stores in South-East Asia, with over 100 stores in India alone. They also brought in Ms. Amrita Ahuja to lead the India operations. Cosmetrix accepted the offering and exited cosmetics business to foray into real estate leasing.

Amixo has been a huge success in East Asian with influence on developing nations of Indonesia, Bangladesh, India and Pakistan. As they began into Indian market with Cosmetrix's existing skeleton of business, they wanted Amrita to deep dive into the **existing work culture of Cosmetrix and enhance it while changing the basics of business that matched Amixo's processes. They wanted the Indianness in distribution channels and stores which would allow customers to feel trusted while shopping.**

The shift of business for Cosmetrix and a new market for Amixo, have so far been a good strategy, but how sustainable it is for both parties is yet to be seen.

Based on the above case scenario, answer the following MCQs:

1. Which of the following aspects do you find missing from Cosmetrix's early business policy?

a. Functions and responsibilities of senior management

b. Defining crucial problems that affect success

c. Decisions that determine direction

d. Decisions that shape its future

2. Rize was a well thought strategy but it failed enormously, leading to a major cash crunch. Which of the following statements fits Rize?

a. It was an intensification strategy which focussed on penetrating market.

b. It was a diversification strategy, concentric in nature.

c. It was a combination of intensification and diversification strategies.

d. It was a diversification strategy, conglomerative in nature.

3. What amongst the following can be said about Cosmetrix's business till Amixo partnered with them?

a. It was in a SO (Maxi-Maxi) segment

b. It was in a ST (Maxi-Mini) segment

c. It was in a WT (Mini-Mini) segment

d. It was in a WO (Mini-Maxi) segment

4. Amixo from Japan has been expanding in South-East Asia because of which of the following two advantages over its competitors?

a. Capital inducement

b. Switching cost

c. Brand identity

d. Economies of scale

5. What kind of leadership did the management of Amixo expect from Ms. Amrita Ahuja

a. Capital inducement

b. Switching cost

c. Brand identity

d. Economies of scale

Integrated Case Study - 24 (HotCopy)

Over 3 billion people worldwide drink coffee every day, and about 18% of Indians prefer coffee over tea.

These numbers are growing at a rate of 11% and HotKopi wants to lead the way ahead in budget coffee stores in the Indian subcontinent. With many new brands mushrooming out to make money from the growing industry, HotKopi's unique selling proposition (USP) is its hand blended coffee, roasted on cow dung.

The business is not easy, getting quality cow dung, training individuals, packing organically and maintaining hygiene has been a constant issue. However, their customer reach and relationship management has been a winner in the market. This has helped them grow slow and steady even with enormous competition in the coffee segment.

In their annual finance meeting, the CFO of the company targeted to achieve 30% growth in customers and 7% increase in net profits as soon as possible. On these lines, the company planned to expand its operations and team size to nearly thrice of what they were in the beginning of the year.

The business of HotKopi seemed sustainable but as the environment is dynamic and competition is fierce, the management had been keeping an eye on competition very closely. The promotions from competitors were flocking between being organic to dropping prices, offering free corporate parties, student discounts and souvenirs for high purchasers. The team knew these were costly promotions and were denting their competition economically but getting them business and a big share of the market. More so, ChocoJoe, the biggest coffee brand in North America, was due to enter India in the coming months. They had already partnered with one of HotKopi's competitors and the business sustainability of HotKopi seemed weak. The team sat down for a round table meeting and decided to offer their entire business to ChocoJoe for a 120% premium and exit the business.

ChocoJoe recently accepted their offering and the deal shall finalise by year end.

HotKopi has been a short success story which shall now hide behind the mega branding of ChocoJoe. Nonetheless, businesses are meant to be practical at times rather than being emotional. Whether the decision to sell off and exit was a wise one or not, only time would tell.

Based on the above case scenario, answer the following MCQs:

1. Which of the following aspects of Value Chain Analysis has been a crisis area for HotKopi

- **a.** Inbound logistics and Transformational operations
- **b.** Outbound logistics and Transformational operations
- **c.** Marketing and Sales
- **d.** Service and Inbound logistics

2. Differentiation has been core to HotKopi's business, but it has its own weaknesses. Which of the following could be the weakest of them all for HotKopi?

- **a.** Price point war
- **b.** Sustainability of uniqueness
- **c.** Inevitability of offering proposition
- **d.** Switching costs for customers

3. Which core characteristic in CFO's objective of achieving 30% growth in customers and 7% increase in net profits is missing?

- **a.** Being concrete and specific
- **b.** Providing standard for performance appraisal
- **c.** Challenging in nature
- **d.** Time frame specific

4. Had they not offered their business to ChocoJoe, HotKopi would have to pursue their plans of expansion. Which of the following would best suit their organizational structure?

- **a.** Divisional structure
- **b.** Multidivisional structure
- **c.** Functional structure
- **d.** Strategic business unit structure

5. HotKopi opted for liquidation. What kind of strategic control helped them get money out of the business at the right time?

- **a.** Strategic surveillance
- **b.** Special alert control
- **c.** Premise control
- **d.** Management control

Integrated Case Study - 25 (Monolith Events LLP)

There is a wave of interest from around the globe for an upcoming one of its kind three-day fitness event called DRIPP, organised by Monolith Events LLP. The event is due next year, and the tickets are already sold out.

Major attractions are that only organic foods and health drinks shall be available throughout the three-day event, free consultations with athletes, training tips and tricks. Competitions with prize money are also up for grabs. A lot of Bollywood Stars and International Celebrities have also shown interest and pledged to visit the event in Goa.

Rishi Bhalla, the Chief Logistics Officer has formed a team of 30 persons to get the right products, from the right place, to the right place at the best possible prices.

They have been in conversation with many local vendors for organic products and have an inclination towards local businesses than going for big brand names. The idea is to give maximum profits to the vendors and in doing so the vendors would also have to bear costs of setup and share risks of organising DRIPP. It seems a fair win-win proposition.

Further, Elina Ray, Director of Operations has divided her team into middle managers looking after finance, customer service, supplies, community engagement and IT. They would all report to Elina directly and would be independent in taking decisions for their respective responsibilities. This would ensure an autonomous decentralised management to speed up operations.

The team had been working long hours till January and the business was struck by the pandemic. They have been fortunate enough to keep the ticket buyers, vendors and celebrities on board and even though the preparations have been a challenge in Covid19 times, the team has worked hard to keep things intact and on track.

Assuming the global and domestic travel to normalise by next year, the team at Monolith anticipates many more such events like DRIPP with big event companies joining the party to imitate their concept.

Based on the above case scenario, answer the following MCQs:

1. Which of the following is untrue about Elina Ray's team?

a. They are group of Functional level managers.
b. They are aimed at facilitating the business level strategies
c. They would work isolated but work towards core business strategies.
d. They would be responsible for control of their respective function.

2. Which of the following best describes the vendor engagement for DRIPP?

a. Organizational alliance
b. Economic alliance
c. Strategic alliance
d. Political alliance

3. Which of the following is a focal weak point for DRIPP's success if the pandemic allows more time for competitors to conceptualise something similar?

a. Minimum capital requirement
b. Inadequate barriers to entry
c. Easy access to distribution channels
d. Low switching costs

4. Rishi Bhalla's team is formed for which of the following?

a. Logistics management
b. Vendor management
c. Overall operations
d. Supply chain management

5. For an Events Management firm such as Monolith Events LLP the ideal form of organisaitonal structure would bea. Hourglas **b. Matrix**

c. Functional
d. Divisional

Integrated Case Study - 26 (Scripzy)

Increasing investment in the share market, mutual funds, and equity/debt investment plans from the growing salaried middle class gave birth to Scripzy, an Artificial Intelligence based market predictor and digital brokerage company. The company is headquartered in Mumbai and has a team of 100+ IT professionals working on building a safe and secure digital infrastructure.

The market is saturated. There is fierce competition and big brands have all jumped in with digital offerings for their existing customers. Scripzy, on the other hand, is new and vulnerable but its organic reach to the young earning set of customers is a winning streak. This was achieved by project Force.

Project Force was a secret market analysis conducted by internal teams to find sustainable competitive advantages, focus on final product attributes most valued by customers and imitate the competitive capabilities of competitors. It was a complete final product-customer approach which helped them win over youngsters.

	Interestingly, the company being AI based has also automated its internal decision making with inhouse AI decision making bots. The top management explains their requirements to the AI bot and the bot makes functional decisions that are to be executed by respective teams. It also engages with team leaders and sends regular reports on fulfilments. This projected a very strong image for the company in the international market and a Chinese investor offered them a huge undisclosed amount to buy-out the AI system. Scripzy immediately accepted the offer and earned huge sums from the unexpected sale. Repercussions followed and their core customers, the youth, boycotted their product. The team had to approach the share market leaders to support and with a little influence from the share market leaders, they were able to regain their "True Indian Company" status in the media. Nonetheless, damage had been done and they saw their customer base shattered to an all time low. Decisions which seem economically attractive are multi-faceted, and this is one lesson that Scripzy shall remember for times to come. Business for now is low and weak, but a good strategy can change the landscape for Scripzy's future.

Based on the above case scenario, answer the following MCQs:

1. **Which of the following statement by Ansoff is most appropriate for Scripzy's strategy in the changing environment?**

   a. Preparedness of worst case scenarios
   b. Far fetched planning of leadership.
   c. Money has the power to influence environment
   d. Blend of proactive and reactive actions

2. **Project Force was crucial in determining Scripzy's position in the market. However, which of the following metrics was missed by the team while understanding KSFs?**

   a. Crucial product attributes
   b. Sustainable competitive advantage
   c. Resources for competitive success
   d. Competitive capabilities to be competitively successful

3. **Scripzy's huge investment in Artificial Intelligence has caused its organisational structure to be which of the following structures?**

   a. SBU Structure **b.** Divisional Structure
   c. Hourglass Structure **d.** Multidivisional Structure

4. **In future, to fight out uncertainties like geo-political influences, which of the following can be used by Scripzy?**

   a. Strategic Audit **b.** Scenario Analysis.
   c. Benchmarking **d.** ADL Matrix

5. **Not all customers can be satisfied, and Scripzy addressed the same by connecting with the right customers. Arrange the following in the order that Scripzy followed while pursuing their customer reach out.**

   i. Market Positioning
   ii. Market Segmentation
   iii. Market Target

   a. (i), (ii), (iii) **b.** (ii), (iii), (i)
   c. (iii), (ii), (i) **d.** (i), (iii), (ii)

Integrated Case Study - 27 (Amrutha)

Amrutha, a third year computer science student living in Tamilnadu, realised that during covid-19 pandemic her mother was not able to buy the basic products that she used in her worship routine. As a result, many small vendors also went out of business during the lockdown. She started studying more about the market and observed that the way the business was conducted had many gaps and loopholes. She dedicated herself to develop a small market place where consumers like her mother and small vendors could meet and trade, and called it Saamagree.

Her interaction with small vendors was a success factor, where she was able to convince them to bring their business online and give them volume in sales. Vendors were hesitant early on, but followed suit when they saw the benefits coming in. Amrutha, being a student was happy with the growth and wanted to focus on studies more and let the business operate as usual.

To her surprise, her father's company which was a big FMCG brand took over her business within a year itself, and designated Ms. Srividya Rajanan, to lead the division with Amrutha. Amrutha, knew her customers and vendors very closely and Ms. Rajanan was an expansion expert. So their division was developed as a simple structure within the organisation as an experiment.

Ms. Rajanan's marketing team expanded swiftly to rope in vendors from areas far and beyond backed by their in-house distribution channels. However, the initial vendors and customers felt betrayed as their trust rested in Amrutha and her personalised touch to the business. It took the team months to build an identity that matched the sincerity of a one woman led brand.

The market segment has been a very niche one for the FMCG brand however the results have been satisfying. The plan is to go Pan-India in the coming years with Amrutha leading from the front and Ms. Rajanan exiting the division. New markets, new ways of business are inevitable and bring a freshness to business is what Saamagree has proven.

Based on the above case scenario, answer the following MCQs:

1. Which of the following characteristics has been one of the biggest strengths of Saamagree's management?

a. Induce and direct events **b.** Induce and direct people

c. Influence process to make things happen **d.** Gain command over the phenomena

2. The leadership team decided to keep the organisation structure straight and simple based on the intricacies of?

a. Goals and objectives **b.** Vision statement

c. Business definition **d.** Business model

3. Before Ms. Srividya Rajanan joined the company, Amrutha's intent was inclined towards which of the following strategies?

a. Combination strategy **b.** Retrenchment strategy

c. Expansion strategy **d.** Stability strategy.

4. The marketing team of Saamagree could not gauge a very crucial aspect of markets that led to a temporary dent in its brand positioning. Which of the following is being mentioned in the above scenario?

a. Switching costs of products **b.** Distribution channel accessibility

c. Retaliation from the market **d.** Political influence in the industry

5. The very ideation of the business was based on bringing about a change in existing ways of business. What can be said about the basis of building Saamagree?

a. Market penetration **b.** Business process reengineering

c. Product differentiation **d.** Best cost provider strategy

Integrated Case Study - 28 (TEEMOX)

Rohansh Bakshi a 22-year-old from Maharashtra, started a gaming equipment company called TEEMOX, which specialises in gaming chairs, gaming consoles, controllers, wireless keyboard, and touchscreen mouse pads. Rohan has been an innovator and loves building products. Hence, to prioritise his time more on development, he insisted Mr. N. Muniyappa, his mentor, to be the CEO of the company and spearhead business from the front.

Rohansh has always believed in bringing something new to the consumer and that is clearly projected in the products offered by TEEMOX. His designs reflect youth with exciting colors and comfort, and they match the quality of global big brands. However, to make his products worth the money that his customers are paying, the procurement is done from Indonesia and Vietnam, where the materials are easily available at low costs.

Interestingly, Rohansh's AI based gaming chairs have been a huge hit for the company, bringing in the maximum revenue and margins. The business has gone from 200 units sold to over 5000 units sold in just six months. To add to it, a famous FMCG Brand approached TEEMOX to collaborate for a sports drink focused on gamers. The team is excited about this collaboration as the deal shall bring in more awareness and open newer markets for them. But Mr. Muniyappa insists that this might as well displease the existing consumers who relate to TEEMOX as a customer-oriented brand rather than yet another money minting business.

Nonetheless, the plans seem to be working in the company's favour for now and the future seems bright. To put in context, the gaming industry is booming with a Compound Annual Growth Rate (CAGR) of 190%, adding over 20 million new customers every quarter. Clearly, opportunities are enormous, and the brand is on track. A well-established vision and mission for the company could be a strong strategic advantage for challenging times to come.

Based on the above case scenario, answer the following MCQs:

1. Based on the above case which of the following seems true above the Strategy of TEEMOX?

a. Strategy was unified and comprehensive.
b. Strategy was comprehensive and integrated.
c. Strategy was integrated and unified.
d. Strategy was integrated, unified and comprehensive.

2. Gaming chair business of TEEMOX is a cash cow. Which of the following strategies helped it become such an influential business?

a. Organisation differentiation
b. Product differentiation
c. Focused differentiation
d. Low-cost product provider

3. By routing its products from Indonesian and Vietnam, TEEMOX was able to achieve which of the following strategies on the holistic level of business?

a. Product differentiation
b. Horizontal integration of business
c. Best cost provider in the industry
d. Globalisation of business

4. With the appointment of Mr. N. Muniyappa, Rohansh can be designated as which of the following?

a. Vice President
b. CEO Emeritus
c. Chairman
d. Functional Head

5. Which Ps of marketing have been the winning Ps for TEEMOX?

a. Product and Place
b. Promotion and Price
c. Price and Product.
d. Promotion and Place

Integrated Case Study - 29 (O-Farm)

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 following MCQs:

1. **O-Farm 's new strategy implementation as a result of amendment of Agriculture laws by the government, resonates with which of the following statements?**

   a. Organisational operations are highly influenced by ripple effect of environmental changes.

   b. Organisational structure is highly influenced by ripple effect of environmental changes

   c. Organisational operations are not affected by the ripple effect of environmental changes

   d. Organisational structure can influence the environmental changes.

2. **The shift of O-Farm from "Kisaan Kalyan" to "Upbhokta Sewa" is a change in?**

   a. Mission **b.** Vision

   c. Promotion **d.** Product

3. **Which of the following was the first and major advantage for O-Farm that helped them achieve Cost Leadership in the market?**

   a. Economies of Scale was achieved very early on

   b. Prompt forecast of product's demand

   c. Becoming customer oriented

   d. Well negotiated purchase contracts

4. **O-Farm's marketing strategy is an example of which of the following marketing strategies?**

   a. Person Marketing **b.** Augmented Marketing

   c. Enlightened Marketing **d.** Synchro Marketing

5. **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?**

   a. Competitors would imitate its modus operandi.

   b. Marketing cost will be huge as volumes increase given its choice of marketing strategy.

   c. Change in Agriculture Laws shall disrupt its supply chain time and gain.

   d. Sales volume will have to outperform its own targets and even that of competitors.

Integrated Case Study - 30 (Connect Private Limited)

Connect Private Limited, a Mumbai based company is launching a smartphone, under the brand name of Poppy. The company recognizes plethora of options that customers have from Chinese manufacturers flooding the smartphone landscape. With recent COVID-19 pandemic hurting the global sentiment towards Chinese products, the company plans to play on the patriotic card and advertise Poppy as the "Desi" smartphone of India.

Strategic Arm of the company undertook an industry analysis and reported, that, budget phone segment was overtaken by the Chinese brands completely; however, the low segment of smartphones was still open for exploration. Thus, the company planned to enter the market with two models, Poppy A and Poppy B, priced at ` 4,499 and ` 5,499.

The company is also aware that their product can easily be imitated at same costing as well as pricing, and thus the very essence of their product can be lost. A team of marketing professionals was hired to tackle this issue. The solution they suggested was to take the first mover advantage by spending huge sums in advertising and promotion.

Based on sound consciousness of the competition from huge money backed international players, the company decided to manufacture smartphone covers and accessories with the same "Desi" tag, along with Poppy Smartphones. This shall help them mitigate the risk of being completely thrown out of business. Consequently, they invested a fairly good amount in manufacturing of these accessories.

The investors made it an objective for the team to reach an annual sales volume of 15,000 handsets and 70,000 pieces of accessories. The accessories sales surpassed the expectations by a fairly good margin. However, Poppy A and Poppy B did not receive the much anticipated response and the leadership decided to reduce the scope and focus purely on accessories business going forward.

With a new focus on accessories production, the "Desi" tag will still play an important part in the success. However, they need to ensure creation of strong barriers to entry for domestic players, and for that, they have plans to increase the production to enormous levels. This shall reduce their unit cost, thus, eliminating the new entrants due to extremely competitive pricing.

Based on the above case scenario, answer the following MCQs:

1. Connect Private Limited, entered a saturated market of smartphones, after a due market study of understanding the competitive landscape. Put the below steps in correct sequence of understanding the competitive landscape.

i. Understanding the competitors

ii. Determining strengths and weaknesses of the competitors

iii. Identify the competitors

iv. Put all information gathered together

a. (I),(III),(II),(IV) **b.** (III),(I),(II),(IV)

c. (II),(III),(IV),(I) **d.** (I),(III),(II),(IV)

2. Annual sales volume as an objective by the investors was crucial to establish the company in the market. In which stage of strategic management are such annual objectives especially important?

a. Formulation **b.** Control

c. Evaluation **d.** Implementation

3. Following the sales numbers reported at the end of year, the leadership took a serious strategic stand point to move forward and shift to a new core business which was more profitable. Under which of the following category of business strategy can this decision be categorized?

a. Retrenchment strategy **b.** Strategic alliance

c. Diversification strategy **d.** Market development

4. After getting results from the market, accessories business of the company can be classified under which category of BCG's growth share matrix?

a. Star **b.** Question mark

c. Cash cow **d.** Dog

5. In the second phase of shifting the business focus to peripheral accessories production, Connect Private Limited has planned setting up entries to barrier for its potential competitors. Which of the following barrier have they planned to implement?

a. Capital requirement **b.** Product differentiation
c. Access to distribution channels **d.** Economies of scale

Integrated Case Study - 31 (3M Company)

The 3M Company is an American multinational conglomerate corporation operating in the fields of industry, worker safety, US health care, and consumer goods. The company produces over 60,000 products under several brands. **3M made $32.8 billion in total sales in 2018, and ranked number 95 in the Fortune 500** list of the largest United States corporations by total revenue.

3M Company is famous for their exceptional product ideas and innovations. Founded in 1902, the company first focused on sandpaper products. In the 1920s, the company invented the world's first **waterproof sandpaper,** which reduced airborne dusts in automobile manufacturing. The next major break-through occurred in 1925 when they came up with the idea for **masking tape.** This soon led to more **diversification of the product** and became the first of a variety of **Scotch Tapes.** During the next decades, the company's innovations in **pharmaceutical, radiology, and energy control** made in news.

For this company, it is an everyday challenge to come up with new innovative ideas and to turn them into a commercial success. In the 3M became aware that too much of the company's growth was the result of **incremental changes to existing products.** In fact, new innovations were few and far between. This was not what the top managers at 3M expected of their company, so they came up with a very challenging objective: in future, 30% of sales would have to come from products that had not existed four years earlier.

This had an effect on the way many employees, especially the product developers and scientists, perceived their role in innovation. The answer to that challenge: They introduced the **'lead user process'** to become **more innovative and make big breakthroughs.**

In the 2000 decade, with a new CEO from General Electric, 3M began to focus not just on product innovations, but on new business processes and management approaches. The company adopted the Six Sigma approach to process improvement and employed it across the enterprise. With both **innovative new products and effective ways of doing business,** 3M's profits and market value rose substantially.

Required:

A. Why has it become an everyday challenge and necessary for 3M company to come up with new innovative ideas and to turn them into a commercial success?

B. By using exceptional product ideas and innovations, which one of the 3 bases of strategy to gain competitive advantage is being followed by 3M Company and why?

C. 3M Company appoints you as a futurist and strategy consultant for 5 years from now. The current CEO wants to hear from you that what are the major risks associated with the current strategy base of 3M Company?

D. At the same time, the current CEO asks you to help him in implementing proper strategic controls in this scenario and help 3M Company adopt a proper risk management strategy. What will be your strategic suggestion in this case?

E. Do you believe that 3M Company was able to diversify its business? If yes, then, what were the major reasons behind its diversification?

F. What do you mean by diversification strategy? In your opinion, 3M Company adopted which type of diversification strategy? Explain.

G. In your opinion, Which one of the portfolio analysis Model did the top managers of 3M Company used to analyze the situation of its products and businesses to come up with a very challenging futuristic objective that 30% of sales would have to come from products that had not existed four years earlier and why?

H. 3M was established in June, 1902. It made $32.8 billion in total sales in 2018 and ranked number 95 in the Fortune 500 list of the largest United States corporations by total revenue. In your opinion, what are the 3 major competencies of 118 years old 3M corporation that can be termed as the reason behind its longevity and sustainable competitive advantages?

Integrated Case Study - 32 (Walmart Inc.)

Walmart Inc. is the largest retailer and the largest private employer in the world. It was established in **1962** by Sam Walton. With over **11,695** stores in **28** countries, revenue of **US$50,034** crores, net C income of **US$ 986.2** crores, it employs more than 23,00,000 people.

Figure: Walmart's Value Chain

Walmart Inc.'s global supply chain and operations management expertise are strategic resources in its value chain to keep competitive advantages in the international retail industry. This internal analysis of Walmart Inc.'s business determines their **competitive advantages against** other retailers, such as **Amazon, Costco, Home Depot, and Target,** as well as content delivery competencies.

Some of these core competencies are directed against competitors with major online operations. Walmart's strategic objectives suit current business conditions by exploiting the corporation's competitive advantages for optimal value chain and operational efficiency and effectiveness. Competitive advantages buttress Walmart's business performance. However, the company needs additional competencies to protect its retail business against aggressive and disruptive competitors. It has several resources and capabilities that are the bases for Walmart's sustainable competitive advantages or core competencies.

Walmart's Organizational Capabilities & Resources are:

- Easy access to adequate human resources
- Diverse product offerings
- Broad set of private label brands
- High-potential package delivery network
- Inventory management systems set up for high efficiency

	▪ Strong brand value ▪ Strong bargaining power based on organizational size ▪ Vast international supply chain ▪ Major e-commerce operations ▪ Extensive access to consumer data ▪ Data analytics and data mining capabilities Above are the strategic resource developed specifically for Walmart Inc.'s needs, for minimized inventory bottlenecks and costs. These systems help the retail business maximize its profit margins. In addition, Walmart's strong brand value is also a core competency. The resource-based view of the company considers this organizational capability as an enabler of the company in using **cost leadership and low prices** to compete, especially against smaller retailers that do not have the sales volume to compete based on price **(Everyday Low Prices).** This core competency empowers Walmart to compel **manufacturers or suppliers** to apply price reduction, which adds value as the goods move through the company's value chain. Organized around this core competency, Walmart requires manufacturers and suppliers to have low prices to benefit consumers and the business. Required: **A.** What are the tools that help Walmart to identify and build its Core Competencies? **B.** Walmart has major competitors like Amazon, Costco, Home Depot, and Target groups. Do you believe that Walmart is capable to deal with these rivals effectively? If yes, then what method does it use to deal with them? Explain properly. **C.** Walmart's strong brand value, resources and capabilities are core competencies because it provides it a sustainable competitive advantage. What are the basis on which you can identify and assure yourself that **Walmart's resources and capabilities are its core competencies?** **D.** Do you believe in this fact that strong **bargaining power** based on organizational size is another sustainable competitive advantage that helps Walmart fend off aggressive competitors. If yes, then specify the factors against whom Walmart has bargaining power and mention all the reasons that help it sustain its bargaining power. **E.** "Walmart compels **manufacturers and suppliers to apply price reduction,** which adds value as the goods move through the company's value chain." This statement denotes which type of Value Chain Linkage and how does Walmart manage this linkage?

Resources and Capabilities	Valuable	Non-substitutable	Durable	Non-imitable	Rare
Easy access to adequate human resources					
Diverse product offerings					
High-potential package delivery network					
Inventory management systems set up for high efficiency					
Strong brand value					
Strong bargaining power based on organizational size					
Major e-commerce operations					
Vast international supply chain					
Extensive access to consumer data					
Data analytics and data mining capabilities					

Integrated Case Study - 33 (Retailco - An Indian Retailer)

Retailco: is the leading supermarket Indian retailer and one of the top seven Indian retailers. Vision:

1. To grow its core business.
2. To become a successful international retailer.
3. To be as strong in non-food as in food.
4. To develop new retailing services.

The pursuit of this strategy has meant Retailco diversifying into growing emerging markets which bring opportunities and threats. Diversifying reduces Retailco's reliance on few business areas but also increases its risks since the 'industry life cycle' is less well understood in emerging markets.

Retailco's core business is significant within the group, with over 1,00,000 employees and over 14000 stores. Nearly 80 per cent of group sales and profits come from the India business. Growth in India business comes from new space, extensions to existing stores and multi-format approach. Sales of non-food which are growing at around twice the rate of food, also contribute to the overall growth picture.

In 2020, Retailco reported a 17 per cent increase in group profits before tax. Its group sales were a staggering 2.5 Lakh Crores, representing an increase of 14 per cent on the previous year. Its share in the market is 32 per cent well ahead of its nearest rivals Big Bazar and Easy Day.

Recently the industry has begun to consolidate as firms have engaged in mergers and take-overs in the industry. **The US giant and number one retailer in the world, Wal-Mart, gained an entry into India when it took over Flipkart's 77% share.**

Note: Walmart has for years tried to enter India but has remained confined to a 'cash-and-carry' wholesale business (With Bharti Group) amid tough restrictions on foreign investment. It currently operates 21 such stores in India.

The Threat of New Entrants

- A new entrant must assess the risks that incumbent firms might retaliate if a newcomer enters the industry.
- Here relative cost advantages are crucially important and will determine the extent to which an established player can reduce price and force a new entrant into a costly and damaging price war.
- Supermarkets in the India have sought to differentiate their products using own-label brands and segmenting these according to price to reflect different consumer incomes.
- The question is: to what extent can differentiation within the industry be quickly limited and therefore competed away?
- In analyzing the threat of entry we should not lose sight of the fact that firms are attracted to an industry by the profits that can be gained if an organization can develop a competitive advantage in an industry it can still be highly profitable even under difficult trading conditions.

The Bargaining Power of Buyers

- Customers have a choice of where to shop will act to keep profits down within the industry.
- In India, customers can choose between relatively undifferentiated products on offer among rival supermarkets.
- Switching costs within the industry for buyers is determined by the case with which consumers can replace their purchases at Retailco with a rival supermarket.
- The bargaining power of buyers is also determined by their concentration.
- Although Retailco must be mindful that consumers can go to Walmart for a similar offering; the issue is the impact that this has on their customer base.

The Bargaining Power of Suppliers

- Large food manufacturers such as Nestle, Kellogg's and Heinz need the shelf space that Retailco and food retailers provide for their products to reach a wide customers base.
- At the same time, Retailco's Customers expect to see these branded products in their stores. Retailco effectively hires out its shelf space to whichever manufacturer assures it of the highest profit per square inch.
- This explains the difficulty that new products from small firms have in competing for supermarket shelf space. However, in the case of farm produce, ranging from milk to poultry, Retailco faces relatively small suppliers producing similar products.
- The bargaining power of these suppliers is influenced by the extent to which Tesco is able to purchase a substantial volume of their output.

The Threat of Substitutes

- If a customer chooses not to buy from the industry, what alternatives are available? Here the price-performance ratio comes into play.
- The more attractive is the price-performance ratio of substitute products, the greater is the restraint on an industry's profits.
- Therefore the price-performance ratio of supermarket vis-a-vis its substitutes will determine profitability levels within the industry.

The Intensity of Rivalry

- In this industry, Retailco, Wal-Mart, Costco, Target, Big Bazar, Easy Day and Reliance Fresh comprise the seven largest firms.
- They dominate the food retail industry with a combined market share of around 85 per cent.

Required:

1. **Draw a five forces diagram for Retailco to show the impact of each of Porter's five competitive forces.**
2. **Which competitive force(s) poses the greatest threat to profitability of Retailco in the supermarket retailing Industry?**
3. **What might Retailco do to mitigate the impact of this threat(s)?**

Integrated Case Study - 34 (Scripzy)

Increasing investment in the share market, mutual funds, and equity/debt investment plans from the growing salaried middle class gave birth to Scripzy, an Artificial Intelligence based market predictor and digital brokerage company. The company is headquartered in Mumbai and has a team of 100+ IT professionals working on building a safe and secure digital infrastructure.

The market is saturated. There is fierce competition and big brands have all jumped in with digital offerings for their existing customers. Scripzy, on the other hand, is new and vulnerable but its organic reach to the young earning set of customers is a winning streak. This was achieved by project Force. Project Force was a secret market analysis conducted by internal teams to find sustainable competitive advantages, focus on final product attributes most valued by customers and imitate the competitive capabilities of competitors. It was a complete final product-customer approach which helped them win over youngsters.

Interestingly, the company being AI based has also automated its internal decision making with inhouse AI decision making bots. The top management explains their requirements to the AI bot and the bot makes functional decisions that are to be executed by respective teams. It also engages with team leaders and sends regular reports on fulfilments. This projected a very strong image for the company in the international market and a Chinese investor offered them a huge undisclosed amount to buy-out the AI system. Scripzy immediately accepted the offer and earned huge sums from the unexpected sale.

Repercussions followed and their core customers, the youth, boycotted their product. The team had to approach the share market leaders to support and with a little influence from the share market leaders, they were able to regain their "True Indian Company" status in the media. Nonetheless, damage had been done and they saw their customer base shattered to an all time low. Decisions which seem economically attractive are multi-faceted, and this is one lesson that Scripzy shall remember for times to come. Business for now is low and weak, but a good strategy can change the landscape for Scripzy's future.

Based on the above case scenario, answer the following MCQs:

1. Which of the following statement by Ansoff is most appropriate for Scripzy's strategy in the changing environment?

a. Preparedness of worst case scenarios

b. Far fetched planning of leadership.

c. Money has the power to influence environment

d. Blend of proactive and reactive actions

2. Project Forc e was crucial in determining Scripzy's position in the market. However, which of the following metrics was missed by the team while understanding KSFs?

a. Crucial product attributes

b. Sustainable competitive advantage

c. Resources for competitive success

d. Competitive capabilities to be competitively successful

3. Scripzy's huge investment in Artificial Intelligence has caused its organisational structure to be which of the following structures?

a. SBU Structure **b.** Divisional Structure

c. Hourglass Structure **d.** Multidivisional Structure

4. In future, to fight out uncertainties like geo-political influences, which of the following can be used by Scripzy?

a. Strategic Audit **b.** Scenario Analysis.

c. Benchmarking **d.** ADL Matrix

5. Not all customers can be satisfied, and Scripzy addressed the same by connecting with the right customers. Arrange the following in the order that Scripzy followed while pursuing their customer reach out.

i. Market Positioning **ii.** Market Segmentation **iii.** Market Target

a. (i), (ii), (iii) **b.** (ii), (iii), (i) **c.** (iii), (ii), (i) **d.** (i), (iii), (ii)

Integrated Case Study - 35 (TEEMOX)

Rohansh Bakshi a 22-year-old from Maharashtra, started a gaming equipment company called TEEMOX, which specialises in gaming chairs, gaming consoles, controllers, wireless keyboard, and touchscreen mouse pads. Rohan has been an innovator and loves building products. Hence, to prioritise his time more on development, he insisted Mr. N. Muniyappa, his mentor, to be the CEO of the company and spearhead business from the front.

Rohansh has always believed in bringing something new to the consumer and that is clearly projected in the products offered by TEEMOX. His designs reflect youth with exciting colors and comfort, and they match the quality of global big brands. However, to make his products worth the money that his customers are paying, the procurement is done from Indonesia and Vietnam, where the materials are easily available at low costs.

Interestingly, Rohansh's AI based gaming chairs have been a huge hit for the company, bringing in the maximum revenue and margins. The business has gone from 200 units sold to over 5000 units sold in just six months. To add to it, a famous FMCG Brand approached TEEMOX to collaborate for a sports drink focused on gamers. The team is excited about this collaboration as the deal shall bring in more awareness and open newer markets for them. But Mr. Muniyappa insists that this might as well displease the existing consumers who relate to TEEMOX as a customer-oriented brand rather than yet another money minting business.

Nonetheless, the plans seem to be working in the company's favour for now and the future seems bright. To put in context, the gaming industry is booming with a Compound Annual Growth Rate (CAGR) of 190%, adding over 20 million new customers every quarter. Clearly, opportunities are enormous, and the brand is on track. A well-established vision and mission for the company could be a strong strategic advantage for challenging times to come.

Based on the above case scenario, answer the following MCQs:

1. Based on the above case which of the following seems true above the Strategy of TEEMOX?

a. Strategy was unified and comprehensive.

b. Strategy was comprehensive and integrated.

c. Strategy was integrated and unified.

d. Strategy was integrated, unified and comprehensive.

2. Gaming chair business of TEEMOX is a cash cow. Which of the following strategies helped it become such an influential business?

a. Organisation differentiation

b. Product differentiation

c. Focused differentiation

d. Low-cost product provider

3. By routing its products from Indonesian and Vietnam, TEEMOX was able to achieve which of the following strategies on the holistic level of business?

a. Product differentiation

b. Horizontal integration of business

c. Best cost provider in the industry

d. Globalisation of business

4. With the appointment of Mr. N. Muniyappa, Rohansh can be designated as which of the following?

a. Vice President

b. CEO Emeritus

c. Chairman

d. Functional Head

5. Which Ps of marketing have been the winning Ps for TEEMOX?

a. Product and Place

b. Promotion and Price

c. Price and Product.

d. Promotion and Place

Integrated Case Study - 36 (Amrutha)

Amrutha, a third year computer science student living in Tamilnadu, realised that during covid-19 pandemic her mother was not able to buy the basic products that she used in her worship routine. As a result, many small vendors also went out of business during the lockdown. She started studying more about the market and observed that the way the business was conducted had many gaps and loopholes. She dedicated herself to develop a small market place where consumers like her mother and small vendors could meet and trade, and called it Saamagree.

Her interaction with small vendors was a success factor, where she was able to convince them to bring their business online and give them volume in sales. Vendors were hesitant early on, but followed suit when they saw the benefits coming in. Amrutha, being a student was happy with the growth and wanted to focus on studies more and let the business operate as usual.

To her surprise, her father's company which was a big FMCG brand took over her business within a year itself, and designated Ms. Srividya Rajanan, to lead the division with Amrutha. Amrutha, knew her customers and vendors very closely and Ms. Rajanan was an expansion expert. So their division was developed as a simple structure within the organisation as an experiment.

Ms. Rajanan's marketing team expanded swiftly to rope in vendors from areas far and beyond backed by their in-house distribution channels. However, the initial vendors and customers felt betrayed as their trust rested in Amrutha and her personalised touch to the business. It took the team months to build an identity that matched the sincerity of a one woman led brand.

The market segment has been a very niche one for the FMCG brand however the results have been satisfying. The plan is to go Pan-India in the coming years with Amrutha leading from the front and Ms. Rajanan exiting the division. New markets, new ways of business are inevitable and bring a freshness to business is what Saamagree has proven.

Based on the above case scenario, answer the following MCQs:

1. Which of the following characteristics has been one of the biggest strengths of Saamagree's management?

a. Induce and direct events **b.** Induce and direct people
c. Influence process to make things happen **d.** Gain command over the phenomena

2. The leadership team decided to keep the organisation structure straight and simple based on the intricacies of?

a. Goals and objectives **b.** Vision statement
c. Business definition **d.** Business model

3. Before Ms. Srividya Rajanan joined the company, Amrutha's intent was inclined towards which of the following strategies?

a. Combination strategy **b.** Retrenchment strategy
c. Expansion strategy **d.** Stability strategy.

4. The marketing team of Saamagree could not gauge a very crucial aspect of markets that led to a temporary dent in its brand positioning. Which of the following is being mentioned in the above scenario?

a. Switching costs of products **b.** Distribution channel accessibility
c. Retaliation from the market **d.** Political influence in the industry

5. The very ideation of the business was based on bringing about a change in existing ways of business. What can be said about the basis of building Saamagree?

a. Market penetration **b.** Business process reengineering
c. Product differentiation **d.** Best cost provider strategy

Integrated Case Study - 37 (O-Farm)

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 influences 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 influences 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 labourintensive industry.

Based on the above case scenario, answer the following MCQs

1. O-Farm 's new strategy implementation as a result of amendment of Agriculture laws by the government, resonates with which of the following statements?

a. Organisational operations are highly influenced by ripple effect of environmental changes.
b. Organisational structure is highly influenced by ripple effect of environmental changes
c. Organisational operations are not affected by the ripple effect of environmental changes
d. Organisational structure can influence the environmental changes.

2. The shift of O-Farm from "Kisaan Kalyan" to "Upbhokta Sewa" is a change in?

a. Mission **b.** Vision
c. Promotion **d.** Product

3. Which of the following was the first and major advantage for O-Farm that helped them achieve Cost Leadership in the market?

a. Economies of Scale was achieved very early on
b. Prompt forecast of product's demand
c. Becoming customer oriented
d. Well negotiated purchase contracts

4. O-Farm's marketing strategy is an example of which of the following marketing strategies?

a. Person Marketing **b.** Augmented Marketing
c. Enlightened Marketing **d.** Synchro Marketing

5. 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?

a. Competitors would imitate its modus operandi.
b. Marketing cost will be huge as volumes increase given its choice of marketing strategy.
c. Change in Agriculture Laws shall disrupt its supply chain time and gain.
d. Sales volume will have to outperform its own targets and even that of competitors.

Integrated Case Study - 38 (DanceXT)

Zuberia, a London based choreographer with a masters degree in social entrepreneurship, wanted to do something innovative and impactful with her international degree.In pursuance of this desire, she took on her dream to inculcate dance as a part of basic curriculum in primary education back in India. For this, she set up a digital dance education company called DanceXT.

The business model was simple; approach active NGOs working on ground, conduct local competitions to spread awareness, offer scholarships to talented kids to lure in support, and finally build a community of interested individuals. This would act as a base for marketers to market their products amongst youth and also divert some of their CSR funds to a good cause. Interestingly, there are numerous NGOs working for the same cause, but the business monetisation of DanceXT's consumer data and easy approachability for businesses has created an advantage over others.

A startup incubator was consulted to ensure free flow of funds in the initial few months until sponsors were arranged. The best alternative to bank loans was crowdfunding and that is what DanceXT opted for. Individuals and corporates were encouraged to provide for basic expenses while volunteerism was encouraged for on field support. The operations were smooth and fool proof.

The company expanded exponentially in major cities of Delhi, Mumbai and Kolkata, while making a surprising foothold in Jaipur, Indore, Surat and Nashik. With over 500 volunteers and 100 team leaders, many more college students expressed interest in joining the field force. This created a self encouraged network of leaders who were expert in their genre of dance forms, but also posed a challenge to control entrepreneurial activities which could create competition at local levels.

Sports brands, FMCG giants, political candidates, and even government schools showed immense support to the company. It built a massive workforce making numerous local teams with one single target of inculcating extra curricular in primary students especially through dance.

The highlight of their success was when four of their students got selected in a dance reality show on television. Following it, the business is booming with marketers eyeing youth while being true to the underlying cause of the company.

Based on the above case scenario, answer the following MCQs:

1. Similar businesses in dance tutoring operated on different business models because of?

(a) The external environment **(b)** Customer geographies
(c) Choice of strategy **(d)** Political Influence

2. The differentiating factor for DanceXT in comparison to its competitors has been which of the following?

(a) Research and Development Strategy - Innovative Dance Forms
(b) Vision Statement - Cultural Arts NGO aiming underprivileged talent
(c) Marketing Mix Strategy - Product, Potential Consumer Insights for final businesses
(d) Human Resource Strategy - Hiring quality dance trainers Pan-India

3. Incubator was approached for which of the following aspects of financial strategy?

(a) Budgeting **(b)** Management of Funds
(c) Evaluating worth of business **(d)** Acquisition of Capital

4. DanceXT can be categorised as which of the intensification strategies?

(a) Market Penetration **(b)** Market Development
(c) Product Development **(d)** Diversification of Services

5. Which of the following could be the biggest challenge from Chandler's Strategy-Structure Relationship for DanceXT given that its network of leaders could outperform DanceXT with their entrepreneurship?

(a) Too many levels of management **(b)** Too much attention diverted to inter-company conflicts
(c) Too many objectives to achieve **(d)** Too large a span of control

Integrated Case Study - 39 (Aloe Veda)

Aloe Veda, a women run health company has been making innovative products based on Aloe Vera. Their portfolio includes creams, edibles, juices, face masks, and now even hand sanitizers. They have had a simple focus; luring women customers of all ages who care about their personal health and hygiene at prices that the common consumer can afford. The market is growing over the years and even men have shown interest in their products.

However, running the company has not been easy, for big FMCG brands are readily offering similar products with better reach. Mr. Mukesh Bakshi was onboarded to help the company scale up its customer reach and he implemented old school distribution tactics. The distributors were offered better margins, foreign trips and gifts and even profit sharing in some cases. This helped the company shelf Aloe Veda products at most of the retailers. Online business was also ramped up diligently. Mukesh has been instrumental in achieving targets, but the core team has been a group of closeknit partners who have built the company on trust. And as the business grew, the partners took up individual responsibilities in an autonomous fashion, where each one of them was responsible for their own segment's operations and process improvement, and collectively driven by positive and margins. The policy of "trust all, ask no questions" could be seen at the leadership level.

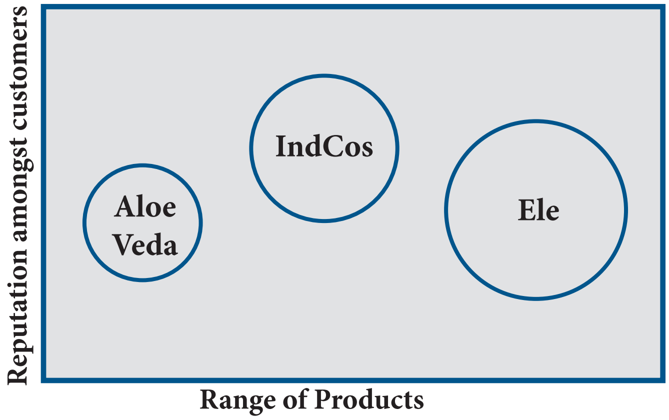

Figure-1 Strategic Map for Aloe Veda

The company has been aware of its industry and the players therein, with different set of strengths and economic backgrounds, but it wanted to deep dive into some more metrics to get a holistic view of the competition. For that, they reached out to KMGP LLP to project a strategic group mapping for them, based on which they could plan ahead. KMGP LLP prepared the Strategic Map shown in Figure-1.

Business segment of Ale Veda has been booming industry wide, all they need to focus is on maintaining their values and scaling before it's too late. And of course, keeping an eye on the external business environment shall be crucial too.

Based on the above case scenario, answer the following MCQs:

1. Mukesh Bakshi, has been leading Aloe Veda from the front with a spear headed strategy on innovating which of the following?

(a) Product (b) Price

(c) Place (d) Promotion

2. Aloe Veda has been taking up competition with big FMCG brands in which of the following segments?

(a) Cost Leadership of Supply Chain (b) Differentiation of Product

(c) Focused Cost Leadership of Product (d) Focused Differentiation of Product

3. Which important aspect of organisational structure configuration is missing in Aloe Veda?

(a) Configuration of Intended Roles (b) Configuration of Processes

(c) Configuration of Decision Making (d) Configuration of Governance Mechanism

4. As per strategic group mapping done by the marketing team, which of the following is the biggest threat for Aloe Veda for its niche market?

(a) Ele

(b) IndCos

(c) Strategic group mapping does not tell that clearly

(d) There are no threats to their niche market

5. Suppose Aloe Veda asks its customers to plant Aloe Vera plant in their houses to get additional discounts. From Aloe Veda's strategic intent of being environmentally inclined while retaining its customers, much before rivals try to poach them, can be termed as?

(a) Planned Strategy (b) Reactive Strategy

(c) Adaptive Strategy (d) This is not a strategy, it is a marketing gimmick

Integrated Case Study - 40 (Superfast CLIT Ltd)

Superfast CLIT Ltd is a company selling computers, laptops, and IT accessories in Indian market. Seven weeks back the company engaged an independent research firm to gauge challenges in post-sales services when a customer sent a legal notice clamouring for compensation and justice for a faulty laptop that was not repaired for two months. On enquiry, the service engineer blamed the Covid-19 pandemic induced lockdown and delay in receiving components that were to be replaced. Scared of social media backlash, the company immediately provided a new laptop to the customer as a settlement. There were also complaints, though not as serious from other customers. The report by the research firm was submitted by the firm well in time.

Rohit Sharma, the Managing Director, was highly disturbed after reading the report where it was spelled that post pandemic the service had deteriorated, and many customers were dissatisfied. The report made several observations, and a key point was that minor software related issues were also taking a very long time to resolve. The research firm identified that there are challenges in the organisation including in the service department. It was observed that while a response is given to the customer lodging complaint within 24 hours, the average time to provide actual repair was 5 days on an average. There were cases where issues were resolved in two weeks' time. This was far above the time taken by the industry leader of average three days and maximum five days.

The report stated that the pandemic required businesses to make modifications in their existing strategies and bring out new strategies. While research firm acknowledged the challenges in delivering services during lockdown, it recommended cultural change in the service department. The report also noted that bulk of problems are software related and can be addressed through a video call. However, the staff was not adept in dealing with the complaints through audio and video chats. While they were good in correcting problems themselves, they were not able to get minor repairs done through customers. The report also observed that in cases immediate resolution is not feasible, proper communication can help in reducing customer dissatisfaction. The report recommended that the staff needs to be sensitised of the necessity for change and prepare them for such a change first before any new learning is imparted.

Based on the above case scenario, answer the following MCQs:

1. The modifications necessitated on account of pandemic to replace existing strategies and bring out new strategies is a case of:

(a) Alert action (b) Environmental change

(c) Strategic change (d) Better service

2. Sensitising staff of the necessity for change and prepare them for such a change is termed as:

(a) Behahavioural modification (b) Learning and training

(c) Sensitivity training (d) Unfreezing

3. Efforts to identify the service delivery lead time of industry leader to emulate is a case of:

(a) Benchmarking (b) Dynamic Action

(c) Proactive Action (d) Setting Standards

4. Changes in the strategy on account of pandemic is:

(a) Pandemic strategy (b) Proactive strategy

(c) Reactive strategy (d) Response strategy.

5. Issues related to service department are related to:

(a) Middle level strategy. (b) Business level strategy.

(c) Corporate level strategy. (d) Functional level strategy.

Integrated Case Study - 41 (VR Reddy Real Estates Ltd)

Mr Venkataramana Reddy is Managing Director of VR Reddy Real Estates Ltd. His company, established in the year 2000, is a leading construction company in South India. The company has successfully completed many commercial and residential projects in Bangalore, Coimbatore, Chennai, Hyderabad, Madurai and Vishakhapatnam. After more than two successful decades the company wishes to expand beyond their existing business. For this purpose, the company is considering following two proposals:

1. Enter real estate business in North India and buy land in Noida and Gurgaon to develop residential and commercial complexes. Mr Reddy feels that with the proximity to the Indian national capital, the area has great potential.
2. Bid for Toughcem Cement Company with cement manufacturing plants at five locations in Rajasthan and Uttar Pradesh. The company is under corporate insolvency resolution process after it defaulted on principal and interest payments to the tune of ` 103 crores to three leading banks. National Company Law Tribunal has recently invited bids for the company. Reddy's due diligence indicates that the company has suffered on account of mismanagement, has a week balance sheet with too much debt. He feels that the company with reduced debts and careful planning can be easily revived after acquisition.

Mr Reddy is also considering going for both the proposals at the same time. However, there are not enough funds within the VR Reddy Real Estates Ltd. He has asked his financial team to explore external financing for entry into North Indian real estate market. Funds would be required in case bids for acquisition of Toughcem Cement Company is successful but then the company will be left with no money for their foray into North India's real estate. The Managing Director is keen on entry into North Indian markets and is confident that any new debt can be easily paid through the bookings received on sale of property.

Based on the above case scenario, answer the following MCQs:

1. Act of acquisition of Toughcem Cement Company is related to:

(a) Business level strategy. (b) Corporate level strategy.

(c) High level strategy (d) Functional level strategy.

2. VR Reddy Real Estates Ltd through acquisition of Toughcem Cement Company will be having:

(a) Stability strategy (b) Turnaround strategy

(c) Vertically integrated diversification (d) Conglomerate acquisition

3. Entry into real estate business in North India by VR Reddy Real Estates Ltd can be best termed as

(a) Market penetration (b) Market development

(c) Product development (d) Diversification

4. A high level of debt is likely to:

(a) Act as competitive deficiency. (b) Lead to turnaround.

(c) Attract new customers. (d) Matter of strategic advantage.

5. Appraising Toughcem Cement Company for the purpose of acquisition can be best termed as:

(a) Goal appraisal (b) Strategic analysis

(c) Strategic evaluation (d) Strategic implementation

Integrated Case Study - 42 (Anand, a fashion designer)

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 pan-India, 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 following MCQs:

1. **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
2. **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
3. **The main idea behind marketing is to connect with the customers. In this context, which of the following has been willingly ignored by the marketing team at Naileo?**
   (a) Market Segmentation (b) Market Scanning
   (c) Market Positioning (d) Marketing Target
4. **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
5. **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

Integrated Case Study - 43 (QuQu Bikes.)

Recent reports in leading business magazines of South-East Asia predicted a growth in last mile transportation problems to be faced by developing nations as they strengthen their public transportation network. Arindham, a final year student of Architecture and City Planning, wanted to take the first mover advantage in India and for that he started a small e-bike rental business called QuQu Bikes. QuQu Bikes started as a fleet of 10 normal bicycles in Arindham's university campus, now grown into a fleet of over 200 solar powered cycles and mini scooters across the city of Ahmedabad. This also meant employing full-time operations teams and putting an organisational structure in place. People hired were vibrant and young professionals with an outlook for business acumen.

The business development team planned to introduce a very innovative idea wherein people could play a cycle riding game in their phones on the QuQu app and the points earned in the game could be used to redeem their riding charges. This was taken into consideration given the growing online gaming craze amongst youngsters even though their internal IT Team did not expertise in gaming development. However, they were confident and targeted that this should increase the number of rides per user by 6 times within the next ninety days.

The company was also able to get funding from Cheetah Global Partners who had already invested in CyCall a two-wheeler ride hailing application. CyCall had an entirely different business model but the investor eyed infusion of QuQu with CyCall, which made Cycall a direct competitor for QuQu.

The investors were also a little skeptical of the current team as it was young and vibrant but lacked experience in terms of business direction and money management. For this they roped in Mr.P.Jalan a veteran of consumer marketing and startup ecosystem development. The task given to him was to develop internal leaders and teams that can grow in maturity as the business grew in scale. This had to be very swift as the market is at the verge of explosion in terms of competition. Quite a challenge for him in the coming years.

With money in the bank and experience in leadership, QuQu aims to build a mega business around pay and ride e-cycles in India and cover the last mile connectivity that public transport cannot offer.

Based on the above case scenario, answer the following MCQs:

1. Which of the following statements is true for QuQu's strategy to compete with CyCall?

(a) It is very difficult to clearly estimate the competitive response to a firm's strategy

(b) It is quite easy to clearly estimate the competitive response to a firm's strategy

(c) It is the first step in competitive analysis to clearly estimate the competitive response to a firm's strategy

(d) It is not possible to clearly estimate the competitive response to a firm's strategy

2. Which of the following can be said about QuQu's ride per customer incremental objectives?

(a) It is not measurable in real terms

(b) It is not time frame bound and specific

(c) It is not competitively challenging

(d) Its implementation is outside of company's existing resources

3. With investment from Cheetah Global Partners, which of the following phases of Business Strategy would Arindham want to focus on?

(a) Market Penetration

(b) Growth

(c) Maturity

(d) Cost Leadership

4. Investment in QuQu can be termed as which of the following from Cheetah Global Partner's perspective?

(a) Cow

(b) Star

(c) Question mark

(d) Dog

5. Mr.P.Jalan was not responsible for which of the following facets of internal strategy?

(a) Changing problem culture

(b) Division of strategic decision making from core culture

(c) Creating a strong fit between strategy and culture

(d) Mapping centralisation and decentralisation of authority

Integrated Case Study - 44 (Prasad & Sons.)

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 eyei ng the segment with world class designers opening up their boutiques in plush areas around the country. JJM, a French design house, recently branded its Indian wear with leading film personalities, to attract masses. This damaged existing supply chains, at tracted 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 foreig n 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 following MCQs:

1. **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

2. **If the owners went with option two, which of the following components of marketing strategy would be irrelevant for them?**

   (a) Product and Promotion **(b)** Price and Product

   (c) Promotion only **(d)** Place only

3. **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

4. **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

5. **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

Integrated Case Study - 45 (Easy Drinks LLP)

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 following MCQs:

1. 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

2. 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

3. The partnership with Thai Beverages is an outbound version of which of these?

(a) Supply chain management **(b)** Logistics management

(c) Financial strategy **(d)** Ease of operational control

4. 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

5. 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

Integrated Case Study - 46 (Fresh Air Hospitality)

In July 2014, Fresh Air Hospitality and Resorts launched a major project called 'Fit in Future' after being in losses for three consecutive years. According to analysis by senior management many customers were not returning and repeat sales of rooms were low. The costs were also high with a lot of wastage in kitchen. If the losses were allowed to continue the survival of the organisation was doubtful.

'Fit in Future' project was organisation-wide, employee driven initiative that focused in reversing the trend and find ways to find out how the organisation can survive. Focus was to provide high-quality services while finding new ways of delivery to improve customer satisfaction and reduce costs. The idea was to create a conducive organisational culture and work climate. At the time, Shailja Mehta joined the organisation as the new Resident Manager. She brought with her considerable experience in improving the quality of services in restaurants, banquet sale and room reservations. She immediately set about spending two months talking to staff on the front line followed by a series of meetings, where discussions were held about bringing a guest-first approach. Some of the staff members expressed frustration that their suggestions on improving services were often not heard making them demotivated. The new manager noted their concerns. Over time, she offered enthusiasm and inspired staff to exert them for the good of the organization. As an outcome of the project, it was decided that both in internal as well as external interactions, customers will be called guests and treated accordingly. There was general agreement that reducing wastages and improving the quality of services shall be chief priority from top to bottom. It was decided that the team leaders shall always work together with front-line staff for speedy decisions. Focussed training programmes were organised to train the front-line staff to remain well-groomed and courteous to guests at all times. Accordingly, a new system was put in place from January 2015. As a result of the efforts, the satisfaction level of guests improved, and their loyalty reflected in form of increase in repeat sales over next two years.

After two years, while the organisation was able to make some profits, they were still low considering the capital employed. In July 2018, Shailja Mehta suggested to make extensive study to radically redesign existing ways of doing work and deliver services.

Based on the above case scenario, answer the following MCQs

1. 'Fit in Future' project can be best related to:

(a) Improving leadership
(b) Improving morale
(c) Coordination
(d) Turnaround

2. Name the strategic tool to measure and set goals for wastage in kitchen as per best practices.

(a) Benchmarking
(b) Cost control
(c) Loss assessment
(d) Turnaround

3. The leadership style of Shailja Mehta can be best described as

(a) Autocratic
(b) Motivational
(c) Transactional
(d) Transformational

4. The suggestions made by Shailja Mehta in July 2018 are related to:

(a) Business Process Reengineering
(b) Leverage
(c) Organisational redesign
(d) Strategic Control

5. To succeed Fresh Air Hospitality and Resorts needs to:

(i) Deliver better value to customers.

(ii) Improve efficiencies.

(iii) Fix minimum profit percentage over costs.

(a) (i) and (ii)
(b) (i) and (iii)
(c) (ii) and (iii)
(d) (i), (ii) and (iii)

Integrated Case Study - 47 (Zing)

In the fiercely competitive automotive industry, Zing, a promising newcomer, set out on a strategic journey with ambitions of making a substantial impact. Recognizing the significance of a robust distribution network early on, Zing forged partnerships with established dealerships, offering them attractive margins. This strategic move significantly enhanced Zing's reach, with a presence in 80% of the nation's dealerships by 2022, expanding its coverage significantly.

To differentiate themselves from competitors, Zing adopted two key strategies. Firstly, they prioritized product design, investing heavily in aesthetics and incorporating innovative features and environmentally friendly technologies. This focus on design led to their vehicles receiving excellent reviews and achieving an impressive 15% year-on-year growth in sales.

Secondly, Zing implemented switching costs to discourage customers from switching to other brands. Their vehicles featured branded software, making it both expensive and cumbersome for customers to transition to alternative brands. This strategic move effectively protected Zing's market share.

Zing's overarching goal was to position itself as a premium automotive brand, blending luxury with sustainability. However, their execution fell down as they challenged with maintaining consistent quality and service levels, resulting in mixed customer reviews.

Despite their best efforts, Zing's differentiation strategy fell short due to issues with inconsistent quality and service. Negative word-of-mouth and declining customer satisfaction scores tarnished their brand image, leading to stagnating sales. This failure to deliver on their brand promise proved to be a significant setback.

As Zing's reputation suffered from execution failures, securing additional funds for international expansion became challenging. Consequently, they made the difficult decision to postpone their global ambitions for the next five years, focusing instead on stabilizing their finances and rebuilding their brand image.

In summary, Zing's strategic journey illustrates the importance of not only crafting a compelling differentiation strategy but also executing it flawlessly. In the competitive automotive landscape, maintaining, consistent quality and service is paramount to sustaining brand loyalty and achieving long-term success.

Based on the above case scenario, answer the following MCQs:

1. What key strategic approach did Zing use to expand its market presence in the automotive industry?a.

(a) Product innovation and design | (b) Cost leadership strategy
(c) Entering new international markets | (d) Vertical integration

2. How did Zing protect its market share from potential competitors?

(a) Price-cutting strategy | (b) Branded software and switching costs
(c) Aggressive marketing campaigns | (d) International expansion

3. Why did Zing's differentiation strategy fall short in the market?

(a) Intense price competition | (b) Poor marketing strategy
(c) Inconsistent quality and service | (d) Lack of international expansion

4. Forging partnerships with established dealerships to enhance its distribution network falls under which level of strategy?

(a) Corporate level strategy | (b) Business level strategy
(c) Functional level strategy | (d) Competitive level strategy

5. How did Zing initially expand its market presence across the nation?

(a) Aggressive marketing campaigns | (b) Developing low-cost vehicles
(c) Partnering with established dealerships | (d) Launching a luxury brand

Integrated Case Study - 48 (Café Delight)

KiCafé Delight, a thriving restaurant chain known for its unique blend of Australian and Indian culinary experiences, embarked on a remarkable journey from its humble beginnings as a small café in Australia to becoming a renowned player in the Indian restaurant industry. This case study digs into the strategic decisions and market dynamics that fueled Café Delight's growth, highlighting its transition from a single café in Powai, Mumbai, to a flourishing chain with a presence in five cities and over 25 stores. It explores how Café Delight effectively leveraged social media and adapted its pricing strategy to compete with global brands while maintaining a healthy profit margin.

In 2005, Café Delight was founded in Melbourne, Australia, by a passionate entrepreneur with a vision to bring the flavors of Australia and India together. The first café established in Powai, Mumbai, received accolades for its unique menu, blending Australian coffee culture with Indian culinary traditions. Over the course of five years, Café Delight expanded to three stores in Mumbai, driven by exceptional mouth publicity, customer loyalty, and consistent quality.

As the social media landscape evolved, Café Delight recognized the power of online platforms in reaching a wider audience. By effectively utilizing social media and online marketing, Café Delight expanded its presence to five cities across India and established over 25 stores. Customer engagement through social media platforms enabled the brand to create a strong and vibrant community, driving organic growth.

Café Delight's customer-centric approach involved continuously evolving its menu to cater to the changing tastes and dietary preferences of its patrons. By understanding the evolving needs of its customers, Café Delight could offer personalized menu items, seasonal specials, and dietary alternatives. This approach created a sense of loyalty and engagement among customers, strengthening the brand's appeal. Not just customers but High-power, low-interest stakeholders, including regulatory authorities, were addressed with careful compliance and adherence to industry standards. Low-power, high-interest stakeholders, like potential customers and local communities, were engaged through targeted marketing campaigns and community involvement initiatives.

This meticulous stakeholder analysis allowed Café Delight to build and maintain strong relationships with each group, effectively managing their influence and impact on the brand.

With its expanding presence and increasing popularity, Café Delight underwent a shift in its pricing strategy. It transitioned from a pocket-friendly pricing model to a skimming strategy, capitalizing on its unique blend of Australian and Indian flavors to position itself as a premium restaurant. Café Delight faced stiff competition from global brands entering the Indian market but maintained a profit margin of approximately 30% through menu engineering and targeted pricing.

In one of its kind, using strategic tools enabled Café Delight to identify and act on opportunities while mitigating threats, contributing to its long-term success in the highly competitive restaurant industry.

Based on the above case scenario, answer the following MCQs:

1. WCafé Delight effectively leveraged social media and adapted its pricing strategy as it stepped into which phase of business life cycle of operations?.

(a) Introduction Stage (b) Growth Stage

(c) Maturity Stage (d) Decline Stage

2. What stakeholder group did Café Delight engage through targeted marketing campaigns and community involvement initiatives?

(a) High-power, high-interest stakeholders

(b) Low-power, low-interest stakeholders

(c) Low-power, high-interest stakeholders

(d) High-power, low-interest stakeholders

3. What best describes Café Delight's initial expansion strategy when it expanded from one café to three in Mumbai?

(a) Aggressive price reduction

(b) Leveraging customer loyalty and word-of-mouth publicity

(c) Extensive online marketing

(d) Embracing global branding strategies

4. At which level of strategic management does Café Delight's transition from a pocket-friendly pricing model to a skimming strategy fit?

(a) Corporate level (b) Business level

(c) Functional level (d) Operational level

5. What type of strategy did Café Delight use to differentiate itself from competitors in the Indian restaurant industry?

(a) Cost leadership strategy (b) Focused differentiation strategy

(c) Cost focus strategy (d) Hybrid strategy

The early sense from market was that they would have to be stopped too, but the sisters decided to extend their timelines. What category as per BCG Matrix would the 10 flavors fall into?

(a) Cash Cow (b) Dog

(c) Question Mark (d) Star

Integrated Case Study - 49 (Swasthya)

Swasthya, a rising star in India's dynamic healthcare sector, stands out as a prime example of smart strategic management. At Swasthya, the compass guiding their endeavors is a compelling thought: to emerge as the finest healthcare provider renowned for delivering accessible, top-notch healthcare services. This overarching goal is not an isolated vision, but a thread woven into the very fabric of the organization, driving every facet of their operations. The people of the organization play a pivotal role in this journey. They are entrusted with translating this vision into tangible outcomes at the grassroots level, ensuring that local operations are aligned with the grand aspiration of becoming a healthcare leader. Swasthya works meticulously towards optimizing each link of the patient experience. From streamlining appointment scheduling to expediting test result delivery, every facet of the healthcare journey is scrutinized. Swasthya's strategy is not merely about being a player in the market but about strategically positioning themselves as leaders. They proactively recognize the constant innovations that could disrupt their areas of expertise. To counter this, they introduced value-added offerings such as telemedicine and wellness programs. This addition not only mitigates the risk but also fortifies their long-term viability.

Beyond competition, ensuring the quality and safety of patient care is paramount at Swasthya. Stringent hygiene protocols, equipment maintenance regimens, and adherence to healthcare regulations form the cornerstone of their business. In parallel, the organization meticulously undertakes regular assessment as a central element of its decision-making apparatus. This forward-looking exercise encompasses identifying and assessing potential risks such as regulatory changes, medical malpractice vulnerabilities, or shifts in market dynamics, all of which could have far-reaching consequences for their long-term objectives.

The implementation of Swasthya's strategy is steered by the McKinsey 7S model, which ensures a harmonious alignment of seven critical elements: strategy, structure, systems, shared values, skills, style, and staff. It emphasizes that the success of a long-term objective is contingent on the synchronization of these seven elements, reinforcing the idea that strategic management is not a compartmentalized process but a comprehensive activity.

Swasthya's strategic journey through India's healthcare landscape is a testament to the seamless integration of core management concepts, guiding its actions and strategies, while keeping the vision and intent at the core.

1. How does Swasthya's approach to premise control, including stringent hygiene protocols and equipment maintenance, contribute to their long-term objectives and which concept does it align with?

(a) It reduces immediate costs and aligns with strategic risk assessment.

(b) It safeguards quality and aligns with strategic risk assessment.

(c) It enhances immediate profitability and aligns with shared values.

(d) It streamlines administrative processes and aligns with value chain analysis.

2. How does Swasthya counter the risk posed by constant innovations and disruptions in their areas of expertise?

(a) By aggressively acquiring innovative startups.

(b) By introducing value-added services like telemedicine and wellness programs.

(c) By downsizing their operations.

(d) By focusing exclusively on urban healthcare markets.

3. Why is the McKinsey 7S model significant in Swasthya's strategic management approach, and which elements of the model ensure a holistic alignment of their strategy?

(a) It facilitates short-term profit maximization, with a focus on structure and style.

(b) It emphasizes a compartmentalized approach to strategy, focusing on shared values and skills.

(c) It ensures a comprehensive alignment of strategy, structure, systems, shared values, skills, style, and staff.

(d) It prioritizes immediate cost reduction by aligning systems and strategy.

4. Why is the focus on local operations essential for Swasthya in the context of their long-term objective, and how does it contribute to their overall strategy?

(a) It reduces strategic risk by minimizing the need for strategic risk assessment.

(b) It aligns with their commitment to immediate profitability.

(c) It translates the organization's vision into tangible outcomes and aligns with their long-term objective.

(d) It diversifies their portfolio and aligns with competitive landscape analysis.

5. The case talks about scrutiny of every facet of the healthcare journey and also emphasizes the fact that people of the organization play a pivotal role in this journey. Based on your reading, which level of management has the most crucial part to play here to ensure the sense of customer-first is imbibed in the organization?

(a) Top Management (C-Suite) which sets the tone and strategy of the organization

(b) Middle Management (Divisional Managers) who have the responsibility of translating strategy to real-time objectives

(c) Functional Managers who actually do the work on the field

(d) Board of Directors who are responsible for wealth creation of the shareholders

Answer Keys

Integrated Cases 1

MCQs Key	1	2	3	4	5
	b	d	a	c	d

Integrated Cases 2

MCQs Key	1	2	3	4	5
	b	c	c	b	a

Integrated Cases 3

MCQs Key	1	2	3	4	5
	c	d	b	d	a

Integrated Cases 4

MCQs Key	1	2	3	4	5
	c	d	d	b	c

Integrated Cases 5

MCQs Key	1	2	3	4	5
	b	d	c	b	d

Integrated Cases 6

MCQs Key	1	2	3	4	5
	b	d	c	b	d

Integrated Cases 7

MCQs Key	1	2	3	4	5
	b	d	c	c	d

Integrated Cases 8

MCQs Key	1	2	3	4	5
	c	c	d	b	d

Integrated Cases 9

MCQs Key	1	2	3	4	5
	a	b	a	b	d

Integrated Cases 10

MCQs Key	1	2	3	4	5
	d	c	c	a	b

Integrated Cases 11

MCQs Key	1	2	3	4	5
	c	a	c	b	b

Integrated Cases 12

MCQs Key	1	2	3	4	5
	c	a	b	d	c

Integrated Cases 13

MCQs Key	1	2	3	4	5
	b	c	c	a	d

Integrated Cases 14

MCQs Key	1	2	3	4	5
	d	c	c	a	c

Integrated Cases 15

MCQs Key	1	2	3	4	5
	a	c	a	d	a

Integrated Cases 16

MCQs Key	1	2	3	4	5
	c	b	d	b	d

Integrated Cases 17

MCQs Key	1	2	3	4	5
	a	a	b	a	c

Integrated Cases 18

MCQs Key	1	2	3	4	5
	a	c	a	d	c

Integrated Cases 19

MCQs Key	1	2	3	4	5
	c	c	b	c	a

Integrated Cases 20

MCQs Key	1	2	3	4	5
	a	c	b	a	d

Integrated Cases 21

MCQs Key	1	2	3	4	5
	c	c	c	c	a

Integrated Cases 22

MCQs Key	1	2	3	4	5
	b	d	a	d	a

Integrated Cases 23

MCQs Key	1	2	3	4	5
	b	d	d	c	b

Integrated Cases 24

MCQs Key	1	2	3	4	5
	a	b	d	c	b

Integrated Cases 25

MCQs Key	1	2	3	4	5
	d	c	c	b	b

Integrated Cases 26 (Scripzy)

MCQs Key	1	2	3	4	5
	d	c	c	b	b

Integrated Cases 27 (Amrutha)

MCQs Key	1	2	3	4	5
	b	c	d	c	b

Integrated Cases 28 (TEEMOX,)

MCQs Key	1	2	3	4	5
	d	b	c	d	c

Integrated Cases 29

MCQs Key	1	2	3	4	5
	b	d	a	c	d

Integrated Cases 30 (Connect Private Limited)

MCQs Key	1	2	3	4	5
	b	d	a	c	a

Integrated Cases 34

MCQs Key	1	2	3	4	5
	d	c	c	b	b

Integrated Cases 35

MCQs Key	1	2	3	4	5
	d	b	c	d	c

Integrated Cases 36

MCQs Key	1	2	3	4	5
	b	c	d	c	b

Integrated Cases 37

MCQs Key	1	2	3	4	5
	a	b	d	c	b

Integrated Cases 38

MCQs Key	1	2	3	4	5
	c	c	d	a	b

Integrated Cases 39

MCQs Key	1	2	3	4	5
	c	c	d	b	a

Integrated Cases 40

MCQs Key	1	2	3	4	5
	c	d	a	c	d

Integrated Cases 41

MCQs Key	1	2	3	4	5
	b	c	b	a	b

Integrated Cases 42

MCQs Key	1	2	3	4	5
	c	b	d	a	b

Integrated Cases 43

MCQs Key	1	2	3	4	5
	a	d	b	c	d

Integrated Cases 47

Topics Covered	1.Business Level Strategy 4.Grand Strategy		2.SM Process 5.Leadership Style	3.Benchmarking	
MCQs Key	1	2	3	4	5
	a	b	c	b	c

Integrated Cases 48

MCQs Key	1	2	3	4	5
	b	c	b	b	b

Integrated Cases 49

MCQs Key	1	2	3	4	5
	b	b	c	c	b

If you're a champion, you have to have it in your heart.

APPENDIX-II

Past Year Question Paper - May 2024

PAPER 7 - SECTION – B: STRATEGIC MANAGEMENT

Question 1:

(a) BOYA Ltd. is a venture in the market present for a decade. Till, 2023, 2+3 it was working on the values and vision of its founder while operating in limited area of operations. Growth opportunities exist for BOYA Ltd. Considering the changing environment, company is interested to leverage new skills in marketing, technology, product development and financial management. As a known fact, modifying one aspect might have a ripple effect on other elements. The company wants to understand various hard and soft elements interrelated with each other in the company and having a bearing on effective operational results. As a strategist, you intend to prepare a questionnaire based on both types of elements by analyzing the organizational design. The response to the same will help in finding an answer to ensure effectiveness through the interaction of such elements. Briefly discuss the strategic model you will use in the given situation. State the limitations of the model as well.

(b) Elvis Global is a famous OTT platform facing fierce competition from its competitors amid changing consumer preferences. This has made it difficult to retain customers as the existing television channels are also launching their own platforms. The company has appointed Raghav to lead the company forward as the sales & marketing manager. Raghav needs to design creative and innovative advertising campaigns to gain a competitive edge, engage the public and capture the market.

Identify the strategic level that represents Raghav's role at Elvis Global. As a strategic advisor, highlight the various benefits of strategic management in overcoming different challenges to Raghav.

(c) Yash is planning to launch his new tech start-up. He is exploring 1+4 different locations across the country to establish his company in the =5 right business environment. One option is the city of Bengaluru, the silicon valley of India, with an engaging network of entrepreneurs, investors, advisors and mentors. Coupled with various subsidies for new ventures and tax benefits, Bengaluru might be an ideal choice for Yash to establish his company and increase the chances of success. Define the term Business Environment with respect to the above scenario. Explain the different ways in which the interaction of a business with its environment can be helpful in developing a successful strategy.

Question 2:

(a) 'Innovation leads to unnecessary expenses that do not give as many returns.' Do you agree with the statement? Give reasons in support of your answer.

(b) Explain how organizations can effectively manage strategic uncertainties in a rapidly changing business environment.

Question 3:

(a) What are the key characteristics of business products that contribute to the overall competitiveness and dynamics of the market?

(b) 'A company's mission statement is typically focused on its present business scope.' Explain the significance of a mission statement.

Question 4:

(a) What are channels? Why is channel analysis important? Explain the different types of channels?

(b) Explain the concept of vertically integrated diversification. How is forward integration different from backward integration?

OR

(b) Recommend a tool to analyze the competitive position of various rival companies in the market and outline the step by step procedure for using the identified tool.

APPENDIX-III

GLOSSARY

A

Accounting Profit: Measures the difference between the total revenue generated by the organization and its total cost.

Acquisition: When one organization seeks to acquire another, often smaller, organization.

Area Structures: An organizational form that divides and organizes the firm's activities according to where operations and people are located (also known as ***place structures, geographic divisions***).

B

Backward Integration: A strategy that moves the firm upstream into an activity currently conducted by a supplier (see vertical integration; forward integration).

Barriers to Entry: Economic forces that slow down or prevent entry into an industry.

Benchmarking: A firm's process of searching, identifying, and using ideas, techniques, and improvements of other companies in its own activities.

Boundary less Organization: An organization design in which people can easily share information, resources, and skills across departments and divisions.

Bureaucratization: The gradual process by which information flow becomes steadily slower within the firm.

Business Managers: People in charge of managing and operating a single line of business.

Business Strategy: Plans and actions that firms devise to compete in a given product/market scope or setting; addresses the question-"How do we compete within an industry?"

Business System: The subset of value chain activities that a firm actually performs.

C

Centralization: The degrees to which senior managers have the authority to make decisions for the entire organization.

Chaebol: A complex arrangement in which Korean firms ***(often family-owned)*** assume equity stakes and other ownership positions to maintain a web of companies.

Collaboration: Cooperation between partners that is often short-term or limited in scope. Collaboration is actually another form of competition between partners seeking to learn and absorb skills from one another.

Competencies: It can be defined as the attributes that firms require in able to compete in the market place.

Competing on Time: Speeding up the time needed to innovate new products and get them to market faster than competitors.

Competitive Advantage: Allows a firm to gain an edge over rivals when competing. Competitive advantage comes from a firm's ability to perform activities more distinctively or more effectively than rivals.

Competitive Environment: The immediate economic factors-customers. competitors, suppliers, buyers, and potential substitutes-of direct relevance to a firm in a given industry (also known as ***industry environment***).

Competitor Intelligence Gathering: Scanning specifically targeted or directed toward a firm's rivals; often focuses on a competitor's products, technologies, and other important information.

Conglomerates: Firms that practice unrelated diversification.

Continuous Quality Improvement: The deliberate and methodical search for better way of impressing products and processes.

Core Processes and Technologies: The key levers or drivers that form the basis of a firm's distinctive competence and critical value-adding activities.

Corporate Culture: The system of unwritten rules that guide how people perform and interrelate with one another.

Corporate Restructurings: Steps designed to change the corporate portfolio of businesses to achieve greater focus and efficiency among businesses; often involve selling off businesses that do not fit a core technology or are a drag on earnings.

Corporate Strategy: Plans and actions that firms need to formulate and implement when managing a portfolio of businesses can especially critical issue when firm, seek to diversify from their initial activities or operations into new areas. Corporate strategy issues are keys to extending the firm's competitive advantage from one business to another.

Critical Success Factor: The factor in an industry that are necessary for a business to gain competitive advantage.

Customer-Defined Quality: The best value a firm can put into its products and service for the market segments it serves. Customer-defined quality is more important to competitive strategy than what the firm thinks its quality should be.

D

De-Integration: The process by which a firm becomes less vertically integrated, often by selling off those activities that it once performed in-house.

Development Policies: The training and skill improvement guidelines or practices used by a firm to cultivate its people.

Differentiation: Competitive strategy based on providing buyers with something special or unique that makes the firm's product or service distinctive.

Distinctive Competence: The special skills, capabilities, or resources that enable a firm to stand out from its competitors; what a firm can do especially well to compete or serve its customers.

Diversification: A strategy that takes the firm into new industries and markets (see related diversification: till diversification).

Diversified Firm: A firm that operates more than one line of business. Diversified firms are often across several industries or markets, each with a separate set of customers competitive requirements (also known as a ***multibusiness firm***). Firms can differ in the degree or extent of their diversification.

Downscoping: The reduction of a firm's wide-spanning, corporate diversification by shrinking the scope of activities it performs.

Downstream Activities: Economic activities that occur close to the customer but far away from the firm's suppliers. Examples include outbound logistics, distribution, marketing, sales and service (see also upstream activities).

E

e-Business: The use of Internet-based technologies to transform how a business interacts with its customers and suppliers.

Economic Value Added: An attempt for organizations to include a more realistic profit figure. It is worked out by taking the difference between a company's operating profit after tax and its annual cost of capital, and discounting this to find out its present value.

Economies of Scale: The declines in per-unit cost of production or any activity as volume grows.

Empowerment: Delegation of decision-making authority and responsibility to those people most directly involved with a given project or task.

Environment: All external forces, factors, or conditions that exert some degree of impact on the strategies, decisions, and actions taken by the firm.

Environmental Scanning: The gathering of information about external conditions for use in formulating strategies.

Ethical Dilemmas: Difficult choices involving moral, legal or other highly delicate issues that managers must weight and balance when considering the needs of various stakeholders. Ethical dilemmas work to shape and sometimes constrain a firm's ability to take certain actions.

Exit Barriers: Economic forces that slow down or prevent exit from an industry.

Experience Curve Effects: cost reductions that occur from continuous repetition of activities that allow for improvement with each successive act (also known as ***economies of experience or learning curve effects***).

F

First-Mover Advantages: The benefits that firms enjoy from being the first or earliest to compete in an industry.

Five-force Framework: A tool of analysis to assess the attractiveness of the industry based on the strengths of five competitive forces.

Focus Strategies: Competitive strategies based on targeting a specific niche within an industry. Focus strategies can occur in two forms: cost-based focus and differentiation-based focus.

Forward Integration: A strategy that moves the firm downstream into an activity currently performed by a buyer (see vertical integration; backward integration).

Full Integration: Vertical integration that seeks to control every activity in the value chain. In full integration, firms bring all activities required to design, develop, produce, and market a product in-house (see partial integration).

Functional Structure: An organizational structure that groups managers and employees according to their areas of expertise and skills to perform their tasks.

G

General Environment: The broad collection of forces or conditions that affect every firm or organization in every industry (also known as ***macro environment***).

Generic Strategies: The broad types of competitive strategies-low-cost leadership, differentiation, and focus-that firms use to build competitive advantage (see low-cost leadership, differentiation, focus strategies).

Geographic Division: An organizational form that divides and organizes the firm's activities according to where operations and people are located.

Globalization: Viewing the world as a single market for the firm; the process by which the firm expand across different regions and national markets. On an industry level, globalization refers to the changes in economic factors such as economies of scale, experience, and R&D that make competing on a worldwide basis a necessity.

Global Strategy: A strategy that seeks to achieve a high level of consistency and standardization of products, processes, and operations around the world; coordination of the firm's many subsidiaries to achieve high interdependence and mutual support.

Goals: The specific results to be achieved within a given time period (also known as ***objectives***).

Group or Sector: A larger version of the SBU structure that often houses many different SBUs under one reporting relationship.

H

Harvesting: The systematic removal of cash and other assets from a slow-growth or declining business; may be thought of as "milking" a business before it loses all its value.

Horizontal Organization: An organization design in which teams and small units replace the strict separation of functional activities such as design, manufacturing, marketing, finance, distribution, sales, and service.

Hybrid (or Mixed) Structures: Combining different basic organizational structures to attain the benefits of more than one.

Hybrid Products: Products that result from combining or fusing together different sources of technologies.

Hybrid Strategy: This is where an organization is able to compbine being a low cost producer with some form of differenciation.

I

Industrial Espionage: Systematic and deliberate attempts to learn about a competitor's technologies or new products through secretive, and often illegal ways.

Industry Attractiveness: The potential for profitability when competing in a given industry. An attractive industry has high profit potential; an unattractive industry has low profit potential.

Industry Environment: The immediate economic factors - customers, competitors, suppliers, buyers, and potential substitutes-of direct relevance to a firm in a given industry (also known as ***competitive environment***).

Industry Initiative: The ability of a firm to shape, influence, or introduce new product ideas, standards, or technologies within an industry.

Industry Structure: The interrelationship among the factors in a firm's competitive or industry environment; configuration of economic forces and factors that interrelate to affect the behavior of firms competing in that industry.

International Division: A structure by which all of the firm's managers and employees in nondomestic activities report to a single senior manager who is separate from other domestic divisional managers; a structure traditionally used by firms that are starting to increase their overseas operations.

Internet: The enormous collection of interconnected networks that share the similar use of transmission and delivery protocols (TCP/IP). The internet evolved from early government-related programs to construct a huge network of research centers, universities, and government installations that would link up computer systems together.

Interrelationships: The sharing of activities, technologies, skills, and resources among a firm's subunits, particularly divisions or strategic business units (SBUs).

J

Joint Ventures: A form of strategic alliance in which partners work closely-usually through a third company that is set up by both partners-to pursue a mutually shared interest.

Just-in-Time: sophisticated approach to inventory management in which firms receive material from their suppliers when it is needed.

K

Keiretsu: A complex arrangement in which firms take equity stakes in one another as a long-standing strategic alliance; used in Japan to link up many different companies.

Knowledge-Based Competition: economic competition and competitive advantage derived from the creation and use of new forms of knowledge, skills, and technologies.

Knowledge Web: a collection or group of companies that work in tandem to shape the evolution of an industry.

L

Leadership: It is concerned with creating a shared vision of where the organization is trying to get to, and formulating strtaegies to bring about the changes needed to achieve this vision.

Linkages: The relationship between the way one value activity is performed and the cost of performance of another activity.

Liquidity: The ability of a firm or business to pay or meet its obligations (for example, debt payments, accounts payable) as they come due. The more liquid the firm, the easier its ability to meet these obligations.

Low-Cost Leadership: A competitive strategy based on the firm's ability to provide products or services at lower cost than its rivals.

M

Macroenvironment: The broad collection of forces or conditions that affect every firm or organization in every industry (also known as ***general environment***).

Marketing Mix: It is a set of marketing tools commonly referred to as the 4 Ps: product, price, place and promotion.

Matrix Structure: An organizational form that divides and organizes activities along two or more lines of authority and reporting relationships.

Merger: It occurs when two organizations join together to share their combined resources.

Mission: Describes the firm or organization in terms of its business. Mission statements answer the questions "What business are we in?" and "What do we intend to do to succeed?" Mission statements are somewhat more concrete than vision statements bur still do not specify the goals and objectives necessary to translate the mission into reality (see vision, goals; objectives).

Mixed Structures: Combining different basic organizational structures to attain the benefits of more than one (also known as ***hybrid structures***).

Multibusiness Firm: A firm that operates more than one line of business. Multibusiness firms often operate across several industries or markets, each with a separate set of customers and competitive requirements (also known as a diversified firm). Firms can possess many business units in their corporate portfolio.

Multidomestic Strategy: A strategy that seeks to adjust a firm's products, processes, and operations for markets and regions around the world; allows subsidiaries to tailor their products, marketing, and other activities according to the needs of their specific markets.

Multipoint Competition: A form of economic competition in which a firm commits its entire product line against a similarly endowed competitor's array of products.

N

Network Effects: An economic condition in which the value of a product or service rises as more people utilize it.

Network Organization': organizational format in which firms try to balance their reliance on performing internal value-creating activities with the need to stay responsive and open to the environment.

O

Objectives: The specific results to be achieved within a given time period (also known as goals). Objectives guide the firm or organizations in achieving its mission (see vision; mission).

Off-Line Coordinators: Individuals and groups often experienced managers and staff personnel, outside the formal hierarchy who coordinate activities among subunits.

Option: The right but not the obligation to purchase or sell a company's stock at a pre-set price within a pre-defined time period.

Organization Design Practices: Support mechanisms that facilitate the implementation of a strategy within the frame work of a given structure.

Outsource: The use of other firms to perform value-adding activities once conducted in-house.

P

Partial Integration: Vertical integration that is selective about which areas of activity the firm will choose to undertake. In partial integration, firms do not control every activity required to design, develop, produce, and market a product.

Positioning: A view that strategy is about how an organization positions itself to mitigate the prevailing industry structure (Five forces) that exists.

Primary Activities: Economic activities that relate directly to the actual creation, manufacture, distribution, and sale of a product or service to the firm's customer (see support activities).

Process Development: The design and use of new procedures technologies, techniques, and other steps to improve value adding activities.

Product Development: The conception, design, and commercialization of new products.

Product Differentiation: The physical or perceptual differences that make a product special or unique in the eyes of the customer.

Product Divisions: The most basic form of product structure, in which each division houses all of the functions necessary for it to carry out its own strategy and mission.

Productivity Paradox: The economic trade-off-that managers must make when using traditional manufacturing technology to achieve low-cost production: flexibility and variety of production are sacrificed.

Product Life Cycle: It is a concept that staes that products follow a pattern during which they are introduced to the market, they grow, reach a maturity stage and eventually decline.

Product Realization: The product development process, beginning with product idea and concept and ending with production and distribution.

Product Structure: An organizational structure that divide the firm into self-contained units able to perform all of their own activities independently; examples include product divisions, strategic business units (SBUs), sectors or groups, and conglomerate/holding company formats.

Prospecting: An activity designed to help the firm search, understand, and accommodate environmental change; a proactive attempt by a firm to make an environmental change favorable to itself.

R

Reengineering: The complete rethinking, reinventing, and redesign of how a business or set of activities operates.

Related Diversification: A strategy that expands the firm's operations into similar industries and markets; extends the firm's distinctive competence to other lines of business that arc similar to the firm's initial base (see related industry; unrelated diversification).

Related Industry: An industry that shares many of the same economic, technological, or market-based drivers or characteristics as another.

Resource-Based View of the Firm: An evolving set of strategic management ideas that place considerable emphasis on the firm's ability to distinguish itself from its rivals by means of investing in hard-to-imitate and specific resources (for example, technologies, skills, capabilities, assets, management approaches).

Resource Sharing: The transfer of skills, technologies, or knowledge from one business to another; vital to building synergy in related diversification.

Restructuring: Redesigning an organizational structure with the intent of emphasizing and enabling activities most critical to a firm's strategy to function at maximum effectiveness.

S

Shared Values: The basic norms and ideals that guide people's behaviors in the firm and form the underpinning of a firm's corporate culture.

Single-Business Firm: A firm that operates only one business in one industry or market (also known as an ***undiversified firm***).

Six Sigma: A continuous improvement programme adopted by many companies in the last two decades that takes a very regourous and analytical approach to quality and continuous improvement with an objective to improve profits through defect reduction, yield improvement, improved customer satisfaction, and best in class performance.

Socialization: The process by which shared values and ways of behaving are instilled in new managers and employees.

Special alert Control: Management actions undertaken throughly and more often very rapidly, reconsider a firm's strtaegy because of a sudden, unexpected event.

Specialization: The assignment of particular tasks and activities to those people who are best able to perform them.

Spin-Off: A form of corporate restructuring that sells businesses or parts of a company that no longer contribute to the firm's earnings or distinctive competence.

Standardization: The process of defining the organization's work practices and procedures so that people can repeatedly perform them at a given level or measure of performance.

Static Organizations: Firms that have adapted extremely well to a particular environment but lack the ability to respond quickly to change.

Strategic Alliances: Linkages between companies designed to achieve an economic objective faster or more efficiency than either company could do alone; take the basic forms of licensing arrangements, joint ventures, or multi partner consortia.

Strategic Business Unit: Form of organization that often represents larger product divisions or collections of smaller product divisions under one reporting relationship.

Strategic Groups: The distribution or grouping of firms that pursue similar strategies in response to environmental force, within an industry. Firms within the same strategic group will tend to compete more vigorously with one another than with firms from other strategic groups.

Strategic Management Process: The steps by which management converts a firm's values, mission, and goals objectives into a workable strategy; consists of four stages: analysis, formulation, implementation, and adjustment evaluation.

Strategic Surveillance: Management efforts to monitor a broad range of events inside and more often ouside the firm that are likely to affect its course of action.

Strategy: Refers to the ideas, plans, and support that firms employ to compete successfully against their rivals. Strategy designed to help firms achieve competitive advantage.

Strategy Implementation: The process by which strategies are converted into desired actions.

Strtaegic Control: Management efforts to track a strtaegy as it is being implemented , detect problems and change in its underline premises, and make necessary adjustments.

Structure: The formal definition of working relationships between people in an organization.

Support Activities: Economic activities that assist the firm primary activities (see primary activities).

Switching Costs: Costs that occur when buyers or supplier move from one competitor's products or services to another's.

SWOT Analysis: Shorthand for strengths, weaknesses, opportunities, and threats; a fundamental step in assessing the firm's external environment; required as a first step of strategy formulation and typically carried out at the business level of the firm.

Synergy: An economic effect in which the different parts of the company contribute a unique source of heightened value to the firm when managed as a single, unified entity.

System-wide Advantage: The building and sustaining competitive advantage across multiple business units to achieve corporate-wide strength.

T

Tactics: Specific action that need to be undertaken to achieve short-term onjectives, usually by functional areas.

Terrain: The environment (or industry) in which competition occurs. In military sense, terrain is the type of environment or ground on which a battle takes place. From a business sense, terrain refers to markets segments, and products used to win over customers.

Threat: A major unfavourable situation in a firm's environment.

Total Quality Management: The cultivation and practice of quality in every person's tasks and activities throughout the organization.

Transaction Costs: Economic costs of finding, negotiating, selling, buying and resolving disputes with other firm (for example, suppliers and customers) in the open market.

U

Undiversified Firm: A firm that operate only one business in one industry or market (also known as single-business firm).

Unrelated Diversification: A strategy that ***exp.ll1ds*** the firm operations into industries and markets that are not similar or related to the firm's initial base; does not involve sharing the firm's distinctive competence across different lines of business (see related diversification; related industry).

Upstream Activities: Economic activities that occur close to the firm's suppliers but far away from the consumer. Examples include inbound logistics, procurement, manufacturing and operations.

V

Value Chain: An analytical tool that describes all activities that make up the economic performance and capabilities of the firm; used to analyze and examine activities that create value for a given firm.

Value Chain Analysis: An analysis that attempts to understand how a business creates customer value by examining the contributions of different activities within the business to that value.

Value Engineering: Process by which each step in engineering and product development activities directly contribute to the value of the final product.

Value Proposition: The products and services that meet customer needs at a price that generates a positive economic return.

Vertical Integration: The expansion of the firm's value chain to include activities performed by suppliers and buyers; the degree of control that a firm exerts over the supply of its inputs and the purchase of its outputs. Vertical integration strategies and decisions enlarge the scope of the firm's activities in one industry.

Virtual Advantage: A type of competitive advantage based on speed, fast turnaround and deep knowledge of customers' needs to create value faster than competitors can do, often by focusing on a few core value-adding activities.

Virtual Organization: An organizational format that coordinate and links up people and activities from different locations to communicate and act together often on a real-time basis.

Vision: The highest aspirations and ideals of a person or organization; what a firm wants to be. Vision statements often describe the firm or organization in lofty, even romantic or mystical tones (sec mission: goals; objectives).

W

Weakness: A limitation or deficiency in or more resources or competencies relative to competitors that impedes a firm's effective performance.


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