



CA INTER NEW SYLLABUS

STRATEGIC MANAGEMENT

Brahmastra

**SUMMARY OF
IMPORTANT POINTS**

JUST 50 PAGES

Regular & Fastrack Batches

CA Intermediate - New Syllabus
Study **Paper 6** from

Financial Management & Strategic Management

by CA Mohnish Vora (MVSIR)

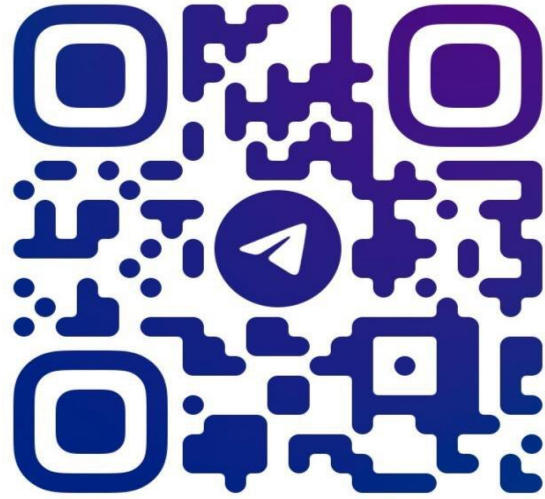
Enroll in classes from
www.ultimateca.com



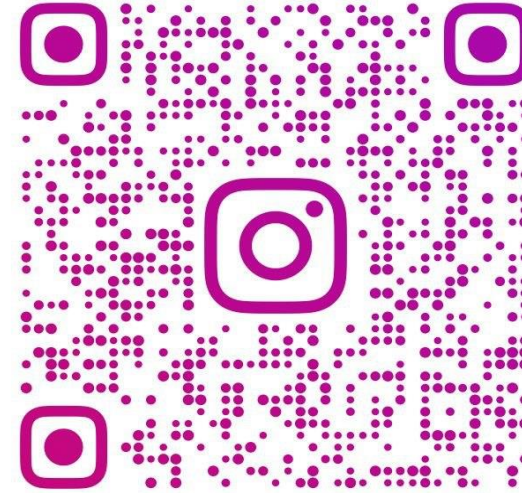


Connect with MVSIR

Telegram
[@camvsir](https://t.me/camvsir)



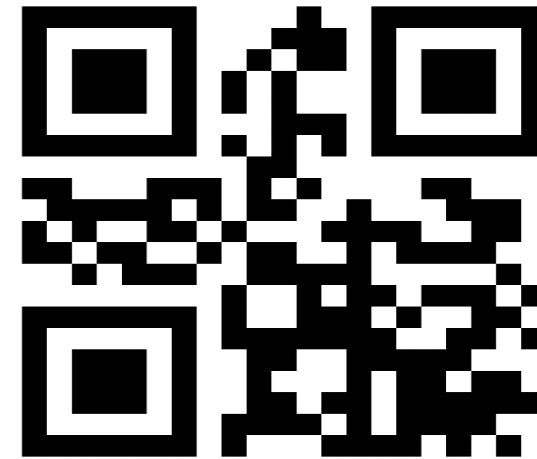
Instagram
[@ca_mohnishvora](https://www.instagram.com/ca_mohnishvora)



YouTube
[@ca_mohnishvora](https://www.youtube.com/ca_mohnishvora)



Website
mvsir.in



Scan the above QR codes



CHAPTER 1 - INTRODUCTION TO STRATEGIC MANAGEMENT

Management

1) **Key group** → in-charge of its affairs

➤ Chief Organ → make organization a **purposeful** & **productive** entity, by **bringing together** & **integrating disorganised resources** → **combined into a functioning whole**.

➤ **Survival & success** of org. depends on **competence & character** of its management.

2) Set of inter-related functions & processes

Planning, Organising, Directing, Staffing & Control.

They range from - **MT: Control MAD Goals**

➤ **installation of control system**
➤ **mobilisation & acquisition** of resources,
➤ **allocation of tasks & resources**
➤ **design** of organization &
➤ **determination of the goals**

Strategy

Game plan that mgt. uses to -

➤ **conduct** its operations, **MT: C²OMA**
➤ **compete** successfully,
➤ achieve **organizational objectives**
➤ take **market position**, &
➤ **attract** and **satisfy** customers.

It is also **long-range blueprint** of an organization's **MT: 3 D**

➤ **desired image** (what it **wants to be**)
➤ **Direction** (what it **wants to do** & **how** it wants to do things)
➤ **Destination** (**where** it wants to go).

Scheme of corporate intent & action -

➤ to **mobilise resources**, **MT: Utilise M²DH**
➤ to **direct human effort** and behaviour,
➤ to **handle events** and problems,
➤ to **perceive** and **utilise opportunities**, and
➤ to **meet challenges and threats** for corporate survival and success.

Integrated framework for top mgt. -

➤ to **use resources & strengths**, **MT: SWOT**
➤ to **offset** corporate **weaknesses**.
➤ to **search, evaluate & exploit** beneficial **opportunities**,
➤ to **perceive & meet threats** & crisis,

Strategy is no substitute for sound & alert management

➤ **Strategy** can **never be perfect, flawless and optimal**.
➤ It is the very nature of strategy → **flexible & pragmatic** to take care of **sudden emergencies** & **avoid failures**
➤ Sound strategy → **allowances are made for miscalculations** & **unanticipated event**

Strategy is partly proactive and partly reactive

➤ Strategy is a blend of:
✓ **Proactive actions** → managers to **improve company's market position & financial performance**
✓ **Reactions to unanticipated developments & fresh market conditions** in dynamic business environment. **Adapting** to environment.

Strategic Management

Strategic management is made up of several distinct activities:

➤ developing **vision & mission**;
➤ **strategic analysis**;
➤ developing **objectives**;
➤ **creating, choosing, & implementing** strategies; and
➤ measuring & **evaluating performance**
➤ Taking **corrective adjustments** wherever required

Join Telegram Channel of MVSIR- **@camvsir**
Instagram Channel of MVSIR- **@ca_mohnishvora**
Buy books & classes of MVSIR- **www.mvsir.in**



CHAPTER 1 - INTRODUCTION TO STRATEGIC MANAGEMENT

Strategic Management

Importance/Benefits of Strategic Management

MT: Facebook pe Frame wali DP C2yu Lagate hai ?

- 1) SM prepares organisation to face the future → act as **pathfinder to various opportunities**.
- 2) SM provides frameworks for all major decisions → on products, businesses, markets, etc. (PBM)
- 3) SM **gives a direction** → to move ahead. Helps **define goals & mission**. Defining **objectives** → **in line with vision**
- 4) SM helps org. to be **proactive instead of reactive**. → **analyse & take actions** → take **control their own destiny**
- 5) SM serves as a **corporate defence mechanism** against mistakes & pitfalls. → **avoid costly mistakes**
- 6) SM helps org. to **develop core competencies & competitive advantages** → fight for **survival and growth**
- 7) SM helps to **enhance the longevity** of business. It helps org to **take a clear stand** → not just surviving on luck. **Actions over expectations** is what SM ensures.

Limitations of Strategic Management

MT: Costly ETC

- 1) SM is a **costly process**. **Expert strategic planners**, efforts for analysis of environments, devise & implement strategies.
- 2) It is **difficult to clearly estimate the competitive responses**. Difficult to know strategies of competitors → **taken within closed doors**. For eg, Apple removing 3.5mm audio jack from iPhones.
- 3) SM is a **time-consuming process**. Org spend lot of time in → **preparing & communicating** the strategies → may **impede daily operations**
- 4) Environment is **highly complex & turbulent difficult to understand environment**. The org. **estimate** about future may go **wrong**. For eg, Two-Wheeler Electric Vehicles → incidents of battery catching fire.

Objectives of Strategic Management

- 1) To **create competitive advantage** → to **outperform the competitors**.
- 2) To **guide company through all changes** in environment → **React in right manner**

Strategic Intent

- Refers to **purposes** of **what organisation strives for**
- Senior managers must define-
 - ✓ "**what** they want to do" and
 - ✓ "**why** they want to do".**"Why they want to do"** represents **strategic intent**
- It is the **philosophical base** of SM.
- Answers the question- **what organisation strives or stands for?**

Elements of Strategic Intent

Strategic intent could be in form of

vision & mission
statements
at
corporate
level

business definition & business model
at
business level

goals & objectives
at
Functional
(Operational)
level



CHAPTER 1 - INTRODUCTION TO STRATEGIC MANAGEMENT

Vision

Meaning

- Vision is the blueprint of the company's future position
- ✓ It shows **management's aspirations** for business,
- ✓ Provides a **panoramic view** of "where we want to go" &
- ✓ a **rationale for why this makes good business sense**.
- Vision thus points out-
 - ✓ a **particular direction**,
 - ✓ **charts a strategic path**
 - ✓ **moulding organisational identity**

Essentials of a Strategic Vision

MT: CEED

- 1) Challenge → **think creatively** about **how to prepare a co. for future**.
- 2) Forming vision → **exercise** in intelligent entrepreneurship.
- 3) Well-articulated vision **creates enthusiasm** among members of org.
- 4) It **illuminates direction** in which org. is headed

Mission

Why should an org. have a mission?

MT: PUT BMW in Focus

- 1) To **specify organisational purposes** & **translation** of purposes into **goals**.
- 2) To ensure **unanimity of purpose**
- 3) To establish a **general tone** or **organisational climate**
- 4) To **develop a basis** for **allocating resources**.
- 5) To provide a **basis for motivating** the use of **resources**.
- 6) To facilitate **translation of objective** & goals into a **work structure** involving assignment of tasks.
- 7) To serve as a **focal point** → who can identify with org's purpose & direction.

Meaning

- A mission is an answer to the basic question-
 - ✓ what business are we in? ; &
 - ✓ what we do?
- It describe an organisations **present-activities**, **business makeup** & **capability & customer focus**

MT: ABC

Components of a good mission statement

- 1) Mission statement should give org its own-
 - ✓ **special identity**,
 - ✓ **business emphasis** &
 - ✓ **path for devp.** - one that sets it apart.
- 2) Mission should specify-
 - ✓ **what needs org is trying to satisfy**,
 - ✓ which **customer groups it is targeting** &
 - ✓ **technologies & competencies it uses** &
 - ✓ **activities it performs**
- 3) **Unique** to the org.
- 4) **Not be to make profit**

Peter Drucker & Theodore Levitt → org should answer these questions before starting its business

MT: PUB4G MSN2

- 1) What is our **ultimate purpose**?
- 2) Do we **understand our business correctly**?
- 3) What do **we want to become**?
- 4) What **business** are we in?
- 5) In what **business** would we like to be in **future**?
- 6) What **brings us** to this particular business?
- 7) What kind of **growth** do we seek?
- 8) What is our **mission**?
- 9) **Whom** do we intend to serve?
- 10) What human **need** do we intend to serve through our offer?
- 11) What would be **nature** of business in **future**?



CHAPTER 1 - INTRODUCTION TO STRATEGIC MANAGEMENT

Goals & Objectives

Goals

Goals are **open-ended attributes** that denote the **future states or outcomes**.

Objectives

- Objectives are **close-ended attributes** → **precise** & expressed in **specific** terms.
- They translate goals to → short-term & long-term perspective
- They are **performance targets** - results org wants to achieve.
- They function as **yardsticks** (benchmark) for tracking an org's **performance**.

Characteristics of Objectives

MT: SMART & Challenging Performance

- 1) **Concrete** & **specific**.
- 2) Provide basis for **strategic decision-making**.
- 3) **Measurable** and **controllable**.
- 4) Facilitative towards **achievement of mission & purpose**.
- 5) Should **define** organisation's **relationship with its environment**.
- 6) Related to a **time frame**.
- 7) **Challenging**.
- 8) Provide **standards for performance appraisal**.
- 9) Should **correlate with each other**.
- 10) **Set within constraints of organisational resources & external environment**.

LTO are established in 7 areas
OR Key areas in which the strategic planner should concentrate his mind to achieve desired results.

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

MT: 3P 2E CT

Intent vs Values - Which is broader concept?

- **Intent** is the **purpose of doing business**
- **Values** are **principles** that **guide decision making** of business.
- They both go hand in hand, while the **intent is driven by values**.
- So **values** more or so is **wider than Intent**

Join Telegram Channel of MVSIR- [@camvsir](#)
Instagram Channel of MVSIR- [@ca_mohnishvora](#)
Buy books & classes of MVSIR- [www.mvsir.in](#)

Values

- Values are **deep-rooted principles** which **guides decisions & actions**.
- As per Collins & Porras core values → **inherent & sacrosanct**
- Values **sets tone** for how people will think & behave, in dilemma.
- Creates a sense of **shared purpose** → build strong foundation and focus on **longevity**.
- **Employees** → work with employers whose values **resonate** with them
- **Consumers** → buy products from cos. that have a **purpose** that **reflects their own value & belief system**.
- Hence, values have both **internal** as well as **external** implications.
- For eg- HP Way, etc

Strategic Levels of Org.

Corporate Level Managers

- CLM consists of CEO & other senior executives, BOD, & corporate staff.
- **Participate in strategic decision making & oversee devp of strategies**
- **Role of CLM** includes-
 - 1) **formulating & impl. strategies** that span individual businesses,
 - 2) defining **mission & goals**
 - 3) determining **what businesses** it should be in,
 - 4) **allocating resources**
 - 5) providing **leadership**

MT: Formulating & Implementing MBA Leadership



CHAPTER 1 - INTRODUCTION TO STRATEGIC MANAGEMENT

Business Level Managers (BLM)

- Development of **strategies** for competing in **individual business areas**, (like FMCQ, hotel, financial services etc) → responsibility of BLM
- The **principal general manager** at business level, or BLM, is the **head of the division (SBU)**.
- BLM's strategic role is to **translate general statements of direction & intent** that come from the corporate level **into concrete strategies** for individual businesses.

Functional Level Managers (FLM)

- FLMs → responsible for **specific business functions** (HR, sales, etc) → **develop functional strategies**
- FLM's sphere of responsibility is confined to **one organizational activity**, whereas general managers (BLM) **oversee operation of whole company/division**.
- FLM **provide information** → helps BLM & CLM to **formulate realistic & attainable strategies**.
- They are **closer to the customers, suppliers & operations** than general manager is.
- FLM **themselves may generate important ideas** that may become major strategies
- Also responsible for → **strategy implementation, i.e. execution** of CLM & BLM plans.

3 major types of networks of relationship

1) Functional & Divisional Relationship

- **Independent relationship**, where **each function** or a division is run **independently headed** by the **function/division head**, who is a **BLM**, reporting to **business head**, who is CLM.

2) Horizontal Relationship (Flat Structure) → More suitable for **startups**

- All positions, from top mgt to employees, are in **same hierarchical position**.
- This leads to - **openness & transparency** & more **idea sharing & innovation**.

3) Matrix Relationship

- **Grid-like structure** of levels in an org., with **teams formed with people from various departments** that are built for **temporary task-based projects**.
- Helps to manage huge **conglomerates** (large org.) → **impossible to track every single team independently**.
- **More than one BLMs** for each functional teams. (**Dual-reporting**)

Top Down Approach or Bottom-Up Approach?

- **Top-down approach** to decision making → **decision made solely by leadership at top (CLM)**,
- **Bottom-up approach** → gives **all teams across the levels a voice** in decision making

Benefit of proactive strategy over reactive strategy

MT: BCCE

- 1) Allows for **better risk management** by identifying potential challenges in advance, enabling organizations to **develop contingency plans**.
- 2) Result in **cost savings** as **preventive measures** can be more **efficient** than addressing crises retroactively.
- 3) Organizations can **maintain a competitive edge** by **staying ahead** of industry trends and changes.
- 4) It **enhances organizational strength** and **responsiveness** in navigating uncertainties.

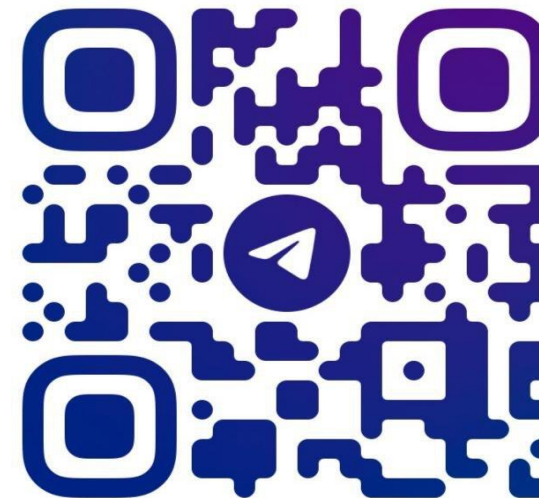
Mission Vs Vision

- 1) Mission statement tells **fundamental purpose** & concentrates on **present**. It defines **customer** & **critical processes** & informs you of **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**.
- 2) The vision describes a **future identity** while the mission serves as an **on-going** and **time-independent guide**.
- 3) The vision statement can galvanize the people to **achieve defined objectives**. A mission statement provides a **path to realize the vision** in line with its values.
- 4) A vision statement defines the **purpose or broader goal for being in existence** & **can remain the same for decades**, while a mission statement is **more specific** in terms of both **future state** & **time frame**. Mission describes **what will be achieved** if the organization is **successful**.

Remaining chapters will be shared soon !

Join Telegram Channel

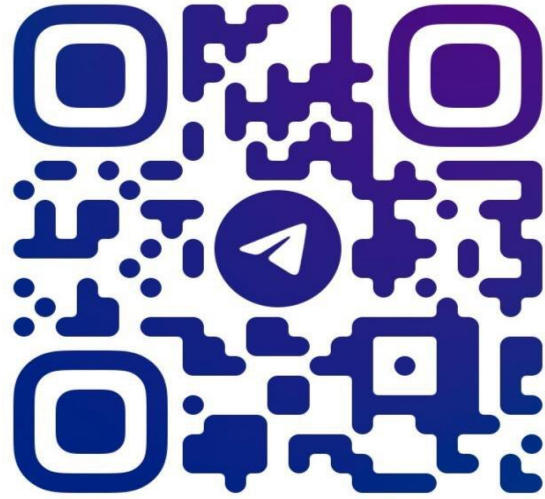
@camvsir



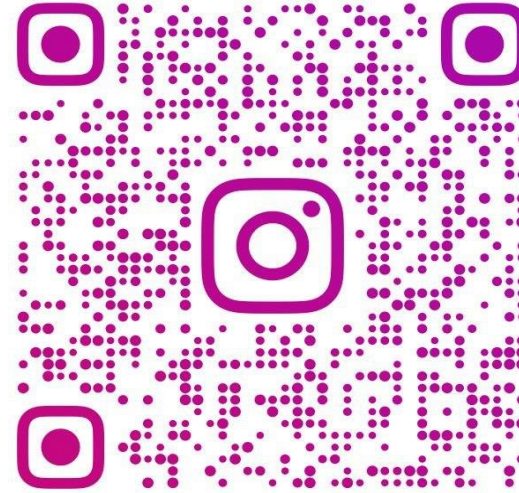


Connect with MVSIR

Telegram
[@camvsir](https://t.me/camvsir)



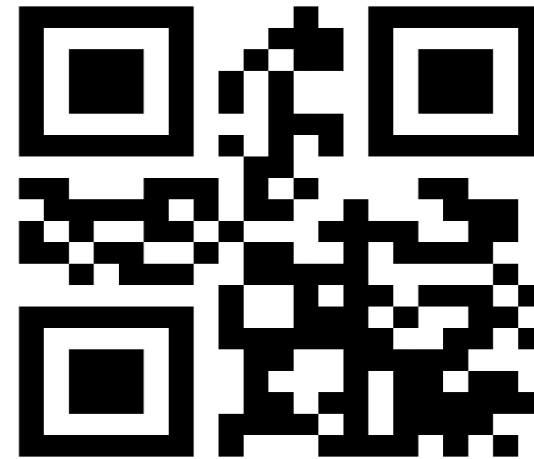
Instagram
[@ca_mohnishvora](https://www.instagram.com/ca_mohnishvora)



YouTube
[@ca_mohnishvora](https://www.youtube.com/ca_mohnishvora)



Website
mvsir.in



Scan the above QR codes