



CA Intermediate – New Syllabus  
Strategic Management

# CA Inter SM

RTP Sep 24, Jan 25,  
MTP Jul 24, Aug 24, Nov 24, Dec 24  
PYQ May 24, Sep 24

Compiled chapter-wise  
by CA Mohnish Vora (MVSIR)

**NEW SYLLABUS**

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Chapter 1 - Introduction to Strategic Management

RTP Sep 2024

1

Jaago Lights, a successful brand from Jalandhar, aimed to enter the Middle East market by teaming up with major industry players. They needed to reorganize internal operations and refine product designs, facing pressure to expand quickly and turbulence in existing operations. What is the primary limitation of strategic management highlighted in the business case?

a) Lack of senior management support

b) **Time-consuming and complex nature**

c) Inability to adapt to market changes

d) Excessive focus on short-term goals

RTP Jan 2025

2

In a recent strategy meeting, the leadership team of TechNova, a growing software development firm, emphasized the importance of defining the core purpose of the organization. They aimed to outline the primary reason for the company's existence and to guide their decision-making processes during challenging times. They noted that this central guiding declaration would help align the team's efforts and communicate to stakeholders what the company stands for. What term best describes the central guiding declaration that communicates the purpose and values of TechNova?

a) Vision

b) **Mission**

c) Objectives

d) Goals

RTP Sep 2024

3

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

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

| Relationship              | Benefits  | Drawbacks  | Suitability for AI Leadership                    |
|---------------------------|---|--|--|
| Functional and Divisional | Specialization, clear management of Functions and products. | Potential for departmental isolation, limited collaboration. | Less effective For cross-functional AI projects. |

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|                   |  |  |   |
|-------------------|--|--|---|
| <b>Horizontal</b> | Open communication, encourages innovation and fast idea sharing.                               | Hard to scale, unclear roles and responsibilities. | Suitable for startups, less for large AI initiatives. |
| <b>Matrix</b>     | Facilitates cross-Functional collaboration, flexible resource management for complex projects. | Complex reporting structures, potential conflicts. | Ideal for managing diverse, innovative AI projects.   |

RTP Sep 2024

4

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

Strategic management involves developing the company's vision, environmental scanning, strategy formulation, implementation, evaluation and control. It emphasizes the monitoring and evaluation of external opportunities and threats in the light of a company's strengths and weaknesses and designing strategies for survival and growth. It helps in the creation of a competitive advantage to outperform the competitors and also guides the company successfully through all changes in the environment.

**The major benefits of strategic management are:**

- Strategic management gives directions to the company to move ahead. It defines the goals and mission.
- It helps organizations to be proactive instead of reactive in shaping their future.
- It provides frameworks for all major decisions of an enterprise such as decisions on businesses, products, markets, manufacturing facilities, investments and organizational structure. It provides better guidance to the entire organisation on the crucial point - what it is trying to do.
- It helps organizations to identify the available opportunities and identify ways and means to achieve them.
- It serves as a corporate defence mechanism against mistakes and pitfalls.
- It helps to enhance the longevity of the business.
- It helps the organisation to develop certain core competencies and competitive advantages that would facilitate survival and growth.

MTP Jul 24

5

**Mr. Arun has been hired as the CEO by ABC Ltd, a pharmaceutical company that has diversified into affordable wellness supplements. The company intends to launch the Health Plus brand of supplements. ABC wishes to enhance the well-being of people with its products that are beneficial for health and are produced in an environmentally sustainable manner using natural ingredients. Draft a vision and mission statement that may be formulated by Arun.**

The Health Plus brand of wellness supplements may have the following vision and mission:

**Vision:** Vision implies the blueprint of the company's future position. It describes where the organization wants to land. Mr. Arun should aim to position "Health Plus" as India's leading wellness supplements brand. It may have the vision to be India's largest wellness supplements company that enhances health, promotes extraordinary well-being, and brings happiness to people.

**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

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help potential shareholders and investors understand the purpose of the company. Mr. Arun may identify the mission in the following lines:

- To be in the business of wellness supplements to enhance the lives of people and give them the confidence to lead a healthy life.
- To protect health by providing supplements that counteract harmful elements in the environment.
- To produce wellness supplements using natural ingredients in an environmentally sustainable manner.

MTP Jul 24, RTP Jan 25

6

XYZ Corporation operates in a diverse range of industries, including fashion, lifestyle products, furniture, real estate, and electrical goods. The company is seeking to hire a suitable Chief Executive Officer. As the HR consultant for XYZ Corporation, you have been tasked with outlining the activities involved in the role of the Chief Executive Officer. Identify the strategic level associated with this role and list the activities it encompasses.

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.

The role of Chief Executive Officer is to:

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.

MTP Aug 24, Dec 24

7

Vikram Patel owns a chain of ten bookstores across the Mumbai region. Three of these stores were launched in the past two years. He has always believed in strategic management and enjoyed robust sales of books, magazines, and educational materials until about five years ago. However, with the increasing preference for online shopping, the sales at his physical stores have declined by approximately sixty percent over the last five years. Analyze Vikram Patel's current position in light of the limitations of strategic management.

Vikram Patel is facing declining sales due to a significant shift of customers toward online platforms. Although he employs strategic management tools, they cannot always overcome every obstacle or guarantee success. The limitations of strategic management in Vikram's situation include:

- The environment in which strategies are developed is highly complex and unpredictable. The entry of online bookstores, a new type of competitor, introduced a different dynamic to the book retail industry. These online platforms, with their extensive reach and pricing power, have dominated the market, posing a formidable challenge to traditional bookstores.
- Another limitation of strategic management is the difficulty in forecasting future developments. Despite his strategic management efforts, Vikram Patel did not anticipate the extent to which online bookstores would impact his sales.
- While strategic management is a time-consuming process, it is crucial for

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Vikram to continue managing strategically. These challenging times demand increased effort and adaptability on his part.

- Strategic management can be costly. Vikram Patel might consider hiring experts to understand customer preferences better and adjust his strategies to offer more personalized services. These customized offerings could be difficult for online stores to replicate, giving him a competitive edge.
- The bookstores owned by Vikram Patel are much smaller in scale compared to online stores. This makes it challenging for him to predict how online platforms will manoeuvre strategically.

MTP Aug 24

|   |  |
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| 8 | What is a strategic vision, and what are the essential components that make it an effective tool for guiding an organization's future? |
|---|--|

A strategic vision serves as a roadmap for a company's future, detailing the specifics of technology, customer focus, geographic and product markets, and the capabilities the organization aims to develop. It answers the critical question, "Where are we going?" and provides a compelling rationale for the chosen direction, ensuring it aligns with the company's long-term objectives.

A strategic vision outlines the organization's aspirations, offering a broad, panoramic view of where it aims to be. It provides a clear direction, charts a strategic path for future endeavors, and helps in shaping the organizational identity.

**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.

PYQ May 24

|   |   |
|---|---|
| 9 | 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.<br>represents Raghav's role at Elvis Global. As a strategic advisor, highlight the various benefits of strategic management in overcoming different challenges to Raghav. |
|---|---|

Raghav's role at Elvis Global represents the Functional level of strategy. As the sales and marketing manager, his responsibilities are focused on specific areas within the company, particularly on crafting and executing marketing and sales strategies that drive customer engagement and competitive positioning.

**Benefits of Strategic Management for Raghav at Elvis Global**

Strategic management can provide several benefits to Raghav in addressing the competitive and consumer challenges faced by Elvis Global:

- Strategic management helps Elvis Global define its goals and mission, providing clear direction for future initiatives. This ensures that all marketing efforts are aligned with the company's overall vision. It allows Raghav to set realistic and

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achievable objectives that support the company's long-term goals, ensuring that marketing strategies are both ambitious and attainable.

- Through strategic management, Raghav can proactively shape the future of Elvis Global rather than merely reacting to market changes. This allows the company to anticipate trends and act accordingly. A proactive approach enables Elvis Global to better manage environmental uncertainties and stay ahead of competitors, ensuring a more controlled and predictable business environment.
- Strategic management provides a robust framework for making critical decisions regarding marketing strategies, target markets, and resource allocation. This ensures that all major decisions are well-informed and strategically sound. It ensures coherence and consistency in decision-making across the organization, aligning marketing strategies with overall business objectives.
- Strategic management helps identify and exploit new business opportunities, allowing Raghav to craft campaigns that resonate with emerging consumer preferences and market trends. By recognizing and capitalizing on these opportunities, Elvis Global can differentiate itself from competitors and capture a larger market share.
- Strategic management acts as a defence mechanism against potential mistakes and pitfalls, helping Raghav avoid costly errors in marketing decisions and campaign execution. It provides a structured approach to identifying and mitigating risks, ensuring more informed and safer decision-making.
- Strategic management enhances the longevity and sustainability of Elvis Global by ensuring that marketing strategies are adaptable and resilient in a dynamic market. It helps the company establish a clear and deliberate position within the industry, ensuring sustained relevance and competitiveness.
- Strategic management enables the development of core competencies and competitive advantages that are crucial for the company's success. This includes building strong brand identity, innovative content offerings, and superior customer service. By focusing on these strengths, Raghav can ensure that Elvis Global achieves sustainable growth and maintains its competitive edge in the OTT market.

Through strategic management, Raghav can effectively navigate the competitive challenges faced by Elvis Global. By providing clear direction, encouragement a proactive approach, guiding critical decisions, identifying new opportunities, defending against pitfalls, ensuring longevity, and developing core competencies, strategic management enables the company to achieve and sustain a competitive edge. This comprehensive approach will allow Raghav to design innovative advertising campaigns that engage the public, capture the market, and drive the company forward.

PYQ May 24, RTP Jan 25

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| 10 | <p><b>'A company's mission statement is typically focused on its present business scope.' Explain the significance of a mission statement.</b></p> <p>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 organization's present capability, customer focus, activities, and business make up. Mission for an organization is significant for the following reasons:</p> <ul style="list-style-type: none"><li>▪ It ensures unanimity of purpose within the organization.</li><li>▪ It develops a basis, or standard, for allocating organizational resources.</li><li>▪ It provides a basis for innovating the use of the organization's resources</li><li>▪ It establishes a general tone or organizational climate, to suggest a business like operation.</li><li>▪ It serves as a focal point for those who can identify with the</li></ul> |
|----|--|



- organization's purpose and direction.
- It facilitates the translation of objectives and goals into a work structure involving the assignment of tasks to responsible elements within the organization.
- It specifies 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.

| PYQ Sep 2024 |   |
|--------------|---|
| 11           | Explain in brief the term 'objectives' as part of strategic intent. Also outline the characteristics, the objectives of a company must possess to be meaningful and to serve the intended role. |

Objectives are an organization’s 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. Objectives, to be meaningful to serve the intended role, must possess the following characteristics:

- 1) Objectives should define the organisation’s relationship with its environment.
- 2) They should be facilitative towards achievement of mission and purpose.
- 3) They should provide the basis for strategic decision-making.
- 4) They should provide standards for performance appraisal.
- 5) They should be concrete and specific.
- 6) They should be related to a time frame.
- 7) They should be measurable and controllable.
- 8) They should be challenging.
- 9) Different objectives should correlate with each other.
- 10) Objectives should be set within the constraints of organizational resources and external environment.

| MTP Nov 2024 |  |
|--------------|--|
| 12           | Define strategic management. Also discuss the limitations of strategic management. |

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 were deemed appropriate.

The presence of strategic management cannot counter all hindrances and always achieve success as there are limitations attached to strategic management. These can be explained in the following lines:

- ❖ **The 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. The environment affects as the organisation has to deal with suppliers, customers, governments and other external factors.
- ❖ **Strategic management is a time-consuming process.** Organizations spend a lot of time preparing, communicating the strategies that may impede daily operations and negatively impact on routine business.

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- ❖ **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 particularly when small and medium organisation create strategies to compete.
- ❖ **Competition is unpredictable.** In a competitive scenario, where all organisations are trying to move strategically, it is difficult to clearly estimate the competitive responses to the strategies.

MTP Dec 24

13 Distinguish between Vision and Mission.

- A Mission statement tells the fundamental purpose of organization & concentrates on present. It defines the customer & 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.
- The vision describes a future identity while the mission serves as an on-going and time-independent guide.
- The vision statement can galvanize the people to achieve defined objectives, even if they are stretch objectives, provided the vision is clearly defined. 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.
- 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.

MTP Dec 24

14 (MCQ) Suman, the marketing head of Jalwa Music Co., was doing research on the online music streaming business in India for her new age music for youngsters. She analyzed that though the players in the market were innovating rapidly, it was difficult to maintain a sustainable competitive advantage. Which aspect of strategic management best reflects this challenge?

- a) The need for continuous innovation.
- b) The importance of understanding the competitive landscape.
- c) **The dynamic and unpredictable nature of the industry.**
- d) The difficulty in estimating competitors' responses.

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Chapter 2 - Strategic Analysis: External Environment

MTP Aug 24, RTP Sep 2024

1

A traditional desi ghee company modernized its production and introduced pro-biotic desi ghee, facing initial market doubts. Aggressive marketing campaigns highlighted its benefits, gaining acceptance. During which stage of the product life cycle did the desi ghee company face doubts but gained acceptance through aggressive marketing campaigns ?

a) Introduction stage

b) Growth stage

c) Maturity stage

d) Decline stage

RTP Jan 2025

2

A company's flagship product has experienced a plateau in sales despite heavy promotions and marketing. What phase of the Product Life Cycle are they likely in, and what is the best strategic option to consider?

a) Introduction; increase prices

b) Growth; diversify product range

c) **Maturity; seek product differentiation**

d) Decline; invest in new technology

RTP Sep 2024

3

A company has recently launched a new product in the market. Initially, it faced slow sales growth, limited markets, and high prices. However, over time, the demand for the product expanded rapidly, prices fell, and competition increased. Identify the stages of the product life cycle (PLC) that the company went through.

The company went through the following stages of the product life cycle (PLC):

a) **Introduction stage:** Initially, the company faced slow sales growth, limited markets, and high prices, which are characteristic of the introduction stage. During this stage, competition is almost negligible, and customers have limited knowledge about the product.

b) **Growth stage:** Over time, the demand for the product expanded rapidly, prices fell, and competition increased. These are typical features of the growth stage in the PLC. In this stage, the product gains market acceptance, and customers become more aware of the product's benefits and show interest in purchasing it.

RTP Sep 2024

4

Rajiv Arya owns an electrical appliance company specializing in the manufacture of domestic vacuum cleaners. The market is competitive, with four other manufacturers offering similar products and achieving comparable sales volumes. Additionally, these rival firms hold several patents related to the vacuum cleaner technology. The supplier base for raw materials is extensive, with multiple suppliers available. Identify and explain the significant forces from Porter's Five Forces framework that are relevant to Rajiv Arya's company.

The competitive rivalry will be a significant force in case of company of Rajiv Arya as all the rivals are similar in sizes and are manufacturing similar products. It is difficult for any single manufacturer to dominate the market. Large number of patents will make it difficult for new entrants to break into the market. Further, as there are a large number of small suppliers the power that suppliers can exert will also be low.

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There is no information relating to substitutes and bargaining power of customers in the information given in scenario. However, a domestic vacuum cleaner will directly compete with other options such as house maids. Availability of house maids at low cost can significantly disturb the sales of products.

Further, as the products are similar customers can easily shift from one company to another. This will only enhance competitive rivalry.

MTP Jul 24

5

GreenGardens, a small but growing organic farm, is assessing its business environment to strategically plan for future growth. The farm boasts high-quality, pesticide-free crops, but faces challenges with its limited distribution channels. As the demand for organic products continues to rise, GreenGardens recognizes the potential to broaden its market reach. However, unpredictable weather conditions and competition from larger farms present significant obstacles. To effectively navigate these challenges and opportunities, GreenGardens needs to conduct a comprehensive evaluation. Identify the type of analysis GreenGardens should conduct to strategically plan for its future growth and outline the grid.

GreenGardens should conduct a SWOT analysis to strategically plan for future growth. This analysis will help them understand their internal strengths and weaknesses, as well as external opportunities and threats.

**SWOT Analysis Grid for GreenGardens:**

| Strengths   | Weaknesses                                   |
|---|--|
| High-quality, pesticide-free produce                      | Limited distribution channels                |
| Strong brand reputation for organic products              | Small scale of operations                    |
| Dedicated and knowledgeable workforce                     | Limited marketing and sales reach            |
| Opportunities   | Threats                                      |
| Rising demand for organic products                        | Unpredictable weather conditions             |
| Potential to expand into new markets                      | Intense competition from larger farms        |
| Increased consumer awareness of health and sustainability | Regulatory changes affecting organic farming |

By systematically evaluating these areas, GreenGardens can leverage its strengths, address its weaknesses, capitalize on opportunities, and mitigate threats. This strategic planning will guide them toward sustainable growth and success in the organic farming industry.



MTP Jul 24 ,RTP Jan 2025

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| 6 | <p>Mr. Arun Kumar has built a successful business in the handmade ceramic products industry in Gujarat. His company, Cerami Crafts, is renowned for crafting distinctive, high-quality ceramic home décor items that have gained a strong foothold in the market. However, recent market shifts and rising competition have impacted sales. Seeking professional guidance, Mr. Kumar consults a strategic advisor who recommends an in-depth analysis of the competitive landscape. To comprehend the competitive landscape, what steps should Mr. Kumar follow?</p> <p>OR</p> <p>"Understanding the competitive landscape is important to build upon a competitive advantage". Explain.</p> |
|---|--|

Understanding the competitive landscape is crucial for Mr. Arun Kumar to navigate the handmade ceramic products industry in Gujarat successfully. This involves identifying both direct and indirect competitors while gaining insights into their vision, mission, core values, niche markets, and strengths and weaknesses. Here are the structured steps Mr. Kumar should follow to comprehend the competitive landscape and bolster his strategic position:

- (i) **Identify the competitor:** The first step to understanding the competitive landscape is to identify the competitors in the handmade ceramic products industry. Mr. Kumar should gather actual data on the market share and positioning of competitors within the industry.
- (ii) **Understand the competitors:** Once the competitors have been identified, Mr. Kumar can use market research reports, the internet, newspapers, social media, industry reports, and various other sources to understand the products and services offered by competitors. This will help him comprehend how they position themselves in different markets and their unique selling propositions.
- (iii) **Determine the strengths of the competitors:** Mr. Kumar should assess what the competitors excel at. Do they offer superior product quality? Are they using marketing strategies that reach a wider customer base? Why do consumers choose them over others? Understanding these strengths will help Mr. Kumar identify areas where his company, Ceramic rafts, can enhance its offerings.
- (iv) **Determine the weaknesses of the competitors:** Weaknesses of competitors can be identified by reviewing customer feedback, consumer reports, and reviews. Consumers often share their experiences, especially when products or services are either exceptional or subpar. By examining these weaknesses, Mr. Kumar can find opportunities to position CeramiCrafts as a better alternative.
- (v) **Put all of the information together:** At this stage, Mr. Kumar should consolidate all the information gathered about competitors. This will help him identify gaps in the market that his company can fill, as well as areas where CeramiCrafts needs to improve. By understanding the competition thoroughly, he can devise strategies that strengthen his market position.

By following these steps, Mr. Kumar can gain a comprehensive understanding of the competitive landscape, enabling him to make informed strategic decisions for CeramiCrafts. This tailored approach ensures that the insights gained are directly applicable to the handmade ceramic products industry in Gujarat.

MTP Aug 24

**7 How does the PESTLE framework assist in analyzing the macro- environment?**

The PESTLE framework assists in analyzing the macro-environment by systematically evaluating six external factors that impact an organization's operations and strategy.

1. **Political Factors:** This includes government policies, regulations, political stability, and taxation. Understanding these factors helps organizations anticipate regulatory changes and government interventions that could affect their business environment.
2. **Economic Factors:** This involves assessing economic conditions such as interest rates, inflation, exchange rates, and economic growth. These factors influence business costs, consumer purchasing power, and overall market conditions.
3. **Social Factors:** This examines demographic trends, lifestyle changes, cultural norms, and consumer attitudes. Insights into social factors help businesses align their products and services with evolving consumer preferences and societal trends.
4. **Technological Factors:** This includes technological advancements, innovation rates, and technological infrastructure. These factors impact production processes, product development, and competitive positioning.
5. **Legal Factors:** This involves understanding business laws, employment regulations, health and safety standards, and compliance requirements. Legal factors are crucial for ensuring regulatory compliance and avoiding legal risks.
6. **Environmental Factors:** This covers ecological issues, sustainability practices, and environmental regulations. Awareness of environmental factors helps businesses adapt to climate change and meet sustainability goals.

By analyzing these factors, the PESTLE framework provides a comprehensive understanding of the macro-environment, helping organizations anticipate changes, adapt strategies, and make informed decisions.

MTP Aug 24

**8 A manufacturing company is in direct competition with fifteen companies at the national level. The head of marketing department of this company wishes to study the market position of rival companies by grouping them into like positions. Name the tool that may be used by him/her. Explain the procedure that may be used to implement the techniques**

A tool to identify the market positions of rival companies by grouping them into like positions is strategic group mapping. A strategic group consists of those rival firms which have similar competitive approaches and positions in the market.

The procedure for constructing a strategic group map and deciding which firms belong in which strategic group are 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.

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PYQ May 24

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| 9 | <p>Yash is planning to launch his new tech start-up. He is exploring different locations across the country to establish his company in the 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.</p> <p>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.</p> |
|---|--|

Business Environment refers to all external factors, influences, or situations that affect business decisions, plans, and operations. In Yash's case, these factors include the dynamic and evolving conditions in Bengaluru, which impact the strategic decisions for his tech start-up.

**Benefits of Interaction with the Business Environment**

- **Determine Opportunities and Threats:** Interaction with the environment helps Yash identify new consumer needs, emerging trends, and potential market opportunities. This insight can guide the development of innovative products and services that meet market demands. Understanding changes in laws, social behaviors, and competitor actions enables Yash to anticipate and mitigate potential threats, ensuring the start-up remains resilient and adaptive.
- **Give Direction for Growth:** By analyzing the external environment, Yash can pinpoint areas for expansion and growth. Recognizing market trends and technological advancements allows him to strategize effectively, ensuring the start-up scales successfully. Awareness of the changes around the business environment facilitates better planning and strategic decisions, aligning the start-up's goals with the market dynamics.
- **Continuous Learning:** Continuous interaction with the environment motivates Yash and his team to update their knowledge, understanding, and skills. Staying informed about industry trends and advancements ensures the start-up remains competitive. This ongoing learning process enhances the start-up's ability to adapt to changes, promoting innovation and responsiveness to market shifts.
- **Image Building:** Understanding and responding to environmental needs help the start-up build a positive image. For instance, adopting sustainable practices or contributing to local initiatives can enhance the company's reputation. Demonstrating sensitivity to the business environment shows that the start-up is responsible and community-focused, attracting customers and partners who value corporate social responsibility.
- **Meeting Competition:** Interaction with the environment allows Yash to analyze competitors' strategies and adapt accordingly. Understanding competitors' strengths and weaknesses helps in crafting strategies that provide a competitive edge. By leveraging insights from the environment, the start-up can position itself uniquely in the market, differentiating its offerings from those of competitors.

PYQ May 24

10 Explain how organizations can effectively manage strategic uncertainties in a rapidly changing business environment.

In managing strategic uncertainties in a rapidly changing business environment, organizations need to adopt proactive strategies to navigate unpredictability effectively. Here are several key approaches:

**Flexibility:** Organizations should build flexibility into their strategies to enable quick adaptation to change in the environment.

**Diversification:** Diversifying the organization's product portfolio, markets, and customer base can help reduce the impact of strategic uncertainty.

**Monitoring and Scenario Planning:** Regularly monitoring key indicators of change and conducting scenario planning exercises can help organizations anticipate and prepare for different future scenarios.

**Building Resilience:** Investing in building internal resilience is essential for weathering uncertainty. This includes strengthening operational processes, increasing financial flexibility, and improving risk management capabilities.

**Collaboration and Partnerships:** Collaborating with other organizations, suppliers, customers, and partners can provide access to additional resources, expertise, and market opportunities. Strategic partnerships enable organizations to pool resources, share risk, and leverage each other's strengths to navigate uncertainty more effectively.

PYQ May 24

11 What are the key characteristics of business products that contribute to the overall competitiveness and dynamics of the market?

Businesses sell products. A product can be either a good or a service. It might be physical good or a service, an experience.

Following are the key characteristics of business products:

- 1. Products are either tangible or intangible:** A tangible product can be handled, seen, and physically felt, such as a car, book, pen, table, mobile handset and so on. Alternatively, an intangible product is not a physical good, such as telecom services, banking, insurance, or repair services.
- 2. Product has a price:** Businesses determine the cost of their products and charge a price for them. The dynamics of supply and demand influence the market price of an item or service. The market price is the price at which quantity provided equals quantity desired. The price that may be paid is determined by the market, the quality, the marketing, and the targeted group. In the present competitive world price is often given by the market and businesses have to work on costs to maintain profitability.
- 3. Products have certain features that deliver satisfaction:** A product feature is a component of a product that satisfies a consumer need. Features determine product pricing, and businesses alter features during the development process to optimize the user experience. Products should be able to provide value satisfaction to the customers for whom they are meant. Features of the product will distinguish it in terms of its function, design, quality and experience. A customer's cumulative experience with a product from its purchase to the end of its useful life is an important component of a product feature.
- 4. Product is pivotal for business:** The product is at the centre of business around which all strategic activities revolve. The product enables production, quality, sales, marketing, logistics and other business processes. Product is the driving force behind business activities.

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5. A product has a useful life. Every product has a usable life after which it must be replaced, as well as a life cycle after which it is to be reinvented or may cease to exist. We have observed that fixed line telephone instruments have largely been replaced by mobile phones.

PYQ May 24

**12 Explain how organizations can effectively manage strategic uncertainties in a rapidly changing business environment.**

In managing strategic uncertainties in a rapidly changing business environment, organizations need to adopt proactive strategies to navigate unpredictability effectively. Here are several key approaches:

**Flexibility:** Organizations should build flexibility into their strategies to enable quick adaptation to change in the environment.

**Diversification:** Diversifying the organization's product portfolio, markets, and customer base can help reduce the impact of strategic uncertainty.

**Monitoring and Scenario Planning:** Regularly monitoring key indicators of change and conducting scenario planning exercises can help organizations anticipate and prepare for different future scenarios.

**Building Resilience:** Investing in building internal resilience is essential for weathering uncertainty. This includes strengthening operational processes, increasing financial flexibility, and improving risk management capabilities.

**Collaboration and Partnerships:** Collaborating with other organizations, suppliers, customers, and partners can provide access to additional resources, expertise, and market opportunities. Strategic partnerships enable organizations to pool resources, share risk, and leverage each other's strengths to navigate uncertainty more effectively.

MTP Aug 24

**13 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.**

A tool to identify the market positions of rival companies by grouping them into like positions is Strategic Group Mapping. A strategic group consists of those rival firms which have similar competitive approaches and positions in the market.

The procedure for constructing a strategic group map and deciding which firms belong in which strategic group are 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.

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PYQ Sep 2024

14

Value Chain Analysis consist two activities: Primary activities and Support activities. As per Michael Porter both the activities are intertwined. Do you agree with the statement?  
Also delineate the main areas in which primary activities of any organization are grouped.

Yes, I agree with the statement that Value Chain Analysis consist of two activities: Primary activities and Support activities. As per Michael Porter both the activities are intertwined. It is a tool used to examine the activities that create value in an organization, helping to enhance efficiency and build competitive advantage. It breaks down a business's operations to identify areas for improvement in value creation.

The primary activities of an organization are categorized into five areas:

- 1. Inbound logistics:** Activities related to receiving, storing, and distributing inputs (e.g., materials handling, stock control, and transport).
- 2. Operations:** Transforming inputs into final products or services (e.g., machining, packaging, assembly).
- 3. Outbound logistics:** Collecting, storing, and delivering products to customers (e.g., warehousing, transport).
- 4. Marketing and sales:** Promoting and selling the product or service, including advertising and sales administration.
- 5. Service:** Enhancing or maintaining product value (e.g., installation, repair, training).

PYQ Sep 24

15

Explain the four specific criteria of sustainable competitive advantages that a company can use to determine the capabilities that are core competencies.

Four specific criteria of sustainable competitive advantage that firms can use to determine those capabilities that are core competencies. Capabilities that are valuable, rare, costly to imitate, and non-substitutable are core competencies.

- 1. 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. Human capital is important in creating value for customers.
- 2. Rare:** Core competencies are very rare capabilities and very few of the competitors possess this. Capabilities possessed by many rivals are unlikely to be sources of competitive advantage for any one of them. Competitive advantage results only when firms develop and exploit valuable capabilities that differ from those shared with competitors.
- 3. Costly to imitate:** Costly to imitate means such capabilities that competing firms are unable to develop easily.
- 4. 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.

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PYQ Sep 24

**16** In light of the five forces as propagated by Michael Porter, explain the common barriers which may cause restrain for the keenness of new entrepreneurs.

In light of Michael Porter's Five Forces, new entrepreneurs often face significant barriers that restrain their keenness to enter an industry. These barriers increase the competitiveness of existing firms and discourage new entrants, impacting industry profitability.

Common barriers that may restrain new entrepreneurs 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.

(iii) **Product Differentiation:** Product differentiation refers to the physical or perceptual differences, or enhancements, that make a product special or unique in the eyes of customers.

(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. 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.

(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.

(vii) **Possibility of Aggressive Retaliation:** Sometimes the mere threat of aggressive retaliation by incumbents can deter entry by other firms into an existing industry.

MTP Aug 24, Dec 24

**17** Analyze the role of Key Success Factors (KSFs) in determining competitive success within an industry.

As industry's Key Success Factors (KSFs) are those things that most affect industry members' ability to prosper in the marketplace –

- the particular strategy elements,
- product attributes,
- resources, competencies,
- competitive capabilities and
- business outcomes

that spell the difference between profit & loss and ultimately, between competitive success or failure. KSFs by their very nature are so important that all firms in the industry must pay close attention to them. They are the prerequisites for industry success, or, to put it in another way, KSFs are the rules that shape whether a company will be financially and competitively successful.

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RTP Jan 2025

18 According to Michael Porter, what are the five competitive forces that exist within an industry?

Michael Porter's Five Forces model is a widely utilized tool for systematically analyzing the competitive forces within an industry. The model identifies five competitive forces that shape the overall competitive landscape:

- **Threat of New Entrants:** New entrants bring added capacity and product variety, intensifying competition and impacting prices. The size of new entrants magnifies their competitive influence, placing constraints on prices and affecting existing players' profitability.
- **Bargaining power of Buyers:** The ability of buyers to form groups or cartels influences their bargaining power. This force, particularly in industrial products, impacts pricing and often leads to demand for better services, influencing costs and investments for producers.
- **Bargaining power of Suppliers:** Suppliers with specialized offerings exert significant bargaining power, especially when limited in number. Supplier bargaining power determines raw material costs, affecting industry attractiveness and profitability.
- **Rivalry among Current Players:** Existing players engage in competition, influencing strategic decisions across various levels. This rivalry is evident in pricing, advertising, cost pressures, and product strategies, impacting the overall competitive landscape.
- **Threats from Substitutes:** Substitute products can alter an industry's competitive dynamics, offering price advantages or performance improvements. Substitutes limit prices and profits, and industries with substantial R&D investments are particularly susceptible to threats from substitute products.

These forces collectively determine industry's attractiveness and profitability by influencing factors such as costs and investments required for industry participation. The strength of these forces varies across industries, ultimately shaping the potential for earning attractive profits.

MTP Jul 24

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

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

This leverage is particularly evident when:

- Buyers have full knowledge of the sources of products and their substitutes.
- They spend a lot of money on the industry's products, i.e., they are big buyers.
- 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.



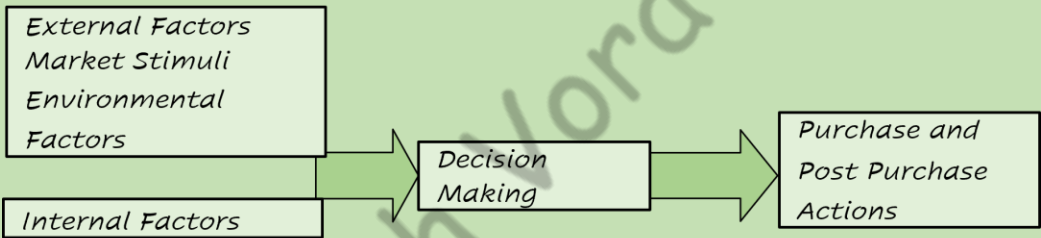
MTP Nov 2024

20

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.

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. These elements can be categorised into the following conceptual domains:

- **External Influences:** Utilize online platforms and tech forums to generate buzz around the new smartphone. Partner with tech influencers and bloggers to review the product and create awareness among tech-savvy consumers.
- **Internal Influences:** Appeal to the desire for innovation and advanced features among tech-savvy consumers. Highlight the unique selling points of the new smartphone, such as its cutting-edge technology, performance, and design.
- **Decision Making:** Recognize that tech-savvy consumers are early adopters who value functionality and performance. Provide detailed specifications and comparisons with other smartphones to help them make an informed decision.
- **Post-decision Processes:** Offer excellent customer service and support to address any technical issues or concerns. Encourage customers to provide feedback and reviews to build credibility and trust among tech-savvy consumers.



**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.

MTP Nov 2024

21

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 ways to fight off competitors? Explain.

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 the 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.

MTP Dec 24

22

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.

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.

MTP Dec 24

23

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?

Capabilities that are valuable, rare, costly to imitate, and non-substitutable are core competencies. A small chemist shop has a local presence and functions within a limited geographical area. Still, it can build its own competencies to gain competitive advantage. Rohit Patel can build competencies in the areas of:

- I. Developing personal and cordial relations with the customers. Providing home delivery with no additional cost.
- II. 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.
- III. Having extended working hours for convenience of buyers.
- IV. Providing easy credit or a system of monthly payments to the patients consuming regular medicines.

24

During which stage of the Product Life Cycle would you typically expect the highest marketing expenditure per unit sold as companies aggressively promote their product? (MTP Dec 24)

- |                 |            |
|-----------------|------------|
| a) Maturity     | c) Growth  |
| b) Introduction | d) Decline |

Chapter 3 – Strategic Analysis: Internal Environment

| RTP Sep 2024  |   |
|---|---|
| 1   | A small tech company focused on enhancing their main product, which became crucial across various industries due to its increased power and adaptability. Their early partnerships and smart decisions facilitated rapid growth, leading to a \$5 billion valuation in just five years. According to C.K. Prahalad and Gary Hamel, which area represents the tech company's core competency ?   |
| a) Customer Value<br>b) Competitor Differentiation<br>c) Product Differentiation<br>d) <b>Application to Other Markets</b>      |   |
| MTP Nov 2024  |   |
| 2   | Urbankey has a unique capability in rapid prototyping, allowing them to bring new products to market faster than the competitors. Such an advantage can be termed as?   |
| a) Market Expansion Strategy<br>b) <b>Core Competency</b><br>c) Cost Leadership Strategy<br>d) Appropriate SWOT Analysis        |   |
| MTP Jul 24  |   |
| 3   | XYZ Corporation has launched AlphaTech to enter the consumer electronics industry with a focus on offering high-performance devices and innovative features at competitive prices. Which competitive strategy is AlphaTech employing?   |
| a) Differentiation strategy<br>b) Cost leadership strategy<br>c) <b>Best-cost provider strategy</b><br>d) Focus strategy        |   |
| RTP Jan 2025  |   |
| 4   | A multinational corporation is planning a merger with a local firm in a developing country. The local firm's community has high stakes in maintaining local employment and environmental standards but possesses low power in formal negotiations. How should the corporation categorize this stakeholder?  |
| a) High power, low interest<br>b) <b>Low power, high interest</b><br>c) High power, high interest<br>d) Low power, low interest |   |
| RTP Sep 2024  |   |
| 5   | <p>Inspite of high commodity inflation, shortage of components and the threat of third wave of COVID-19 pandemic in India, manufacturers of packaged goods, home appliances and consumer electronics are expecting the business to grow by 12 to 25 percent in the coming months. After one-and-a-half years of disruption, manufacturers are now confident about managing their inventories better, keeping their supply channels well-stocked and preparing themselves to minimize the impact of any COVID related restrictions even as they gear up for the festive season, which usually accounts for 25 to 35 percent of their yearly sales.</p> <p>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.</p> <p>A leading company in the home appliances domain, XXP India, is planning to launch various innovative product designs and offer loyalty programmers' to lure consumers.</p> <p>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?</p> |

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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 programmers' 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.

RTP Sep 2024

|   |  |
|---|--|
| 6 | How can Mendelow's Matrix be used to analyze and manage the stakeholders effectively ? |
|---|--|

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 them, **seek their input**, and keep them **informed**.
  - Keep Satisfied: Provide them **regular updates** & **address their concerns** to **prevent** them from becoming **detractors**.
  - Keep Informed: Keep them informed to ensure they **remain supportive** & to **leverage their insights** and feedback.
  - Low Priority: **Monitor** them for any **changes** but **allocate minimal resources** to managing their expectations.
- 5. Monitor and Adapt:** Continuously monitor power & interest of stakeholders and adjust strategies accordingly. Stakeholders **may move between quadrants** based on changing circumstances, so it's important to remain **flexible** and **responsive**

RTP Sep 2024, MTP Nov 2024

|   |   |
|---|---|
| 7 | Major core competencies are identified in three areas - competitor differentiation, customer value and application to other markets. Discuss. |
|---|---|

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.

- 1) 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 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.
- 2) 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.
- 3) 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 organization to open up potential markets to be exploited.

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PYQ May 24, MTP Aug 24, RTP Jan 25

|   |  |
|---|--|
| 8 | <p>What are channels? Why is channel analysis important? Explain the different types of channels?</p> <p>OR</p> <p>What are distribution channels, and why is analyzing them crucial for business expansion? Describe the three main types of channels explaining their roles in ensuring products reach customers efficiently and with the necessary support.</p> |
|---|--|

Channels represent the distribution system through which organizations distribute their products or provide services to customers. They play a pivotal role in reaching target markets, maximizing sales, and establishing competitive advantages.

Channel analysis is important when the business strategy is to scale up and expand beyond the current geographies and markets. When a business plans to grow to newer markets, they need to develop or leverage existing channels to get to new customers. Thus, analysis of channels that suit one's products and customers is of utmost importance.

There are typically three channels that should be considered: sales channel, product channel and service channel.

- **The sales channel** - These are the intermediaries involved in selling the product through each channel and ultimately to the end user. The key question is: Who needs to sell to whom for your product to be sold to your end user? For example, many fashion designers use agencies to sell their products to retail organizations, so that consumers can access them.
- **The product channel** - The product channel focuses on the series of intermediaries who physically handle the product on its path from its producer to the end user. This is true of Australia Post, who delivers and distributes many online purchases between the seller and purchaser when using eBay and other online stores.
- **The service channel** - The service channel refers to the entities that provide necessary services to support the product, as it moves through the sales channel and after purchase by the end user. The service channel is an important consideration for products that are complex in terms of installation or customer assistance. For example, a Bosch dishwasher may be sold in a Bosch showroom, and then once sold it is installed by a Bosch contracted plumber.

PYQ Sep 2024

|   |  |
|---|--|
| 9 | <p>Market for baby care, readymade garments for new born, toys and strollers meant for babies are there. M/s. Maa ki Pasand is desirous to introduce new products for existing customers and new customers as well. The market for such products is narrow. On one side there are customers who are price conscious and on the other side there are customers who are ready to pay premium charges for an upscale product. The company wants to charge low price, relative to other firms that compete within the target market for customers who are price sensitive and also wants to charge premium based on uniqueness for rest of its products.</p> <p>Which of the strategy is being considered by the company, out of strategies as suggested by Michael Porter at business level. Also outline the advantages and disadvantages using such strategy.</p> |
|---|--|

The company, M/s. Maa ki Pasand, is adopting a focus strategy that incorporates both focused cost leadership and focused differentiation strategies. In the given case, M/s. Maa ki Pasand aims to target price conscious customers by charging low prices relative to other firms within the narrow market of baby care products. This aligns with focused cost leadership, where the firm competes based on price within a targeted niche.

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For the segment of customers willing to pay more for premium, unique products, the company follows a focused differentiation strategy. It caters to this specific niche by offering high-end, differentiated products, which is a key feature of focused differentiation.

**Advantages of using a Focus Strategy:**

- 1. Premium prices:** For the differentiated segment, the company can charge higher prices for its upscale products.
- 2. Expertise in niche markets:** M/s. Maa ki Pasand can develop expertise in both price-sensitive and premium segments, making it difficult for rivals to compete effectively.

**Disadvantages of Using a Focus Strategy:**

- 1. Distinctive competencies required:** The firm needs to have strong competencies in both cost control and product differentiation to succeed. Otherwise, it may struggle to pursue the focus strategy effectively.
- 2. High costs:** Serving a narrow market can lead to higher costs due to limited demand, which could pose challenges in maintaining profitability, especially in the premium segment.
- 3. Disappearance in long run:** In the long run, the niche goods can disappear or be taken over by large competitors by acquiring the same distinctive competencies.

In conclusion, M/s. Maa ki Pasand is adopting a focus strategy by targeting specific customer niches with both cost leadership and differentiation. While this strategy offers opportunities for premium pricing and market expertise, it also comes with challenges related to cost control and distinctive competencies.

RTP Jan 2025

10

ABC 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 ABC Corporation to assess the feasibility and potential success of this new venture. Consider both internal and external factors that could impact on the success of the new product line.

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

| Strengths   | Weaknesses  |
|---|---|
| <ul style="list-style-type: none"> <li>Strong brand reputation in consumer electronics.</li> </ul>  | <ul style="list-style-type: none"> <li>Limited experience in the smart home devices market.</li> </ul>                            |
| <ul style="list-style-type: none"> <li>Established distribution network.</li> </ul>   | <ul style="list-style-type: none"> <li>May require additional investments in research and development.</li> </ul>                 |
| <ul style="list-style-type: none"> <li>Access to technological expertise for product development.</li> </ul>                                    | <ul style="list-style-type: none"> <li>Potential challenges in integrating a new product line with existing offerings.</li> </ul> |
| <ul style="list-style-type: none"> <li>Financial resources to support product launch and marketing.</li> </ul>                                  | <ul style="list-style-type: none"> <li>Lack of established customer base for smart home devices.</li> </ul>                       |
| Opportunities   | Threats   |
| <ul style="list-style-type: none"> <li>Growing market for smart home devices due to increasing consumer interest in home automation.</li> </ul> | <ul style="list-style-type: none"> <li>Intense competition from established players in the smart home devices market.</li> </ul>  |

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|  |  |
|--|--|
| <ul style="list-style-type: none"><li>• The possibility of partnering with existing smart home platform providers.</li></ul> | <ul style="list-style-type: none"><li>• Rapid technological advancements lead to short product life cycles.</li></ul>  |
| <ul style="list-style-type: none"><li>• Potential to leverage brand loyalty from existing customers.</li></ul>               | <ul style="list-style-type: none"><li>• Potential for cybersecurity threats in connected devices.</li></ul>            |
| <ul style="list-style-type: none"><li>• Ability to differentiate through innovative features and design.</li></ul>           | <ul style="list-style-type: none"><li>• Economic factors impacting consumer spending on discretionary items.</li></ul> |

The SWOT analysis highlights that while ABC 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, ABC Corporation should focus on leveraging its brand reputation and distribution network while carefully addressing the weaknesses and threats identified. Additionally, being informed about technological developments and consumer trends will be essential for maintaining competitiveness in the dynamic smart home devices market.

| MTP Nov 2024   |   |
|--|---|
| 11   | <p>Chic Threads, a boutique fashion brand renowned for its commitment to sustainability and ethical practices, has recently launched a new line of eco-friendly clothing made from recycled materials. The brand recognizes the growing influence of environmentally conscious consumers who actively shape industry standards through their advocacy and purchasing decisions. These consumers align with Chic Threads' values and have a significant impact on its market position and reputation. How should Chic Threads effectively manage its relationship with environmentally conscious consumers, considering their high power and high interest in shaping the brand's success?</p> |
| <p>According to Mendelow's Matrix, environmentally conscious consumers who influence industry standards fall into the Key Players quadrant. These stakeholders possess both high power and high interest, making them crucial to the success of Chic Threads' sustainability-focused initiatives. Their high interest stems from their alignment with the brand's ethical and eco-friendly values, while their high power arises from their ability to shape market trends, advocate for sustainable practices, and impact on the brand's reputation through their purchasing decisions and influence within the industry.</p> <p>As Key Players, these consumers require active engagement. Chic Threads must focus on satisfying their expectations by providing regular updates on sustainability efforts, maintaining transparent communication, and incorporating their feedback to ensure continued support. The brand should actively involve these stakeholders in its decision-making processes by seeking their input on product design and sustainability measures. Additionally, building strong relationships through targeted marketing campaigns, collaborations, and awareness initiatives will further solidify their trust and advocacy. Effectively managing this stakeholder group is vital, as their support and satisfaction directly contribute to the success of the brand's eco-friendly clothing line.</p> |   |



| MTP Nov 2024 |  |
|--------------|--|
| 12           | <p>Explain in brief the various basis of differentiation strategies.</p> <p>There are several basis of differentiation, major being: Product, Pricing and Organization.</p> <p><b>Product:</b> Innovative products that meet customer needs can be an area where a company has an advantage over competitors. However, the pursuit of a new product offering can be costly – research and development, as well as production and marketing costs can all add to the cost of production and distribution. The payoff, however, can be great as customers’ flocks are among the first to have the new product.</p> <p><b>Pricing:</b> It fluctuates based on its supply and demand and may also be influenced by the customer’s ideal value for a product. Companies that differentiate based on product price can either determine to offer the lowest price or can attempt to establish superiority through higher prices.</p> <p><b>Organisation:</b> Organisational differentiation is yet another form of differentiation. Maximizing the power of a brand or using the specific advantages that an organization possesses can be instrumental to a company’s success. Location advantage, name recognition and customer loyalty can all provide additional ways for a company to differentiate itself from the competition.</p>  |
| MTP Dec 24   |  |
| 13           | <p>A business consultancy firm focuses on providing specialized services in environmental management consultancy. It assists client companies in establishing robust environmental management accounting systems for the measurement, recording, and analysis of environmental costs. A significant portion of the firm’s operations involve conducting environmental audits to verify compliance with international assurance standards in environmental management—an exclusive service not offered by its competitors. While the firm also undertakes other management consultancy projects, these constitute only a minor share of its total annual revenue. Identify the strategy categories by Michael Porter which best describes the strategy of this firm.</p> <p>By concentrating primarily on the market for consultancy services in environmental management, the firm is pursuing a <b>focus strategy</b>. Its provision of audit services, which rival firms do not offer, highlights a differentiation strategy within this specific market niche. Therefore, the firm is following a focused differentiation strategy.</p> <p>A focused differentiation strategy involves offering unique features that cater to the specific needs of a narrow market segment. As with the focused low-cost strategy, narrow markets can be defined differently depending on the context. For instance, some firms using this strategy focus on a particular sales channel, such as exclusively selling online, while others may target specific demographic groups. Firms that compete on uniqueness while addressing the needs of a narrow market exemplify the focused differentiation strategy.</p> |

Chapter 4 -Strategic Choices

MTP Aug 24, RTP Sep 2024

1 A women's clothing brand recognized new opportunities and researched emerging trends and consumer preferences. They introduced a new clothing line, received positive feedback from initial trials, and grew through strategic partnerships and targeted advertising. What strategic choice best describes this approach?

- a) **Product Development**
- b) Market Development
- c) Market Penetration
- d) Diversification

MTP Jul 24

2 TechWave, a software development firm, aims to gain a competitive edge in the rapidly evolving tech industry. To achieve this, they focus on building their strength in artificial intelligence (AI) and machine learning (ML).

TechWave invests heavily in R&D, hires top talent with specialized skills, and forms partnerships with leading AI research institutions. They also provide continuous training for their employees to keep them updated with the latest advancements.

By developing these, TechWave can create innovative AI-driven solutions that differentiate them from competitors and attract a growing number of clients seeking cutting-edge technology. What strategy is TechWave using to gain a competitive edge in the tech industry?

- a) Market segmentation
- b) Diversification
- c) **Core competency building**
- d) Cost leadership

PYQ Sep 2024

3 Always Ahead Ltd. is an established player in FMCG, Herbs, Health care and White goods. Company has classified its portfolio on investments in different businesses in four quadrants as suggested by Boston Consulting Group.

On further analysis of relationship between market growth rate and relative market share for White goods business, it is found that opportunities to increase its market share are there.

Emphasis need to be given to make strong future with large market share even by foregoing short-term earnings for this business. Which strategy is being pursued by the company for White goods segment:

- a) Hold
- b) **Build**
- c) Harvest
- d) Divest

RTP Jan 2025

4. EcoGreen, a company specializing in sustainable home products, has decided to enter the energy sector by developing and marketing solar panels and home energy storage solutions. This new direction involves creating a completely new product line that extends beyond their traditional home goods, thereby entering an industry with their current brand. What strategy is EcoGreen using to enter the energy sector?

- a) Market penetration
- b) Product development
- c) Market development
- d) **Diversification**

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MTP Nov 2024

5

UN&T reached out to Mukesh S, an entrepreneur from India to get his team to work on a mega solar energy project and enter India's deccan plateau which enjoys an abundance of sunshine. What strategy is UN&T trying to implement?

- a) Market Penetration
- b) Market Development
- c) **Strategic Alliance**
- d) Diversification

RTP Sep 2024

6

Pizza Galleria was India's first pizza delivery chain enjoying monopoly for several years. However, after the entry of Modino and Uncle Jack it is struggling to compete. Both Modino and Uncle Jack have opened several eateries and priced the product aggressively. In the last four years the chain has suffered significant losses. The chain wishes to know whether they should go for a turnaround strategy. List out components of action plan for turnaround strategy.

**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:

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

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

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

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

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

RTP Sep 2024

7

**Distinguish between Concentric Diversification and Conglomerate Diversification.**

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

- i. Concentric diversification occurs when a firm adds related products or markets. On the other hand, conglomerate diversification occurs when a firm diversifies into areas that are unrelated to its current line of business.

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- ii. The most common reasons for pursuing concentric diversification are that opportunities in a firm's existing line of business are available. However, common reasons for pursuing a conglomerate growth strategy are that opportunities in a firm's current line of business are limited or opportunities outside are highly lucrative.

MTP Jul 24

8

Fresh Delight, renowned for its organic fruit juices, aims to expand its market presence by identifying emerging markets in countries where organic products are gaining popularity. To achieve this, Fresh Delight launches targeted marketing campaigns and partners with local distributors to introduce its juices to these new regions. This strategy involves adapting product packaging and marketing messages to align with local preferences and regulations. By entering these new markets, Fresh Delight hopes to increase its customer base and drive sales growth. What strategy is Fresh Delight using to expand its market presence?

Fresh Delight is employing a market development strategy to expand its market presence. This approach involves introducing their existing organic fruit juices to new markets, specifically targeting countries where the demand for organic products is on the rise. To achieve this, Fresh Delight is launching targeted marketing campaigns and partnering with local distributors to effectively introduce their products to these new regions. Additionally, they are adapting their product packaging and marketing messages to align with local preferences and regulations, ensuring their offerings resonate with the new customer base. By entering these emerging markets, Fresh Delight aims to increase its customer base and drive sales growth, leveraging the growing popularity of organic products.

MTP Jul 24

9

The CEO of a company is convinced that his loss-making company can be turned around. Suggest an action plan for a turnaround to the CEO.

- A workable action plan for turnaround of the textile mill would involve:
- **Stage One** – Assessment of current problems: In the first step, assess the current problems and get to the root causes and the extent of damage.
  - **Stage Two** – Analyze the situation and develop a strategic plan: Identify major problems and opportunities, develop a strategic plan with specific goals and detailed functional actions after analyzing strengths and weaknesses in the areas of competitive position.
  - **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.
  - **Stage Four** – Restructuring the business: If the core business is irreparably damaged, then the outlook for the entire organization may be bleak. Efforts to be made to position the organization for rapid improvement.
  - **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.

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MTP Aug 24

10

TechNova, a leading software development firm known for its cutting-edge operating systems, is developing a groundbreaking new platform. ElectroWave, an emerging player in the electronics and hardware industry, specializes in manufacturing advanced devices. TechNova and ElectroWave have decided to join forces to design innovative laptops and smartphones, aiming to tap into new markets and broaden their business horizons. What kind of external growth strategy is being considered by TechNova and ElectroWave?

The collaboration between TechNova, a software development firm, and ElectroWave, an electronics and hardware manufacturing company, represents a co-generic merger. This type of external growth strategy involves the merger of companies from related but non-competing industries, allowing them to leverage complementary strengths and diversify their product offerings.

TechNova specializes in creating cutting-edge software, while ElectroWave focuses on manufacturing advanced electronic devices. By joining forces, they can combine their expertise to design innovative laptops and smartphones, creating products that neither company could have developed as effectively on their own. This strategic partnership allows them to enter new markets, enhance their competitive advantage, and explore synergies between software and hardware.

The co-generic merger provides significant opportunities for both companies to capitalize on shared technologies, streamline their operations, and expand their customer base. It is a strategic move that enables them to diversify while maintaining a strong focus on their core competencies, ultimately helping them to grow and compete more effectively in the global market.

MTP Aug 24

11

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.

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.

**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.

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PYQ May 24

12 '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.

The statement "Innovation leads to unnecessary expenses that do not give as many returns" is often debated, but evidence strongly suggests that innovation is crucial for long-term business growth and success. I disagree with the statement for several reasons:

Innovation offers the following for a business to grow long term:

**Helps to solve complex problems:** A business strives to find opportunities in existing problems of the society, and it does so through planned innovation in areas of expertise. This guided innovation helps solve complex problems by developing customer centric sustainable solutions.

**Increases productivity:** Innovation leads to simplification and in most cases automation of existing tasks. Companies are willing to spend millions on increasing their productivity. Innovation, by automating repetitive tasks and simplifying the long chain of processes, adds to productivity of teams and thereby the organization as a whole.

**Gives competitive advantage:** Being ahead of competition is a need and businesses spend majority of their strategic time building solutions to achieve this advantage. The faster a business innovates, the farther it goes from its competitors reach. Innovative products need less marketing as they aim to provide added satisfaction to consumers, thus, creating a competitive advantage. Innovation not only helps retain its existing customers but helps acquire new ones with ease too.

PYQ May 24

13 Explain the concept of vertically integrated diversification. How is forward integration different from backward integration?

Vertically integrated diversification is a strategic approach in which a company expands its business operations into different stages of the production or distribution process within the same industry. This involves either forward integration or backward integration.

The key difference between forward and backward integration lies in the direction of expansion within the supply chain. Forward integration moves towards the end consumer, while backward integration moves towards the source of raw materials or components.

Forward integration allows companies to have more control over distribution channels, improve customer relationships, and capture a larger share of the value chain. In contrast, backward integration helps companies secure a stable supply of inputs, reduce dependency on suppliers, and potentially lower production costs.

Forward integration is often associated with activities such as retailing, marketing, and after-sales services, while backward integration is associated with activities such as manufacturing, sourcing, and procurement.

Both types of integration offer strategic advantages such as increased market power, cost efficiencies, and greater control over critical business processes. However, the decision to pursue forward or backward integration depends on factors such as industry dynamics, competitive landscape, and the company's core competencies and resources.

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PYQ Sep 2024

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| 14 | <p>Symergy Ltd. is manufacturing a product since year 2010. The company was doing well till year 2022. After that its market share started declining. Accumulated losses started mounting and in turn carried a persistent negative impact on its cash flow. As a result morale of the employees was not up to mark.</p> <p>The Board of Directors (BoD) of the company thought it proper to continue In business by placing emphasis on improvement in internal efficiency. In view of the same, the BoD is evolving a workable action plan with intent to ensure a radical change in direction in strategy which includes revamping in top management. Which retrenchment strategy company should adopt in the given situation? Also state the stages in the action plan for the strategy.</p> |
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| <p>In the given situation, the suitable retrenchment strategy for Symergy Ltd. is the Turnaround Strategy. This strategy is designed to reverse the company's decline and restore it to profitability, particularly when the company is facing challenges such as declining market share, negative cash flows, and low employee morale.</p> <p><b>Stages in the Action Plan for Turnaround Strategy</b></p> <ul style="list-style-type: none"><li>• <b>Stage One - Assessment of Current Problems:</b> The first step is to assess and diagnose the root causes of the company's decline, such as uncompetitive products, poor cash flow, or internal inefficiencies. This stage involves determining the extent of the damage caused by these problems.</li><li>• <b>Stage Two - Analyze the Situation and Develop a Strategic Plan:</b> Evaluate the chances of the company's survival and develop a strategic plan that outlines the corrective actions to be taken. This includes identifying appropriate strategies to address internal inefficiencies, improve competitiveness, and enhance employee morale.</li><li>• <b>Stage Three - Implementing an Emergency Action Plan:</b> If the situation is critical, an immediate action plan must be executed to stabilize the business. This may involve cutting costs, ensuring positive cash flow, raising necessary funds, and addressing short-term operational issues.</li><li>• <b>Stage Four - Restructuring the Business:</b> Focus on restructuring the company's core business operations, especially if they have been significantly affected. This stage involves efforts to improve efficiency, restructure finances, and position the company for long-term recovery and growth.</li><li>• <b>Stage Five - Returning to Normal:</b> In the final stage, the company should begin showing signs of profitability and improving financial performance. Strategic efforts such as introducing new products, improving customer service, and forming alliances should be emphasized to restore market share and build long-term sustainability.</li></ul> <p>By following these stages, Symergy Ltd. can develop a comprehensive turnaround plan to regain its financial stability, improve operational efficiency, and rebuild its competitive position in the market.</p> |  |
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PYQ Sep 2024

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| 15 | <p>Start-ups rarely aim for stability strategy. While agreeing with the statement or otherwise, support your point of view by briefly stating as to when the stability strategy is meaningful. State the major reasons for considering stability strategy as one of the corporate strategies by a company.</p> |
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| <p><b>Agree</b> with the given statement. Start-ups rarely aim for a stability strategy because they are in the early stages of ideation and development, where speed and agility are critical. Stability strategy is more relevant for businesses that have reached maturity, where maintaining current operations and market share becomes a priority. Start-ups, however, focus on rapid growth and market penetration, and</p> |  |
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Major Reasons for Stability Strategy

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

RTP Jan 2025

16

InnovaTech, a technology company with a range of business units, is assessing its investment opportunities. To allocate resources effectively, InnovaTech uses a matrix that evaluates each business unit based on two key factors: industry attractiveness and business unit strength. For example, the AI solutions division, positioned in a highly attractive industry with a strong competitive edge, receives a "go ahead" for further investment. In contrast, its legacy software division, operating in a less attractive industry with a weaker position, receives a "be careful" rating, suggesting limited investment. Identify and explain which analytical tool InnovaTech is using for this evaluation.

InnovaTech is using the GE Matrix, a strategic tool designed to assess the resource allocation needs of different business units based on two factors: industry attractiveness and business unit strength. This matrix is a nine-cell grid that helps companies prioritize investments by categorizing units into "grow," "hold," or "harvest" zones, depending on their positions within the matrix. For InnovaTech, the AI solutions division, which operates in a highly attractive industry with a strong competitive position, falls into the "grow" category, meriting further investment. Meanwhile, the legacy software division operates in a less attractive industry with weaker positioning, likely placing it in the "harvest" or "hold" category, where investments are minimized. The GE Matrix enables companies like InnovaTech to systematically evaluate each business unit's potential, optimize resource allocation, and focus on divisions that align with long-term growth and profitability goals.

RTP Jan 25, MTP Dec 24

17

What do you understand by Strategic Alliance? Discuss its advantages.

A strategic alliance is a relationship between two or more businesses that enables each to achieve certain strategic objectives which neither would be able to achieve on its own. The strategic partners maintain their status as independent and separate entities, share the benefits and control over the partnership, and continue to make contributions to the alliance until it is terminated. The advantages of strategic alliance can be broadly categorized as follows:

- a) **Organizational:** Strategic alliance helps to learn necessary skills and obtain certain capabilities from strategic partners. Strategic partners may also help to enhance productive capacity, provide a distribution system, or extend supply chain.
- b) **Economic:** There can be reduction in costs and risks by distributing them across the members of the alliance. Greater economies of scale can be obtained in an alliance, as production volume can increase, causing the cost per unit to decline. The partners can also take advantage of co-specialization, creating additional value.
- c) **Strategic:** Rivals can join together to cooperate instead of competing. 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

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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.

d) **Political:** Sometimes strategic alliances are formed with a local foreign business to gain entry into a foreign market either because of local prejudices or legal barriers to entry.

MTP Nov 2024

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| 18 | 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 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. |
|----|---|

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 for is concentric in nature. They were in business manufacturing leather footwear and now they will manufacture leather bags as well. They will be able to use existing infrastructure and distribution channels. Concentric diversification amounts to related diversification. 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.

MTP Dec 24

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| 19 | Explain the strategic implications of each of the following types of business in a corporate portfolio:<br>(a) Stars (b) Question Marks (c) Cash Cows (d) Dogs |
|----|--|

In the BCG growth-share matrix portfolio of investments are represented in two-dimensional space. The vertical axis represents market growth rate, and the horizontal axis represents relative market share. The strategic implications for various business types under BCG in the corporate portfolio are:

**Stars** are products or businesses that are growing rapidly and are the best opportunity for expansion. Stars may follow the Build strategy. They need heavy investments to maintain their position and finance their rapid growth potential.

**Cash Cows** are low-growth, high market share businesses or products. They generate cash and have low costs. They are established, successful, and need less investment to maintain their market share. A strategic alternative advocated for cash cows is Harvest.

**Question Marks** are low market share businesses in high-growth markets. A strategic option for them is Hold for which they need heavy investments. Question marks if left unattended are capable of becoming cash traps.

**Dogs** are low-growth, low-share businesses and products. The relevant strategy is Divest. Dogs may generate enough cash to maintain themselves, but do not have much future. Dogs should be minimized by means of divestment or liquidation.

## Chapter 5 - Strategy Implementation and Evaluation

RTP Sep 2024

1

For over a hundred years, the KDH business has thrived by leveraging strategic control as a cornerstone of its strategic approach. Regular evaluations of goals and performance ensured they stayed responsive to shifting market trends and evolving customer needs. Which type of strategic control is highlighted here ?

- a) Premise Control
- b) Special Alert Control
- c) **Implementation Control - Milestone Reviews**
- d) Implementation Control - Monitoring Strategic Thrusts

MTP Jul 24

2

Streamline Co is examining its internal capabilities to ensure that employees possess advanced knowledge of emerging technologies crucial for the company's future success. This involves investing in specialized training programs and updating job roles to match the latest industry standards. Which aspect of Streamline Co is being enhanced through specialized training and updated job roles?

- a) Structure
- b) Systems
- c) **Skills**
- d) Style

PYQ Sep 2024

3

The correct sequence of the stages as per Kurt Lewin's model of change is

- a) Unfreezing the situation, Refreezing and Changing to the new situation
- b) Changing to new situation, Unfreezing the situation, Refreezing
- c) Refreezing, Unfreezing the situation and Changing to the new situation
- d) **Unfreezing the situation, Changing to the new situation and Refreezing**

MTP Aug 24

4

Value Mart is a discount retail chain that targets budget-conscious consumers by offering a wide range of products at the lowest possible prices. The company achieves this by sourcing goods in bulk, negotiating lower prices with suppliers, and maintaining lean operations. Value Mart's goal is to dominate the market by attracting price-sensitive customers from competitors. Which of Michael Porter's Generic Strategies is Value Mart primarily employing?

- a) Structure
- b) Systems
- c) **Skills**
- d) Style

PYQ Sep 2024

5

Super Products Ltd. is having four divisions, i.e. Alpha, Beta, Cos and Theta. All the divisions are independent product center and are also integral pan of product Gama of the company. Each division contains its own set of activities under the control of respective general manager. Each general manager is responsible for his respective product line and its profitability. While having own set of competitors, each center has its own competitive advantages with the resources and capabilities they develop. Such structure is known as:

- a) Divisional structure
- b) Network structure
- c) Multi divisional structure
- d) **Strategic business unit**

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| RTP Jan 2025   |   | MTP Nov 2024   |  |
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| 6.   | Alpha Corp is undergoing a shift to foster a culture that encourages innovative thinking and team collaboration. To achieve this, the company is focusing on how leaders interact with their teams and set examples for behavior, aiming to align leadership practices with desired cultural outcomes. Which aspect of AlphaCorp is being adjusted to foster a culture of innovation and collaboration? | 7  | The CEO of GoFlyHigh Airlines has built a high-performance team over five years by closely monitoring performance metrics, setting clear expectations, and motivating employees through rewards and structured improvement plans. Her disciplined and results-focused approach has driven organizational success by fostering accountability and maintaining high standards. This leadership style emphasizes achieving defined goals through a structured framework, balancing performance recognition with corrective measures for sustained excellence. What strategic leadership style does the CEO exhibit? |
| a) Structure<br>b) Systems<br>c) Skills<br>d) <b>Style</b> |   | a) Entrepreneur Leadership<br>b) Transformational Leadership<br>c) <b>Transactional Leadership</b><br>d) Intrapreneur Leadership |  |

| MTP Jul 24  |  |
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| 8   | Write a short note on Matrix Structure |
| <p>In matrix structure, functional and product forms are combined simultaneously at the same level of the organization. Employees have two superiors, a product / project manager and a functional manager. The “home” department - that is, engineering, manufacturing, or marketing - is usually functional and is reasonably permanent. People from these functional units are often assigned temporarily to one or more product units or projects.</p> <p>The product units / projects are usually temporary and act like divisions in that they are differentiated on a product-market basis. The matrix structure may be very appropriate when organizations conclude that neither functional nor divisional forms, even when combined with horizontal linking mechanisms like strategic business units, are right for the implementation of their strategies. Matrix structure was developed to combine the stability of the functional structure with flexibility of the product form. It is very useful when the external environment (especially its technological and market aspects) is very complex and changeable.</p> <p>A matrix structure is most complex of all designs because it depends upon both vertical and horizontal flows of authority and communication. It may result in higher overhead costs due to more management positions.</p> <p>The matrix structure is often found in an organization when the following three conditions exist:</p> <ul style="list-style-type: none"><li>▪ Ideas need to be cross-fertilized across projects or products;</li><li>▪ Resources are scarce; and</li><li>▪ Abilities to process information and to make decisions need to be improved.</li></ul> |  |

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| MTP Jul 24 |   |
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| 9          | <p>What factors should organizations consider when choosing strategic performance measures, and why are these factors important?</p> <p>Organizations should consider the following factors when choosing strategic performance measures:</p> <ol style="list-style-type: none"><li><b>1. Relevance:</b> The measure should be relevant to the organization's goals and objectives, providing actionable and meaningful information. This ensures that the performance measures are directly aligned with what the organization aims to achieve, and that the information obtained can drive improvements and strategic decisions.</li><li><b>2. Data Availability:</b> The measure should be based on data that is readily available and can be collected and analyzed in a timely manner. This is important to ensure that the organization can efficiently gather and utilize data without significant delays or obstacles.</li><li><b>3. Data Quality:</b> The measure should be based on high-quality data that is accurate and reliable. Accurate and reliable data are crucial for making informed decisions and assessing the true performance of the organization.</li><li><b>4. Data Timeliness:</b> The measure should be based on data that is current and up-to-date. Timely data allows organizations to make informed decisions quickly, enabling them to respond promptly to changes and emerging challenges.</li></ol> <p>These factors are important because they provide a framework for organizations to assess the success of their strategies, identify areas for improvement, and make informed decisions about resource allocation and strategic adjustments. Effective strategic performance measures should be relevant, meaningful, easy to understand, and regularly reviewed and updated to ensure their continued alignment with the organization's goals and objectives.</p> |
| MTP Aug 24 |   |
| 10         | <p>Orion Tech Solutions Pvt. Ltd. is renowned for its ability to launch groundbreaking software products. Despite the relaxed and casual work environment at Orion, there is a strong commitment to meeting deadlines. Employees at Orion believe in the "work hard, play hard" ethic. The company has shifted from a formal, hierarchical structure to a more results-oriented approach. Employees are deeply committed to the company's strategies and work diligently to achieve them. They safeguard innovations and maintain strict confidentiality and secrecy in their operations. Their work culture is closely aligned with the organization's values, practices, and norms. What aspects of an organization are being discussed? Explain</p> <p>The scenario being referred to is the organizational culture at Orion Tech Solutions Pvt. Ltd. A strong culture encourages effective strategy execution when there is alignment and drives performance even when there is minimal alignment. A culture rooted in values, practices, and behavioural norms that align with the requirements for successful strategy execution energizes employees across the organization to perform their roles in a manner that supports the strategy. Orion's culture, built around principles such as listening to customers, encouraging employees to take pride in their work, and providing a high degree of decision-making autonomy, is highly conducive to successfully executing a strategy focused on delivering superior software solutions.</p> <p>A strong strategy-supportive culture at Orion makes employees feel genuinely better about their jobs, work environment, and the organization's goals. It motivates them to embrace the challenge of realizing the company's vision, perform their duties competently and enthusiastically, and collaborate effectively with others.</p>           |



MTP Aug 24

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

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.

PYQ May 24, RTP Jan 25

12 BOYA Ltd. is a venture in the market present for a decade. Till, 2023, 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.

In addressing the strategic needs of BOYA Ltd., the McKinsey 7S Model is an effective tool to consider. This model focuses on the interaction of hard and soft elements within an organization, suggesting that modifying one aspect might have a ripple effect on the other elements to maintain an effective balance. McKinsey 7S Model helps analyze the company's organizational design to achieve effectiveness through these interactions. The model categorizes the elements into 'hard' and 'soft' components:

The Hard elements are directly controlled by the management. The following elements are the **hard elements** in an organization.

- **Strategy:** the direction of the organization, a blueprint to build on a core competency and achieve competitive advantage to drive margins and lead the industry.
- **Structure:** depending on the availability of resources and the degree of centralization or decentralization that the management desires, it chooses from the available alternatives of organizational structures.
- **Systems:** the development of daily tasks, operations and teams to execute the goals

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and objectives in the most efficient and effective manner. The Soft elements are difficult to define as they are more governed by culture. But these soft elements are equally important in determining an organization’s success as well as growth in the industry.

The following are the **soft elements** in this model.

- Shared Values: The core values which get reflected within the organizational culture or influence the code of ethics of the management.
- Style: This depicts the leadership style and how it influences the strategic decisions of the organisation. It also revolves around people motivation and organizational delivery of goals.
- Staff: The talent pool of the organisation.
- Skills: The core competencies or the key skills of the employees play a vital role in defining the organizational success.

While the McKinsey 7S Model provides a structured approach to analysing organizational effectiveness, it has certain **limitations**:

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

By applying the McKinsey 7S Model, BOYA Ltd. can gain a comprehensive understanding of how different elements within the organization interact and influence overall performance. The insights gathered from the questionnaire can guide strategic decisions to enhance growth and operational effectiveness.

| RTP Sep 2024 |  |
|--------------|--|
| 13           | <p>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.</p> <p>PQR Ltd. has planned to implement the Strategic Business Unit (SBU) structure. Very large organizations, particularly those running into several products, or operating at distant geographical locations that are extremely diverse in terms of environmental factors, can be better managed by creating strategic business units. SBU structure becomes imperative in an organisation with increase in number, size and diversity.</p> <p>The attributes of an SBU and the benefits a firm may derive by using the SBU Structure are as follows:</p> <ul style="list-style-type: none"><li>➤ A scientific method of grouping the businesses of a multi – business corporation which helps the firm in strategic planning.</li><li>➤ An improvement over the territorial grouping of businesses and strategic planning based on territorial units.</li><li>➤ Strategic planning for SBU is distinct from rest of businesses. Products/ businesses within an SBU receive same strategic planning treatment and priorities.</li><li>➤ Each SBU will have its own distinct set of competitors and its own distinct strategy.</li><li>➤ The CEO of SBU will be responsible for strategic planning for SBU and its profit performance.</li></ul> |

- 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.

RTP Sep 2024

#### 14 Why Strategic Performance Measures are essential for organizations?

Strategic performance measures are essential for organizations for several reasons:

- **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.
- **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.
- **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.
- **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.

PYQ Sep 2024

- 15 Mts. MTS Ltd. is one of the mobile telephone service providers in India. It has its own mobile network, towers and distribution channels. It operates through its team of network operation, technicians, marketing, sales and after sales services. Currently all the team members are on it scroll. Company knows that market is densely competitive. The environment is quite unstable and likely to remain so. Customer's taste and preferences are changing very fast. There is a strong need for innovation and quick response. While eliminating in-house business functions, company is considering outsourcing major activities and focusing on its core competencies. In the given situation identify the organizational structure suitable for the company.  
Also outline the merits and demerits in going for the identified structure.

The suitable organizational structure for MTS Ltd is the Network Organizational Structure. A company with such a structure is often called a Virtual Organization.

#### Merits of the Network Structure

1. **Flexibility and Adaptability:** The structure allows for rapid technological changes and shifting competition patterns. This enables the company to adapt quickly to the unstable environment and changing customer preferences.
2. **Focus on Core Competencies:** The company can concentrate on its distinctive competencies while outsourcing non-core functions to specialized firms, which can perform them more efficiently.
3. **Cost Efficiency:** Through subcontracting and outsourcing, MTS Ltd can reduce the costs associated with maintaining in-house teams.
4. **Decentralized Operations:** The network structure scatters business functions across various geographical locations, reducing the need for a large central headquarters and ensuring responsiveness in different regions.

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Demerits of the Network Structure

- 1. **Loss of Synergies:** Contracting out functions may prevent MTS Ltd from discovering synergies that could emerge from combining internal activities.
- 2. **Over-Specialization Risk:** By focusing on only a few functions, the company may risk choosing the wrong functions, leading to a loss of competitiveness.
- 3. **Stress and Learning Challenges:** The flatter structure and increased need for personal interactions may create stress for employees, especially those who lack the confidence for active participation in organization-sponsored learning programs.

PYQ Sep 24, MTP Nov 24

16

Strategic performance measures are key indicators that organizations use to track the effectiveness of their strategies and make informed decisions about resource allocation. In light of the statement, state various types of Strategic performance measures.  
Or  
GreenEdge Solutions, a mid-sized technology company, has implemented a new strategic plan focused on achieving sustainable growth and strengthening its market presence. The leadership team is determined to monitor the effectiveness of their strategies to ensure they align with the organization’s overall goals and objectives. They seek a systematic approach to assess key performance areas critical to their success. What are Strategic Performance Measures (SPM), and how can GreenEdge Solutions effectively use them to evaluate and enhance the success of their strategic plan?

Strategic Performance Measures (SPM) are metrics organizations use to **evaluate and track the effectiveness of their strategies** in achieving their goals and objectives. SPM provides a framework for monitoring key areas critical to the organization’s success, ensuring progress toward desired outcomes and enabling timely adjustments to improve performance.

For GreenEdge Solutions, various types of SPM can be utilized:

- 1. **Financial Measures:** Metrics like revenue growth, return on investment (ROI), and profit margins help evaluate the company’s financial health and profitability.
- 2. **Customer Satisfaction Measures:** Assessments of customer satisfaction, retention, and loyalty indicate how well the company meets customer needs.
- 3. **Market Measures:** Market share, customer acquisition, and referral rates reflect competitiveness and market position.
- 4. **Employee Measures:** Employee satisfaction, engagement, and turnover rate help track workplace culture and talent retention.
- 5. **Innovation Measures:** R&D spending, patent filings, and new product launches gauge the company’s innovation capabilities.
- 6. **Environmental Measures:** Monitoring energy consumption, waste reduction, and carbon emissions ensures the company aligns with sustainability goals.

Using these measures, GreenEdge Solutions can systematically assess its strategy and make informed decisions to drive sustainable growth and success.



PYQ Sep 24

17 Explain the pointers for navigating change during digital transformation.

Any organisation may find the work of digital transformation challenging and overwhelming. To ensure that a digital transition is effective, change management is essential. Here are some pointers for navigating change during the digital transformation:

**1. Specify the digital transformation’s aims and objectives:**  
What is the intended outcome? What are the precise objectives that must be accomplished? It will be easier to make sure that everyone is on the same page and pursuing the same aims if everyone has a clear grasp of the goals.

**2. Always, always, always communicate:**  
It might be challenging for people to accept change and adjust to it. Ensure that you routinely and honestly discuss the objectives of the digital transformation and how they will affect stakeholders, including employees, clients, and other parties.

**3. Be ready for resistance:**  
Even when a change is for the better, it can be challenging for people to embrace it. Have a strategy in place for dealing with any resistance that may arise.

**4. Implement changes gradually:**  
Changes should ideally be implemented gradually rather than all at once. In order to avoid overwhelming individuals with too much change at once, this will give people time to become used to the new way of doing things.

**5. Offer assistance and training:**  
Workers will need guidance in the new procedures, software applications, etc. In conclusion, effective completion of the massive project known as digital transformation depends on meticulous planning and change management. Digital transformation efforts are more likely to fail without change management. Organizations can successfully integrate a new digital system by planning for and managing the changes that must take place. Any project involving digital transformation must include it.

RTP Jan 2025

18 EcoTec, a company specializing in sustainable technology solutions, is facing challenges due to shifts in environmental regulations and market preferences. To manage these uncertainties, they regularly review and update their business assumptions and strategic plans based on changing regulatory environments and consumer trends. This proactive approach helps them stay aligned with evolving market conditions and maintain a competitive edge. Explain which approach is EcoTech to adapt to changes in regulations and market conditions?

EcoTech is using Premise Control to adapt to changes in regulations and market conditions. Premise Control is a strategic management approach focused on continuously monitoring and reviewing the underlying assumptions that form the basis of an organization’s strategy. By regularly assessing these assumptions—such as environmental regulations and consumer preferences, EcoTech ensures that its strategic plans remain relevant and responsive to external changes. This proactive process helps the company make timely adjustments to its strategies, allowing it to stay competitive and aligned with the evolving market environment.

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MTP Nov 2024

19

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 led to its downfall. Which would have helped Connect Group to change, adapt and survive? Explain the steps to initiate the change.

Connect Group has to make strategic changes 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 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:

- 1. 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.
- 2. 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.
- 3. 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.

MTP Nov 2024

20

**Differentiation between Strategic Planning and Operational Planning.**

| Strategic planning   | Operational planning  |
|--|---|
| Strategic planning shapes the organisation and its resources.                    | Operational planning deals with current deployment of resources.                                |
| Strategic planning assesses the impact of environmental variables.               | Operational planning develops tactics rather than strategy.                                     |
| Strategic planning takes a holistic view of the organisation.                    | Operational planning projects current operations into the future.                               |
| Strategic planning develops overall objectives and strategies.                   | Operational planning makes modifications to the business functions but not fundamental changes. |
| Strategic planning is concerned with the long- term success of the organisation. | Operational planning is concerned with the short-term success of the organisation.              |
| Strategic planning is a senior management responsibility.                        | Operational planning is the responsibility of functional managers.                              |

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MTP Dec 24

21

Jupiter Electronics Ltd. is known for its ability to come out with path-breaking products. Though the work environment at Jupiter is relaxed and casual, there is a very strong commitment to deadlines. The employees believe in a "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 work. They are closely related to values, practices, and norms of organisations. What aspects of an organization are being discussed? Explain.

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.

MTP Dec 24

22

How the 'Strategic Business Unit' (SBU), structure becomes imperative in an organization with increase in number, size and diversity of divisions?

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

Very large 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.

**SBUs helps such organisations by:**

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

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MTP Dec 24

23  
(MCQ)

Harish, a middle manager, is confused about the difference between flexibility and resilience while working around an uncertain situation in the organization. Can you help find the right difference between the two?

- a) Flexibility is about adapting to new things quickly, while resilience is about holding on to the current position of the things for the short-term as the organisation is confident of its efficiencies.
- b) Flexibility is a subset of resilience, and to be flexible means to be resilient.
- c) Flexibility is the opposite of resilience, where, if the organisation is flexible, it changes and if it is resilient it doesn't change at all.
- d) Both are the same.

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