

*With the Blessings of
My Dear Parents,
Brother, Sister
and Wife*

*Dedicated to All
My
Beloved Students*



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PREFACE

Dear students,

It gives me immense joy and pleasure to present a completely updated **CA Inter - Strategic Management Q and A Book** strictly as per **ICAI New Syllabus**.

This book was prepared with the aim of making sure that anyone who reads this gets not only a **substantial coverage over the ICAI syllabus** but also, **resounding confidence over their practical applicability when you are working in the corporate world**.

Having been a professor for 11 years and counting, I have observed that, for you to succeed in exam and your professional career you need a great understanding of the concept and its real-life application. Majority students get stuck in the rat race of just passing the exam by any means, this may help you to **pass a competitive exam** but not in the **exam of your professional life**.

I have worked for more than **6 years** in **Big 4's like PWC and Deloitte** in my initial years of professional career and the lessons learned during that time has inspired me to ensure that my students get a **"Practical Approach"** to this so called **"Theoretical world of Strategic Management"**.

The journey of a Chartered Accountant is not a rapid T-20 match. **It is equivalent to a 5-day test match, if you will**. Rather than rushing and blasting through your preparation, it is crucial to be consistent and disciplined. **My cricket coach once said to me something that has stuck with me since my college days - 'Wicket pe bane raho, runs aapne aap ban jaayenge!'**

I wish you all the best and hope that you be greatly benefited from this book!

Happy Learning,

Regards

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'Failure will never overtake me if my determination to succeed is strong enough!'

- Late Dr. A P J Abdul Kalam



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There are people in this world, some of them are so wonderful, that made this book become a reality that you are holding in your hand. I would like to thank all of them.

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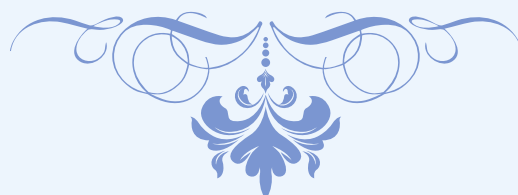
Mrs. **Megha Deshpande** &

Mr. **Sharad Patil** who has taken immense effort in creating this Book.

&

Mr. **Sagar Dhumal** who has taken immense efforts in Designing this book in the most creative way.

**"If you want to go fast, go alone.
If you want to go far, go together."**



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Q&A Module
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RJ = Practical Insight into Theoretical World

CHAPTER -1

INTRODUCTION TO

STRATEGIC

MANAGEMENT



Multiple Choice Questions

- 1) **Strategy is a game plan used for which of the following?**
 - a) To take market position
 - b) To attract and satisfy customers
 - c) To respond to dynamic and hostile environment
 - d) All of the above

- 2) **Which of the following is correct?**
 - a) Strategy is always pragmatic and not flexible
 - b) Strategy is not always perfect, flawless and optimal
 - c) Strategy is always perfect, flawless and optimal
 - d) Strategy is always flexible but not pragmatic

- 3) **Strategy is -**
 - a) Proactive in action
 - b) Reactive in action
 - c) A blend of proactive and reactive actions
 - d) None of the above

- 4) **Reactive strategy can also be termed as-**
 - a) Planned strategy
 - b) Adaptive strategy
 - c) Sound strategy
 - d) Dynamic strategy

- 5) **Formulation of strategies and their implementation in a strategic management process is undertaken by-**
 - a) Top level executives
 - b) Middle level executives
 - c) Lower level executives
 - d) All of the above

- 6) Which of the following are responsible for formulating and developing realistic and attainable strategies?
- a) Corporate level and business level managers
 - b) Corporate level and functional level managers
 - c) Functional managers and business level managers
 - d) Corporate level managers, business level managers and functional level Managers
- 7) Which of the following managers' role is to translate the general statements/ strategies into concrete strategies of their individual businesses-
- a) Supervisor
 - b) Functional Manager
 - c) CEO of the company
 - d) All of the above
- 8) Which statement should be created first and foremost?
- a) Strategy
 - b) Vision
 - c) Objectives
 - d) Mission
- 9) Strategic management enables an organization to _____, instead of companies just responding to threats in their business environment.
- a) be proactive
 - b) determine when the threat will subside
 - c) avoid the threats
 - d) defeat their competitors
- 10) Read the following three statements:
- (i) Strategies have short-range implications.
 - (ii) Strategies are action oriented.
 - (iii) Strategies are rigidly defined.

From the combinations given below select an alternative that represents statements that are true:

- a) (i) and (ii)
- b) (i) and (iii)
- c) (ii) and (iii)
- d) (i), (ii) and (iii)

11) What involves formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its objectives?

- a) Strategy formulation
- b) Strategy evaluation
- c) Strategy implementation
- d) Strategic management

12) Strategic management allows an organization to be more

- a) Authoritative
- b) Participative
- c) Commanding
- d) Proactive

Answers to Multiple Choice Questions

1) (d)	2) (b)	3) (c)	4) (b)	5) (d)	6) (d)
7) (b)	8) (b)	9) (a)	10) (a)	11) (d)	12) (d)

Questions from ICAI Study Material

Scenario Based Questions

Question 1: (ICAI SM) / (Model Test Paper-1) / (MTP-I Mar. 24)

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

Answer:

- 1) Swati operates at the functional level of management, specifically as the marketing manager at a software company. Functional managers like Swati oversee specific departments or functions within an organization, such as marketing, finance, or operations.
- 2) Their primary responsibilities include implementing corporate strategies and policies within their area of expertise and ensuring that daily operations are conducted efficiently and effectively.
- 3) In Swati's case, as a marketing manager, her role involves developing and executing marketing strategies for the company's products. This includes leading a team of marketing professionals, collaborating with product development and sales teams, and analyzing market trends and customer feedback to refine strategies.
- 4) By working closely with these teams, Swati ensures that the company's products are effectively promoted in the market and that marketing efforts align with overall business goals.
- 5) Functional managers like Swati play a critical role in the organization by bridging the gap between corporate strategy and daily operations. They are responsible for translating high-level strategic goals into actionable plans for their departments and ensuring that these plans are executed effectively.
- 6) Additionally, they are often key decision-makers within their areas of responsibility, making strategic choices that impact on the company's success. Overall, Swati's role as a

marketing manager exemplifies the importance of functional managers in driving the success of their organizations.

Question 2:

(ICAI SM) / (Model Test Paper-2) / (MTP-II Apr.24)

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

Answer:

- 1) The retail chain is employing a strategy that combines both proactive and reactive elements. Monitoring consumer trends and adjusting product offerings accordingly demonstrates a proactive approach to anticipate and meet customer needs.
- 2) On the other hand, maintaining a flexible supply chain to respond quickly to changes in demand reflects a reactive strategy to address unforeseen shifts in the market.
- 3) This combination allows the retail chain to both anticipate future trends and react effectively to immediate market changes, making its strategy partly proactive and partly reactive.
- 4) This dual strategy of proactive trend monitoring and reactive supply chain flexibility enables the retail chain to anticipate market shifts and adapt to them effectively, ensuring its competitiveness and customer satisfaction.

Question 3:

(ICAI SM) / (RTP May 24)

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

Answer:

- 1) ABC Pharmaceuticals may have following vision and mission:
 - a) **Vision:** Vision implies the blueprint of the company's future position. It describes where the organisation wants to land. ABC Pharmaceuticals may have vision "To be the globally recognized leader in pharmaceutical innovation and enriching the lives of people worldwide by providing high-quality, affordable, and accessible pharmaceutical products."
 - b) **Mission:** Mission delineates the firm's business, its goals and ways to reach the goals. It explains the reason for the existence of the firm in society. It is designed to help potential shareholders and investors understand the purpose of the company.
- 2) ABC Pharmaceuticals may identify mission in the following lines:
 - a) To improve the well-being of individuals and communities by relentlessly pursuing excellence in pharmaceutical research, development, and manufacturing.
 - b) Committed to producing safe, effective, and sustainable medicines that address unmet medical needs and enhance the quality of life for patients.
 - c) Through innovation, collaboration, and ethical practices, we aim to make a positive impact on global healthcare and become the trusted partner of healthcare providers and patients alike.

Question 4:**(ICAI SM) / (Model Test Paper-1) / (MTP-I Mar.24)**

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

Answer:

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

The Company can proactively analyze market trends and customer preferences to identify opportunities for growth. For example, it can invest in market research to

understand what customer's value in a retail experience and tailor its offerings to meet those needs. This proactive approach can help the company stay ahead of competitors and attract new customers.

b) Reactive Strategy:

In addition to proactive measures, the company should also be prepared to react to changes in the market environment. For example, if a competitor launches a new online shopping platform, the company should quickly assess the impact on its business and develop a response. This reactive strategy can help the company adapt to changing market conditions and maintain its competitiveness.

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

Question 5:

(ICAI SM) / (RTP Sept.24)

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?

Answer:

- 1) The Matrix Relationship is the most effective structure for Tech Innovators Inc. to achieve its vision of leadership in AI technologies.
- 2) This structure promotes cross-functional collaboration, essential for managing complex AI projects and fostering innovation.
- 3) 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.
- 4) 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
Horizontal	Open communication, encourages innovation and fast	Hard to scale, unclear roles and responsibilities.	Suitable for startups, less for large AI initiatives.
Matrix	Facilitates cross functional collaboration, flexible resource management for complex projects.	Complex reporting structures, potential conflicts.	Ideal for managing diverse, innovative AI projects.

Question 6:**(ICAI SM)**

Mr. Raj has been hired as a CEO by XYZ Ltd a FMCG company that has diversified into affordable cosmetics. The company intends to launch Feelgood brand of cosmetics. XYZ wishes to enrich the lives of people with its products that are good for skin and are produced in ecologically beneficial manner using herbal ingredients. Draft vision and mission statement that may be formulated by Raj.

Answer:

1) Feelgood brand of cosmetics may have following vision and mission:

a) Vision:

Vision implies the blueprint of the company's future position. It describes where the organisation wants to land. Mr. Raj should aim to position "Feelgood cosmetics" as India's beauty Care Company. It may have vision to be India's largest beauty Care Company that improves looks, give extraordinary feeling and bring happiness to people.

b) Mission:

Mission delineates the firm's business, its goals and ways to reach the goals. It explains the reason for the existence of the firm in the society.

- 2) It is designed to help potential shareholders and investors understand the purpose of the company:

Mr. Raj may identify mission in the following lines:

- a) To be in the business of cosmetics to enhance the lives of people, give them confidence to lead.
- b) To protect skin from harmful elements in environment and sun rays.
- c) To produce herbal cosmetics using natural ingredients.

Question 7:

(ICAI SM) / (Model Test Paper-3)

Yummy Foods and Tasty Foods are successfully competing in the business of ready to eat snacks in Patna. Yummy has been pioneer in introducing innovative products. These products will give them good sale. However, Tasty Foods will introduce similar products in reaction to the products introduced by the Yummy Foods taking away the advantage gained by the former.

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

Answer:

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

- 1) A proactive strategy is a planned strategy whereas reactive strategy is an adaptive reaction to changing circumstances.
- 2) A company's strategy is typically a blend of proactive actions on the part of managers to improve the company's market position and financial performance and reactions to unanticipated developments and fresh market conditions.
- 3) If organisational resources permit, it is better to be proactive rather than reactive. Being proactive in aspects such as introducing new products will give you an advantage in the mind of customers.
- 4) At the same time, crafting a strategy involves stitching together a proactive/intended strategy and then adapting first one piece and then another as circumstances surrounding the company's situation change or better options emerge-a reactive/adaptive strategy. This aspect can be accomplished by Yummy Foods.

Question 8:**(ICAI SM) / (RTP May 25)**

Ramesh Sharma has fifteen stores selling consumer durables in Delhi Region. Four of these stores were opened in last three years. He believes in managing strategically and enjoyed significant sales of refrigerator, televisions, washing machines, air conditioners and like till four years back. With shift to the purchases to online stores, the sales of his stores came down to about seventy per cent in last four years.

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

Answer:

Ramesh Sharma is facing declining sales on account of large-scale shift of customers to online stores. While he is using the tools of strategic management, they cannot counter all hindrances and always achieve success.

There are limitations attached to strategic management as follows:

- 1) Environment under which strategies are made is highly complex and turbulent. Entry of online stores, a new kind of competitor brought a different dimension to selling consumer durables. Online stores with their size power could control the market and offer stiff competition to traditional stores.
- 2) Another limitation of strategic management is that it is difficult to predict how things will shape-up in future. Ramesh Sharma, although managing strategically failed to see how online stores will impact the sales.
- 3) Although, strategic management is a time-consuming process, he should continue to manage strategically. The challenging times require more efforts on his part.
- 4) Strategic management is costly. Ramesh Sharma may consider engaging experts to find out preferences of the customers and attune his strategies to better serve them in a customized manner. Such customized offerings may be difficult to match by the online stores.
- 5) The stores owned by Ramesh Sharma are much smaller than online stores. It is very difficult for him to visualize how online stores will be moving strategically.

Question 9:**(ICAI SM)**

Dharam Singh, the procurement department head of Cyclix, a mountain biking equipment company, was recently promoted to look after sales department along with procurement department. His seniors at the corporate level have always liked his way of leadership

and are assured that he would ensure the implementation of policies and strategies to the best of his capacity but have never involved him in decision making for the company. Do you think this is the right approach? Validate your answer with logical reasoning around management levels and decision making.

Answer:

- 1) Functional managers provide most of the information that makes it possible for business and corporate level managers to formulate realistic and attainable strategies. This is so because functional managers like Dharam Singh are closer to the customers/suppliers/operations than the typical general manager is.
- 2) A functional manager may generate important ideas that subsequently may become major strategies for the company. Thus, it is important for general managers to listen closely to the ideas of their functional managers and involve them in decision making.
- 3) An equally great responsibility for managers at the operational level is strategy implementation: the execution of corporate and business level plans, and if they are involved in formulation, the clarity of thoughts while implementation can benefit too.

Conclusion:

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

Question 10:

(ICAI SM)

ABC Limited is in a wide range of businesses which include apparels, lifestyle products, furniture, real estate and electrical products. The company is looking to hire a suitable Chief Executive Officer. Consider yourself as the HR consultant for ABC limited. You have been assigned the task to enlist the activities involved with the role of the Chief Executive Officer.

Name the strategic level that this role belongs to and enlist the activities associated with it.

Answer:

- 1) The role of Chief Executive Officer pertains to corporate level.
- 2) 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.

- 3) The role of Chief Executive Officer (Top Management/Corporate Level Managers) is to:
- a) Oversee the development of strategies for the whole organization;
 - b) Defining the mission and goals of the organization;
 - c) Determining what businesses it should be in;
 - d) Allocating resources among the different businesses;
 - e) Formulating, and implementing strategies that span individual businesses;
 - f) Providing leadership for the organization;
 - g) Ensuring that the corporate and business level strategies which company pursues are consistent with maximizing shareholders wealth; and
 - h) Managing the divestment and acquisition process.

Descriptive Questions

Question 11:

(ICAI SM)

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

Answer:

- 1) The term '**strategic management**' refers to the **managerial process** of developing a strategic vision, setting objectives, crafting a strategy, implementing and evaluating the strategy, and initiating corrective adjustments were deemed appropriate.
- 2) The overall objective of strategic management is two-fold:
 - a) To **create competitive advantage**, so that the company can outperform the competitors in order to have dominance over the market.
 - b) To guide the company successfully through all changes in the environment.
- 3) The following are the benefits of strategic approach to managing:
 - a) Strategic management helps organisations to be more proactive instead of reactive in shaping its future. Organisations are able to analyse and take actions instead of being mere spectators. Thereby they are able to control their own destiny in a better manner. It helps them in working within vagaries of environment and shaping it, instead of getting carried away by its turbulence or uncertainties.

- b) Strategic management **provides frameworks for all the major decisions** of an enterprise such as decisions on businesses, products, markets, manufacturing facilities, investments and organisational structure. It provides better guidance to entire organisation on the crucial point - what it is trying to do.
- c) Strategic management is concerned with **ensuring a good future for the firm**. It seeks to prepare the corporation to face the future and act as pathfinder to various business opportunities. Organisations are able to identify the available opportunities and identify ways and means as how to reach them.
- d) Strategic management **serves as a corporate defence mechanism against mistakes and pitfalls**. It helps organisations to avoid costly mistakes in product market choices or investments. Over a period of time strategic management **helps organisation to evolve certain core competencies and competitive advantages** that assist in its fight for survival and growth.

Question 12:**(ICAI SM)**

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

Answer:

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

- 1) 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.
- 2) Strategic management is a **time-consuming process**. Organisations spend a lot of time in preparing, communicating the strategies that may impede daily operations and negatively impact the routine business.
- 3) 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.
- 4) In a competitive scenario, where all organisations are trying to move strategically, it is **difficult to clearly estimate the competitive responses to a firm's strategies**.

Question 13:

(ICAI SM)

Explain the difference between three levels of strategy formulation.

Answer:

- 1) A typical large organization is a multidivisional organisation that competes in several different businesses. It has separate self-contained divisions to manage each of these. There are three levels of strategy in management of business - corporate, business, and functional.
- 2) The corporate level of management consists of the chief executive officer and other top-level executives. These individuals occupy the apex of decision making within the organization.
- 3) The role of corporate-level managers is to oversee the development of strategies for the whole organization. This role includes defining the mission and goals of the organization, determining what businesses it should be in, allocating resources among the different businesses and so on rests at the Corporate Level.
- 4) The development of strategies for individual business areas is the responsibility of the general managers in these different businesses or business level managers. A business unit is a self-contained division with its own functions - **For example**, finance, production, and marketing.
- 5) The strategic role of business-level manager, head of the division, is to translate the general statements of direction and intent that come from the corporate level into concrete strategies for individual businesses.
- 6) Functional-level managers are responsible for the specific business functions or operations such as human resources, purchasing, product development, customer service, and so on. Thus, a functional manager's sphere of responsibility is generally confined to one organizational activity, whereas general managers oversee the operation of a whole company or division.

Question 14:

(ICAI SM)

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

Answer:

- 1) **Strategy is partly proactive and partly reactive.** In proactive strategy, organizations will analyze possible environmental scenarios and create strategic framework after proper planning and set procedures and work on these strategies in a predetermined manner.
- 2) However, in reality no company can forecast both internal and external environment exactly. Everything cannot be planned in advance. It is not possible to anticipate moves of rival firms, consumer behaviour, evolving technologies and so on.
- 3) There can be significant deviations between what was visualized and what actually happens. Strategies need to be attuned or modified in the light of possible environmental changes. There can be significant or major strategic changes when the environment demands.
- 4) **Reactive strategy is triggered by the changes in the environment and provides ways and means** to cope with the negative factors or take advantage of emerging opportunities.

Questions from ICAI Model Test Paper

Question 15:

(Model Test Paper-2) / (MTP-II April, 24)

"Each organization must build its competitive advantage keeping in mind the business warfare. This can be done by following the process of strategic management." Considering this statement, explain major benefits of strategic management.

Answer:

Each organization has to build its competitive advantage over the competitors in the business warfare in order to win. This can be done only by following the process of strategic management. Strategic Management is very important for the survival and growth of business organizations in dynamic business environments. Other major benefits of strategic management are as follows:

- 1) Strategic management helps organizations to be more proactive rather than reactive in dealing with its future. It facilitates to work within vagaries of environment and remains adaptable with the turbulence or uncertain future. Therefore, they are able to control their own destiny in a better way.

- 2) It provides better guidance to entire organization on the crucial point - what it is trying to do. Also provides frameworks for all major business decisions of an enterprise such as on businesses, products, markets, organizational structures, etc.
- 3) It facilitates to prepare the organization to face the future and act as pathfinder to various business opportunities. Organizations are able to identify the available opportunities and identify ways and means as how to reach them.
- 4) It serves as a corporate defence mechanism against mistakes and pitfalls. It helps organizations to avoid costly mistakes in product market choices or investments.
- 5) Over a period of time strategic management helps organization to evolve certain core competencies and competitive advantages that assist in the fight for survival and growth.

Question 16:**(Model Test Paper-3)**

In his pursuit to expand the family business to Dubai, Dharam Veer Singh, the successor of the renowned architect Late Shri Lala Ram Pal Singh, faced a dilemma. Despite receiving positive feedback from various potential investors, a common trend emerged where the emphasis was primarily on swift construction, neglecting the importance of structural longevity. Dharam finds himself at a crossroads. What strategic approach could assist him in formulating a robust and coherent business roadmap that aligns with his vision for sustainable growth?

Answer:

- 1) In this scenario, the most appropriate strategic approach to help Dharam Veer Singh formulate a robust and coherent business roadmap aligned with his vision for sustainable growth would be to focus on values or a value system.
- 2) Emphasizing values such as quality, integrity, and sustainability can guide decision-making and attract like-minded investors and clients.
- 3) By embedding these values into the company's culture and operations, Dharam can differentiate his business in the market, ensuring long-term success and structural longevity in construction projects.
- 4) This value-driven strategy will also help in building a strong brand reputation and fostering trust among stakeholders.

Question 17:

(Model Test Paper-4) / (MTP-I July 24)

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 HealthPlus 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.

Answer:

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

- 1) **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 "HealthPlus" 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.
- 2) **Mission:** Mission delineates the firm's business, its goals, and ways to reach the goals. It explains the reason for the existence of the firm in society. It is designed to help potential shareholders and investors understand the purpose of the company. Mr. Arun may identify the mission in the following lines:
 - a) To be in the business of wellness supplements to enhance the lives of people and give them the confidence to lead a healthy life.
 - b) To protect health by providing supplements that counteract harmful elements in the environment.
 - c) To produce wellness supplements using natural ingredients in an environmentally sustainable manner.

Question 18:

(Model Test Paper-4) / (MTP-I July 2024)

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.

Answer:

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.

Question 19: (Model Test Paper-5 & 7) / (MTP-II Aug.24) / (MTP-II Dec.24)

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.

Answer:

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:

- 1) 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.

- 2) 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.
- 3) While strategic management is a time-consuming process, it is crucial for Vikram to continue managing strategically. These challenging times demand increased effort and adaptability on his part.
- 4) 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.
- 5) 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.

Question 20: (Model Test Paper-5) / (MTP-II Aug.24) / (MTP-II Apr.25)

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

Answer:

- 1) 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.
- 2) 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.
- 3) 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.
- 4) **Essentials of a strategic vision:**
 - a) The entrepreneurial challenge in developing a strategic vision is to think creatively about how to prepare a company for the future.
 - b) Forming a strategic vision is an exercise in intelligent entrepreneurship.

- c) A well-articulated strategic vision creates enthusiasm among the members of the organization.
- d) The best-worded vision statement clearly illuminates the direction in which organization is headed.

Question 21: (Model Test Paper-6) / (RTP May 24) / (MTP-I Nov.24)

Define Strategic Management. Also discuss the limitations of Strategic Management.

Answer:

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:

- a) **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 organization has to deal with suppliers, customers, governments and other external factors.
- b) **Strategic Management is a time-consuming process.** Organisations spend a lot of time in preparing, communicating the strategies that may impede daily operations and negatively impact the routine business.
- c) **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.
- d) **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.

Question 22: (Model Test Paper-7) / (MTP-II Apr.25) / (MTP-II Dec.24)

Distinguish between Vision and Mission.

Answer:

- 1) The vision describes a future identity while the Mission serves as an on-going and time-independent guide.
- 2) The vision statement can galvanize the people to achieve defined objectives, even if they are stretch objectives, provided the vision is specific, measurable, achievable, and relevant and time bound.
- 3) 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.
- 4) A mission 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 vision statement is more specific in terms of both the future state and the time frame.
- 5) Vision describes what will be achieved if the organization is successful.

Question 23: (Model Test Paper-8) / (RTP Sept.24)

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

Answer:

Strategic management involves **developing the company's vision, environmental scanning, strategy formulation, implementation, evaluation and control.**

It emphasizes 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:

- a) Strategic management gives **directions to the company to move ahead.** It defines the goals and mission.
- b) It helps organisations to be **proactive instead of reactive** in shaping their future.
- c) It provides **frameworks for all major decisions of an enterprise** such as decisions on businesses, products, markets, manufacturing facilities, investments and organisational

structure. It provides better guidance to the entire organisation on the crucial point - what it is trying to do.

- d) It helps organisations to **identify the available opportunities** and identify ways and means to achieve them.
- e) It serves as a **corporate defence mechanism** against mistakes and pitfalls.
- f) It helps to **enhance the longevity of the business**.
- g) It helps the organisation to **develop certain core competencies and competitive advantages** that would facilitate survival and growth.

Questions from ICAI RTP, MTP and Past Exam (till Jan.25 Exam Paper)

Question 24:

(RTP Jan.25)

XYZ Enterprises operates in various sectors, including renewable energy solutions, organic skincare products, eco-friendly packaging, and smart home technologies. The organization is currently in the process of recruiting a Chief Executive Officer. In this scenario, imagine yourself as an HR consultant for XYZ Enterprises. Identify the strategic level that encompasses this role within XYZ Enterprises. Provide an overview of the key duties and responsibilities falling under the Chief Executive Officer's scope.

Answer:

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

Key Duties and Responsibilities of the CEO:

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

- 1) **Oversee the development** of strategies for the whole organization;
- 2) **Defining the mission and goals of the organization;**
- 3) **Determining what businesses, it should be in;**
- 4) **Allocating resources among the different businesses;**
- 5) **Formulating, and implementing strategies that span individual businesses;**

- 6) **Providing leadership** for the organization;
- 7) Ensuring that the corporate and business level strategies which company pursues are consistent with **maximizing shareholders wealth**; and
- 8) Managing the **divestment and acquisition** process.

Given the diverse nature of XYZ Enterprises, including renewable energy solutions, organic skincare products, eco-friendly packaging, and smart home technologies, the CEO's responsibilities are tailored to navigate the unique challenges and opportunities presented by each sector.

In conclusion, the CEO at the Corporate Level plays a critical role in guiding XYZ Enterprises strategically, ensuring cohesive leadership, and driving sustainable success across its diverse business domains.

Question 25:

(May 24) / (RTP Jan.25) / (MTP-I Mar.25)

'A company's mission statement is typically focused on its present business scope.'
Explain the significance of a mission statement.

Answer:

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:

- 1) It ensures **unanimity of purpose** within the organization.
- 2) It develops a basis, or standard, for **allocating organizational resources**.
- 3) It provides a basis for **innovating the use of the organisation's resources**
- 4) It **establishes** a general tone or **organizational climate**, to suggest a business-like operation.
- 5) It serves as a **focal point** for those who can identify with the **organisation's purpose and direction**.
- 6) It facilitates the **translation of objectives and goals into a work structure** involving the assignment of tasks to responsible elements within the organization.
- 7) 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.

Question 26:

(May 24)

Elvis Global is a famous OTT platform facing fierce competition from its competitors amid changing consumer preferences. This has made it difficult to retain customers as the existing television channels are also launching their own platforms. The company has appointed Raghav to lead the company forward as the sales & marketing manager. Raghav needs to design creative and innovative advertising campaigns to gain a competitive edge, engage the public and capture the market.

Identify the strategic level that represents Raghav's role at Elvis Global. As a strategic advisor, highlight the various benefits of strategic management in overcoming different challenges to Raghav.

Answer:

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:

- 1) 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 achievable **objectives** that support the company's **long-term goals**, ensuring that marketing strategies are both ambitious and attainable.
- 2) 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.
- 3) 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 wellinformed and strategically sound. It ensures **coherence and**

consistency in decision-making across the organization, aligning marketing strategies with overall business objectives.

- 4) 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.
- 5) 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**.
- 6) 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.
- 7) 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.

Conclusion:

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.

Question 27:**(Sept.24) / (RTP May 25)**

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.

Answer:

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 organisational resources and external environment.

Question 28:**(Jan.25)**

Outline the main levels of management generally found in an organization. Also explain the types of networks of relationship between these levels and amongst the same levels of a business.

Answer:**Main Levels of Management in an Organization**

In a typical large organization, there are three main levels of management:

- 1) **Corporate Level:** This includes the Chief Executive Officer (CEO), senior executives, and the board of directors. Their primary responsibility is to oversee the organization as a whole, make strategic decisions, define the mission and goals, allocate resources, and manage the corporate portfolio of businesses.
- 2) **Business Level:** This level consists of general managers responsible for specific Strategic Business Units (SBUs). They translate corporate-level strategies into concrete plans for their respective divisions, focusing on creating competitive advantages and achieving profitability.
- 3) **Functional Level:** This level encompasses managers responsible for specific functions such as finance, marketing, and human resources. They develop functional strategies aligned with the objectives set by the corporate and business-level managers and are crucial for implementing strategies effectively.

Types of Networks of Relationship between Management Levels

- 1) **Functional and Divisional Relationship:** This independent relationship operates where each function or division is managed independently, with business-level managers reporting to corporate level managers. For example, finance and marketing functions operate under their respective heads, who report to the division head.
- 2) **Horizontal Relationship:** This flat structure promotes equality among all employees, facilitating openness and transparency. All positions, from top management to staff-level employees, share the same hierarchical status, enhancing idea-sharing and innovation, particularly in startups.
- 3) **Matrix Relationship:** This complex structure combines various departments into project-based teams. It features multiple business level managers for each functional team, making it suitable for large organizations with diverse operations, enabling efficient management of projects across different functions.

These levels and their relationships help streamline decision-making and strategy implementation within an organization, fostering a cohesive approach to achieving business goals.

Question 29:

(MTP-I Mar.25)

XYZ Enterprises operates in multiple industries. Its automobile division functions independently, with separate teams for electric and fuel-based vehicles. The IT division follows a structure where employees report to both project heads and department managers for various software projects. Meanwhile, its startup incubator encourages open collaboration among employees at all levels. Identify the network relationships used in XYZ Enterprises' divisions and explain why they are appropriate.

Answer:

XYZ Enterprises employs different network relationships across its divisions to optimize efficiency and innovation.

- 1) **Automobile Division - Functional and Divisional Relationship:** The automobile division operates independently, with distinct teams handling electric and fuel-based vehicles. Each division is managed by a business level head who directly reports to the corporate-level management. This structure ensures clear accountability, specialization, and focused decision-making. By maintaining independent divisions, XYZ Enterprises can cater to different market segments effectively.
- 2) **IT Division - Matrix Relationship:** The IT division follows a matrix structure where employees report to both project heads and functional managers. This setup allows for efficient resource utilization, as employees contribute to multiple projects while maintaining alignment with their respective departments. The matrix relationship helps manage complex software development projects that require cross-functional expertise, ensuring seamless collaboration among teams like development, marketing, and finance.
- 3) **Startup Incubator - Horizontal Relationship:** The startup incubator promotes a horizontal structure where all employees, regardless of hierarchy, collaborate and share ideas openly. This nurtures transparency, quick decision-making, and innovation, which are essential for startups. Since speed and adaptability are crucial in early-stage ventures, this relationship structure ensures that creative solutions are implemented without bureaucratic delays. By adopting these network relationships, XYZ Enterprises maximizes efficiency, agility, and innovation across its diverse operations.



Notes:

[illegible]

CHAPTER -2

STRATEGIC ANALYSIS: EXTERNAL ENVIRONMENT



Multiple Choice Questions

- 1) **KSFs stand for:**
 - a) Key strategic factors
 - b) Key supervisory factors
 - c) Key success factors
 - d) Key sufficient factors

- 2) **Competitive landscape requires the application of:**
 - a) Competitive advantage
 - b) Competitive strategy
 - c) Competitive acumen
 - d) Competitive intelligence

- 3) **The term PESTLE analysis is used to describe a framework for analyzing:**
 - a) Macro Environment
 - b) Micro Environment
 - c) Both Macro and Micro Environment
 - d) None of above

- 4) **'Attractiveness of firms' while conducting industry analysis should be seen in:**
 - a) Relative terms
 - b) Absolute terms
 - c) Comparative terms
 - d) All of the above

- 5) **What is not one of Michael Porter's five competitive forces?**
 - a) New entrants
 - b) Rivalry among existing firms
 - c) Bargaining power of unions
 - d) Bargaining power of suppliers

- 6) Which of the following constitute Demographic Environment?
- a) Nature of economy i.e. capitalism, socialism, Mixed
 - b) Size, composition, distribution of population, sex ratio
 - c) Foreign trade policy of Government
 - d) Economic policy i.e. fiscal and monetary policy of Government
- 7) All are elements of Macro environment except:
- a) Society
 - b) Government
 - c) Competitors
 - d) Technology
- 8) The emphasis on product design is very high, the intensity of competition is low, and the market growth rate is low in the _____ stage of the industry life cycle.
- a) Maturity
 - b) Introduction
 - c) Growth
 - d) Decline

Answers to Multiple Choice Questions

1) (c)	2) (d)	3) (a)	4) (a)
5) (c)	6) (b)	7) (c)	8) (b)

Questions from ICAI Study Material

Scenario Based Questions

Question 1: (ICAI SM) / (Model Test Paper-1) / (MTP-I Mar.24)

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

Answer:

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

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

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

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

Question 2: (ICAI SM) / (Model Test Paper-1&6) / (MTP-I Mar. & Nov.24)

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

Answer:

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:

- 1) **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.
- 2) **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.
- 3) **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.
- 4) **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.

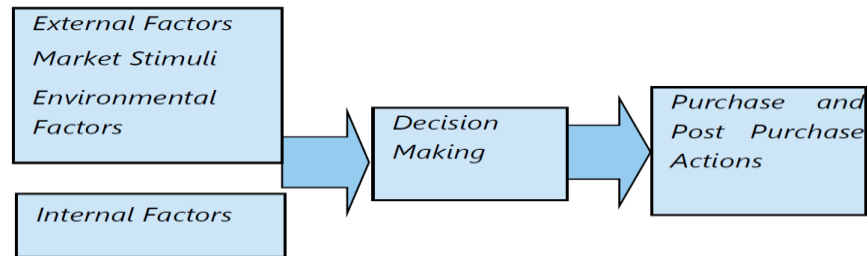


Figure: Process of consumer behaviour

Conclusion:

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.

Question 3: (ICAI SM) / (Model Test Paper-2) / (MTP-II April 24)

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

A major concern for GreenThrift Inc. is the emergence of new sustainable fashion brands in the market. These brands focus on using organic and recycled materials, as well as ethical manufacturing practices, which align with the values of environmentally conscious consumers.

Answer:

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

Question 4: (ICAI SM) / (Model Test Paper-2&7) / (MTP-II April & Dec.24)

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

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

Answer:

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

- 1) **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.
- 2) **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.
- 3) **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.
- 4) **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.
- 5) **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.

Question 5:

(ICAI SM) / (RTP May 24)

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

Answer:

Steps to understand the competitive landscape are as follows:

1) Identify the competitor:

The first step to understanding the competitive landscape is to identify the competitors in the firm's industry and have actual data about their respective market share.

2) Understand the competitors:

Once the competitors have been identified, the strategist can use market research report, internet, newspapers, social media, industry reports, and various other sources to understand the products and services offered by them in different markets.

3) Determine the strengths of the competitors:

What is the strength of the competitors? What do they do well? Do they offer great products? Do they utilize marketing in a way that comparatively reaches out to more consumers. Why do customers give them their business?

4) Determine the weaknesses of the competitors:

Weaknesses (and strengths) can be identified by going through consumer reports and reviews appearing in various media. After all, consumers are often willing to give their opinions, especially when the products or services are either great or very poor.

5) Put all of the information together:

At this stage, the strategist should put together all information about competitors and draw inference about what they are not offering and what the firm can do to fill in the gaps. The strategist can also know the areas which need to be strengthened by the firm.

Question 6: (ICAI SM) / (Model Test Paper-8) / (RTP Sept.24) / (MTP-I Mar.25)

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.

Answer:

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

1) 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.

2) 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.

Question 7: (ICAI SM) / (Model Test Paper-8) / (RTP Sept.24)

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.

Answer:

- 1) 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.
- 2) 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.

- 3) 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.
- 4) Further, as the products are similar customers can easily shift from one company to another. This will only enhance competitive rivalry.

Question 8:**(ICAI SM)**

Suresh Singhania is the owner of an agri-based private company in Sangrur, Punjab. His unit is producing puree, ketchups and sauces. While its products have significant market share in the northern part of country, the sales are on decline in last couple of years. He seeks help of a management expert who advises him to first understand the competitive landscape.

Explain the steps to be followed by Suresh Singhania to understand competitive landscape.

Answer:

Steps to understand the competitive landscape:

1) Identify the competitor:

The first step to understand the competitive landscape is to identify the competitors in the firm's industry and have actual data about their respective market share.

2) Understand the competitors:

Once the competitors have been identified, the strategist can use market research report, internet, newspapers, social media, industry reports, and various other sources to understand the products and services offered by them in different markets.

3) Determine the strengths of the competitors:

What is the strength of the competitors? What do they do well? Do they offer great products? Do they utilize marketing in a way that comparatively reaches out to more consumers? Why do customers give them their business?

4) Determine the weaknesses of the competitors:

Weaknesses (and strengths) can be identified by going through consumer reports and reviews appearing in various media. After all, consumers are often willing to give their opinions, especially when the products or services are either great or very poor.

- 5) **Put all of the information together:** At this stage, the strategist should put together all information about competitors and draw inference about what they are not offering and what the firm can do to fill in the gaps. The strategist can also know the areas which need to be strengthened by the firm.

Question 9:**(ICAI SM)**

Eco-carry bags Ltd., a recyclable plastic bags manufacturing, and trading company has seen a potential in the ever-growing awareness around hazards of plastics and the positive outlook of the society towards recycling and reusing plastics. A major concern for Eco-carry bags Ltd. are paper bags and old cloth bags. Even though they are costlier than recyclable plastic bags, irrespective, they are being welcomed positively by the consumers. Identify and explain that competition from paper bags and old cloth bags fall under which category of Porter's Five Forces Model for Competitive Analysis?

Answer:

- 1) Eco-carry bags Ltd. faces competition from paper bags and old cloth bags and falls under Threat of Substitutes force categories in Porter's Five Forces Model for Competitive Analysis.
- 2) Paper and cloth bags are substitutes of recyclable plastic bags as they perform the same function as plastic bags. Substitute products are a latent source of competition in an industry.
- 3) In many cases, they become a major constituent of competition. Substitute products offering a price advantage and/or performance improvement to the consumer can drastically alter the competitive character of an industry.

Question 10:**(ICAI SM)**

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

and what are major factors that create such pressure for a product? Do you think Baby Shark has an advantage in some way to fight off this pressure?

Answer:

Baby Turtle would experience, Bargaining Power of Suppliers, as a competitive pressure for their washable diaper product.

- 1) This is because the core material for production is sourced from a single supplier, who is renowned and in a position to create pressure in terms of prices.
- 2) Further, other factors that lead to such pressure are:
 - a) Their products are crucial to the buyer and substitutes to the material required for production are not available.
 - b) Suppliers can manipulate switching cost as the brand is in inception stage and making margins are important.
- 3) An advantage that Baby Turtle has is even though the material required has no substitutes, but it used to make many other products and thus there are many other suppliers who can provide that material. It might affect operations in short term but will help to fight off the pressure created by existing supplier.

Descriptive Questions

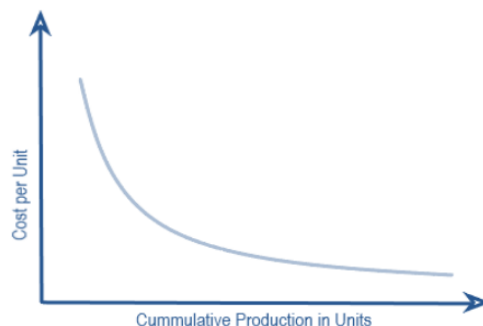
Question 11:

(ICAI SM) / (RTP May 24)

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

Answer:

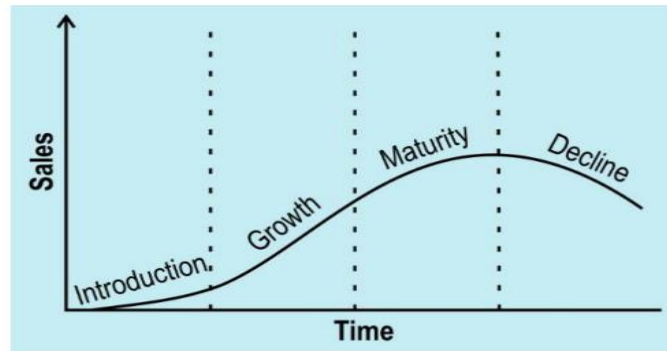
- 1) Experience curve is similar to learning curve which explains the efficiency gained by workers through repetitive productive work.
- 2) Experience curve is based on the commonly observed phenomenon that unit costs decline as a firm accumulates experience in terms of a cumulative volume of production. It is represented diagrammatically as shown in the next page.



- 3) The implication is that larger firms in an industry would tend to have lower unit costs as compared to those of smaller organizations, thereby gaining a competitive cost advantage.
- 4) Experience curve results from a variety of factors such as learning effects, economies of scale, product redesign and technological improvements in production.
- 5) The concept of experience curve is relevant for a number of areas in strategic management. For instance, experience curve is considered a barrier for new firms contemplating entry in an industry.
- 6) It is also used to build market share and discourage competition.

Question 12:**(ICAI SM) / (Model Test Paper-3)****Write a short note on Product Life Cycle (PLC) and its significance in portfolio diagnosis.****Answer:**

- 1) Product Life Cycle is an important concept in strategic choice and S-shaped curve which exhibits the relationship of sales with respect of time for a product that passes through the four successive stages.
- 2) The first stage of PLC is the introduction stage in which competition is almost negligible, prices are relatively high and markets are limited. The growth in sales is also at a lower rate.
- 3) The second stage of PLC is the growth stage, in which the demand expands rapidly, prices fall, competition increases and market expands.
- 4) The third stage of PLC is the maturity stage, where in the competition gets tough and market gets stabilized. Profit comes down because of stiff competition.
- 5) The fourth stage is the declining stage of PLC, in which the sales and profits fall down sharply due to some new product replaces the existing product.



Product Life Cycle

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

Question 13:

(ICAI SM)

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

Answer:

- 1) To gain a deep understanding of a company's industry and competitive environment, managers do not need to gather all the information they can find and waste a lot of time digesting it. Rather, the task is much more focused.
- 2) A powerful and widely used tool for systematically diagnosing the significant competitive pressures in a market and assessing the strength and importance of each is the Porter's five-forces model of competition.
- 3) This model holds that the state of competition in an industry is a composite of competitive pressures operating in five areas of the overall market:
 - a) Competitive pressures associated with the market manoeuvring and jockeying for buyer patronage that goes on among rival sellers in the industry.
 - b) Competitive pressures associated with the threat of new entrants into the market.

- c) Competitive pressures coming from the attempts of companies in other industries to win buyers over to their own substitute products.
- d) Competitive pressures stemming from supplier bargaining power and supplier-seller collaboration.
- e) Competitive pressures stemming from buyer bargaining power and seller-buyer Collaboration.

Questions from ICAI Model Test Paper

Question 14:

(Model Test Paper-3)

Distinguish between Micro Environment and Macro Environment.

Answer:

The business environment consists of both the macro environment and the micro environment. Following are the differences between the two:

- 1) The micro environment refers to the forces that are very close to the company and affect its ability to do routine functions. Macro environment refers to all forces that are part of the larger periphery and distantly affect organization and micro environment.
- 2) Micro environment includes the company itself, its suppliers, marketing intermediaries, customer markets and competitors. Whereas macro environment includes demography, economy, natural forces, technology, politics, legal and socio-cultural.
- 3) The elements of micro environment are specific to the said business and affects its working on short term basis. The elements of macro environment are general environment and affect the working of all the firms in an industry.

Question 15:

(Model Test Paper-4) / (MTP-I July 24)

"Understanding the competitive landscape is important to build upon a competitive advantage". Explain.

Answer:

- 1) Competitive landscape is a business analysis which identifies competitors, either direct or indirect. Competitive landscape is about identifying and understanding the competitors and

at the same time, it permits the comprehension of their vision, mission, core values, niche market, strengths and weaknesses.

- 2) An in-depth investigation and analysis of a firm's competition allows it to **assess the competitors' strengths and weaknesses** in the marketplace and helps it to **choose and implement effective strategies** that will improve its competitive advantage.
- 3) Steps to understand the competitive landscape for building competitive advantage are:

a) Identify the competitor:

The first step to understand the competitive landscape is to identify the competitors in the firm's industry and have actual data about their respective market share.

b) Understand the competitors:

Once the competitors have been identified, the strategist can use market research report, internet, newspapers, social media, industry reports, and various other sources to understand the products and services offered by them in different markets.

c) Determine the strengths of the competitors:

What are the strengths of the competitors? What do they do well? Do they offer great products? Do they utilize marketing in a way that comparatively reaches out to more consumers? Why do customers give them their business?

d) Determine the weaknesses of the competitors:

Weaknesses (and strengths) can be identified by going through consumer reports and reviews appearing in various media. After all, consumers are often willing to give their opinions, especially when the products or services are either great or very poor.

e) Put all of the information together:

At this stage, the strategist should put together all information about competitors and draw inference about what they are not offering and what the firm can do to fill in the gaps. The strategist can also know the areas which need to be strengthened by the firm.

Question 16:

(Model Test Paper-4) / (MTP-I July 24)

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

Answer:

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:

- (i) Buyers have full knowledge of the sources of products and their substitutes.
- (ii) They spend a lot of money on the industry's products, i.e., they are big buyers.
- (iii) The industry's product is not perceived as critical to the buyer's needs and buyers are more concentrated than firms supplying the product. They can easily switch to the substitutes available.

Question 17:**(Model Test Paper-5) / (MTP-II Aug.24)****How does the PESTLE framework assist in analyzing the macro-environment?****Answer:**

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.

Question 18:

(Model Test Paper-6) / (RTP May 25) / (MTP-I Nov.24)

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.

Answer:

- 1) Yes, Easy Access and its rivals get advantage by this move.
- 2) 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.
- 3) 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.
- 4) 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.

Question 19:

(Model Test Paper-5&7) / (MTP-II Aug. & Dec.24)

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

Answer:

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

- 1) 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.
- 2) 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.

Questions from ICAI RTP, MTP and Past Exam (till Jan.25 Exam Paper)

Question 20:**(RTP Jan 25)**

Mr. Arun Kumar has built a successful business in the handmade ceramic products industry in Gujarat. His company, CeramiCrafts, 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?

Answer:

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 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, CeramiCrafts, 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.

Question 21:**(RTP Jan 25)**

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

Answer:

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:

(i) 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.

(ii) 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.

(iii) 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.

(iv) 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.

(v) 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.

Question 22:**(RTP May 25) / (May 24)**

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.

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.

Answer:

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

i) 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.

ii) 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 startup's goals with the market dynamics.

iii) 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.

iv) 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.

v) 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.

Question 23:**(May 24) / (MTP-I Mar. 25)**

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

Answer:

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.
- 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.

Question 24:**(Sept. 24)**

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.

Answer:

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).

Question 25:**(Sept. 24)**

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.

Answer:

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.

Question 26:**(Jan. 25)**

Ecro Ltd. is an e-commerce company that specializes in selling eco-friendly products. Although the company has been doing well, it still continues actively to strengthen its brand identity, launch creative and impactful marketing campaigns, and introduce new and innovative eco-friendly products.

However, the company has started facing increasing competition from large retailers who are entering the eco-friendly space. To face competition the company quickly started to adapt to the changing market conditions, analyse the competitors' strategies, adopt different styles of marketing in response to competitors action and counteract competitors' pricing strategies.

Discuss the strategic approaches taken by Ecro Ltd. in the two different situations to stay competitive. Explain the strategy that Ecro Ltd. should adopt in future to remain competitive and gain competitive advantage.

Answer:

- 1) Ecro Ltd. employs both **proactive** and **reactive** strategic approaches to stay competitive in a dynamic market.

Initially, the company was proactive in its approach by adopting the features of proactive strategies:

- a) **Strengthening Brand Identity:** Proactively building a strong eco-friendly image to appeal to environmentally conscious consumers.
- b) **Innovative Marketing Campaigns:** Crafting impactful and creative campaigns to enhance market visibility and differentiate its products.
- c) **Product Innovation:** Consistently introducing new and innovative eco-friendly products to meet evolving customer demands and maintain a competitive edge.

- 2) These proactive strategies are deliberate, reflecting planned actions to improve market position and financial performance.

However, when the company started facing competition from large retailers, it forced the company to quickly adapt to the changing market conditions by following the features of reactive strategies:

- a) **Adapting to Market Changes:** Responding to the entry of large retailers in the eco-friendly segment by quickly adjusting strategies.
- b) **Competitor Analysis:** Studying competitors' strategies to counteract their actions effectively.
- c) **Dynamic Marketing:** Implementing varied marketing techniques to respond to competitors' campaigns.
- d) **Pricing Adjustments:** Adopting counter-pricing strategies to remain competitive without compromising profitability.

These reactive strategies demonstrate Ecro Ltd.'s ability to adapt to unforeseen developments and changing market conditions.

3) Future Strategy for Competitive Advantage

To remain competitive and gain a sustainable edge, Ecro Ltd. should adopt a **blended approach** of proactive and reactive strategies:

- a) **Sustainable Differentiation:** Focus on continuous innovation and exclusive eco-friendly product lines to strengthen its unique position.
- b) **Customer-Centric Approach:** Use data analytics to understand consumer preferences and tailor offerings.
- c) **Operational Efficiency:** Optimize supply chain and reduce costs to balance affordability and quality.
- d) **Strategic Alliances:** Partner with eco-certification organizations to build credibility and trust.

By crafting a strategy that integrates **planned proactive initiatives** with **adaptive responses**, Ecro Ltd. can navigate uncertainty, tackle competition, and ensure long-term success.

Question 27:

(Jan. 25)

"International development is expensive and challenging". In the context of the statement, explain the internationalization of business and the steps involved in such strategic planning.

Answer:

- 1) Internationalization has become a pivotal trend for businesses aiming to enhance profitability and access cheaper resources. **It allows companies to explore new markets, achieve economies of scale, and prolong product lifecycles.** However, the process of

internationalization is complex due to additional variables and linkages that differ from domestic operations.

- 2) To navigate this complexity, businesses should adopt a structured approach to international strategic planning. The steps involved include:
 - a) **Evaluate Global Opportunities and Threats:**
Businesses must assess potential global markets, identifying opportunities and threats while aligning them with their internal capabilities.
 - b) **Describe the Scope of Operations:**
Clearly defining the extent of the firm's international commercial activities is crucial for focused strategy development.
 - c) **Create Global Business Objectives:**
Establishing clear objectives helps guide the organization's international efforts and aligns with its overall mission.
 - d) **Develop Distinct Corporate Strategies:**
Formulating specific strategies tailored for global operations ensures that the organization can effectively compete in diverse markets.
- 3) These steps facilitate the identification of market opportunities and the formulation of effective global strategies, enabling businesses to thrive in the international arena despite the inherent challenges and costs associated with such expansion.

Question 28:**(Jan. 25)**

As per one of the five forces of competition, Michael Porter stated that the more intensive is the rivalry, the less attractive is the industry. In view of this, explain the conditions in which rivalry among competitors tends to be cut throat and industry profitability is low.

Answer:

According to Michael Porter's Five Forces framework, rivalry among competitors significantly influences the attractiveness and profitability of an industry. When rivalry becomes cutthroat, several conditions contribute to low industry profitability:

1) Industry Leader Presence:

While a strong industry leader can help maintain pricing discipline, the effectiveness diminishes as the number of competitors increases. Many rivals can engage in aggressive pricing strategies, leading to decreased profitability.

2) Number of Competitors:

A higher number of competitors increases rivalry, making it difficult for any single firm to control pricing. This leads to intensified price competition, which adversely affects industry profitability.

3) High Fixed Costs:

Industries with high fixed costs create pressure on firms to fully utilize their capacity. When firms face excess capacity, they often resort to price cuts to maintain sales volume, which diminishes profitability across the industry.

4) Exit Barriers:

High exit barriers prevent firms from leaving the industry, keeping competition high. Specialized assets or other constraints can lead firms to remain in the market, maintaining competitive pressure and negatively impacting profitability for all players.

5) Product Differentiation:

In industries lacking product differentiation, firms primarily compete on price. This leads to price wars and lower profitability. In contrast, firms that can differentiate their products tend to achieve higher profit margins and reduce competitive pressure.

6) Slow Industry Growth:

When industry growth slows, firms may adopt aggressive tactics to protect or gain market share, resulting in intensified rivalry and diminished profitability as they compete for a limited customer base.

In summary, conditions such as the presence of a strong industry leader, the number of competitors, high fixed costs, exit barriers, lack of product differentiation, and slow industry growth contribute to cutthroat rivalry and low industry profitability.

Question 29:**(MTP-II Apr. 25)**

Aarav is planning to launch his new organic food brand. He is evaluating different cities across the country to establish his business in the most suitable environment. One promising option is Pune, a city known for its health-conscious consumers, strong distribution networks, and government initiatives supporting sustainable businesses. With favorable policies, tax benefits, and access to experienced mentors, Pune seems like an ideal choice for Aarav to launch and scale his organic food brand successfully. Define the term Business Environment with respect to the above scenario. Explain how a

business's interaction with its environment can contribute to the development of a successful strategy.

Answer:

Business **Environment** refers to the external factors, influences, and conditions that impact a business's decisions, strategies, and operations. In Aarav's case, the business environment includes the evolving consumer preferences, government policies, and market dynamics in Pune, which will play a crucial role in shaping his organic food brand's strategy.

Benefits of Interaction with the Business Environment

1) Determine Opportunities and Threats:

Aarav can assess market demand for organic products, emerging health trends, and regulatory frameworks. This will help him identify potential opportunities for expansion and anticipate challenges such as competition and supply chain disruptions.

2) Give Direction for Growth:

By understanding consumer behavior and industry trends, Aarav can align his business with the growing demand for organic and sustainable food options. This insight will help him expand strategically and introduce innovative product offerings.

3) Continuous Learning:

Regular engagement with the business environment will encourage Aarav and his team to stay updated with **nutrition trends, technological advancements in food processing, and changing consumer preferences**. This knowledge will help them remain competitive and adapt to industry shifts effectively.

4) Image Building:

Responding to environmental and social expectations, such as **sustainable sourcing, eco-friendly packaging, and ethical farming practices**, will enhance the brand's reputation. A socially responsible business is more likely to attract loyal customers and gain market trust.

5) Meeting Competition:

Aarav can analyze competitors' strategies and differentiate his brand through **unique selling propositions (USPs), better distribution networks, or customer engagement initiatives**. Understanding the competitive landscape will enable him to position his business effectively and stay ahead in the market.

By actively interacting with the business environment, Aarav can leverage opportunities, mitigate risks, and build a sustainable, customer-centric organic food brand in Pune.

Question 30:

(MTP-II Apr. 25)

ABC Tech, a leading smartphone manufacturer, is navigating a highly competitive market where innovation and cost efficiency are key. Customers prioritize battery life, camera quality, and seamless software integration when choosing a brand. To stay ahead, ABC Tech invests heavily in research and development, optimizes its supply chain for cost-effective production, and enhances customer service. Identify the *Key Success Factors (KSFs)* for ABC Tech based on the industry conditions described. How can the company achieve a *sustainable competitive advantage* by leveraging these factors?

Answer:

The **Key Success Factors (KSFs)** for ABC Tech include:

- 1) **Product Innovation:** Superior battery life, camera quality, and seamless software integration are crucial attributes influencing customer choice.
- 2) **Cost Efficiency:** Optimizing the supply chain ensures competitive pricing and higher profit margins.
- 3) **Customer Experience:** High-quality customer service builds brand loyalty and differentiation.

To gain a sustainable competitive advantage, ABC Tech should:

- 1) **Focus on continuous R&D** to introduce advanced features that set its products apart.
- 2) **Streamline its supply chain** to maintain cost leadership while ensuring product quality.
- 3) **Enhance customer engagement** through superior after-sales service and ecosystem integration.

By excelling in these KSFs, ABC Tech can establish a distinct market position and outperform competitors in the long run.



Notes:

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

CHAPTER -3

STRATEGIC ANALYSIS:

INTERNAL

ENVIRONMENT



Multiple Choice Questions

- 1) The goal of SWOT analysis is to _____ the organization's opportunities and strengths while _____ its threats and _____ its weaknesses.
 - a) Avoid; neutralizing; correcting
 - b) Exploit; neutralizing; correcting
 - c) Avoid; capitalizing; neutralizing
 - d) Exploit; avoiding; ignoring
- 2) SWOT analysis is an evaluation of the organization's _____ strengths and Weaknesses and its _____ opportunities and threats.
 - a) External; internal
 - b) Internal; internal
 - c) External; external
 - d) Internal; external
- 3) External opportunities and threats are usually:
 - a) The minor cause of organizational demise or success
 - b) Least important for CEOs and the board of directors
 - c) Not as important as internal strengths and weaknesses
 - d) Largely uncontrollable activities outside the organization
- 4) The sustainability of competitive advantage and a firm's ability to earn profits from its competitive advantage depends upon:
 - a) Durability, reliability, transferability, approximately
 - b) Appropriability, durability, transferability, imitability
 - c) Transferability, imitability, reliability, approximately
 - d) Imitability, durability, reliability, appropriability
- 5) Internal _____ are activities in an organization that are performed especially well.
 - a) Opportunities
 - b) Competencies
 - c) Strengths
 - d) Management

- 6) 'Strategic group mapping' helps in-
- a) Identifying the strongest rival companies
 - b) Identifying weakest rival companies
 - c) Identifying weakest and strongest rival companies
 - d) None of the above
- 7) In Michael Porter's generic strategy _____ emphasizes producing standardized products at a very low per unit-cost for consumers who are price sensitive.
- a) Cheap leadership
 - b) Inferior product leadership
 - c) Cost leadership
 - d) Cost benefit
- 8) Differentiation Strategy can be achieved by following measures:
1. Match products with tastes and preferences of customers.
 2. Elevate the performance of the product.
 3. Rapid product innovation
- Which of the above is true:
- a) (1) and (2)
 - b) (1) and (3)
 - c) (2) and (3)
 - d) (1), (2) and (3)
- 9) What are the three different bases given by Michael Porter's Generic Strategies to gain competitive advantage?
- a) Differentiation, integration and compensation
 - b) Integration, focus and differentiation
 - c) Compensation, integration and focus
 - d) Cost leadership, differentiation and focus

- 10) A firm successfully implementing a differentiation strategy would expect:
- Customers to be sensitive to price increases.
 - To charge premium prices.
 - Customers to perceive the product as standard.
 - To automatically have high levels of power over suppliers

Answers to Multiple Choice Questions:

1) (b)	2) (d)	3) (d)	4) (b)	5) (c)
6) (c)	7) (c)	8) (d)	9) (d)	10) (b)

Questions from ICAI Study Material

Scenario Based Questions

Question 1: (ICAI SM) / (Model Test Paper-1) / (MTP-I Mar.24)

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

Answer:

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

- 1) Identify the competitive characteristics** that differentiate firms in the industry typical variables that are price/quality range (high, medium, low); geographic coverage (local, regional, national, global); degree of vertical integration (none, partial, full); product-line

breadth (wide, narrow); use of distribution channels (one, some, all); and degree of service offered (no-frills, limited, full).

- 2) **Plot the firms on a two-variable map** using pairs of these differentiating characteristics.
- 3) **Assign firms that fall in about the same strategy space** to the same strategic group.
- 4) **Draw circles around each strategic group** making the circles proportional to the size of the group's respective share of total industry sales revenues.

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

Question 2:

(ICAI SM) / (Model Test Paper-2) / (MTP-II Apr.24)

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

Answer:

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

Strengths	Weaknesses
a) Strong brand reputation in consumer electronics.	a) Limited experience in the smart home devices market.
b) Established distribution network.	b) May require additional investments in research and development.
c) Access to technological expertise for product development.	c) Potential challenges in integrating a new product line with existing offerings.
d) Financial resources to support product launch and marketing.	d) Lack of established customer base for smart home devices.
Opportunities	Threats
a) Growing market for smart home devices due to increasing consumer interest in home automation.	a) Intense competition from established players in the smart home devices market.

b) The possibility of partnering with existing smart home platform providers.	b) Rapid technological advancements lead to short product life cycles.
c) Potential to leverage brand loyalty from existing customers.	c) Potential for cybersecurity threats in connected devices.
d) Ability to differentiate through innovative features and design.	d) Economic factors impacting consumer spending on discretionary items.

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

Question 3:

(ICAI SM) / (RTP May 24)

ABC Ltd. is a beverage manufacturing company. It chiefly manufactures soft drinks. The products are priced on the lower side which has made the company a leader in the business. Currently it is holding 35 percent market share. The R & D of company developed a formula for manufacturing sugar free beverages. On successful trial and approval by the competent authorities, company was granted to manufacture sugar free beverages. This company is the pioneer to launch sugar free beverages which are sold at a relatively higher price. This new product has been accepted widely by a class of customers. These products have proved profitable for the company. Identify the strategy employed by the company ABC Ltd. and mention what measures could be adopted by the company to achieve the employed strategy.

Answer:

- 1) According to Porter, strategies allow organizations to gain competitive advantage from three different bases: cost leadership, differentiation, and focus. Porter called these base generic strategies.
- 2) **ABC Ltd. has opted Differentiation Strategy.** The company has invested huge amount in R & D and developed a formula for manufacturing sugar free beverages to give the customer

value and quality. They are **pioneer and serve specific customer needs that are not met by other companies** in the industry.

- 3) The new product has been accepted by a class of customers. **Differentiated and unique sugar free beverages** enable ABC Ltd. to charge **relatively higher** for its products hence making higher profits and maintain its competitive position in the market.
- 4) Sugar free beverage of ABC Ltd. is being accepted widely by a class of customers. Differentiation strategy is aimed at broad mass market and involves the creation of a product or service that is perceived by the customers as unique.
- 5) The uniqueness can be associated with product design, brand image, features, technology, and dealer network or customer service.

6) Achieving Differentiation Strategy:

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

- a) Offer utility to the customers and match products with their tastes and preferences.
- b) Elevate/Improve performance of the product.
- c) Offer the high-quality product/service for buyer satisfaction.
- d) Rapid product innovation to keep up with dynamic environment.
- e) Taking steps for enhancing brand image and brand value.
- f) Fixing product prices based on the unique features of product and buying capacity of the customer.

Question 4:

(ICAI SM) / (RTP Sept. 24)

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.

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

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

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

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

Answer:

- 1) According to Michael Porter, strategies allow organizations to gain competitive advantage from three different bases: cost leadership, differentiation, and focus. Porter called these base generic strategies.
- 2) **XXP India Ltd. has planned for Differentiation Strategy.** The company is planning to launch various innovative product designs and offer loyalty programmes to lure customers.
- 3) 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.
- 4) 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.

5) 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.

- a) **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.
- b) **Buyers** - They do not negotiate for price as they get special features, and they have fewer options in the market.
- c) **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.
- d) **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.

- e) **Substitutes** - Substitute products can't replace differentiated products which have high brand value and enjoy customer loyalty.

Question 5:**(ICAI SM)**

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

Answer:

- 1) With the success of IPL, league matches are taking place in other sports as well. These are held in a grandeur manner between several teams. For example, league matches in magnificent manner now take place in Football, Kabaddi and Hockey in India. These events are profit and entertainment driven.
- 2) These are going to help sports in India by generating interest in sports, making them more popular, increasing quality of competition and bringing money into sports.
- 3) A number of entities and processes are involved in these events from various industries offering opportunities and threats to them.
- 4) An opportunity is a favourable condition in the organisation's environment which enables it to strengthen its position. On the other hand, a threat is an unfavourable condition in the organisation's environment which causes a risk for, or damage to, the organisation's position.
- 5) An opportunity is also a threat in case internal weaknesses do not allow organization to take their advantage in a manner rival can.
- 6) It will offer opportunity and threats to the following:
 - a) **Opportunities**
 - (i) Stadia.
 - (ii) Manufacturers of sports goods.
 - (iii) Media Industry - Sports channels / television, advertisers.
 - (iv) Hotel Industry linking events with their offerings.

b) Threats

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

Question 6:**(ICAI SM)**

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

Answer:

- 1) A tool to study the market positions of rival companies by grouping them into like positions is strategic group mapping.
- 2) Grouping competitors is useful when there are many competitors such that it is not practical to examine each one in-depth.
- 3) In the given scenario there are thirteen competitors. A strategic group consists of those rival firms which have similar competitive approaches and positions in the market.
- 4) The procedure for constructing a strategic group map and deciding which firms belong in which strategic group is as follows:
 - a) 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).
 - b) Plot the firms on a two-variable map using pairs of these differentiating characteristics.
 - c) Assign firms that fall in about the same strategy space to the same strategic group.
 - d) Draw circles around each strategic group making the circles proportional to the size of the group's respective share of total industry sales revenues.

Question 7:**(ICAI SM))**

Mohan has joined as the new CEO of XYZ Corporation and aims to make it a dominant technology company in the next five years. He aims to develop competencies for managers for achieving better performance and a competitive advantage for XYZ Corporation. Mohan is well aware of the importance of resources and capabilities in generating competitive advantage.

Discuss the four major characteristics of resources and capabilities required by XYZ Corporation to sustain the competitive advantage and its ability to earn profits from it.

Answer:

- 1) XYZ Corporation is aiming to transform into a dominant technology company under the leadership of Mohan, the new CEO. He aims to develop competencies for managers for achieving better performance and a competitive advantage for the corporation.
- 2) Mohan is also well aware of the importance of resources and capabilities in generating and sustaining the competitive advantage. Therefore, he must focus on characteristics of resources and capabilities of the corporation.
- 3) The sustainability of competitive advantage and a firm's ability to earn profits from it depends, to a great extent, upon four major characteristics of resources and capabilities which are as follows:

a) Durability:

The period over which a competitive advantage is sustained depends in part on the rate at which a firm's resources and capabilities deteriorate. In industries where the rate of product innovation is fast, product patents are quite likely to become obsolete. Similarly, capabilities which are the result of the management expertise of the CEO are also vulnerable to his or her retirement or departure. On the other hand, many consumer brand names have a highly durable appeal.

b) Transferability:

Even if the resources and capabilities on which a competitive advantage is based are durable, it is likely to be eroded by competition from rivals. The ability of rivals to attack position of competitive advantage relies on their gaining access to the necessary resources and capabilities. The easier it is to transfer resources and capabilities between companies, the less sustainable will be the competitive advantage which is based on them.

c) Imitability:

If resources and capabilities cannot be purchased by a would-be imitator, then they must be built from scratch. How easily and quickly can the competitors build the resources and capabilities on which a firm's competitive advantage is based? This is the true test of imitability. Where capabilities require networks of organizational routines, whose effectiveness depends on the corporate culture, imitation is difficult.

d) Appropriability:

Appropriability refers to the ability of the firm's owners to appropriate the returns on its resource base. Even where resources and capabilities are capable of offering sustainable advantage, there is an issue as to who receives the returns on these resources.

Question 8:

(ICAI SM)

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

Answer:

- 1) The Airlines industry faces stiff competition. However, Luxury Jet has attempted to create a niche market by adopting focused differentiation strategy. A focused differentiation strategy requires offering unique features that fulfil the demands of a narrow market.
- 2) Luxury Jet compete in the market based on uniqueness and target a narrow market which provides business houses, high net worth individuals to maintain strict schedules.
- 3) The option of charter flights provided several advantages including, flexibility, privacy, luxury and many a times cost saving.
- 4) Apart from conveniences, the facility will provide time flexibility. Travelling by private jet is the most comfortable, safe and secure way of flying your company's senior business personnel.
- 5) Chartered services in airlines can have both business and private use. Personalized tourism packages can be provided to those who can afford it.

Question 9:**(ICAI SM)**

Gennex is a company that designs, manufactures and sells computer hardware and software. Gennex is well known for its innovative products that has helped the company to have advantage over its competitors. It also spends on research and development and concerned with innovative softwares. Often the unique features of their product, that are not available with their competitors helps them to gain competitive advantage. Gennex using the strategy is consistently gaining its position in the industry over its competitors.

Identify and explain the Porter's generic strategy which Gennex has opted to gain the competitive advantage.

Answer:

- 1) According to Porter, strategies allow organizations to gain competitive advantage from three different bases: cost leadership, differentiation, and focus. Porter called these base generic strategies.
- 2) Gennex has opted differentiation strategy. Its products are designed and produced to give the customer value and quality. They are unique and serve specific customer needs that are not met by other companies in the industry. Highly differentiated and unique hardware and software enables Gennex to charge premium prices for its products hence making higher profits and maintain its competitive position in the market.
- 3) Differentiation strategy is aimed at broad mass market and involves the creation of a product or service that is perceived by the customers as unique.
- 4) The uniqueness can be associated with product design, brand image, features, technology, dealer network or customer service.

Question 10:**(ICAI SM)**

Sohan and Ramesh are two friends who are partners in their business of making biscuits. Sohan believe in making profits through selling more volume of products. Hence, he believes in charging lesser price to the customers. Ramesh, however, of the opinion that higher price should be charged to create an image of exclusivity and for this, he proposes that the product to undergo some change. Analyse the nature of generic strategy used by Sohan and Ramesh.

Answer:

- 1) Considering the generic strategies of Porter there are three different bases: cost leadership, differentiation and focus.
- 2) Sohan and Ramesh are contemplating pricing for their product. Sohan is trying to have a low price and high volume is thereby trying for cost leadership. Cost leadership emphasizes producing standardised products at a very low per unit cost for consumers who are price sensitive.
- 3) Ramesh desires to create perceived value for the product and charge higher prices. He is trying to adopt differentiation. Differentiation is aimed at producing products and services considered unique industry wide and directed at consumers who are relatively price insensitive.

Question 11:**(ICAI SM)**

Infant care is a successful store chain that caters products for expectant mothers and new moms. They offer everything from nursing classes to strollers, toys, infant clothes, diapers and baby furniture. Due to a one-stop shop for infants, they are charging a premium for its products. Identify and explain how the strategy adopted by infant care.

Answer:

- 1) Infant care is opting for differentiation strategy.
- 2) A one-stop shop is a benefit for this type of customers, seeking convenience in a time. Infant care is catering the products only related to an infant that is perceived by the customers as unique.
- 3) Because of differentiation, the Infant care is charging a premium for its product.

Question 12:**(ICAI SM)**

A century-old footwear company "Mota Shoes" had an image of being the footwear choice for formal occasions. In an attempt to reinvent its brand, it tied up with a foreign footwear giant "Buffrine" to manufacture and sell its HideseeK brand in the country. Putting its best foot forward, it launched extra soft, casual and relaxed footwear for young. Aiming at a brand and image makeover the "Mota Shoes" decided to price the Hide Seek products at premium. What kind of Michael Porter business level strategy is being used by "Mota Shoe company"? State its advantages.

Answer:

Mota shoes is trying to use differentiation.

- 1) This strategy is aimed at broad mass market and involves the creation of a product or service that is perceived by the customers as unique. The uniqueness can be associated with product design, brand image, features, technology, dealer network or customer service. Because of differentiation, the business can charge a premium for its product.
- 2) A differentiation strategy has definite advantages as it may help to remain profitable even with rivalry, new entrants, suppliers' power, substitute products, and buyers' power.
 - a) **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.
 - b) **Buyers:** They do not negotiate for price as they get special features and also, they have fewer options in the market.
 - c) **Suppliers:** Because differentiators charge a premium price, they can afford to absorb higher costs of supplies and customers are willing to pay extra too.
 - d) **New entrants:** Innovative features are expensive to copy. So, new entrants generally avoid these features because it is tough for them to provide the same product with special features at a comparable price.
 - e) **Substitutes:** Substitute products can't replace differentiated products which have high brand value and enjoy customer loyalty.

Question 13: (ICAI SM) / (Model Test Paper-7) / (MTP-II Dec.24)

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

Answer:

- 1) Capabilities that are valuable, rare, costly to imitate, and non-substitutable are core competencies.
- 2) A small chemist shop has a local presence and functions within a limited geographical area. Still, it can build its own competencies to gain competitive advantage.
- 3) Rohit Patel can build competencies in the areas of:
 - a) Developing personal and cordial relations with the customers.
 - b) Providing home delivery with no additional cost.

- c) Developing a system of speedy delivery that can be difficult to match by online sellers. Being in central part of city, he can create a network to supply at wider locations in the city.
- d) Having extended working hours for convenience of buyers.
- e) Providing easy credit or a system of monthly payments to the patients consuming regular medicines.

Question 14:**(ICAI SM)**

'Value for Money' is a leading retail chain, on account of its ability to operate its business at low costs. The retail chain aims to further strengthen its top position in the retail industry. Marshal, the CEO of the retail chain is of the view that to achieve the goals they should focus on lowering the costs of procurement of products. Highlight and explain the core competence of the 'Value for Money' retail chain.

Answer:

- 1) A core competence is a unique strength of an organization which may not be shared by others. Core competencies are those capabilities that are critical to a business achieving competitive advantage.
- 2) In order to qualify as a core competence, the competency should differentiate the business from any other similar businesses. A core competency for a firm is whatever it does is highly beneficial to the organisation.
- 3) 'Value for Money' is the leader on account of its ability to keep costs low.
- 4) The cost advantage that 'Value for Money' has created for itself has allowed the retailer to price goods lower than competitors.
- 5) The core competency in this case is derived from the company's ability to generate large sales volume, allowing the company to remain profitable with low profit margin.

Descriptive Questions

Question 15:

(ICAI SM)

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

Answer:

- 1) An important component of strategic thinking requires the generation of a series of strategic alternatives, or choices of future strategies to pursue, given the company's internal strengths and weaknesses and its external opportunities and threats.
- 2) The comparison of strengths, weaknesses, opportunities, and threats is normally referred to as SWOT analysis.
 - a) **Strength:** Strength is an inherent capability of the organization which it can use to gain strategic advantage over its competitors
 - b) **Weakness:** A weakness is an inherent limitation or constraint of the organization which creates strategic disadvantage to it.
 - c) **Opportunity:** An opportunity is a favourable condition in the organisation's environment which enables it to strengthen its position.
 - d) **Threat:** A threat is an unfavourable condition in the organisation's environment which causes a risk for, or damage to, the organisation's position.
- 3) SWOT analysis helps managers to craft a business model (or models) that will allow a company to gain a competitive advantage in its industry (or industries).
- 4) Competitive advantage leads to increased profitability, and this maximizes a company's chances of surviving in the fast-changing, competitive environment.
- 5) Key reasons for SWOT analysis are:
 - a) It provides a logical framework.
 - b) It presents a comparative account.
 - c) It guides the strategist in strategy identification.

Questions from ICAI Model Test Paper

Question 16: (Model Test Paper-1&8) / (RTP Sept. 24) / (MTP-I Mar.24 & 25)

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

Answer:

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

- 1) **Identify Stakeholders:** Begin by identifying all relevant stakeholders for your project or organization. This includes individuals, groups, or organizations that may be impacted by or have an impact on your activities.
- 2) **Assess Power and Interest:** For each stakeholder, assess their power to influence your project or organization and their level of interest in its success. Power can be assessed based on factors such as authority, resources, and expertise, while interest can be gauged by their level of involvement, expectations, and potential benefits or risks.
- 3) **Plot Stakeholders on the Grid:** Create a grid with Power on one axis and Interest on the other. Plot each stakeholder on the grid based on your assessment. Stakeholders with high power and high interest are placed in the "Key Players" quadrant, those with high power but low interest are in the "Keep Satisfied" quadrant, those with low power but high interest are in the "Keep Informed" quadrant, and those with low power and low interest are in the "Low Priority" quadrant.



- 4) **Develop Strategies for each Quadrant:** Based on the placement of stakeholders in the grid, develop specific strategies for managing each quadrant:
 - a) **Key Players:** Fully engage with these stakeholders, seek their input, and keep them informed. They are crucial for the success of your project, so their needs and expectations should be a top priority.

- b) **Keep Satisfied:** These stakeholders have significant power but may not be as interested in your project. Keep them satisfied by providing regular updates and addressing any concerns they may have to prevent them from becoming detractors.
 - c) **Keep Informed:** While these stakeholders may not have much power, they are highly interested in your project. Keep them informed to ensure they remain supportive and to leverage their insights and feedback.
 - d) **Low Priority:** These stakeholders have low power and interest. Monitor them for any changes but allocate minimal resources to managing their expectations.
- 5) **Monitor and Adapt:** Continuously monitor the power and interest of stakeholders and adjust your strategies accordingly. Stakeholders may move between quadrants based on changing circumstances, so it's important to remain flexible and responsive.
- By using Mendelow's Matrix as a grid-based tool, you can effectively analyze and manage stakeholders by tailoring your engagement strategies to their specific needs and expectations, ultimately increasing the likelihood of project success.

Question 17:**(Model Test Paper-3)**

Ravi and Arjun are two friends who are partners in their business of manufacturing premium coffee. Ravi believes in making profits through selling higher volumes of products, hence he advocates for charging lower prices to customers. Arjun, however, believes that higher prices should be charged to create an image of exclusivity and proposes that the product undergo some changes to justify this pricing.

Analyze the nature of the generic strategy used by Ravi and Arjun.

Answer:

- 1) Considering Porter's generic strategies, there are three different bases: cost leadership, differentiation, and focus. Ravi and Arjun are contemplating pricing for their product.
- 2) Ravi is trying to have a low price and high volume, thereby aiming for cost leadership. Cost leadership emphasizes producing standardized products at a very low per unit cost for consumers who are price sensitive.
- 3) Arjun desires to create perceived value for the product and charge higher prices. He is trying to adopt differentiation. Differentiation is aimed at producing products and services considered unique industry-wide and directed at consumers who are relatively price insensitive.

Question 18: (Model Test Paper-3) / (RTP May 24) / (Sept.24) / (MTP-I Mar.25)

There are four specific criteria of sustainable competitive advantage that firms can use to determine those capabilities that are known as core competencies. Explain.

Answer:

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. Finance companies build a valuable competence in financial services. In addition, to make such competencies as financial services highly successful requires placing the right people in the right jobs. Human capital is important in creating value for customers.

2) Rare:

Core competencies are very rare capabilities and very few of the competitors possess these. Capabilities possessed by many rivals are unlikely to be sources of competitive advantage for any one of them. Competitive advantage results only when firms develop and exploit valuable capabilities that differ from those shared with competitors.

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.

Question 19: (Model Test Paper-4) / (MTP-I July 24)

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.

Answer:

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.

Question 20: (Model Test Paper-4 & 6) / (MTP-I July & Nov.24) / (MTP-II Apr.25)

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

Answer:

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

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 organisation to open up potential markets to be exploited.

Question 21:

(Model Test Paper-5) / (MTP-II August 24)

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.

Answer:

- 1) Channels represent the **distribution system** through which organizations distribute their products or provide services to customers.
- 2) They play a pivotal role in reaching target markets, maximizing sales, and establishing competitive advantages.
- 3) Channel analysis is important when the business strategy is to scale up and expand beyond the current geographies and markets.
- 4) When a business plans to grow to newer markets, they need to develop or leverage existing channels to get to new customers.
- 5) Thus, analysis of channels that suit one's products and customers is of utmost importance.

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

i) **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.

ii) **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.

iii) **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.

Question 22:

(Model Test Paper-5) / (MTP-II Aug.24)

A manufacturing company is in direct competition with fifteen companies at national level. 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

Answer:

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:

a) **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).

- b) **Plot the firms on a two-variable map** using pairs of these differentiating characteristics.
- c) **Assign firms that fall in about the same strategy space** to the same strategic group.
- d) **Draw circles around each strategic group** making the circles proportional to the size of the group's respective share of total industry sales revenues.

Question 23:

(Model Test Paper-6) / (MTP-I Nov.24)

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?

Answer:

- 1) 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.
- 2) 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.
- 3) 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.
- 4) 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.

- 5) 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.

Question 24:**(Model Test Paper-6) / (MTP-I Nov.24)**

Explain in brief the various basis of differentiation strategies.

Answer:

There are several basis of differentiation, major being: Product, Pricing and Organization.

1) Product:

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.

2) Pricing:

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.

3) Organisation:

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.

Question 25:**(Model Test Paper-7) / (MTP-II Dec.24)**

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.

Answer:

- 1) By concentrating primarily on the market for consultancy services in environmental management, the firm is pursuing a **focus strategy**.
- 2) 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**.
- 3) 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.
- 4) 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.
- 5) Firms that compete on uniqueness while addressing the needs of a narrow market exemplify the **focused differentiation strategy**.

Question 26:

(Model Test Paper-8) / (RTP Jan 25) / (May 24)

What are channels? Why is channel analysis important? Explain the different types of channels?

Answer:

- 1) 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.
- 2) Channel analysis is important when the business strategy is to scale up and expand beyond the current geographies and markets.
- 3) 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.

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

a) 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.

b) 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.

c) 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.

Questions from ICAI RTP, MTP and Past Exam

Question 27:

(May 24)

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.

Answer:

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. Draw circles around each strategic group making the circles proportional to the size of the group's respective share of total industry sales revenues.

Question 28:**(Sept. 24)**

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.

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.

Answer:

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.

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.

Question 29:

(RTP Jan 25)

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.

Answer:

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

Strengths	Weaknesses
a) Strong brand reputation in consumer electronics.	a) Limited experience in the smart home devices market.
b) Established distribution network.	b) May require additional investments in research and development.

c) Access to technological expertise for product development.	c) Potential challenges in integrating a new product line with existing offerings.
d) Financial resources to support product launch and marketing.	d) Lack of established customer base for smart home devices.
Opportunities	Threats
a) Growing market for smart home devices due to increasing consumer interest in home automation.	a) Intense competition from established players in the smart home devices market.
b) The possibility of partnering with existing smart home platform providers.	b) Rapid technological advancements lead to short product life cycles.
c) Potential to leverage brand loyalty from existing customers.	c) Potential for cybersecurity threats in connected devices.
d) Ability to differentiate through innovative features and design.	d) Economic factors impacting consumer spending on discretionary items.

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.

Question 30:

(Jan 25)

"Managing stakeholders is critical to the success of a project". Explain how Mendelow's Matrix helps in managing stakeholders and categorizing the stakeholders into groups.

Answer:

The Mendelow's matrix is a simple framework to help manage key stakeholders.

- Managing Stakeholders:** Mendelow's Matrix is an essential tool for managing stakeholders effectively in project management, as it involves managing the competing interests of various stakeholders. It categorizes stakeholders based on their power and interest levels. This framework helps project managers to identify which stakeholders are incredibly important and prioritize their engagement strategies to ensure project success.

2) **Categorization of Stakeholders:** The matrix divides stakeholders into four groups:

a) **Key Players (High Power, High Interest):**

These stakeholders require close management and regular communication. Engaging them fully ensures their support and input, which is crucial for project success. For instance, CEOs and shareholders fall into this category.

b) **Keep Satisfied (High Power, Low Interest):**

While these stakeholders have significant influence, they may not be as invested in the project's success. It is essential to keep them satisfied with sufficient information to prevent potential conflicts.

c) **Keep Informed (Low Power, High Interest):**

Stakeholders in this group are interested in the project but lack the power to influence its outcome. Regular updates and communication can foster goodwill and may provide valuable feedback.

d) **Low Priority (Low Power, Low Interest):** These stakeholders require minimal attention. Monitoring their interest and power levels periodically is sufficient, as they do not significantly impact the project.

In summary, Mendelow's Matrix provides a clear framework for categorizing stakeholders based on their power and interest, facilitating effective stakeholder management and enhancing the likelihood of project success.

Question 31:

(Jan 25)

Write a short note on the key strategic drivers of an organization.

Answer:

Key Strategic Drivers of an Organization

Strategic drivers are essential elements that influence an organization's ability to differentiate itself from its competitors and achieve competitive advantage. These drivers assess the current performance of the business and provide insights into areas that need focus.

The key strategic drivers include:

1) Industry and Markets:

Understanding the industry and markets is crucial for identifying the organization's relative position. Industries group similar companies based on their primary products, while markets are defined by the buyers and sellers of these products. Analyzing industry and

market dynamics, often through tools like strategic group mapping, helps organizations evaluate competition and refine strategies.

2) Customers:

Identifying and understanding customers is a critical driver. Customers are segmented based on their needs and spending capacity, which guides product development and marketing strategies. Differentiating between customers (buyers) and consumers (users) is vital to tailoring pricing, design, and usability strategies effectively.

3) Products and Services:

Products and services are central to defining the business. Organizations must assess their offerings, classify products, and devise strategies for differentiation, branding, and pricing. Product innovation and marketing are key to maintaining competitiveness.

4) Channels:

The channels through which products and services are delivered impact accessibility and customer satisfaction. Strategies related to direct, digital, or relationship-based marketing ensure the efficient distribution of offerings to target customers.

By aligning these drivers with organizational goals, businesses can achieve sustained growth and maintain a competitive edge.

Question 32:

(RTP May 25)

EliteWheels Ltd. is a luxury automobile manufacturer that caters to affluent customers seeking exclusivity and high-end features. The company offers premium vehicles with cutting-edge technology, showed customization options, and top-tier customer service. Unlike mass-market car brands, EliteWheels Ltd. charges a significant premium for its automobiles, ensuring that only a niche segment of customers can afford them. Additionally, the company invests heavily in advanced engineering and innovation to maintain its superior quality and brand prestige. Identify and explain the strategy adopted by EliteWheels Ltd.

Answer:

- 1) According to Michael Porter, competitive advantage can be derived from three generic strategies: cost leadership, differentiation, and focus.
- 2) EliteWheels Ltd. targets a niche market segment by offering unique and high-value automobiles tailored to the needs of affluent consumers. While the company manages its costs efficiently, it does not compromise on the quality or exclusivity of its products.

- 3) By maintaining superior craftsmanship, advanced technology, and high personalization levels, the brand commands a premium price for its vehicles. Thus, the strategy adopted by EliteWheels Ltd. is **Focused Differentiation**.
- 4) A focused differentiation strategy involves offering distinctive features that cater to a specific market segment. Companies employing this strategy may target a specific customer demographic, geographic region, or sales channel. Firms that compete based on uniqueness and focus on a specialized market segment follow a Focused Differentiation Strategy.

Question 33:**(RTP May 25)**

Write short note on SWOT analysis.

Answer:

SWOT analysis is a tool used by organizations for evolving strategic options for the future. The term SWOT refers to the analysis of strengths, weaknesses, opportunities and threats facing a company. Strengths and weaknesses are identified in the internal environment, whereas opportunities and threats are located in the external environment.

a) Strength:

Strength is an inherent capability of the organization which it can use to gain strategic advantage over its competitor.

b) Weakness:

A weakness is an inherent limitation or constraint of the organisation which creates strategic disadvantage to it.

c) Opportunity:

An opportunity is a favourable condition in the external environment which enables it to strengthen its position.

d) Threat:

An unfavourable condition in the external environment which causes a risk for, or damage to the organisation's position.

The major purpose of SWOT analysis is to enable the management to create a firm-specific business model that will best align, fit or match organisational resources and capabilities to the demands of the environment in which it operates.

Question 34:

(MTP-II Apr.25)

EcoTrend, a growing e-commerce company, competes with industry giants by offering premium, eco-friendly products at high prices, targeting environmentally conscious consumers. Meanwhile, its competitor, *BudgetBazaar*, focuses on providing the lowest prices by optimizing costs and streamlining operations.

Another player, *VogueVista*, differentiates itself through exclusive, fashion-forward designs that attract trend-savvy customers. Identify the generic strategies used by *EcoTrend*, *BudgetBazaar*, and *VogueVista* based on Michael Porter's Generic Strategies framework. Explain how each company gains a competitive advantage.

Answer:

Michael Porter's Generic Strategies framework includes **Cost Leadership**, **Differentiation**, and **Focus Strategies**. Based on the caselet:

1) **EcoTrend - Differentiation Focus Strategy**

- a) Targets a niche market (environmentally conscious consumers) with premium, eco-friendly products.
- b) Gains a competitive advantage through product uniqueness and sustainability.

2) **BudgetBazaar - Cost Leadership Strategy**

- a) Focuses on offering the lowest prices by optimizing costs and streamlining operations.
- b) Gains a competitive advantage through operational efficiency and economies of scale.

3) **VogueVista - Differentiation Strategy**

- a) Differentiates itself with exclusive, fashion-forward designs that appeal to style-conscious customers.
 - b) Gains a competitive advantage through unique product offerings and strong brand image.
- Each company applies a distinct **generic strategy** to establish a strong position in the market.



CHAPTER - 4

STRATEGIC CHOICES



Multiple Choice Questions

- 1) Which strategy is implemented after the failure of turnaround strategy?
 - a) Expansion strategy
 - b) Diversification strategy
 - c) Divestment strategy
 - d) Growth strategy

- 2) Retrenchment strategy in the organization can be explained as
 - a) Reducing trenches (gaps) created between individuals.
 - b) Divesting a major product line or market.
 - c) Removal of employees from job through the process of reorganization.
 - d) Removal of employees from job in one business to relocate them in other business.

- 3) An organisation diversifies in backward sequence in the product chain and enters specific product/process to be used in existing products. It is:
 - a) Forward diversification.
 - b) Vertical diversification.
 - c) Horizontal diversification.
 - d) Reactive diversification.

- 4) Corporate strategy includes:
 - (i) Expansion and growth, diversification, takeovers and mergers
 - (ii) Vertical and horizontal integration, new investment and divestment areas
 - (iii) Determination of the business lines

From the combinations given below select a correct alternative:

 - a) (i), and (ii)
 - b) (i) and (iii)
 - c) (ii) and (iii)
 - d) (i) (ii) and (iii)

- 5) Vertical integration may be beneficial when
- a) Lower transaction costs and improved coordination are vital and achievable through vertical integration.
 - b) Flexibility is reduced, providing a more stationary position in the competitive environment.
 - c) Various segregated specializations will be combined.
 - d) The minimum efficient scales of two corporations are different.
- 6) Stability strategy is a _____ strategy.
- a) SBU level
 - b) Corporate level
 - c) Business level
 - d) Functional level
- 7) Conglomerate diversification is another name for which of the following?
- a) Related diversification
 - b) Unrelated diversification
 - c) Portfolio diversification
 - d) Acquisition diversification
- 8) Diversification primarily helps to:
- a) Reduce competition
 - b) Reduce risk
 - c) Reduce taxes
 - d) Reduce costs
- 9) If suppliers are unreliable or too costly, which of these strategies may be appropriate?
- a) Horizontal integration
 - b) Backward integration
 - c) Market penetration
 - d) Forward integration

Answers to Multiple Choice Questions

1) (c)	2) (b)	3) (b)	4) (d)	5) (a)	6) (b)
7) (b)	8) (b)	9) (b)			

Questions from ICAI Study Material

Scenario Based Questions

Question 1: (ICAI SM) / (Model Test Paper-1) / (MTP-I Mar.24)

The CEO of a textile mill believes that his company, currently operating at a loss, can be turned around. Develop an action plan outlining steps the CEO can take to achieve this turnaround.

Answer:

A workable action plan for turnaround of the textile mill would involve:

- 1) **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.
- 2) **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.
- 3) **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.
- 4) **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.
- 5) **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.

Question 2: (ICAI SM) / (Model Test Paper-2) / (MTP II April 24)

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

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

Answer:

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

Advantages of Focused Differentiation:**1) Strong Customer Loyalty:**

By catering to a specific niche market, *StarTech* can build strong relationships with its customers, leading to higher customer loyalty and retention.

2) Higher Profit Margins:

Serving a niche market allows *StarTech* to command higher prices for its specialized products or services, leading to higher profit margins.

3) Reduced Competition:

By focusing on a niche market that other firms are not targeting, *StarTech* faces less competition, allowing it to establish itself as a leader in that segment.

4) Better Resource Allocation:

Focusing on a specific market segment allows *StarTech* to allocate its resources more efficiently, concentrating on areas that will provide the greatest return on investment.

Disadvantages of Focused Differentiation:**1) Limited Market Size:**

The niche market that *StarTech* is targeting may be limited in size, restricting the company's potential for growth.

2) Risk of Market Changes:

Changes in the market or customer preferences could impact on the demand for *StarTech's* specialized products or services, leading to potential revenue loss.

3) Higher Costs:

Serving a niche market may require specialized resources and expertise, leading to higher costs of operation.

4) Imitation by Competitors:

If *StarTech's* success in the niche market attracts competitors, they may attempt to imitate its strategy, eroding its competitive advantage.

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

Question 3:

(ICAI SM) / (RTP May 24)

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

Answer:

- 1) In the BCG Growth-Share Matrix, divisions or business units are classified into four categories: Stars, Cash Cows, Question Marks, and Dogs. These classifications are based on a combination of market share and market growth rate.
- 2) A "Star" in the BCG Matrix represents a business unit with a high market share in a high-growth market. In the scenario, the newly established software development unit would be classified as a "Star."
- 3) The software development unit is described as "newly established," suggesting that it is operating in a high-growth market. Additionally, the potential for high market share can be inferred if the unit is strategically positioned to become a leader in the software development industry.
- 4) Stars typically require significant investment to fuel their growth, but they have the potential to become future Cash Cows as the market matures. Therefore, the software

development unit's high growth potential and the opportunity to capture a substantial market share align with the characteristics of a BCG Matrix "Star."

Question 4:**(ICAI SM) / (RTP Sept. 24)**

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.

Answer:

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

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

- 1) **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.
- 2) **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.
- 3) **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.

- 4) **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.
- 5) **Stage Five – Returning to normal:** In the final stage of turnaround strategy process, the organization should begin to show signs of profitability, return on investments and enhancing economic value added. Emphasis is placed on a number of strategic efforts such as carefully adding new products and improving customer service, creating alliances with other organizations, increasing the market share, etc.

Question 5:**(ICAI SM)**

Gautam and Siddhartha, two brothers, are the owners of a cloth manufacturing unit located in Faridabad. They are doing well and have substantial surplus funds available within the business. They have different approaches regarding corporate strategies to be followed to be more competitive and profitable in future.

Gautam is interested in acquiring another industrial unit located in Faridabad manufacturing stationery items such as permanent markers, notebooks, pencils and pencil sharpeners, envelopes and other office supplies. On the other hand, Siddhartha desires to start another unit to produce readymade garments.

Discuss the nature of strategic choices being suggested by the two brothers with reference to the payoffs and the risks involved.

Answer:

Gautam wishes to diversify in a business that is not related to their existing line of product and can be termed as conglomerate diversification. He is interested in acquiring another industrial unit located in Faridabad manufacturing stationery items such as permanent markers, notebooks, pencils and pencil sharpeners, envelopes and other office supplies, which is not related to their existing product.

- 1) In conglomerate diversification, the new businesses/ products are disjointed from the existing businesses/products in every way; it is an unrelated diversification.

- 2) In process/ technology/ function, there is no connection between the new products and the existing ones. Conglomerate diversification has no common thread at all with the firm's present position.
- 3) On the other hand, Siddhartha seeks to move forward in the chain of existing product by adopting vertically integrated diversification/ forward integration. The cloth being manufactured by the existing processes can be used as raw material of garments manufacturing business.
- 4) In such diversification, firms opt to engage in businesses that are related to the existing business of the firm. The firm remains vertically within the same process and moves forward or backward in the chain. It enters specific product/process steps with the intention of making them into new businesses for the firm.
- 5) The characteristic feature of vertically integrated diversification is that here, the firm does not jump outside the vertically linked product-process chain. Both types of diversifications have their own risks.
- 6) In conglomerate diversification, there are no linkages with customer group, customer marketing functions and technology used, which is a risk. In the case of vertical integrated diversification, there is a risk of lack of continued focus on the original business.

Question 6:**(ICAI SM)**

XYZ Company is facing continuous losses. There is decline in sales and product market share. The products of the company became uncompetitive and there is persistent negative cash flow. The physical facilities are deteriorating, and employees have low morale. At the board meeting, the board members decided that they should continue the organization and adopt such measures such that the company functions properly. The board has decided to hire young executive Shayamli for improving the functions of the organization. What corporate strategy should Shayamli adopt for this company and what steps need to be taken to implement the strategic choice adopted by Shayamli?

Answer:

- 1) XYZ Company is facing continuous losses, decline in sales and product market share, persistent negative cash flow, uncompetitive products, declining market share, deterioration in physical facilities, low morale of employees.
- 2) In such a scenario, Shayamli may choose **turnaround strategy** as this strategy attempts to reverse the process of decline and bring improvement in organizational health. This is also

important as Board has decided to continue the company and adopt measures for its proper functioning.

- 3) For success, Shayamli needs to focus on the short and long-term financing needs as well as on strategic issues. During the turnaround, the "product mix" may be changed, requiring the organization to do some repositioning.
- 4) A workable action plan for turnaround would involve:
 - a) **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.
 - b) **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.
 - c) **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.
 - d) **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.
 - e) **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.

Question 7:**(ICAI SM)**

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

Answer:

- 1) Organo is a large supermarket chain. By opting backward integration and purchase a number of farms, it will have greater control over its supply chain.
- 2) Backward integration is a step towards, creation of effective supply by entering business of input providers.

- 3) Strategy employed to expand profits and gain greater control over production of a product whereby a company will purchase or build a business that will increase its own supply capability or lessen its cost of production.

Question 8:**(ICAI SM)**

With the global economic recession Soft Cloth Ltd. incurred significant losses in all its previous five financial years. Currently, they are into manufacturing of cloth made of cotton, silk, polyester, rayon, lycra and blends. Competition is also intense on account of cheap imports. The company is facing cash crunch and has not been able to pay the salaries to its employees in the current month. Suggest a grand strategy that can be opted by Soft Cloth Ltd.

Answer:

Soft Cloth Ltd. is facing internal as well as external challenges. The external environment is in economic recession and the organization is facing cash crunch. The company needs to work on retrenchment / turnaround strategy.

- 1) The strategy is suitable in case of issues such as:
 - a) Persistent negative cash flow.
 - b) Uncompetitive products or services
 - c) Declining market share
 - d) Deterioration in physical facilities
 - e) Overstaffing, high turnover of employees, and low morale
 - f) Mismanagement
- 2) The company may consider to substantially reduce the scope of its activity. This is done through an attempt to find out the problem areas and diagnose the causes of the problems.
- 3) Next, steps are taken to solve the problems. These steps result in different kinds of retrenchment strategies. If the organization chooses to focus on ways and means to reverse the process of decline, it adopts a turnaround strategy.
- 4) If it cuts off the loss-making units, divisions, or SBUs, curtails its product line, or reduces the functions performed, it adopts a divestment strategy. If none of these actions work, then it may choose to abandon the activities totally, resulting in a liquidation strategy.

Question 9:**(ICAI SM)**

X Pvt. Ltd. had recently ventured into the business of co-working spaces when the global pandemic struck. This has resulted in the business line becoming unprofitable and unviable, and a failure of the existing strategy. However, the other businesses of X Pvt. Ltd. are relatively less affected by the pandemic as compared to the recent co-working spaces. Suggest a strategy for X Pvt. Ltd. with reasons to justify your answer.

Answer:

It is advisable that divestment strategy should be adopted by X Pvt. Ltd.

- 1) In the given situation where the business of co-working spaces became unprofitable and unviable due to Global pandemic, the best option for the company is to divest the loss-making business. Retrenchment may be done either internally or externally.
- 2) Turnaround strategy is adopted in case of internal retrenchment where emphasis is laid on improving internal efficiency of the organization, while divestment strategy is adopted when a business turns unprofitable and unviable due to some external factors. In view of the above, the company should go for divestment strategy.
- 3) Further, divestment helps address issues like:
 - a) Persistent cash flows from loss making segment could affect other profit-making segments, which is the case in the given scenario.
 - b) Inability to cope from the losses, which again is uncertain due to pandemic.
 - c) Better investment opportunity, which could be the case if X Pvt. Ltd. can invest the money it generates from divestment.

Question 10:**(ICAI SM)**

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

Answer:

- 1) Atrix is having a product portfolio that is evidently in the decline stage.
- 2) The product is being replaced with the technologically superior product. Strategically the company should minimize their dependence on the existing products and identify other avenues for the survival and growth.
- 3) As a CEO of Atrix Ltd., following can be the strategic options available with the CEO:
 - a) Invest in new product development and switchover to the new technology. Atrix Ltd. also need time to invest in emerging new technology.
 - b) They can acquire or takeover a competitor provided they have or are able to generate enough financial resources.
 - c) They may also consider unrelated growth and identify other areas for expansion. This will enable Atrix Ltd. to spread their risks.
 - d) In longer run, they should divest the existing products. However, they may continue with the existing products in a limited manner for such time there is demand for the product.

Descriptive Questions

Question 11:**(ICAI SM)****Describe the construction of BCG matrix and discuss its utility in strategic management.****Answer:**

- 1) Companies that are large enough to be organized into strategic business units face the challenge of allocating resources among those units.
- 2) In the early 1970's the Boston Consulting Group developed a model for managing portfolio of different business units or major product lines.
- 3) The BCG growth share matrix facilitates portfolio analysis of a company having invested in diverse businesses with varying scope of profits and growth.
- 4) The BCG matrix can be used to determine what priorities should be given in the product portfolio of a business unit. Using the BCG approach, a company classifies its different businesses on a two-dimensional growth share matrix. Two dimensions are market share and market growth rate.
- 5) In the matrix:
 - b) The vertical axis represents market growth rate and provides a measure of market attractiveness.

- c) The horizontal axis represents relative market share and serves as a measure of company's strength in the market. Thus, the BCG matrix depicts quadrants as shown in the following table:

		Relative Market Share	
		High	Low
Market Growth Rate	High	Stars	Question Marks
	Low	Cash Cows	Dogs

BCG Matrix

- 6) Different types of business represented by either products or SBUs can be classified for portfolio analyses through BCG matrix. They have been depicted by meaningful metaphors, namely:
- Stars** are products or SBUs that are growing rapidly. They also need heavy investment to maintain their position and finance their rapid growth potential. They represent best opportunities for expansion.
 - 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. In long run when the growth rate slows down, stars become cash cows.
 - Question Marks**, sometimes called problem children or wildcats, are low market share business in high-growth markets. They require a lot of cash to hold their share. They need heavy investments with low potential to generate cash. Question marks if left unattended are capable of becoming cash traps. Since growth rate is high, increasing it should be relatively easier. It is for business organisations to turn them stars and then to cash cows when the growth rate reduces.
 - Dogs** are low-growth, low-share businesses and products. They may generate enough cash to maintain themselves, but do not have much future. Sometimes they may need cash to survive. Dogs should be minimised by means of divestment or liquidation.
- 7) The BCG matrix is useful for classification of products, SBUs, or businesses, and for selecting appropriate strategies for each type as follows.
- Build with the aim for long-term growth and strong future.

- b) Hold or preserve the existing market share.
 - c) Harvest or maximize short-term cash flows.
 - d) Divest, sell or liquidate and ensure better utilization of resources elsewhere.
- Thus, BCG matrix is a powerful tool for strategic planning analysis and choice.

Question 12:**(ICAI SM)**

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

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

Answer:

- Using the BCG approach, a company classifies its different businesses on a two dimensional growth-share matrix.
- In the matrix, the vertical axis represents market growth rate and provides a measure of market attractiveness. The horizontal axis represents relative market share and serves as a measure of company strength in the market.
- With the given data on market share and industry growth rate of Soorya Ltd, its four products are placed in the BCG matrix as follows:

		Retain Market Share	
		High	Low
Market Growth Rate	High	Product A [80% Market Share +15% Growth Rate] Stars	Product B [40% Market Share +10% Growth Rate] Question Marks
	Low	Product C [60% Market Share -20% Growth Rate] Cash Cows	Product D [05% Market Share -10% Growth Rate] Dogs

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

Question 13:**(ICAI SM)**

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

Answer:

- 1) The Ansoff's product market growth matrix (proposed by Igor Ansoff) is a useful tool that helps businesses decide their product and market growth strategy. With the use of this matrix, a business can get a fair idea about how its growth depends upon its markets in new or existing products in both new and existing markets.
- 2) The Ansoff's product market growth matrix is as follows:

	Existing Products	New Products
Existing Markets	Market Penetration	Product Development
New Markets	Market Development	Diversification

Ansoff's Product Market Growth Matrix

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

- a) Market penetration refers to a growth strategy where the business focuses on selling existing products into existing markets. It is achieved by making more sales to present customers without changing products in any major way.
 - b) Market development refers to a growth strategy where the business seeks to sell its existing products into new markets. It is a strategy for company growth by identifying and developing new markets for the existing products of the company.
 - c) Product development refers to a growth strategy where business aims to introduce new products into existing markets. It is a strategy for company growth by offering modified or new products to current markets.
 - d) Diversification refers to a growth strategy where a business markets new products in new markets. It is a strategy by starting up or acquiring businesses outside the company's current products and markets.
- 5) As market conditions change overtime, a company may shift product-market growth strategies. **For example**, when its present market is fully saturated a company may have no choice other than to pursue new market.

Question 14:**(ICAI SM)**

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

- (i) A leading producer of tooth paste, advises its customers to brush teeth twice a day to keep breath fresh.
- (ii) A business giant in hotel industry decides to enter into dairy business.
- (iii) One of India's premier utility vehicles manufacturing company ventures to foray into foreign markets.
- (iv) A renowned auto manufacturing company launches ungeared scooters in the market.

Answer:

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

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

- (i) **Market Penetration:** A leading producer of toothpaste, advises its customers to brush teeth twice a day to keep breath fresh. It refers to a growth strategy where the business focuses on selling existing products into existing markets.
- (ii) **Diversification:** A business giant in hotel industry decides to enter into dairy business. It refers to a growth strategy where a business markets new products in new markets.
- (iii) **Market Development:** One of India's premier utility vehicles manufacturing company ventures to foray into foreign markets. It refers to a growth strategy where the business seeks to sell its existing products into new markets.
- (iv) **Product Development:** A renowned auto manufacturing company launches ungeared scooters in the market. It refers to a growth strategy where business aims to introduce new products into existing markets.

Questions from ICAI Model Test Paper

Question 15: (Model Test Paper-1 & 8) / (RTP Sept 24) / (MTP-I Mar.24 & 25)

Distinguish between Concentric Diversification and Conglomerate Diversification.

Answer:

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

- 1) **Concentric diversification** occurs when a firm adds related products or markets. On the other hand, **conglomerate diversification** occurs when a firm diversifies into areas that are unrelated to its current line of business.
- 2) In concentric diversification, the new business is linked to the existing businesses through process, technology or marketing. In conglomerate diversification, no such linkages exist; the new business/product is disjointed from the existing businesses/ products.
- 3) The most common reasons for pursuing concentric diversification are that opportunities in a firm's existing line of business are available. However, common reasons for pursuing a conglomerate growth strategy are that opportunities in a firm's current line of business are limited or opportunities outside are highly lucrative.

Question 16:**(Model Test Paper-2&7) / (MTP-II Apr. & Dec.24)**

Strategic alliances are formed if they provide an advantage to all the parties in the alliance. Do you agree? Explain in brief the advantages of a strategic alliance.

Answer:

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

i) Organizational:

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

ii) Economic:

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

iii) Strategic:

Organizations may join to cooperate instead of compete. Alliances may also create vertical integration where partners are part of supply chain. Strategic alliances may also be useful to create a competitive advantage by the pooling of resources and skills. This may also help with future business opportunities and the development of new products and technologies. Strategic alliances may also be used to get access to new technologies or to pursue joint research and development.

iv) Political:

Sometimes there is need to form a strategic alliance with a local foreign business to gain entry into a foreign market either because of local prejudices or legal barriers to entry. Forming strategic alliances with politically-influential partners may also help improve overall influence and position.

Question 17:**(Model Test Paper-3)**

XYZ Electronics has discovered that its products have reached their maturity stage, and the company is experiencing over capacity. Consequently, it focuses on maintaining the operational efficiency of its manufacturing facilities. Identify the strategy implemented by XYZ Electronics and provide the reasons for this strategy.

Answer:

XYZ Electronics has opted to implement a Stability strategy. Stability strategies are designed to safeguard the existing interests and strengths of a business. This involves pursuing established and tested objectives, continuing on the chosen path, and maintaining operational efficiency.

A stability strategy is pursued when a firm continues to serve the same or similar markets and deals in the same products and services. Although few functional changes are made in the products or markets, it is not a 'do nothing' strategy. This strategy is typical for mature business organizations. Additionally, some small organizations frequently use stability as a strategic focus to maintain a comfortable market or profit position.

Major reasons for a Stability strategy include:

- a) A product has reached the maturity stage of the product life cycle.
- b) The staff feels comfortable with the status quo as it involves fewer changes and less risk.
- c) It is opted for when the environment in which an organization operates is relatively stable.
- d) Expansion may be perceived as threatening and not advisable.
- e) After rapid expansion, a firm might want to stabilize and consolidate itself.

Question 18:**(Model Test Paper-4) / (MTP-I July 24)**

FreshDelight, 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, FreshDelight 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, FreshDelight hopes to increase its customer base and drive sales growth. What strategy is FreshDelight using to expand its market presence?

Answer:

- 1) FreshDelight 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, FreshDelight is launching targeted marketing campaigns and partnering with local distributors to effectively introduce their products to these new regions.
- 2) 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.
- 3) By entering these emerging markets, FreshDelight aims to increase its customer base and drive sales growth, leveraging the growing popularity of organic products.

Question 19:**(Model Test Paper-4) / (MTP-I July 24)**

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

Answer:

A workable action plan for turnaround of the textile mill would involve:

- 1) **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.
- 2) **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.
- 3) **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.
- 4) **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.
- 5) **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.

Question 20:**(Model Test Paper-5) / (MTP-II Aug. 24)**

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?

Answer:

- 1) The collaboration between TechNova, a software development firm, and ElectroWave, an electronics and hardware manufacturing company, represents a co-generic merger.
- 2) 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.
- 3) TechNova specializes in creating cutting-edge software, while ElectroWave focuses on manufacturing advanced electronic devices.
- 4) 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.
- 5) This strategic partnership allows them to enter new markets, enhance their competitive advantage, and explore synergies between software and hardware.
- 6) The co-generic merger provides significant opportunities for both companies to capitalize on shared technologies, streamline their operations, and expand their customer base.
- 7) 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.

Question 21:**(Model Test Paper-5) / (MTP-II Aug. 24)**

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

Answer:

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:

- i) It may become imperative when environment demands increase in pace of activity.
- ii) Strategists may feel more satisfied with the prospects of growth from expansion; chief executives may take pride in presiding over organizations perceived to be growth-oriented.
- iii) Expansion may lead to greater control over the market vis-a-vis competitors.
- iv) Advantages from the experience curve and scale of operations may accrue.
- v) Expansion also includes intensifying, diversifying, acquiring and merging businesses.

Question 22:**(Model Test Paper-6) / (MTP-I Nov.24)**

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.*

Answer:

- 1) *Leatherite Ltd.* is currently manufacturing foot wears 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.
- 2) 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.

Question 23:**(Model Test Paper-7) / (MTP-II Dec.24)**

Explain the strategic implications of each of the following types of business in a corporate portfolio:

(a) Stars (b) Question Marks (c) Cash Cows (d) Dogs

Answer:

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:

- a) 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.
- b) 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.
- c) 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.
- d) 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.

Question 24:**(Model Test Paper- 8) / (RTP Jan 25)****What do you understand by Strategic Alliance? Discuss its advantages.****Answer:**

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 categorised 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 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.

Questions from ICAI RTP, MTP and Past Exam (till Jan.25 Exam Paper)

Question 25:

(RTP May 24)

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

Answer:

- 1) Stability Strategies, as the name suggests, are intended to safeguard the existing interests and strengths of business. It involves organisations pursuing established and tested objectives, continue on the chosen path, maintaining operational efficiency and so on.
- 2) A stability strategy is pursued when a firm continues to serve in the same or similar markets and deals in the same products and services. In stability strategy, few functional changes are made in the products or markets, however, it is not a 'do nothing' strategy. This strategy is typical for mature business organizations.
- 3) Some small organizations also frequently use stability as a strategic focus to maintain comfortable market or profit position.
- 4) On the other hand, expansion strategy is an aggressive strategy as it involves redefining the business by adding the scope of business substantially, increasing the efforts of the current business.
- 5) In this sense, it becomes the opposite to stability strategy. Expansion is a promising and popular strategy that tends to be equated with dynamism, vigor, promise and success. Expansion also includes diversifying, acquiring and merging businesses.
- 6) This strategy may take the enterprise along relatively unknown and risky paths, full of promises and pitfalls.

Question 26:

(RTP Jan 25)

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.

Answer:

- 1) 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**.
- 2) 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.
- 3) 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.
- 4) 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.

Question 27:

(May 24) / (MTP-II Apr.25)

'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.

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:

1) 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.

2) 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.

3) 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.

Question 28:

(May 24)

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

Answer:

- 1) 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.
- 2) The key difference between forward and backward integration lies in the direction of expansion within the supply chain.
- 3) **Forward integration moves towards the end consumer, while backward integration moves towards the source of raw materials or components.**
- 4) **Forward integration** allows companies to have **more control over distribution channels**, improve customer relationships, and capture a larger share of the value chain.
- 5) In contrast, **backward integration helps** companies **secure a stable supply of inputs**, reduce dependency on suppliers, and potentially lower production costs.
- 6) 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.
- 7) 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.

Question 29:**(Sept. 24)**

Synergy 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.

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.

Answer:

In the given situation, the suitable retrenchment strategy for **Synergy 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.

Stages in the Action Plan for Turnaround Strategy:**1) Stage One - Assessment of Current Problems:**

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.

2) Stage Two - Analyze the Situation and Develop a Strategic Plan:

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.

3) Stage Three - Implementing an Emergency Action Plan:

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.

4) Stage Four - Restructuring the Business:

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.

5) Stage Five - Returning to Normal:

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.

By following these stages, **Synergy Ltd.** can develop a comprehensive turnaround plan to regain its financial stability, improve operational efficiency, and rebuild its competitive position in the market.

Question 30:**(Sept. 24)**

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.

Answer:

Agree 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 stability is usually considered when a business has expanded to full capacity.

A stability strategy is meaningful in the following scenarios:

- 1) When a firm continues serving the same markets with the same products and services.
- 2) Firms whose products are in the maturity stage of the product life cycle or who have a substantial market share may opt for stability to retain their position.
- 3) Stability helps consolidate gains after rapid expansion, optimize returns on committed resources, and enhance functional efficiencies.

Major reasons for choosing a stability strategy include:

- 1) Maturity of products in the life cycle.

- 2) Comfort of staff with fewer changes and risks.
- 3) Stable external environment.
- 4) A need to consolidate after rapid growth or expansion.
- 5) Where it is not advisable to expand as it may be perceived as threatening.

Question 31:**(Jan. 25)**

Organic Beverages has been manufacturing various soft drinks for over a decade. It has developed a sugar free beverage to cater to the needs of specific customers by spending heavily on research and development for this product. In addition, a lot of money was spent on marketing (branded as 'Say no to Sugar') and in obtaining licence for it. In a span of five months, company has gained a major share in the market for this new product and it is growing rapidly. Profitability of this product is also better. In order to take the advantage of best opportunity for expansion, it has to make heavy investment to maintain their position in current and new market.

Classify 'Say no to Sugar' product in the most related category in the two dimensional growth share matrix as per Boston Consulting Group. Explain the strategies which can be pursued post identification and classification of products in such matrix. Also state the limitations of this technique as one of the strategic options.

Answer:

The 'Say No to Sugar' product by Organic Beverages can be classified as a **Star** in the BCG Growth-Share Matrix. This classification is due to the **product's rapid market growth and the company's strong market share achieved** within a short span of five months. Additionally, the product requires heavy investment to maintain its market position and expand further, which aligns with the characteristics of a Star.

Strategies Post-Identification: After identifying the 'Say No to Sugar' product as a Star, the following strategies can be pursued:

1) Build Strategy:

Increase market share through sustained investments in marketing, distribution, and product development. This ensures the product remains competitive and capitalizes on its growth potential.

2) Hold Strategy:

Focus on maintaining the current market share and profitability by optimizing resources and sustaining brand reputation.

3) Harvest Strategy:

This strategy is not suitable for Stars as it prioritizes short-term cash flow over long-term growth, which contradicts the objectives for a Star.

4) Divest Strategy:

Selling or liquidating the product is unsuitable here, as Stars represent the best opportunities for expansion.

Limitations of BCG Matrix:**1) Complexity and Cost:**

The matrix can be difficult, time-consuming, and costly to implement.

2) Subjectivity:

Defining SBUs and measuring market share or growth can be challenging and subjective.

3) Focus on Present:

It emphasizes current business scenarios but provides limited guidance for future strategic planning.

4) Overemphasis on Growth:

This may lead to unwise investments in high-growth markets or premature divestment of established products.

Thus, while the BCG matrix provides a simplified framework for portfolio analysis, it should be used alongside other strategic tools for balanced decision-making.

Question 32:**(Jan. 25)**

Explain the 'product market growth matrix' as propagated by Igor Ansoff as a device for identifying growth opportunities for the future.

Answer:

The Ansoff's Product Market Growth Matrix, developed by Igor Ansoff, is a strategic tool that helps businesses identify growth opportunities by analyzing the interplay between products and markets.

It offers four distinct strategies based on whether the products and markets are existing or new. These strategies are:

1) Market Penetration:

Focuses on selling existing products in existing markets. This involves increasing market share by enhancing sales through advertising, promotions, competitive pricing, or encouraging higher usage among current customers.

2) Market Development:

Entails selling existing products in new markets. This could involve exploring new geographical regions, utilizing alternative distribution channels, or creating new market segments.

3) Product Development:

Involves introducing new or modified products into existing markets. This strategy often requires innovation and developing products that meet current market needs.

4) Diversification:

Refers to marketing new products in new markets. It is a high-risk strategy as the business ventures into unfamiliar products and markets.

As market dynamics evolve, companies may transition between these strategies to adapt and sustain growth. The matrix provides a structured framework for businesses to align their growth strategies with their capabilities and market conditions.

Question 33:**(RTP May 25)**

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

Answer:

- 1) Currently Jynklo Ltd. is performing in the children's gaming industry. But now its management has decided to expand their business by starting a premium sports drink named JynX for athletes.
- 2) As there are no links to both products with respect to customer groups, customer functions, or the technologies being used, Jynklo Ltd. have opted **Conglomerate diversification**.
- 3) Jynklo Ltd. diversifies in a business that is not related to their existing line of products and can be termed as conglomerate diversification.
- 4) In conglomerate diversification, the new businesses/ products are disjointed from the existing businesses/products in every way; it is an unrelated diversification.
- 5) In process/ technology/ function, there is no connection between the new products and the existing ones. Conglomerate diversification has no common threat at all with the firm's present position.

Question 34:**(RTP May 25)**

Write a short note on the role of ADL Matrix in assessing the competitive position of a firm.

Answer:

The ADL matrix has derived its name from Arthur D. Little which is a portfolio analysis method based on product life cycle. The approach forms a two-dimensional matrix based on stage of industry maturity and the firm's competitive position, environmental assessment and business strength assessment. The role of ADL matrix is to assess the competitive position of a firm based on an assessment of the following criteria:

1) Dominant:

This is a comparatively rare position and in many cases is attributable either to a monopoly or a strong and protected technological leadership.

2) Strong:

By virtue of this position, the firm has a considerable degree of freedom over its choice of strategies and is often able to act without its market position being unduly threatened by its competitors.

3) Favourable:

This position, which generally comes about when the industry is fragmented and no one competitor stand out clearly, results in the market leaders a reasonable degree of freedom.

4) Tenable:

Although the firms within this category are able to perform satisfactorily and can justify staying in the industry, they are generally vulnerable in the face of increased competition from stronger and more proactive companies in the market.

5) Weak:

The performance of firms in this category is generally unsatisfactory although the opportunities for improvement do exist.

Question 35:**(MTP-II Apr.25)**

NovaTech Pvt. Ltd. is a well-established educational technology (EdTech) company in the India. The company has been performing well in the online learning industry. The management of NovaTech Pvt. Ltd. has now decided to expand its business by launching

a luxury skincare brand named "GlowNova." Identify and explain the growth strategy adopted by NovaTech Pvt. Ltd.

Answer:

- 1) Currently, NovaTech Pvt. Ltd. operates in the **educational technology industry**, offering digital learning solutions. However, its management has decided to expand into an entirely different sector by launching **GlowNova, a luxury skincare brand**. Since there is no connection between their existing EdTech business and the new skincare venture in terms of **customer groups, customer needs, or technologies used**, NovaTech Pvt. Ltd. has **opted for conglomerate diversification**.
- 2) In **conglomerate diversification**, a company expands into a completely unrelated industry where its new products or services have no direct link to its existing business. There is no overlap in technology, market, or product functions. This type of diversification helps companies **spread risk, enter new markets, and explore new revenue streams**.
- 3) NovaTech Pvt. Ltd.'s decision to launch a skincare brand while operating in the EdTech sector demonstrates a strategic move toward unrelated diversification, allowing the company to tap into an entirely different consumer market.

Question 36:

(MTP-I Mar.25)

ABC Fashion, a prominent brand in the domestic market, is now venturing into the international arena. As part of its global expansion strategy, the company is introducing a variety of products tailored to meet the unique tastes and preferences of customers in different regions. By customizing its offerings for each market, ABC Fashion aims to capture a broader audience and establish a strong international presence. Which expansion strategy from Ansoff's Product-Market Growth Matrix best aligns with ABC Fashion's approach?

Answer:

- 1) ABC Fashion's expansion into international markets, offering different products tailored to the unique preferences of various customer segments, aligns with the **diversification strategy** in Ansoff's Product-Market Growth Matrix. This strategy involves introducing new products to new markets, which represents the highest level of risk and reward in the matrix.

- 2) By entering international markets, ABC Fashion is stepping into unfamiliar territories where it must navigate different cultural preferences, market dynamics, and consumer behaviours. The decision to offer a variety of products that cater to the specific needs and tastes of each region demonstrates the company's commitment to localizing its offerings, which is a hallmark of diversification.
- 3) This strategy is particularly beneficial for companies like ABC Fashion that seek to maximize their growth potential by not only expanding their geographical footprint but also by innovating and adapting their product lines. It allows the company to tap into new revenue streams and diversify its business risk by not relying solely on its domestic market. However, it also requires significant market research, investment, and adaptation to different regulatory environments.
- 4) In summary, ABC Fashion's approach reflects a strategic diversification, enabling the brand to establish a strong international presence while meeting the diverse needs of global customers.



CHAPTER - 5

STRATEGY IMPLEMENTATION AND EVALUATION



Multiple Choice Questions

- 1) _____ leadership style may be appropriate in turbulent environment.
 - a) Transactional
 - b) Transformational
 - c) Autocratic
 - d) None of these
- 2) An organizational structure with constricted middle level is:
 - a) Divisional structure
 - b) Network structure
 - c) Hour Glass structure
 - d) Matrix structure
- 3) You are the head of operations of a company. When you focus on total or aggregate management functions in the sense of embracing the integrated activities of a complete department et al, you are practicing: -
 - a) Strategic Control
 - b) Management control
 - c) Administrative Control
 - d) Operations Control
- 4) Which of the following would be chosen by the core strategist to implement operational control: -
 - a) Premise Control
 - b) Special Alert Control
 - c) Implementation Control
 - d) Budgetary Control
- 5) Compliance, Identification and Internalization are the three processes involved in:
 - a) Refreezing
 - b) Defreezing
 - c) Changing behavior patterns
 - d) Breaking down old attitudes

6) Which one is NOT a type of strategic control?

- a) Operational control
- b) Strategic surveillance
- c) Special alert control
- d) Premise control

Answers to Multiple Choice Questions

1) (b)	2) (c)	3) (b)	4) (d)	5) (c)	6) (a)
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Questions from ICAI Study Material

Scenario Based Questions

Question 1: (ICAI SM) / (Model Test Paper-1) / (MTP-I Mar.24)

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

Answer:

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

- 1) **Begin at the top:** The leadership team should be united and committed to the digital transformation. They should communicate a clear vision for the future of the company and lead by example.
- 2) **Ensure that the change is necessary and desired:** Before implementing any changes, the company should assess its current state and identify areas where digital transformation can add value. It's important to involve employees in this process to ensure their buy-in.

- 3) **Reduce disruption:** Employee perceptions of change can vary, so it's important to minimize disruption. This can be done by communicating early and often about the changes, providing training and support for employees, and empowering change agents within the organization.
- 4) **Encourage communication:** Create channels for employees to ask questions and provide feedback. Encourage collaboration between departments to share ideas and innovations. Effective communication can help alleviate fears and keep everyone aligned.
- 5) **Recognize that change is the norm:** Digital transformation is not a one-time project but an ongoing process. The company should be prepared to adapt to new technologies and market conditions continuously.

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

Question 2: (ICAI SM) / (Model Test Paper-2&8) / (RTP Sept.24) / (MTP-II Apr.24) / (MTP-I Mar.25)

A Mumbai-based conglomerate, PQR Ltd., has announced a major restructuring of its business operations. The company has decided to split its business into four separate units: Manufacturing, Retail, Services, and Technology. Each unit will operate as a separate business, with delegated responsibility for day-to-day operations and strategy to the respective unit managers. Identify the organization structure that PQR Ltd. has planned to implement. Discuss any four attributes and the benefits the firm may derive by using this organization structure.

Answer:

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

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

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

- b) An improvement over the territorial grouping of businesses and strategic planning based on territorial units.
- c) Strategic planning for SBU is distinct from rest of businesses. Products/ businesses within an SBU receive same strategic planning treatment and priorities.
- d) Each SBU will have its own distinct set of competitors and its own distinct strategy.
- e) The CEO of SBU will be responsible for strategic planning for SBU and its profit performance.
- f) Products/businesses that are related from the standpoint of function are assembled together as a distinct SBU.
- g) Unrelated products/ businesses in any group are separated into separate SBUs.
- h) Grouping the businesses on SBU lines helps in strategic planning by removing the vagueness and confusion.
- i) Each SBU is a separate business and will be distinct from one another on the basis of mission, objectives etc.

Question 3:**(ICAI SM) / (RTP May 24)**

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

Answer:

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

a) Strategy (Hard S):

Investing in training programs and technology aligns with the strategic objective of enhancing workforce skills and operational efficiency.

b) Structure (Hard S):

The investment suggests a structural alignment to support the strategic initiatives, indicating a deliberate organization of resources.

c) Systems (Hard S):

The use of cutting-edge technology and communication systems reflects a commitment to optimizing daily tasks and improving overall efficiency, addressing the system component of the model.

d) Shared Values (Soft S):

The emphasis on comprehensive training initiatives indicates a commitment to shared values, reflecting a focus on developing a skilled and capable workforce.

e) Style (Soft S):

The leadership style is implied in the strategic decision to invest in technology and training for workforce development and operational efficiency.

f) Staff (Soft S):

The commitment to enhancing skills and capabilities reflects a focus on the talent pool within the organization.

g) Skills (Soft S):

The strategic investment in training programs directly addresses the development of key skills within the workforce.

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

Question 4:

(ICAI SM)

Ramesh, is owner of a popular brand of Breads. Yashpal, his son after completing Chartered Accountancy started assisting his father in running of business. The approaches followed by father and son in management were very different. While Ramesh preferred to use authority and having a formal system of defining goals and motivation with explicit rewards and punishments, Yashpal believed in involving employees and generating enthusiasm to inspire people to deliver in the organization. Discuss the difference in leadership style of father and son.

Answer:

Ramesh is a follower of transactional leadership style that focuses on designing systems and controlling the organization's activities.

- 1) Such a leader believes in using authority of its office to exchange rewards, such as pay and status. They prefer a more formalized approach to motivation, setting clear goals with explicit rewards or penalties for achievement or non-achievement.
- 2) Transactional leaders try to build on the existing culture and enhance current practices. The style is better suited in persuading people to work efficiently and run operations smoothly.

On the other hand, Yashpal is follower of transformational leadership style.

- 1) The style uses charisma and enthusiasm to inspire people to exert them for the good of the organization. Transformational leaders offer excitement, vision, intellectual stimulation and personal satisfaction.
- 2) They inspire involvement in a mission, giving followers a 'dream' or 'vision' of a higher calling so as to elicit more dramatic changes in organizational performance. Such a leadership motivates followers to do more than originally affected to do by stretching their abilities and increasing their self-confidence, and also promote innovation throughout the organization.

Question 5:**(ICAI SM)**

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

Answer:

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

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

- a) Staying on top of what is happening, closely monitoring progress, solving out issues, and learning what obstacles lie in the path of good execution.
- b) Promoting a culture of esprit de corps that mobilizes and energizes organizational members to execute strategy in a competent fashion and perform at a high level

- c) Keeping the organization responsive to changing conditions, alert for new opportunities, bubbling with innovative ideas, and ahead of rivals in developing competitively valuable competencies and capabilities.
- d) Exercising ethical leadership and insisting that the company conduct its affairs like a model corporate citizen.
- e) Pushing corrective actions to improve strategy execution and overall strategic performance.

Question 6:**(ICAI SM)**

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

Answer:

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

A Strategic leader has several responsibilities, including the following:

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

Question 7:**(ICAI SM)**

Manoj started his telecom business in 2010. Over next five years, he gradually hired fifty people for various activities such as to keep his accounts, administration, sell his

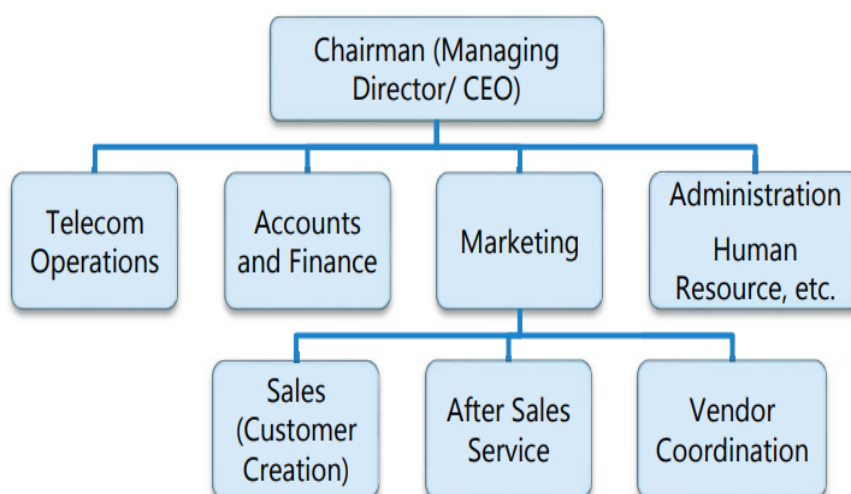
products in the market, create more customers, provide after sales service, coordinate with vendors.

Draw the organization structure Manoj should implement in his organization and name it.

Answer:

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

Thus, the functional structure in the telecom business of Manoj can be as follows:



Question 8:

(ICAI SM)

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

Answer:

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

- 2) SBU is a part of a large business organization that is treated separately for strategic management purposes.
- 3) It is separate part of large business serving product markets with readily identifiable competitors. It is created by adding another level of management in a divisional structure after the divisions have been grouped under a divisional top management authority based on the common strategic interests.
- 4) Very large organizations, particularly those running into several products, or operating at distant geographical locations that are extremely diverse in terms of environmental factors, can be better managed by creating strategic business units, just as is the case for Moonlight Private Limited. SBU structure becomes imperative in an organization with increase in number, size and diversity.
- 5) **Benefits of SBUs:**
 - a) Establishing coordination between divisions having common strategic interest.
 - b) Facilitate strategic management and control.
 - c) Determine accountability at the level of distinct business units.
 - d) Allow strategic planning to be done at the most relevant level within the total enterprise.
 - e) Make the task of strategic review by top executives more objective and more effective.
 - f) Help to allocate resources to areas with better opportunities.
- 6) Thus, an SBU structure with its set of advantages would be most suitable for the company with the given diverse businesses having separate identifiable competitors, but a common organizational goal.

Question 9:**(ICAI SM)**

Sanya Private Limited is an automobile company. For the past few years, it has been observed that the progress of the company has become stagnant. When scrutinized, it was found that the planning department was performing fairly well but the plans could not be implemented due to improper use of resources, undesirable tendencies of workers and non-conformance to norms and standards. You are hired as a Strategic Manager. Suggest the elements of process of control to overcome the problem.

Answer:

Sanya Private Limited deteriorating performance due to poor implementation of plans that is improper use of resources, undesirable tendencies of the workers, and non-conformance to norms and standards, all point towards weak controls in the organization.

- 1) Implementation of plans cannot assure results unless strong and sufficient controls are put in place. The management of the company should focus diligently on developing controls especially in the identified problem areas.
- 2) The process of control has the following elements:
 - a) Objectives of the business system which could be operationalized into measurable and controllable standards.
 - b) A mechanism for monitoring and measuring the performance of the system.
 - c) A mechanism:
 - (i) for comparing the actual results with reference to the standards
 - (ii) for detecting deviations from standards and
 - (iii) for learning new insights on standards themselves.
 - d) A mechanism for feeding back corrective and adaptive information and instructions to the system, for effecting the desired changes to set right the system to keep it on course.
- 3) Above elements of control would ensure a proper check on improper use of resources, undesirable tendencies of the workers, and non-conformance to norms and standards and ensure a result oriented implementation of plans.

Descriptive Questions

Question 10:

(ICAI SM)

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

Answer:

- 1) A strategic business unit (SBU) is any part of a business organization which is treated separately for strategic management purposes. The concept of SBU is helpful in creating an SBU organizational structure.
- 2) It is discrete element of the business serving product markets with readily identifiable competitors and for which strategic planning can be concluded.
- 3) 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.
- 4) **Advantages of SBU are:**

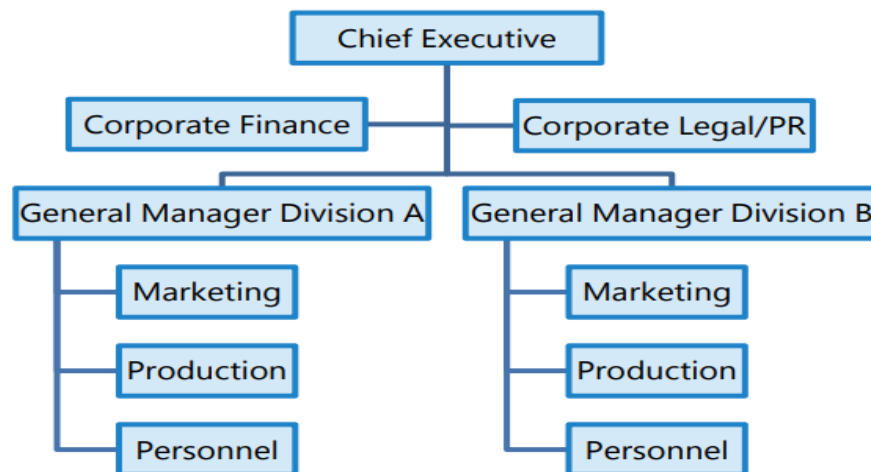
- a) Establishing coordination between divisions having common strategic interests.
- b) Facilitates strategic management and control on large and diverse organizations.
- c) Fixes accountabilities at the level of distinct business units.
- d) Allows strategic planning to be done at the most relevant level within the total enterprise.
- e) Makes the task of strategic review by top executives more objective and more effective.
- f) Helps allocate corporate resources to areas with greatest growth opportunities.

Question 11:**(ICAI SM)**

Draw 'Divisional Structure' with the help of a diagram. Also, give advantages and disadvantages of this structure in brief.

Answer:

- 1) Divisional structure is that organizational structure which is based on extensive delegation of authority and built on division basis.
- 2) The divisional structure can be organized in one of the four ways: by geographic area, by product or service, by customer, or by process. With a divisional structure, functional activities are performed both centrally and in each division separately.

**Figure: Divisional Structure****3) Advantages of Divisional Structure:**

- a) **Accountability is clear:** Divisional managers can be held responsible for sales and profit levels. Because a divisional structure is based on extensive delegation of authority,

managers and employees can easily see the results of their good or bad performances and thus their morale is high.

- b) **Other advantages:** It creates career development opportunities for managers, allows local control of local situations, leads to a competitive climate within an organization, and allows new businesses and products to be added easily.

4) Disadvantages of Divisional Structure:

- a) **Higher cost:** Owing to following reasons:

- (i) requires qualified functional specialist at different divisions and needed centrally (at headquarters);
- (ii) It requires an elaborate, headquarters -driven control system.

- b) **Conflicts between divisional managers:** Certain regions, products, or customers may sometimes receive special treatment, and it may be difficult to maintain consistent, company-wide practices.

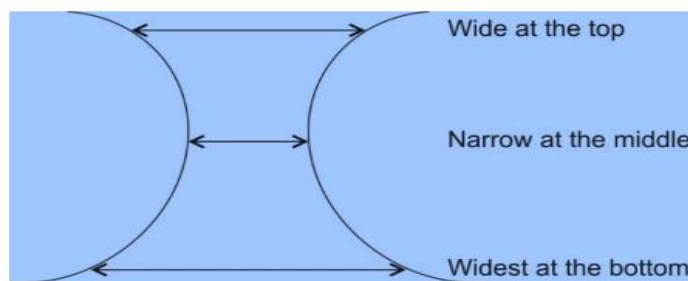
Question 12:

(ICAI SM)

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

Answer:

- 1) In the recent years information technology and communications have significantly altered the functioning of organizations. The role played by middle management is diminishing as the tasks performed by them are increasingly being replaced by the technological tools.
- 2) Hourglass organization structure consists of three layers in an organisation structure with constricted middle layer. The structure has a short and narrow middle management level.
- 3) Information technology links the top and bottom levels in the organization taking away many tasks that are performed by the middle level managers. A shrunken middle layer coordinates diverse lower level activities.



Hourglass Organization Structure

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

Question 13:**(ICAI SM)**

How can you differentiate between transformational and transactional leaders?

Answer:**Difference between transformational and transactional leadership**

- 1) Transformational leadership style uses charisma and enthusiasm to inspire people to exert them for the good of organization. Transactional leadership style uses the authority of its office to exchange rewards such as pay, status symbols etc.
- 2) Transformational leadership style may be appropriate in turbulent environment, in industries at the very start or end of their cycles, poorly performing organisations, when there is a need to inspire a company to embrace major changes. Transactional leadership style can be appropriate in static environment, in growing or mature industries and in organisations that are performing well.
- 3) Transformational leaders inspire employees by offering excitement, vision, intellectual stimulation and personal satisfaction. Transactional leaders prefer a more formalized approach to motivation, setting clear goals with explicit rewards or penalties for achievement and non-achievement. Transactional leaders focus mainly to build on existing culture and enhance current practices.

Question 14:**(ICAI SM)**

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

Answer:

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

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

These stages are unfreezing, changing and refreezing.

1) Unfreezing the situation:

- a) The process of unfreezing simply makes the individuals or organizations aware of the necessity for change and prepares them for such a change.
- b) Lewin proposes that the changes should not come as a surprise to the members of the organization. Sudden and unannounced change would be socially destructive and morale lowering.
- c) The management must pave the way for the change by first "unfreezing the situation", so that members would be willing and ready to accept the change.
- d) Unfreezing is the process of breaking down the old attitudes and behaviours, customs and traditions so that they start with a clean slate. This can be achieved by making announcements, holding meetings and promoting the ideas throughout the organization.

2) Changing to New situation:

- a) Once the unfreezing process has been completed and the members of the organization recognise the need for change and have been fully prepared to accept such change, their behaviour patterns need to be redefined.
- b) H.C. Kellman proposed three methods for reassigning new patterns of behavior as compliance, identification and internalisation.

3) Refreezing:

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

Question 15:**(ICAI SM) / (Model Test Paper-3)****What are the differences between operational control and management control?****Answer:****Differences between Operational Control and Management Control are as under:**

- 1) The thrust of operational control is on individual tasks or transactions as against total or more aggregative management functions. When compared with operational, management control is more inclusive and more aggregative, in the sense of embracing the integrated activities of a complete department, division or even entire organisation, instead of mere narrowly circumscribed activities of sub-units.
For example, procuring specific items for inventory is a matter of operational control, in contrast to inventory management as a whole.
- 2) Many of the control systems in organisations are operational and mechanistic in nature. A set of standards, plans and instructions are formulated. On the other hand, the basic purpose of management control is the achievement of enterprise goals - short range and long range - in an effective and efficient manner.

Question 16:**(ICAI SM)****What is strategic control? Briefly explain the different types of strategic control.****Answer:****Strategic Control focuses on the dual questions of whether:**

- a) The strategy is being implemented as planned; and
- b) The results produced by the strategy are those intended.

There are four types of strategic control:

- a) **Premise control:** A strategy is formed on the basis of certain assumptions or premises about the environment. Premise control is a tool for systematic and continuous monitoring of the environment to verify the validity and accuracy of the premises on which the strategy has been built.
- b) **Strategic surveillance:** Strategic surveillance is unfocussed. It involves general monitoring of various sources of information to uncover unanticipated information having a bearing on the organizational strategy.

- c) **Special alert control:** At times, unexpected events may force organizations to reconsider their strategy. Sudden changes in government, natural calamities, unexpected merger/acquisition by competitors, industrial disasters and other such events may trigger an immediate and intense review of strategy.
- d) **Implementation control:** Managers implement strategy by converting major plans into concrete, sequential actions that form incremental steps. Implementation control is directed towards assessing the need for changes in the overall strategy in light of unfolding events and results.

Question 17:**(ICAI SM)**

What is implementation control? Discuss its basic forms.

Answer:

- 1) Managers implement strategy by converting major plans into concrete, sequential actions that form incremental steps.
- 2) Implementation control is directed towards assessing the need for changes in the overall strategy in light of unfolding events and results associated with incremental steps and actions.
- 3) Strategic implementation control is not a replacement to operational control. Strategic implementation control, unlike operational controls continuously monitors the basic direction of the strategy.
- 4) **The two basic forms of implementation control are:**
 - a) **Monitoring strategic thrusts:** Monitoring strategic thrusts help managers to determine whether the overall strategy is progressing as desired or whether there is need for readjustments.
 - b) **Milestone Reviews:** All key activities necessary to implement strategy are segregated in terms of time, events or major resource allocation. It normally involves a complete reassessment of the strategy. It also assesses the need to continue or refocus the direction of an organization.

Questions from ICAI Model Test Paper

Question 18: (Model Test Paper-1&8) / (RTP Sept.24) / (MTP-I Mar.24)

Why Strategic Performance Measures are essential for organizations?

Answer:

Strategic performance measures are essential for organizations for several reasons:

- a) **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.
- b) **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.
- c) **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.
- d) **External Accountability:** Strategic performance measures help organizations demonstrate accountability to stakeholders, including shareholders, customers, and regulatory bodies, by providing a clear and transparent picture of their performance.

Question 19: (Model Test Paper-2) / (MTP-II Apr.24)

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

Answer:

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

Types of Strategic Performance Measures

There are various types of strategic performance measures, including:

- 1) **Financial Measures:** Financial measures, such as revenue growth, return on investment (ROI), and profit margins, provide an understanding of the organization's financial performance and its ability to generate profit.
- 2) **Customer Satisfaction Measures:** Customer measures, such as customer satisfaction, customer retention, and customer loyalty, provide insight into the organization's ability to meet customer needs and provide high-quality products and services.
- 3) **Market Measures:** Market measures, such as market share, customer acquisition, and customer referrals, provide information about the organization's competitiveness in the marketplace and its ability to attract and retain customers.
- 4) **Employee Measures:** Employee measures, such as employee satisfaction, turnover rate, and employee engagement, provide insight into the organization's ability to attract and retain talented employees and create a positive work environment.
- 5) **Innovation Measures:** Innovation measures, such as research and development (R&D) spending, patent applications, and new product launches, provide insight into the organization's ability to innovate and create new products and services that meet customer needs.
- 6) **Environmental Measures:** Environmental measures, such as energy consumption, waste reduction, and carbon emissions, provide insight into the organization's impact on the environment and its efforts to operate in a sustainable manner.

Question 20:

(Model Test Paper-2) / (MTP-II Apr.24)

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

Answer:

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

- 1) **Forward Linkages:** Forward linkages refer to the impact of strategy formulation on strategy implementation. When an organization formulates a new strategy or revises an existing one, it sets the direction for the organization's future actions. For example, if a company decides to expand its product line to target a new market segment, this decision

will require changes in the organization's structure, resources allocation, and possibly its leadership style. These changes are necessary to align the organization's operations with the new strategic direction. Thus, the formulation of strategies has forward linkages with their implementation, as it sets the stage for how the strategy will be executed.

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

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

Question 21:**(Model Test Paper-3)**

Due to the reoccurrence of various variants of the coronavirus, XYZ Corporation is facing an unstable environment and has begun unbundling and disintegrating its activities. It has also started relying on outside vendors to perform these activities. Identify the organizational structure XYZ Corporation is shifting to. Under what circumstances does this structure become useful?

Answer:

- 1) XYZ Corporation is shifting to a network structure. This is a newer and more radical organizational design, sometimes referred to as a "non-structure" because it virtually eliminates in-house business functions and outsources many of them.
- 2) An organization structured in this way is often called a virtual organization, composed of a series of project groups or collaborations linked by constantly changing, non-hierarchical, cobweb-like networks.

- 3) The network structure becomes most useful when a firm's environment is unstable and expected to remain so. Under such conditions, there is a strong need for innovation and quick response.
- 4) Instead of having salaried employees, the company may contract with individuals for specific projects or periods. Long-term contracts with suppliers and distributors replace services the company might otherwise provide through vertical integration.
- 5) This structure provides increased flexibility and adaptability to cope with rapid technological change and shifting patterns of international trade and competition.

Question 22:**(Model Test Paper-3) / (RTP May 24)**

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

Answer:

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

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

In conclusion, meticulous planning and effective change management are vital for the successful completion of digital transformation projects. Without proper change management, these

efforts are more likely to fail, and organizations can enhance the integration of new digital systems by anticipating and managing the necessary changes.

Question 23:**(Model Test Paper-4) / (MTP-I Jul.24)**

Write a short note on Matrix Structure.

Answer:

- 1) 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.
- 2) 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.
- 3) 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.
- 4) 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.
- 5) 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.
- 6) The matrix structure is often found in an organization when the following three conditions exist:
 - a) Ideas need to be cross-fertilized across projects or products;
 - b) Resources are scarce; and
 - c) Abilities to process information and to make decisions need to be improved.

Question 24:**(Model Test Paper-4) / (MTP-I Jul.24)**

What factors should organizations consider when choosing strategic performance measures, and why are these factors important?

Answer:

Organizations should consider the following factors when choosing strategic performance measures:

- 1) **Relevance:** 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.
- 2) **Data Availability:** 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.
- 3) **Data Quality:** 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.
- 4) **Data Timeliness:** 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.

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.

Question 25:**(Model Test Paper-5) / (MTP-II Aug.24)**

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.

Answer:

- 1) 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.
- 2) 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.
- 3) 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.
- 4) A strong strategy-supportive culture at Orion makes employees feel genuinely better about their jobs, work environment, and the organization's goals.
- 5) It motivates them to embrace the challenge of realizing the company's vision, perform their duties competently and enthusiastically, and collaborate effectively with others.

Question 26:

(Model Test Paper-5) / (MTP-II Aug.24)

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

Answer:

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

- i) **Developing budgets** that steer ample resources into those activities that are critical to strategic success.
- ii) **Staffing the organization with the needed skills and expertise**, consciously building and strengthening strategy-supportive competencies and competitive capabilities and organizing the work effort.

- iii) Ensuring that policies and operating procedures facilitate rather than impede effective execution.
- iv) Using the best-known practices to perform core business activities and pushing for continuous improvement.
- v) Installing information and operating systems that enable company personnel to better carry out their strategic roles day in and day out.
- vi) Motivating people to pursue the target objectives energetically.
- vii) Creating culture and climate conducive to successful strategy implementation and execution.
- viii) Exerting the internal leadership needed to drive implementation forward and keep improving strategy execution.

Question 27:**(Model Test Paper-6) / (MTP-I Nov.24)**

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?

Answer:

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.

Question 28:

(Model Test Paper-6) / (MTP-I Nov.24)

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.

Answer:

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:

- a) **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.
- b) **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.
- c) **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.

Question 29: (Model Test Paper-6) / (RTP May 25) / (MTP-I Nov.24)

Differentiation between Strategic Planning and Operational Planning.

Answer:

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.

Question 30: (Model Test Paper-7) / (MTP-II Dec.24)

Jupiter Electronics Ltd. is known for its ability to come out with path-breaking products. Though the work environment at Jupiters 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.

Answer:

- 1) 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.
- 2) 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.

- 3) 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.
- 4) 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.

Question 31:**(Model Test Paper-7) / (MTP-II Dec.24)**

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

Answer:

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

Question 32:

(Model Test Paper-8)

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?

Answer:

The Matrix Relationship is the most effective structure for Tech Innovators Inc. to achieve its vision of leadership in AI technologies. This structure promotes cross-functional collaboration, essential for managing complex AI projects and fostering innovation. By integrating expertise from various departments into temporary, task-based teams, the Matrix Relationship supports dynamic project management and aligns well with the company's strategic goals for 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.
Horizontal	Open communication, encourages innovation and fast idea sharing.	Hard to scale, unclear roles and responsibilities.	Suitable for startups, less for large AI initiatives.
Matrix	Facilitates cross-functional collaboration, flexible resource management for complex projects.	Complex reporting structures, potential conflicts.	Ideal for managing diverse, innovative AI projects.

Questions from ICAI RTP, MTP and Past Exam (till Jan.25 Exam Paper)

Question 33:

(May 24)

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.

Answer:

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. The 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.

i) **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.

ii) **Structure:**

Depending on the availability of resources and the degree of centralisation or decentralization that the management desires, it chooses from the available alternatives of organizational structures.

iii) Systems:

The development of daily tasks, operations and teams to execute the goals 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.

- i) **Shared Values:** The core values which get reflected within the organizational culture or influence the code of ethics of the management.
- ii) **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.
- iii) **Staff:** The talent pool of the organisation.
- iv) **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:
 - a) It ignores the importance of the external environment and depicts only the most crucial elements within the organization.
 - b) The model does not clearly explain the concept of organizational effectiveness or performance.
 - c) The model is considered to be more static and less flexible for decision making.
 - d) It is generally criticized for missing out the 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.

Question 34:

(May 24)

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

Answer:

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:

- i) **Flexibility:** Organizations should build flexibility into their strategies to enable quick adaptation to change in the environment.
- ii) **Diversification:** Diversifying the organization's product portfolio, markets, and customer base can help reduce the impact of strategic uncertainty.
- iii) **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.
- iv) **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.
- v) **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.

Question 35:

(Sept. 24)

M/s. 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 its roll.

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.

Answer:

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.

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.

Question 36:

(Sept.24)

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.

Answer:

Strategic performance measures are key indicators used by organizations to track the effectiveness of their strategies and make informed decisions about resource allocation. These measures provide a snapshot of performance, enabling leaders to assess whether their strategies align with organizational goals and make necessary adjustments for improvement.

Types of strategic performance measures include:

1) Financial Measures:

These include revenue growth, return on investment (ROI), and profit margins, which help in understanding the financial performance and profitability of the organization.

2) Customer Satisfaction Measures:

Metrics like customer satisfaction, retention, and loyalty give insights into how well the organization meets customer needs and the quality of its products and services.

3) Market Measures:

Market share, customer acquisition, and referrals indicate the organization's competitiveness and ability to attract and retain customers in the marketplace.

4) Employee Measures:

Employee satisfaction, turnover rate, and engagement provide insights into the organization's ability to create a positive work environment and retain talent.

5) Innovation Measures:

These include R&D spending, patent applications, and new product launches, reflecting the organization's capacity to innovate and meet evolving customer demands.

6) Environmental Measures:

Environmental measures such as energy consumption, waste reduction, and carbon emissions offer insights into the organization's impact on the environment. These measures help track sustainability efforts and ensure that the organization is operating in an eco-friendly and socially responsible manner.

These measures help organizations ensure their strategies are effectively executed, aligned with their objectives, and adaptable to changes in both market and environmental contexts.

Question 37:

(Sept.24) / (MTP-I Mar.25)

Explain the pointers for navigating change during digital transformation.

Answer:

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.

Question 38:

(RTP Jan 25)

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?

Answer:

- 1) EcoTech is using **Premise Control** to adapt to changes in regulations and market conditions.
- 2) 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.
- 3) 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.
- 4) This proactive process helps the company make timely adjustments to its strategies, allowing it to stay competitive and aligned with the evolving market environment.

Question 39:

(Jan.25)

ABC group of companies has five projects at different geographical locations. Each project is managed by a dedicated project manager. A Chief Executive Officer (CEO) is supported by a team of subject matter experts (SMEs) in each function at corporate level of the company. As an accepted practice, the authority and communication flow vertically and horizontally in the company. There are five common functions i.e. finance, human resource, operations, marketing and information technology facilitating each project. Each functional manager is having administrative relationship with respective project manager and functional relationship with related SME with a clear mutual understanding of his or her roles and responsibilities. Identify and explain the organizational structure best suited in the above scenario. State the advantages and disadvantages of the above structure.

Answer:

The organizational structure best suited for the ABC group of companies is the Matrix Structure.

The Matrix Structure integrates functional and project-based frameworks, enabling vertical communication between functional managers and teams, and horizontal communication with project managers.

Functional managers oversee domains and report to SMEs, while project managers handle project execution. This structure ensures resource sharing, role clarity, collaboration, and alignment with organizational objectives.

Advantages of the Matrix Structure:

- 1) **Resource Optimization:** Efficient utilization of resources across multiple projects.
- 2) **Flexibility:** Shutting down a project is accomplished relatively easily because it quickly adapts to changes in project needs or external environments.
- 3) **Enhanced Communication:** Encourages collaboration and knowledge sharing across projects and functions through many channels of communication.
- 4) **Clear Goals:** Project objectives are clear. Project managers focus on achieving specific project objectives.

Disadvantages of the Matrix Structure:

- 1) **Complexity:** Dual reporting relationships can lead to confusion and conflict between project and functional managers.
- 2) **High Coordination Costs:** It results in higher overhead cost and requires significant planning and communication efforts.
- 3) **Power Struggles:** Potential for conflicts over resource allocation and priorities.

Question 40:**(Jan.25)**

What do you mean by strategic performance measures? State the reasons for the importance of strategic performance measures for an organization.

Answer:

Strategic Performance Measures (SPM) are metrics used by organizations to evaluate and track the effectiveness of their strategies in achieving strategic goals and objectives. **SPM provides a framework for measuring the performance of key areas critical to the success of the organization's strategy. These measures help in assessing whether the organization**

is progressing towards its desired outcomes and allow for adjustments to be made to improve performance.

Strategic performance measures are essential for organizations for several reasons:

1) 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.

2) 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.

3) 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.

4) 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.

In summary, strategic performance measures play a vital role in guiding organizations toward success by ensuring alignment with strategic goals, optimizing resource use, fostering continuous improvement, and maintaining accountability to stakeholders.

Question 41:

(RTP Jan 25)

GloWare Ltd., an apparel manufacturer, has been in the market for over a decade. Until 2023, it operated on the founding principles of its CEO, focusing on a limited regional market. With new growth opportunities arising, GloWare is now interested in developing new competencies in areas such as digital marketing, product innovation, sustainable materials, and financial management. Recognizing that changing one area may impact others, the company wants a comprehensive understanding of the interconnected elements that contribute to its operational effectiveness.

As a strategist, you are tasked with creating a questionnaire to analyze both the "hard" and "soft" elements of the organization. This assessment will enable GloWare to

understand the factors that influence its effectiveness and to strategically align its structure, skills, and culture with its growth ambitions.

Answer:

- 1) In addressing the strategic needs of **GloWare Ltd.**, the **McKinsey 7-S Model** serves as a valuable tool. This model examines how various "hard" and "soft" elements within the organization interact, with the understanding that modifying one aspect can create a ripple effect on other elements, helping to maintain a balanced and effective organizational structure.
- 2) By analyzing these elements, **GloWare** can gain insights into its organizational design and make strategic adjustments to improve performance.
- 3) The McKinsey 7-S Model categorizes elements into **hard** and **soft** components:
- 4) **Hard Elements** (directly managed by the company):
 - a) **Strategy:** The organization's direction and competitive approach, designed to leverage core competencies and achieve industry leadership.
 - b) **Structure:** The chosen organizational setup, shaped by resource availability and the degree of centralization or decentralization desired by management.
 - c) **Systems:** The daily operations, processes, and teams that execute objectives in an efficient and effective manner.
- 5) **Soft Elements** (influenced by organizational culture and more challenging to define):
 - a) **Shared Values:** Core beliefs that shape the culture and ethical code within the organization.
 - b) **Style:** Leadership style and its impact on decision-making, employee motivation, and goal delivery.
 - c) **Staff:** The talent pool and workforce capabilities.
 - d) **Skills:** The key competencies of employees that contribute to organizational success.
- 6) While the McKinsey 7-S Model provides a structured approach to analyzing organizational effectiveness, it has certain limitations:
 - a) **Limited Focus on External Environment:** The model focuses only on internal elements, potentially overlooking external factors impacting the organization.
 - b) **Undefined Organizational Effectiveness:** It does not clearly explain how to measure or achieve organizational effectiveness.
 - c) **Static Nature:** The model is considered more static and may lack flexibility in dynamic decision-making situations.

- d) **Potential Gaps in Strategy Execution:** It may not fully capture gaps between strategy development and execution.

By applying the McKinsey 7-S Model, **GloWare Ltd.** can gain a comprehensive understanding of the interconnected elements within its organization and how they impact overall performance. Insights gathered from a questionnaire based on this model can inform strategic decisions, allowing **GloWare** to enhance growth, operational efficiency, and competitiveness in a changing market.

Question 42:

(RTP May 25)

EcoPure Ltd., a sustainable packaging manufacturer, faces challenges in goal alignment, resource allocation, and customer satisfaction. As a strategic consultant, analyze how strategic performance measures can address these issues. Propose a structured approach to implementation and explain how goal alignment, continuous improvement, and external accountability will drive long-term success and enhance stakeholder confidence.

Answer:

Strategic performance measures are critical for EcoPure Ltd. as they provide a structured approach to addressing the company's challenges. By implementing these measures, EcoPure Ltd. can enhance efficiency, optimize resources, and improve stakeholder confidence.

- 1) **Goal Alignment** ensures that all departments work towards EcoPure Ltd.'s sustainability and customer satisfaction objectives. By setting clear goals, the company can ensure consistency in decision-making and strategic execution.
- 2) **Resource Allocation** helps the company make informed investment decisions, prioritizing areas like production efficiency, innovation, and supply chain improvements. This enables EcoPure Ltd. to optimize resources while maintaining high-quality standards.
- 3) **Continuous Improvement** allows the company to track key performance indicators such as delivery timelines, product quality, and operational efficiency. Regular analysis and refinements in processes will help the company enhance performance over time.
- 4) **External Accountability** builds trust with stakeholders, including investors, customers, and regulatory bodies. By maintaining transparency in reporting and demonstrating commitment to sustainability, EcoPure Ltd. can strengthen its market reputation.

By leveraging strategic performance measures in these areas, EcoPure Ltd. can overcome its challenges, enhance customer satisfaction, and drive long-term success.

Question 43:**(MTP-II Apr.25)**

Nexora Innovations, a mid-sized IT services firm, decided to implement a cloud-based project management system to enhance collaboration and streamline operations. However, many employees resisted the shift, fearing job redundancies and struggling to adapt to the new system. Despite initial communication, productivity dipped, and frustration grew among staff. What key change management strategies should Nexora Innovations adopt to ensure a smooth digital transformation and minimize disruption?

Answer:

To ensure a successful digital transformation, Nexora Innovations should adopt the following change management strategies:

1) Begin at the Top:

Leadership must demonstrate commitment, clearly communicate the benefits of the change, and promotes a culture that embraces transformation.

2) Ensure the Change is Necessary and Desired:

The company should explain the long-term benefits of the cloud-based system and address employees' concerns about job security.

3) Reduce Disruption:

- a) Communicate the transition early and set expectations.
- b) Provide proper training and resources to help employees adapt.
- c) Empower change agents (team leaders, project managers) to guide employees through the process.

4) Encourage Communication:

Establish open feedback channels where employees can voice concerns and seek assistance. Regular updates will keep everyone aligned with the transformation goals.

5) Recognize Change as a Continuous Process:

Instead of a one-time project, digital transformation should be seen as an ongoing adaptation where employees are encouraged to develop a mindset of continuous learning and improvement. By implementing these strategies, Nexora Innovations can overcome resistance, enhance adoption, and maximize the benefits of its digital transformation initiative.

Question 44:

(MTP-II Apr.25)

Differentiate between Strategy Formulation and Strategy Implementation

Answer:

Although inextricably linked, strategy implementation is fundamentally different from strategy formulation. Summarized are the key distinctions between strategy formulation and strategy implementation:

Strategy Formulation Vs. Strategy Implementation

Strategy Formulation	Strategy Implementation
Strategy Formulation includes planning and decision-making involved in developing organization's strategic goals and plans.	Strategy Implementation involves all those means related to executing strategic plans.
In short, Strategy Formulation is placing the forces before the action.	In short, Strategy Implementation is managing forces during the action.
An entrepreneurial activity based on strategic decision-making.	An administrative task based on strategic and operational decisions.
Emphasizes on effectiveness.	Emphasizes on efficiency.
Requires a great deal of initiative, logical skills, conceptual intuitive and analytical skills.	Requires specific motivational and leadership traits.
Strategic Formulation precedes Strategy Implementation.	Strategy Implementation follows Strategy Formulation.



CHAPTER - 6

ICAI MCQ'S



Case Study Based MCQ's

Case Scenario 1

(ICAI SM) / (Model Test Paper-1) / (MTP-I Mar.24)

In the fiercely competitive automotive industry, Zing, a promising newcomer, set out on a strategic journey with ambitions of making a substantial impact. Recognizing the significance of a robust distribution network early on, Zing forged partnerships with established dealerships, offering them attractive margins. This strategic move significantly enhanced Zing's reach, with a presence in 80% of the nation's dealerships by 2022, expanding its coverage significantly.

To differentiate themselves from competitors, Zing adopted two key strategies. Firstly, they prioritized product design, investing heavily in aesthetics and incorporating innovative features and environmentally friendly technologies. This focus on design led to their vehicles receiving excellent reviews and achieving an impressive 15% year-on-year growth in sales.

Secondly, Zing implemented switching costs to discourage customers from switching to other brands. Their vehicles featured branded software, making it both expensive and cumbersome for customers to transition to alternative brands. This strategic move effectively protected Zing's market share.

Zing's overarching goal was to position itself as a premium automotive brand, blending luxury with sustainability. However, their execution fell down as they challenged with maintaining consistent quality and service levels, resulting in mixed customer reviews.

Despite their best efforts, Zing's differentiation strategy fell short due to issues with inconsistent quality and service. Negative word-of-mouth and declining customer satisfaction scores tarnished their brand image, leading to stagnating sales. This failure to deliver on their brand promise proved to be a significant setback.

As Zing's reputation suffered from execution failures, securing additional funds for international expansion became challenging. Consequently, they made the difficult decision to postpone their global ambitions for the next five years, focusing instead on stabilizing their finances and rebuilding their brand image.

In summary, Zing's strategic journey illustrates the importance of not only crafting a compelling differentiation strategy but also executing it flawlessly. In the competitive

automotive landscape, maintaining consistent quality and service is paramount to sustaining brand loyalty and achieving long-term success.

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

- 1) What key strategic approach did Zing use to expand its market presence in the automotive industry?**
 - a) Product innovation and design
 - b) Cost leadership strategy
 - c) Entering new international markets
 - d) Vertical integration

- 2) How did Zing protect its market share from potential competitors?**
 - a) Price-cutting strategy
 - b) Branded software and switching costs
 - c) Aggressive marketing campaigns
 - d) International expansion

- 3) Why did Zing's differentiation strategy fall short in the market?**
 - a) Intense price competition
 - b) Poor marketing strategy
 - c) Inconsistent quality and service
 - d) Lack of international expansion

- 4) Forging partnerships with established dealerships to enhance its distribution network falls under which level of strategy?**
 - a) Corporate level strategy
 - b) Business level strategy
 - c) Functional level strategy
 - d) Competitive level strategy

- 5) How did Zing initially expand its market presence across the nation?**
 - a) Aggressive marketing campaigns
 - b) Developing low-cost vehicles
 - c) Partnering with established dealerships
 - d) Launching a luxury brand

Answers to Case Study:**1) Option (a) Product innovation and design****Reason:**

Zing expanded its market presence through a focus on product design and innovation, as mentioned in the case. They invested in aesthetics and incorporated innovative features to achieve year-on-year growth in sales.

2) Option (b) Branded software and switching costs**Reason:**

Zing protected its market share by implementing proprietary software in their vehicles, making it costly and cumbersome for customers to switch to other brands. This strategic move deterred potential competitors.

3) Option (c) Inconsistent quality and service**Reason:**

Zing's differentiation strategy fell short due to inconsistent quality and service, which led to negative customer reviews and tarnished their brand image.

4) Option (b) Business level strategy**Reason:**

Forging partnerships with dealerships is a Business-Level Strategy because it is a strategic action aimed at achieving competitive advantage in a specific market, contributing to the company's broader competitive goals.

5) Option (c) Partnering with established dealerships**Reason:**

Zing expanded its market presence by partnering with established dealerships, offering them attractive margins. This strategy significantly increased their coverage across the nation, as stated in the case.

Case Scenario 2

(ICAI SM) / (Model Test Paper-2) / (MTP-II Apr.24)

Café Delight, a thriving restaurant chain known for its unique blend of Australian and Indian culinary experiences, embarked on a remarkable journey from its humble beginnings as a small café in Australia to becoming a renowned player in the Indian restaurant industry. This case study digs into the strategic decisions and market dynamics that fueled Café Delight's growth, highlighting its transition from a single café in Powai, Mumbai, to a flourishing chain with a presence in five cities and over 25 stores. It explores how Café Delight effectively leveraged social media and adapted its pricing strategy to compete with global brands while maintaining a healthy profit margin.

In 2005, Café Delight was founded in Melbourne, Australia, by a passionate entrepreneur with a vision to bring the flavors of Australia and India together. The first café established in Powai, Mumbai, received accolades for its unique menu, blending Australian coffee culture with Indian culinary traditions. Over the course of five years, Café Delight expanded to three stores in Mumbai, driven by exceptional mouth publicity, customer loyalty, and consistent quality.

As the social media landscape evolved, Café Delight recognized the power of online platforms in reaching a wider audience. By effectively utilizing social media and online marketing, Café Delight expanded its presence to five cities across India and established over 25 stores. Customer engagement through social media platforms enabled the brand to create a strong and vibrant community, driving organic growth.

Café Delight's customer-centric approach involved continuously evolving its menu to cater to the changing tastes and dietary preferences of its patrons. By understanding the evolving needs of its customers, Café Delight could offer personalized menu items, seasonal specials, and dietary alternatives. This approach created a sense of loyalty and engagement among customers, strengthening the brand's appeal. Not just customers but High-power, low-interest stakeholders, including regulatory authorities, were addressed with careful compliance and adherence to industry standards. Low-power, high-interest stakeholders, like potential customers and local communities, were engaged through targeted marketing campaigns and community involvement initiatives. This meticulous stakeholder analysis allowed Café Delight to build and maintain strong relationships with each group, effectively managing their influence and impact on the brand.

With its expanding presence and increasing popularity, Café Delight underwent a shift in its pricing strategy. It transitioned from a pocket-friendly pricing model to a skimming strategy, capitalizing on its unique blend of Australian and Indian flavors to position itself as a premium restaurant. Café Delight faced stiff competition from global brands entering the Indian market but maintained a profit margin of approximately 30% through menu engineering and targeted pricing.

In one of its kind, using strategic tools enabled Café Delight to identify and act on opportunities while mitigating threats, contributing to its long-term success in the highly competitive restaurant industry.

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

- 1) Café Delight effectively leveraged social media and adapted its pricing strategy as it stepped into which phase of business life cycle of operations?
 - a) Introduction Stage
 - b) Growth Stage
 - c) Maturity Stage
 - d) Decline Stage
- 2) What stakeholder group did Café Delight engage through targeted marketing campaigns and community involvement initiatives?
 - a) High-power, high-interest stakeholders
 - b) Low-power, low-interest stakeholders
 - c) Low-power, high-interest stakeholders
 - d) High-power, low-interest stakeholders
- 3) What best describes Café Delight's initial expansion strategy when it expanded from one café to three in Mumbai?
 - a) Aggressive price reduction
 - b) Leveraging customer loyalty and word-of-mouth publicity
 - c) Extensive online marketing
 - d) Embracing global branding strategies

- 4) At which level of strategic management does Café Delight's transition from a pocket-friendly pricing model to a skimming strategy fit?
- a) Corporate level
 - b) Business level
 - c) Functional level
 - d) Operational level
- 5) What type of strategy did Café Delight use to differentiate itself from competitors in the Indian restaurant industry?
- a) Cost leadership strategy
 - b) Focused differentiation strategy
 - c) Cost focus strategy
 - d) Hybrid strategy

Answers to Case Study:

1) Option (b) Growth Stage

Reason:

The case describes Café Delight's expansion from a single café to over 25 stores across five cities, driven by social media and targeted marketing. This reflects the growth stage, where businesses focus on increasing market presence, scaling operations, and capturing new customers. The shift in pricing strategy further supports their transition to a broader market.

2) Option (c) Low-power, high-interest stakeholders

Reason:

The case mentions Café Delight engaging with potential customers and local communities through marketing and community involvement. These groups are classified as low-power, high-interest stakeholders because they don't directly influence decision-making but are deeply invested in the brand's offerings and reputation.

3) Option (b) Leveraging customer loyalty and word-of-mouth publicity

Reason:

The case explicitly states that Café Delight's initial expansion was driven by exceptional word-of-mouth publicity, customer loyalty, and consistent quality, which played a critical role in growing from one café to three stores in Mumbai.

4) Option (b) Business level

Reason:

The shift in pricing strategy is a business-level decision as it involves competing within the restaurant industry by repositioning the brand as a premium offering. This aligns with the focus on achieving competitive advantage through differentiation and pricing.

5) Option (b) Focused differentiation strategy

Reason:

Café Delight offered a unique blend of Australian and Indian flavors, personalized menu items, and premium pricing to cater to a specific segment of customers looking for distinctive culinary experiences. This reflects a focused differentiation strategy, targeting a niche market with unique offerings.

Case Scenario 3

(ICAI SM) / (RTP May 24)

Swasthya, a rising star in India's dynamic healthcare sector, stands out as a prime example of smart strategic management.

At Swasthya, the compass guiding their endeavors is a compelling thought: to emerge as the finest healthcare provider renowned for delivering accessible, top-notch healthcare services. This overarching goal is not an isolated vision, but a thread woven into the very fabric of the organization, driving every facet of their operations.

The people of the organization play a pivotal role in this journey. They are entrusted with translating this vision into tangible outcomes at the grassroots level, ensuring that local operations are aligned with the grand aspiration of becoming a healthcare leader.

Swasthya works meticulously towards optimizing each link of the patient experience. From streamlining appointment scheduling to expediting test result delivery, every facet of the healthcare journey is scrutinized. Swasthya's strategy is not merely about being a player in the market but about strategically positioning themselves as leaders. They proactively recognize the constant innovations that could disrupt their areas of expertise. To counter this, they introduced value-added offerings such as telemedicine and wellness programs. This addition not only mitigates the risk but also fortifies their long-term viability.

Beyond competition, ensuring the quality and safety of patient care is paramount at Swasthya. Stringent hygiene protocols, equipment maintenance regimens, and adherence to healthcare regulations form the cornerstone of their business. In parallel, the organization meticulously undertakes regular assessment as a central element of its decision-making apparatus. This forward-looking exercise encompasses identifying and assessing potential risks such as regulatory changes, medical malpractice vulnerabilities, or shifts in market dynamics, all of which could have far-reaching consequences for their long-term objectives.

The implementation of Swasthya's strategy is steered by the McKinsey 7S model, which ensures a harmonious alignment of seven critical elements: strategy, structure, systems, shared values, skills, style, and staff. It emphasizes that the success of a long-term objective is contingent on the synchronization of these seven elements, reinforcing the idea that strategic management is not a compartmentalized process but a comprehensive activity.

Swasthya's strategic journey through India's healthcare landscape is a testament to the seamless integration of core management concepts, guiding its actions and strategies, while keeping the vision and intent at the core.

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

- 1) How does Swasthya's approach to premise control, including stringent hygiene protocols and equipment maintenance, contribute to their long-term objectives and which concept does it align with?
 - a) It reduces immediate costs and aligns with strategic risk assessment.
 - b) It safeguards quality and aligns with strategic risk assessment.
 - c) It enhances immediate profitability and aligns with shared values.
 - d) It streamlines administrative processes and aligns with value chain analysis.

- 2) How does Swasthya counter the risk posed by constant innovations and disruptions in their areas of expertise?
 - a) By aggressively acquiring innovative startups.
 - b) By introducing value-added services like telemedicine and wellness programs.
 - c) By downsizing their operations.
 - d) By focusing exclusively on urban healthcare markets.

- 3) Why is the McKinsey 7S model significant in Swasthya's strategic management approach, and which elements of the model ensure a holistic alignment of their strategy?
- a) It facilitates short-term profit maximization, with a focus on structure and style.
 - b) It emphasizes a compartmentalized approach to strategy, focusing on shared values and skills.
 - c) It ensures a comprehensive alignment of strategy, structure, systems, shared values, skills, style, and staff.
 - d) It prioritizes immediate cost reduction by aligning systems and strategy.
- 4) Why is the focus on local operations essential for Swasthya in the context of their long-term objective, and how does it contribute to their overall strategy?
- a) It reduces strategic risk by minimizing the need for strategic risk assessment.
 - b) It aligns with their commitment to immediate profitability.
 - c) It translates the organization's vision into tangible outcomes and aligns with their long-term objective.
 - d) It diversifies their portfolio and aligns with competitive landscape analysis.
- 5) The case talks about scrutiny of every facet of the healthcare journey and also emphasizes the fact that people of the organization play a pivotal role in this journey. Based on your reading, which level of management has the most crucial part to play here to ensure the sense of customer-first is imbibed in the organization?
- a) Top Management (C-Suite) which sets the tone and strategy of the organization
 - b) Middle Management (Divisional Managers) who have the responsibility of translating strategy to real-time objectives
 - c) Functional Managers who actually do the work on the field
 - d) Board of Directors who are responsible for wealth creation of the shareholders

Answers to Case Study:

- 1) Option (b) It safeguards quality and aligns with strategic risk assessment.

Reason:

Premise Control is one of the most used tools of strategic risk assessment which helps safeguard against probable external risks.

- 2) Option (b) By introducing value-added services like telemedicine and wellness programs.

Reason:

Value added services create a competitive advantage thus countering the risks of substitutes.

- 3) Option (c) It ensures a comprehensive alignment of strategy, structure, systems, shared values, skills, style, and staff.

Reason:

The McKinsey 7S model, as mentioned in the case, ensures a comprehensive alignment of all seven elements, reinforcing the idea that strategic management is a holistic and integrated process.

- 4) Option (c) It translates the organization's vision into tangible outcomes and aligns with their long-term objective.

Reason:

The focus on local operations, as mentioned in the case, plays a pivotal role in translating Swasthya's vision into tangible outcomes at the grassroots level, which aligns with their long-term objective of becoming a healthcare leader.

- 5) Option (b) Middle Management (Divisional Managers) who have the responsibility of translating strategy to real-time objectives.

Reason:

Middle Management as they translate the long-term objective to real actionable and thus ensure the organisation's sense of customer-first is translated to each and every objective.

Case Scenario 4

(ICAI SM) / (Model Test Paper-8) / (RTP Sept. 24)

Once upon a time in the land of sun, sand, and vibrant cultures, there existed a company named "MuseoGoa" - a company that managed museums in the beautiful state of Goa. MuseoGoa had a vision to celebrate the rich history and culture of Goa, but their journey was not without its fair share of challenges.

MuseoGoa had chosen a picturesque location in a quaint village to build their first museum. However, this initial enthusiasm was met with an uproar from the local

communities. The villagers were concerned about the impact on their way of life and traditions. They worried that the influx of tourists might disrupt their peaceful existence.

To address this challenge, MuseoGoa applied Mendelow's matrix, identifying the local communities as key stakeholders. They decided to engage in open dialogues, understanding and respecting the villagers' concerns. MuseoGoa initiated community-building activities, such as involving locals in museum operations, supporting local artisans, and organizing cultural events that showcased the village's heritage. Slowly but steadily, the company transformed from being perceived as a threat to a valued partner within the community.

While MuseoGoa had successfully resolved their initial issues with the local community, they faced another challenge. Their location, although idyllic, was a bit off the beaten path. Tourists typically preferred the bustling beaches closer to the city, and this posed a real challenge. MuseoGoa decided to employ a pricing strategy. They priced their tickets affordably, significantly cheaper than the city's attractions. This strategy attracted budget-conscious tourists who were looking for unique experiences in Goa without burning a hole in their pockets. As word spread about the cultural gem tucked away in the village, visitors started flocking in, drawn not just by the museum's charm but also the economical ticket prices.

In the age of social media, MuseoGoa knew that word-of-mouth was no longer limited to whispers. They tapped into the power of social media to promote their unique museum experience. MuseoGoa ran interactive campaigns, encouraging visitors to share their experiences on various platforms. One particular Instagram post featuring a vibrant Goan mural in the museum went viral. This was the turning point. The picture-perfect aesthetics of the museum attracted influencers, bloggers, and travel enthusiasts, making MuseoGoa a social media sensation. Visitors came pouring in, not just from India but from across the globe, eager to capture their own moments at the "Instagrammable Museum of Goa."

With success came ambition. MuseoGoa decided to expand its footprint beyond Goa. To guide this expansion, they conducted a strategy audit & trend analysis. They identified emerging cultural and tourism trends and found potential markets in Pune and Trivandrum. In Pune, MuseoGoa curated a special exhibition that celebrated the fusion of Goan and Maharashtrian cultures. They strategically partnered with local influencers and travel

agencies to market the new experience. The expansion into Pune was met with resounding success.

For Trivandrum, MuseoGoa recognized the importance of local traditions and the distinct flavor of Kerala. They tailored their offerings to harmonize with the regional culture. MuseoGoa became the gateway for tourists to explore Kerala's rich heritage, with the museum acting as a bridge between Goa and Kerala's cultural tapestry.

MuseoGoa's journey from initial uproar to expansion was a testament to their commitment to community building, strategic pricing, social media savvy, and a keen eye for trends. The company continued to flourish, celebrating the diverse cultural tapestry of India and making history come alive in every location they touched.

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

- 1) Which strategic management concept did MuseoGoa use to address the initial concerns of the local community?
 - a) SWOT analysis
 - b) Mendelow's matrix
 - c) Cost leadership strategy
 - d) Porter's Five Forces model

- 2) MuseoGoa's idyllic location in a quaint village posed a challenge as tourists preferred beaches closer to the city. To attract visitors, MuseoGoa priced their tickets affordably, cheaper than city attractions, drawing budget-conscious tourists looking for unique experiences. What business strategy did MuseoGoa employ to attract more tourists?
 - a) Cost leadership strategy
 - b) Differentiation strategy
 - c) Focus strategy
 - d) Diversification strategy

- 3) How did MuseoGoa approach its expansion into new markets such as Pune and Trivandrum?
 - a) Outsourcing strategy
 - b) Franchising strategy
 - c) Product diversification strategy
 - d) Market development strategy

- 4) Which element of the 7S McKinsey model is demonstrated by MuseoGoa's strategic use of social media and pricing strategies to attract visitors?
- a) Style
 - b) Strategy
 - c) Shared Values
 - d) Skills
- 5) What played a crucial role in MuseoGoa's success in Pune and Trivandrum?
- a) Strategic partnerships
 - b) Aggressive advertising
 - c) Product differentiation
 - d) Vertical integration

Answers to Case Study:

1) Option (b) Mendelow's matrix

Reason:

MuseoGoa used Mendelow's matrix to identify the local communities as key stakeholders and engage in open dialogues to understand and address their concerns, ultimately transforming from a perceived threat to a valued partner within the community.

2) Option (a) Cost leadership strategy

Reason:

MuseoGoa used a Cost Leadership Strategy by offering cheaper tickets than city attractions to attract budget-conscious tourists. This approach increased foot traffic, differentiated them from pricier competitors, and boosted attendance through word-of-mouth, ensuring a steady flow of visitors despite their less popular location.

3) Option (d) Market development strategy

Reason:

MuseoGoa approached its expansion into new markets through a market development strategy, as evident from the case where they curated special exhibitions and tailored offerings for Pune and Trivandrum.

4) Option (b) Strategy

Reason:

MuseoGoa's use of social media campaigns and pricing strategies represents the strategy element of the 7S McKinsey model, as these initiatives were key to achieving their objectives and attracting visitors.

5) Option (a) Strategic partnerships

Reason:

MuseoGoa's success in Pune and Trivandrum was attributed to strategic partnerships with local influencers and travel agencies to market the unique experiences in those locations, as mentioned in the case.

Case Scenario 5

(ICAI SM)

Connect Innovations Pvt. Ltd., a Mumbai-based technology company, is entering the competitive landscape of the Indian smartphone market under its brand name "Poppy." The company is well aware of the influx of Chinese manufacturers dominating the smartphone industry. Given the recent global sentiment shift due to the COVID-19 pandemic, Connect Innovations plans to position Poppy as a patriotic choice, proudly promoting it as the "Desi" smartphone of India.

The company's strategic arm conducted a thorough industry analysis, revealing that Chinese brands had completely captured the budget phone segment. However, there was still an untapped opportunity in the lower segment of smartphones. To address this, Connect Innovations is introducing two models: Poppy A and Poppy B, priced at ₹ 4,499 and ₹ 5,499, respectively.

Recognizing the risk of imitation by competitors, Connect Innovations has assembled a team of marketing professionals to devise a strategy. Their proposed solution is to capitalize on the first-mover advantage by investing significant sums in advertising and promotions.

Additionally, to safeguard their business from potential disruption, Connect Innovations decided to expand their product line to include "desi" themed smartphone covers and accessories alongside Poppy smartphones. They made substantial investments in the

manufacturing of these accessories. The company's investors set a target of achieving annual sales volumes of 15,000 handsets and 70,000 pieces of accessories.

While the accessory sales exceeded expectations, Poppy A and Poppy B did not receive the anticipated response. As a result, the leadership has decided to shift their focus, scaling back on smartphone production and concentrating primarily on the accessories business.

With this new direction, the "Desi" tag remains vital for success. Connect Innovations aims to establish strong barriers to entry for other domestic players. They plan to ramp up production significantly, driving down unit costs and enabling cost leadership through volume.

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

- 1) Connect Innovations Pvt. Ltd. entered a saturated market for smartphones, after a due market study of understanding the competitive landscape. Put the below steps in correct sequence of understanding the competitive landscape.
 - I. Understanding the competitors
 - II. Determining strengths and weaknesses of the competitors
 - III. Identify the competitors
 - IV. Put all information gathered together
 - a) (I),(III),(II),(IV)
 - b) (III),(I),(II),(IV)
 - c) (II),(III),(IV),(I)
 - d) (I),(III),(II),(IV)
- 2) In which stage of strategic management are such annual objectives especially important?
 - a) Formulation
 - b) Control
 - c) Evaluation
 - d) Implementation
- 3) The decision of Connect Innovations to shift to a new core business with a focus on more profitable ventures falls under which category of business strategy?
 - a) Retrenchment strategy
 - b) Strategic alliance

- c) Diversification strategy
 - d) Market development
- 4) Considering the results from the market, which category of BCG's growth share matrix does the accessories business of Connect Innovations fall into?
- a) Star
 - b) Question mark
 - c) Cash cow
 - d) Dog
- 5) In phase two of shifting the business focus to peripheral accessories production, Connect Innovations has planned to implement which barrier to discourage potential competitors?
- a) Capital requirement
 - b) Product differentiation
 - c) Access to distribution channels
 - d) Economies of scale

Answers to Case Study:

1) Option (b) Correct Sequence is (III), (I), (II), (IV)

Reason:

To understand the competitive landscape, businesses typically:

- i) Identify the competitors to recognize whom they are competing against.
- ii) Understand the competitors by analyzing their strategies, strengths, and weaknesses.
- iii) Determine the strengths and weaknesses to identify opportunities for competitive advantage.
- iv) Put all information gathered together for strategic decision-making.

2) Option (d) Implementation

Reason:

Implementation is an operations-oriented activity aimed at shaping the performance of the core businesses of a company. Thus, short term and long-term objectives are a majorly crucial part of the Implementation Phase.

3) Option (a) Retrenchment strategy,**Reason:**

Retrenchment strategy is where the organisation reduces the scope of activity to focus on more profitable/suitable businesses.

4) Option (c) Cash cow**Reason:**

As accessories, the business has a low market growth rate but a greater market share. Also, the investment required is low, but it generates cash for the company.

5) Option (d) Economies of scale**Reason:**

As they plan to reduce their per unit cost of production

Case Scenario 6

(Model Test Paper-3)

Dr. Mikesh Gupta, Agriculture Management Guru at a leading management school in Patna, has been driving the business of E-Bandhu with seven of his students since 2017. This business has two core objectives: first, sustainable farming awareness and second, seasonal availability of agricultural inputs. It is a technology driven business wherein they have a one stop shop for all agricultural products available to farmers at competitive prices. Business is quite challenging, given the fact that farmers in the region are not well aware of the use of technology.

In the summer of 2019, the team decided to redefine their business strategy to succeed in the agricultural sector. They formulated a new definition and made strategic decisions to leverage their core competencies.

Firstly, they shifted their target market from directly serving farmers to onboarding wholesalers and retailers into the system and selling products to them. This strategic move was based on the understanding that wholesalers and retailers could influence technology adoption among farmers.

Secondly, they outsourced logistics to MaalGaadi, a rural supply chain management company. This decision helped E-Bandhu reduce asset procurement costs and corresponding debt, thus strengthening their position in the market.

Thirdly, they introduced a new service-based product, ChaaraVidya, in their application. ChaaraVidya aims to educate farmers about the latest sustainable farming practices being implemented around the world. This addition could potentially be a game-changer for E-Bandhu in the agro startup circle, further enhancing their core competency in promoting sustainable farming practices and technology adoption.

The team is enthusiastic about the strategic changes brought in by Dr. Mikesh and anticipates a more sustainable future for their idea.

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

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

- 4) How does E-Bandhu utilize Michael Porter's Five Forces model in its strategic decision-making process?
- a) By focusing on industry rivalry and competitive pricing
 - b) By analyzing the bargaining power of suppliers and buyers
 - c) By assessing the threat of new entrants and substitutes
 - d) All of the above
- 5) What are the core objectives of E-Bandhu, as mentioned in the case study?
- a) Sustainable farming awareness and seasonal availability of agricultural inputs
 - b) Technology-driven solutions and competitive pricing
 - c) Onboarding wholesalers and retailers into the system
 - d) All of the above

Answers to Case Study:

1) Option (c) Proactive

Reason:

Strategic management decisions make an organisation more proactive.

2) Option (c) Product development

Reason:

Product development as a new product is developed for the existing consumers of the company with added features.

3) Option (d) Increased inventory of products

Reason:

MaalGaadi is a rural logistics solutions company that would ease off E-Bandhu's supply chain management. Inventory would thus reduce and not increase

4) Option (b) By analyzing the bargaining power of suppliers and buyers

Reason:

Michael Porter's Five Forces model helps E-Bandhu analyze the bargaining power of suppliers and buyers in the agricultural market. This analysis enables E-Bandhu to make informed decisions regarding pricing, sourcing, and partnerships, ultimately strengthening its competitive position.

5) Option (a) Sustainable farming awareness and seasonal availability of agricultural inputs**Reason:**

The core objectives of E-Bandhu, as mentioned in the case study, are sustainable farming awareness and seasonal availability of agricultural inputs. These objectives reflect the company's mission and vision to promote sustainable farming practices and address the challenges faced by farmers in accessing agricultural inputs.

Case Scenario 7

(Model Test Paper-4) / (MTP-I July 24)

Kriti Pvt. Ltd. has been importing French gourmet cheeses under the brand name of 'Fromage' since 2017. The company was amongst the first in India to introduce innovative unbreakable cheese packaging. Their affiliate, a French company owning Fromage, had entered into a progressive deal, wherein products would be sourced to India via their logistics, and all marketing expenditures would be covered by them. However, customer management and nationwide distribution would be taken care of by Kriti Pvt. Ltd. This required an English-speaking skilled workforce, which has been a constant challenge for the company in India.

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

The outcome of the meeting was to partner with local producers of traditional Indian cheeses in phase one of the change strategy. For this, seven state governments were approached. The team was successful in taking contracts from all the government departments of these seven states and could position themselves fairly in the market. To fund this new investment, they have planned to slowly sell off their French business assets as well as the brand, to probable buyers.

This timely shift is proving to be a game-changer for the company, and the leadership is quite happy with better than before earnings and a much greater response from the customers. They find it easier to operate with domestic producers and vendors, and a sense of patriotism is instilled in the consumers' minds.

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

- 1) Which of the following actions taken by Kriti Pvt. Ltd. is an example of a proactive strategy?**
 - a) Selling off their French business assets.
 - b) Responding to the 'Vocal for Local' sentiment by partnering with local cheese producers.
 - c) Managing customer relations and nationwide distribution.
 - d) Covering all marketing expenditure for 'Fromage' in India

- 2) Which of the following types of strategic control did the owners and leadership of Kriti Pvt. Ltd. deploy that eventually turned out to be one of the most effective strategic decisions for the company?**
 - a) Premise control
 - b) Special alert control
 - c) Implementation control
 - d) Strategic surveillance

- 3) 'Vocal for Local' is a market sentiment that changed customers' preferences for the majority of products across all industries. Based on that, Kriti Pvt. Ltd. gauged the competition it might face in the coming months and agreed to change its own product. Which of the following forces, as per Michael Porter's five forces of competitive analysis, is most relevant in this case?**
 - a) Threat of new entrants
 - b) Nature of rivalry in the industry
 - c) Threat of substitutes
 - d) Bargaining power of the buyer

- 4) Which of the following aspects of value chain analysis was the most challenging for Kriti Pvt. Ltd. at the time of selling the Fromage brand?**
 - a) Manufacturing
 - b) Outsourcing
 - c) Customer service
 - d) Procurement

- 5) To strategically revamp their business, partnerships were done with Indian local producers from seven states, and to fund it, the existing arm of the business was to be sold off. Which of the following strategies has Kriti Pvt. Ltd. opted for?
- a) Turnaround strategy
 - b) Divestment strategy
 - c) Liquidation strategy
 - d) Intensification strategy

Answers to Case Study:

- 1) Option (b) Responding to the 'Vocal for Local' sentiment by partnering with local cheese producers.

Reason:

This is a proactive strategy because it anticipates shifts in consumer preferences toward local products. By partnering with local cheese producers, Kriti Pvt. Ltd. aligns its offerings with current market sentiment, rather than merely reacting to it after the fact.

- 2) Option (d) Strategic surveillance

Reason:

Strategic surveillance involves continuously monitoring the external environment for changes that could impact the organization. In this case, the leadership of Kriti Pvt. Ltd. recognized the shift in market sentiment and took proactive steps to adjust their strategy, showcasing effective strategic surveillance.

- 3) Option (c) Threat of substitutes

Reason:

The 'Vocal for Local' sentiment may increase the appeal of local alternatives to French gourmet cheeses, thereby posing a threat of substitutes. Kriti Pvt. Ltd. acknowledged this shift and adapted its product offerings to mitigate the risk of losing customers to local cheese producers.

- 4) Option (c) Customer service

Reason:

The transition from managing a French brand to focusing on local partnerships may have created challenges in customer service. Maintaining high-quality customer service and

relationships during this transition is crucial, and any difficulties in doing so could impact customer satisfaction and loyalty.

5) Option (b) Divestment strategy

Reason:

By selling off their French business assets to fund partnerships with local producers, Kriti Pvt. Ltd. is executing a divestment strategy. This strategic move allows the company to reallocate resources toward a new focus on local production and meet changing consumer demands.

Case Scenario 8

(Model Test Paper-5) / (MTP-II Aug.24)

Sneha Rao, founder and CEO of DEF Technologies, is renowned for her technological insight and visionary leadership style. She cultivates a culture of collaboration, continuous learning, and innovative problem solving, encouraging her employees to think outside the box and embrace new challenges. Her exceptional ability to foresee technological trends and navigate complex market dynamics has propelled DEF Technologies to impressive growth over the past decade.

Sneha started DEF Technologies in 2010 as a small software development firm. With a vision to transform DEF Technologies into a leading tech company, she initially focused on developing custom software solutions for local businesses. However, intense competition and limited market demand led to financial difficulties. Undeterred, Sneha pivoted the business towards developing cloud-based solutions, leveraging the growing trend of digital transformation. This strategic shift, along with aggressive marketing, helped DEF Technologies capture a significant market share and become a leader in cloud services, setting new industry standards.

In 2015, Sneha's brother, Raj, joined the company, and together they crafted an ambitious expansion strategy. DEF Technologies entered the global market, partnering with international tech firms to launch a new line of AI-driven cyber-security solutions. This venture was highly successful, establishing DEF Technologies as a global brand and a key player in the cyber-security industry.

Raj then led the company's diversification into the healthcare sector with a new brand, MedTech Solutions. Recognizing the potential for technology to revolutionize healthcare, Sneha and Raj focused on developing affordable telemedicine platforms and AI-driven diagnostic tools. Their approach disrupted the market, providing high-quality healthcare solutions at lower costs and gaining widespread trust from healthcare providers and patients alike. MedTech Solutions experienced rapid growth, especially during the COVID-19 pandemic, as demand for remote healthcare services surged.

At the beginning of 2023, DEF Technologies launched another new business, GreenTech Innovations, to address environmental challenges through technology. DEF Technologies continues to explore new opportunities and ventures to stay at the forefront of the tech industry

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

- 1) Sneha Rao's vision to transform DEF Technologies into a leading tech company illustrates which type of strategic intent?
 - a) Goal
 - b) Mission
 - c) Vision
 - d) Objective

- 2) Sneha's leadership style, which promotes collaboration, continuous learning, and innovative problem-solving, can best be described as:
 - a) Transactional leadership
 - b) Transformational leadership
 - c) Autocratic leadership
 - d) Laissez-faire leadership

- 3) When DEF Technologies expanded into the global market with AI driven cyber security solutions, which of Porter's Five Forces was most likely mitigated by forming partnerships with international tech firms?
 - a) Threat of Substitute Products or Services
 - b) Bargaining Power of Suppliers
 - c) Threat of New Entrants
 - d) Intense Rivalry Among Existing Competitors

- 4) By entering the global market and launching AI-driven cybersecurity solutions, DEF Technologies pursued which expansion strategy from Ansoff's Product-Market Growth Matrix?
- a) Diversification
 - b) Market Penetration
 - c) Product Development
 - d) Market Development
- 5) MedTech Solutions' focus on developing affordable telemedicine platforms and AI-driven diagnostic tools reflects which of the following competitive strategies?
- a) Differentiation strategy
 - b) Cost leadership strategy
 - c) Best-cost provider strategy
 - d) Focus Strategy

Answers to Case Study:

1) Option (c) Vision

Reason:

Vision refers to the aspirational future state that an organization aims to achieve. Sneha's vision of transforming DEF Technologies into a leading tech company represents a long-term aspiration and an ultimate goal, aligning with the concept of vision.

2) Option (b) Transformational leadership

Reason:

Transformational leadership is characterized by inspiring and motivating employees to innovate and take on new challenges to create positive change and achieve future success. Sneha's approach fits well with transformational leadership.

3) Option (c) Threat of New Entrants

Reason:

By forming partnerships with international tech firms, DEF Technologies strengthened its market position, creating barriers to entry for new competitors. These partnerships provide access to resources and technologies that are difficult for new entrants to replicate, thus reducing the threat they pose.

4) Option (a) Diversification**Reason:**

Diversification involves entering new markets with new products. In the scenario, DEF Technologies is entering the global market and offering a new line of AI-driven cybersecurity solutions. This expansion into new product categories in new markets aligns with the diversification strategy.

5) Option (c) Best cost-provider strategy**Reason:**

The best-cost provider strategy involves offering products or services that provide superior value by combining low cost with differentiation. MedTech Solutions' approach of providing high-quality healthcare solutions at lower costs aligns with the best-cost provider strategy.

Case Scenario 9

(Model Test Paper-6) / (MTP-I Nov.24)

EcoForge, a startup specializing in eco-friendly building materials crafted from agricultural waste, entered the highly competitive manufacturing industry with a vision of promoting sustainability. Despite its innovative approach, the company faced significant challenges as a new entrant, including high production costs, limited market visibility, regulatory hurdles, and fierce competition from established players. However, through strategic planning and effective execution, EcoForge successfully navigated these obstacles and positioned itself for sustainable growth.

The company's leadership recognized the importance of understanding its internal strengths and weaknesses, along with external opportunities and threats. This analysis revealed EcoForge's core advantage in sustainability and innovation, contrasted with scalability issues and market pressure from cheaper alternatives. Additionally, market analysis uncovered the potential of urban housing projects as an opportunity, while intense competition posed a significant threat.

EcoForge's leadership focused on creating unique value propositions by emphasizing its eco-friendly materials. This differentiation helped the company appeal to environmentally conscious builders and developers. To expand its market reach, EcoForge adopted strategies to deepen its presence in existing markets and explore new ones.

Concurrently, it analyzed the industry landscape and identified the critical influence of regulatory policies and socio-cultural factors shaping consumer preferences.

Internally, EcoForge implemented structural and cultural changes to enhance its operational efficiency and responsiveness. By adopting a Strategic Business Unit (SBU) model, the company streamlined its decision-making process, allowing each product line to adapt quickly to market demands.

Recognizing the need for collaborative leadership, EcoForge's CEO, Ms. Aarti Mehra, invested in leadership training programs for senior managers. This shifted the company's culture from hierarchical to team-driven, encouraging innovation and cross-functional collaboration.

To enhance its competitiveness, EcoForge optimized its production and supply chain processes by addressing inefficiencies and partnering with technology providers. These efforts significantly reduced costs and improved product quality. Simultaneously, the company pursued green certifications and localized marketing efforts to build brand recognition, attracting environmentally conscious clients. Over three years, these initiatives enabled EcoForge to expand into new markets, secure partnerships with leading developers, and increase its revenue by 40%.

By integrating market analysis, operational improvements, and a focus on cost efficiency, EcoForge transitioned from a struggling startup to a leader in sustainable building materials, setting a benchmark for innovation and environmental stewardship in the industry.

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

- 1) The SBU model adopted by EcoForge is an example of strategic decision-making at which level?
- a) Corporate Level
 - b) Business Level
 - c) Functional Level
 - d) Operational Level

- 2) EcoForge's strategy of appealing to environmentally conscious builders and developers by emphasizing its eco-friendly materials is an example of which type of generic strategy by Michael Porter?
- a) Cost Leadership
 - b) Differentiation
 - c) Focussed Cost Leadership
 - d) Focussed Differentiation
- 3) The case mentions EcoForge identifying "critical influence of regulatory policies and socio-cultural factors shaping consumer preferences." Which strategic analysis framework is most relevant here?
- a) SWOT Analysis
 - b) Value Chain Analysis
 - c) PESTLE Analysis
 - d) Ansoff's Matrix
- 4) EcoForge's strategy to deepen its presence in existing markets and explore new ones corresponds to which growth strategy in Ansoff's Matrix?
- a) Market Penetration
 - b) Market Development
 - c) Product Development
 - d) Diversification
- 5) Which key industry force, as per Porter's Five Forces, is reflected in EcoForge's challenges from cheaper alternatives and intense competition?
- a) Threat of New Entrants
 - b) Bargaining Power of Suppliers
 - c) Bargaining Power of Buyers
 - d) Threat of Substitutes

Answers to Case Study:**1) Option (a) Corporate Level****Reason:**

The SBU model is a corporate-level strategy that allows the organization to allocate resources and manage product lines as distinct units, focusing on market adaptation and streamlined decision-making.

2) Option (b) Differentiation**Reason:**

The emphasis on eco-friendly materials highlights differentiation, as EcoForge offers unique value through sustainability, setting itself apart from competitors.

3) Option (c) PESTLE Analysis**Reason:**

Regulatory policies and socio-cultural factors are external environmental elements analyzed through the PESTLE framework.

4) Option (b) Market Development**Reason:**

Expanding into new markets while maintaining existing ones aligns with market development strategies.

5) Option (d) Threat of Substitutes**Reason:**

Competition from cheaper alternatives represents a substitute threat, as customers may choose more affordable options over EcoForge's products.

Case Scenario 10

(Model Test Paper-7) / (MTP.II Dec.24)

Galaxy Enterprises Limited (GEL) operates as a diversified conglomerate with a significant presence in various industries, including electronics, packaged foods, textiles, heavy machinery, and renewable energy. Leveraging its substantial free reserves of ₹85,000 crores, GEL has built a strong brand reputation, largely driven by its market leadership across multiple sectors.

In the renewable energy sector, GEL has been the industry leader for over 15 years. The division's recent performance has been exceptional. A significant market development occurred when two competitors, Nova Green Energy Limited and Zenith Solar Limited – previously ranked second and third in market share, respectively – merged to create a new entity, Synergy Renewables Ltd (SRL). Following the merger, SRL has claimed the top spot in market share, intensifying competition.

Against this backdrop, the Chairman of GEL convened a strategic meeting with the Board of Directors, divisional heads, marketing executives, and the Group CFO. The meeting focused on formulating growth strategies for the renewable energy division, identifying opportunities for diversification, and announcing an interim dividend in honour of GEL's platinum jubilee celebrations.

Mr. Arvind Malhotra, CEO of the renewable energy division, emphasized the industry's slow pace of modernization compared to global standards. He highlighted the potential in emerging product categories, such as next-generation solar panels, energy storage systems, and advanced wind turbines. He proposed a modernization initiative requiring an investment of ₹7,000 crores. This transformation is projected to reduce operational costs by 20% and minimize wastage by 12%.

The CFO presented an analysis revealing that competitors are unlikely to invest in significant upgrades or expansions for the next 6–8 years due to financial constraints. In response, the Board approved the modernization initiative and allocated an additional ₹1,500 crores to strengthen the division's supply chain.

Another proposal discussed was GEL's entry into the electric vehicle (EV) segment. The Board approved this diversification strategy, allocating ₹8,000 crores to establish a foothold in this rapidly growing market. Additionally, the Board authorized the distribution of an interim dividend of ₹75 per share to commemorate GEL's platinum jubilee.

In preparing for these strategic initiatives, the Board also evaluated key stakeholders to determine their influence and interest. Shareholders and the Board of Directors emerged as primary stakeholders with both high influence and interest, necessitating active engagement to secure their support. Regulatory authorities were recognized as influential but less interested in the immediate plans, requiring regular updates to ensure compliance. Customers and employees, while not as powerful, were identified as highly interested stakeholders, particularly concerning the renewable energy division's modernization and the entry into the EV market.

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

- 1) GEL has approved significant investments in modernizing its renewable energy division and entering the electric vehicle segment. Analyze the level of strategy these decisions represent and identify the correct justification for your answer.**
 - a) Functional level, as these are related to operational improvements within the renewable energy division.
 - b) Business level, as these initiatives align with the goals of a single division to gain a competitive edge.
 - c) Corporate level, as they involve decisions impacting the overall portfolio and diversification of GEL.
 - d) Operational level, as these focus on day-to-day activities within the divisions.

- 2) With the merger of Nova Green Energy Limited and Zenith Solar Limited into Synergy Renewables Ltd (SRL), how does this development influence GEL's strategic priorities in the renewable energy sector under Porter's Five Forces framework?**
 - a) The merger reduces the threat of substitutes by consolidating competing technologies.
 - b) It increases the bargaining power of buyers by providing them with a stronger alternative supplier.
 - c) It heightens the intensity of industry rivalry by creating a stronger competitor with greater market share.
 - d) The merger strengthens the bargaining power of suppliers due to greater reliance on key inputs.

- 3) GEL's decision to enter the EV market represents a diversification strategy. Evaluate which type of diversification strategy is being pursued and the reasoning behind this classification.**
 - a) Concentric diversification, as the EV market shares synergies with renewable energy technologies.
 - b) Vertical integration, as GEL seeks to integrate upstream or downstream activities in the automotive value chain.
 - c) Horizontal diversification, as GEL expands into a market unrelated to its existing renewable energy operations.
 - d) Conglomerate diversification, as GEL enters an entirely unrelated and independent business segment.

- 4) GEL identified shareholders and the Board of Directors as key stakeholders. Analyze the rationale for classifying them as both high influence and high interest and how this influences strategic communication.
- a) They directly impact compliance with regulatory standards, necessitating regular updates.
 - b) Their vested interest in dividends and long-term value creation makes their engagement essential for approval of key initiatives.
 - c) They represent the end consumers whose perceptions directly influence GEL's market reputation.
 - d) Their role in operational execution requires constant communication and support for strategy implementation.
- 5) By approving modernization in renewable energy and diversification into EVs, what corporate strategy is GEL pursuing, and how does it position the company as per Ansoff's product market growth matrix?
- a) Cost leadership, to lower operational expenses and offer competitive pricing.
 - b) Product differentiation, by leveraging innovation in both existing and new markets.
 - c) Market penetration, through deeper investments in existing product lines.
 - d) Market expansion and diversification, to capture growth opportunities across unrelated industries.

Answers to Case Study:

- 1) Option (c) Corporate level, as they involve decisions impacting the overall portfolio and diversification of GEL.

Reason:

Corporate-level strategies focus on decisions that affect the entire organization, including diversification into new markets (e.g., EVs) and significant investments in existing divisions (e.g., modernization of renewable energy). These decisions are overarching and affect GEL's portfolio.

- 2) Option (c) It heightens the intensity of industry rivalry by creating a stronger competitor with greater market share.**

Reason:

The merger consolidates two significant competitors into one dominant entity, intensifying rivalry within the industry. This increases the competitive pressure on GEL to innovate and maintain its market position.

- 3) Option (d) Conglomerate diversification, as GEL enters an entirely unrelated and independent business segment**

Reason:

Conglomerate diversification involves entering a new, unrelated business segment. In this case, GEL is entering the electric vehicle market, which is distinct from its existing renewable energy business. This move aims to spread risk and create new growth opportunities.

- 4) Option (b) Their vested interest in dividends and long-term value creation makes their engagement essential for approval of key initiatives.**

Reason:

Shareholders and the Board play a critical role in approving significant financial decisions and have a direct interest in the company's financial performance and strategic direction, necessitating active engagement.

- 5) Option (d) Market expansion and diversification, to capture growth opportunities across unrelated industries.**

Reason:

GEL's decision to invest in modernization and enter the EV market reflect a dual focus on expanding its existing market and diversifying into a new, unrelated industry, aligning with its overall corporate growth strategy.

Case Scenario 11

(Sept.24)

Quick N Safe Logistics is one of the prominent transporters of goods for more than two decades. It has its own fleets and also has business arrangement with Railways.

Competition with existing players and threat from new entrants are increasing regularly. Customer preferences and expectations are also changing. Need for considering new and improved means of transportation seems inevitable.

Current philosophy of the company is 'to bring the best user experience to its customers through timely and safe delivery of goods'. While keeping this philosophy in mind, it desires to keep ahead and reap the benefits of first mover advantages in the industry. In order to achieve its growth target, company is exploring available other options so as to have a strong presence in supply chain management.

The company is of a considered view that 'we learn as we grow'. It knows that the overall per mile operating cost decreases due to increase in efficiency and cumulative volume of services. Since the company will have a cost advantage over the competitors due to reduced cost of services, it can develop and adopt a penetrative pricing strategy by setting a low price to attract more customers.

It is also observed that arrangement of transportation through railways is becoming a concern. Growth rate is slow and market for areas being covered by this means of transport is by and large stabilized. Profit margin is coming down due to stiff competition. Company has to work out an action plan to maintain the stability.

On the other side, one of the customer segments is looking for fast delivery of its goods in major cities all across the country. The prime consideration of such customers is quick and safe delivery of their products, irrespective of cost for the same. The target market of such services is very large and also increasing very fast. In view of the same, the company wants to reform its operation, by engaging a dedicated team to perform with a niche marketing strategy for transporting such goods through airways on an assurance of 'delivery by next day'.

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

- 1) The strategy in which the company wants to keep ahead and reap the first mover advantages in the industry, is known as:**
 - a) Adaptive strategy
 - b) Reactive strategy
 - c) Proactive strategy
 - d) Responsive strategy

- 2) In context to service in transportation through railways, the company is analyzing a relationship between volume of business on one axis with respect to time on another axis. As per Product Life Cycle (PLC), which stage this service is passing through:**
 - a) Introduction
 - b) Maturity
 - c) Growth
 - d) Decline

- 3) In Strategic Management, the concept of decrease in the overall per mile operating cost due to increase in efficiency and cumulative volume of services is depicted as:**
 - a) Experience curve
 - b) Ansoff's growth matrix
 - c) Strategic surveillance
 - d) Value chain analysis

- 4) As per strategies propagated by Michael Porter, niche marketing strategy for transporting goods through airways for a large customer segment on an assurance of 'delivery by next day', is known as:**
 - a) Cost leadership strategy
 - b) Differentiation strategy
 - c) Focus differentiation strategy
 - d) Focus cost leadership strategy

- 5) The philosophy of the company stated as, 'to bring the best user experience to its customers through timely and safe delivery of goods', is indicating towards:
- a) Vision statement
 - b) Mission statement
 - c) Goals of the company
 - d) Objectives of the company

Answers to Case Study:

1) Option (c) Proactive strategy

Reason:

A proactive strategy refers to anticipating changes or opportunities in the environment and taking early action to gain a competitive edge. In this case, the company wants to maintain its leadership by exploring new transportation methods and benefiting from first-mover advantages, which fits the proactive strategy.

2) Option (b) Maturity

Reason:

The case mentions that the market for areas covered by rail transport is "stabilized", and growth is slow, which indicates the maturity stage of the Product Life Cycle. In this phase, the market has reached saturation, and growth slows down while competition intensifies, affecting profit margins.

3) Option (a) Strategic surveillance

Reason:

The experience curve suggests that as a company gains more experience producing or delivering services, costs per unit decrease due to efficiencies and learning over time. The company's belief that operating costs decrease as volume increases reflects the experience curve concept.

4) Option (c) Focus differentiation strategy

Reason:

Focus differentiation strategy involves targeting a specific niche market and offering unique services that differentiate from competitors. In this case, the company is offering

specialized services (air transport with next-day delivery) to a specific customer segment that values speed over cost, which aligns with focus differentiation.

5) Option (b) Mission statement

Reason:

A mission statement defines the purpose of the company and its primary objectives, focusing on customer experience and service delivery. The stated philosophy of delivering timely and safe goods reflects the company's mission.

Case Scenario 12

(Jan.25)

Primo Neo Logistics (PNL) is engaged in transportation of goods in India. It has its operational presence across the country since the year 2010. In addition to transporting goods by road, company is also taking services of private airways as its logistics partner. However, there is a sharp decline in business through airways as sales and profits have declined steeply.

Company also wants to ascertain the market positions of rival companies having similar competitive approaches in the market with the intent to identify the strongest or the weakest players in view of the tough competitive landscape. Once the market position is ascertained, company would like to modify its strategy to adapt according to the changing circumstances.

Technology, means and ways of transporting goods are also changing. Company wants to utilize its resources and capabilities, not only to compete and survive but to grow efficiently. Multidimensional expansion with new and improved means of transportation and marketing seems inevitable. Company has strong presence in transporting goods by road and wants to collaborate with some other operator who can bring expertise in transporting goods using improved technology.

Cargo Movers Plc. (CMP) is a well-known transporter of goods using state of art technology in the Asia Pacific region. Banking upon their respective core competencies, PNL and CMP would like to develop close and collaborative relationship where both will continue to maintain their respective independent existence. Once collaboration is in place, marketing team of both the companies would like to cater to the needs of transporting goods with speed and agility. In line with basic principles, the team will also

focus on best long- run performance of the marketing system. In view of the same the team is planning to rope in various social media influencers with intent to create a brand image with customer orientation and spreading a word about its distinctive services to its present and prospective customers.

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

- 1) The business through private airways is at which phase of product life cycle?**
 - a) Introduction
 - b) Growth
 - c) Maturity
 - d) Decline

- 2) Tool for identifying the strongest and weakest competitors is known as:**
 - a) Strategic Group Mapping
 - b) Portfolio Analysis
 - c) Strategic Surveillance
 - d) Strategic Audit

- 3) The strategy being followed by PNL is:**
 - a) Adaptive strategy
 - b) Proactive strategy
 - c) Reactive strategy
 - d) Blend of proactive and reactive strategy

- 4) Relationship being considered between PNL and CMP is indicating:**
 - a) Horizontal Integration
 - b) Merger and Acquisition
 - c) Strategic Alliance
 - d) Vertical Integration

- 5) The activity of marketing team will be called as:**
 - a) Enlightened marketing
 - b) Augmented marketing
 - c) Differential marketing
 - d) Synchro marketing

Answers to Case Study:

- 1) d)
- 2) a)
- 3) d)
- 4) c)
- 5) a)

Case Scenario 13

(RTP Jan.25)

In the ever-growing consumer electronics industry, Horizon Technologies found itself at a crossroads in 2018. The company, founded a decade earlier, had established itself as a key player in the global market for smartphones and other electronics. However, the pressure to stay relevant, meet customer demands, and fend off competitors was mounting. This is the story of how Horizon Technologies navigated its challenges, leveraging key business strategies and analyses to achieve remarkable success.

Horizon Technologies recognized the need to divide its operations to find areas for improvement. They conducted a comprehensive value chain analysis, identifying both primary and support activities. By streamlining processes and eliminating redundancies, the company reduced production costs and enhanced product quality. This allowed them to offer more competitive prices, thus gaining a strategic edge in the market.

The company's CEO, Mr. Jonathan Mercer, was known for his authoritative management style. His challenge was to transform his leadership approach to one that encouraged creativity and teamwork within the SBUs. Mr. Mercer invested in leadership development programs for middle and senior managers to enhance their interpersonal and communication skills. The transition wasn't easy, but it fostered a more collaborative and dynamic work environment.

They did not stop there, Horizon Technologies adopted a Strategic Business Unit (SBU) structure, dividing the company into smaller, more manageable units. Each SBU was tasked with focusing on specific product lines. This decentralization empowered individual units to make strategic decisions autonomously, leading to quicker market response and a deeper understanding of customer needs. It was the catalyst for innovation and improved customer satisfaction.

Post organizational changes, Horizon Technologies strategized to embrace a cost leadership strategy, positioning itself as the go-to brand for affordable yet high-quality electronics. By optimizing production processes and supply chain management, the company achieved cost efficiencies that competitors struggled to match. This not only attracted cost-conscious consumers but also enabled the company to maintain healthy profit margins.

As Horizon Technologies expanded into new international markets, the management recognized the importance of adapting to the local environment. Conducting a thorough PESTLE analysis (Political, Economic, Social, Technological, Legal, and Environmental) proved pivotal for navigating complex market dynamics. This analysis highlighted specific challenges, especially in understanding socio-cultural trends and regulatory differences across regions. By leveraging these insights, Horizon Technologies was able to overcome these obstacles, customizing its products, marketing strategies, and operations to align more effectively with local preferences and regulations, ultimately contributing to their success.

Through these strategic moves, Horizon Technologies experienced a remarkable transformation. Within two years, their market share had significantly grown in local markets, whereas the cost leadership strategy resonated strongly. Their annual revenue skyrocketed by 35%, and the company saw a 20% increase in its stock price. The business case for Horizon Technologies serves as an inspiration for companies navigating competitive and dynamic industries.

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

- 1) In Horizon Technologies' journey towards globalization, PESTLE analysis played a pivotal role in navigating diverse international markets. Which aspect of PESTLE analysis proved to be the most challenging for Horizon Technologies?
- a) Socio-cultural factors, as they struggled to keep up with changing trends and cultural preferences.
 - b) Legal factors, given the complex regulatory landscape in foreign markets.
 - c) Environmental factors, with the need to adhere to varying sustainability standards.
 - d) Technological factors, due to rapid changes in local technology preferences.

- 2) **Horizon Technologies implemented a Strategic Business Unit (SBU) structure to improve its responsiveness and innovation. How did the SBU structure differ from the company's previous organizational model, and what benefits did this new structure bring?**
- a) The SBU structure replaced a functional structure and empowered units to make strategic decisions. It led to quicker market response and enhanced customer satisfaction.
 - b) The SBU structure replaced a matrix structure, improving vertical communication and reducing operational silos.
 - c) The SBU structure maintained the existing functional structure but focused solely on cost-cutting measures.
 - d) The SBU structure introduced a more centralized approach, ensuring consistent decision-making across units.
- 3) **Horizon Technologies faced internal challenges, including leadership struggles with an authoritative CEO. How did Mr. Jonathan Mercer transform his leadership style to foster a more collaborative work environment, and what were the key outcomes of this transformation?**
- a) Mr. Mercer increased his authoritative approach to drive quicker decision-making and efficiency.
 - b) He introduced a strict top-down hierarchy to enhance discipline and order within the organization.
 - c) Mr. Mercer invested in leadership development programs, enhancing interpersonal and communication skills, which resulted in a more collaborative and dynamic work environment.
 - d) He delegated most of his responsibilities to middle managers, reducing his involvement in the company's daily operations.
- 4) **While implementing a cost leadership strategy, Horizon Technologies went beyond just streamlining their production processes. What other factors did they consider achieving cost efficiencies, and how did this contribute to their success?**
- a) They solely focused on reducing labor costs, resulting in job cuts and employee dissatisfaction.
 - b) Horizon Technologies invested heavily in extravagant marketing campaigns to attract a premium customer base.

- c) They optimized supply chain management and invested in research and development, leading to enhanced product quality and reduced production costs.
 - d) The company acquired competitors to eliminate competition and establish a monopoly in the market.
- 5) The primary factor contributing to Horizon Technologies' remarkable transformation was their commitment to systematic analysis. What role did value chain analysis play in this transformation, and how did it drive their success in both local and global markets?
- a) Value chain analysis revealed opportunities for diversification, enabling them to cater to various market segments.
 - b) It allowed the company to identify and eliminate inefficiencies in their operations, resulting in cost reductions and improved product quality.
 - c) Value chain analysis highlighted the need for excessive vertical integration, helping them control the entire supply chain.
 - d) Horizon Technologies used value chain analysis primarily for financial forecasting and budgeting.

Answers to Case Study:

- 1) Option (a) Socio-cultural factors, as they struggled to keep up with changing trends and cultural preferences.

Reason:

The case highlights that Horizon Technologies faced challenges understanding socio-cultural trends and preferences in international markets. Adapting to diverse cultural norms and customer expectations required significant effort, making this aspect of PESTLE analysis the most challenging.

- 2) Option (a) The SBU structure replaced a functional structure and empowered units to make strategic decisions. It led to quicker market response and enhanced customer satisfaction.

Reason:

The case mentions that the SBU structure decentralized operations, allowing each unit to focus on specific product lines and make autonomous strategic decisions. This shift from a functional structure led to better responsiveness, innovation, and customer satisfaction.

- 3) Option (c) Mr. Mercer invested in leadership development programs, enhancing interpersonal and communication skills, which resulted in a more collaborative and dynamic work environment.

Reason:

The case study mentions Mr. Mercer's transition and its impact on the work environment.

- 4) Option (c) They optimized supply chain management and invested in research and development, leading to enhanced product quality and reduced production costs.

Reason:

The case study highlights the multifaceted approach to achieving cost efficiencies.

- 5) Option (b) It allowed the company to identify and eliminate inefficiencies in their operations, resulting in cost reductions and improved product quality.

Reason:

The case study emphasizes the role of value chain analysis in cost reduction and product quality improvement.

Case Scenario 14

(RTP May 25)

DezineFabs is a fast-growing clothing brand in India. It started with a clear goal: to make stylish clothes affordable for everyone while also being mindful of the environment. The company strongly believes in three values - inclusivity, sustainability, and innovation in fashion.

DezineFabs, a dynamic player in India's bustling clothing industry, offers a compelling example of how astute integration of core business principles can pave the path to triumph.

DezineFabs was born with a clear vision: making stylish clothing accessible to every Indian, while minimizing their environmental impact through sustainability initiatives. Their guiding values include inclusivity, sustainability, and a forward-looking approach to fashion.

In the beginning, DezineFabs emerged as a humble boutique offering affordable clothing. At that time, the clothing market was rapidly evolving, with consumers seeking

affordable yet chic options. Recognizing these shifts in customer behavior, DeZineFabs evolved its product range, embracing formal wear, active wear, and ethnic wear as the market matured.

Their ability to comprehend customer styles was pivotal. DeZineFabs conducted comprehensive market research to decode fashion trends and changing consumer preferences. This approach led to the creation of collections that resonated with their target audience. They also monitored social media and customer feedback channels, staying attuned to the evolving tastes and demands of their customers. Notably, they quickly responded to the growing demand for sustainable fashion by launching an eco-friendly clothing line.

To manage their diverse stakeholders effectively, DeZineFabs tactfully classified their stakeholders. Fashion influencers and suppliers were nurtured through strategic partnerships, which not only elevated DeZineFabs' brand image but also endowed them with access to cutting edge fashion trends and premium materials.

Simultaneously, they maintained transparent and responsive communication with local communities and loyal customers. By actively addressing their concerns and soliciting feedback, DeZineFabs upheld a positive reputation and nurtured customer loyalty.

DeZineFabs' prowess laid in the ability of trend forecasting, efficient supply chain management, and robust vendor relationships. Their design team incessantly innovated to remain ahead of evolving fashion trends, allowing them to design collections that resonated deeply with their customer base. Their streamlined supply chain reduced lead times and operational costs, which translated into competitive pricing and the timely delivery of high-quality products. Strong vendor relationships provided them with a consistent supply of premium materials, further fortifying their core competences.

To fuel sustainable growth, DeZineFabs executed a two-pronged approach encompassing market penetration and diversification. They embarked on a journey into tier 2 and 3 cities within India, capturing the attention of urban and semi-urban demographics. Simultaneously, they ventured into international markets, setting their sights on regions where Indian fashion was gaining traction.

Recognizing that growth necessitates change, DeZineFabs cultivated a corporate culture that celebrated adaptability and innovation. Employees were not merely encouraged but were adequately empowered through specialized training programs, equipping them with the skills needed for seamless adaptation to new product launches and market expansions.

Vigilant strategic control mechanisms underpinned DeZineFabs' growth trajectory, ensuring that their expansion remained harmonized with their values and overarching objectives. Routine performance assessments and evaluative protocols equipped the organization with real-time insights. These insights empowered informed decision-making, enabling DeZineFabs to adjust their strategies deftly in response to ever-evolving market dynamics, shifting customer behavior, and emerging fashion trends.

DeZineFabs' exceptional journey in India's clothing industry underscores the remarkable outcomes that can be realized through the seamless amalgamation of core business principles. In a world where the fashion landscape evolves ceaselessly, DeZineFabs remains a beacon of affordability, sustainability, and accessibility, ensuring that fashion remains an inclusive pursuit for all.

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

- 1) DeZineFabs, an Indian clothing company, is deeply committed to a specific core value that underpins its business philosophy. This core value plays a pivotal role in guiding their actions and decisions. What is the central core value that defines DeZineFabs' business philosophy?
 - a) Exclusivity, where they prioritize offering unique and rare clothing items.
 - b) Sustainability, reflecting their dedication to minimizing environmental impact.
 - c) Profit maximization, focusing primarily on financial gains.
 - d) International expansion, aiming to dominate global markets.
- 2) DeZineFabs embarked on a strategic move to introduce specific product variants at a particular phase of the product life cycle. In which phase did DeZineFabs introduce gluten-free and organic variants of their products?
 - a) Introduction phase, targeting early market entrants.
 - b) Growth phase, capitalizing on expanding market demand.
 - c) Maturity phase, aiming to maintain market share.
 - d) Decline phase, attempting to revive fading product sales.
- 3) DeZineFabs showcased agility in adapting to evolving customer preferences. How did they respond to changing customer behavior, as highlighted in the given case?
 - a) By increasing the prices of their products to enhance exclusivity.
 - b) By introducing a sustainable clothing line in response to a growing demand for eco-friendly fashion.

- c) By ignoring customer feedback and focusing solely on their original product range.
 - d) By reducing the variety of their products to simplify their offerings.
- 4) In accordance with Mendelow's Matrix, some stakeholder groups possess high power and high interest in a company's operations. Among the options listed below, which stakeholder group typically falls into the category of high power and high interest?
- a) Local communities with a vested interest in the company's impact on their neighborhoods.
 - b) Fashion influencers, who can significantly affect brand perception and consumer choices.
 - c) Loyal customers who consistently purchase the company's products.
 - d) Low-power suppliers providing non-critical materials.
- 5) The case highlights one of DeZineFabs' core competences, which contributes significantly to their success in the clothing industry. What specific core competence is emphasized in the given case?
- a) Expertise in automobile manufacturing, unrelated to their clothing business.
 - b) Expertise in designing luxury watches, a separate industry altogether.
 - c) Expertise in trend forecasting, which plays a critical role in the fashion industry.
 - d) Expertise in aerospace engineering, unrelated to their clothing business.

Answers to Case Study:

- 1) b)
- 2) b)
- 3) b)
- 4) b)
- 5) c)

Case Scenario 15

(MTP-II Apr.25)

Founded with a dream to bring the world's finest spices to kitchens worldwide, Rachini Group has evolved into a diversified conglomerate, spanning industries from spices to car dealerships and real estate. This case study delves into the journey of Rachini Group.

Rachini Group's clear objective from its inception was to become a leading player in the spice trade industry. They aimed to source, package, and distribute the highest quality spices to homes and businesses globally. This unwavering focus on quality and customer satisfaction allowed them to establish themselves as a trusted brand, defining their path to success. The company, under the strict stewardship of Mangat Singh, emphasized quality control, adherence to core values, and a disciplined approach to business. While this management style limited creativity within middle management, it ensured consistency and quality throughout the organization, especially in their core spice business.

Recognizing the potential for growth and value addition, Rachini Group expanded by investing in acquiring spice farms and processing facilities, ensuring a robust supply chain. This allowed them to control quality and costs, creating a significant competitive advantage. As a result of their expansion and diversification, Rachini Group began generating positive cash flows. These financial gains provided the necessary resources for further expansion and allowed the company to venture beyond its spice business.

In their quest for expansion, Rachini Group forged strategic partnerships and alliances with influential politicians and royal families in Arabia. These connections provided valuable insights, eased market entry, and facilitated regulatory approvals, giving the company a competitive edge. The group diversified into other sectors like car dealerships and real estate, seeking to tap into lucrative markets and reduce dependency on a single industry.

Despite their success, Rachini Group faced backlash from social groups who believed that the concentration of wealth in the hands of a few was dangerous for society. They were accused of worsening income inequality. This criticism prompted the company to reevaluate its approach and consider the broader impact of its business activities. In response, the family-owned business initiated a philanthropic arm, focusing on improving the living conditions, education, and healthcare in the communities they operated. This philanthropic endeavor aimed to balance their business success with social responsibility, nurturing a more positive image and addressing the criticisms they faced.

Rachini Group continues to thrive with a remarkable compound annual growth rate (CAGR) of 12%. Their diversified business portfolio, including car dealerships and real estate, now constitutes 40% of their total group revenue. The company remains committed to its spice trade roots while exploring new opportunities. Their plan to go public in 2026

is a testament to their ambition and determination to remain a key player in the global business landscape.

Rachini Group's remarkable evolution serves as a compelling case study in the world of business, showcasing the power of clear objectives, and adaptability in the face of social challenges. As they move towards their IPO in 2026, they continue to be a fascinating story of business success with a commitment to the greater good.

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

- 1) How did Rachini Group control quality and costs in their spice business?**
 - a) By reducing their workforce - Human Resource Management
 - b) By outsourcing production - Organizational Structure Planning
 - c) By investing in spice farms and processing facilities - Vertical Integration
 - d) By cutting prices - Best Cost Provider Strategy

- 2) Rachini Group's emphasis on acquiring spice farms and processing facilities to gain supply chain control aligns with which 'S' in McKinsey's 7S Framework?**
 - a) Systems
 - b) Structure
 - c) Strategy
 - d) Staff

- 3) How did Rachini Group gain a competitive edge in their expansion efforts?**
 - a) Through extensive marketing campaigns
 - b) By entering new international markets
 - c) By forging strategic partnerships and alliances
 - d) By increasing their workforce

- 4) The strategic alliances with royal families and politicians most likely helped Rachini Group reduce the threat of:**
 - a) Substitute products
 - b) Bargaining power of buyers
 - c) New entrants
 - d) Industry rivalry

5) What was Rachini Group's initial Vision when it was founded?

- a) To diversify quickly into unrelated businesses
- b) To become a leading player in the spice trade industry
- c) To establish a philanthropic arm
- d) To go public by 2026

Answers to Case Study:

- 1) c)
- 2) c)
- 3) c)
- 4) c)
- 5) b)

Case Scenario 16

(MTP-II Apr.25)

In the bustling metropolis of Techville, a once small startup named Athena Corporation embarked on a journey that exemplified the essence of strategic management.

Athena Corporation began its journey as a manufacturer of cutting-edge tech gadgets. In the initial years, they classified stakeholders based on their power and interest. By nurturing important stakeholders like investors, and minimizing conflicts amongst them, the company-maintained stability. This strategic stakeholder analysis proved instrumental during the introduction and growth phases of their product life cycle.

As the product reached maturity, Athena Corporation faced the inevitable challenges of saturation. However, they decided to innovate, investing heavily in research and development. Their commitment to value creation resulted in a series of product enhancements, rekindling customer interest and extending the product 's life cycle.

The company recognized the importance of distribution. They diversified their distribution strategy, forging partnerships with global retailers and e-commerce giants. This enabled them to reach a wider audience and adapt to changing market conditions, reinforcing their presence during the product decline phase.

The most significant obstacle Athena Corporation faced was existing big giants in the tech industry. To combat this, they leveraged their brand 's reputation and strong

distribution networks. Additionally, they initiated collaborations with smaller startups, enhancing innovation and expanding their reach.

To enter new international markets, Athena Corporation conducted a further comprehensive analysis. By using its strengths of branding, addressing not being able to manage costs, & capitalizing on opportunities for AI (Artificial Intelligence) and motivating its talented employees, it mitigated to an extent the threats of competition in the global markets. And so, it is safe to say that the next 10 years are going to be a defining moment in Athena Corps' life.

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

- 1) How did Athena Corporation effectively utilize Mendelow 's Matrix to manage stakeholders based on their power and interest, ensuring longterm stability and success?
 - a) By prioritizing low-power, high-interest stakeholders, thus enhancing their influence.
 - b) By applying SWOT analysis to assess stakeholder dynamics and adapt their strategies.
 - c) By minimizing conflicts with low-power, low-interest stakeholders and nurturing high-power, high-interest stakeholders.
 - d) By frequently changing their stakeholder classification to maintain flexibility.
- 2) In which specific phase of the product life cycle did Athena Corporation invest significantly in research and development, resulting in a rejuvenation of their product offering?
 - a) The introduction phase, to establish their market presence.
 - b) The growth phase, to capture market share.
 - c) The maturity phase, to extend the product 's life cycle.
 - d) The decline phase, to liquidate existing inventory.
- 3) When it comes to diversifying their distribution strategy, what was the key approach adopted by Athena Corporation to reach a broader audience and adapt to changing market conditions?
 - a) Heavy investments in advertising campaigns.
 - b) Acquisition of competitors in the industry.
 - c) Development of an elaborate loyalty program for existing customers.
 - d) Establishment of strong distribution networks with global retailers and e-commerce giants.

- 4) What unique challenge did Athena Corporation face in the tech industry that presented a significant barrier to entry?
- a) An oversaturated market with too many competitors.
 - b) A rapidly changing technology landscape.
 - c) High barriers to entry due to the complex and competitive nature of the industry
 - d) A lack of innovative product ideas
- 5) Athena Corporation conducted a comprehensive strategic analysis before expanding globally. What specific framework did they employ?
- a) Porter 's Five Forces analysis
 - b) PESTEL analysis
 - c) SWOT analysis
 - d) Competitive landscape analysis

Answers to Case Study:

- 1) c)
- 2) c)
- 3) d)
- 4) c)
- 5) c)

Case Scenario 17

(ICAI MCQ's Booklet)

KingLike WLL, a renowned Dubai-based construction company, has carved a niche for itself in the real estate market by specializing in residential complexes. It's now poised to introduce a groundbreaking concept called "Vilartment" – a unique blend of private villas and apartments tailored to meet the growing demand of married couples seeking to cohabit with their parents, offering spacious living within a single residential unit.

The company's impressive competitive advantage lies in its substantial land purchasing power, setting it apart from its rivals. Furthermore, KingLike engages top-tier Italian designers, whose exceptional work is safeguarded by patents, making the replication of KingLike's properties a formidable challenge.

Recognizing the potential of this innovative concept, KingLike positions the Vilartment project as a distinct business unit within its operations. A talented workforce, strategically placed at various levels, is dedicated to overseeing the unit's functions. The ambitious plan aims to construct approximately 15,000 Vilartments over the next three years, with 50% of them immediately ready for occupancy upon completion.

The marketing team has taken an ingenious approach, enlisting major Bollywood and Hollywood celebrities to grace the foundation stone ceremony of the Vilartment, scheduled for next month. This event will receive extensive coverage from global media outlets, including print and social media platforms, a move aimed at attracting potential buyers worldwide.

With meticulous planning and efficient teams prepared for execution, the management exudes confidence in the project's success. The Vilartment initiative aspires to solidify KingLike WLL's position as a leading global real estate company

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

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

- 2) Core competency is built on multiple know-hows and is an integration of many resources. As per C.K. Prahalad and Gary Hamel. KingLike has expert teams and huge buying capacity. Which amongst the following is not an area where core competency is identified?
 - a) Customer value
 - b) Application of competencies
 - c) Market development
 - d) Competitor differentiation

- 3) Different personnel have been deployed at respective levels in the project working as a business unit. Answer, Divisional managers and staff are a part of which of the following strategic levels in the organization?
- a) Corporate level
 - b) Functional level
 - c) Business level
 - d) Consultant level
- 4) _____ is the answer to basic question "what business we are and what we do". Many businesses fail to conceptualize this, and it requires clarity. The company, however, has clarity on the same. Fill in the blank with the correct option.
- a) Vision
 - b) Mission
 - c) Strategy
 - d) Planning
- 5) Vilartment shall function as a strategic business unit (SBU), being one of the key businesses of the company. Which of the following is not a characteristic of a strategic business unit?
- a) It is a combination of two or more independent businesses.
 - b) The planning for the business is done separately.
 - c) It has its own set of competitors.
 - d) It has its own manager responsible for strategy and profits.

Answers to Case Study:

1) Option (b) Product development

Reason:

Vilartment is a new product in the existing market.

2) Option (c) Market development

Reason:

Market development is not an area where core competency is identified.

3) Option (c) Business level**Reason:**

Divisional managers and staff are a part of business level of an organization

4) Option (b) Mission**Reason:**

A company's mission statement answers the fundamental question of what the business does and why it exists. For KingLike, having clarity on its mission ensures alignment of all projects and strategic objectives.

5) Option (a) It is a combination of two or more independent businesses.**Reason:**

A strategic business unit (SBU) is typically a single business entity with its own strategy, objectives, and competition. It does not represent a combination of independent businesses, which would better describe a conglomerate or holding company structure.

Case Scenario 18

(ICAI MCQ's Booklet)

Hareeyali Pvt. Ltd. is a pioneering company dedicated to transforming corporate spaces into greener environments through innovative infrastructural designs and products. Established recently, it boasts six visionary founders. While the company's middle management team consists of just four individuals, over fifty dedicated professionals operate on the ground, specializing in client relationship management and delivery coordination.

In this emerging industry, GreenZone Pvt. Ltd. is currently at the forefront. With an impressive portfolio of 800 designs catering to fifty clients, GreenZone's production facility churns out an astounding 3000 units per day. While GreenZone has enjoyed a monopoly for some years, the industry anticipates significant growth as more corporations adopt eco-friendly initiatives.

Hareeyali has made commendable strides in its operations but faces a challenge in securing a suitable production facility. The key to unlocking its potential lies in formulating a strategic approach that addresses industry gaps and explores untapped

opportunities. The founders are resolutely committed to making their mark in every corporate entity across India.

The expansion plan is divided into three phases, beginning with the targeted markets of Delhi NCR and Mumbai. Recognizing the unique needs of the working class in these cities, the strategy team has identified a crucial aspect— personalization. This insight has led Hareeyali to focus on tailor-made designs for companies, setting them apart from standardized offerings provided by competitors.

Additionally, Hareeyali has introduced the Green Card Points System, an innovative initiative where employees who choose to incorporate their products into their workspaces accumulate points. These points can be redeemed for purchases of herbal and organic products from leading online platforms.

The company has experienced robust growth in the past year and now aims to expand its reach through both online and offline channels. This multifaceted approach positions Hareeyali for even greater success in the coming years.

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

- 1) GreenZone has been the leader in the industry and has deployed some barriers to entry on new players wanting to tap into this new growing industry. Apparently, Hareeyali has been struggling on the very same front and thus, the barrier's magnitude increases. Which of the following barriers to entry is used by GreenZone?
 - a) Product differentiation
 - b) Switching costs
 - c) Economies of scale
 - d) Brand identity

- 2) Hareeyali's Green points system falls under which strategic marketing technique?
 - a) Service marketing
 - b) Person marketing
 - c) Direct marketing
 - d) Augmented marketing

- 3) What demonstrates the strategic intent of Hareeyali's founders in their commitment to make their mark in every corporate entity across India?
- a) Setting specific financial goals
 - b) Focusing on tailored designs for companies
 - c) Formulating a strategic approach to address industry gaps
 - d) The vision to reach every corporate entity
- 4) The management structure of Hareeyali is apparently like any other company with a lot of founders/top management, as the middle office work is undertaken by business automation. It does reduce costs, but the lower management has less opportunities to grow. Based on that, which if the following is the organizational structure of Hareeyali?
- a) Network structure
 - b) Matrix structure
 - c) Divisional structure
 - d) Hourglass structure
- 5) Intensity of rivalry determines attractiveness and profitability of an Industry. The rivalry between the two companies is furious and the profitability shall be low because of all the below factors, except:
- a) Variable costs of business
 - b) GreenZone is currently the industry leader
 - c) The industry's growth is slow
 - d) Companies are planning product differentiation

Answers to Case Study:

- 1) Option (c) Economies of scale

Reason:

By producing a massive number of items from its production facility.

- 2) Option (d) Augmented marketing

Reason:

The Green Card Points System offers additional value to customers by rewarding eco-friendly behavior with redeemable points for purchases. This falls under augmented

marketing, which involves adding benefits to enhance the customer experience beyond the core product.

3) Option (d) The vision to reach every corporate entity.

Reason:

The founders' commitment to making their mark in every corporate entity across India reflects their long-term strategic vision, which defines their overarching intent and aspirations for the company.

4) Option (d) Hourglass structure

Reason:

The case mentions a large top management (founders), a lean middle management team of four individuals supported by business automation, and a larger ground-level workforce of over 50 professionals. This arrangement is typical of an hourglass structure, where the middle layer is minimized to reduce costs.

5) Option (a) Variable costs of business

Reason:

Variable costs of business are not the determinant if Intensity of Rivalry, rather fixed costs are, wherein the company can drop prices by increasing capacity

Case Scenario 19

(ICAI MCQ's Booklet)

LUXHEAL is a cutting-edge healthcare equipment design and manufacturing company founded by esteemed Indian medical academicians. The company secured a substantial investment of approximately 115 crores from a Punebased venture capital firm to meet its capital requirements.

Recently, LUXHEAL unveiled its groundbreaking automated mind-mapped wheelchair, WHEELIX, which garnered recognition and accolades worldwide. The product earned the prestigious Industry Differentiator Award at an international conclave, solidifying its position as an industry innovator.

Dr. Budhiraja assumed the role of CEO last year, steering the company from a challenging position to a leadership position in innovation. His transformative leadership

style fostered a culture of unity and inspiration among employees. Notably, he initiated a company-wide competition to encourage and recognize exceptional innovations.

One of the company's key strategic strengths lies in its advanced benchmarking processes. However, in their eagerness to enter the market and showcase their product range, LUXHEAL overlooked implementing some of the valuable insights and conclusions derived from these processes.

WHEELIX is poised to establish LUXHEAL as a specialized player in the market catering to affluent elderly individuals. The company has received interest from WeGO, a global leader in wheelchair production, proposing a partnership involving shared branding and facilities. The Board is inclined towards accepting this offer.

Nevertheless, WeGO is entangled in a legal dispute with its distribution partners, necessitating LUXHEAL invests considerable effort into building its own distribution channels.

Given the rising population of affluent elderly individuals and the escalating demand for high-end medical equipment, LUXHEAL is well-positioned to realize its visionary goals. The company's success hinges on effectively executing its innovative ideas.

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

- 1) LUXHEAL is envisaged and is the most admired and responsible healthcare equipment company with an international footprint. Is this a vision or a mission? If this is LUXHEAL's vision, then which of the following is not essential while drafting the strategic vision?
 - a) It should clearly illuminate the direction in which the organisation is headed.
 - b) It should create enthusiasm among members of the organization.
 - c) It should be rigidly defined to prepare the organisation for the future.
 - d) This is a mission statement and not a vision statement

- 2) Considering the need for LUXHEAL to build its own distribution channels due to WeGO's legal dispute, which category in the BCG matrix might be relevant for this effort?
 - a) Star
 - b) Dogs
 - c) Cash Cows
 - d) Question Mark

- 3) Dr. Budhiraja has been instrumental in bringing about monumental changes in the company's structure and working culture. He has been very approachable yet feared by employees at all levels. What kind of leadership style can his style be termed as?
- a) Transactional leadership style
 - b) Autocratic leadership style
 - c) Diplomatic leadership style
 - d) Transformational leadership style
- 4) The recent international recognition that the company has got for WHEELIX, has turned around its strategy all together. Which of the following Michael Porter's generic strategies should LUXHEAL follow?
- a) Cost leadership
 - b) Focused differentiation
 - c) Differentiation
 - d) Focused cost leadership
- 5) Which of the following is a key entry barrier for LUXHEAL?
- a) Brand identity
 - b) Capital requirement
 - c) Access to distribution channels
 - d) Product differentiation

Answers to Case Study:

- 1) Option (c) It should be rigidly defined to prepare the organisation for the future.
Reason:
This is LUXHEAL's vision, and a vision should be creatively defined to prepare the organisation for the future. Hence, defining rigidly is not essential for drafting the vision.
- 2) Option (d) Question Mark
Reason:
Building a distribution channel is a resource-intensive process and represents a strategic move in a segment where success is uncertain. The company has potential but requires investment to grow and establish itself in this new domain.

3) Option (d) Transformational leadership style**Reason:**

Transformational style, he inspires people and has been instrumental in the early stages of the company during its turbulent times.

4) Option (b) Focused differentiation**Reason:**

Focused differentiation, as it aims to fulfill the demands of a narrow market with its differentiated product.

5) Option (c) Access to distribution channels**Reason:**

The rest all are amply covered for LUXHEAL except access to distribution channels.

Case Scenario 20

(ICAI MCQ's Booklet)

Introducing Strong Girls Private Limited, a pioneering early-stage health beverage company headquartered in Bangalore, led exclusively by a dynamic team of women. Recognizing two crucial facets of their industry, the company understood the heightened health consciousness among the youth and the abundance of options available in the market to meet their demands.

With these insights in mind, they unveiled their flagship product, Avajoice, a health drink made from Amla, Papaya, Aloe Vera, and Neem, meticulously designed to bolster the immunity of young teenage girls. What sets Avajoice apart is its unique value proposition of delivering both health benefits and delectable flavors through organic ingredients.

To gain a competitive edge in their market segment, the company implemented a standardized production process. This strategic move translated into augmented profit margins and increased bargaining power. Avajoice has been strategically classified as a "Star" in BCG's growth matrix due to its rapid growth trajectory and substantial funding requirements.

The marketing team has played a pivotal role in charting the success of Avajuice. Recognizing the historically low customer loyalty and retention rates in the health beverage industry, the company took proactive steps to address this challenge. They established collaborations with prominent schools in Karnataka and forged an agreement with the State Government of Karnataka to offer Avajuice to girls in government schools at a highly subsidized rate of just one rupee each.

This strategic move not only garnered invaluable free publicity from both local and national media outlets but also allowed the company to introduce their compelling tagline, 'We Offer Tasty Health for our Teens.' This tagline was strategically propagated as a trending topic on social media, significantly amplifying brand awareness.

Effectively, the company has carved out a distinctive position in the niche market segment, yielding impressive profit margins as a result. Strong Girls Private Limited stands as a beacon of innovation and empowerment in the health beverage industry, setting a new standard for quality and purpose-driven products..

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

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

- 2) The processes have been standardised as a strategy to improve margins and gain more negotiation power in the market. Which of the generic strategies by Michael Porter has the company deployed to create a favourable scenario for itself?
 - a) Differentiation
 - b) Focussed differentiation
 - c) Cost leadership
 - d) Focussed cost leadership

- 3) Igor Ansoff developed a framework which describes the intensification options available to a firm. Which of the following did Strong Girls Private Ltd. use for intensifying Avajoice?
- a) Market penetration
 - b) Product development
 - c) Market development
 - d) Diversification strategy
- 4) Which factor from the PESTLE analysis played a crucial role in the company's decision to focus exclusively on the health beverage market for teenage girls?
- a) Social
 - b) Technological
 - c) Economic
 - d) Legal
- 5) Avajoice can be identified as a Star as per BCG's Growth Matrix, based on the rapid growth it has shown and the enormous funds it demanded to maintain the market and fuel the growth potential. What would Avajoice turn into, as per the matrix, when its growth slows down?
- a) Dog
 - b) Question mark
 - c) Will remain a star
 - d) Cash cow

Answers to Case Study:

1) Option (b) Mission

Reason:

Mission, as per Peter Drucker, when we have to answer what business are we in, the answer should be marketing oriented and should cater to external perspective, and that forms part of mission statement.

2) Option (d) Focussed cost leadership**Reason:**

Focussed cost leadership, as standardisation ensures low cost of production thus making the business more profitable and awarding more negotiation power to the producer/seller, and the market for Avajoice is niche, this focussed cost leadership.

3) Option (c) Market development**Reason:**

Market development, as Avajoice is an existing product that is targeted to be sold in a new market for young girls.

4) Option (a) Social**Reason:**

The focus on health beverages for teenage girls is driven by social factors, including the increasing health consciousness among youth. This reflects societal trends influencing consumer preferences and product focus.

5) Option (d) Cash cow**Reason:**

Cash cow, as per BCG's growth matrix, a star turns into a cash cow when the growth slows down

Case Scenario 21

(ICAI MCQ's Booklet)

MidoriTech, a Japanese information technology giant recently got into a multimillion dollar deal with Dezyner Pvt. Ltd. of Bangalore, a user interface designing company. MidoriTech is a leader in developing firewall for cloud security services and this deal would help it leverage the latest user-friendly designs of Dezyner Pvt. Ltd. to be incorporated in its own systems. The major motive of both the companies is to capture the budding segments of the market, which is very difficult to do given one's own isolated operations.

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

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

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

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

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

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

- 1) Robotics, E-Commerce, Energy and Others, are separate units of MidoriTech, that have been devised for ease of control. Which of the following is not a characteristic that would have helped them identify and separate units for better strategic management?
 - a) Distinct markets
 - b) Customer's preference
 - c) Similar technologies
 - d) Identical competitive advantage

- 2) Dezyner Pvt. Ltd. and MidoriTech's deal fall under which type of Expansion Strategy?
 - a) Conglomerate merger
 - b) Concentric diversification
 - c) Horizontal merger
 - d) Strategic alliance

- 3) The R&D centre at Bangalore will be a game changer for both the companies. Which of the following is not an approach for implementation that Mr. Suman can deploy?
- a) First firm to market new technology
 - b) Innovative imitator of successful products
 - c) Being a mediator in trading of new technology
 - d) Low-cost mass producer of tested products
- 4) Mr. B. K. Suman shall work as general manager of the R&D centre for the two companies. At which strategic level will he be working as a General Manager?
- a) Corporate level
 - b) Corporate and business level
 - c) Functional and business level
 - d) Functional level
- 5) MidoriTech's division of its business segments into Robotics, ECommerce, Energy, and Others aligns with which element of the 7S McKinsey model?
- a) Strategy
 - b) Structure
 - c) Systems
 - d) Style

Answers to Case Study:

1) Option (b) Customer's preference

Reason:

The four segments of MidoriTech work as SBUs. Customer preference is not a characteristic of division as the matter is based on internal strategic decisions and does not relate to customer influence.

2) Option (d) Strategic alliance

Reason:

Strategic alliance is the right answer, as the companies would maintain independent status and they plan to benefit from each other what they could not get in isolated operations

3) Option (c) Being a mediator in trading of new technology**Reason:**

Being a mediator for trading of new technology does not qualify as an implementation strategy of R&D. It is a business strategy not R&D strategy

4) Option (b) Corporate and business level**Reason:**

General Managers deliver their responsibilities at both corporate and business levels, however, their responsibilities depend on size of organisation

5) Option (b) Structure**Reason:**

MidoriTech's division of its business segments into Robotics, ECommerce, Energy, and Others aligns with the "Structure" element of the 7S McKinsey model. The "Structure" element refers to the organization's arrangement of roles, responsibilities, and reporting lines. By organizing its business segments in this way, MidoriTech is structuring its operations based on different market segments, which is a structural aspect of its strategic approach.

Case Scenario 22

(ICAI MCQ's Booklet)

Sukh Pvt. Ltd. has been importing Italian crockery under the brand name of 'Facile' since 2017. The company was amongst the first ones in India to introduce the innovative unbreakable crockery. Their affiliate, an Italian company, which owns Facile, had entered into a progressive deal, wherein, products would be sourced to India via their logistics and all marketing spend would be covered by them. However, customer management and nationwide distribution would be taken care of by Sukh Pvt. Ltd. This required English speaking skilled workforce, which has been a constant challenge for the company in India.

The owners of Sukh Pvt. Ltd. have been regular at attending industry relevant conclaves, both national and international. Leaders of the company are avid readers of business magazines. Following that, it was observed that the recent sentiment of the country

towards 'Vocal for Local' could disrupt their Italian brand's marketability. An extraordinary meeting was set up and the steps ahead were planned.

The outcome of the meeting was to partner with local producers of earthen utensils in phase one of the change strategy. For this, seven state governments were approached. The team was successful in bagging contracts from all the government departments of these seven states and could position themselves fairly in the market. To fund this new investment, they have planned to slowly sell off their Italian business assets as well as the brand, to probable buyers.

This timely shift is proving to be a game changer for the company and the leadership is quite happy with better than before earnings and a much greater response from the customers. They find it easier to operate with domestic producers and vendors, and a sense of patriotism is instilled in the consumers' mind.

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

- 1) Which of the following best represents an opportunity for Sukh Pvt. Ltd. in the current scenario?
 - a) Increasing competition from local producers
 - b) Growing sentiment for imported goods
 - c) Partnership with local producers of earthen utensils
 - d) Decline in customer sentiment towards 'Vocal for Local'

- 2) Which of the following types of strategic control did the owners and leadership of Sukh Pvt. Ltd. Deploy, that eventually turned out to be one of the most effective strategic decisions for the company?
 - a) Premise control
 - b) Special alert control
 - c) Implementation control
 - d) Strategic surveillance

- 3) 'Vocal for Local' is a market sentiment that changed customer's preferences for the majority of products of all industries. Based on that, Sukh Pvt. Ltd. gauged the competition it might face in the coming months and agreed to change its own product. Which of the following forces, as per Michael Porter's five forces of competitive analysis, is most relevant in this case?

- a) Threat of new entrants
 - b) Nature of rivalry in the industry
 - c) Threat of substitutes
 - d) Bargaining power of the buyer
- 4) Which of the following aspects of value chain analysis was the most challenging for Sukh Pvt. Ltd. at the time of selling Facile brand crockery?
- a) Manufacturing
 - b) Outsourcing
 - c) Customer service
 - d) Procurement
- 5) To strategically revamp their business, partnerships were done with Indian local producers from seven states and to fund it, the existing arm of business was to be sold off. Which of the following strategies has Sukh Pvt. Ltd. opted for?
- a) Turnaround strategy
 - b) Divestment strategy
 - c) Liquidation strategy
 - d) Intensification strategy

Answers to Case Study:

- 1) Option (c) Partnership with local producers of earthen utensils

Reason:

Partnership with local producers of earthen utensils. The opportunity to partner with local producers aligns with the current market trend towards 'Vocal for Local.'

- 2) Option (c) Implementation control

Reason:

Implementation control involves ensuring that plans are being implemented effectively and achieving the desired results. In the case of Sukh Pvt. Ltd., their decision to partner with local producers of earthen utensils and the subsequent success of this strategy indicates effective implementation. This strategic decision was crucial in shifting their business model to align with the 'Vocal for Local' sentiment, leading to better earnings and a greater

customer response. Therefore, implementation control was likely a key factor in the company's success in executing this strategic shift.

3) Option (c) Threat of substitutes

Reason:

The threat of substitutes is the most relevant for Sukh Pvt. Ltd., as they were dealing in Italian crockery and the same is hit by locally produced earthen utensil, thus a substitute of their product

4) Option (b) Outsourcing

Reason:

The most challenging aspect of value chain analysis for Sukh Pvt. Ltd. at the time of selling Facile brand crockery was likely (b) Outsourcing.

Outsourcing involves sourcing components or finished goods from external suppliers, which can be a critical part of the value chain, especially for a company like Sukh Pvt. Ltd. that was importing Italian crockery. The decision to sell off their Italian business assets and brand indicates a shift away from outsourcing from the Italian company, which could have been a complex process involving finding new suppliers, negotiating contracts, and ensuring a smooth transition.

5) Option (b) Divestment strategy

Reason:

Divestment strategy, as a major part of business, and SBU is sold off in divestment. Here Facile was sold off to fund the new business

Case Scenario 23

(ICAI MCQ's Booklet)

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

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

Further, to make the product unique, they adopted a distinctive product packaging design. The milkshake tetra packs came with a 'calories saved' scale printed on them. It was designed to motivate the consumers to a healthier life. As a result, the company was able to sell these milkshakes at a higher price.

The company saw a decent response from the market and were planning to scale up operations, when suddenly, political disturbance in the state pulled their sales to rock bottom. Several warehouses of the company had to be temporarily shut down.

However, Mr. Rohatgi, the passionate operations head of the company, responded swiftly, and reengineered the business processes. He automated inventory management and outsourced logistical support. Small investments in IT infrastructure in troubled times reaped higher returns. The company was able to achieve better than before efficiency at all levels of operations and ensured regular sales.

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

- 1) Introducing Sugar-Free milkshakes by LactoQalci, falls under which Product-Market strategy as given by Ansoff?**
 - a) Product development
 - b) Market penetration
 - c) Market development
 - d) Diversification

- 2) Which of Michael Porter's Generic Strategies was adopted by LactoQalci to gain competitive advantage?**
 - a) Cost leadership strategy
 - b) Differentiation strategy
 - c) Focussed cost leadership strategy
 - d) Focussed differentiation strategy

- 3) Which strategic intent is expressed in the statement "Ensuring Health for Everyone" by LactoQalci?
- a) Vision
 - b) Mission
 - c) Goals and Objectives
 - d) Business definition
- 4) What kind of leadership did Mr. Rohatgi portray to pull out LactoQalci from the sudden disruption?
- a) Transactional leadership
 - b) Transformational leadership
 - c) Transparent leadership
 - d) Translational leadership
- 5) LactoQalci's introduction of a new product, sugar-free milkshakes, aligns with which element of the 7S McKinsey Framework?
- a) Skills
 - b) Staff
 - c) Strategy
 - d) Style

Answers to Case Study:

1) Option (a) Product development

Reason:

The company desires to introduce new products into existing markets which are covered under Product development.

2) Option (b) Differentiation strategy

Reason:

To make the product unique the company also adopted a distinctive product packaging design. As a result of which, the company was able to charge a premium for its product. Thus, Differentiation strategy.

3) Option (a) Vision

Reason: Strategic vision points out management's aspirations for the business and implies the blueprint of the company's future position.

4) Option (b) Transformational leadership

Reason:

Transformational leadership is most suitable in turbulent environments, in industries at the very start or end of life cycles. Mr. Rohatgi portrayed Transformational leadership.

5) Option (c) Strategy

Reason:

Strategy - Introducing a new product like sugar-free milkshakes aligns with the strategic direction of the company, making it part of the Strategy element.

Case Scenario 24

(ICAI MCQ's Booklet)

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

From inception, Code Consulting has been a women-centric organization. The sisters ensured that women were provided with ample opportunities in the organization. Given the option of Work From Home (WFH) as mandated by recent legal regulations, majority of the female workforce availed the option. To avoid a drop in sales, the sisters expeditiously lead a crisis management team to accommodate adoption of the required technology to meet the changes of time.

Code Consulting, having reached a reputable market standing, was now observing cut-throat competition from foreign giants in its niche. The sisters resolved to make an effort into their long aspired dream to diversify into the innovative market space of 3D printing. Code Consulting, lacking the requisite experience, went for a merger with a startup named "CreatyVT" known for its technical know-how. They have a strong skill-

based team, but the long-standing startup had a relatively small market share in the 3D printing arena.

Early on, the management observed that the businesses of big data analytics and 3D printing had distinct markets. So, they split the company into different business units to independently identify their performance. Separation into business units helped in simplifying the control-related problems too. Whereas the challenge to increase the company's market share was successfully met by introducing ingenious 3D printers with easily refillable cartridges. The new product was supported by an aggressive online advertising campaign. The customers pleased by the products helped reach the desired sales targets in no time.

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

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

- 1) Applying BCG matrix, identify the correct investment category for the new "3D printing" business of Code Consulting, at the time of merger?
 - a) Star
 - b) Cash cow
 - c) Dog
 - d) Question mark

- 2) Which strategy has been adopted by Code Consulting to overcome the difficulties of low market share for its "3D printing" business?
 - a) Dynamic strategy
 - b) Adaptive strategy
 - c) Intended strategy
 - d) Sound strategy

- 3) Mark the correct growth and expansion strategy employed by Code Consulting in merging with the startup named "CreatyVT"?
 - a) Horizontal merger
 - b) Vertical merger
 - c) Co-generic merger
 - d) Conglomerate merger

- 4) What has been the rationale behind Code Consulting's management for treating big data business and 3D printing business amenable to separate strategic treatment?
- a) The businesses were unrelated
 - b) The businesses were unmanageable
 - c) The businesses were related
 - d) The businesses were identical
- 5) Which type of strategic control was adopted by Code Consulting when a new legal regulation proposed that women workers shall have the option to work from home?
- a) Premise control
 - b) Special alert control
 - c) Strategic surveillance
 - d) Implementation control

Answers to Case Study:

1) Option (d) Question mark

Reason:

The 3D printing business had a small market share in a high-growth market at the time of the merger, placing it in the "Question mark" category of the BCG matrix. This indicates that while the business has potential, it requires significant investment to increase its market share.

2) Option (c) Intended strategy

Reason:

An intended strategy refers to a deliberate course of action planned by management to achieve specific goals. Code Consulting's decision to merge with CreatyVT reflects a pre-planned and deliberate strategy to leverage technical expertise and address the challenge of low market share in the 3D printing business. This was not merely reactive or adaptive but a carefully thought-out step aligning with their aspirations to diversify.

3) Option (c) Co-generic merger**Reason:**

A co-generic merger involves two companies operating in related industries that combine to create synergies. Code Consulting (big data analytics) and CreatyVT (3D printing) share a technological and innovation-oriented focus, making this a co-generic merger. It is not a horizontal merger as they do not compete directly, nor is it a conglomerate merger as they are not unrelated businesses.

4) Option (a) Unrelated business**Reason:**

The businesses of big data analytics and 3D printing cater to distinct markets, indicating they are unrelated in terms of their customer base, offerings, and market dynamics. This separation into distinct business units allows for focused strategic planning and performance tracking.

5) Option (b) Special alert control**Reason:**

Special alert control is used when an organization responds to sudden and significant external changes or crises, such as the introduction of new legal regulations mandating work-from-home options. Code Consulting quickly adapted by forming a crisis management team and implementing the necessary technological changes, demonstrating a special alert control approach.

Case Scenario 25

(ICAI MCQ's Booklet)

In the seventh decade of last century the *Banerjee Tasty Teas Ltd (BTTL)*, engaged in tea plantations in Assam and Darjeeling for more than two decades, began selling packaged tea under the brand name "Mitra" and "Dost". At the time they had around 32 per cent of the market share in the packaged tea segment that was growing rapidly. Their next competitor had 18 per cent share. In the middle of eighth decade the company launched a chain of eateries selling teas and branded it as "Prakriti". They brewed tea in these eateries by adding goodness of adrak, tulsi and other natural ingredients. Their products were positioned as natural Indian tea with ayurvedic

ingredients having health benefit. They positioned it as *masala chai* clinically proven to enhance immunity and gave a tag line, "Dadi Maa Ke Gharelu Nuskhe". It soon became the favourite chain of eateries, selling India's popular beverage, tea.

In early nineties when liberalization favoured entry of Multinationals in diverse sectors, two companies with their headquarters in USA - Galaxly and Foodtle, leading consumer goods company entered Indian market. The two companies respectively held two major global brands of teas Krypton Breakfast Tea and Argon Grey Tea. Both the global players with their vast pool of financial and other resources, knowledge of multiple markets and experienced professionals were expected to rewrite the history of the Indian Tea business.

BTTL concerned about their future engaged a leading management consultant to take advice on the future course of action. The management consultants, after a thorough study and survey in four largest metropolitan cities advised BTTL to exit the market and encash their goodwill. The consultants felt that it would be difficult for BTTL to survive in the tea business in India with the might of new competitors having abundant resources. The BTTL engaged with the two global companies and sold their packaged tea business to Galaxly in the year 1995 with a non-compete clause for 20 years. The brands "Mitra" and "Dost" became property of Galaxly. BTTP retained the eateries and "Prakriti" brand. Galaxly got an edge over Foodtle in Indian Market with instant access to the distribution network. In late 1990's Galaxly reduced production of "Mitra" and "Dost" and focussed to sell their own brands. However, both the new entrants struggled to sell their products in India. Galaxly changed back its focus to "Mitra" and "Dost" in the middle of last decade of the previous century and started gaining edge over Foodtle. In the beginning of new century Galaxly had a market share of 21 per cent and Foodtle had a market share of 13 per cent. There were many other big and small brands that controlled the remaining share.

When the Indian tea market was witnessing a high-profile tussle between the global giants, Prakriti gained popularity among domestic consumers and increased the number of outlets to 163 located in 78 cities. BTTL riding high on the success of their Prakriti outlets, diversified into the fruit-flavoured beverages segment, with aims to garner significant share in the Indian fruit beverages market. The company launched the brand 'Asli Bursts' and started selling packaged juices in three flavours - mixed fruit, green apple and tangy orange. In the year 2010 the business expanded with the launch of

100% natural Tender Coconut Water. As a result, it became the country's largest health and nutritious drink brand with a variety of products under its umbrella. Over time the management of BTTL also changed and is now controlled by the next generation. The new generation, nostalgic about their first product re-entered packaged tea business in the year 2015 with the brand 'swad'. They pursued catering to broad markets by reducing costs in the areas of procurement, storage and distribution of teas and selling it at attractive prices. However, five years have passed; the brand 'swad' is not able to garner any significant foothold in Indian packaged Tea Market.

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

- 1) In the 1970's what was the position of BTTL in BCG matrix?
 - a) Stars
 - b) Cash Cows
 - c) Question Marks
 - d) Dogs

- 2) Which of the following are not strength of Galaxly in India in the year 1994?
 - i) Financial Resources
 - ii) Krypton Breakfast Tea Brand
 - iii) Strong distribution channel
 - a) (ii)
 - b) (iii)
 - c) (ii) and iii)
 - d) (i), (ii) and (iii)

- 3) What is the Micheal Porter business level strategy for the brand `Swad'?
 - a) Cost leadership
 - b) Differentiation
 - c) Focussed cost leadership
 - d) Focussed differentiation

- 4) Entry of BTTL in coconut water is:
 - a) Market entry
 - b) Market development

- c) Market penetration
- d) Product development

5) Entry of BTTL in eateries with brand name Prakriti is:

- a) Vertically integrated diversification
- b) Horizontally integrated diversification
- c) Concentric diversification
- d) Conglomerate diversification

Answers to Case Study:

1) Option (a) Stars

Reason:

During the 1970s, BTTL held a 32% market share in the rapidly growing packaged tea segment, making it a leader in a high-growth market. This aligns with the Stars quadrant in the BCG matrix, representing high market growth and a strong market share.

2) Option (c) ii and iii

Reason:

ii) Krypton Breakfast Tea Brand: While this was a global brand, it was not yet established in the Indian market in 1994.

iii) Strong distribution channel: Galaxly lacked a robust distribution network in India, which they only acquired after purchasing BTTL's packaged tea business.

Therefore, ii and iii were not strengths of Galaxly in India at the time.

3) Option (a) Cost leadership

Reason:

The strategy for the brand 'Swad' involved reducing costs in procurement, storage, and distribution to offer tea at attractive prices. This is a classic example of the cost leadership strategy, which aims to achieve competitive advantage by minimizing costs.

4) Option (d) Product development**Reason:**

The launch of tender coconut water represents product development because BTTL introduced a new product (natural coconut water) in their existing market of health and nutritious drinks, expanding their product portfolio.

5) Option (a) Vertically integrated diversification**Reason:**

By launching the "Prakriti" chain of eateries, BTTL moved forward in the value chain to directly serve brewed tea to customers. This represents forward vertical integration, where a company takes over activities closer to the customer in the supply chain.

Case Scenario 26

(ICAI MCQ's Booklet)

With rising incomes of salaried class individuals and the percentage of second-generation kids pushing the economic consumption to an all-time high, Anant Khanna, a 23 year old graduate of IIT Mumbai, betting on this new market segment, started a digital credit payback platform under the name of Money Mox.

The company began its operations last year and has already accumulated a customer base of around two million active users. One of the reasons to enter this market was the disruptive technology already in place because of earlier FinTech startups. It was easy to mold the available infrastructure and build a platform. The idea of the company is simple; make a gated community of high income - high spending individuals and reward them for their purchases via credit and debit cards.

The company made news recently with global investors finding it attractive to bet on. Following which, Josh Kattings, an early investor, met with the team and advised them to not just copy what Batuya, the key competitor with a different business model was doing, but to learn, improve and better the process for customers.

Surprisingly, Josh also offered Batuya to work along with Money Mox for better penetration, but Anant and team did not agree to the same so early on. They had issues with their current infrastructure and rather wanted to outshine the competition, than to shake hands and grow together.

The company last month shared their revenue projections publicly and it attracted a lot of old players in banking to take note of the new technology. The leader in this sentiment was CBZ Bank which offered to buy Money Mox for 50 crores against a 100% equity deal.

Anant and team are yet to respond to the enormous offer from a well-established bank, but this surely speaks volume about how unique ideas are valued in the developing economies like India.

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

- 1) Which model has been thoughtfully considered while taking the decision to dive into FinTech market?
 - a) BCG Growth Share Matrix
 - b) ADL Matrix
 - c) Stop-Light Strategy Model
 - d) SWOT Analysis
- 2) Money Mox's market strategy falls under which of Michael Porter's generic strategies?
 - a) Cost Leadership Strategy
 - b) Focused Differentiation Strategy
 - c) Focused Cost Leadership
 - d) Differentiation Strategy
- 3) Which of the following may be true about the downsides of the plan to work along with Batuya, that Anant and team might have considered?
 - a) Trade Secrets can be spilled out
 - b) Ally may become a competitor
 - c) There may be good sharing of skills and technology and thus the costs will rise
 - d) Only A and B
- 4) Considering the advice given by Josh Kattings about improving processes and bettering customer experiences, under Mendelow's Matrix, where does Josh Kattings likely fall?
 - a) High Power, High Interest (Key Players)
 - b) High Power, Low Interest (Keep Satisfied)

- c) Low Power, High Interest (Keep Informed)
- d) Low Power, Low Interest (Minimal Effort)

5) CBZ Bank's offer to buy 100% equity of Money Mox is an example of?

- a) Horizontal Merger
- b) Concentric Diversification
- c) Strategic Alliance
- d) Co-generic Merger

Answers to Case Study:

1) Option (c) Stop-Light Strategy Model

Reason:

The Stop-Light Strategy Model (also associated with the GE Matrix) evaluates business units or industries based on market attractiveness (e.g., disruptive technology, rising market potential) and business strength (e.g., rapid growth of the user base and customer acquisition rate). Money Mox entered the FinTech market based on these two key factors, aligning with the Stop-Light Model rather than SWOT Analysis.

2) Option (b) Focused Differentiation Strategy

Reason:

Money Mox targets a niche market (high-income, high-spending individuals) by offering a unique service (credit payback rewards for card purchases). This is a clear example of focused differentiation, where a company tailors its product or service to a specific market segment with unique value propositions.

3) Option (d) Only A and B

Reason:

- Trade secrets can be spilled out: Collaboration may lead to unintentional disclosure of proprietary processes or strategies.
- B. Ally may become a competitor: Partnerships can lead to shared knowledge, which might make the ally a strong competitor in the future.
- C is incorrect because sharing skills and technology typically lowers costs through economies of scale, not increases them.

Thus, the downsides considered are only A and B.

4) Option (a) High Power, High Interest (Key Players)**Reason:**

As an early investor and advisor, Josh Kattings holds significant power (financially and strategically) and has high interest in Money Mox's success. He qualifies as a "Key Player" who should be engaged closely and consulted in critical decision-making.

5) Option (d) Co-generic Merger**Reason:**

CBZ Bank operates in the financial services sector, and Money Mox is a FinTech startup within the same broad domain. This acquisition is a co-generic merger, as it involves two companies in related industries but with different operational aspects, aiming to create synergy.

Case Scenario 27

(ICAI MCQ's Booklet)

Jalsa Group is a family amusement park developer, based out of Ahmedabad. They have four prime properties in Gujarat; Snake Land, Water World, Ride Road and Habitat Universe.

Amongst above, Ride Road is the newest. The concept of Ride Road is that people can bring in their vehicles (of all sizes) and race against each other/in teams under expert guidance. The idea is fairly new to Indian market and the group is betting big money on it. Another bet that turned quite well for Jalsa is the Snake Land. The park has an integral design of a jungle with various rides based on snakes and reptiles. It has attracted locals in huge numbers and recently an influx of national tourists has been observed.

The owners liked a concept they saw on their visit to Indonesia, where people could visit an amusement park and plant vegetables and trees of their liking, and apparently own that particular tree/plant with all its produce being their property. This could have a major environmental benefit vis a vis governmental support to set up the business. The owners' proposed that this could even be made part of the Water World to revive it back to its glory.

Noting from above, Water World has seen tremendous competition at a national level, and the quality of rides has also deteriorated with new technological designs coming up.

To meet the losses being made at Water World, management of Jalsa built Habitat Universe in a close spot, which has been awarded at international level and is seeing slight competition with increasing tourism, as the ticket sales figures are quite high.

The management team in their annual meeting presented the below matrix to the owners, based on which further plans were thought through;

Stars: Snake Land	Question Marks: Ride Road
Cash Cows: Water World	Dogs: Habitat Universe

The owners and team have realised that their differentiating factor at a national level is their ability to observe international trends and implement the same in India. Following which, Jalsa has planned to form an international vigilance committee to find such international trends and give them an Indianess for their business. The Group plans to develop two more properties near Goa in the coming years.

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

- 1) Mark the statement(s) that are most appropriate.
 - a) Snake Land is in growth stage and Habitat Universe is in maturity stage
 - b) Snake Land is in growth stage and Water World is in maturity stage
 - c) Ride Road is in introduction stage and Habitat Universe is in maturity stage
 - d) Ride Road is in introduction stage and Water World is in declining stage
- 2) Formation of International Vigilance Committee is an incidental product of _____ of Jalsa Group?
 - a) Core Competency
 - b) Differentiation Strategy
 - c) Cost Leadership
 - d) Strategy Audit
- 3) Developing Habitat Universe is what kind of an expansion strategy?
 - a) Vertical Diversification
 - b) Concentric Diversification
 - c) Conglomerate Diversification
 - d) Horizontal Diversification

- 4) Which of the following is true in the matrix presented at the annual meeting with the owners?
- a) Stars: Snake Land and Question Marks: Ride Road
 - b) Cash Cow: Water World and Stars: Snake Land
 - c) Dogs: Habitat Universe and Question Marks: Ride Road
 - d) Question Marks: Ride Road and Cash Cow: Water World
- 5) Clearly SWOT analysis helped the owners' understand their differentiating factor of success, but which factor amongst the below can disrupt their differentiation factor in the long term?
- a) Highly complex environment
 - b) Competitive Scenario
 - c) Both (a) and (b)
 - d) SWOT Analysis is a fool proof technique, thus nothing would affect

Answers to Case Study:

- 1) **Option (d) Ride Road is in introduction stage and Water World is in declining stage.**
Reason:
Ride Road is a new concept, indicating it is in the introduction stage, while Water World is facing competition and declining quality, placing it in the declining stage.
- 2) **Option (a) Core Competency.**
Reason:
The formation of the International Vigilance Committee reflects Jalsa Group's core competency in observing and adapting international trends to the Indian market.
- 3) **Option (b) Concentric Diversification.**
Reason:
Developing Habitat Universe complements the existing amusement park offerings, making it a concentric diversification strategy.
- 4) **Option (a) Stars: Snake Land and Question Marks: Ride Road.**
Reason:
The matrix categorization indicates Snake Land is performing well as a star, and Ride Road is in the question mark category as a new venture.

5) Option (c) Both (a) and (b).

Reason:

Both a highly complex environment and a competitive scenario can disrupt differentiation over time.

Case Scenario 28

(ICAI MCQ's Booklet)

Medline patient care limited (MPCL) began its business as a small family-run business supplying custom-made hospital furniture and patient care equipment. The company started its operations with meager capital and work force in the year 1990, now having 20 years of experience and expertise, it has grown into a thriving hub of experts specializing in either custom-made, locally sourced or quality imported commercial grade hospital furniture. The company has made a significant name in the field of "patient care equipment" by providing high quality products to its customers.

Medline patient care limited (MPCL) has a wide business network throughout India and supply its products to various hospitals, nursing homes and medical colleges. It is well-known for manufacturing Hospital Furniture and Operation Theatre Equipment (Tables and Lights). Due to sudden plunge in the sales volume, margin of profits and declining market share, the company's CEO called a meeting with Board of Directors and other senior executives. They decided to appoint Mrs. Puri as a new strategy manager.

As a newly appointed strategy manager, Mrs. Puri has to assess and analyse the business environment and work out on the reasons of declining trends. Mrs. Puri conducted SWOT analysis and observed that the reason of these decreasing trends is increased competition that has emerged over the last three years. For many years, Medline (MPCL) has been known for high quality but now this quality is being matched by the competitors who are able to sell at lower prices.

After analysing the business environment, Mrs. Puri submitted her report to the top level management with the following proposals:

- Focus on technology, innovation, and quality: The expert technology, quality and innovates can earn the confidence of Doctors and the trust of consumers in developing latest Medical Equipment's.

- **Employee training & development:** She advised to train and experts technical staff in our company to produce trouble free products.
- **Cost rationalization:** Reduction in the cost of production is required.
- **Client service, support, and feedback:** MPCL understands the importance of "After Sale-Service" to customers and always concentrate on this point.
- **Product testing:** All products are thoroughly tested before dispatch.

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

- 1) After conducting the SWOT analysis by Mrs. Puri in MPCL, she identifies that high quality, custom-made hospital furniture has made a significant name in the field of "patient care equipment" by MPCL. For MPCL, these features of its products are its:
 - a) Strength
 - b) Opportunity
 - c) Weakness
 - d) Threat
- 2) MPCL recruits and appoints various employees at their respective levels in the organisation. Identify, the CEO, Board of Directors and other senior executives are a part of which of the following Strategic Levels in the organization?
 - a) Business Level
 - b) Functional Level
 - c) Corporate Level
 - d) Consultant Level
- 3) According to Michael Porter's five forces model, which force came into existence for declining the growth and profits of MPCL?
 - a) Threat of new entrant
 - b) Threat of substitutes
 - c) Bargaining power of customers
 - d) Bargaining power of suppliers

- 4) MPCL's market share is declining due to equivalent products being sold by competitors at lower prices. What does this statement reflect?
- a) It reflects that the cost of production of competitors is lower than MPCL
 - b) It reflects that the competitors are providing cheap products
 - c) It reflects that MPCL has declined the quality of its products
 - d) All of the above.
- 5) Competitive advantage leads to superior profitability. Mrs. Puri's report indicates the factors for value creation. Identify the factors by which MPCL can achieve competitive advantage by value creation.
- a) The expert technology, quality and innovates can earn the confidence.
 - b) Reduction in the cost of production is required.
 - c) After Sale-Service to customers and welcome the valuable suggestions from their customers.
 - d) All of the above

Answers to Case Study:

1) Option (a) Strength

Reason:

High quality and custom-made products represent internal strengths of MPCL, as these features contribute positively to the company's reputation and market position.

2) Option (c) Corporate Level

Reason:

The CEO and Board of Directors operate at the corporate level, focusing on overall strategic direction and decision-making for the organization as a whole.

3) Option (b) Threat of substitutes

Reason:

The decline in MPCL's growth and profits is significantly impacted by competitors offering equivalent products at lower prices. This suggests that customers may choose substitutes (in this case, similar hospital furniture and equipment from other suppliers) over MPCL's products, which aligns with the threat of substitutes in Porter's model.

4) Option (a) It reflects that the cost of production of competitors is lower than MPCL

Reason:

The statement specifically highlights that competitors are selling similar products at lower prices, which suggests they have a cost advantage over MPCL. The other options either generalize or misrepresent the situation.

5) Option (d) All of the above

Reason:

All listed factors (expert technology and quality, cost reduction, and after-sale service) contribute to MPCL's ability to create value and achieve a competitive advantage in the market.

Case Scenario 29

(ICAI MCQ's Booklet)

Aero Mind Bridge Technologies Ltd (AMBTL) is a software development company work as a solution provider to airlines industry. The company was established more than a decade ago by Mr. Pranshu Gupta having experience of working in the United States of America (USA). His entrepreneurial desires brought him back to India to promote Aero Mind Bridge Technologies Ltd (AMBTL). The company started its operations with a meager capital of Rs. 10 lakhs with limited workforce. Currently, it enjoys a valuation of more than Rs. 50 crores. Almost everybody acknowledged the competency of AMBTL in developing customised software for the airlines industry.

The high growth of the company was mainly on account of the heavy inflows of the funds in the airlines industry from various big business houses that have diversified into airlines industry. Currently, these business houses were in the manufacturing of FMCG, textiles, packaging etc. and having good expertise and uniqueness in these industries.

However, AMBTL saw stagnation in last three years. The order position was shrinking day by day. The margins were also reducing. Last year was particularly bad for the AMBTL and its annual sales reduced by 20 % for the first time since its inception.

Most of the business houses that had entered in the airlines industry had less knowledge and experience in the industry. However, their desire to diversify and seeing new opportunity in the airlines industry prompted them to invest heavily into the industry.

However, things did not turn out to be as expected. The tough competition between several players, reduction in the fare by railways and high prices of aviation fuel created problems for the industry. The sector was not able to generate reasonable profits thus resulting difficulty in maintaining operations. They were in need for hard to come by capital. Lately, the airlines industry is witnessing some consolidation with companies planning for mergers or even contemplating closures.

The general global recession also resulted in the reduction of travel expenditure of corporates resulting in decrease in the order position of AMBTL.

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

- 1) Identify the nature of diversification by the business houses entering into airlines industry.
 - a) Concentric diversification
 - b) Conglomerate diversification
 - c) Vertically integrated diversification
 - d) Horizontal integrated diversification

- 2) The big business houses were in the manufacturing of FMCG, textiles, packaging etc. and had good expertise and uniqueness in these industries. But they are not performing well in airlines industry because of
 - a) Non availability of funds
 - b) Incompetent workforce
 - c) Rapid technological changes
 - d) Lacking core competence

- 3) AMBTL has been known for its competency in developing customized software for the airlines industry. Which "S" in the 7S Framework reflects this capability?
 - a) Systems
 - b) Skills
 - c) Structure
 - d) Strategy

- 4) AMBTL could be easily marked as a Star as per BCG's Growth Matrix in its early years. However, the last three years have not been good for AMBTL. Where would you put it on the BCG Matrix?
- a) Dog
 - b) Question Mark
 - c) Will remain a star
 - d) Cash Cow
- 5) Mr. Pranshu Gupta as a core strategist of AMBTL has been authorised to bring about strategic change in his company, how he will initiate "unfreezing of the situation"?
- a) Promoting new ideas throughout the organization
 - b) Promoting compliance throughout the organization
 - c) Promoting change in process throughout the organization
 - d) None of the above

Answers to Case Study:

1) Option (b) Conglomerate diversification

Reason:

Conglomerate diversification refers to entering into a completely different industry than the one currently being operated in. The business houses in this case were originally involved in industries like FMCG, textiles, and packaging, and they ventured into the airlines industry, which is unrelated to their existing businesses.

2) Option (d) Lacking core competence

Reason:

While these companies may have expertise in their original industries, they lack the core competence required to succeed in the airlines industry. Their inexperience and lack of industry-specific knowledge have hindered their performance.

3) Option (b) Skills

Reason:

Skills refer to the organization's core competencies and technical capabilities, which in this case is software development expertise.

4) Option (d) Cash Cow**Reason:**

If AMBTL has reduced growth but remains profitable due to established clients, it may still act as a Cash Cow. However, if profitability is severely impacted, (a) Dog might also be considered correct.

5) Option (a) Promoting new ideas throughout the organization**Reason:**

To initiate change, the first step is to "unfreeze" the current state by promoting new ideas and creating awareness about the need for change among employees. This encourages a shift in mindset and prepares the organization for the upcoming changes.

Case Scenario 30

(ICAI MCQ's Booklet)

Over 3 billion people worldwide drink coffee every day, and about 18% of Indians prefer coffee over tea. These numbers are growing at a CAGR of 11% and HotKopi wants to lead the way ahead in budget coffee stores in the Indian subcontinent. With many new brands mushrooming out to make money from the growing industry, HotKopi's unique selling proposition (USP) is its hand blended coffee, roasted on cow dung.

The business is not easy, getting quality cow dung, training individuals, packing organically and maintaining hygiene has been a constant issue. However, their customer reach and relationship management has been a winner in the market. This has helped them grow slowly and steadily even with enormous competition in the coffee segment.

In their annual finance meeting, the CFO of the company aimed to achieve 30% growth in customers and a 7% increase in net profits as soon as possible. On these lines, the company planned to expand its operations and team size to nearly thrice of what they were at the beginning of the year.

The business of HotKopi seemed sustainable but as the environment is dynamic and competition is fierce, the management had been keeping an eye on competition very closely. The promotions from competitors were flocking between being organic to dropping prices, offering free corporate parties, student discounts and souvenirs for high purchasers. The team knew these were costly promotions and were denting their competition economically but getting them business and a big share of the market.

More so, ChocoJoe, the biggest coffee brand in North America, was due to enter India in the coming months. They had already partnered with one of HotKopi's competitors and the business sustainability of HotKopi seemed weak. The team sat down for a round table meeting and decided to offer their entire business to ChocoJoe for a 120% premium and exit the business.

ChocoJoe recently accepted their offering, and the deal shall finalise by year end.

HotKopi has been a short success story which shall now hide behind the mega branding of ChocoJoe. Nonetheless, businesses are meant to be practical at times rather than being emotional. Whether the decision to sell off and exit was a wise one or not, only time would tell.

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

- 1) Which of the following aspects of Value Chain Analysis has been a crisis area for HotKopi?
 - a) Inbound logistics and Transformational operations
 - b) Outbound logistics and Transformational operations
 - c) Marketing and Sales
 - d) Service and Inbound logistics

- 2) Differentiation has been core to HotKopi's business, but it has its own weaknesses. Which of the following could be the weakest of them all for HotKopi?
 - a) Price point war
 - b) Sustainability of uniqueness
 - c) Inevitability of offering proposition
 - d) Switching costs for customers

- 3) Which core characteristics in CFO's objective of achieving 30% growth in customers and 7% increase in net profits is missing?
 - a) Being concrete and specific
 - b) Providing standard for performance appraisal
 - c) Challenging in nature
 - d) Time frame specific

- 4) Had they not offered their business to ChocoJoe, HotKopi would have to pursue their plans of expansion. Which of the following would best suit their organizational structure?
- a) Divisional structure
 - b) Multidivisional structure
 - c) Functional structure
 - d) Strategic business unit structure
- 5) HotKopi opted for liquidation. What kind of strategic control helped them get money out of the business at the right time?
- a) Strategic surveillance
 - b) Special alert control
 - c) Premise control
 - d) Management control

Answers to Case Study:

1) Option (a) Inbound logistics and Transformational operations

Reason:

HotKopi struggled with sourcing quality cow dung (inbound logistics) and maintaining hygiene, training, and organic packaging (operations).

2) Option (b) Sustainability of uniqueness

Reason:

Their differentiation (roasting on cow dung) is difficult to sustain in the long run due to competition and operational challenges.

3) Option (d) Time frame specific

Reason:

The CFO's objective lacked a specific deadline, making it incomplete as per the SMART goal framework.

4) Option (c) Functional structure

Reason:

Since HotKopi has a low level of diversification, a functional structure (with separate departments for marketing, operations, finance) is the best fit for expansion.

5) Option (b) Special alert control**Reason:**

The entry of ChocoJoe and rising competition led to a sudden strategic decision to sell, which aligns with special alert control.

Case Scenario 31

(ICAI MCQ's Booklet)

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

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

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

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

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

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

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

- 1) O-Farm 's new strategy implementation as a result of amendment of Agriculture laws by the government, resonates with which of the following statements?
 - a) Organisational operations are highly influenced by the ripple effect of environmental changes.
 - b) Organisational structure is highly influenced by the ripple effect of environmental changes.
 - c) Organisational operations are not affected by the ripple effect of environmental changes.
 - d) Organisational structure can influence environmental changes.
- 2) The shift of O-Farm from "Kisaan Kalyan" to "Upbhokta Sewa" is a change in?
 - a) Mission
 - b) Vision
 - c) Promotion
 - d) Product
- 3) Which of the following was the first and major advantage for O-Farm that helped them achieve Cost Leadership in the market?
 - a) Economies of Scale was achieved very early on
 - b) Prompt forecast of product demand
 - c) Becoming customer oriented
 - d) Well negotiated purchase contracts
- 4) O-Farm's marketing strategy is an example of which of the following marketing strategies?
 - a) Person Marketing
 - b) Augmented Marketing
 - c) Enlightened Marketing
 - d) Synchro Marketing

- 5) The brand has achieved cost leadership through multiple strategies, but it would be a constant challenge to sustain this leadership because of which of the following reasons?
- a) Competitors would imitate their modus operandi.
 - b) Marketing costs will be huge as volumes increase given their choice of marketing strategy.
 - c) Change in Agriculture Laws shall disrupt its supply chain time and gain.
 - d) Sales volume will have to outperform its own targets and even that of competitors.

Answers to Case Study:

- 1) Option (a) Organisational operations are highly influenced by ripple effect of environmental changes.

Reason:

O-Farm had to alter its strategy (importing from other nations and shifting focus) due to changes in agriculture laws, showing how operations are affected by environmental changes.

- 2) Option (b) Vision

Reason:

The shift from "Kisaan Kalyan" (farmer welfare) to "Upbhokta Sewa" (customer focus) represents a long-term strategic direction rather than just an immediate purpose, indicating a change in vision.

- 3) Option (d) Well negotiated purchase contracts

Reason:

Importing cheaper farm inputs from West Asian and African nations helped O-Farm reduce input costs, making it the primary driver of cost leadership.

- 4) Option (c) Enlightened Marketing

Reason:

O-Farm used social media influencers and cricket stars with affiliate marketing instead of upfront payments, which is an example of enlightened marketing—a cost-effective and responsible promotional approach.

5) Option (b) Marketing cost will be huge as volumes increase given its choice of marketing strategy.

Reason:

Since O-Farm relies on affiliate marketing, costs will rise proportionally as sales volume increases, making it harder to sustain cost leadership.

Case Scenario 32

(ICAI MCQ's Booklet)

There is a wave of interest from around the globe in an upcoming one of its kind three-day fitness event called DRIPP, organised by Monolith Events LLP. The event is due next year, and the tickets are already sold out.

Major attractions are that only organic foods and health drinks shall be available throughout the three-day event, free consultations with athletes, training tips and tricks. Competitions with prize money are also up for grabs. A lot of Bollywood Stars and International Celebrities have also shown interest and pledged to visit the event in Goa.

Rishi Bhalla, the Chief Logistics Officer, has formed a team of 30 people to get the right products from the right place to the right place at the best possible prices. They have been in conversation with many local vendors for organic products and have an inclination towards local businesses than going for big brand names. The idea is to give maximum profits to the vendors and in doing so the vendors would also have to bear the costs of setting up and share the risks of organising DRIPP. It seems a fair win-win proposition.

Further, Elina Ray, Director of Operations, has divided her team into middle managers looking after finance, customer service, supplies, community engagement and IT. They would all report to Elina directly and would be independent in taking decisions for their respective responsibilities. This would ensure an autonomous decentralised management to speed up operations.

The team had been working long hours till January and the business was struck by the pandemic. They have been fortunate enough to keep the ticket buyers, vendors and celebrities on board and even though the preparations have been a challenge in Covid19 times, the team has worked hard to keep things intact and on track.

Assuming global and domestic travel to normalise by next year, the team at Monolith anticipates many more such events like DRIPP with big event companies joining the party to imitate their concept.

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

- 1) Which of the following is untrue about Elina Ray's team?
 - a) They are group of Functional level managers.
 - b) They are aimed at facilitating the business level strategies.
 - c) They would work isolated but work towards core business strategies.
 - d) They would be responsible for control of their respective function.

- 2) Which of the following best describes the vendor engagement for DRIPP?
 - a) Organizational alliance
 - b) Economic alliance
 - c) Strategic alliance
 - d) Political alliance

- 3) Which of the following is a focal weak point for DRIPP's success if the pandemic allows more time for competitors to conceptualise something similar?
 - a) Minimum capital requirement
 - b) Inadequate barriers to entry
 - c) Easy access to distribution channels
 - d) Low switching costs

- 4) According to Mendelow's Matrix, which stakeholder group do the vendors belong to, considering they share risks and costs of DRIPP?
 - a) Key Players
 - b) Keep Informed
 - c) Keep Satisfied
 - d) Minimal Effort

- 5) For an Events Management firm such as Monolith Events LLP the ideal form of organisaitonal structure would be
- a) Hourglass
 - b) Matrix
 - c) Functional
 - d) Divisional

Answers to Case Study:

- 1) Option (c) They would work isolated but work towards core business strategies.

Reason:

Elina's team members report directly to her and handle different functions independently but not in isolation. They coordinate for overall operations.

- 2) Option (c) Strategic Alliance

Reason:

The vendors are not just suppliers but also share costs and risks, making this a long-term collaboration rather than a simple financial or political arrangement.

- 3) Option (b) Inadequate barriers to entry

Reason:

Event management has low entry barriers, meaning competitors can easily copy DRIPP's concept, reducing its uniqueness and market edge.

- 4) Option (a) Key Players

Reason:

Vendors directly impact the event's success by providing essential products and services. Their high power and high interest make them key stakeholders.

- 5) Option (b) Matrix Structure

Reason:

Event management requires cross-functional collaboration, and a matrix structure allows for flexibility, as employees report to both functional and project managers.

Case Scenario 33

(ICAI MCQ's Booklet)

Increasing investment in the share market, mutual funds, and equity/debt investment plans from the growing salaried middle class gave birth to Scripzy, an Artificial Intelligence based market predictor and digital brokerage company. The company is headquartered in Mumbai and has a team of 100+ IT professionals working on building a safe and secure digital infrastructure.

The market is densely competitive. Apart from similar start-ups, several established players of the industry have also diversified their businesses with digital offerings for their existing customers. However, Scripzy, with its organic reach for the young earning set of customers, is on a winning streak. This was achieved by project 'Force.'

Project Force was a secret market analysis conducted by internal teams to find sustainable competitive advantages, focus on final product attributes most valued by customers and imitate the competitive capabilities of competitors. It was a complete final product-customer approach which helped them win over youngsters.

Interestingly, the company being AI based has also automated its internal decision making with in-house AI decision making bots. The top management explains their requirements to the AI bot and the bot makes functional decisions that are to be executed by respective teams. It also engages with team leaders and sends regular reports on fulfilments. This projected a very strong image for the company in the international market and a Chinese investor offered them a huge undisclosed amount to buy-out the AI system. Scripzy immediately accepted the offer and earned huge sums from the unexpected sale.

Repercussions followed and their core customers, the youth, boycotted their product. The team had to approach the share market leaders to support and with a little influence from the share market leaders, they were able to regain their "True Indian Company" status in the media. Nonetheless, damage was done, and they saw their customer base shattered to an all-time low.

Decisions which seem economically attractive are multi-faceted, and this is one lesson that Scripzy shall remember for times to come. Business for now is low and weak, but a good strategy can change the landscape for Scripzy's future.

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

- 1) Which of the following statement by Ansoff is most appropriate for Scripzy's strategy in the changing environment?**
 - a) Preparedness of worst-case scenarios
 - b) Farfetched planning of leadership
 - c) Money has the power to influence the environment
 - d) Blend of proactive and reactive actions

- 2) Project Force was crucial in determining Scripzy's position in the market. However, which of the following metrics was missed by the team while understanding KSFs?**
 - a) Crucial product attributes
 - b) Sustainable competitive advantage
 - c) Resources for competitive success
 - d) Competitive capabilities to be competitively successful

- 3) Competitive landscapes of Scripzy comprises?**
 - a) AI Firms
 - b) Existing financial firms that diversified their offerings
 - c) Other start-ups
 - d) Only (b) and (c)

- 4) In future, to fight out uncertainties like geo-political influences, which of the following can be used by Scripzy?**
 - a) PESTLLE Analysis
 - b) SWOT Analysis
 - c) GE Matrix
 - d) ADL Matrix

- 5) Which of the following elements of the 7S McKinsey Model played a crucial role in Scripzy's success by aligning its AI-driven decision-making bots with its operations?**
 - a) Strategy
 - b) Systems
 - c) Structure
 - d) Style

Answers to Case Study:**1) Option (d) Blend of proactive and reactive actions****Reason:**

Scripzy initially followed a proactive strategy by conducting Project Force, which helped them gain a competitive edge by understanding customer preferences. However, their decision to sell their AI system led to unexpected customer backlash, requiring them to take reactive measures to regain trust. This mix of proactive and reactive actions aligns with Ansoff's strategic management insights.

2) Option (c) Resources for competitive success**Reason:**

While Project Force successfully identified product attributes, competitive capabilities, and sustainable advantages, Scripzy failed to recognize the importance of retaining its internal AI system as a key resource for competitive success. Selling the AI system weakened their differentiation, leading to a decline in their competitive position.

3) Option (d) Only (b) and (c)**Reason:**

Scripzy faces competition from existing financial firms that have diversified into digital offerings (b) and other start-ups (c) in the AI-based market prediction and brokerage sector. While AI firms may develop predictive technologies, they do not necessarily operate in the same business model as Scripzy, making option (a) less relevant.

4) Option (a) PESTLLE Analysis**Reason:**

PESTLLE Analysis helps assess external macro-environmental factors, including Political and Legal aspects, which are crucial for handling geo-political uncertainties. It evaluates trade policies, regulations, foreign investments, and economic impacts, making it the best tool for Scripzy.

5) Option (b) Systems**Reason:**

The AI bots automated decision-making and operational processes, which falls under the Systems component of the 7S Model, focusing on internal processes and workflows.

Case Scenario 34

(ICAI MCQ's Booklet)

Rohansh Bakshi, a 22-year-old from Maharashtra, started a gaming equipment company called TEEMOX, which specialises in gaming chairs, gaming consoles, controllers, wireless keyboard, touchscreen and mouse pads. Rohan has been an innovator and loves building products. Hence, to prioritise his time more on development, he insisted Mr. N. Muniyappa, his mentor, to be the CEO of the company and spearhead business from the front.

Rohansh has always believed in bringing something new to the consumer and that is clearly projected in the products offered by TEEMOX. His designs reflect youth with exciting colors and comfort, and they match the quality of big global brands. However, to make his products worth the money that his customers are paying, the procurement is done from Indonesia and Vietnam, where the materials are easily available at low costs.

Interestingly, Rohansh's AI based gaming chairs have been a huge hit for the company, bringing in the maximum revenue and margins. The business has gone from 200 units sold to over 5000 units sold in just six months. To add to it, a famous FMCG Brand approached TEEMOX to collaborate for a sports drink focused on gamers. The team is excited about this collaboration as the deal will bring in more awareness and open newer markets for them. But Mr. Muniyappa insists that this might also displease the existing consumers who relate to TEEMOX as a customer-oriented brand rather than yet another money-minting business.

Nonetheless, the plans seem to be working in the company's favour for now and the future seems bright. To put it in context, the gaming industry is booming with a Compound Annual Growth Rate (CAGR) of 190%, adding over 20 million new customers every quarter. Clearly, opportunities are enormous, and the brand is on track. A well-established vision and mission for the company could be a strong strategic advantage for challenging times to come.

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

- 1) Based on the above case which of the following seems true about the Strategy of TEEMOX?**
 - a) Strategy was unified and comprehensive.
 - b) Strategy was comprehensive and integrated.
 - c) Strategy was integrated and unified.
 - d) Strategy was integrated, unified and comprehensive.

- 2) Gaming chair business of TEEMOX is a cash cow. Which of the following strategies helped it become such an influential business?**
 - a) Organisation differentiation
 - b) Product differentiation
 - c) Focused differentiation
 - d) Low-cost product provider

- 3) By routing its products from Indonesian and Vietnam, TEEMOX was able to achieve which of the following strategies on the holistic level of business?**
 - a) Product differentiation
 - b) Horizontal integration of business
 - c) Best cost provider in the industry
 - d) Globalisation of business

- 4) TEEMOX's success is primarily driven by Rohansh's passion for product development and innovation. Under the 7S framework, which element does this align with?**
 - a) Strategy
 - b) Systems
 - c) Shared Values
 - d) Skills

- 5) A well-known FMCG brand is interested in collaborating with TEEMOX for a sports drink targeting gamers. Given its potential impact on TEEMOX's brand and market position, where would this FMCG company fall in Mendelow's Matrix?**
 - a) High power, High interest (Key Players)
 - b) Low power, Low interest (Minimal Effort)

- c) Low power, High interest (Keep Informed)
- d) High power, Low interest (Keep Satisfied)

Answers to Case Study:

1) Option (d) Strategy was integrated, unified, and comprehensive.

Reason:

TEEMOX's strategy covers multiple aspects: innovation in product design (differentiation), cost-effective procurement (low-cost sourcing), and market expansion (collaboration opportunities). Since it aligns different business functions (integration), maintains a unified approach (innovation + affordability), and covers all strategic dimensions (comprehensive planning), option (d) is the most accurate.

2) Option (b) Product differentiation

Reason:

TEEMOX's AI-based gaming chairs are unique, offering advanced features that have made them a high-revenue product. This aligns with product differentiation, where the company creates unique value through innovation rather than competing solely on price.

3) Option (c) Best cost provider in the industry

Reason:

By sourcing from lower-cost countries, TEEMOX can maintain high quality while keeping production costs down. This aligns with the best-cost provider strategy, which focuses on offering superior products at competitive prices, rather than purely low-cost or high-differentiation approaches.

4) Option (d) Skills

Reason:

The McKinsey 7S Framework includes Skills, which refers to the capabilities and expertise of individuals within the organization. Rohansh's strength in product development and innovation is a key skill driving TEEMOX's success.

5) Option (a) High power, High interest (Key Players)**Reason:**

The FMCG brand has a high stake in the collaboration and can influence TEEMOX's brand perception. Since this collaboration could open new markets or create brand dilution risks, the FMCG brand holds both high power and high interest, making them a key player in Mendelow's Matrix.

Independent MCQ's

- 1) TechMex Inc., a leading technology company, offers a diverse portfolio of products ranging from established cash cows to promising question marks. As part of its strategic planning process, the company aims to assess its product portfolio's performance and allocate resources effectively. In which quadrant of the BCG Matrix would TechMex's new innovative product, recently launched in a rapidly growing market, likely fall into?
 - a) Cash Cow
 - b) Dog
 - c) Question Mark
 - d) Star
- 2) BlueSky Enterprises, a multinational corporation specializing in renewable energy solutions, is undergoing a strategic transformation to enhance its competitive position in the market. As part of this initiative, the company is reevaluating its organizational structure, processes, and culture. Which aspect of the McKinsey 7S Model is most relevant for BlueSky Enterprises during this strategic transformation?
 - a) Strategy
 - b) Structure
 - c) Systems
 - d) Skills
- 3) The threat of substitutes is high when:
 - a) There are few substitute products available
 - b) Switching costs are low
 - c) Suppliers have high bargaining power
 - d) There is strong brand loyalty

- 4) Shamita joined GlobalX Consulting firm as an Analyst in financial fraud mitigation. In her very first assignment she faced an integrity dilemma where her subordinates had missed calling out a potential financial risk which could impact the overall fraud rating of the organisation. She quickly reached out to her seniors who appreciated her diligence and immediately reported the same to senior management. In this scenario which element, soft or hard, is acting in favor of GlobalX?
- a) Strategy
 - b) Systems
 - c) Shared Value
 - d) Staff
- 5) Chocopo, an ice cream company run by Shri Shyam Kumar since 1985, now had its management change to his two daughters, who came in and wanted to experiment with a lot of flavors. They introduced 21 new flavors in a span of 6 months while not losing out of 2 legendary flavors of their dad i.e. Stick Kulfi and Mango Bar. After year 1 of operations, 9 out of the 21 flavors had to be stopped, while 10 flavors were still kept, extending the experimentation. The early sense from market was that they would have to be stopped too, but the sisters decided to extend their timelines. What category as per BCG Matrix would the 10 flavors fall into?
- a) Cash Cow
 - b) Dog
 - c) Question Mark
 - d) Star
- 6) A company negotiating the best prices and quality from its suppliers to add to customer's delight is an example of?
- a) Value Creation by improving primary activity
 - b) Value Creation by improving support activity
 - c) Competitive Advantage Creation
 - d) Stakeholder Management

- 7) 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
- 8) 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 StreamlineCo is being enhanced through specialized training and updated job roles?
- a) Structure
 - b) Systems
 - c) Skills
 - d) Style
- 9) 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
 - b) Cost leadership strategy
 - c) Best-cost provider strategy
 - d) Focus strategy

- 10) 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
- 11) ValueMart 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. ValueMart's goal is to dominate the market by attracting price-sensitive customers from competitors. Which of Michael Porter's Generic Strategies is ValueMart primarily employing?
- a) Differentiation
 - b) Focused Cost Leadership
 - c) Cost Leadership
 - d) Focused Differentiation
- 12) 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

- 13) 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) Entrepreneur Leadership
 - b) Transformational Leadership
 - c) Transactional Leadership
 - d) Intrapreneur Leadership
- 14) 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
- 15) 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
 - b) Core Competency
 - c) Cost Leadership Strategy
 - d) Appropriate SWOT Analysis
- 16) 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.

17) 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.

18) 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?

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

19) ABC Foundation envisages a world where every individual, regardless of background, has access to quality education, eradicating illiteracy globally. ABC Foundation is committed to establishing 1000 learning centers, with a target to reach 1 million learners in the next five years. Their core values emphasize equality, empowerment, and knowledge - sharing. What represents the fundamental purpose and long-term aspirations of ABC Foundation?

- a) Vision
- b) Values
- c) Mission
- d) Goals and Objectives

- 20) Kanika, known as "Desi Taylor Swift," launched the lipstick brand Kolor among intense global and domestic competition. Despite a lack of groundwork, her substantial 45 million social media following gained significant attention. Which aspect of Michael Porter's force multiplier is working in favour of Kolor?
- a) Social Media Influence
 - b) Threat of New Entrants
 - c) Supplier Bargaining Power
 - d) Buyer Bargaining Power
- 21) Mukul faced intense competition in an undifferentiated industry. To address this, he opted for a cost-cutting strategy to attract customers with lower pricing. Which factor could pose a risk to Mukul's cost - cutting strategy?
- a) Prompt forecasting of demand for the product or service
 - b) Investing in cost-saving technologies and using advanced technology for smart, efficient working
 - c) Technological breakthroughs in the industry
 - d) Resistance to differentiation until it becomes essential
- 22) Quntik operates in the software industry and enjoys a strong position in the market. They have identified an opportunity to acquire a smaller company to expand their product offerings. Which quadrant of Medelow's Matrix would the CEO of a smaller company fall into?
- a) Keep Satisfied
 - b) Key Player
 - c) Low Priority
 - d) Keep Informed
- 23) What organizational structure is best suited for House of Jani's strategic need for dynamic allocation of resources, ensuring each project and department is mentored, monitored, and maximized via multiple leaders?
- a) Functional Structure
 - b) Matrix Structure
 - c) Hourglass Structure
 - d) Network Structure

24) 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**

25) 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**
- b) Competitor Differentiation**
- c) Product Differentiation**
- d) Application to Other Markets**

26) 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**

- 27) 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
- 28) 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
- 29) 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

- 30) 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
 - b) Low power, high interest
 - c) High power, high interest
 - d) Low power, low interest
- 31) 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
- 32) 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?
- a) Structure
 - b) Systems
 - c) Skills
 - d) Style

- 33) 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 part 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) Network structure
 - b) Divisional structure
 - c) Multi divisional structure
 - d) Strategic business unit
- 34) 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 a 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) Build
 - b) Hold
 - c) Harvest
 - d) Divest
- 35) The correct sequence of the stages as per Kurt Lewin's model of change is:
- a) Changing to the new situation, Unfreezing the situation and Refreezing
 - b) Unfreezing the situation, Refreezing and Changing to the new situation
 - c) Refreezing, Unfreezing the situation and Changing to the new situation
 - d) Unfreezing the situation, Changing to the new situation and Refreezing

- 36) Farm Fresh Ltd., a family-owned organic farming business has been operating successfully over the past 10 years. Currently the company is facing stiff competition from the large farming houses. Hence to maintain status quo, the management of the company decided to adopt stability strategy. Which of the following initiatives best support Farm Fresh Ltd.'s stability strategy?
- a) Develop a new range of organic produce to attract a new segment of customers.
 - b) Improve functional efficiency of its farm equipment to increase productivity and reduce cost of production.
 - c) Purchase a number of farms to increase production.
 - d) Add a few channels of distribution to attract customers in related market areas.
- 37) The role played by middle management is diminishing as the tasks performed by them are increasingly being replaced by new and improved technological tools. As a result, in a three layer organizational structure, middle level is constricted. Which one of the following is a suitable name to such structure?
- a) Hourglass structure
 - b) Network Structure
 - c) Matrix structure
 - d) Divisional structure
- 38) In the framework of strategic analysis, which one is a constituent of internal analysis?
- a) Competitor analysis
 - b) Determinants analysis
 - c) Market analysis
 - d) Scenario analysis
- 39) Swabhaav, a social media marketing firm introduced an AI based management tool that has the capabilities of managing team sacross functions all while being creative. What is the most likely organisational structure post this implementation?
- a) Divisional Structure
 - b) Matrix Structure
 - c) Hourglass Structure
 - d) Network Structure

- 40) A tea farm owners plan to open tea cafes in tourist spots and to sell their own premium tea to build a brand. Which of the following can this be termed as?
- a) Backward Integration
 - b) Forward Integration
 - c) Diversification
 - d) Horizontal Integration
- 41) The process of creating, maintaining, and enhancing strong, value- laden relationships with customers and other stakeholder is:
- a) Social marketing
 - b) Augmented marketing
 - c) Direct marketing
 - d) Relationship marketing
- 42) A multinational corporation is debating whether to invest significant time and resources into developing a new strategic plan. Some argue it diverts attention from current operations, while others believe it is essential for long-term success. Despite being resource-intensive, it remains crucial for sustained growth. What does this situation best illustrate?
- a) Strategic management ensures immediate profitability
 - b) Strategic management is time-consuming but necessary
 - c) Operational efficiency is more important than strategic planning
 - d) Short-term focus leads to long-term success
- 43) A group of environmental activists consistently raises concerns about a company's environmental impact. While their opinions are acknowledged, they lack the authority to directly influence company decisions. The company monitors their concerns and engages with them when necessary to maintain its reputation.
- a) High Interest, Low Power
 - b) Low Interest, Low Power
 - c) High Interest, High Power
 - d) Low Interest, High Power

- 44) ABC Corp., a pharmaceutical company, faces strict regulatory approvals before launching a new drug. Meanwhile, government policies promote local drug manufacturing, and digital advancements are transforming research. Which PESTLE factor is most relevant to the regulatory approvals for new drugs?
- a) Political
 - b) Legal
 - c) Technological
 - d) Economic
- 45) A retail chain notices that its competitors have introduced same-day delivery options. In response, the company quickly adjusts its logistics operations and collaborates with local courier services to match the offering and avoid losing customers. What type of strategy is the company implementing?
- a) Proactive strategy
 - b) Reactive strategy
 - c) Functional level strategy
 - d) Contingency strategy
- 46) You are the head of operations of a company. When you focus on total or aggregate management functions in the sense of embracing the integrated activities of a complete department et al, you are practicing: -
- a) Strategic Control
 - b) Management control
 - c) Administrative Control
 - d) Operations Control
- 47) Which strategy is implemented after the failure of turnaround strategy?
- a) Expansion strategy
 - b) Diversification strategy
 - c) Divestment strategy
 - d) Growth strategy

- 48) Innovexa Solutions Ltd. operates in the technology sector and has four divisions: Innovate, Develop, Transform, and Elevate. Each division functions as an independent product center while also contributing to the company's flagship product, TechSphere. Every division has its own set of activities, managed by a respective division head, who is responsible for the product line's performance and profitability. While competing in different market segments, each division leverages its own unique resources and capabilities to maintain a competitive edge. This type of organizational structure is known as:
- a) Network structure
 - b) Divisional structure
 - c) Multi-divisional structure
 - d) Strategic Business Unit (SBU)
- 49) AeroGlide Inc., a global aviation company, approached Rajesh K, an Indian entrepreneur, to collaborate with his team on a next-generation aircraft manufacturing project. Their goal is to expand into South Asia, a region with a growing demand for advanced aviation technology. What strategy is AeroGlide Inc. trying to implement?
- a) Market Penetration
 - b) Market Development
 - c) Strategic Alliance
 - d) Diversification
- 50) A sportswear brand, Athleon, is introducing a new range of eco-friendly performance shoes for fitness enthusiasts. The strategic manager wants to analyze the market position of competing brands in the sustainable sports footwear segment. Which tool can be used for this analysis?
- a) SWOT Analysis
 - b) Strategic Group Mapping
 - c) BCG Matrix
 - d) Value Chain Analysis

- 51) XYZ Logistics, a leading transportation company, has been operating in the industry for over a decade. Over the years, the company has expanded its fleet, optimized route planning, and implemented advanced fuel efficiency techniques. As a result, the company's per mile operating cost has significantly decreased due to improved efficiency and cumulative experience in managing large-scale logistics operations. Which strategic management concept best explains this reduction in operating costs?
- a) Experience curve
 - b) Ansoff's growth matrix
 - c) Strategic surveillance
 - d) Value chain analysis
- 52) Global Fast Foods Ltd., a multinational restaurant chain, is evaluating whether to enter the packaged food industry by launching its own brand of frozen meals. This decision involves analyzing new markets, potential acquisitions, and overall business portfolio diversification. At what level is this decision likely to be made?
- a) Business
 - b) Corporate
 - c) Functional
 - d) Operational

Answers to Multiple Choice Questions

1) (c)	2) (b)	3) (b)	4) (c)	5) (b)	6) (b)
7) (c)	8) (c)	9) (c)	10) (a)	11) (c)	12) (a)
13) (c)	14) (c)	15) (b)	16) (a)	17) (c)	18) (b)
19) (a)	20) (b)	21) (c)	22) (b)	23) (b)	24) (b)
25) (d)	26) (a)	27) (c)	28) (b)	29) (c)	30) (b)
31) (d)	32) (d)	33) (d)	34) (a)	35) (d)	36) (b)
37) (a)	38) (b)	39) (c)	40) (b)	41) (d)	42) (b)
43) (a)	44) (b)	45) (b)	46) (b)	47) (c)	48) (d)
49) (c)	50) (b)	51) (a)	52) (b)		



Notes:

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