



**CA Intermediate – Strategic Management**

# Last Minute Notes

**(Only Important Points)**

**All 5 chapters - Just 33 Pages 🔥**

**By CA Mohnish Vora (MVSIR)**

Disclaimer- These notes are meant only for **last-minute revision**. They are **not a substitute of main book**. In exams, students must explain each point in more detail & should refer to detailed book for complete understanding of every concept.

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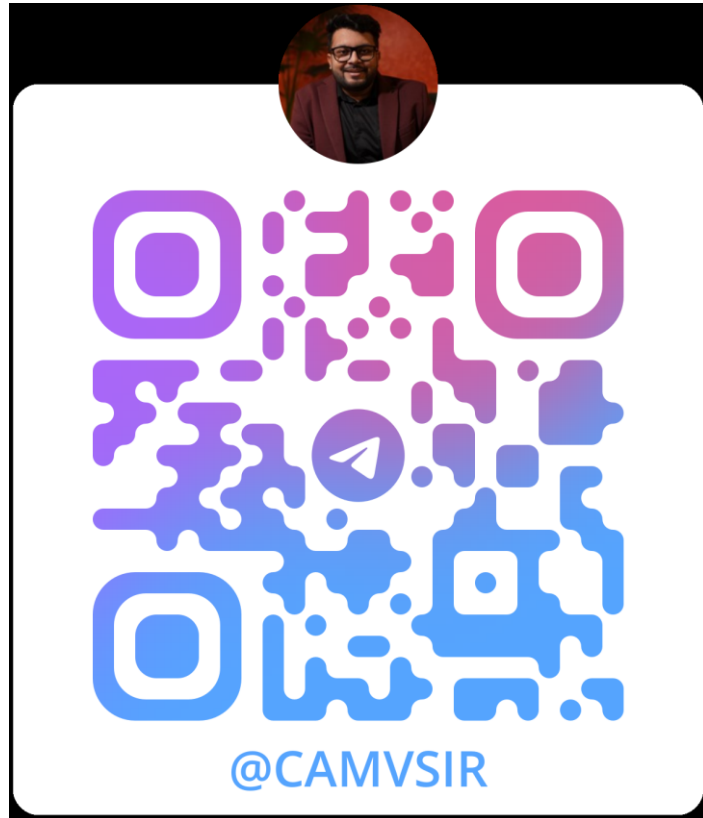


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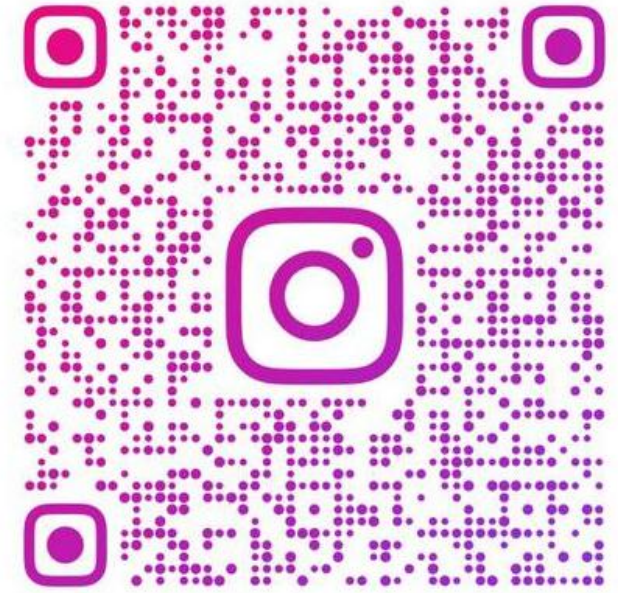
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## SM CHAPTER 1 – INTRODUCTION TO STRATEGIC MANAGEMENT

1	<p><b>Strategy</b> is a game plan that mgt. uses to-</p> <ul style="list-style-type: none"> <li>➤ <b>conduct</b> its operations, <b>MT: C<sup>2</sup>OMA</b></li> <li>➤ <b>compete</b> successfully,</li> <li>➤ achieve <b>organizational objectives</b></li> <li>➤ take <b>market position</b>, &amp;</li> <li>➤ <b>attract</b> &amp; <b>satisfy</b> customers.</li> </ul>	5	<p><b>Objectives of Strategic Management</b></p> <ol style="list-style-type: none"> <li>1) Create <b>competitive adv</b> → <b>outperform</b> competitors</li> <li>2) <b>Guide</b> co. through all <b>changes</b> in environment</li> </ol>
2	<ul style="list-style-type: none"> <li>➤ Strategy → <b>never</b> be <b>perfect, flawless &amp; optimal</b>.</li> <li>➤ It should be <b>flexible</b> &amp; <b>pragmatic</b></li> <li>➤ Sound strategy → <b>allowances</b> are made for <b>miscalculations</b> &amp; unanticipated event</li> </ul>	6	<p><b>Importance/Benefits of SM</b></p> <p><b>MT: Facebook pe Frame wali DP C<sup>2</sup>yu Lagate hai ?</b></p> <ol style="list-style-type: none"> <li>1) Helps to <b>face future</b> → act as <b>pathfinder</b> for opp.</li> <li>2) Provides <b>frameworks</b> for all major decisions (PBM)</li> <li>3) Gives <b>direction</b> → helps <b>define goals &amp; mission</b>.</li> <li>4) Helps org. to be <b>proactive instead of reactive</b>.</li> <li>5) Acts as <b>corporate defence mechanism</b></li> <li>6) Develop <b>core competencies</b> &amp; <b>competitive adv</b></li> <li>7) Enhance <b>longevity</b> → helps to <b>take a clear stand</b></li> </ol>
3	<p><b>Strategy is partly proactive and partly reactive</b></p> <p>Strategy is a <b>blend</b> of:</p> <ul style="list-style-type: none"> <li>✓ <b>Proactive actions</b> → <b>improve market position</b> &amp; <b>financial performance</b></li> <li>✓ <b>Reactions</b> to <b>unanticipated developments</b> &amp; <b>fresh market conditions</b> (<b>Adapting</b> to environment))</li> </ul>	7	<p><b>Limitations of SM</b></p> <p><b>MT: Costly ETC</b></p> <ol style="list-style-type: none"> <li>1) <b>Costly process</b> → Expert strategic planners, analysis of environments, devise &amp; implement strategies.</li> <li>2) Difficult to clearly <b>estimate competitive responses</b>.</li> <li>3) <b>Time-consuming</b> process → impede daily operatns</li> <li>4) Environment is <b>highly complex &amp; turbulent</b> → Org. <b>estimate</b> about future may go <b>wrong</b>.</li> </ol>
4	<p><b>Strategic management</b> is process of:</p> <ul style="list-style-type: none"> <li>➤ developing <b>vision</b> &amp; <b>mission</b>;</li> <li>➤ strategic <b>analysis</b>;</li> <li>➤ developing <b>objectives</b>;</li> <li>➤ <b>creating, choosing, &amp; implementing</b> strategies; and</li> <li>➤ measuring &amp; <b>evaluating performance</b></li> <li>➤ taking <b>corrective adjustments</b> wherever required</li> </ul>	<p>✓ Buy MVSIR's books &amp; quiz- <b>mvsir.in</b></p> <p>✓ Telegram channel of MVSIR- <b>@camvsir</b></p>	



## SM CHAPTER 1 – INTRODUCTION TO STRATEGIC MANAGEMENT

8	<b>Strategic Intent</b> <ul style="list-style-type: none"> <li>➤ Purpose for <b>what organisation strives for</b></li> <li>➤ Represent “<b>why</b> we want to do business”</li> <li>➤ <b>Philosophical base</b> of SM.</li> </ul>		
9	<b>Vision</b> <ul style="list-style-type: none"> <li>➤ <b>Blueprint</b> of company's <b>future position</b></li> <li>✓ Shows <b>management's aspirations</b> for business,</li> <li>✓ <b>Panoramic view</b> of “<b>where we want to go</b>”</li> <li>➤ Vision points out at- <ul style="list-style-type: none"> <li>✓ <b>direction, path, moulding identity</b></li> </ul> </li> </ul>		
10	<b>Mission</b> - answers to basic questions- <b>what business are we in? &amp; what we do?</b> <b>Describes</b> orgs' <b>present- activities, business makeup, capability &amp; customer focus</b> <b>MT: ABC</b>		
11	<b>Components of a good mission statement</b> <ol style="list-style-type: none"> <li>1) Should give org its own- <b>special identity, business emphasis, path for development.</b></li> <li>2) Specify <b>what needs its trying to satisfy</b></li> <li>3) <b>Unique</b> to the org.</li> <li>4) <b>Not be to make profit</b></li> </ol>		
		<b>Why should an org. have a mission?</b> <b>MT: PUT BMW in Focus</b> <ol style="list-style-type: none"> <li>1) <b>Specify org purposes &amp; translate</b> it into <b>goals.</b></li> <li>2) Ensure <b>unanimity of purpose</b></li> <li>3) Establish a <b>general tone</b> or <b>organisational climate</b></li> <li>4) Develop a <b>basis</b> for <b>allocating resources.</b></li> <li>5) Provide <b>basis for motivating use</b> of <b>resources.</b></li> <li>6) <b>Translation of</b> goals into a <b>work structure.</b></li> <li>7) Serve as a <b>focal point.</b></li> </ol>	12
		<b>Characteristics of Objectives</b> <b>MT: S<sup>2</sup>MART &amp; Challenging Performance</b> <ol style="list-style-type: none"> <li>1) <b>Concrete &amp; specific.</b></li> <li>2) Provide basis for <b>strategic decision-making.</b></li> <li>3) <b>Measurable</b> and <b>controllable.</b></li> <li>4) Facilitates <b>achievement of mission &amp; purpose.</b></li> <li>5) <b>Define</b> org's <b>relationship with its environment.</b></li> <li>6) Related to a <b>time frame.</b></li> <li>7) <b>Challenging.</b></li> <li>8) Provide <b>standards for performance appraisal.</b></li> </ol>	13
		<b>Long Term Onbjectives in 7 areas</b> <b>MT: 3P 2E CT</b> <b>P</b> rofitability, <b>P</b> roductivity, <b>P</b> ublic Responsibility <b>E</b> mployee Development, <b>E</b> mployee Relations, <b>C</b> ompetitive Position, <b>T</b> echnological Leadership	14



## SM CHAPTER 1 – INTRODUCTION TO STRATEGIC MANAGEMENT

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**Corporate Level Managers (CLM)**

- CLM consists of CEO, senior exec, BOD, & corp staff.
- Participate in **strategic decision making** & **oversee devp of strategies**

**MT: Formulating & Impl. MBA Leadership**

**Role of CLM** includes-

- 1) **Form & impl. strategy** → span individual businesses,
- 2) defining **mission & goals**
- 3) determining **what businesses** it should be in,
- 4) **allocating resources**
- 5) providing **leadership**

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**3 major types of networks of relationship****1) Functional & Divisional Relationship**

Where **each function** or division is run **independently headed** by **function/division head**

**2) Horizontal Relationship (Flat Structure) →**

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

**3) Matrix Relationship**

**Grid-like structure** → with **teams formed with people from various departments** → built for **temporary task-based projects**.

- Helps manage huge **conglomerates** → **impossible to track** every single team independently.
- **More than one BLMs** for each functional teams. (**Dual-reporting**)

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**Benefit of proactive strategy over reactive strategy**

**MT: BCCE**

- 1) **Better risk management** → help to **develop contingency plans**.
- 2) Result in **cost savings** as **preventive measures** are more **efficient** than addressing crises retroactively.
- 3) Org. can **maintain a competitive edge** by **staying ahead** of industry trends and changes.
- 4) It **enhances** org's **strength** & **responsiveness** in navigating uncertainties.

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## SM CHAPTER 2 –STRATEGIC ANALYSIS – EXTERNAL ENVIRONMENT

1	<ul style="list-style-type: none"> <li>➤ Strategic formulation <b>begins with strategic analysis.</b></li> <li>➤ Its objective is to <b>compile information</b> about <b>internal &amp; external environments.</b></li> </ul>	3	<p><b><u>Internationalization of Business</u></b></p> <ul style="list-style-type: none"> <li>➤ Designing goods/serv. in a way <b>that facilitates expansion into international market.</b></li> <li>➤ For <b>greater earnings &amp; cheap resources.</b></li> </ul>
2	<p><b><u>Two major limitations of strategic analysis-</u></b></p> <ol style="list-style-type: none"> <li>1) Gives a <b>lot of innovative options</b> but <b>doesn't tell which one to pick.</b></li> <li>2) <b>Time-consuming</b> → hurting overall org functioning &amp; also strain other innovations.</li> </ol>	4	<p><b><u>Steps in international strategic planning-</u></b></p> <p><b>MT: Reverse DOSE</b></p> <ol style="list-style-type: none"> <li>1) <b>Evaluate global opp. &amp; threats</b> → <b>rate them</b></li> <li>2) Describe <b>scope</b> of global commercial operations.</li> <li>3) Create firm's global business <b>objectives.</b></li> <li>4) Develop <b>distinct corporate strategies</b></li> </ol>
3	<p><b>Business Environment</b> → all <b>internal &amp; xternal factors</b> that <b>affect business decisions, plans, and operations.</b></p> <p><b><u>Importance of Business Environment</u></b></p> <ol style="list-style-type: none"> <li>1) Meeting <b>C</b>ompetition <b>MT: COLD Image</b></li> <li>2) Determine <b>o</b>pportunities and threats</li> <li>3) Continuous <b>L</b>earning</li> <li>4) Give <b>d</b>irection for growth</li> <li>5) <b>I</b>mage Building</li> </ol>	5	<p><b><u>❖ Why do businesses go global?</u></b></p> <p><b>MT: DR ne CA SE GST ka Cost pucha</b></p> <ol style="list-style-type: none"> <li>1) When <b>d</b>omestic markets are <b>no longer adequate.</b></li> <li>2) <b>R</b>eliable or <b>cheaper source</b> of raw-materials.</li> <li>3) <b>C</b>ollapse of international <b>trade barriers</b></li> <li>4) Globalization → cos. in different countries to form <b>strategic alliances</b></li> <li>5) Rise of <b>s</b>ervices → largest single sector in world.</li> <li>6) When <b>e</b>xporting org find foreign markets to open up → <b>higher sales &amp; cash flow.</b></li> <li>7) Need to <b>g</b>row → Finding opportunities globally.</li> <li>8) Rapid <b>s</b>hrinking of <b>time &amp; distance</b></li> <li>9) To reduce high <b>t</b>ransportation <b>costs</b></li> </ol>
4	<p><b><u>PESTLE Analysis</u></b></p> <ul style="list-style-type: none"> <li>➤ Used for analysis of <b>macro</b> environmental factors.</li> <li>➤ Advantage - encourages mgt. into <b>proactive &amp; structured thinking</b> in its decision making.</li> <li>➤ <b>P</b>olitical, <b>E</b>conomic, <b>S</b>ocial, <b>T</b>echnological, <b>L</b>egal, <b>E</b>nvironmental</li> </ul>		



## SM CHAPTER 2 –STRATEGIC ANALYSIS – EXTERNAL ENVIRONMENT

1

Assessments of international enviro. at 3 levels

- 1) **Multinational** environmental analysis
- 2) **Country** environmental analysis
- 3) **Regional** environmental analysis

2

Understanding Product & Industry **MT: P<sup>2</sup>UT Features**

Business products have certain **characteristics** as follows:

1) **Product has a price**

- ✓ Price is determined by **market, quality, marketing** etc.

2) **Product is pivotal for business.**

- ✓ Product → **driving force behind business activities.** (**centre** of business)

3) **A product has a useful life.**

- ✓ A **usable life after which** it must be **replaced** or **reinvented** or cease

4) **Products are either tangible or intangible.**5) **Products have certain features that deliver satisfaction.**

- ✓ Feature is a **component** of a product that **satisfies a consumer need.**

Product Life Cycle (PLC)

**S-shaped curve** → shows **relationship** of **sales** with respect of **time**. (**4 successive stages**)

1) **Introduction Stage**

- **competition** → **negligible**,
- **prices** → **high**, and
- **markets** → **limited**.
- **Slow growth** in sales

2) **Growth Stage**

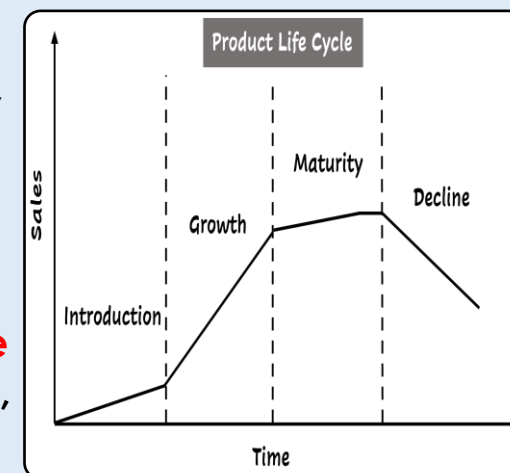
- **rapid market acceptance**
- demand **expands rapidly**,
- prices **fall**,
- competition **increases**,
- market **expands**.
- Customer **has knowledge** & shows **interest**.

3) **Maturity Stage**

- competition gets **tough**,
- market gets **stabilised**.
- **Profit comes down** → stiff competition.
- **Work for maintaining stability**

4) **Decline Stage**

Sales & profits **fall down sharply** → new product replaces existing.





## SM CHAPTER 2 –STRATEGIC ANALYSIS – EXTERNAL ENVIRONMENT

**Value Chain Analysis (Given by Michael Porter)**

- **Examining each activity** in value chain of a business in order to **identify areas** for **improvements**.
- Analyse how each stage in the process **adds or subtracts value** from the end product or service.

**Primary Activities**

- **Inbound logistics** - **Receiving, storing & distributing inputs** to product/service
- **Operations** - **transform inputs** into **final product**-machining, packaging, assembly, testing, etc.
- **Outbound logistics** - **collecting, storing & distributing the product to customers**.
- **Marketing and sales** - Consumers are **made aware of product** & are able to purchase it. This would include **sales administration, advertising, selling** etc.
- **Services** - activities, which **enhance or maintain the value of a product**, Eg- **installation, repair, training, spares**.

**Support Activities**

- **Procurement** - Processes for **acquiring inputs** to primary activities.
- **Technology development** - All value activities have a 'technology' **product** (R&D product design),

**processes** (process development) , **resource** (raw materials improvements)

- **Human resource management** : **Recruiting, managing, training, developing rewarding people**
- **Infrastructure** : The systems of **planning, finance, quality control, information mgt** are important for performance of primary activities.

- **Porter's Five Forces Model** : It is a way for-
  - ✓ determining **key sources of competition**.
  - ✓ diagnosing **competitive pressures** & **assess strength & importance**.

- Understanding the variables that affect industry helps to **adapt strategy, boost profitability**, and **stay ahead of competition**

**The Threat of New Entrants** **MT: BAD SPEC**

- New entrants → **reduce industry profitability** → **add new production capacity** → **increase supply** even at **lower price**

- Bigger the new entrant → **more severe competition**.

**Common barriers to entry include-**

- 1) **Brand Identity**- New entrants find difficulties in building brand identity→ **require substantial resources**.

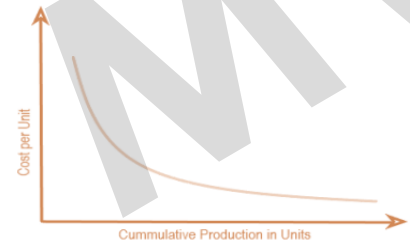


## SM CHAPTER 2 –STRATEGIC ANALYSIS – EXTERNAL ENVIRONMENT

5.1	<p>3) <b>Product differentiation- Differences that</b> makes <b>product unique</b></p> <p>4) <b>Switching costs</b></p> <ul style="list-style-type: none"> <li>➤ Buyers incur <b>substantial</b> financial &amp; psychological <b>costs</b>.</li> <li>➤ When <b>switching costs</b> are <b>high</b>→ <b>buyers reluctant to change</b>.</li> </ul> <p>5) <b>Possibility</b> of aggressive retaliation by existing players</p> <p>6) <b>Economies</b> of scale- Large firm can produce <b>high volumes</b> at <b>lower costs</b>→ <b>discouraging new entrant</b>.</p> <p>7) <b>Capital requirements-</b> New <b>firms lacking funds</b> are <b>barred</b> from entering.</p>	<p><b>Bargaining Power of Suppliers</b></p> <ul style="list-style-type: none"> <li>➤ The <b>more specialised the offering</b> from supplier, <b>greater is his clout</b>.</li> <li>➤ This force <b>determines</b> the <b>cost of raw materials &amp; other inputs</b></li> </ul> <p>5.3 <input type="checkbox"/> <b>Suppliers can command bargaining power over a firm when:</b></p> <ol style="list-style-type: none"> <li>a) Their <b>products are crucial to buyer &amp; substitutes are not available</b>.</li> <li>b) They can <b>erect high switching costs</b>.</li> <li>c) They are <b>more concentrated than their buyers</b>.</li> </ol>
5.2	<p><b>Bargaining Power of Buyers</b></p> <p>This force is particularly evident when:</p> <ol style="list-style-type: none"> <li>a) Buyers have <b>full knowledge</b> of <b>sources of products &amp; substitutes</b>.</li> <li>b) <b>big buyers</b>→ spend <b>lot of money</b>.</li> <li>c) The industry's product is <b>not critical</b> to buyer's needs &amp; <b>buyers are more concentrated</b> than sellers.</li> </ol>	<p><b>The Nature of Rivalry in Industry (Existing Competitors)</b></p> <p>The <b>more intensive rivalry</b>, <b>less attractive is industry</b>.</p> <p><input type="checkbox"/> <b>Rivalry</b> tends to be <b>cutthroat &amp; industry profitability low</b> when:</p> <p style="text-align: right;"><b>MT: FINE PG</b></p> <ol style="list-style-type: none"> <li>1) <b>Fixed Costs:</b> When <b>rivals operate</b> with <b>high fixed costs</b>→ <b>utilize their capacity &amp; cut prices</b></li> <li>2) <b>Industry Leader:</b> If <b>industry</b> has no <b>leader</b>→ continuous war for leadership.</li> <li>3) <b>Number of Competitors:</b> Numerous <b>Competitors</b></li> <li>4) <b>Exit Barriers:</b> <b>Assets</b> may be <b>highly specialized</b> &amp; of little value to others→ thus find <b>no buyer for its assets</b>. This <b>discourages exit</b>.</li> </ol>



## SM CHAPTER 2 –STRATEGIC ANALYSIS – EXTERNAL ENVIRONMENT

	<p>5) <b>Product Differentiation:</b> little opportunity to <b>differentiate</b> their products.</p> <p>6) <b>Slow Growth:</b> As industry growth slows, rivals <b>fight harder to grow</b>.</p>	
5.5	<p><b><u>Threat of Substitutes</u></b></p> <ul style="list-style-type: none"> <li>➤ <b>latent source of competition.</b></li> <li>➤ Offer <b>price advantage</b> or <b>performance improvement</b></li> <li>➤ Wherever substantial <b>investment</b> in <b>R&amp;D</b> is taking place, this threat increases.</li> <li>➤ Substitutes → <b>limit prices &amp; profits.</b></li> <li>➤ <b>Search for products</b> → <b>perform same function</b> as their <b>existing products.</b></li> </ul>	<p><b><u>Value Creation</u></b></p> <ul style="list-style-type: none"> <li>➤ Value creation is an <b>activity or performance</b> by which a firm tries to <b>create value</b> that <b>increases the worth of</b> goods &amp; services</li> <li>➤ Value is measured by a <b>product's features, quality, availability, durability, performance &amp; services</b> for which customers are <b>willing to pay.</b></li> </ul> <p>7 <b><u>Many businesses focus on value creation both in the context of-</u></b></p> <ol style="list-style-type: none"> <li>1) <b>creating better value for customers,</b> &amp;</li> <li>2) for <b>stakeholders</b> → want their <b>investment</b> to <b>appreciate in value.</b></li> </ol> <ul style="list-style-type: none"> <li>➤ Thus, value consumer <b>wants to pay</b>, over &amp; above <b>price that business wants to charge.</b> This <b>excess amount is value creation.</b></li> </ul>
6	<p><b><u>Experience Curve (EC)</u></b></p> <ul style="list-style-type: none"> <li>➤ EC is <b>similar to learning curve</b></li> <li>➤ As per EC → <b>unit costs decline as firm accumulates experience</b> in terms of <b>cumulative volume of production.</b></li> <li>➤ Based on concept → <b>"we learn as we grow".</b></li> <li>➤ <b>Larger firms</b> → have <b>lower unit costs</b> → gaining a <b>competitive cost advantage.</b></li> </ul> 	<p>8 <b><u>Business Orientation</u></b></p> <ol style="list-style-type: none"> <li>1) <b>Product orientation</b> → buyer <b>choose product</b> having → <b>best quality, performance, design, feature</b></li> <li>2) <b>Production orientation</b> → <b>customers choose low price products.</b></li> <li>3) <b>Sales-orientation</b> → spend <b>money on advertisement, sales and promotion.</b></li> <li>4) <b>Customer or market-oriented</b> → <b>continuously learn from its customers' needs and market dynamics.</b></li> </ol>



## SM CHAPTER 2 –STRATEGIC ANALYSIS – EXTERNAL ENVIRONMENT

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**Consumer behaviour** is influenced by many things. These elements are in following three conceptual domains:

- 1) **External Influences:** Like **advertisement, peer recommendations.**
- 2) **Internal Influences:** **Psychological factors internal to customer.**
- 3) **Decision Making:** A rational consumer takes in the following way.
  - ✓ Problem **recognition**
  - ✓ **Search for desirable alternative** and list them
  - ✓ **Seeking information** on alternatives & their **pros & cons.**
  - ✓ Make a **final choice**
- 4) **Post-decision Processes**
  - **Evaluating outcome** after purchase  
**Happy** customer → **repeat** purchase & **recommend** to others
  - Customer with **dissonance** → **neither purchase again nor recommend**

10

**Competitive Landscape** is about

- ✓ **identifying & understanding the competitors** and
- ✓ it **involves understanding of their vision, mission, values, strengths & weaknesses.**

10

**Steps to understand the competitive landscape**

- 1) **Identify the competitor & have actual data about market share.**
- 2) **Understand the competitors** - Use **market research report, internet** etc → understand G/S offered
- 3) **Determine strengths of competitors** - What do they **do well, great products, marketing ?** Why do **customers give them their business?**
- 4) **Determine weaknesses of competitors** - Go through **consumer reports & reviews.**
- 5) **Put all of the info together-** Draw inference-
  - ✓ what they are **not offering,** &
  - ✓ what **firm can do to fill in gaps.**

11

**Key Success Factors (KSFs)**

- **An industry's KSFs** → things that most **affect industry members' ability to prosper in the market-place.**
  - KSFs include, cost structure, technology, distribution system etc.
- **Answers to 3 questions** help identify industry's KSFs:
- 1) On what **basis** do customers **choose between competing brands?** (**attributes**)
  - 2) What **resources & capabilities** are required?
  - 3) What does it take to achieve **sustainable competitive adv.?**





## SM CHAPTER 3 – STRATEGIC ANALYSIS – INTERNAL ENVIRONMENT

Mendelow's Matrix (aka. Stakeholder Analysis matrix or Power-Interest matrix)

### Steps to make Mendelow's Matrix

1. Identify Stakeholders: People who **may be impacted** by or **have an impact** on org.
2. Assess Power and Interest:
  - ✓ Power → **authority resources & expertise**
  - ✓ Interest → **level of involvement, expectations & potential benefits/risks**
3. Plot Stakeholders on the Grid:  
**Interest on X axis & Power on Y axis.**
4. Develop Strategies for each Quadrant:
  - Key Players: **Fully engage & seek their input**
  - Keep Satisfied: Provide **regular updates & address their concerns**
  - Keep Informed: Ensure they **remain supportive & leverage their feedbacks**.
  - Low Priority: **Monitor** them for any **changes** but **allocate minimal resources**
5. Monitor and Adapt: Stakeholders **may move between quadrants** → remain **flexible & responsive**

(Matrix image on last page- 3.6)

Key strategic drivers of an org are:

**MT: IPCC**

2

- I. Industry and markets
- II. Products/services
- III. Customers
- IV. Channels

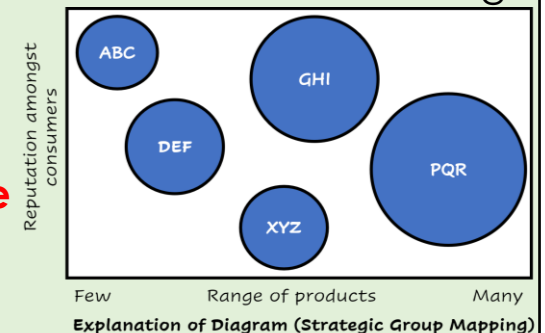
### Strategic Group Mapping (SGM)

- Strategic group → **rival firms** which have **similar competitive approaches** & market positions.
- Strategic group mapping → Tool to study **market positions of rival companies** by grouping them into **like positions**.

Procedure for constructing a SGM-

3

- 1) Identify competitive characteristics. Eg-  
**price/quality range; geographic coverage; product-line breadth** etc.
- 2) Plot firms on **two-variable Map**
- 3) Assign firms that **fall in same strategy** → same strategic group.
- 4) Draw circles around **each strategic group** → circles **proportional to size** of group's **respective share of sales**.



## SM CHAPTER 3 – STRATEGIC ANALYSIS : INTERNAL ENVIRONMENT

4

For new product, **pricing strategies** should be designed by keeping 3 objectives in mind:

- ✓ **customer-centric approach**
- ✓ Produce **sufficient returns** → **reasonable margin**.
- ✓ **Increasing market share**.

5

### Important Marketing Strategies & its Meaning.

- 1) **Social Marketing** - Designing programs → **increase acceptability** of **social idea or practice** to bring in a **social change**.
- 2) **Augmented Marketing** - **Additional customer services & benefits** → **besides core product** → **elevate customer service**
- 3) **Relationship Marketing** - Creating **strong, value-laden relationships** with **selected** customers.
- 4) **Person/Organisation/ Place Marketing** - Activities to **create, maintain or change attitudes** towards **particular person/organization/place**.
- 5) **Differential Marketing** - **Market-coverage strategy** → to **target several market segments** & designs **separate offer for each**.
- 6) **Synchro-marketing** - **Irregular demand** due to season or some parts of day → synchro-marketing used **alter pattern of demand** → **flexible pricing & promotion**.

7) **Demarketing** - **Reduce demand temporarily or permanently** → not to destroy demand, but only to **reduce** or **shift it** → happens when there is **overfull demand**.

### IV. Channels

- **Distribution system** by which org. distributes its G/S.
- **Wider & stronger the channel** → **better position** a business has.

#### 1) Sales channel

- ✓ **Intermediaries** involved in **selling product through each channel** & ultimately to **end user**.

#### 2) Product channel

- ✓ **Intermediaries** who **physically handle** product → **from producer** to **end user**.

#### 3) The service channel

- ✓ Entities that **provide services to support** → IMP for **complex** products → **installation** or **customer assistance**.

### Core competence

- ✓ **unique strength** of org. which may **not be shared by others**.
- ✓ Capabilities → **critical** for **achieving comp. adv.**
- ✓ It should **differentiate business** from other similar businesses.



## SM CHAPTER 3 – STRATEGIC ANALYSIS : INTERNAL ENVIRONMENT

7	<p><b>Core competencies cannot be built on one capability</b> → it has to be <b>integration of many resources</b> → <b>sum of 5- 15 areas of expertise.</b></p> <p>A core competency is whatever a firm does best          ✓ For eg: <b>WalMart</b> focuses on <b>lowering its operating costs.</b> → <b>price goods lower than competitors</b> → <b>Core competency</b> here is co.'s <b>ability to generate large sales volume</b></p>		
8	<p>As per Prahalad &amp; Hamel, major core competencies are in <b>3 areas</b> <b>MT: CCM</b></p> <p><b>1) Competitor differentiation</b>          ➤ <b>Competence</b> → <b>unique</b> and <b>difficult to imitate.</b></p> <p><b>2) Customer Value</b>          ➤ Product should have <b>real impact</b> on customer as reason to purchase it → deliver a <b>fundamental benefit.</b>          ➤ Consumer should <b>value the differentiation offered.</b></p> <p><b>3) Application of Competencies to other markets</b>          ➤ Used throughout org. to <b>open up potential markets.</b></p>		
9	<p>4 specific criteria of sustainable competitive advantage that firms can use to determine those capabilities that are core competencies. <b>MT: VRCN</b></p> <p><b>1) Valuable capabilities</b> - allow firms to <b>exploit opportunities</b> or <b>avert threats.</b></p>		
		2) <b>Rare</b> - Only <b>few of competitors possess this.</b> 3) <b>Costly to Imitate</b> - Such capabilities that <b>other firms</b> → <b>unable to develop easily.</b> 4) <b>Non substitutable</b> - Capabilities that <b>do not have strategic equivalents</b> are called non-substitutable capabilities.	
10		<p><b>Sustainability of competitive advantage</b> &amp; firm's ability to earn profits from its competitive adv. depends upon <b>4 characteristics of resources &amp; capabilities (R&amp;C):</b> <b>MT: DATI</b></p> <p><b>1) Durability</b> : <b>Period</b> over which a comp. advantage is sustained depends on <b>rate</b> at which R&amp;C <b>deteriorate.</b>  <b>2) Appropriability</b> : Rewards are <b>directed to - from where funds were invested.</b>  <b>3) Transferability</b> : <b>Ability of rival</b> to <b>gain access to necessary R&amp;C</b>  <b>4) Imitability</b> : <b>How easily &amp; quickly</b> can competitors <b>build R&amp;C ?</b> → <b>true test</b> of imitability.</p>	
11		<p>➤ <b>Key reasons for SWOT analyses are:</b> <b>MT: LIC</b></p> <p>1) It provides a <b>logical framework.</b>          2) It guides the strategist in <b>strategy identification.</b>          3) It presents a <b>comparative account.</b></p>	



## SM CHAPTER 3 – STRATEGIC ANALYSIS : INTERNAL ENVIRONMENT

SWOT ANALYSIS	Helpful to achieving objective	Harmful to achieving objective
Internal origin	Strength → <b>inherent capability</b> → use to <b>gain strategic advantage</b> .	Weakness → <b>inherent limitation</b> → creates <b>strategic disadvantage</b> to it.
External origin	Opportunity → <b>favourable condition</b> in external env. → <b>strengthen its position</b>	Threat → <b>unfavourable condition</b> in external env → causes <b>risk or damage</b> to org.'s position

- 12 **Michael Porter's Generic Strategies (Business Level Strategies)**  
(Generic means can be **pursued by any type/size of business**)
- 1) **Cost Leadership**- **standardized** products at **low cost** for **price-sensitive** consumers.
  - 2) **Differentiation**- **unique** products for **price-insensitive** consumers.
  - 3) **Focus**- Products that **fulfil needs of small groups** of consumers with **very specific taste**.

- 13 **Striving to be a low-cost producer** in an industry can especially be **effective**, when **MT: Large PDF**
- 1) **Large no. of buyers** with **huge bargaining power**.
  - 2) market has **many price-sensitive buyers**,

- 3) buyers **do not care much about differences**
- 4) **Few ways** to **achieve product differentiation**.

- 14 **Achieving Cost Leadership Strategy**
- 1) **Resistance to differentiation** until **essential**.
  - 2) **Optimum utilization** of resources. **MT: Rose FC**
  - 3) **Standardization** of products for **mass production**.
  - 4) Achieving **economies of scale**
  - 5) Prompt **forecasting of demand**
  - 6) **Invest in cost saving technologies**.

- 15 **Disadvantages of Cost Leadership**
- 1) **May not last long** when competitors **imitate**.
  - 2) **Minimum cost** of **advertising** & R&D → **expensive in long run**. **MT: LEST**
  - 3) Can succeed only if we achieve **higher sales volume**.
  - 4) **Technological advancement** is a threat.

- 16 **Risks of pursuing cost leadership**
- 1) **buyer interests may swing** to other differentiating features. **MT: BIT**
  - 2) competitors may **imitate strategy**
  - 3) **technological break throughs**





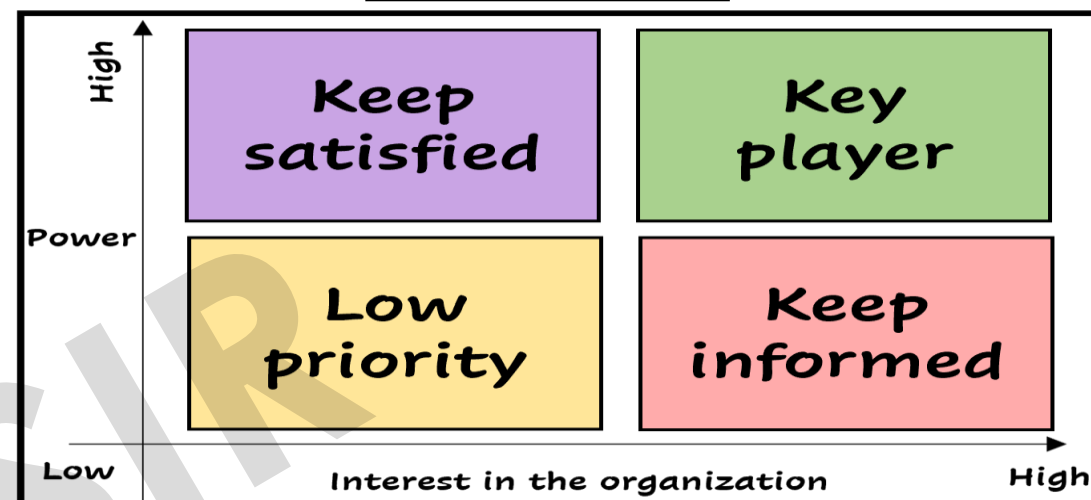
## SM CHAPTER 3 – STRATEGIC ANALYSIS : INTERNAL ENVIRONMENT

17	<p><b><u>Basis of Differentiation :</u></b> <b>MT: POP</b></p> <p><b>1) Product</b>  <b>Innovative</b> products lead to competitive adv. → can be <b>costly</b> – <b>R&amp;D, production &amp; marketing costs</b> (but can have big <b>payoff</b>)</p> <p><b>2) Organisation</b>          ➤ Maximizing <b>power of a brand</b> or <b>Location adv., name recognition, customer loyalty</b></p> <p><b>3) Pricing</b> Either-          ✓ <b>offer lowest price</b> or          ✓ <b>establish superiority</b> through higher prices.</p>	20	<p><b><u>Disadvantages of Differentiation</u></b></p> <p>1) In long term, <b>uniqueness</b> is <b>difficult to sustain</b>.          2) Charging too high price → customer may <b>switch</b>.          3) Differentiation fails → if based on something <b>not valued</b> by customers.</p> <p><b><u>Advantages of Differentiation</u></b></p> <p>1) Rivalry – <b>Brand loyalty</b> acts as a <b>safeguard</b>          2) Buyers – <b>Do not negotiate for price</b>.          3) Supplier – Premium price → so <b>can absorb higher costs</b>.          4) Entrants – Innovative features are <b>expensive</b> → <b>new entrants avoid entering</b>          5) Substitutes – <b>Can't replace differentiated products</b> → <b>high brand value &amp; customer loyalty</b>.</p>
18	<p><b><u>Risks associated with pursuing a differentiation strategy</u></b></p> <p>1) May not be valued high enough          2) Competitors may <b>copy</b></p>	22	23
19	<p><b><u>Achieving Differentiation</u></b> <b>MT: EQUIP<sup>2</sup></b></p> <p><b><u>Strategy</u></b></p> <p>1) <b>Enhancing brand image &amp; value</b>.          2) Offer <b>high-quality</b> product.          3) Offer <b>utility</b> to customer          4) <b>Improve performance</b>.          5) <b>Fixing prices</b> on <b>features &amp; buying capacity</b>.          6) <b>Rapid product innovation</b></p>	<p><b><u>FOCUSSED STRATEGY</u></b></p> <p>1) Focused cost leadership          Low Cost + <b>Narrow Market</b>.          2) Focused differentiation          Uniqueness + <b>narrow market</b>.</p>	<p><b><u>Risks of pursuing Focus</u></b></p> <p>1) <b>Competitors may imitate</b>,          2) Consumer <b>may shift</b> towards attributes <b>desired by</b> whole <b>market</b>.</p>



## SM CHAPTER 3 – STRATEGIC ANALYSIS : INTERNAL ENVIRONMENT

24	<u>Achieving Focused Strategy</u> <b>MT: NEWS</b> 1) Selecting specific <u>n</u> iches. 2) Generating high <u>e</u> fficiencies. 3) Innovative <u>w</u> ays in managing <b>value chain</b> . 4) Creating <u>s</u> uperior skills
25	<u>Advantages of Focused Strategy</u> 1) Premium price 2) Difficult to compete with us
26	<u>Disadvantages of Focused Strategy</u> <b>MT: 3D</b> 1) Firms <b>lacking distinctive competencies</b> cannot pursue this. 2) Limited <b>d</b> emand → costs are high 3) In <b>long run</b> → niche could <b>d</b> isappear
27	<u>Best-Cost Provider (BCP) Strategy</u> <u>2 sub-strategies-</u> 1) offering <b>lower price</b> with <b>comparable quality, or</b> 2) charging <b>similar price</b> with <b>higher quality</b> & features  For eg, android flagship phones from <b>OnePlus, Xiaomi, Oppo, Vivo</b> , etc

Mendelow's Matrix

- ✓ Study Economics & CA Inter FM/SM from MVSIR (in online live mode)
- ✓ Buy MVSIR's books & quiz- [mvsir.in](https://mvsir.in)



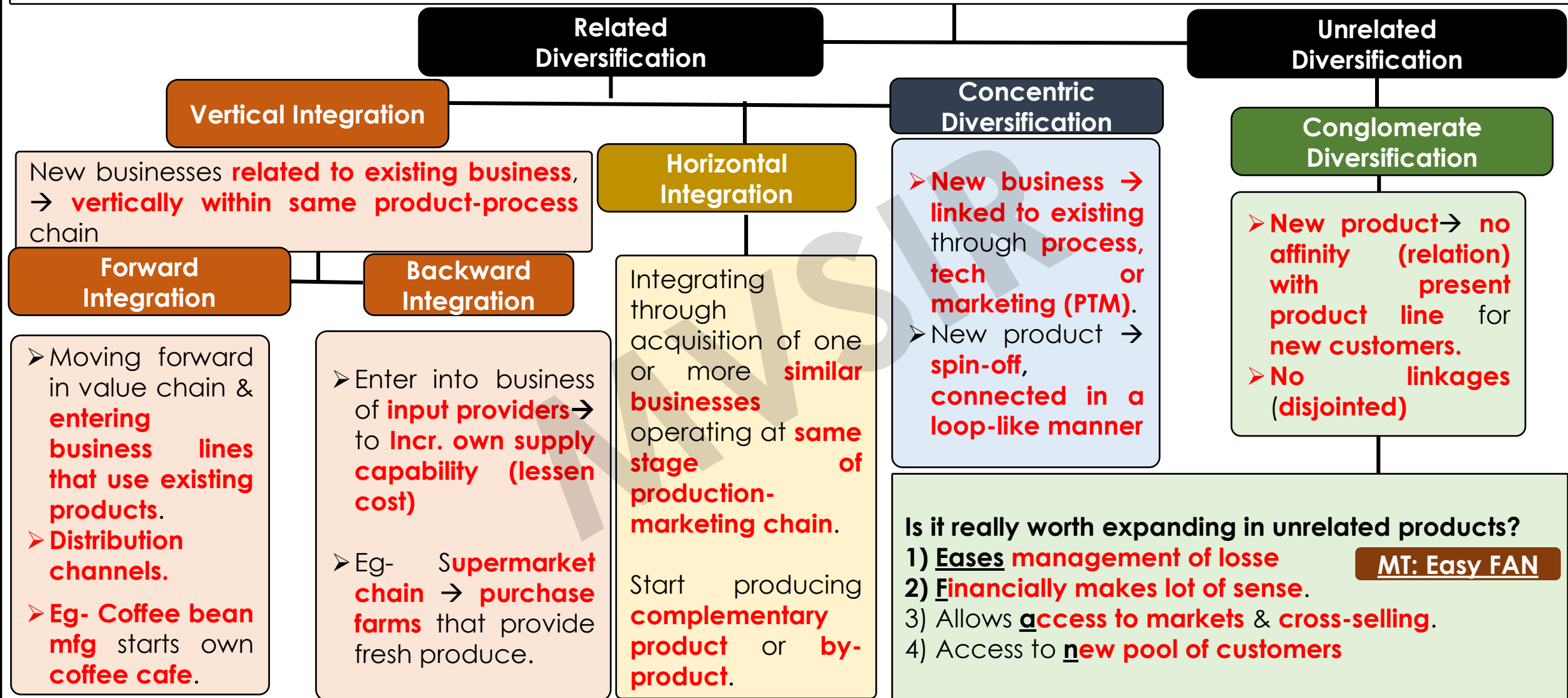
## SM CHAPTER 4 – STRATEGIC CHOICES

1	<b><u>Stability Strategy</u></b> ➤ Strategy where a firm <b>stays with-</b> ✓ its <b>current businesses</b> & product markets; ✓ <b>maintains existing level</b> of effort; & ✓ satisfied with <b>incremental growth</b> .	4	<b><u>Why don't Startups aim for stability?</u></b> Startup → <b>early stages (nascent stage)</b> <b>Stability</b> → applied when operations <b>expanded to full capacity</b> or <b>maturity stage</b> .
2	<b><u>Major Reasons for Stability Strategy</u></b> <b>MT: Rapid MSN</b> 1) After <b>rapid expansion</b> → consolidate itself. 2) Product reached <b>maturity</b> → staff <b>comfortable with status quo</b> 3) Environment is <b>stable</b> . 4) <b>Not advisable to expand</b>	5	<b><u>Characteristics of Growth Strategy</u></b> <b>MT: VIGOUr<sup>2</sup></b> 1) <b>Versatile</b> strategy 2) <b>Fresh investments</b> required. 3) <b>Mammoth growth ambition</b> . 4) <b>Opposite of stability</b> strategy → high <b>risk</b> . 5) Involves <b>redefinition of business</b> . 6) 2 strategy <b>routes: Intensification &amp; Diversification</b> .
3	<b><u>Characteristics of Stability Strategy</u></b> <b>MT: R2EC SMS</b> 1) No <b>redefinition</b> of business 2) Less <b>risk</b> . 3) <b>Enhance functional efficiencies</b> 4) <b>Concentrate on its resources</b> → leading to <b>core competencies</b> . 5) <b>Same business, product &amp; effort</b> 6) <b>Modest growth objective</b> 7) <b>Safe strategy</b> → No <b>fresh investments</b> .	6	<b><u>Major Reasons for Growth Strategy</u></b> <b>MT: CAPS</b> 1) <b>Greater control over market</b> . 2) <b>Advantages</b> from → <b>experience curve</b> & large <b>scale</b> of ops. 3) <b>Imperative</b> → environment demands increase in <b>pace</b> of activity. 4) Strategists <b>feel satisfied</b> → <b>take pride</b> .



## SM CHAPTER 4 – STRATEGIC CHOICES

**Diversification** → entry into **new products or markets**, involving **different skills, technology & knowledge**.





## SM CHAPTER 4 – STRATEGIC CHOICES

7	<p><b><u>Innovation</u></b></p> <ul style="list-style-type: none"> <li>➤ Innovation drives <b>upgradation of existing product</b> lines or processes → increased market share, revenues, profit &amp; customer satisfaction. <b>MT: CPC</b></li> <li>➤ <b><u>Benefits of innovation</u></b></li> <li>1) <b><u>Solve complex problems</u></b>- <b>customer centric solutions.</b></li> <li>2) <b><u>Increases productivity</u></b>- <b>Automating repetitive tasks, &amp; simplifying</b> processes.</li> <li>3) <b><u>Gives Competitive Advantage</u></b>- <b>Faster</b> a business innovates, the <b>farther it goes from competitor's reach.</b></li> <li>✓ Innovative products need <b>less marketing</b></li> </ul>	
8	<p><b><u>External growth strategies</u></b></p> <p><b><u>MERGER</u></b></p> <ul style="list-style-type: none"> <li>➤ <b>2 or more cos. come together</b> to expand their business.</li> <li>➤ <b><u>Friendly terms</u></b></li> <li>➤ 2 org. combine to <b>increase strength &amp; financial gains</b></li> </ul> <p><b><u>ACQUISITION</u></b></p> <ul style="list-style-type: none"> <li>➤ When one org. <b>takes over other &amp; controls all its business.</b></li> </ul>	<p><b>Financially strong org. overpowers weaker one.</b></p> <ul style="list-style-type: none"> <li>➤ Happen during <b>recession</b> or <b>declining profit.</b></li> <li>➤ <b>Unfriendly manner</b> → <b>forced association</b></li> </ul> <p><b><u>Types of Merger/Acquisition (M/A)</u></b></p> <ul style="list-style-type: none"> <li>❑ <b><u>Horizontal M/A</u></b> <ul style="list-style-type: none"> <li>➤ Combination of firms in <b>same industry.</b></li> <li>➤ Merger with <b>direct competitor.</b> (Eg <b>Lipton India &amp; Brook Bond</b>)</li> </ul> </li> <li>❑ <b><u>Vertical M/A</u></b> <ul style="list-style-type: none"> <li>➤ Cos. in <b>same industry</b> but at <b>different stages of production</b> or distribution system.</li> <li>➤ Take over <b>supplier/producers of RM</b> → <b>backward integration</b></li> <li>➤ Take over <b>buyer org or distribution channels</b> → <b>forward integration</b></li> </ul> </li> <li>❑ <b><u>Conglomerate M/A</u></b> <ul style="list-style-type: none"> <li>➤ Combination of org. <b>unrelated</b> to each other. (<b>no linkages</b>)</li> </ul> </li> <li>❑ <b><u>Co-generic M/A</u></b> <ul style="list-style-type: none"> <li>➤ When 2 or more org. are <b>associated in some way</b> or related to- <b>PTM.</b></li> </ul> </li> </ul> <p>Eg- Refridgerator co. merging with AC co.</p>



## SM CHAPTER 4 – STRATEGIC CHOICES

9	<b><u>Strategic Alliance</u></b> Relationship between 2 or more org → <b>achieve strategic objectives</b> which <b>neither would be able to achieve on its own</b> . (between cos. <b>in different regions</b> )	<b>➤ Various retrenchment strategies</b> <b>1) Turnaround strategy</b> <ul style="list-style-type: none"> <li>• <b>Reverse process of decline.</b></li> <li>• <b>Internal Retrenchment</b></li> <li>• Transform firm into a <b>leaner structure</b></li> <li>• Co. has problems due to <b>internal factors</b></li> </ul> <b>2) Divestment (or Divestiture) strategy</b> <ul style="list-style-type: none"> <li>• <b>Cuts off loss-making units</b></li> <li>• <b>External Retrenchment</b></li> <li>• <b>Sale/Liquidation</b> of a <b>portion</b> of business</li> <li>• No <b>stigma attached</b></li> </ul> <b>3) If none of above work → then liquidation</b> <ul style="list-style-type: none"> <li>➤ Most <b>extreme &amp; unattractive</b></li> <li>➤ <b>Closing down &amp; selling assets.</b></li> <li>➤ <b>Dead business</b> is <b>worth more than alive</b></li> <li>➤ <b>Last Resort- serious consequences</b></li> <li>➤ <b>Stigma of failure</b></li> </ul>
9.1	<b><u>Advantages of Strategic Alliance</u></b> <b>Political</b> - Gain <b>entry in foreign market</b> → local prejudices or legal barriers. <b>Organizational</b> - Helps to <b>learn skills</b> & obtain <b>capabilities</b> → <b>add legitimacy &amp; credibility.</b> <b>Strategic</b> - <b>Co-operate</b> instead of competing with each other. <b>Economic</b> - <b>Reduction in costs &amp; risks.</b> <b>Greater economies of scale</b>	
9.2	<b><u>Disadvantages of Strategic Alliance</u></b> <b>➤ Sharing of resources, profits, knowledge &amp; skills.</b> <b>➤ Problematic → if involve trade secrets.</b>	
10	Followed when org. <b>reduces scope of its activity</b> . This is done by- ✓ <b>finding problem areas</b> & ✓ <b>diagnosing causes</b> of problems. ✓ <b>Solve</b> problems.	
11	<b><u>Turnaround Strategy</u></b> <b>Need for Turnaround</b> <b>➤ Needed when co.'s performance deteriorates → needs change of direction in strategy, structure &amp; culture.</b> <b>➤ When both threats &amp; weaknesses adversely affect health of co. → basic survival is difficult.</b>	



## SM CHAPTER 4 – STRATEGIC CHOICES

11.1	<u><b>Danger signals (indicators) requiring turnaround</b></u> <ul style="list-style-type: none"> <li>✓ <b>Mismanagement</b></li> <li>✓ <b>Uncompetitive</b> products or services</li> <li>✓ <b>Declining market share</b></li> <li>✓ <b>Deterioration</b> in <b>physical</b> facilities</li> <li>✓ <b>high turnover of employees- low morale</b></li> <li>✓ <b>Over-staffing</b>,</li> <li>✓ <b>Persistent negative cash flow</b></li> </ul>
11.2	<u><b>Workable action plan for turnaround</b></u> <ul style="list-style-type: none"> <li>□ Stage 1 – Assessment of <b>current problems</b></li> <li>□ Stage 2 – Analyze <b>situation</b> &amp; develop <b>strat. plan</b></li> <li>□ Stage 3 – <b>Implementing</b> an emergency action plan</li> <li>□ Stage 4 – <b>Restructuring</b> the business.</li> <li>□ Stage Five – Returning to <b>normal</b></li> </ul>
12	<u><b>Major Reasons for Retrenchment Strategy</b></u> <ol style="list-style-type: none"> <li>1) <b>Persistent negative cash flows</b></li> <li>2) <b>Severity of competition</b> &amp; inability to cope.</li> <li>3) <b>Better alternative available for investment.</b></li> <li>4) <b>Tech upgradation</b> required → but <b>not possible.</b></li> <li>5) Mgt. <b>no longer wishes to remain in business</b></li> <li>6) <b>Acquired Business</b> is a <b>mismatch</b></li> <li>7) <b>Bness can be viable</b> by <b>divesting some activities.</b></li> </ol> <p>(Points 1, 2, 3, 4 &amp; 6- Reasons to adopt Divestment)</p>

## Strategic Options

I) Ansoff's Product Market Growth Matrix

II) ADL Matrix

III) BCG Growth-Share Matrix

IV) General Electric Matrix

## I) Ansoff's Product Market Growth Matrix

➤ Given by **Igor Ansoff**- Tool that helps **decide product & market growth strategy.**

	Existing Products	New Products
Existing Markets	<u><b>Market Penetration</b></u> <ul style="list-style-type: none"> <li>➤ Selling existing products into existing markets.</li> <li>➤ Making more sales to present customers <b>without changing products</b> in any major way.</li> <li>➤ Require <b>advertising or personal selling</b> on <b>increasing usage by existing customers.</b></li> </ul>	<u><b>Product Development</b></u> <ul style="list-style-type: none"> <li>➤ Introduce new products into existing markets.</li> <li>➤ It requires- <ul style="list-style-type: none"> <li>✓ <b>development of new competencies &amp;</b></li> <li>✓ <b>develop modified products</b> which can appeal to existing markets.</li> </ul> </li> </ul>
New Markets	<u><b>Market Development</b></u> <ul style="list-style-type: none"> <li>➤ Sell its existing products into new markets.</li> <li>➤ Achieved through- <ul style="list-style-type: none"> <li>✓ <b>new geographical markets,</b></li> <li>✓ <b>new product packaging,</b></li> <li>✓ <b>new distribution channels</b> or</li> <li>✓ <b>different pricing policies</b></li> </ul> </li> </ul>	<u><b>Diversification</b></u> <ul style="list-style-type: none"> <li>➤ When a business markets new products in new markets.</li> <li>➤ Starting up or acquiring cos. <b>outside co.'s current products &amp; markets</b> (little/no experience)</li> <li>➤ It is <b>risky</b> → does not rely on co.'s existing product or market.</li> </ul>



## SM CHAPTER 4 – STRATEGIC CHOICES





8	<p><b><u>ADL Matrix (by Arthur D. Little)</u></b> Portfolio analysis method based on <b>product life cycle</b>. <b>2 dimensional matrix</b> based on ✓ stage of <b>industry maturity</b> &amp; ✓ firm's <b>competitive position</b> ➤ Assess <b>competitive position</b> of firm based on:</p> <ol style="list-style-type: none"> <li>1) <b><u>Dominant:</u></b> Rare position → <b>monopoly</b> or <b>protected tech leadership</b></li> <li>2) <b><u>Strong:</u></b> <b>Freedom</b> over <b>choice of strategies</b></li> <li>3) <b><u>Favorable:</u></b> When <b>industry is fragmented</b> &amp; <b>no one competitor stand out clearly</b></li> <li>4) <b><u>Tenable:</u></b> Able to perform satisfactorily → but <b>vulnerable due to increased competition</b></li> <li>5) <b><u>Weak:</u></b> Performance is <b>unsatisfactory</b></li> </ol>	<p>In <b>long run</b> when <b>growth slows down</b>, <b>stars become cash cows</b>. 3) Question Marks (aka. problem children or wildcats) <b>Low market share</b> &amp; <b>high-growth markets</b>. <b>Require lot of cash</b> to hold their share. If left unattended → become <b>cash traps</b>. 4) Dogs → <b>low-growth, low-share businesses</b> → <b>do not have much future</b>. → <b>minimised</b> by <b>divestment</b> or <b>liquidation</b>.</p>
		<p><b><u>4 Post Identification strategies of BCG</u></b> a) <b>Build</b> with aim for long-term growth. (<b>Stars</b>) b) <b>Hold</b> or preserve existing market share. (<b>Que Mark</b>) c) <b>Harvest</b> or maximize short-term cash. (<b>Cash Cow</b>) d) <b>Divest, sell/liquidate</b> &amp; use resources elsewhere. (<b>Dogs</b>)</p>
9	<p><b><u>Boston Consulting Group (BCG) Growth-Share Matrix</u></b> ➤ Developed in early 1970s by BCG, ➤ Also known for its <b>cow &amp; dog metaphors</b></p> <ol style="list-style-type: none"> <li>1) <b>Stars</b> → <b>Growing rapidly</b>, need <b>heavy investment, best for expansion</b>.</li> <li>2) <b>Cash Cows</b> → <b>low-growth, high market share, generate cash, low costs</b>. They are <b>established, successful</b>, &amp; need <b>less investment</b></li> </ol>	<p><b><u>Problems/Limitations of BCG Matrix</u></b> 9.2 1) <b>Difficult, time-consuming</b>, &amp; <b>costly</b> to implement. 2) <b>Difficult to define SBUs</b> &amp; measure mkt share, growth. 3) Provide <b>little advice for future planning</b>. 4) <b>Places too much emphasis</b> on mkt-share &amp; growth.</p> <p>✓ Study Economics &amp; CA Inter FM/SM from MVSIR (in online live mode) from <b>Ultimate CA</b> ✓ Buy MVSIR's books &amp; quiz- <b>mvsir.in</b></p>





## SM CHAPTER 4 – STRATEGIC CHOICES

BCG  
Growth  
Matrix

		Relative Market Share	
		High	Low
Market Growth Rate	High	<b>Stars</b> 	<b>Question Marks</b> 
	Low	<b>Cash Cows</b> 	<b>Dogs</b> 

GE Matrix

Business strength

		STRONG	AVERAGE	WEAK
Market attractiveness	HIGH	Invest/Expand	Invest/Expand	Select/Earn
	MEDIUM	Invest/Expand	Select/Earn	Harvest/Divest
	LOW	Select/Earn	Harvest/Divest	Harvest/Divest

III. General Electric Matrix [“Stop-Light” Strategy Model]Inspired from **traffic control lights**.

If a product falls in the-

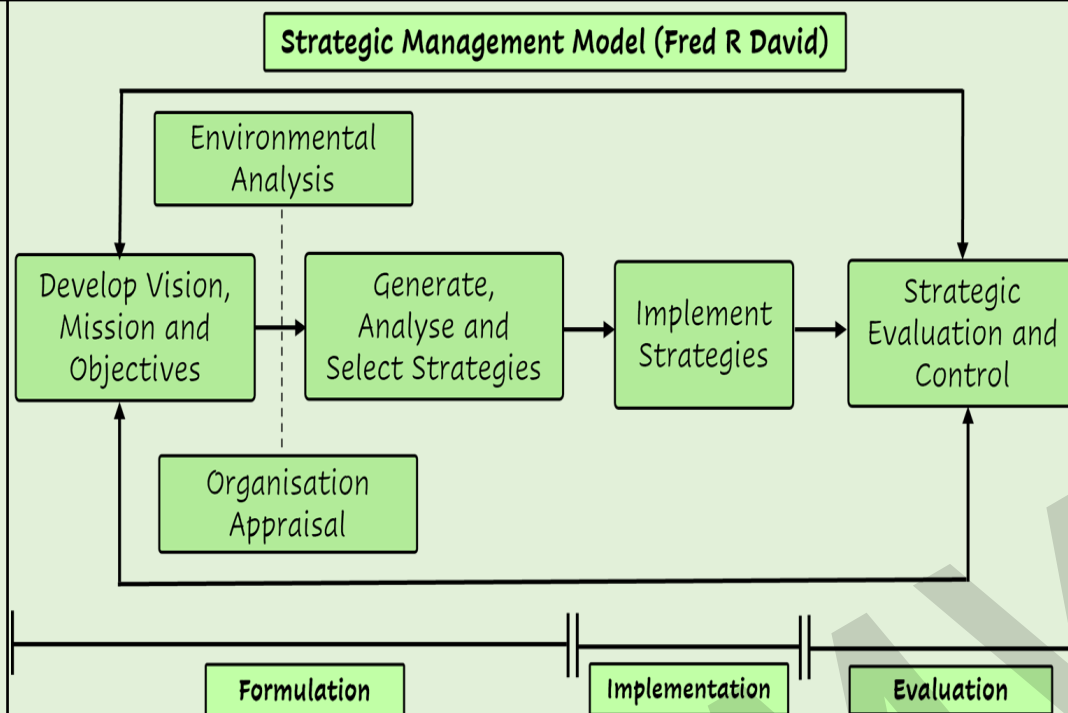
- **Green zone:** **Advantageous** position → **expand, invest & grow**.
- **Amber or Yellow zone:** Needs **caution** & **managerial discretion**
- **Red zone:** Lead to **losses** → so do **retrenchment, divestment** or **liquidation**.

10



## SM CHAPTER 5 – STRATEGIC IMPLEMENTATION &amp; EVALUATION

1



2

❑ To **convert strategic plans** into **actions**, a manager must-

MT: DM BMC

- 1) **direct organisational change**,
- 2) **motivate people**,
- 3) **build & strengthen competencies**,
- 4) **meet or beat performance target**, &
- 5) **create a strategy-supportive work climate**

3

❑ **Strategy-execution process** includes following **principal aspects**: **MT: BP2CL SIM**

- 1) Developing **budgets** that **steer resources** into critical activities.
- 2) Ensuring that **policies facilitate** effective execution
- 3) Using **best-known practices** to perform core activities.
- 4) Creating a **conductive culture & work climate**.
- 5) **Exerting internal leadership**.
- 6) **Staffing** org with **needed skills & expertise**.
- 7) Installing **information & operating systems**
- 8) **Motivating** people

4

**Strategic evaluation**

**Measuring & evaluating performance** → **goals achieved** are **compared** with **desired goals** to identify **deviations**.

**Reasons why strategy evaluation is more difficult today:**

- 1) Increase in environment's **complexity**.
- 2) Difficulty of **predicting future**.
- 3) Incr. number of **variables** in environment.
- 4) Rapid rate of **obsolescence** of plans.
- 5) **Increase** in no. of both **domestic & world events**.
- 6) **Decreasing time span** for which planning can be done with certainty.



## SM CHAPTER 5 – STRATEGIC IMPLEMENTATION &amp; EVALUATION

5	<p><b>Strategy Formulation</b></p> <p>1) <b>Strategic Planning</b></p> <p><b>Characteristics of Strategic planning</b></p> <ol style="list-style-type: none"> <li>1) <b>Holistic view</b> of org.</li> <li>2) <b>Develops overall objectives &amp; strategies.</b></li> <li>3) <b>Long-term success</b> of org.</li> <li>4) <b>Assesses impact</b> of envir. variables.</li> <li>5) <b>senior mgt</b> responsibility</li> <li>6) <b>Shapes</b> org. &amp; its resources.</li> </ol> <p>2) <b>Operational Planning</b></p> <p><b>Characteristics of Operational planning</b></p> <ol style="list-style-type: none"> <li>1) <b>Functional managers</b> responsibility.</li> <li>2) Makes <b>modifications</b> to functions but <b>not fundamental changes.</b></li> <li>3) <b>Current use of resources.</b></li> <li>4) Develops <b>tactics</b> rather than strategy.</li> <li>5) Projects <b>current operations</b> into future.</li> </ol>	<p>2) <b>Diversification:</b></p> <p>3) <b>Building Resilience:</b></p> <p>4) <b>Flexibility:</b></p> <p>5) Collaboration and <b>Partnerships</b></p>
6	<p><b>Strategic Uncertainty</b></p> <p><b>Unpredictability of future events → impact an organization's strategy &amp; goals.</b></p> <p>□ <b>How to deal with strategic uncertainty?</b></p> <p>1) <b>Monitoring &amp; Scenario Planning</b></p>	<p>7</p> <p><b>Strategy Formulation Vs. Strategy Implementation</b></p> <p><b>Strategy Formulation</b></p> <ol style="list-style-type: none"> <li>1. Includes <b>planning &amp; decision-making</b></li> <li>2. Placing Forces <b>before</b> action.</li> <li>3. <b>Entrepreneurial activity</b></li> <li>4. Emphasizes on <b>effectiveness.</b></li> <li>5. <b>Intellectual &amp; rational</b></li> <li>6. Co-ordination among <b>few</b> people at <b>top level.</b></li> <li>7. Formulation <b>precedes</b> Implementation.</li> </ol> <p><b>Strategy Implementation</b></p> <ol style="list-style-type: none"> <li>1. <b>Executing strategic plans.</b></li> <li>2. <b>Managing</b> forces <b>during</b> action.</li> <li>3. <b>Administrative Task</b></li> <li>4. Emphasizes on <b>efficiency.</b></li> <li>5. <b>Operational</b></li> <li>6. Co-ordination among <b>many</b> people at <b>middle &amp; lower</b> levels.</li> <li>7. Implementation <b>follows</b> Formulation.</li> </ol>



## SM CHAPTER 5 – STRATEGIC IMPLEMENTATION &amp; EVALUATION

8

**Forward Linkage**

- Impact of strategy **formulation** on **implementation**
- After formulation → changes have to be done within org.

**Backward Linkage**

- Impact of strategy **implementation** on **formulation**
- While dealing with strategic choice, **past strategic actions** also **determine choice of strategy**.

9

**Steps to initiate strategic change****1) Recognize need for change**

- ✓ First step → diagnose which facets of present culture are strategy supportive & which are not.
- ✓ Doing **environmental scanning**.

**2) Create a shared vision to manage change**

- ✓ **Objectives of both individuals & org. should coincide.**
- ✓ **Senior managers** should **communicate vision** to all **members**.

**3) Institutionalise the change**

- ✓ This is an **action stage** → **implementation of changed strategy**.
- ✓ Ensure firm **does not slip back into old ways** of doing things.

**Kurt Lewin's Model of Change****i. Unfreezing the situation:**

- Make **individuals aware** of **necessity for change** & prepares them. (by **announcements & meetings**)
- Unfreezing → **breaking down old behaviours** → **start with clean slate**.

**ii. Changing to new situation:**

- 10
- **Behaviour patterns** need to be **redefined**.
  - **H.C. Kellman** gave **3 methods** for reassigning **new patterns of behaviour**- Compliance, Identification, & Internalization

**iii. Refreezing:**

- When **new behaviour** becomes a **normal way of life**.
- New behaviour must replace former behaviour **completely** → **continuously reinforced**.

**3 methods for reassigning new patterns of behaviour by H.C. Kellman**

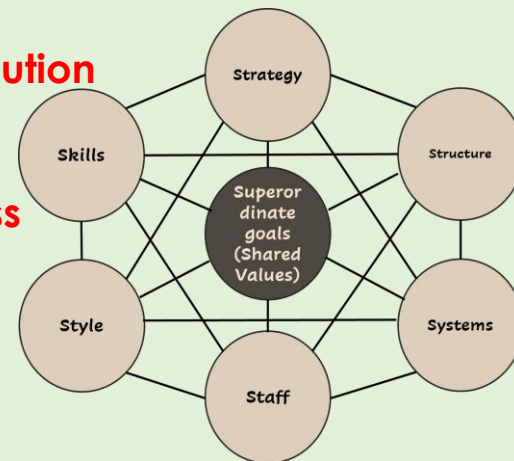
11

- a) Compliance: **Reward & punishment strategy**
- b) Identification: **Members** are **psychologically impressed** with **role models**
- c) Internalization: **Internal changing** of **individual's thought processes** → given **freedom to learn**





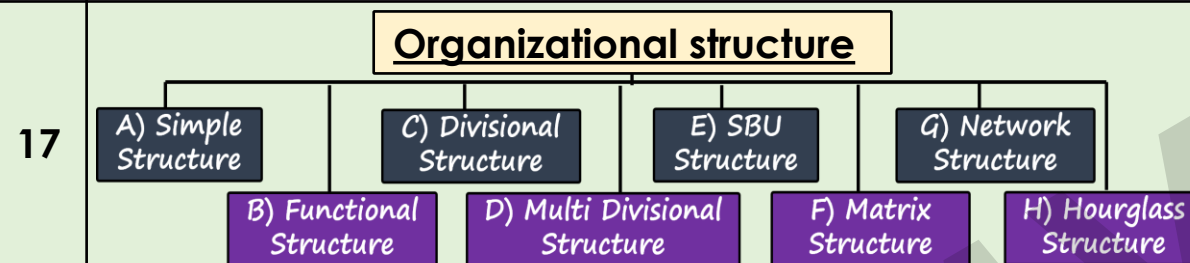
## SM CHAPTER 5 – STRATEGIC IMPLEMENTATION &amp; EVALUATION

12	<p><b>5 Best Practices for managing change in small &amp; medium-sized business during Digital Transformation (DT)</b></p> <p><b>MT: Recognize BCDE</b></p> <ol style="list-style-type: none"> <li>1) Begin at the top: <b>Leadership team</b> should <b>communicate vision &amp; lead by example.</b></li> <li>2) Ensure that change is necessary &amp; desired: <b>Assess current state &amp; identify areas</b> where DT can <b>add value</b></li> <li>3) Reduce disruption: <b>Communicating early</b> about changes, <b>providing training &amp; support</b> to employees</li> <li>4) Encourage communication: Create <b>channels</b> for employees to <b>ask questions</b> &amp; provide <b>feedback.</b></li> <li>5) Recognize that change is the norm: DT is <b>not a one-time project</b> but an <b>ongoing process.</b></li> </ol>	<p><b>overwhelmed.</b></p> <p>5) Offer assistance and <b>training</b> to employees.</p>
13	<p><b>Key strategies to navigate change effectively during digital transformation (DT)</b></p> <p><b>MT: SABIT</b></p> <ol style="list-style-type: none"> <li>1) <b>Specify</b> DT's aims &amp; objectives: Ensure everyone is <b>aligned</b></li> <li>2) <b>Always</b> communicate: <b>Regular &amp; transparent</b> communication</li> <li>3) <b>Be</b> ready for resistance: Make <b>strategy</b> to <b>address resistance</b> for <b>smooth transition.</b></li> <li>4) <b>Implement</b> changes gradually: Allows people to <b>adapt to new ways</b> of doing things <b>without feeling</b></li> </ol>	<p>14</p> <p><b>Organisational Framework (McKinsey 7S Model)</b></p> <p>➤ <b>McKinsey 7S Model</b> → tool to <b>analyze</b> a co.'s "<b>organizational design.</b>"</p> <p>➤ Goal → depict <b>how effectiveness can be achieved</b> in an org. through interactions of <b>hard &amp; soft elements.</b></p> <p>➤ "Soft S" &amp; "Hard S" elements are <b>inter-related</b> → <b>modifying one aspect</b> → have <b>ripple effect</b> on <b>other elements</b> to <b>maintain an effective balance.</b></p> <p>15</p> <p><b>Limitations of McKinsey 7S Model</b></p> <p><b>MT: MOSI</b></p> <ol style="list-style-type: none"> <li>1) <b>Missing out real gaps</b> in <b>conceptualization &amp; execution</b> of strategy.</li> <li>1) <b>Does not explain</b> concept of <b>organizational effectiveness</b> or <b>performance.</b></li> <li>1) <b>More static &amp; less flexible</b> for <b>decision making.</b></li> <li>1) <b>Ignores importance of</b> <b>external environment</b></li> </ol> 



## SM CHAPTER 5 – STRATEGIC IMPLEMENTATION &amp; EVALUATION

- 16 **Symptoms of an ineffective organizational structure**
1. too many levels of management,
  2. too many meetings by too many people,
  3. too much attention to solving inter-departmental conflicts,
  4. too large a span of control, &
  5. too many unachieved objectives.



- 18 **Multi Divisional (M-Form) Structure**
- **Need for M-Form Structure**
    - Developed in 1920s, due to coordination & control problems in large cos
    - Functional depts → had difficulty with distinct product lines & markets.
    - Costs were not allocated to individual products → so not possible to assess profit individually.
    - Optimal allocation of resources between products was difficult

**Top managers** became **over-involved** in solving short-run problems.

- **Multidivisional structure calls for: (Characteristics)**
  - **Creating separate divisions**, each representing a distinct business
  - **Each division** have its **functional hierarchy**;
  - **Division managers** → given **responsibility** for managing daily operations;
  - **Small corporate office** to determine **long-term direction** & exercise overall **financial control**.

**SBU Structure**

- 19
- Relevant to **multi-product or multi-business org.**
  - An SBU is a grouping of **related businesses** for **composite planning treatment**.
  - It has **three levels**-
    - 1) **Corporate headquarters** at top,
    - 2) **SBU groups** at 2nd level, and
    - 3) **divisions** within each SBU at 3rd level.

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## SM CHAPTER 5 – STRATEGIC IMPLEMENTATION &amp; EVALUATION

19.1	<p><b><u>Attributes of SBU</u></b></p> <ol style="list-style-type: none"> <li>1) <b>Scientific method</b> of grouping businesses.</li> <li>2) <b>Strategic planning</b> for SBU is <b>distinct</b> from rest of businesses</li> <li>3) Each SBU → <b>own distinct set of competitors &amp; strategy.</b></li> <li>4) <b>CEO of SBU</b> → responsible for <b>strategic planning for SBU</b></li> <li>5) Products/businesses having <b>related functions</b> are <b>assembled together.</b></li> <li>6) <b>Unrelated products/businesses</b> → <b>separate SBUs.</b></li> <li>7) Each SBU is a <b>separate business</b></li> </ol>	20	<p><b><u>Matrix Structure</u></b></p> <ul style="list-style-type: none"> <li>➤ Here, functional &amp; product forms are combined simultaneously at same level of org.</li> <li>➤ Employees have <b>two superiors</b>, a <b>project manager</b> &amp; a <b>functional manager.</b></li> <li>➤ The “<b>home</b>” department - that is, <b>engineering, manufacturing, or marketing</b> - is usually <b>functional</b> &amp; is permanent.</li> </ul>
19.2	<p><b><u>Advantages/Benefits of SBU</u></b></p> <p><b>MT: Facilitates CRA<sup>2</sup>P</b></p> <ol style="list-style-type: none"> <li>1) <b>Facilitates</b> strategic mgt of large org.</li> <li>2) Establishing <b>coordination between divisions.</b></li> <li>3) Makes strategic <b>review</b> by top executives more <b>effective</b></li> <li>4) Fixes <b>accountabilities</b> at level of <b>distinct business units.</b></li> <li>5) Helps <b>allocate resources</b> to areas with <b>greatest growth.</b></li> <li>6) Strategic <b>planning</b> → done at <b>most relevant level</b> in org.</li> </ol>	20.1	<ul style="list-style-type: none"> <li>➤ <b>Characteristics of a matrix structure</b> (leads to complexity) <ol style="list-style-type: none"> <li>1) <b>dual lines of budget authority</b></li> <li>2) <b>dual sources of reward &amp; punishment,</b></li> <li>3) <b>shared authority,</b></li> <li>4) <b>dual reporting channels,</b> and</li> <li>5) <b>need for effective communication</b> system.</li> </ol> </li> <li>➤ <b>Advantages of a matrix structure</b> are that- <ol style="list-style-type: none"> <li>1) <b>project objectives are clear,</b></li> <li>2) many <b>channels of communication,</b></li> <li>3) workers can see <b>visible results of their work,</b> and</li> <li>4) <b>shutting down</b> a project is <b>achieved easily.</b></li> </ol> </li> </ul>



## SM CHAPTER 5 – STRATEGIC IMPLEMENTATION &amp; EVALUATION

20.2	<p><u>Development of matrix structure by Davis &amp; Lawrence</u> → 3 distinct phases</p> <ol style="list-style-type: none"> <li>1) <b>Cross-functional task forces:</b> Temporary → <b>Project manager</b> is in charge.</li> <li>2) <b>Product/brand management:</b> If the cross-functional task forces become <b>more permanent</b>, project manager becomes a <b>product or brand manager</b></li> <li>3) <b>Mature matrix: True dual-authority structure.</b> Both <b>functional &amp; product structures</b> are <b>permanent</b>.</li> </ol>	<p><u>Disadvantages of Network Structure:</u></p> <ol style="list-style-type: none"> <li>1) <b>Availability of numerous partners.</b></li> <li>2) Contracting out functions to <b>separate suppliers</b> → no <b>synergies</b></li> <li>3) <b>Risk of choosing wrong functions</b> → becoming <b>non-competitive</b>.</li> </ol> <p><u>There are some serious implications:</u></p> <ol style="list-style-type: none"> <li>1) <b>Employees lack confidence</b> to participate actively in org.</li> <li>2) Can seem <b>intrusive</b> → <b>more intense &amp; personal interactions</b> with stakeholders</li> </ol>
21	<p><u>Network Structure</u></p> <ul style="list-style-type: none"> <li>➤ Aka. “non-structure” → <b>virtual elimination of in-house business functions</b>. Many activities are <b>outsourced</b>. (<b>cobweb-like networks</b>)</li> <li>➤ Useful when environment is <b>unstable</b>.</li> <li>➤ <b>Rather than being located in a single building or area</b>, an organization's <b>business functions</b> are <b>scattered at different geographical locations</b>.</li> <li>➤ <u>Advantages-</u> <ul style="list-style-type: none"> <li>✓ <b>Increased flexibility &amp; adaptability</b> to cope with <b>tech changes &amp; competition</b></li> <li>✓ <b>Concentrate on its distinctive competencies</b>.</li> </ul> </li> </ul>	<p><u>Hourglass Structure</u></p> <ul style="list-style-type: none"> <li>➤ Role played by <b>middle mgt</b> is <b>diminishing</b> → replaced by <b>tech tools</b>.</li> <li>➤ <b>3 layers with constricted middle layer</b> → <b>narrow middle-mgt level</b>.</li> <li>➤ <b>Info. tech</b> links top &amp; bottom levels</li> <li>➤ <b>Managers</b> here are <b>generalists</b> &amp; <b>perform wide variety of tasks</b>.</li> <li>➤ <u>Benefits-</u> <ul style="list-style-type: none"> <li>✓ <b>reduced costs</b></li> <li>✓ <b>enhances responsiveness</b> → <b>simplifying decision making</b>.</li> </ul> </li> </ul>





## SM CHAPTER 5 – STRATEGIC IMPLEMENTATION &amp; EVALUATION

	<p>➤ <b>Problems-</b></p> <ul style="list-style-type: none"> <li>✓ <b>Promotion opportunities</b> for lower levels <b>diminish</b>.</li> <li>✓ <b>Continuity at same level</b> may bring <b>monotony</b> &amp; <b>lack of interest</b></li> </ul> <p>➤ <b>Overcoming above problems</b> → <b>assigning challenging tasks, transferring laterally</b> &amp; <b>proper rewards for performance</b>.</p>		<p>➤ <b>A strong strategy-supportive culture makes employees feel genuinely better about their jobs.</b></p>
23	<p><b>Organisational Culture</b></p> <p><b>Corporate culture</b> refers to a <b>company's values, beliefs, business principles, traditions</b>, ways of <b>operating</b>, &amp; <b>internal work environment</b>.</p>		<p><b>Changing a problem culture</b></p> <p>1) <b>First step</b> → finding which facets of present culture are <b>strategy supportive</b> &amp; <b>which are not</b>.</p> <p>2) Then, managers → <b>talk openly</b> to all concerned about <b>those aspects of the culture</b> that have to be <b>changed</b>.</p> <p>3) The talk has to be followed swiftly by <b>visible, aggressive actions to modify the culture-actions</b> that everyone will understand are intended to <b>establish a new culture more in tune with the strategy</b>.</p>
24	<p><b>A strategy-supportive culture promotes good strategy execution'</b></p> <p>➤ A culture where <b>creativity, embracing change</b>, and <b>challenging the status quo</b> are <b>pervasive</b> → conducive to successful execution.</p> <p>➤ <b>Strong cultures</b> promote <b>good strategy execution</b></p> <p>➤ A culture built around-</p> <ul style="list-style-type: none"> <li>✓ <b>listening to customers</b>,</li> <li>✓ <b>encouraging employees to take pride</b> in their work,</li> <li>✓ <b>giving employees a high degree of decision-making responsibility</b>.</li> </ul>	25	<p>The menu of <b>culture-changing actions</b> includes-</p> <ul style="list-style-type: none"> <li>➤ <b>communication</b> of benefits to employees</li> <li>➤ <b>revising policies</b>,</li> <li>➤ <b>recruiting new managers &amp; employees</b>,</li> <li>➤ <b>altering incentive</b> compensation,</li> <li>➤ <b>replacing key executives</b>,</li> <li>➤ <b>shifting budgetary allocations</b></li> </ul> <p>MT: CR<sup>2</sup>AKS</p>



## SM CHAPTER 5 – STRATEGIC IMPLEMENTATION &amp; EVALUATION

26	<p>Managers have <u>five leadership roles</u> for good strategy execution:</p> <p><b>MT: TERE Corrective Actions</b></p> <ol style="list-style-type: none"> <li>1) Staying on top of what is happening → <b>closely monitoring progress.</b></li> <li>2) Promoting culture of <i>esprit de corps</i> to <b>perform at a high level.</b></li> <li>3) Keeping org. <b>responsive to changing conditions.</b></li> <li>4) Exercising <b>ethical leadership</b> → <b>conduct</b> co.'s <b>affairs</b> like <b>model corporate citizen.</b></li> <li>5) Pushing <b>corrective actions</b></li> </ol>	<p><b>3) poorly performing org.</b></p> <p>➤ Offer <b>excitement, vision, intellectual stimulation</b> and <b>personal satisfaction.</b></p> <p><b>Transactional leadership</b></p> <p>➤ More <b>formalized approach to motivation</b>, setting <b>clear goals</b> with <b>explicit rewards or penalties.</b></p> <p>➤ Suitable in-</p> <ol style="list-style-type: none"> <li>1) <b>settled environment,</b></li> <li>2) <b>growing or mature</b> industries, &amp;</li> <li>3) org. that are <b>performing well.</b></li> </ol>
27	<p>A Strategic leader has several responsibilities-</p> <ol style="list-style-type: none"> <li>1) <b>Making strategic decisions.</b></li> <li>2) <b>Formulating policies.</b></li> <li>3) <b>Ensuring effective communication.</b></li> <li>4) <b>Managing human capital.</b></li> <li>5) <b>Managing change.</b></li> <li>6) <b>Creating &amp; sustaining culture.</b></li> <li>7) <b>Sustaining high performance.</b></li> </ol> <p><b>MT: MMS</b></p>	<p><b>29</b></p> <p><b>Types of organizational control</b></p> <p>1) <b>Operational Control:</b> Focus here is on <b>individual tasks</b> or <b>transactions</b>. Eg, <b>procuring specific items</b> for inventory, production control, quality control.</p> <p><b>Management Control:</b> <b>More inclusive &amp; aggregative</b> → controlling activities of a complete department.</p> <p>2) <b>Strategic Control:</b> It focuses on dual questions of whether:</p> <ol style="list-style-type: none"> <li>i. <b>strategy is being implemented as planned;</b> and</li> <li>ii. <b>results produced by the strategy are those intended."</b></li> </ol> <p>It is <b>process of evaluating strategy</b> as it is formulated &amp; implemented.</p>
28	<p><b>Transformational leadership</b></p> <p>➤ Uses <b>Charisma &amp; enthusiasm</b> to <b>inspire people.</b></p> <p>➤ Suitable in-</p> <ol style="list-style-type: none"> <li>1) <b>turbulent environments,</b></li> <li>2) industries → <b>start</b> or <b>end</b> of <b>life-cycles,</b></li> </ol>	



## SM CHAPTER 5 – STRATEGIC IMPLEMENTATION &amp; EVALUATION

**4 types of strategic controls:**

a) **Premise control:** Continuous monitoring of environment to verify validity & accuracy of premises on which strategy has been built.

It involves monitoring two factors:

(i) Environmental factors.

(ii) Industry factors.

b) **Strategic surveillance:**

❑ **Un-focussed** → general monitoring to uncover unanticipated information affecting strategy → casual environmental browsing.

❑ **Reading financial & other newspapers**, magazines, attending conferences etc.

c) **Special alert control:** Unexpected events force co. to reconsider their strategy.

Sudden changes in government, natural calamities, terrorist attacks etc.

To cope up with this → org. form crisis management teams.

d) **Implementation control:** Assessing need for changes in strategy, in light of unfolding events related to incremental actions.

It continuously monitors basic direction of strategy.

Two forms of implementation control are:

1. **Monitoring strategic thrusts:** Whether overall strategy is progressing as desired.
2. **Milestone Reviews:** All key activities to implement strategy → segregated in terms of time, events or major resource allocation → complete reassessment of strategy.

**Strategic Performance Measures (SPM)**

A method that increases line executives' understanding of strategic goals & offers a continuous system for tracking progress. MT: E2MI CF

Various types of strategic performance measures-

- 1) **Employee Measures:** employee satisfaction, turnover rate, & employee engagement etc.
- 2) **Environmental Measures:** energy consumption, waste reduction, & carbon emissions etc.
- 3) **Market Measures:** market share, customer acquisition, & customer referrals etc.
- 4) **Innovation Measures:** R&D spending, patent applications, & new product launches etc.
- 5) **Customer Satisfaction Measures:** customer satisfaction, retention, & loyalty etc.
- 6) **Financial Measures:** revenue growth, ROI, & profit margins etc.

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## SM CHAPTER 5 – STRATEGIC IMPLEMENTATION &amp; EVALUATION

SPM are essential for org. for several reasons:

MT: RAGI

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- 1) **Resource Allocation:** SPM Help **allocate resources** to areas that have **greatest impact**.
- 2) **External Accountability:** SPM help to **demonstrate accountability to stakeholders** → by providing a **clear picture of performance**.
- 3) **Goal Alignment:** SPM help org to **align** strategies **with goals & objectives**.
- 4) **Continuous Improvement:** SPM help org to **track their progress & make adjustments to improve**.

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Choosing the right SPMs

In selecting right SPM, org should consider following factors:

- 1) **Relevance:** Relevant to org goals & objectives
- 2) **Data Availability:** Based on **data** that is **readily available** & can be **collected** in **timely manner**.
- 3) **Data Quality:** Based on **high-quality data** → **accurate** & **reliable**.
- 4) **Data Timeliness:** Based on data that is **current** & **up-to-date** → to make **informed decisions**.

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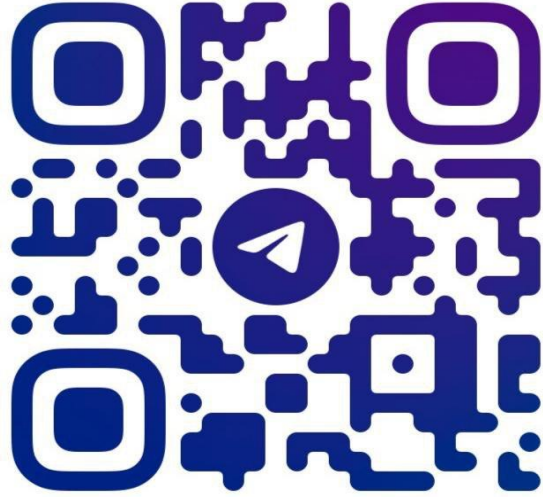
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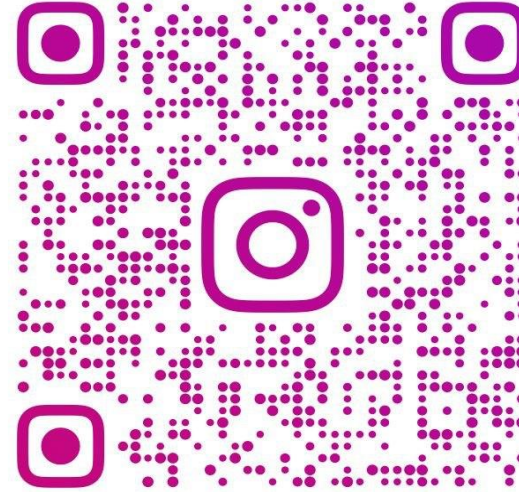


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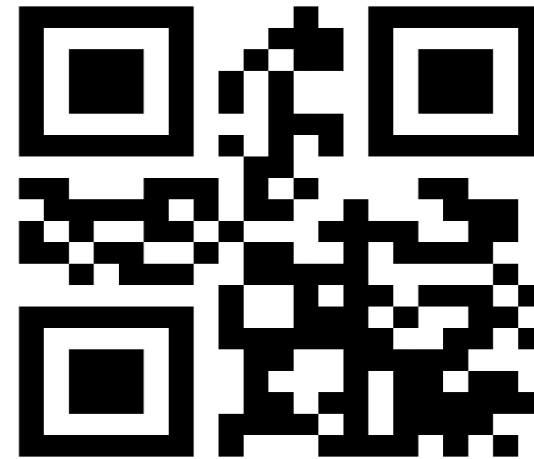
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