



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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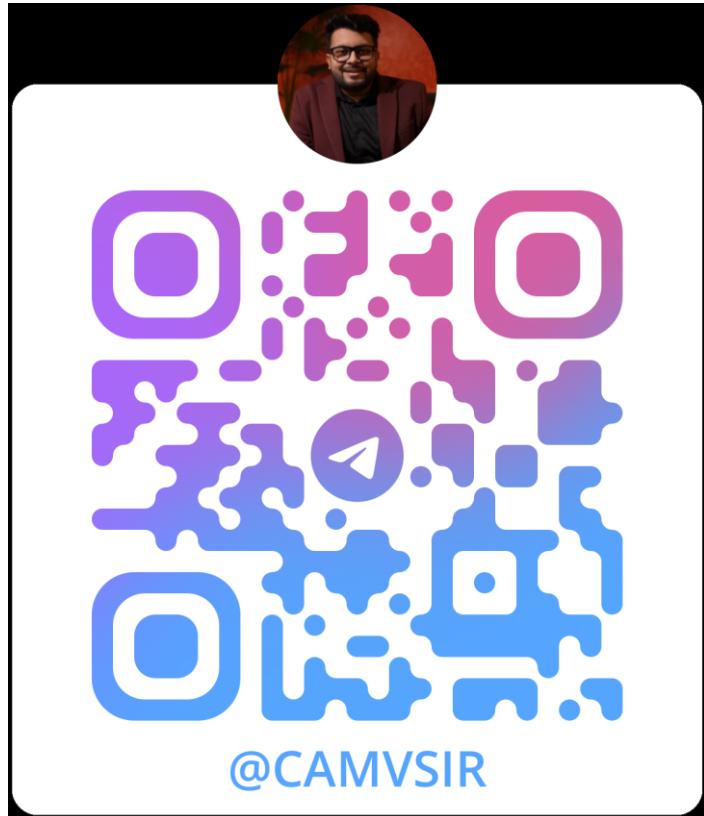
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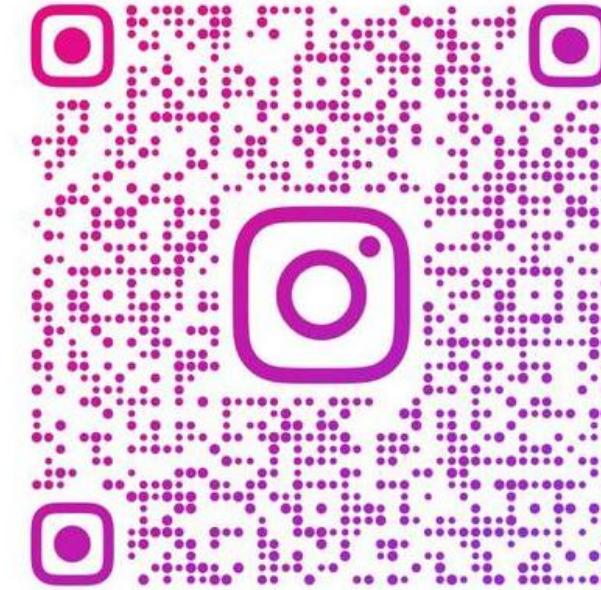
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SM CHAPTER 1 – INTRODUCTION TO STRATEGIC MANAGEMENT

1	<p>Strategy is a game plan that mgt. uses to-</p> <ul style="list-style-type: none"> ➤ conduct its operations, ➤ compete successfully, ➤ achieve organizational objectives ➤ take market position, & ➤ attract & satisfy customers. <p style="text-align: right;">MT: C²OMA</p>
2	<ul style="list-style-type: none"> ➤ Strategy → never be perfect, flawless & optimal. ➤ It should be flexible & pragmatic ➤ Sound strategy → allowances are made for miscalculations & unanticipated event
3	<p>Strategy is partly proactive and partly reactive</p> <p>Strategy is a blend of:</p> <ul style="list-style-type: none"> ✓ Proactive actions → improve market position & financial performance ✓ Reactions to unanticipated developments & fresh market conditions (Adapting to environment)
4	<p>Strategic management is process of:</p> <ul style="list-style-type: none"> ➤ developing vision & mission; ➤ strategic analysis; ➤ developing objectives; ➤ creating, choosing, & implementing strategies; and ➤ measuring & evaluating performance ➤ taking corrective adjustments wherever required

5	<p>Objectives of Strategic Management</p> <ol style="list-style-type: none"> 1) Create competitive adv → outperform competitors 2) Guide co. through all changes in environment
6	<p>Importance/Benefits of SM</p> <p style="text-align: right;">MT: Facebook pe Frame wali DP C²yu Lagate hai ?</p> <ol style="list-style-type: none"> 1) Helps to face future → act as pathfinder for opp. 2) Provides frameworks for all major decisions (PBM) 3) Gives direction → helps define goals & mission. 4) Helps org. to be proactive instead of reactive. 5) Acts as corporate defence mechanism 6) Develop core competencies & competitive adv 7) Enhance longevity → helps to take a clear stand
7	<p>Limitations of SM</p> <p style="text-align: right;">MT: Costly ETC</p> <ol style="list-style-type: none"> 1) Costly process → Expert strategic planners, analysis of environments, devise & implement strategies. 2) Difficult to clearly estimate competitive responses. 3) Time-consuming process → impede daily operations 4) Environment is highly complex & turbulent → Org. estimate about future may go wrong.
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SM CHAPTER 1 – INTRODUCTION TO STRATEGIC MANAGEMENT

8	<p>Strategic Intent</p> <ul style="list-style-type: none"> ➤ Purpose for what organisation strives for ➤ Represent “why we want to do business” ➤ Philosophical base of SM.
9	<p>Vision</p> <ul style="list-style-type: none"> ➤ Blueprint of company's future position ✓ Shows management's aspirations for business, ✓ Panoramic view of “where we want to go” ➤ Vision points out at- ✓ direction, path, moulding identity
10	<p>Mission- answers to basic questions- what business are we in? & what we do?</p> <p>Describes orgs' present- activities, business makeup, capability & customer focus MT: ABC</p>
11	<p>Components of a good mission statement</p> <ol style="list-style-type: none"> 1) Should give org its own- special identity, business emphasis, path for development. 2) Specify what needs its trying to satisfy 3) Unique to the org. 4) Not be to make profit
12	<p>Why should an org. have a mission?</p> <p>MT: PUT BMW in Focus</p> <ol style="list-style-type: none"> 1) Specify org purposes & translate it into goals. 2) Ensure unanimity of purpose 3) Establish a general tone or organisational climate 4) Develop a basis for allocating resources. 5) Provide basis for motivating use of resources. 6) Translation of goals into a work structure. 7) Serve as a focal point.
13	<p>Characteristics of Objectives</p> <p>MT: S²MART & Challenging Performance</p> <ol style="list-style-type: none"> 1) Concrete & specific. 2) Provide basis for strategic decision-making. 3) Measurable and controllable. 4) Facilitates achievement of mission & purpose. 5) Define org's relationship with its environment. 6) Related to a time frame. 7) Challenging. 8) Provide standards for performance appraisal.
14	<p>Long Term Objectives in 7 areas MT: 3P 2E CT</p> <p>Profitability, Productivity, Public Responsibility Employee Development, Employee Relations, Competitive Position, Technological Leadership</p>

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15	<p>Corporate Level Managers (CLM)</p> <ul style="list-style-type: none"> CLM consists of CEO, senior exec, BOD, & corp staff. Participate in strategic decision making & oversee devp of strategies <p>Role of CLM includes-</p> <ol style="list-style-type: none"> 1) Form & impl. strategy → span individual businesses, defining mission & goals determining what businesses it should be in, 4) allocating resources providing leadership 	<p>3) Matrix Relationship</p> <p>Grid-like structure → with teams formed with people from various departments → built for temporary task-based projects.</p> <ul style="list-style-type: none"> Helps manage huge conglomerates → impossible to track every single team independently. More than one BLMs for each functional teams. (Dual-reporting)
16	<p>3 major types of networks of relationship</p> <p>1) Functional & Divisional Relationship Where each function or division is run independently headed by function/division head</p> <p>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.</p>	<p>17</p> <p>Benefit of proactive strategy over reactive strategy</p> <p>MT: BCCE</p> <ol style="list-style-type: none"> Better risk management → help to develop contingency plans. Result in cost savings as preventive measures are more efficient than addressing crises retroactively. Org. can maintain a competitive edge by staying ahead of industry trends and changes. 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"> ➤ Strategic formulation begins with strategic analysis. ➤ Its objective is to compile information about internal & external environments. 	3	<u>Internationalization of Business</u> <ul style="list-style-type: none"> ➤ Designing goods/serv. in a way that facilitates expansion into international market. ➤ For greater earnings & cheap resources.
2	<p>Two major limitations of strategic analysis-</p> <ol style="list-style-type: none"> 1) Gives a lot of innovative options but doesn't tell which one to pick. 2) Time-consuming → hurting overall org functioning & also strain other innovations. 	4	<u>Steps in international strategic planning-</u> <p>MT: Reverse DOSE</p> <ol style="list-style-type: none"> 1) Evaluate global opp. & threats → rate them 2) Describe scope of global commercial operations. 3) Create firm's global business objectives. 4) Develop distinct corporate strategies
3	<p>Business Environment → all internal & external factors that affect business decisions, plans, and operations.</p> <p>Importance of Business Environment</p> <ol style="list-style-type: none"> 1) Meeting Competition 2) Determine opportunities and threats 3) Continuous Learning 4) Give direction for growth 5) Image Building 	5	<p>❖ Why do businesses go global?</p> <p>MT: DR ne CA SE GST ka Cost pucha</p> <ol style="list-style-type: none"> 1) When domestic markets are no longer adequate. 2) Reliable or cheaper source of raw-materials. 3) Collapse of international trade barriers 4) Globalization → cos. in different countries to form strategic alliances 5) Rise of services → largest single sector in world. 6) When exporting org find foreign markets to open up → higher sales & cash flow. 7) Need to grow → Finding opportunities globally. 8) Rapid shrinking of time & distance 9) To reduce high transportation costs
4	<p>PESTLE Analysis</p> <ul style="list-style-type: none"> ➤ Used for analysis of macro environmental factors. ➤ Advantage - encourages mgt. into proactive & structured thinking in its decision making. ➤ Political, Economic, Social, Technological, Legal, Environmental 		

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1

Assessments of international envir. at 3 levels

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

Understanding Product & Industry MT: P²UT 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

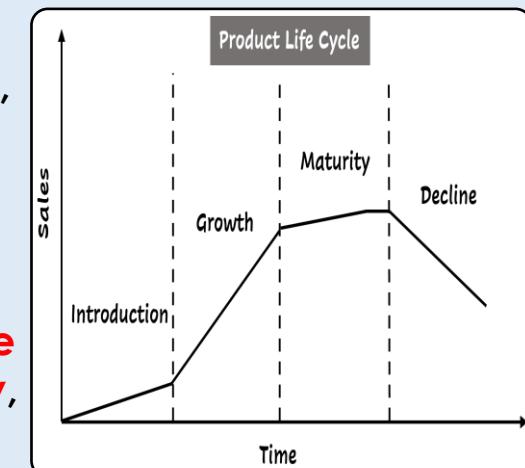
- **rapid market acceptance**
- demand **expands rapidly**,
- prices **fall**,
- competition **increases**,
- market **expands**.
- Customer **has knowledge** & shows **interest**.

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.



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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),

4

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.

5

➤ **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

5.1

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

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

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

SM CHAPTER 2 –STRATEGIC ANALYSIS – EXTERNAL ENVIRONMENT

9	<p>Consumer behaviour is influenced by many things. These elements are in following three conceptual domains:</p> <ol style="list-style-type: none"> 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. <ul style="list-style-type: none"> ✓ Problem recognition ✓ Search for desirable alternative and list them ✓ Seeking information on alternatives & their pros & cons. ✓ Make a final choice <p>4) Post-decision Processes</p> <ul style="list-style-type: none"> ➤ Evaluating outcome after purchase Happy customer → repeat purchase & recommend to others ➤ Customer with dissonance → neither purchase again nor recommend
10	<p>Competitive Landscape is about</p> <ul style="list-style-type: none"> ✓ identifying & understanding the competitors and ✓ it involves understanding of their vision, mission, values, strengths & weaknesses.

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:

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

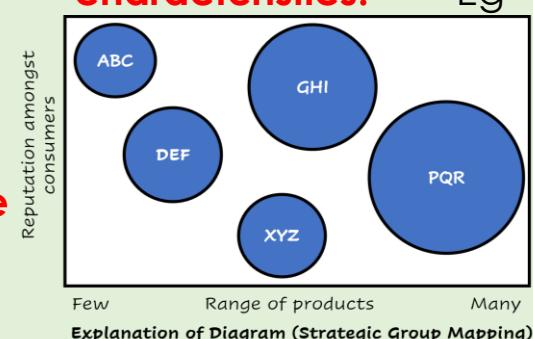
MT: IPCC

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**-

- 1) Identify competitive 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	<p>For new product, pricing strategies should be designed by keeping 3 objectives in mind:</p> <ul style="list-style-type: none"> ✓ customer-centric approach ✓ Produce sufficient returns → reasonable margin. ✓ Increasing market share. 	7) Demarketing - Reduce demand temporarily or permanently → not to destroy demand, but only to reduce or shift it → happens when there is overfull demand .
5	<p>Important Marketing Strategies & its Meaning.</p> <ol style="list-style-type: none"> 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. 	<p>IV. Channels</p> <ul style="list-style-type: none"> ➤ Distribution system by which org. distributes its G/S. ➤ Wider & stronger the channel→ better position a business has. <ol style="list-style-type: none"> 1) Sales channel <ul style="list-style-type: none"> ✓ Intermediaries involved in selling product through each channel & ultimately to end user. 2) Product channel <ul style="list-style-type: none"> ✓ Intermediaries who physically handle product→ from producer to end user. 3) The service channel <ul style="list-style-type: none"> ✓ Entities that provide services to support→ IMP for complex products → installation or customer assistance.
6		<p>Core competence</p> <ul style="list-style-type: none"> ✓ 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.

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

SM CHAPTER 3 – STRATEGIC ANALYSIS : INTERNAL ENVIRONMENT

SWOT ANALYSIS	Helpful to achieving objective	Harmful to achieving objective
Internal origin	Strength→ inherent capability → use to gain strategic advantage.	Weakness→ inherent limitation → creates strategic disadvantage to it.
External origin	Opportunity→ favourable condition in external env. → strengthen its position	Threat→ unfavourable condition in external env→ causes risk or damage to org.'s position
12	<p>Michael Porter's Generic Strategies (Business Level Strategies)</p> <p>(Generic means can be pursued by any type/size of business)</p> <ol style="list-style-type: none"> 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	<p>Striving to be a low-cost producer in an industry can especially be effective, when</p> <p style="text-align: right;">MT: Large PDF</p> <ol style="list-style-type: none"> 1) Large no. of buyers with huge bargaining power. 2) market has many price-sensitive buyers, 	

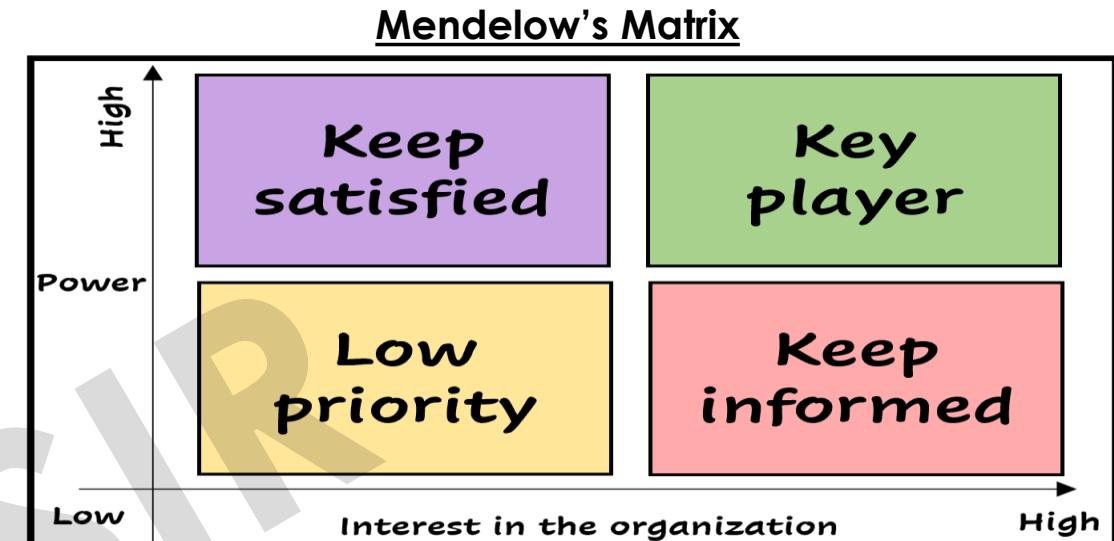
	3) buyers do not care much about differences 4) Few ways to achieve product differentiation.
14	<p>Achieving Cost Leadership Strategy</p> <ol style="list-style-type: none"> 1) Resistance to differentiation until essential. 2) Optimum utilization of resources. 3) Standardization of products for mass production. 4) Achieving economies of scale 5) Prompt forecasting of demand 6) Invest in cost saving technologies.
15	<p>Disadvantages of Cost Leadership</p> <ol style="list-style-type: none"> 1) May not last long when competitors imitate. 2) Minimum cost of advertising & R&D → expensive in long run. 3) Can succeed only if we achieve higher sales volume. 4) Technological advancement is a threat.
16	<p>Risks of pursuing cost leadership</p> <ol style="list-style-type: none"> 1) buyer interests may swing to other differentiating features. 2) competitors may imitate strategy 3) technological break throughs

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17	<p>Basis of Differentiation :</p> <p>1) Product Innovative products lead to competitive adv. → can be costly – R&D, production & marketing costs (but can have big payoff)</p> <p>2) Organisation ➤ Maximizing power of a brand or Location adv., name recognition, customer loyalty</p> <p>3) Pricing Either- ✓ offer lowest price or ✓ establish superiority through higher prices.</p>	<p>MT: POP</p> <p>Disadvantages of Differentiation</p> <ol style="list-style-type: none"> 1) In long term, uniqueness is difficult to sustain. 2) Charging too high price → customer may switch. 3) Differentiation fails → if based on something not valued by customers.
18	<p>Risks associated with pursuing a differentiation strategy</p> <ol style="list-style-type: none"> 1) May not be valued high enough 2) Competitors may copy 	<p>Advantages of Differentiation</p> <ol style="list-style-type: none"> 1) Rivalry - Brand loyalty acts as a safeguard 2) Buyers – Do not negotiate for price. 3) Supplier – Premium price → so can absorb higher costs. 4) Entrants – Innovative features are expensive → new entrants avoid entering 5) Substitutes – Can't replace differentiated products → high brand value & customer loyalty.
19	<p>Achieving Differentiation Strategy</p> <ol style="list-style-type: none"> 1) Enhancing brand image & value. 2) Offer high-quality product. 3) Offer utility to customer 4) Improve performance. 5) Fixing prices on features & buying capacity. 6) Rapid product innovation 	<p>MT: EQUIP²</p> <p>FOCUSSED STRATEGY</p> <ol style="list-style-type: none"> 1) Focused cost leadership Low Cost + Narrow Market. 2) Focused differentiation Uniqueness + narrow market.
		<p>Risks of pursuing Focus</p> <ol style="list-style-type: none"> 1) Competitors may imitate, 2) Consumer may shift towards attributes desired by whole market.

SM CHAPTER 3 – STRATEGIC ANALYSIS : INTERNAL ENVIRONMENT

	<u>Achieving Focused Strategy</u>	MT: NEWS
24	<ol style="list-style-type: none"> 1) Selecting specific <u>niches</u>. 2) Generating high <u>efficiencies</u>. 3) Innovative <u>ways</u> in managing <u>value chain</u>. 4) Creating <u>superior skills</u> 	
25	<u>Advantages of Focused Strategy</u>	
	<ol style="list-style-type: none"> 1) Premium price 2) Difficult to compete with us 	
26	<u>Disadvantages of Focused Strategy</u>	MT: 3D
	<ol style="list-style-type: none"> 1) Firms <u>lacking distinctive competencies</u> cannot pursue this. 2) <u>Limited demand</u> → costs are high 3) In <u>long run</u> → niche could <u>disappear</u> 	
27	<u>Best-Cost Provider (BCP) Strategy</u>	
	<p>2 sub-strategies-</p> <ol style="list-style-type: none"> 1) offering <u>lower price</u> with <u>comparable quality</u>, or 2) charging <u>similar price</u> with <u>higher quality</u> & features <p>For eg, android flagship phones from OnePlus, Xiaomi, Oppo, Vivo, etc</p>	



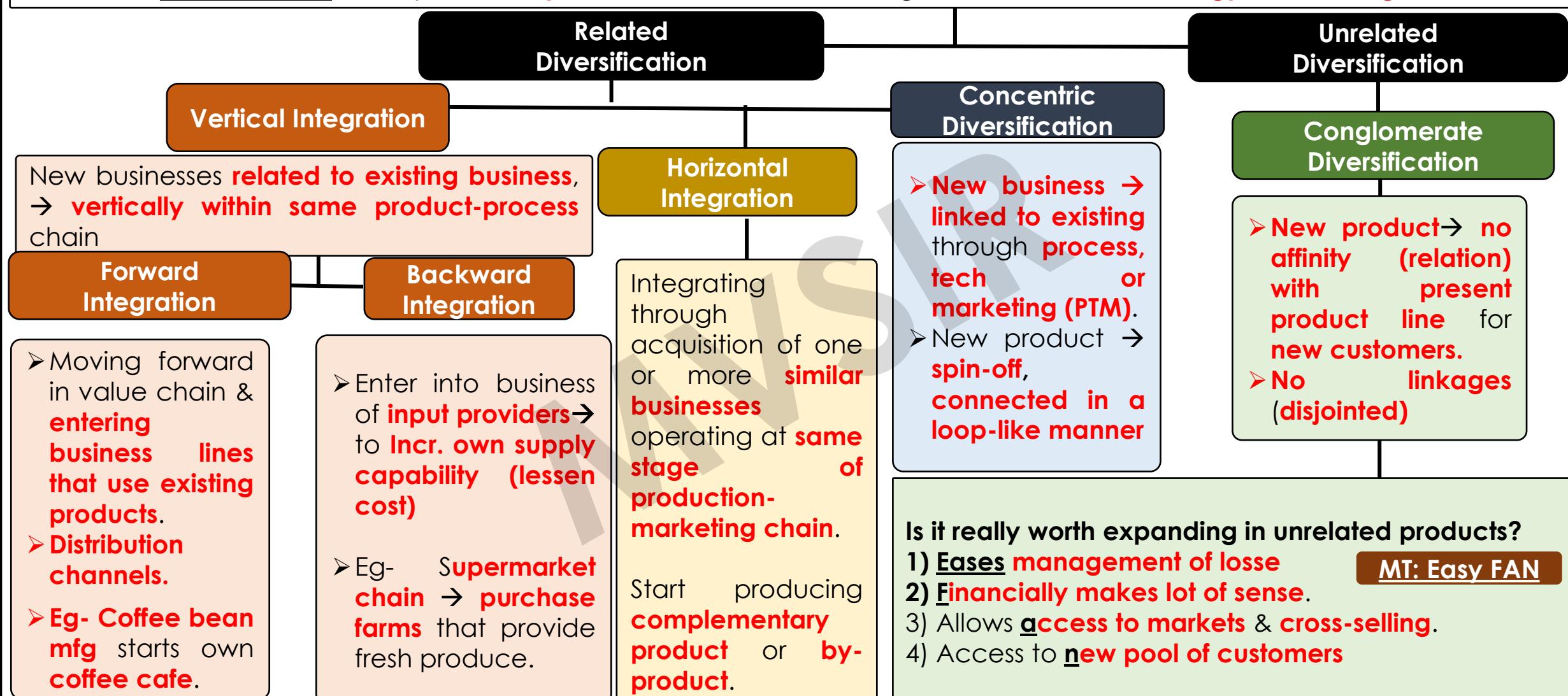
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1	<p>Stability Strategy</p> <ul style="list-style-type: none"> ➤ Strategy where a firm stays with- ✓ its current businesses & product markets; ✓ maintains existing level of effort; & ✓ satisfied with incremental growth. 	4	<p>Why don't Startups aim for stability?</p> <p>Startup → early stages (nascent stage)</p> <p>Stability → applied when operations expanded to full capacity or maturity stage.</p>	2	<p>Major Reasons for Stability Strategy</p> <p style="text-align: right;">MT: Rapid MSN</p> <ol style="list-style-type: none"> 1) After rapid expansion → consolidate itself. 2) Product reached maturity → staff comfortable with status quo 3) Environment is stable. 4) Not advisable to expand <p>Characteristics of Stability Strategy</p> <p style="text-align: right;">MT: R2EC SMS</p> <ol style="list-style-type: none"> 1) No redefinition of business 2) Less risk. 3) Enhance functional efficiencies 4) Concentrate on its resources → leading to core competencies. 5) Same business, product & effort 6) Modest growth objective 7) Safe strategy → No fresh investments. 	5	<p>Characteristics of Growth Strategy</p> <p style="text-align: right;">MT: VIGOuR²</p> <ol style="list-style-type: none"> 1) Versatile strategy 2) Fresh investments required. 3) Mammoth growth ambition. 4) Opposite of stability strategy → high risk. 5) Involves redefinition of business. 6) 2 strategy routes: Intensification & Diversification. 	3	6	<p>Major Reasons for Growth Strategy</p> <p style="text-align: right;">MT: CAPS</p> <ol style="list-style-type: none"> 1) Greater control over market. 2) Advantages from → experience curve & large scale of ops. 3) Imperative → environment demands increase in pace of activity. 4) Strategists feel satisfied → take pride.
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SM CHAPTER 4 – STRATEGIC CHOICES

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



SM CHAPTER 4 – STRATEGIC CHOICES

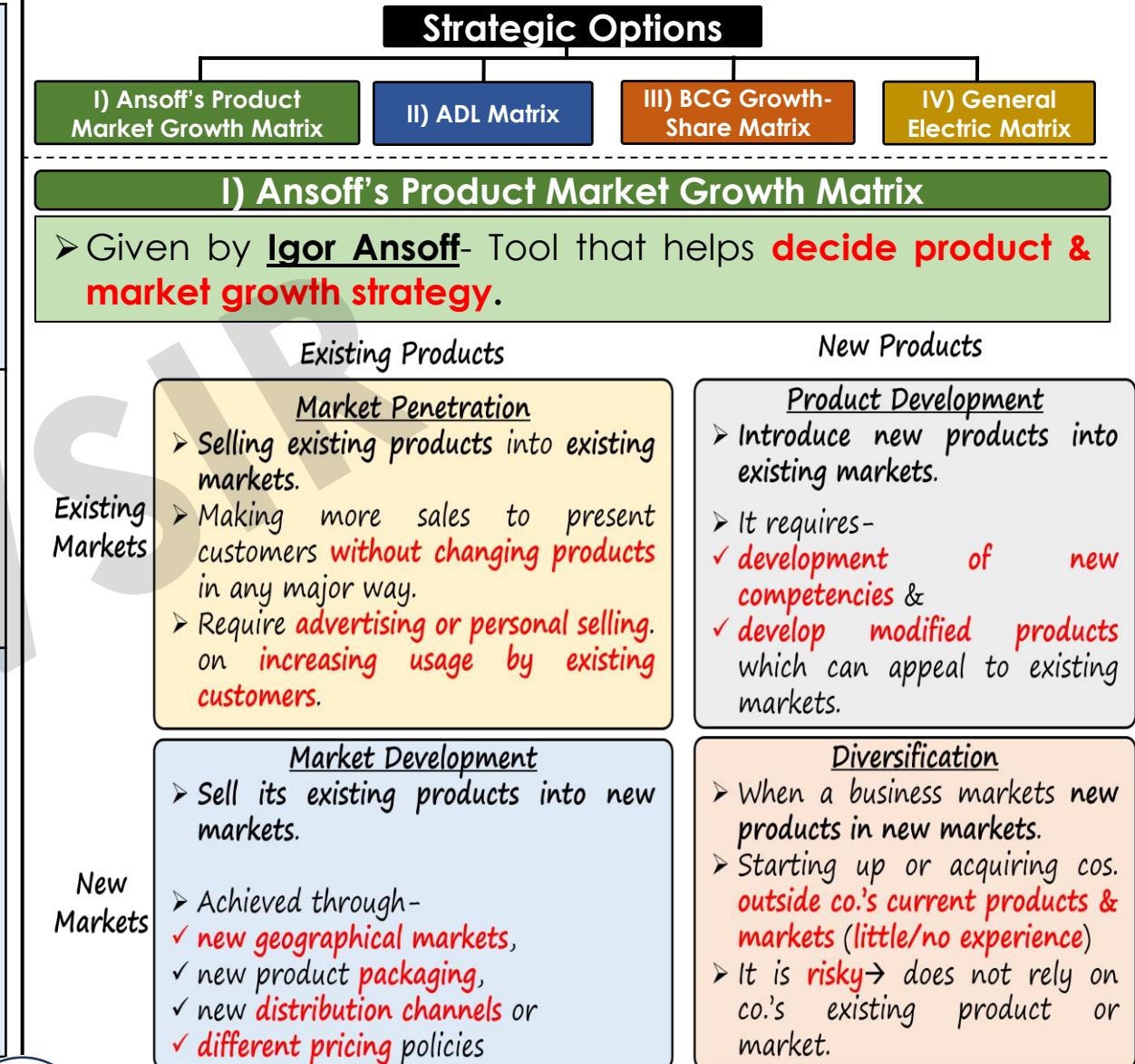
<p>Innovation</p> <ul style="list-style-type: none"> Innovation drives upgradation of existing product lines or processes → increased market share, revenues, profit & customer satisfaction. MT: CPC Benefits of innovation <ol style="list-style-type: none"> Solve complex problems- customer centric solutions. Increases productivity- Automating repetitive tasks, & simplifying processes. Gives Competitive Advantage- Faster a business innovates, the farther it goes from competitor's reach. ✓ Innovative products need less marketing 	<p>Financially strong org. overpowers weaker one.</p> <ul style="list-style-type: none"> Happen during recession or declining profit. Unfriendly manner → forced association
	<p>Types of Merger/Acquisition (M/A)</p> <ul style="list-style-type: none"> <input type="checkbox"/> Horizontal M/A <ul style="list-style-type: none"> Combination of firms in same industry. Merger with direct competitor. (Eg Lipton India & Brook Bond) <input type="checkbox"/> Vertical M/A <ul style="list-style-type: none"> Cos. in same industry but at different stages of production or distribution system. Take over supplier/producers of RM → backward integration Take over buyer org or distribution channels → forward integration <input type="checkbox"/> Conglomerate M/A <ul style="list-style-type: none"> Combination of org. unrelated to each other. (no linkages) <input type="checkbox"/> Co-generic M/A <ul style="list-style-type: none"> When 2 or more org. are associated in some way or related to- PTM. Eg- Refrigerator co. merging with AC co.

SM CHAPTER 4 – STRATEGIC CHOICES

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

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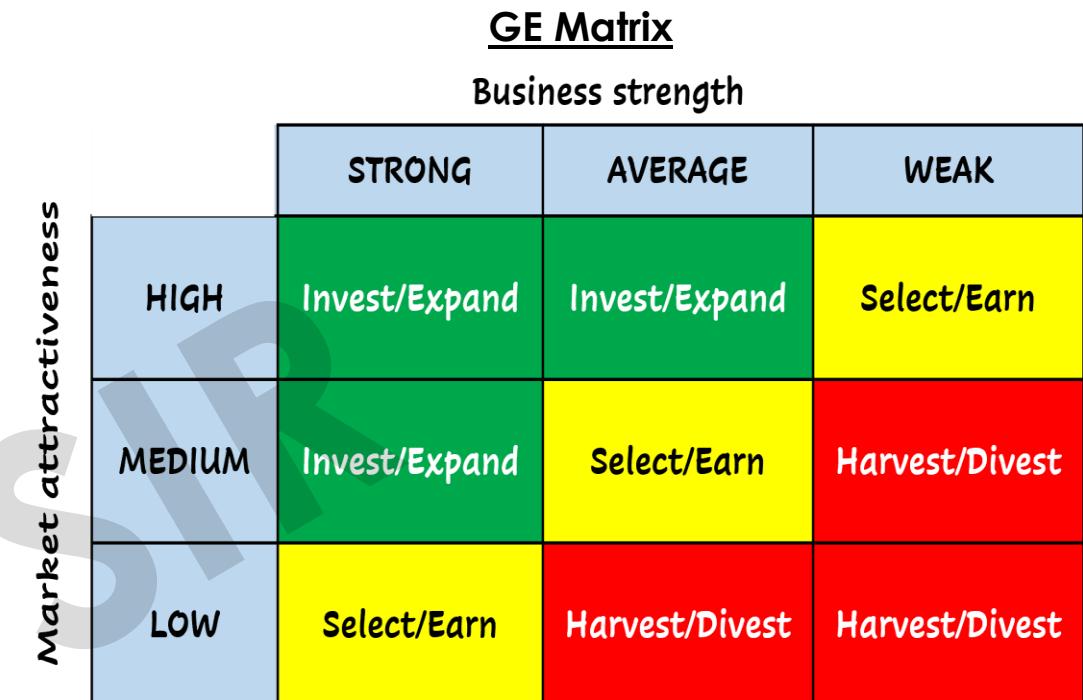
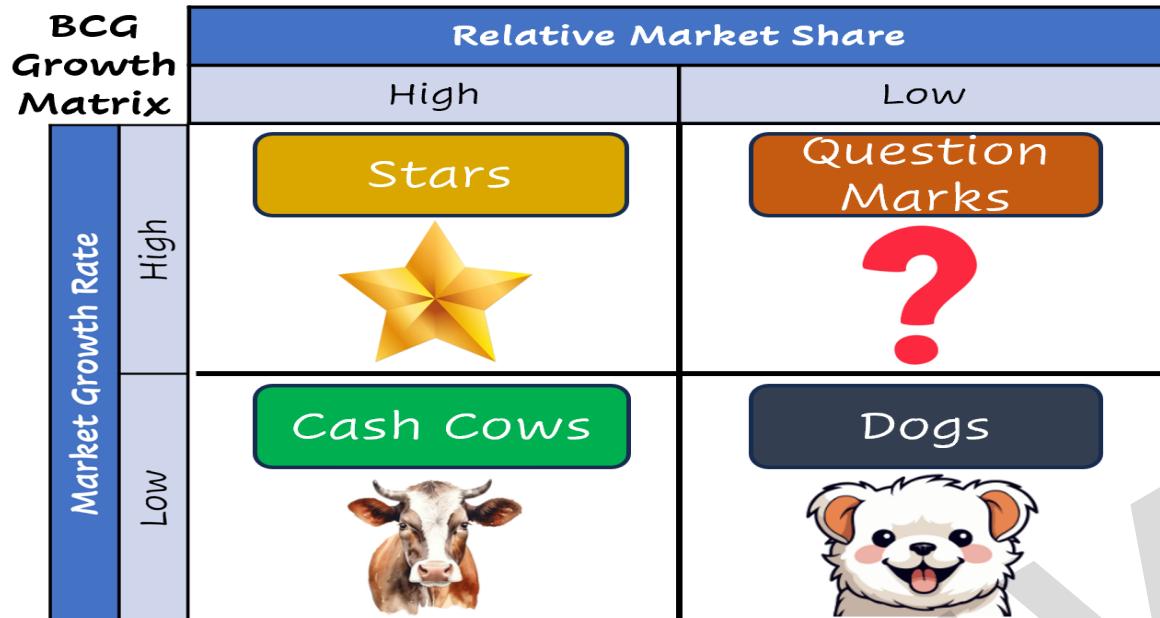
	<p>Danger signals (indicators) requiring turnaround</p> <ul style="list-style-type: none"> ✓ Mismanagement ✓ Uncompetitive products or services ✓ Declining market share ✓ Deterioration in physical facilities ✓ high turnover of employees- low morale ✓ Over-staffing, ✓ Persistent negative cash flow
11.1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



SM CHAPTER 4 – STRATEGIC CHOICES

8	<p>ADL Matrix (by Arthur D. Little)</p> <p>Portfolio analysis method based on product life cycle.</p> <p>2 dimensional matrix based on</p> <ul style="list-style-type: none"> ✓ stage of industry maturity & ✓ firm's competitive position <p>➤ Assess competitive position of firm based on:</p> <ol style="list-style-type: none"> 1) Dominant: Rare position → monopoly or protected tech leadership 2) Strong: Freedom over choice of strategies 3) Favorable: When industry is fragmented & no one competitor stand out clearly 4) Tenable: Able to perform satisfactorily → but vulnerable due to increased competition 5) Weak: Performance is unsatisfactory 	<p>In long run when growth slows down, stars become cash cows.</p> <p>3) Question Marks (aka. problem children or wildcats) Low market share & high-growth markets. Require lot of cash to hold their share. If left unattended → become cash traps.</p> <p>4) Dogs → low-growth, low-share businesses → do not have much future. → minimised by divestment or liquidation.</p>
	<p>9.1 4 Post Identification strategies of BCG</p> <ol style="list-style-type: none"> a) Build with aim for long-term growth. (Stars) b) Hold or preserve existing market share. (Que Mark) c) Harvest or maximize short-term cash. (Cash Cow) d) Divest, sell/liquidate & use resources elsewhere. (Dogs) 	
	<p>9.2 Problems/Limitations of BCG Matrix</p> <ol style="list-style-type: none"> 1) Difficult, time-consuming, & costly to implement. 2) Difficult to define SBUs & measure mkt share, growth. 3) Provide little advice for future planning. 4) Places too much emphasis on mkt-share & growth. 	
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III. General Electric Matrix [“Stop-Light” Strategy Model]

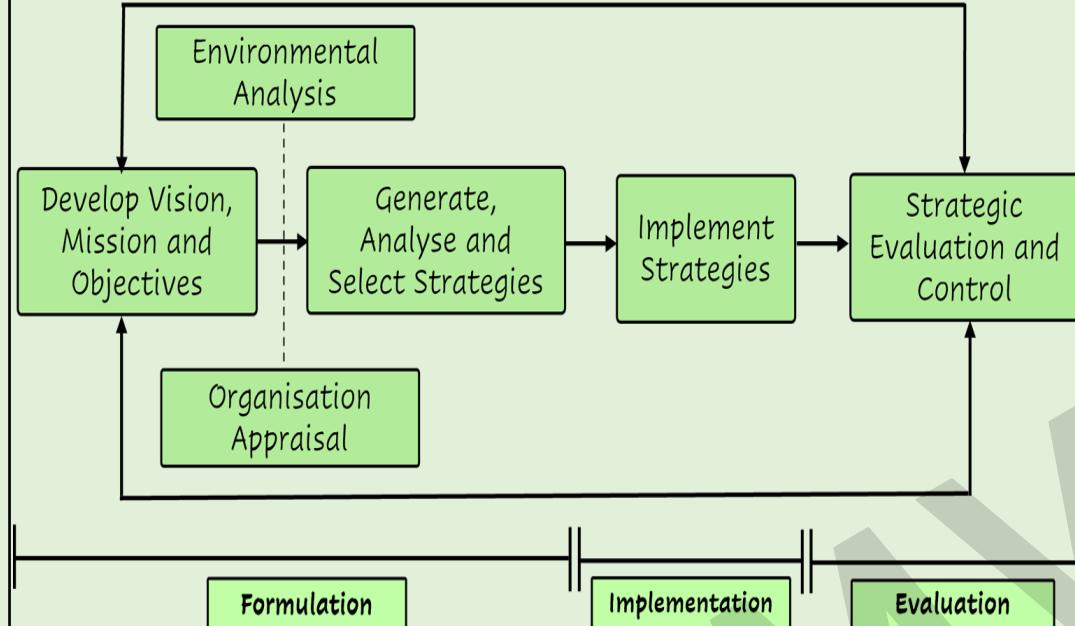
Inspired from **traffic control lights**.
If a product falls in the-

- **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.**

SM CHAPTER 5 – STRATEGIC IMPLEMENTATION & EVALUATION

Strategic Management Model (Fred R David)

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

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 **conducive culture & work climate**.
- 5) Exerting **internal leadership**.
- 6) **Staffing** org with **needed skills & expertise**.
- 7) Installing **information & operating systems**
- 8) **Motivating** people

3

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.

4

SM CHAPTER 5 – STRATEGIC IMPLEMENTATION & EVALUATION

<p>Strategy Formulation</p> <p>1) Strategic Planning</p> <p>Characteristics of Strategic planning</p> <p>1) Holistic view of org.</p> <p>2) Develops overall objectives & strategies.</p> <p>3) Long-term success of org.</p> <p>4) Assesses impact of envir. variables.</p> <p>5) senior mgt responsibility</p> <p>6) Shapes org. & its resources.</p>	<p>MT: HOLIS²tic</p>
<p>2) Operational Planning</p> <p>Characteristics of Operational planning</p> <p>1) Functional managers responsibility.</p> <p>2) Makes modifications to functions but not fundamental changes.</p> <p>3) Current use of resources.</p> <p>4) Develops tactics rather than strategy.</p> <p>5) Projects current operations into future.</p>	<p>MT: FM CTC</p>
<p>Strategic Uncertainty</p> <p>Unpredictability of future events → impact an organization's strategy & goals.</p> <p><input type="checkbox"/> How to deal with strategic uncertainty?</p> <p>1) Monitoring & Scenario Planning</p>	<p>MT: MD Builds Flexible Partnership</p>

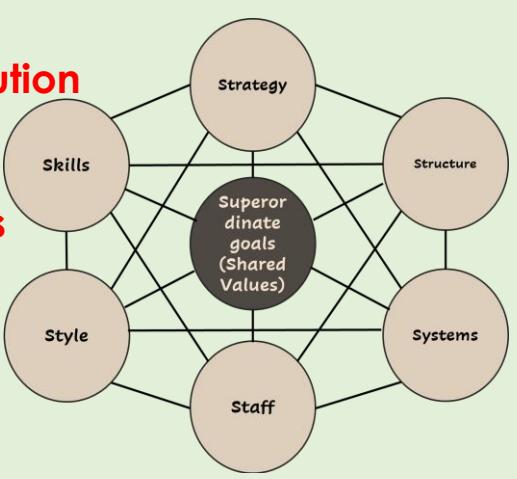
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8	<p>Forward Linkage</p> <ul style="list-style-type: none"> ➤ Impact of strategy formulation on implementation ➤ After formulation → changes have to be done within org. <p>Backward Linkage</p> <ul style="list-style-type: none"> ➤ Impact of strategy implementation on formulation ➤ While dealing with strategic choice, past strategic actions also determine choice of strategy.
9	<p>Steps to initiate strategic change</p> <p>1) Recognize need for change</p> <ul style="list-style-type: none"> ✓ First step → diagnose which facets of present culture are strategy supportive & which are not. ✓ Doing environmental scanning. <p>2) Create a shared vision to manage change</p> <ul style="list-style-type: none"> ✓ Objectives of both individuals & org. should coincide. ✓ Senior managers should communicate vision to all members. <p>3) Institutionalise the change</p> <ul style="list-style-type: none"> ✓ This is an action stage → implementation of changed strategy. ✓ Ensure firm does not slip back into old ways of doing things.
10	<p>Kurt Lewin's Model of Change</p> <ol style="list-style-type: none"> Unfreezing the situation: <ul style="list-style-type: none"> ➤ Make individuals aware of necessity for change & prepares them. (by announcements & meetings) ➤ Unfreezing → breaking down old behaviours → start with clean slate. <ol style="list-style-type: none"> Changing to new situation: <ul style="list-style-type: none"> ➤ Behaviour patterns need to be redefined. ➤ H.C. Kellman gave 3 methods for reassigning new patterns of behaviour- Compliance, Identification, & Internalization <ol style="list-style-type: none"> Refreezing: <ul style="list-style-type: none"> ➤ When new behaviour becomes a normal way of life. ➤ New behaviour must replace former behaviour completely → continuously reinforced.
11	<p>3 methods for reassigning new patterns of behaviour by H.C. Kellman</p> <ol style="list-style-type: none"> Compliance: Reward & punishment strategy Identification: Members are psychologically impressed with role models Internalization: Internal changing of individual's thought processes → given freedom to learn

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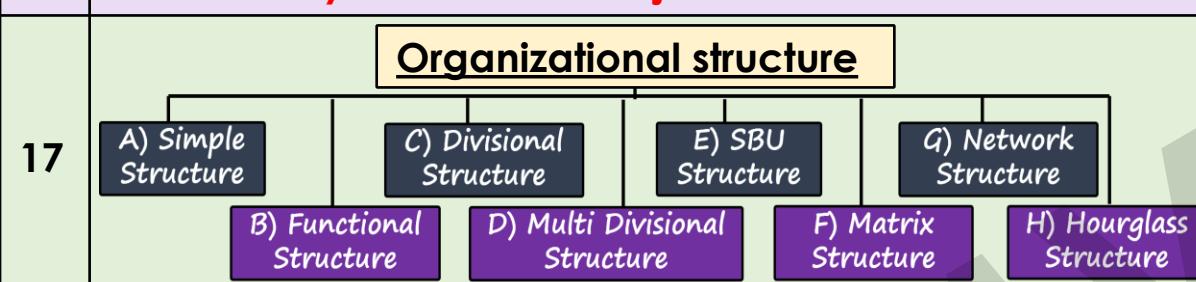
<p>5 Best Practices for managing change in small & medium-sized business during Digital Transformation (DT)</p> <p style="text-align: right;">MT: Recognize BCDE</p> <ol style="list-style-type: none"> 1) Begin at the top: Leadership team should communicate vision & lead by example. 2) Ensure that change is necessary & desired: Assess current state & identify areas where DT can add value 3) Reduce disruption: Communicating early about changes, providing training & support to employees 4) Encourage communication: Create channels for employees to ask questions & provide feedback. 5) Recognize that change is the norm: DT is not a one-time project but an ongoing process.

<p>Key strategies to navigate change effectively during digital transformation (DT)</p> <p style="text-align: right;">MT: SABIT</p> <ol style="list-style-type: none"> 1) Specify DT's aims & objectives: Ensure everyone is aligned 2) Always communicate: Regular & transparent communication 3) Be ready for resistance: Make strategy to address resistance for smooth transition. 4) Implement changes gradually: Allows people to adapt to new ways of doing things without feeling

<p>overwhelmed.</p> <p>5) Offer assistance and training to employees.</p>
<p>Orgranisational Framework (McKinsey 7S Model)</p> <p>➤ McKinsey 7S Model → tool to analyze a co.'s "organizational design."</p> <p>➤ Goal → depict how effectiveness can be achieved in an org. through interactions of hard & soft elements.</p> <p>➤ "Soft S" & "Hard S" elements are inter-related → modifying one aspect → have ripple effect on other elements to maintain an effective balance.</p>
<p>Limitations of McKinsey 7S Model</p> <p style="text-align: right;">MT: MOSI</p> <p>1) Missing out real gaps in conceptualization & execution of strategy.</p> <p>1) Does not explain concept of organizational effectiveness or performance.</p> <p>1) More static & less flexible for decision making.</p> <p>1) Ignores importance of external environment</p> 

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	Symptoms of an ineffective organizational structure
16	<ol style="list-style-type: none"> 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.



	Multi Divisional (M-Form) Structure
18	<p>➤ Need for M-Form Structure</p> <ul style="list-style-type: none"> ▪ 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

19	<p>Top managers became over-involved in solving short-run problems.</p> <p>➤ Multidivisional structure calls for: (Characteristics)</p> <ul style="list-style-type: none"> ▪ 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.
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19	<p>SBU Structure</p> <p>➤ Relevant to multi-product or multi-business org.</p> <p>➤ An SBU is a grouping of related businesses for composite planning treatment.</p> <p>➤ It has three levels-</p> <ol style="list-style-type: none"> 1) Corporate headquarters at top, 2) SBU groups at 2nd level, and 3) divisions within each SBU at 3rd level.
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19.1	<p>Attributes of SBU</p> <ol style="list-style-type: none"> 1) Scientific method of grouping businesses. 2) Strategic planning for SBU is distinct from rest of businesses 3) Each SBU → own distinct set of competitors & strategy. 4) CEO of SBU → responsible for strategic planning for SBU 5) Products/businesses having related functions are assembled together. 6) Unrelated products/businesses → separate SBUs. 7) Each SBU is a separate business
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19.2	<p>Advantages/Benefits of SBU</p> <p style="background-color: #800000; color: white; padding: 2px 10px; display: inline-block;">MT: Facilitates CRA²P</p> <ol style="list-style-type: none"> 1) Facilitates strategic mgt of large org. 2) Establishing coordination between divisions. 3) Makes strategic review by top executives more effective 4) Fixes accountabilities at level of distinct business units. 5) Helps allocate resources to areas with greatest growth. 6) Strategic planning → done at most relevant level in org.
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20	<p>Matrix Structure</p> <ul style="list-style-type: none"> ➤ Here, functional & product forms are combined simultaneously at same level of org. ➤ Employees have two superiors, a project manager & a functional manager. ➤ The “home” department - that is, engineering, manufacturing, or marketing - is usually functional & is permanent.
20.1	<ul style="list-style-type: none"> ➤ Characteristics of a matrix structure (leads to complexity) <ul style="list-style-type: none"> 1) dual lines of budget authority 2) dual sources of reward & punishment, 3) shared authority, 4) dual reporting channels, and 5) need for effective communication system. ➤ Advantages of a matrix structure are that- <ul style="list-style-type: none"> 1) project objectives are clear, 2) many channels of communication, 3) workers can see visible results of their work, and 4) shutting down a project is achieved easily.



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

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- **Problems-**
 - ✓ Promotion opportunities for lower levels **diminish**.
 - ✓ Continuity at same level may bring **monotony & lack of interest**
- **Overcoming above problems** → **assigning challenging tasks, transferring laterally & proper rewards for performance.**

23

Organisational Culture

Corporate culture refers to a **company's values, beliefs, business principles, traditions, ways of operating, & internal work environment**.

24

A strategy-supportive culture promotes good strategy execution'

- A culture where **creativity, embracing change**, and **challenging the status quo** are **pervasive** → conducive to successful execution.
- **Strong cultures** promote **good strategy execution**
- A culture built around-
 - ✓ **listening to customers**,
 - ✓ **encouraging employees to take pride** in their work,
 - ✓ **giving employees a high degree of decision-making responsibility**.

- **A strong strategy-supportive culture makes employees feel genuinely better about their jobs.**

25

Changing a problem culture

- 1) **First step** → finding which facets of present culture are **strategy supportive** & **which are not**.
- 2) Then, managers → **talk openly** to all concerned about **those aspects of the culture** that have to be **changed**.
- 3) The talk has to be followed swiftly by **visible, aggressive actions to modify** the **culture-actions** that everyone will understand are intended to **establish a new culture more in tune with the strategy**.

The menu of **culture-changing actions** includes-

- **communication** of benefits to employees
- **revising policies**,
- **recruiting new managers & employees**,
- **altering incentive** compensation,
- **replacing key executives**,
- **shifting budgetary allocations**

MT: CR²AKS

SM CHAPTER 5 – STRATEGIC IMPLEMENTATION & EVALUATION

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

<p>4 types of strategic controls:</p> <p>a) Premise control: Continuous monitoring of environment to verify validity & accuracy of premises on which strategy has been built. It involves monitoring two factors:</p> <ul style="list-style-type: none"> (i) Environmental factors. (ii) Industry factors. <p>b) Strategic surveillance:</p> <ul style="list-style-type: none"> □ Un-focussed → general monitoring to uncover unanticipated information affecting strategy → casual environmental browsing. □ Reading financial & other newspapers, magazines, attending conferences etc. <p>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.</p> <p>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.</p>

30	<p>Two forms of implementation control are:</p> <ol style="list-style-type: none"> 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.
31	<p>Strategic Performance Measures (SPM) A method that increases line executives' understanding of strategic goals & offers a continuous system for tracking progress. MT: E2MI CF</p> <p><u>Various types of strategic performance measures-</u></p> <ol style="list-style-type: none"> 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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SPM are essential for org. for several reasons:**MT: RAGI**

- 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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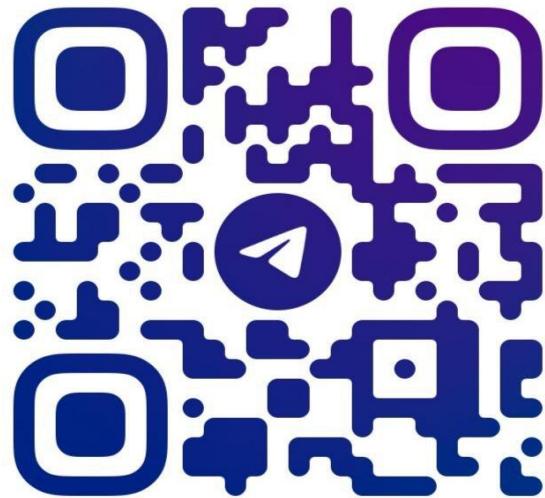
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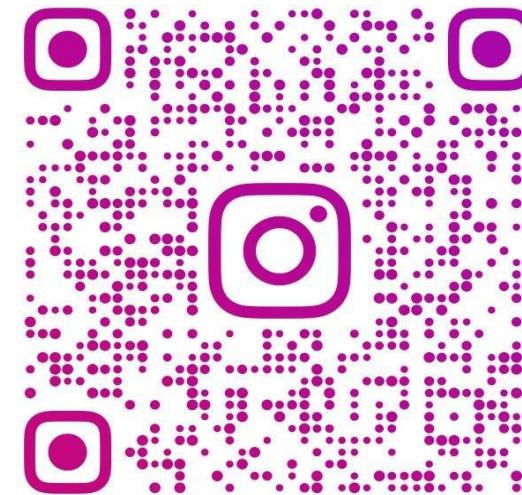


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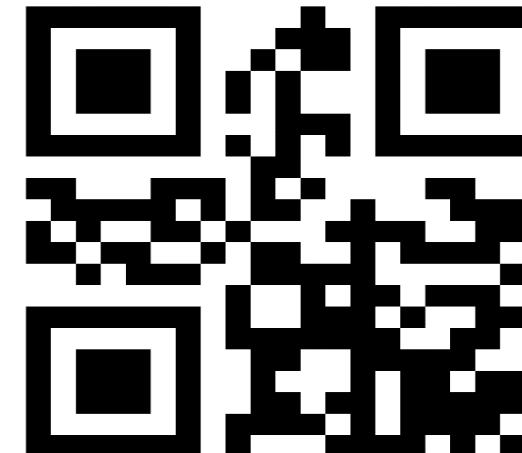
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