



VIDHYODAY
VIDHYA KA UDAY



CA INTER

**STRATEGIC
MANAGEMENT**



CA Pratik Pandey
Exp 8 Years

Handwritten Book

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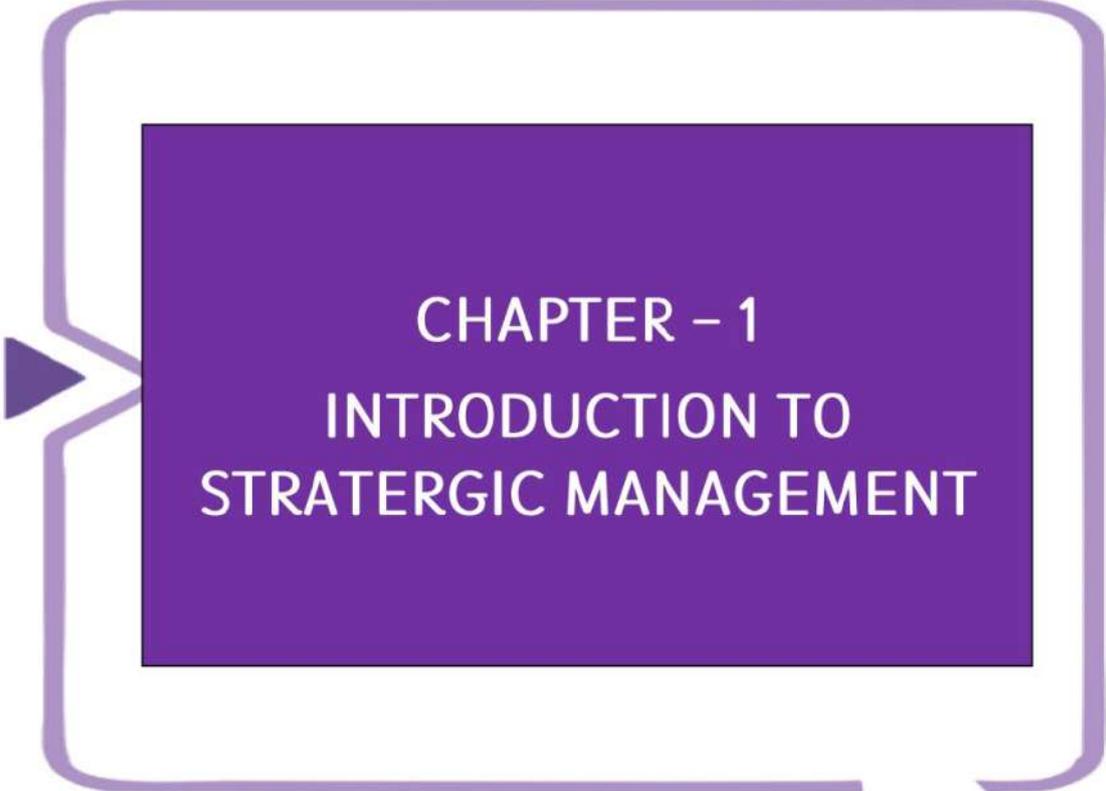
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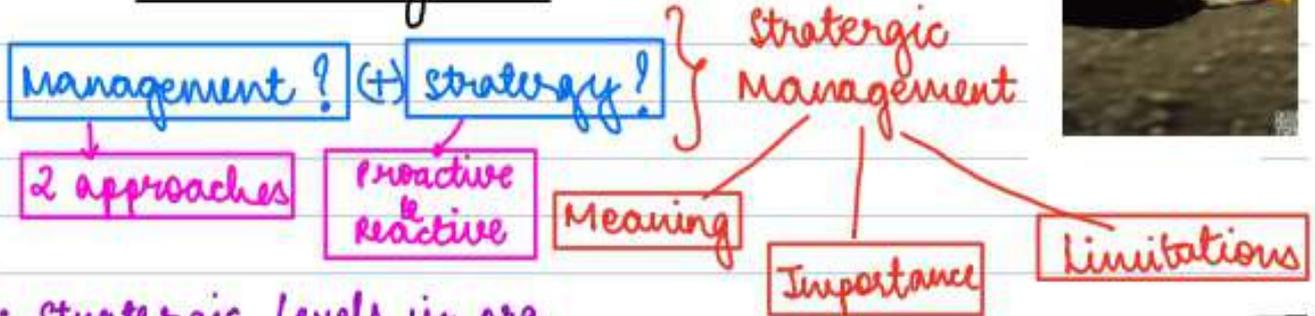
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CHAPTER – 1
INTRODUCTION TO
STRATEGIC MANAGEMENT

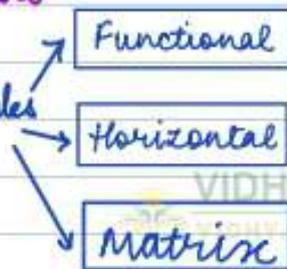
CH. 1 Introduction to Strategic Management

⇒ The Bird's Eye View

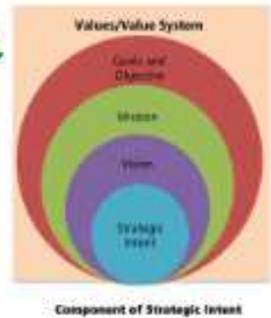


- Strategic levels in org.
 - ↳ corporate
 - ↳ divisional
 - ↳ Functional

- Types of Networks in an org.



- Strategic Intent
 - ↳ Vision
 - ↳ Mission
 - ↳ Goals
 - ↳ Objectives
 - ↳ Values

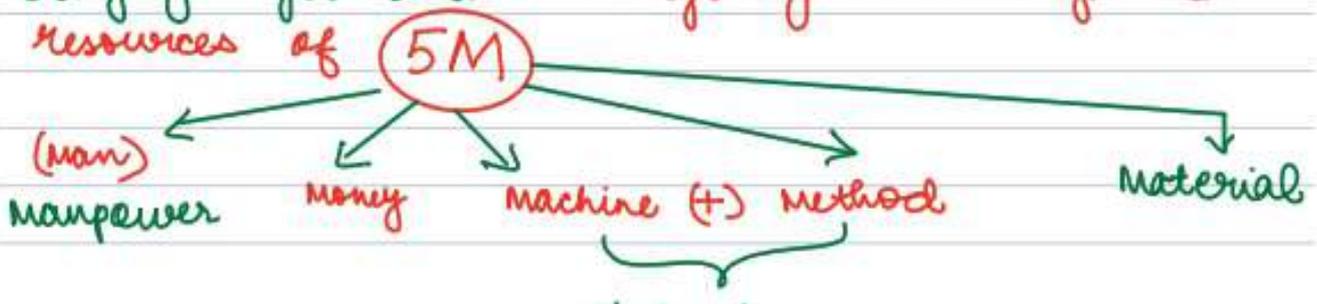


(Q) What do you mean by management?

Eq. ⇒ Steve Jobs

→ key group in an org. in charge of its affairs.

→ management is the chief organ entrusted with the task of making it a productive & purposeful entity, by undertaking the task of bringing together and integrating the disorganised resources of



Technology

→ An org. becomes a **unified functioning system** when mgt. systematically **mobilises & utilises** diverse resources of org.

(Q) management is a set of interrelated processes & functions. Explain.
(2nd approach to mgt.'s define).

→ These set of interrelated functions include **POSDC**
These are **wide-ranging**; but **closely interrelated**.

- **P** → **Planning** → determination of goals, design of org
- **O** → **Organising** → mobilisation + acquisition of resources
- **S** → **Staffing**
- **D** → **Directing** → allocation of task & resources among personnel & activity units
- **C** → **Controlling** → installation of a control system to ensure what is planned is achieved.

↳ सबको जोड़ दो ⇒ definition बन गई! Yayy!

(Q) What do you mean by Strategy?

> how the business decides to respond to **dynamic & often hostile external forces**, while pursuing their VMO.

intended
 to unravel complexity } caused by changes in
 to reduce uncertainty } the environment.

> It is a game plan used by the mgt. to :

take Market Position conduct its operations attract & satisfy customers compete successfully



and achieve organisational goals.

> a long-range blueprint of an org's

3D

- desired image
- direction
- destination

i.e. what it wants to be
 what it wants to do
 how it wants to do.
 where it wants to go

Eg: Successful strategy
 Bauch & Lomb

Eg: Strategy that failed
 American Natural Resources.

> Igor H. Ansoff :- common thread

> William F. Glueck :-

- unified
- comprehensive
- integrated

plan designed to achieve basic objectives of the enterprise.

(Q) Is strategy flawless?
OR

Is strategy a substitute for a sound & responsible management?



> strategy is no substitute for a sound, alert & responsible mgt.

> strategy can never be perfect, optimal and flawless.

> it is flexible & pragmatic to take care of sudden emergencies, pressures, and avoid failures & frustrations.

> in a sound strategy; allowances are made for possible miscalculations and unanticipated events.

Q13. The presence of strategic management cannot counter all hindrances and always achieve success for an organisation. What are the limitations attached to strategic management? [RTP May 18]

(Q) levels at which strategies are made?

3/21

- corporate level
- Divisional level
- Functional level

(Q) What are the functions of corporate level managers?

> oversee the overall development of strategy

for the entire org.

- > decide : 'what business are we in?'
- > ensure coordination
- > Oversee the development of strategies at diff. levels of org.
- > allocation of resources.

Q1. Mr. Mehta sharing with his friend in an informal discussion that he has to move very cautiously in his organization as the decisions taken by him has organisation wide impact and involves large commitments of resources. He also said that his decisions decide the future of his organisation. Where will you place Mr. Mehta in the organizational hierarchy and explain his role in the organization. [RTP Nov. 21]

Q11. Explain the difference between three levels of strategy formulation. [RTP May 20]

(Q) Functions of Divisional / Business level managers.

- > translation of corporate level strategies into business level strategies.
- > Building Business Competitive Advantage.

(Q) Functions of Functional level managers?

- > translation of strategies made at corporate level to divisional level into strategies for the functional level managers.
- > ensuring effective & efficient execution of work (or developed strategies)

(Q) Can corporate & divisional managers develop their respective strategies alone?

OR

Should they refer to functional level managers?

> In order to develop realistic, achievable & pragmatic strategies;

> the corporate & divisional level managers must listen closely to the Functional level managers.

> ∴ Managers at all the three levels are responsible to develop the strategies for the enterprise.

Q9. Dharam Singh, the procurement department head of Cyclix, a mountain biking equipment company, was recently promoted to look after sales department along with procurement department. His seniors at the corporate level have always liked his way of leadership and are assured that he would ensure the implementation of policies and strategies to the best of his capacity but have never involved him in decision making for the company.

Do you think this is the right approach? Validate your answer with logical reasoning around management levels and decision making. [RTP May 21]

(Q) types of strategies?

PROACTIVE

REACTIVE

- actions anticipated before hand

- Planned strategy

Proactive - Prior periods'

- Induced response to unseen events.

- Adaptive reaction to changing circumstances

Strategy - successful strategy elements (+)
New initiative by managers

⇒ Reasoned response to unforeseen developments in business environment & situations within the firms.

SM की भाषा
previously initiated actions & business approaches that are working well enough to merit continuation.

This type of strategy holds importance, as all the events cannot be fully anticipated or planned for.

Q4. "Strategy is partly proactive and partly reactive." Discuss.

[RTP Nov. 20]

Q7. Yummy Foods and Tasty Foods are successfully competing in the business of ready to eat snacks in Patna. Yummy has been pioneer in introducing innovative products. These products will give them good sale. However, Tasty Foods will introduce similar products in reaction to the products introduced by the Yummy Foods taking away the advantage gained by the former.

Discuss the strategic approach of the two companies. Which is superior? [RTP Nov. 18]

Q14. 'ALBELA' Foods and 'JustBE' Foods are successfully competing chain of restaurants in India. ALBELA's are known for their innovative approach, which has resulted in good revenues. On the other hand, JustBE is slow in responding to environmental change. The initial stages of Covid-19 pandemic and the ensuing strict lockdown had an adverse impact on both the companies. Realizing its severity and future consequences, ALBELA, foods immediately chalked out its post lockdown strategies, which include initiatives like:

- Contactless dining
- New category of foods in the menu for boosting immunity
- Improving safety measures and hygiene standards
- Introducing online food delivery app

Seeing the positive buzz around these measures taken by ALBELA Food, JustBE Foods also thinks to introduce these measures.

- Identify the strategic approach taken by 'ALBELA' Foods and 'JustBE' Foods.
- Discuss these strategic approach.
- Which strategic approach is better and why? [July 21]

Q15. "Strategy is partly proactive and partly reactive." Elaborate.

[Nov. 18]

Q) Development of a strategy?

Farsighted & Visionary
Person like JRD Tata.

> Crafting a strategy involves stitching together, proactive / intended strategy and a reactive / adaptive strategy.

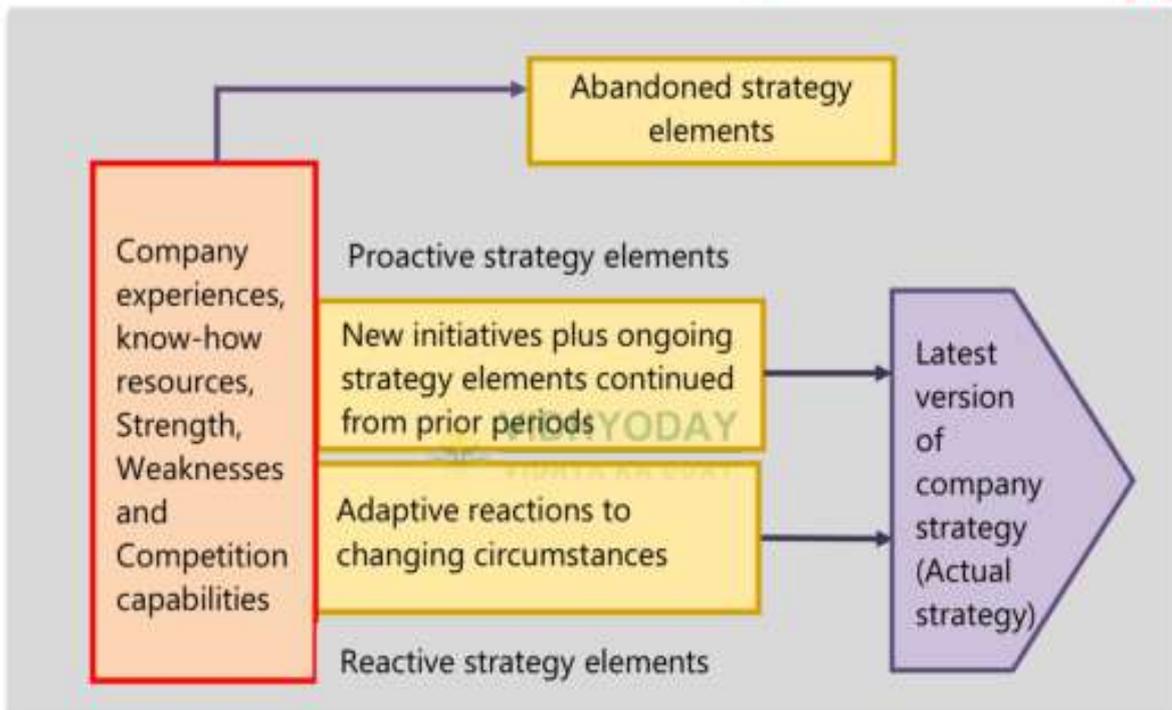


Figure: A company's actual strategy is partly planned & partly reactive

> Strategy is partly proactive & partly reactive.

> A company's strategy is typically a blend of:

- Proactive actions on part of managers to improve the company's market position and financial performance.
- Reactions to unanticipated developments & fresh market conditions in the dynamic business

environment

(Q) meaning of Strategic Management (SM)

> It refers to the managerial process of developing a strategic vision, setting objectives, crafting a strategy, implementing & evaluating the strategy, and finally initiating corrective actions where deemed appropriate.

> SM involves developing the company's vision, environmental scanning, strategy implementation & evaluation & control.

ab aapki baari! Define SM (PP Sir technique)

eg.
JIO.

> the tasks of crafting, implementing & executing company strategies are the heart & soul of managing a business enterprise.

(Q) Objectives of SM? **Rabbit Story**

> to create competitive advantage in order to outperform our



Competitors.

> to guide through all changes in environment

(Q) Importance of SM? *Let's Nacho!*



> Survival of the **fittest**

theory by Charles Darwin

not 'strongest' or 'largest'.



∴ adapting to all the changes happening around is essential to ensure survival of the org.

→ many business giants have followed the path of extinction failing to manage drastic Δ in the environment.

1. Provides direction

- to move ahead
- helps not define realistic G/O which are in line with vision of the Co.

G/O ⇒ Goals & Objectives

2. Proactive rather than Reactive

- orgs. are able to analyse & take actions rather than being mere spectators.
- able to control their destiny in a better way.

3. Provides framework →
- for all major decisions of an enterprise.
 - provides better guidance to entire org. → on the crucial point
- What it is trying to achieve?

4. Pathfinder →
- seeks to prepare the org. to face the future.
 - (+)
 - { act as pathfinder to various business opportunities.
 - and means to achieve these opportunities.

5. Corporate defense mechanism (CDM) →
- serves as CDM against mistakes & pitfalls.
 - helps avoid costly mistakes

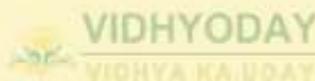
6. Core Competence →
- helps the org. to develop certain core competencies and competitive advantage
 - ↓
 - that would assist in survival & growth.

7. Longevity →
- due to state of competition & dynamic environment

↓
it may be challenging to survive in long run

- helps the org. to take clear stand in the related industry.
- **Actions over expectations** is what SM ensures.

Summary! chota dance!



Q6. Strategic management helps an organization to work through changes in environment to gain competitive advantage. In light of statement discuss its benefits. [RTP Nov. 19]



Q8. What benefits accrue by following a strategic approach to managing? [RTP Nov. 18]

Q19. "Each organization must build its competitive advantage keeping in mind the business warfare. This can be done by following the process of strategic management." Considering this statement, explain major benefits of strategic management.

(December 2021)

(Q) Limitations of SM.



The presence of SM cannot counter all hindrances and always achieve success.

High Girlfriend High

High time

- SM is a time consuming process.
- Orgs. spend a lot of time in preparing, communicating the strategies → which impede daily operations & negatively impact the business.

High cost

- Expert strategic planners need to be engaged. → costly sources
- Efforts made for analysis of internal & external envi.
- Really costly for firms having limited resources.

Highly complex

- envi. is highly complex & turbulent.
- diff. to understand envi. & pinpoint how it will shape in future.
- envi. affects as the org. has to deal with suppliers, customers, govt. and other external entities.

Difficult to respond

- when all orgs. are moving strategically; it is difficult to clearly estimate the competitive responses to firm's strategies.
- diff. to gauge the strategic planning of competitors → as it is done by the top mgt. within closed

पूर्व का .

दोors .

Q2. Define strategic management. Also discuss the limitations of strategic management. [RTP Nov. 21]

Q3. Ramesh Sharma has fifteen stores selling consumer durables in Delhi Region. Four of these stores were opened in last three years. He believes in managing strategically and enjoyed significant sales of refrigerator, televisions, washing machines, air conditioners and like till four years back. With shift to the purchases to online stores, the sales of his stores came down to about seventy per cent in last four years.

Analyse the position of Ramesh Sharma in light of limitations of strategic management. [RTP Nov. 20]



Q10. Define strategic management. Also discuss the limitations of strategic management. [RTP May 21]

Q12. Are there any limitations attached to strategic management in organizations? Discuss. [RTP May 19]

Q13. The presence of strategic management cannot counter all hindrances and always achieve success for an organisation. What are the limitations attached to strategic management? [RTP May 18]

Q16. Define Strategic Management. Also discuss the limitations of Strategic Management. [May 18]

Q18. 'Strategic Management is not a panacea for all the corporate ills, it has its own pitfalls which can't counter all hindrances and always achieve success'.

Do you agree with this statement? Discuss. May 19

Q20. "The strategic management cannot counter all hindrances and always achieve success for an organization." Do you agree with this statement? Give arguments in support of your answer. [December 2022]



(Q) what do you mean by Strategic Intent?

- > Mgt. performs the process of SM to realise its Strategic Intent.
- > The top level managers must define, 'what they want to do?' and 'why they want to do?'
- > 'Why they want to do?' refers to the strategic intent.
- > It is the philosophical base of SM.
- > It implies the purposes, which an org. endeavour to achieve.
- > It provides a perspective of means, which will lead the org. reach its vision in long run.
- > Defined in the form of:
 - Vision & Mission at corporate level
 - Business models & Business definition at the business level.
 - Goals & Objectives ⇒ as an expression of aims to be achieved operationally.
- > framework within which the firm would adopt a predetermined direction and would operate to achieve strategic objectives.

Q27. What are the elements in strategic intent of organisation?

[RTP May 20]

Q28. What are the elements in strategic intent of organisation?

[RTP May 19]

Q29. Define strategic intent. Briefly explain the elements of strategic intent.

[RTP May 18]

Q32. "Strategic intent provides the framework within which the firm would adopt a predetermined direction and would operate to achieve strategic objectives." In the light of this statement, discuss the elements of strategic intent. [December 2022]

Q) What do you mean by Vision Statement?

- > Strategic Vision delineates Mgt.'s aspirations for business;
- > providing panoramic view of "where we are to go?";
- > and a convincing rationale of why it makes a good business sense for the Co.
- > points out a particular direction, and charts a strategic path to be followed in future;
- > moulding organisational identity.
- > A well articulated vision statement helps to communicate Mgt.'s aspirations to the Stakeholders
- > and helps steer the energies of company's personnel in a common direction.

Q22. What is strategic vision? Describe the essentials of strategic vision.

[Nov. 20]

(Q) What are the essentials of strategic vision?

Spouse के कुछ गुण!

1. **Future** → entrepreneurial challenge in developing a strategic vision is to
Think creatively about how to prepare a company for the future.
2. **Intelligent** → forming strategic vision is an exercise of intelligent entrepreneurship.
3. **Well-articulated** → a well-articulated vision creates enthusiasm among the members of the org.
4. **Best-worded** → clearly illuminates the direction in which the org. is headed.

(Q) What do you mean by Mission statement?

A dance again!

mission delineates:

(firm's) (goals & ways) (explains)



- > It is designed to help the shareholders & investors understand the purpose of the firm.
- > It is an expression of growth ambition of the firm.
- > It is the firm's future visualised.
- > provides a dramatic picture of what the co. wants to become.
- > It is corporation's dream crystallised.
- > It legitimises the firm's presence.
- > It amplifies what brings the firm to this business or why it is there.

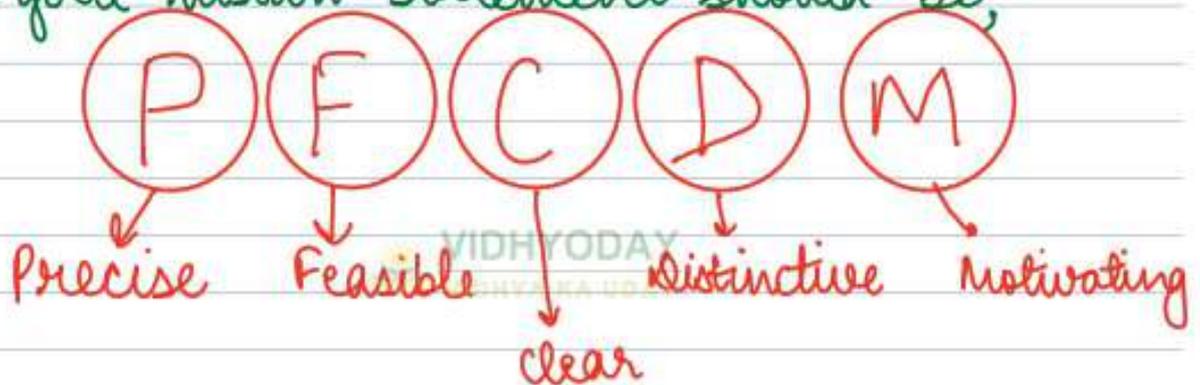
Q23. Mr. Raj has been hired as a CEO by XYZ Ltd a FMCG company that has diversified into affordable cosmetics. The company intends to launch Feel good brand of cosmetics. XYZ wishes to enrich the lives of people with its products that are good for skin and

are produced in ecologically beneficial manner using herbal ingredients. Draft vision and mission statement that may be formulated by Raj. [RTP Nov. 20]

(Q) What factors/points should be considered while developing a company's Mission Statement?

> It should reflect the philosophy of the org. that is perceived by the senior managers.

> A good mission statement should be,



> Following points are useful when developing mission of a co. :-

- It should give the org. its own identity.
 one which sets it apart from similarly positioned companies.
- It should be unique to the org. for which it is developed.
- A co.'s business is defined by what needs it

is trying to satisfy; which customer groups it is targeting and what technologies & competencies it uses and activities it performs.

(Q) Why should an org. have mission statement?

or
What is the significance of a mission statement?

to ensure unanimity of purpose

to develop a basis, or standard for allocating org.'s resources

to provide a basis for motivating use of org.'s resources.

to establish a general tone, or organisational climate

to serve as a focal point for those who can identify with org.'s purpose & direction

translation of

objective & goals into a work structure involving assignment of tasks to responsible elements.

Purposes of the org. into goals in such a way that cost, time & performance parameters can be assessed & controlled.

Q30. Why an organisation should have a mission? What considerations are to be kept in mind while writing a good mission statement of a company?

[Nov. 19]

(Q) what do you mean by Goals & Objectives?
 (G/O)

- > base of measurement
- > goals \Rightarrow open-ended \Rightarrow end results that the org. aims to achieve.
- > Objectives \Rightarrow close-ended \Rightarrow time bound; measurable targets
 \hookrightarrow act as yardsticks or benchmarks
- > G/O represent the results to be achieved in multiple areas of business.
- > objectives are more specific and translate goals into both long term & short term perspective.
- > Pursuit of objectives is an unending process such that orgs. sustain themselves.
- > organisational structure and activities are designed and resources are allocated around the objectives.

Q24. 'Objectives' and 'Goals' provide meaning and sense of direction to organizational endeavour. Explain.

[RTP Nov. 18]

(Q) what are the characteristics that objectives of an org. must possess?

- > Objectives with strategic focus relate to outcomes that strengthen an org.'s overall business

position & competitive vitality.

> for objectives to be meaningful, they must possess the following characteristics:

S M A R T

• basis for strategic decision making

measurable & controllable

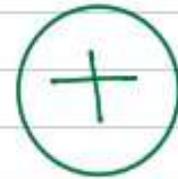
should define org.'s relationship with its environment

related to time frame

• should provide standard for performance appraisal.

facilitate towards achievement of mission & purpose

• concrete and specific



3C

• challenging

• diff. obj. should correlate with each other

• Should be set within the constraints of org.'s resources & external envi.

Summary! SMART + 3C

Q26. What are 'objectives'? What characteristics it must possess to be meaningful?

[RTP May 21]

Q31. What are the characteristics which must be possess by objectives, to be meaningful to serve the intended role?

[May 19]

(Q) Short term & long term objectives?

Short term → • quarterly/annual objectives

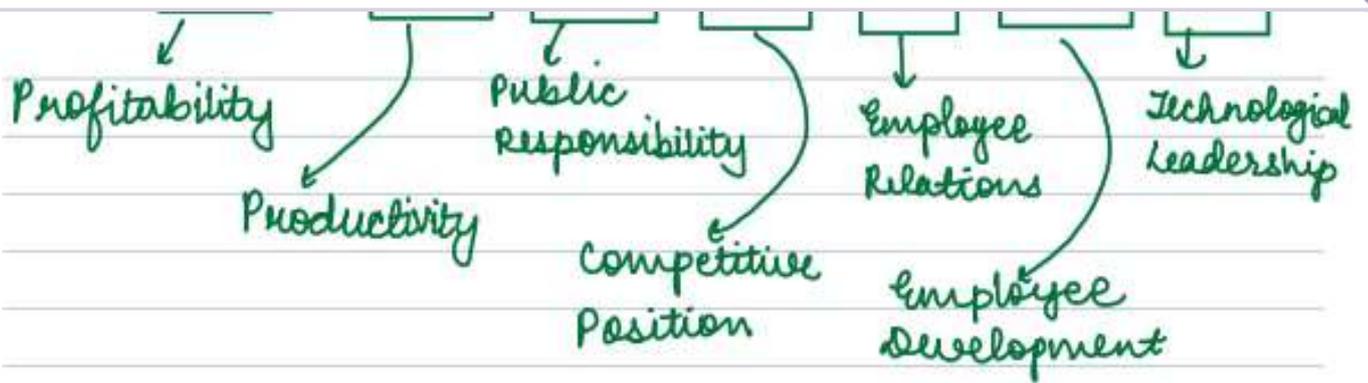
• focuses on delivering immediate performance improvements.

Long term → • targets to be achieved within 3 to 5 years.

• prompt considerations of what to do now to put the company in a position to perform better down the road.

(Q) Areas in which long term objectives are to be framed?

P P P P E E T



Q25. Explain briefly the key areas in which the strategic planner should concentrate his mind to achieve desired results. [RTP May 21]

(Q) What do you mean by values?

Eg.: Values of
HDFC Bank

- > omnipresent foundation of each & every decision that mgt. takes.
- > an org. without values is like an org. without a real intent.
- > deep rooted principles which guide an org's decisions & actions.

Collins
and
Porras

say →

- Values are inherent & sacrosanct
- these should not be compromised either for convenience or short-term economic gain.

Hewlett
- Packard's

→

celebrated 'HP way'
↓ and say
values often reflect values of
company's founders.

- > source of company's distinctiveness & should be maintained at all costs.
- > sets the tone for how the people think & behave, especially in situations of dilemma.
- > EEs prefer to work with ER's whose values resonate with them.
- > values remain the core / centre for VMO.

(Q) Network of relationship b/w the 3 levels of org?

Functional & Divisional Relationship



- each function or a division is run **independently**
- ↓
- headed by division or function head; who is a **business level manager**.
- divisions may be based on **functions**

Horizontal Relationship



- All positions, from top to staff-level employees
- ↓
- are in the **same hierarchical position**
- **flat structure**
- leads to **openness & transparency** in

Matrix Relationship



- **grid-like structure** of levels in an org.
- with teams formed with people from various departments that are **built for temporary**

or even resources of the org.

work culture

case based projects.

- more focused towards idea sharing & innovation

- helps manage huge conglomerates

- suitable for startups.

- complex for small orgs. & helpful for larger ones.

- more than one business level managers for each functional level teams.



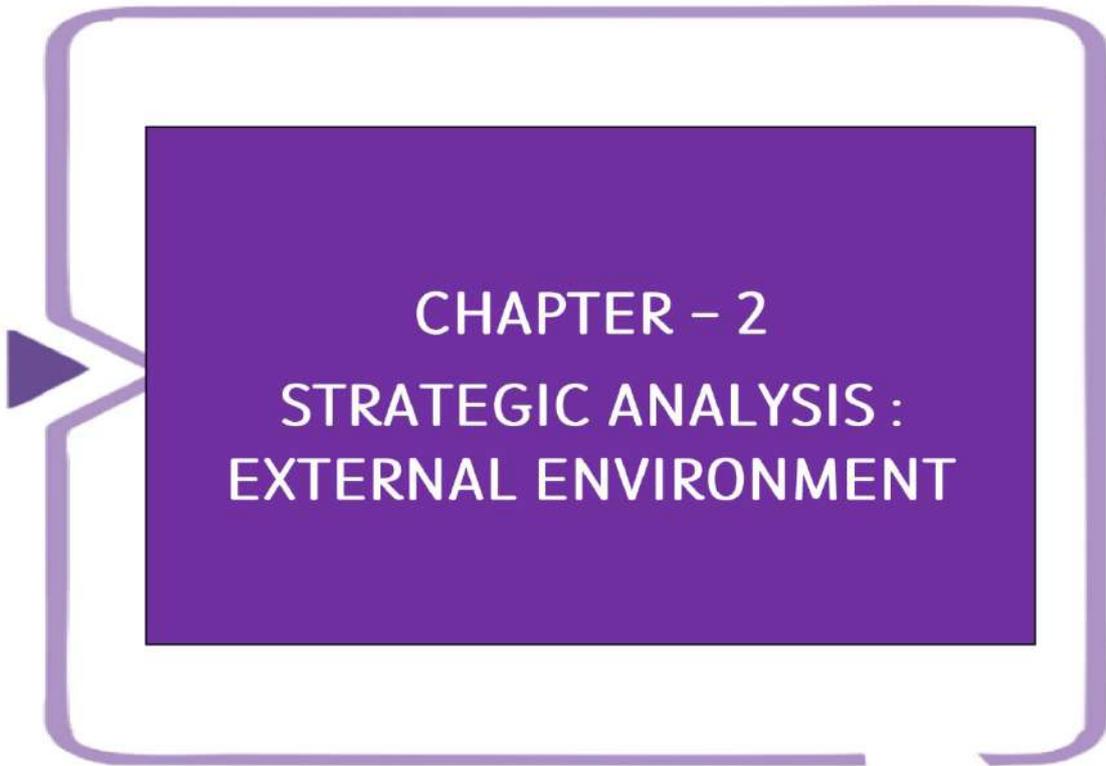
(Q) what is the difference b/w vision & mission?

Basis	Vision	Mission.
① About.	outlines WHERE you want to be.	talks about HOW you will get to where you want to be.
② Answer	Answers to the question "where do we aim to be?"	Answers the question "what do we do? What makes us different?"
③ Time	It talks about the future of the entity. (Future-oriented).	Talks about the present leading to the future (Present-oriented).
④ Change	Changes less frequently as compared to mission statement.	It changes more frequently as compared to vision statement, however, it must stick to the core values.

⑤ Example

We believe that we are on the face of the earth to make great products, and that's not changing

To bring the best user experience to its customers through innovative hardware, software, and services



CHAPTER – 2
**STRATEGIC ANALYSIS :
EXTERNAL ENVIRONMENT**

CH. 2 :- STRATEGIC ANALYSIS : EXTERNAL ENVIRONMENT

Strategic Analysis

- issues
- limitations
- framework

Strategy & Business Environment Analysis

- Relation ?
- Benefits

External Environment

- PESTLE
- Demographic, etc.

International-ization

- Meaning
- Reasons
- Approach
- Characteristics

International Environment

Product (+ PLC) and Industry

Porter's Five Forces Model

- (+) entry barriers

Value Creation

Value Chain Analysis

- Analysis
- Behaviour

Experience Curve

Market

Key Success Factor (KSF)

Competitive Strategy

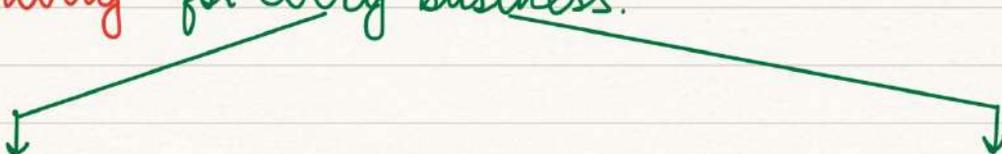
- (+) Competitive Landscape.

(Q) What do you mean by Strategic Analysis?

> strategy formulation is not a task in which managers can get by with intuition, opinions, instincts, and creative thinking.

> Judgements need to flow directly from analysis of firm's external environment and its internal resources & capabilities.

> Environmental Scanning is a natural & continuous activity for every business.



Formal (Active)
 ↓
 eg. well established reading material from experts

Informal (Passive)
 ↓
 eg. learning about changes in tax regulations through television news.

exposes the org. to **missed opportunities & unanticipated hazards.**

essential for **managing risk and uncertainty.**

> strategic analysis is a component of business planning that has a **methodological approach.**

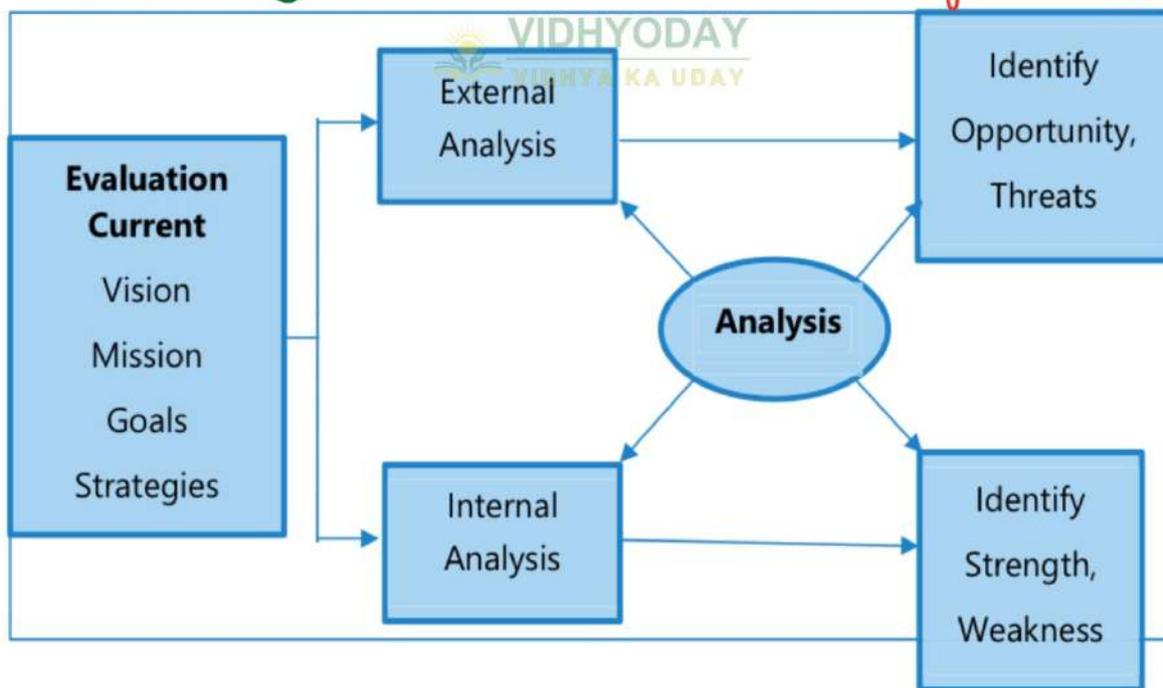


Figure: Strategic Analysis

> the two imp. considerations are:

industry & competitive

an org.'s own capabilities.

conditions
(external)

resources, internal strengths
weaknesses & market position
(internal)

(Q) What are the limitations of Strategic Analysis?

(1) gives lot of innovative options; but does not suggest about which one to pick.
options can be overlapping, confusing or difficult to implement.

(2) can be time consuming. Affecting overall functioning of org. & strain other efficient innovations.

(Q) Issues to consider for Strategic Analysis?

○ Strategy evolves over a period of time

> current strategy is the result of several little choices taken over a protracted period of time.

> Strategy is influenced by experience, but it has to be updated too. (Eg. → Chanakya).

○ Balance of external & internal factors.

> creating reasonable balance between many and conflicting challenges, because, a perfect fit b/w them is unlikely.

① Risk (imbalance)

> The complexity & intermingling of variables in envi., reduces the strategic balance in the org.

> Important aspect of Strategic Analysis
 ↳ to identify potential imbalances or risks and assess their consequences.

(Q) Classification of Risk?

		Time	
		Short Time	Long Time
Strategic Risks	External	Errors in interpreting the environment cause strategic failure → eg. → Tata & chorus	Changes in the environment lead to obsolescence of strategy. eg → Global Recession
	Internal	Organizational capacity is unable to cope up with strategic demands. eg → Nano	Inconsistencies with the strategy are developed on account of changes in internal capacities and preferences Eg.:- Nano shifted from West Bengal to Gujarat

Figure: Strategic Risk

• External Risk

↳ on account of inconsistencies b/w strategies & the forces of envi.

• Internal Risk

↳ on account of forces that are either within the org or are env. directly interacting with.

the org. on a Routine basis

(Q) Framework of Strategic Analysis ?

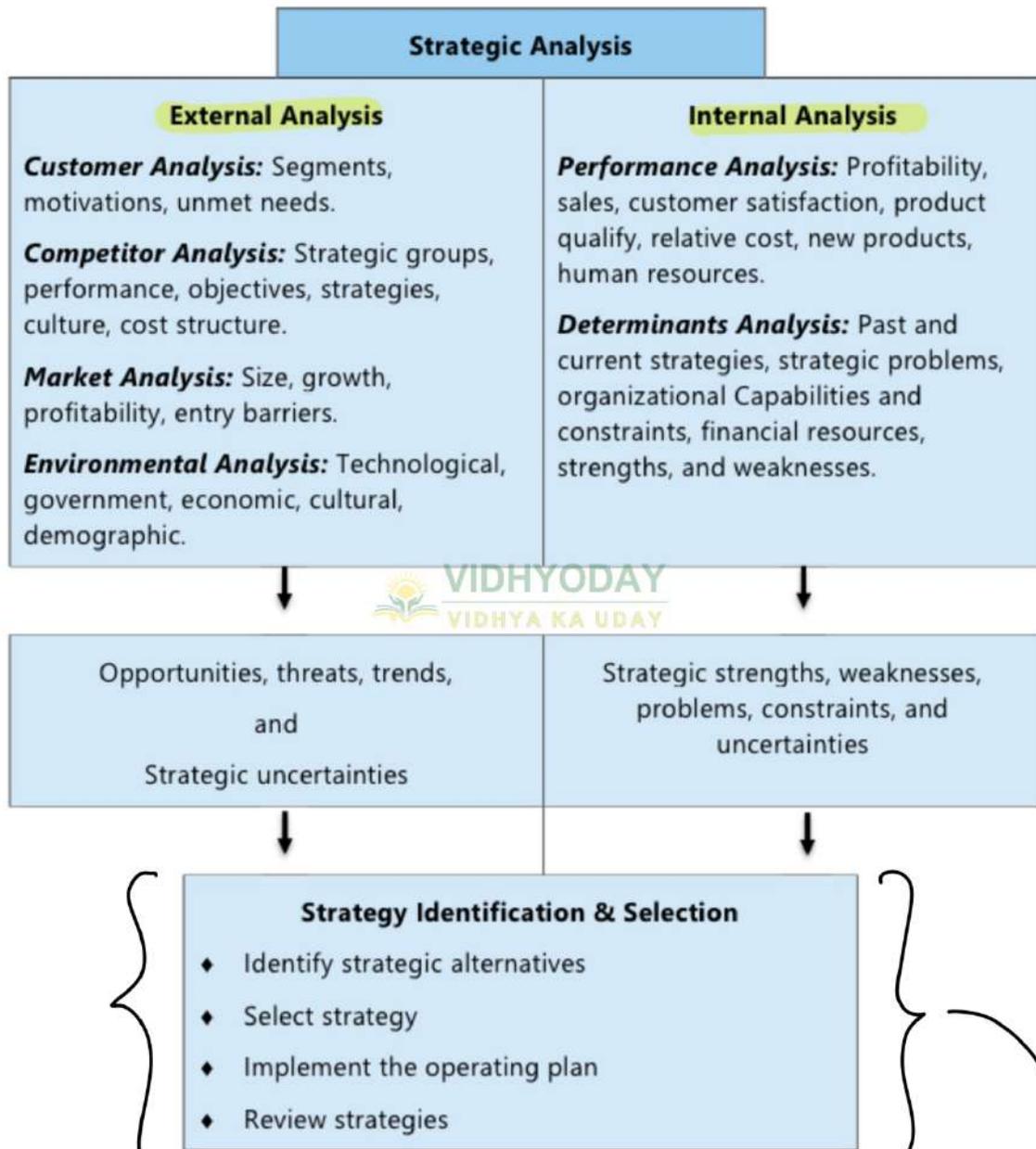


Figure: Framework of Strategic Analysis

(Q) what are the steps included in strategy identification & selection?

(Q) What do you mean by Business Environment?
What is its relationship with strategy?

Business Environment

FIS in DPO

It refers to all external forces, influences & situations that in some way affect business decisions, plans & operations.

> Organisational success is determined by its business environment & even more from its relationship with it.

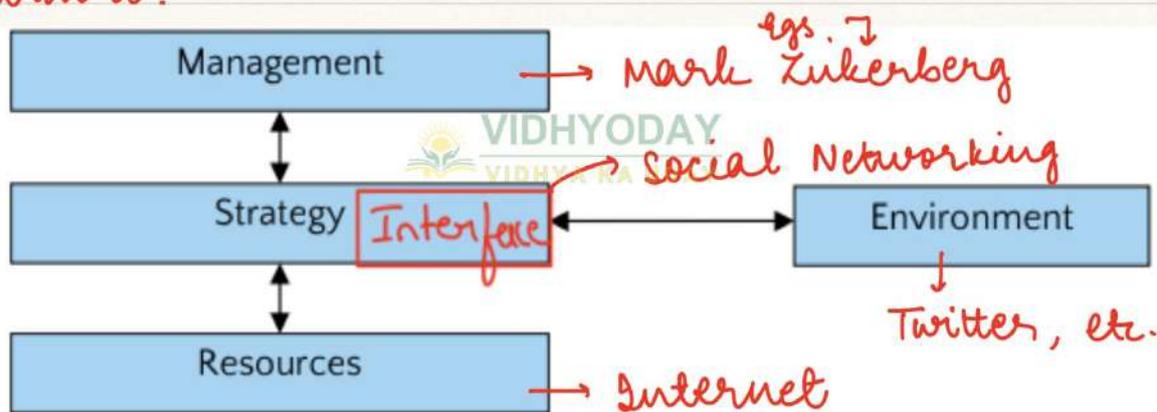


Figure: Strategy and Environment

> Strategic management provides a framework for adjusting to the demands of an unpredictable environment & an uncertain future.

(Q) What are the benefits of analysing the business environment?

> There is a close & continuous interaction



b/w a business & its envi.

> This interaction helps in the following ways:

GOLI BETA Masti NET!

1. Give direction for GROWTH →
 - enables the business to identify the areas for growth & expansion of their activities.
 - Once business is aware & understands the changes happening around ⇒ it can be successful.
2. Determine OPPORTUNITIES and Threats →
 - Helps to identify:
 - > new needs & wants of the consumers
 - > changes in laws, social behavior
 - > new products of competitor
3. Continuous LEARNING →
 - managers need to continuously update their knowledge, skills and understanding to meet the predicted changes.
4. Image Building →
 - environmental understanding helps to improve their image, by showing their sensitivity to the envi. in which they operate.

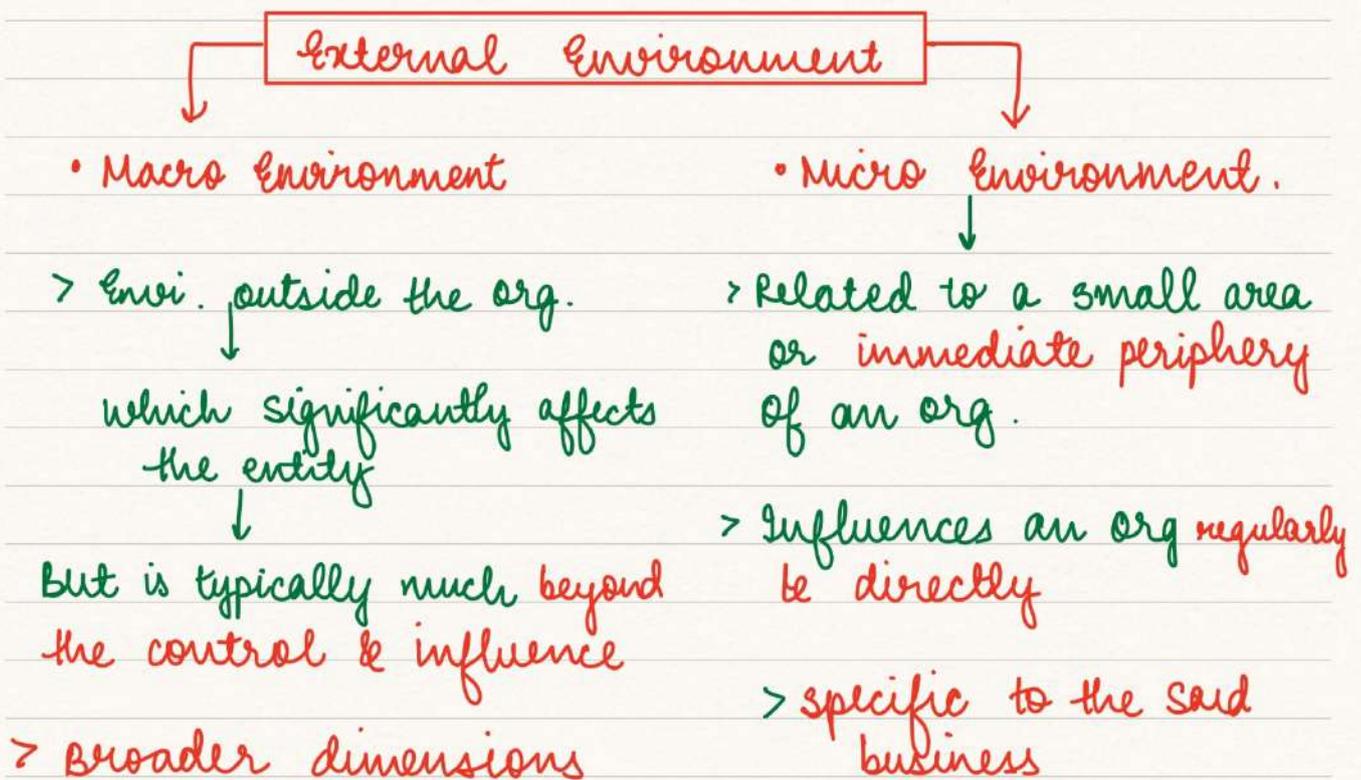
- shows that the business is aware & responsive
- it creates a +ve image

⑤ Meeting competition →

- helps to analyse the competitors' strategies and formulate their own strategies accordingly.

Summary (Self Notes)

(Q) What are the types of External Environment?



> PESTLE

- Political
- Economic
- Social
- Technological
- Legal
- Environmental

> it includes employees, customers, financiers, suppliers, local community, direct competition.

(Q) Explain Demographic Environment. (Elements of Macro Envi. begin)

> characteristics of population

↓
 > classified on the basis of certain criteria (age, gender, income, etc.)

> Factors considered in demographic analysis :
 race, age, income, education, possession of assets, house ownership, job position, region, and degree of education.

> India has relatively younger population.

∴ many multinationals are interested in India.

> Things to be considered :

- what demographic trends will affect the market size of the industry?
- what demographic trends represent opportunities & threats.

11

(Q) Explain Socio - Cultural Environment?

- > characteristics of population X
- > behaviour & belief systems of population ✓
- > It is difficult for the business to change these core values, which becomes determinant of its functioning.
- > ∴ Businesses have to adjust themselves to the social norms & beliefs to operate successfully.
- > influences almost all enterprises in a similar way.
- > These include factors such as social traditions, values & beliefs, level & standards of literacy, the ethical standards & state of society, etc.

(Q) What do you mean by Economic Environment?

- > Economic conditions have a direct bearing upon an enterprise.
- > It refers to overall economic situation around a business.

> Includes conditions at the regional, National & Global levels.

> It includes factors:

- which affect the supply of inputs & outputs of business;
- their costs;
- dependability, quality and availability.
- Purchasing power on the basis of Current Income, prices, savings;
- circulation of money.
- debt & credit availability.

> Economic Envi. determines the strength & size of the market.



(Q) What do you mean by Political - legal environment?

> Partly general to all enterprises & partly specific to certain enterprises.

> Type of govt. running the country has a powerful influence on the business.

> Business has to consider changes in regulatory framework and their impact on the business.

> Businesses prefer to operate in a country having a sound legal system.

> Factors include :



- taxes & duties
- general level of political development
- degree of political morality.
- state of law & order
- political ideology & practices of ruling party.
- Scope & type of government intervention in business & industry,
- Nationalism schemes (eg. Make in India, Atmanirbhar Bharat, etc)

(Q) What do you mean by Technological Environment?

- > Highly important factor.
- > Technology has changed the ways of how businesses operate now.
- > Technology & business are linked & interdependent.
- > Business leverages technology.

- > Technology can act as opportunity, when a business effectively adopts technological innovations.



- > However, it can act as a threat too.

> Advantages of technology:

- Reduced paperwork
- Schedule payments more efficiently
- Reduce costs
- Shrinkage of time & distance

].

thus, capturing a competitive advantage for the Co.

(Q) What do you mean by PESTLE Analysis?

> it is a framework for analysis of macro Environmental factors.

> used to analyse the environment in which the firm operates.

> provides a way of scanning the environmental influences that have affected or are likely to affect an org. or its policy.

BEFORE

↓
 P ⇒ Political
 E ⇒ Economic
 S ⇒ Social
 T ⇒ Technological

AFTER

PESTLE

P- political
 E- economic
 S- socio-cultural
 T- technological
 L- legal
 E- environmental

> a recognised tool to be simple to understand & quick to implement.

Important factors of PESTLE Analysis

<p>Political</p> <ul style="list-style-type: none"> Political stability Political principles and ideologies Current and future taxation policy Regulatory bodies and processes Government policies Government term and change Thrust areas of political leaders 	<p>Economic</p> <ul style="list-style-type: none"> Economy situation and trends Market and trade cycles Specific industry factors Customer/end-user drivers Interest and exchange rates Inflation and unemployment Strength of consumer spending
<p>Social</p> <ul style="list-style-type: none"> Lifestyle trends Demographics Consumer attitudes and opinions Brand, company, technology image Consumer buying patterns Ethnic/religious factors Media views and perception 	<p>Technological</p> <ul style="list-style-type: none"> Replacement technology/solutions Maturity of technology Manufacturing maturity and capacity Innovation potential Technology access, licensing, patents, property rights and copyrights
<p>Legal</p> <ul style="list-style-type: none"> Business and Corporate Laws Employment Law Competition Law Health & Safety Law International Treaty and Law Regional Legislation 	<p>Environmental</p> <ul style="list-style-type: none"> Ecological/environmental issues Environmental hazards Environmental legislation Energy consumption Waste disposal

(Q) what do you mean by Internationalization of Business?



> enables businesses to enter new markets in search of greater earnings & less expensive resources.

> enables a business to achieve greater economies of scale & expand product's lifespan.

> process of strategic management is essentially the same for global firms as it is for domestic firms

however

international processes are much more complicated due to additional variables & linkages.

(Q) What are the characteristics of global business?



Multiple

Common

Common

• conglomerate of multiple businesses but, all linked by common ownerships.

• Common pool of resources
↓ such as:
money, credit, Info., patents, trade names & control systems.

• Common Strategy. Besides, its managers and SAs are also based in different nations.

(Q) How to develop internationally?

OR

what should be the approach to develop internationally?

> International development ⇒

- Expensive
- Challenging

change
✓ growing financial flow of funds.

3. Domestic markets are no longer relevant

• Competition present domestically may not exist in some of the international markets.

4. Need for reliable or cheaper sources of RM; cheap labour, etc.

• Many foreign businesses shift & set up some of their operations
↓
to take advantage of availability of vast pool of talent.

5. To reduce high transportation costs

• It is cheaper to produce near the market
↙
to reduce time & cost involved in transportation.

6. To generate higher sales & better cash flow.

• through overseas manufacturing plants & sales branches.

7. Regional economic integration

→ which has involved both the world's largest economies & certain developing economies.

8. Apparent & Real

• Trade tariffs & custom barriers

collapse of international trade barriers

are getting lowered
↓
resulting in increased flow of business.

- less govt. interference in business decisions

9. Strategic Alliances

- to ward off economic & technological threats &
- leverage their respective comparative & competitive advantages.

SUMMARY

Q5. Why companies should go global? Mention any five reasons.

[Nov. 20]

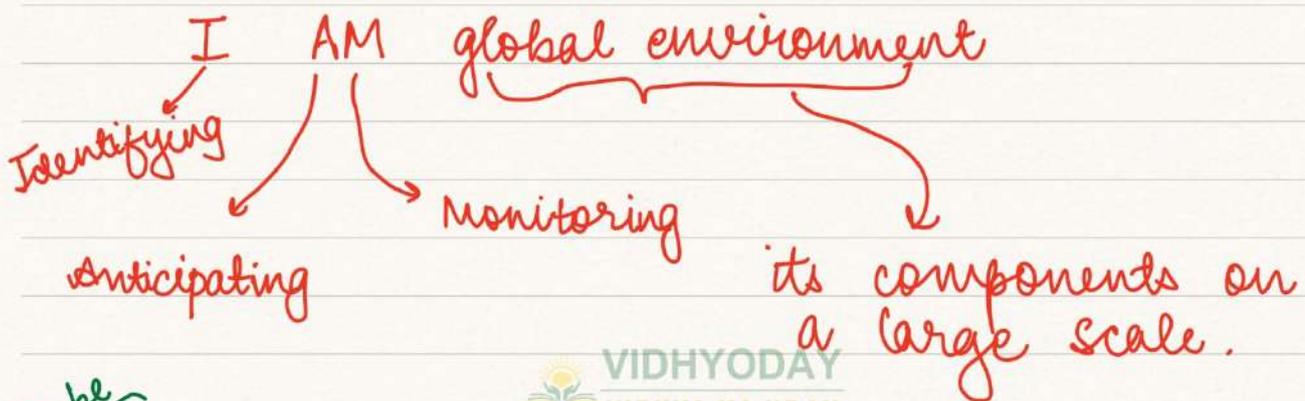
(Q) What do you mean by International Environment?

> It has become an integral part of SM

for businesses of all sizes with global interests

- > Helps to discover opportunities & evaluate feasibilities of capitalising on these opportunities.
- > Assessment of international environment can be done at three levels, namely:

① Multinational environmental analysis



to be considered → global developments

→ governments may have free or interventionist tendencies in economies.

(+) evaluated on the basis of their present & expected future impact.

② Regional environmental analysis

- in-depth evaluation of critical factors in a specific geographical area.
- emphasis on → discovering market opportunities in a chosen location.

① country environmental analysis

- deeper look at environmental factors
- must be **customised** for each of the countries to develop **effective market entrance strategies**.
- study of economic, legal, political & cultural dimensions.

② what do you mean by product?

→ A product can be either a good or a service.

→ Its characteristics are:

(1) Products are either **tangible** or **intangible**.

Can be physically handled, seen & felt.

not a physical good

(2) Product has a price

> Price is affected by the **dynamics of supply & demand** in the market.

> Quantity provided = Quantity desired

> Price → given by market

Businesses have to work on their costs to

maintain profitability.

(3) Products have certain features that deliver satisfaction.

> feature \Rightarrow a component of the product which satisfies a consumer need.

> Businesses alter features of their product to optimise the user experience.

> should provide value to the customers

> a customer's cumulative experience with a product

is an imp. component of product feature.

(4) Product is pivotal for business.

> Product : centre of the business around which, all the strategic activities evolve.

> driving force behind business activities.

(5) Product has a useful life

> Product has a usable life after which it should be replaced.

> & a life cycle \rightarrow after which it is to be reinvented or may cease to exist.

Summary!

(Q) what do you mean by Product life cycle?

- > an S-shaped curve
- > it exhibits the relationship of sales w.r.t. time.
- > a product passes through the four successive stages of introduction, growth, maturity, decline

Particulars	Embryonic Introduction	Growth	Maturity	Decline
Sales	Less	Increases	Highest	Falls
Competition	Less	Increases	Toughest	Less
Market	limited	Expanded	Stable	Declines
Price	High	Fall	Minimum	High
Focus	Product Design	Product Differentiation	Features & Cost leadership	Exploring new product

PLC graph

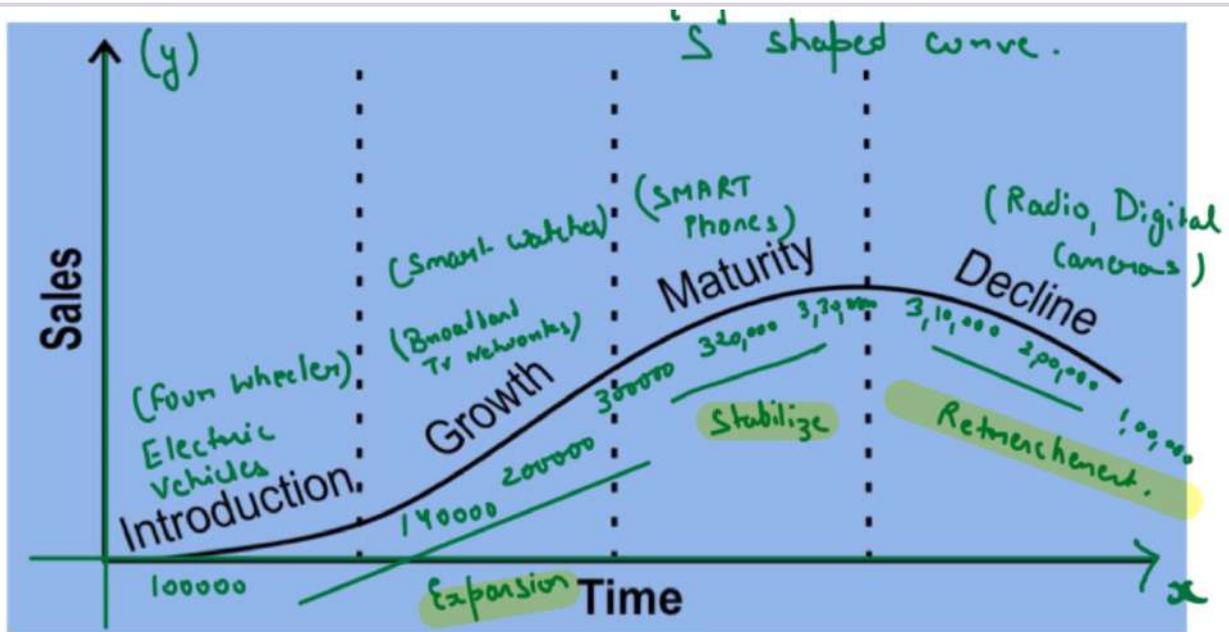


Figure: Product Life Cycle / ILC / BLC

> the concept of PLC remains just even if product is replaced by businesses.

> main advantage

it can be used to diagnose a portfolio of products (or businesses)

in order to establish at the stage at which each of them exist.

depending on these strategic choices can be made.

> A combination of above stated strategies can be implemented to stay in the market.

Stage	Strategy
Introduction	Expansion
Growth	
Maternity	Stability
Decline	Retrenchment

Q1. ABC Ltd. manufactures and sells air purifier 'Fresh Breath'. The 'Fresh Breath' has seen sales growth of around 1% for the last two years, after strong growth in the previous five years. This is due to new products entering the market in competition with the 'Fresh Breath'. ABC Ltd. is therefore considering cutting its prices to be in line with its major rivals with a hope to maintain the market share. Market research indicates that this will now cause a significant increase in the level of sales, even though in previous years price cuts have had little effect on demand. ABC Ltd. is also planning to launch a promotional campaign to highlight the benefits of the 'Fresh Breath' against its rival products.

Identify and explain the stage of the product life cycle in which 'Fresh Breath' falls.
[RTP May 21]

(Q) What do you mean by Value Chain Analysis?

- > method used by strategists to break down each process that their business employs.
- > to improve the sequence of operations
- > can be used by businesses of all sizes.
- > given by Michael Porter.

> A means of describing the activities within & around the org. and relating them to an **assessment of the competitive strength of an org.**

Value Chain Analysis



• Primary Activities

- Inbound Logistics
- Operations
- Outbound Logistics
- Marketing & Sales
- After Sale Service

• Secondary / Support Activities

- HR
- Infrastructure
- Technology
- Procurement

> Earlier, it was used as an **Accounting concept** to shed light on value added at each step with a motive of **cost improvements**.

> It is believed that org. is **not a random collection** of 5M's.

> It is the **routine, systems, & linkages** of activities in the org. that are source of competitive advantage.

(Q) Explain about industry environment analysis.

> to get a clear picture of **key industry traits, competition intensity, industry change drivers, etc.**

> Industry analysis enable strategic understanding about the entire state of any industry & make decisions about whether industry is lucrative or not.

> The goal is to estimate the amount of competitive pressures in present + future.
 presently facing expected to face.

(Q) Elaborate about Porter's Five Forces Model.

> given by Michael Porter

> a simple, but efficient way for determining the key sources of competition in business or industry.

> Basic unit of analysis \Rightarrow for understanding

is a group of competitors, producing G/S that compete directly with each other.

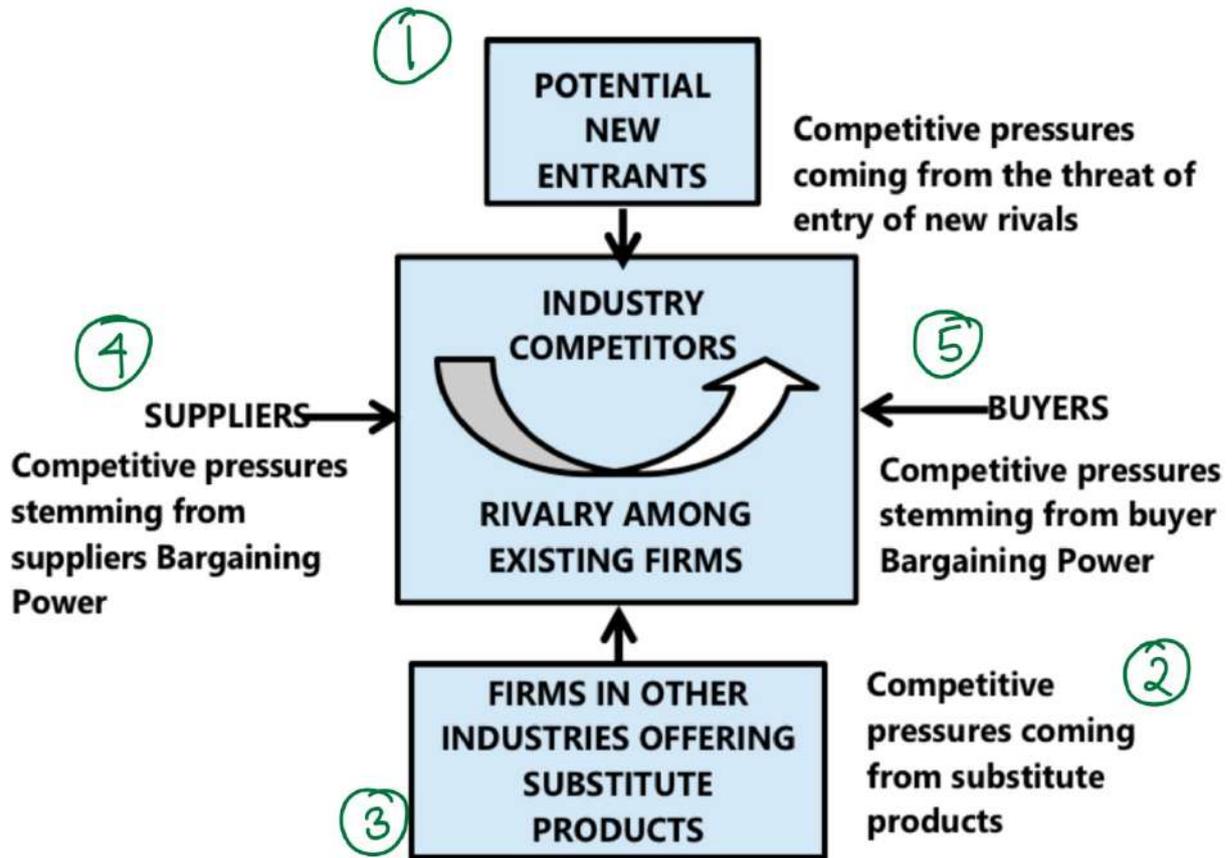


Figure: Porter's Five Force Model of Competition

> The level of competition can be determined by undertaking the following steps :

Step 1

Step 2

Step 3

Identify the specific competitive pressures associated with each of the 5 forces

Evaluate how strong the pressures comprising each of the 5 forces are

strong, weak, tenable, etc.

Determine whether the collective strength of 5 competitive forces is conducive to earning attractive

profits.

VIDHYA KA

Q14. Explain Porter's five forces model as to how businesses can deal with the competition.
[RTP Nov. 18]

VIDHYA KA UDAY

Q15. Competitive pressures operate as a composite in five areas of the overall market. Elaborate.
[RTP May 21]

Q17. Eco-carry bags Ltd., a recyclable plastic bags manufacturing and trading company has seen a potential in the ever-growing awareness around hazards of plastics and the positive outlook of the society towards recycling and reusing plastics.

A major concern for Eco-carry bags Ltd. are paper bags and old cloth bags. Even though they are costlier than recyclable plastic bags, irrespective, they are being welcomed positively by the consumers.

Identify and explain that competition from paper bags and old cloth bags fall under which category of Porter's Five Forces Model for Competitive Analysis? [RTP May 20]

VIDHYODAY
VIDHYA KA UDAY

Q27. Explain briefly the competitive forces in any industry as identified by Michael Porter.
[May 18]

(Q) Explain about the threat of new entrants and various entry barriers that reduce competitive pressures associated with new entrants.

> New entrants can reduce industry profitability.
because

- they add new production capacity (leading to ↑ in supply at a lower price).

- new products or services



> erode existing firm's market share position.

°. In order to discourage new entrants, existing firms can try to raise barriers in entry; thereby maintaining/enhancing the **profitability** of existing firms in the industry.



① Capital Requirements

> Firms lacking funds are effectively barred from the industry.

> eg. : Pharmaceutical Industry, Airline Industry, etc.

② Economies of Scale

> Decline in per-unit cost of production (or other activity) as the volume grows.



eg. → In semi-conductor industry, IBM, Intel, Samsung and Texas Instruments have achieved economies of scale.

> Producing high volume of goods at low cost.

③ Product Differentiation.

> Refers to **physical or perpetual differences**, or enhancements, that make a product special or unique in the eyes of customers.



> It works to **reinforce entry barriers**, because the cost of developing genuine product differences may be too high for new entrants.

④ Switching Cost



> Buyers may need to test a **new firm's product**, **negotiate new purchase contracts**, and **train personnel** to use the equipment, or **modify facilities** for product use.

> If Switching Cost is \uparrow ; buyers \rightarrow Reluctant to change

⑤ Brand Identity

> Particularly imp. for **infrequently purchased products** that carry **high unit cost** for the buyer.



> New entrants encounter difficulties in developing brand identity.

> Eg. - Toyota, Nissan, Honda

⑥ Access to Distribution Channels



> Existing firms have **significant influence** over the **distribution channels** & can retard / impede their use by new entrants.

> eg. \rightarrow HUL, P&G, Godrej, etc

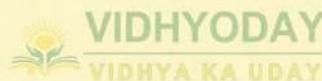
⑦ Possibility of aggressive Retaliation



> Mere threat of aggressive retaliation by incumbents can deter entry by other firms into an existing industry.

> eg. - Reduction in product prices ^{OR} Increase in advertising } by existing firms; or entry of new firms.

Summary!



Q8. Easy Access is a marketing services company providing consultancy to a range of business clients. Easy Access and its rivals have managed to persuade the Government to require all marketing services companies to complete a time-consuming and bureaucratic registration process and to comply with an industry code of conduct. Do you think that by doing this Easy Access and its rivals has an advantage in some way to fight off competitors? Explain. [RTP Nov. 21]

Q19. Rahul Sharma is Managing Director of a company which is manufacturing trucks. He is worried about the entry of new businesses. What kind of barriers will help Rahul against such a threat? [RTP May 19]

Q22. What are the common barriers that are faced by new entrants when an existing firm earns higher profits? [RTP May 18]

(Q) How would you describe Bargaining Power of Buyers in Porter's Five Forces Model?



> This force will become heavier depending on the possibilities of the buyers forming groups / cartels.

> Buyers of an industry's product/service can sometimes exert considerable pressure on existing firms to secure lower prices / better services.

> The leverage is particularly evident when :

⊙ Buyers have full knowledge of the sources of products & their substitutes.

⊙ They spend a lot of money on the industry's products } i.e.

They are big buyers.

⊙ Industry's product is not perceived as critical to buyers' needs

⊙ Buyers are more concentrated than firms

① They can easily switch to substitutes.

Q13. Buyers can exert considerable pressure on business. Do you agree? Discuss.

[RTP Nov. 19]

Q28. Buyers of an industry's products or services can sometimes exert considerable pressure on the company. In the light of the five forces as propagated by Michael Porter explain this force. Also state as to when this leverage is evident.

[May 2023]

(Q) How would you describe Bargaining Power of Sellers in Porter's Five Forces model?

> Determines the cost of RM & other inputs of the industry.



> Suppliers can influence the profitability of the industry in a number of ways.

> Suppliers command bargaining power over the firms when:

① Products are crucial to the buyers.
(+) Substitutes are not available.

① High Switching Cost

① Suppliers are more concentrated than their buyers.

Q21. "The bargaining power of suppliers determines an industry's attractiveness and profitability." Discuss

[May 2022]

(Q) List the factors that affect the nature of Rivalry in the Industry.



> Intensity of Rivalry affects the Industry attractiveness & profitability.

DEAR IFSC

↑ Rivalry
↓ Profitability
↓ Industry Attractiveness
} VICE VERSA

① Product Differentiation

> Firms can sometimes insulate themselves from price wars by differentiating their products from those rivals.

> Differentiation → high Rivalry → less intense

② Exit Barriers

> eg. ⇒ a business is not able to find buyer for its assets)
∴ Strong exit barrier.

> Rivalry among competitors declines if some competitors leave the industry.

> ∴ Profitability tends to be higher in industries with few exit barriers. (easy exit.)

③ Industry leader

- > a strong industry leader can discourage price wars, by disciplining initiators of such activity.
- > Industry leader exists → less intense Rivalry.

④ Fixed costs. (FC)

- > when rivals operate with high FC

↓
They feel strong motivation to utilize their capacity

∴ are inclined to cut prices when they have excess capacity.

- > ∴ Industries characterized by high FC
↓
have high intensity of rivalry.

⑤ Slow Growth

- > industries with slow growth

↓
tend to face more intense Rivalry.

- > As Rivals fight harder to grow or even to keep their existing market share.

⑥ No. of competitors

↑ no. of competitors → ↑ Rivalry } to Vice-Versa

> even if industry leader exists, its ability to exert **pricing discipline** diminishes with increased no. of rivals in the industry.

Summary!

Q26. Discuss in what conditions rivalry among competitors tends to be cut-throat and profitability of the industry goes down. [Nov.19]

Q20. What are the factors which determine the nature of rivalry in an industry? [December 2021]

(Q) Explain about Threat of Substitutes.

> a latent source of competition in an industry.

> May become a major source of competition.

> To predict profit pressure from this source,

firms must search for products that perform the same, or nearly the same, function as their existing product.

(Q) what are the factors which affect the attractiveness of industry?

> Industry analysis culminates into identification of various issues & draw conclusions

↓
about industry attractiveness & unattractiveness
↓
in long-term & short-term.

> Important factors on which the Mgt. may base its conclusions are:

① → growth potential

② → adequate profitability
(+) whether forces would become
stronger or weaker

③ → prevailing driving forces

④ → competitive position of org.
(+) whether its position will
become
stronger or weaker

⑤ → potential to capitalize on the vulnerabilities of weaker rivals.

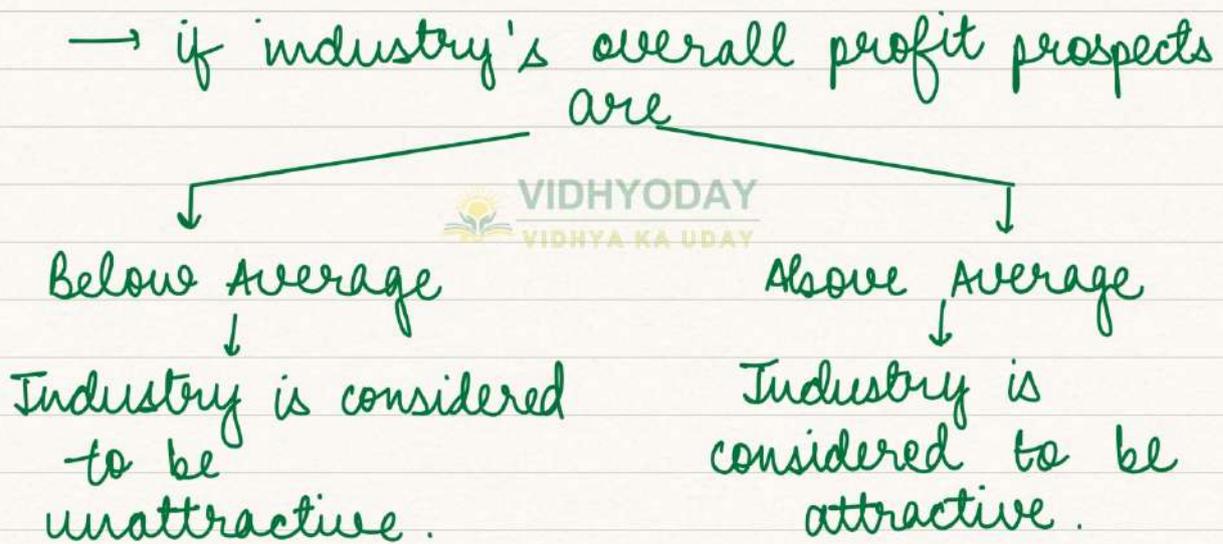
⑥ → company is able to defend/counteract factors → industry unattractive

⑦ → Risk & Uncertainty.

⑧ → Severity of Problems

⑨ → adds to the ability of the Co. to be successful?

> general proposition :



(Q) Explain the concept of Experience Curve?

> a learning curve

> Explains the efficiency increase gained by workers through repetitive productive work.

> Based on the phenomenon

↓ that
 unit costs decline as a firm accumulates
 experience in terms of a cumulative
 volume of production.

> Based on concept ⇒ "we learn as we grow"

> Experience curve results from a variety of factors, such as:

- learning effects
- economies of scale
- Product Redesign
- Technological Improvements in Prodⁿ.

⇒ Features of Experience Curve:

- as business org. grow, they gain experience.
- Provides advantage over the competition.
- Key barrier to entry.
- large & successful org.)
 possess stronger "experience effect".

> As the business grows, it understands the complexities & benefits from its experience.

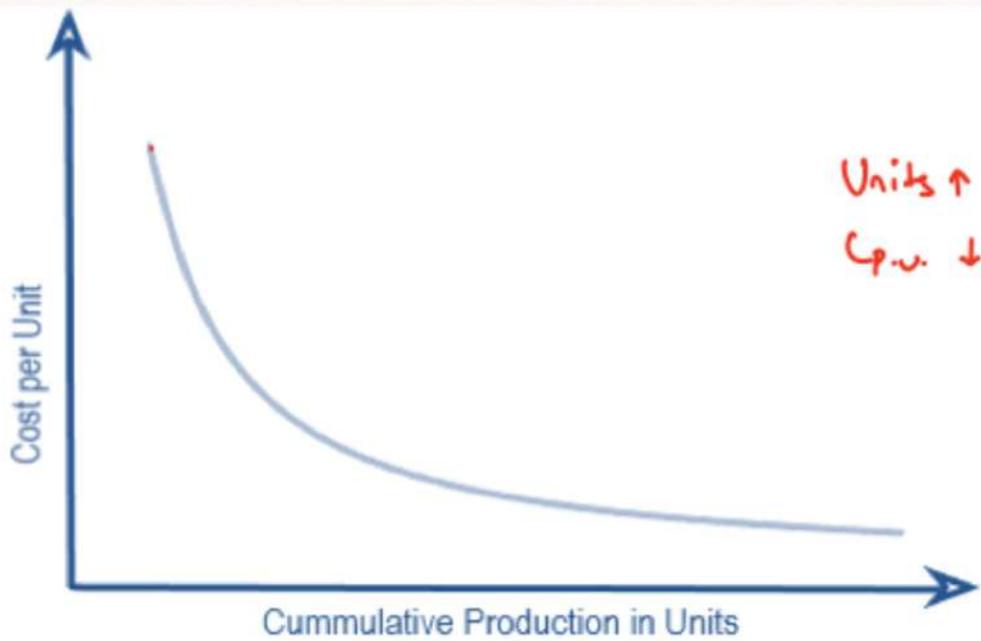


Figure: Experience curve

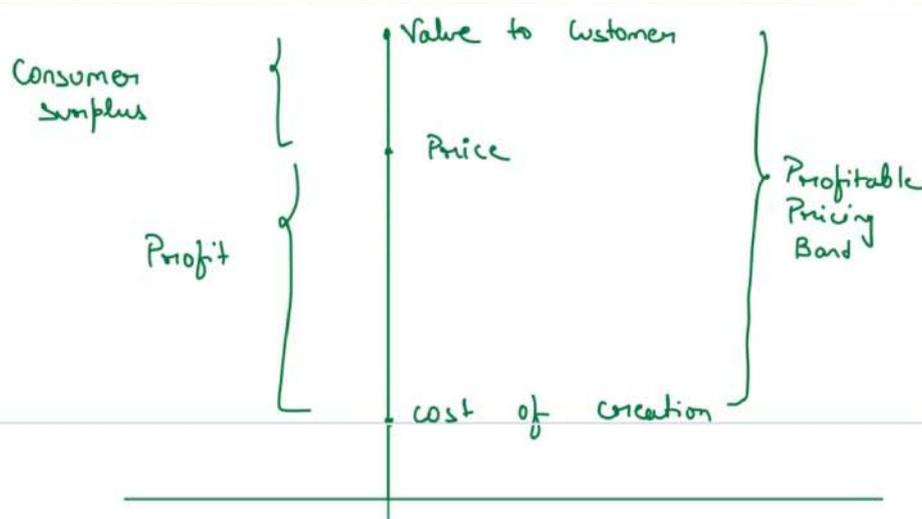
Q3. Explain the concept of experience curve and highlight its relevance in strategic management. [RTP May 18]

(Q) Explain the concept of value creation.

> The price that consumer is ready to pay in excess of the price determined by the company is called value creation.



- > The concept was **primarily introduced** to provide goods / services to customers with **more worth**.
- > Value is the summation of **features, quality, availability, performance, durability and reliability**.
- > It is when consumers **value the product / service more than its cost**.
- > It is dependent on 3 factors:
 1. The **price charged** by the Co.
 2. The **cost of creation of product / service** Reflects the utility of Product
 3. The **value / worth placed** by the consumer.



(Q) Explain the concept of market.

⇒ market is a place for interested parties
 buyers sellers
 where items & services
 can be exchanged for a price.

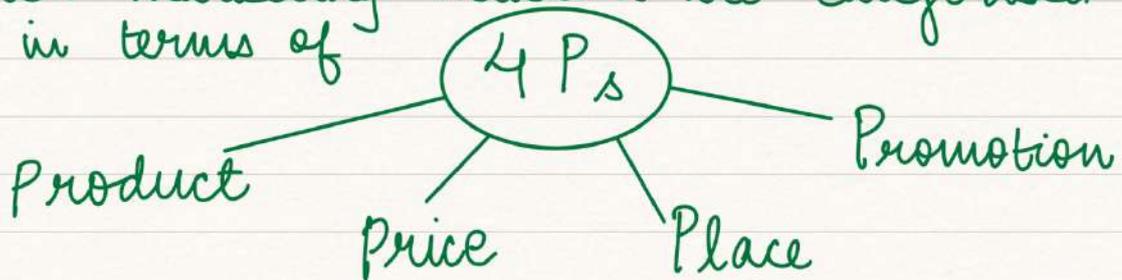
⇒ Market → physical → eg. ⇒ a departmental store
 → virtual → eg. ⇒ online market

Buyers & sellers do not meet in person;
 but tools of technology to strike a deal

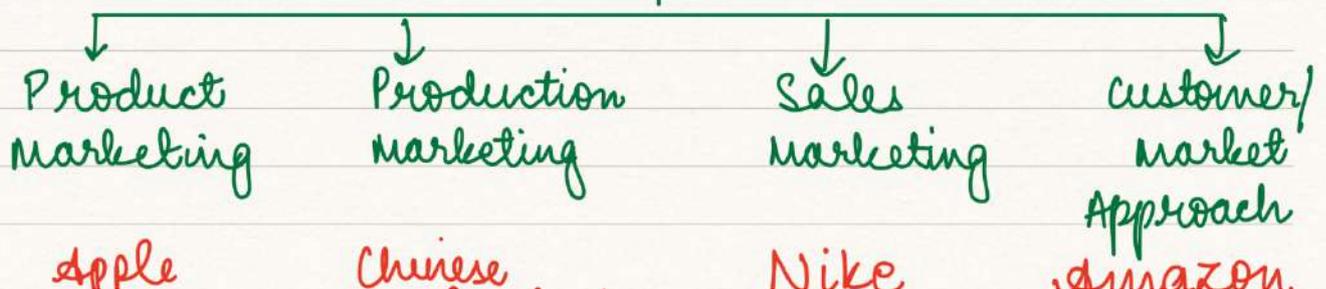
⇒ Market is → a place
 but

"Marketing" encompasses a wide range of operations,
 including research, designing, pricing, promotion,
 transportation & distribution.

→ often marketing activities are categorised
 in terms of



⇒ marketing

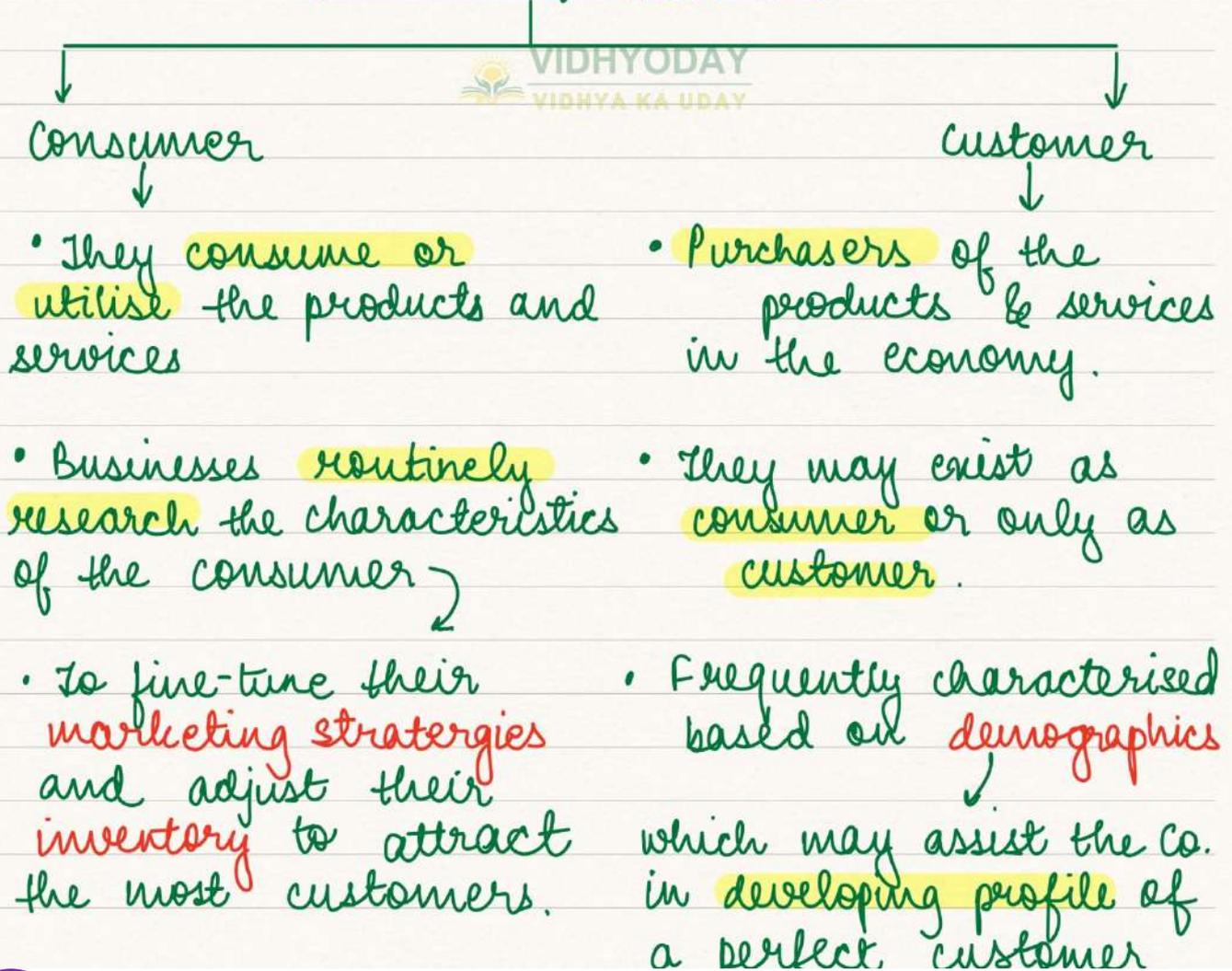


Emphasis is on features, design, etc.	Products on the basis of price	advertisement, branding focused	customer centric.
---------------------------------------	--------------------------------	---------------------------------	-------------------

(Q) Explain the concept of Customer.

- > A customer is a person or business that buys products or services from another organisation.
- > They provide revenue & orgs. cannot exist without them.

Consumer v/s Customer



(Q) Explain about Customer Analysis & Customer Behaviour.

⇒ Customer Analysis

Customer
Analysis



> essential marketing component

> It identifies target clients, determines their wants, and defines how the product meets those needs.

> Involves the examination & evaluation of consumer needs, desires and wants.

> By use of facts generated through customer analysis, an effective profiling of customers can be established.

⇒ Customer Behaviour



> It moves beyond the identification of customers to explain how they purchase products.

> Understanding customer behaviour, enables businesses to establish effective marketing and advertising campaigns.

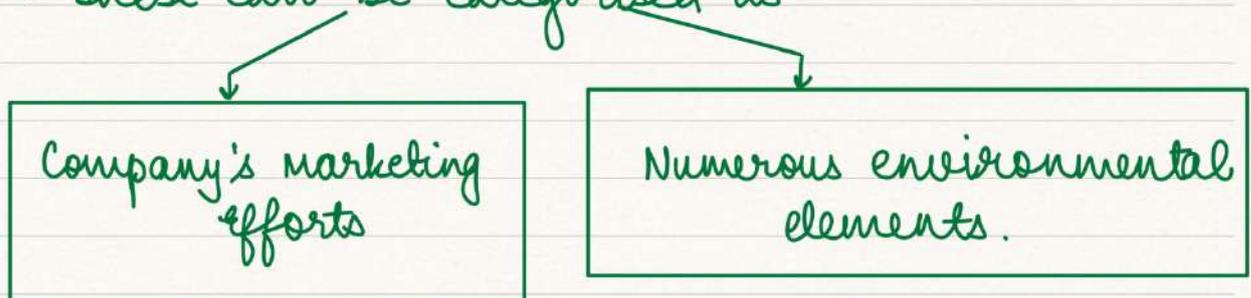
> Various factors which influence the customer behaviour are :

(i) External influences

> Have a **direct impact** on the psychological and internal processes that influence various **consumer decisions**.

> Eg. ⇒ Advertisements, Peer pressure, social norms, etc.

> These can be categorised as



(ii) Internal Influences

> **Psychological factors internal to customer** and affect customer decision making.

> Motivation & Attitude.

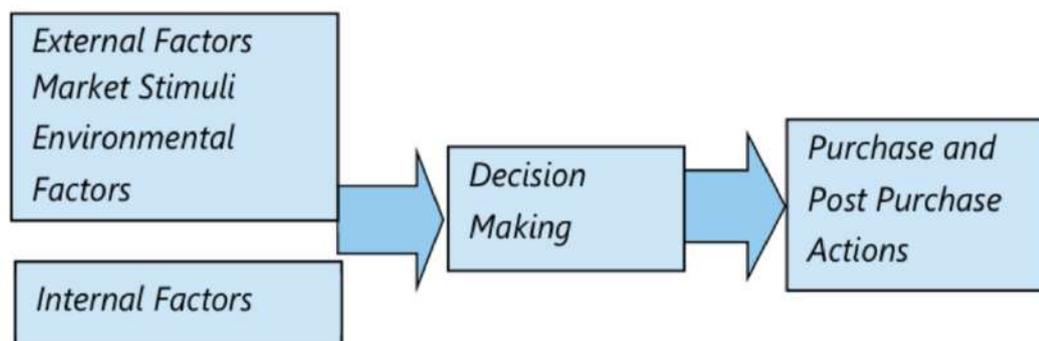


Figure: Process of consumer behaviour

(iii) Decision making

> A rational consumer would seek info. about potential decisions and carefully integrate this with the existing knowledge about the product.

> after weighing the advantages & disadvantages of each option
↓
decision made ✓

> Stages of decision making :-

→ Problem recognition

→ Search for desirable alternatives & list them

→ Seeking info. on available alternatives & weighing → pros & cons.

→ Final choice ✓

> This process is mostly undertaken when the purchase is significant to the customer.

(iv) Post - decision Processes.

> Final stage ⇒ Evaluating the outcome

(depends on satisfaction derived)

Consumer likes the

|| Consumer dislikes the



product / service
↓
Happy Customer
↓
• Repeat purchase
• Recommend to others

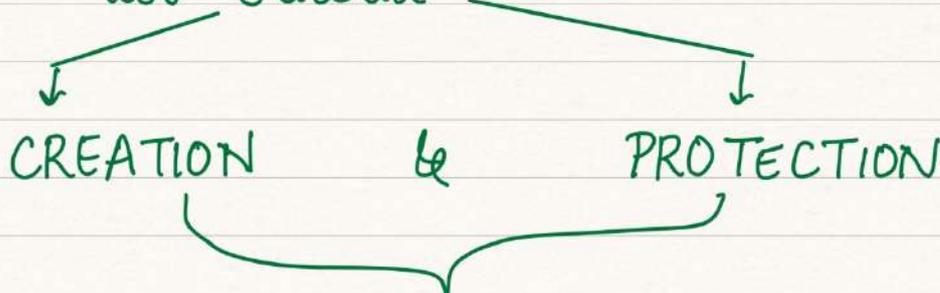
product / service
↓
Customer with dissonance
↓
• neither Purchase
• nor recommend to others.

(Q) What do you mean by competitive strategy?

- > Businesses compete with each other for the same set of resources and customers.
- > competitive strategy is concerned with how to compete in the business areas in which the org. operates.
- > Defines how a firm expects to create & sustain a competitive advantage over competitors.

It means being more profitable in long run.

> competitive strategy of the firm is analysed using two criteria



Of Competitive Advantage.

- > Porter's five forces model can also be used to understand the competition.
- > It involves the following three steps:
 1. How to attract & satisfy customers?
(Loss leading - Jio)
 2. How to withstand competitive pressure?
(TRAI)
 3. How to strengthen market position?
(Diversify)



(Q) Explain ⇒ Competitive Landscape.

- > Business analysis which identifies competitors, either direct or indirect.
- > It is about identifying & understanding the competitors &
 - comprehension of their vision, mission, core values, niche market, strengths & weaknesses.
- > Understanding Competitive Landscape :
 - requires Competitive Intelligence.

- Helps to choose & implement **effective strategies** that will **improve** entity's competitive advantage.

⇒ Steps to understand the Competitive Landscape.

(1) Identify the Competitor

> and have **actual data** about their respective market share.

> answers that : **who** are the competitors & **how big** they are ?

(2) Understand the competitors

> understand the products & services offered by them in diff. markets.

> can be done using

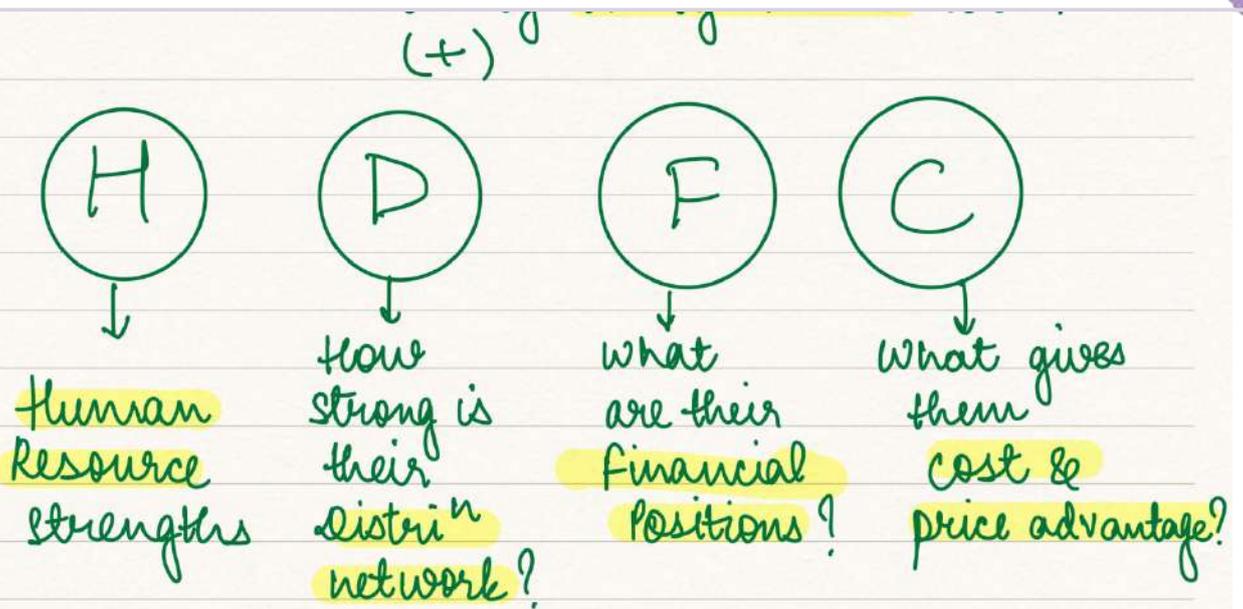
↓
 market Research report, Internet, Newspapers, Social media, Industry Reports, etc.

> Ans. to : " **what are their products & services?** "

(3) Determine the strengths of the competitors

> It answers to :

→ what are they **likely to do** next ?



(4) Determine the weaknesses of the competitors

> Identify areas where the competitor is lacking or is weak at.

> Using customer reports & reviews appearing in various media.

> Ans. to \Rightarrow what are they lacking?

(5) Put all the information together.

> and draw inference about :

\rightarrow what **they** ^{competitors} are not offering; &

\rightarrow what the firm can do to fill in the gaps.

> Answers :

\rightarrow what **will the business do** with this info.?

→ what improvements does the firm need to make ?

→ how can firm exploit the weaknesses of competitors ?

Summary!



Q2. Suresh Singhania is the owner of an agri-based private company in Sangrur, Punjab. His unit is producing puree, ketchups and sauces. While its products have significant market share in the northern part of country, the sales are on decline in last couple of years. He seeks help of a management expert who advises him to first understand the competitive landscape.

Explain the steps to be followed by Suresh Singhania to understand competitive landscape. [RTP May 18]

Q4. "Understanding the competitive landscape is important to build upon a competitive advantage". Explain. [July 21]

Q6. What do you understand by 'Competitive Landscape'? What are steps to understand the competitive landscape? [May 19]

(Q) Explain the concept of Key Success Factors.

> These are the most important factors of the industry, that affect the most to the firm.

> The product attributes, competencies, capabilities, competitive strengths



that spell the difference between profit or loss and ultimately the success or failure are called K.S.F.



> Answer these 3 questions to identify Key Success Factor:

(1) On what basis, customers choose your product?

(2) What resources & capabilities seller need to have to be competitively successful?

(3) What does it take for the seller to develop sustainable business competitive advantage?

> K.S.F. differ from industry to industry, & within the same industry with

the passage of time

due to driving forces & competitive conditions

> there will be rarely more than 3-4 KSF's in an industry.

> company should focus only on one or two KSF at a time.

① Sony → Video Quality

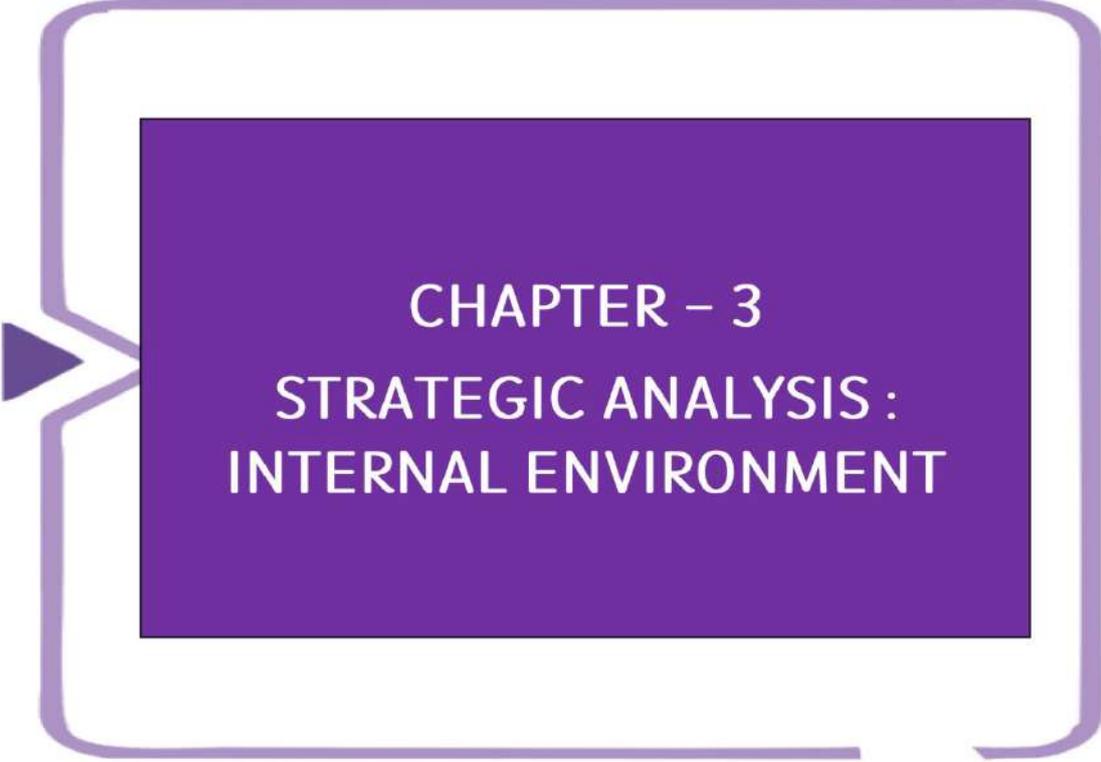
② Philips → Audio Quality

③ LG → Customer Satisfaction

> If you will start controlling everything, you will end up controlling nothing.

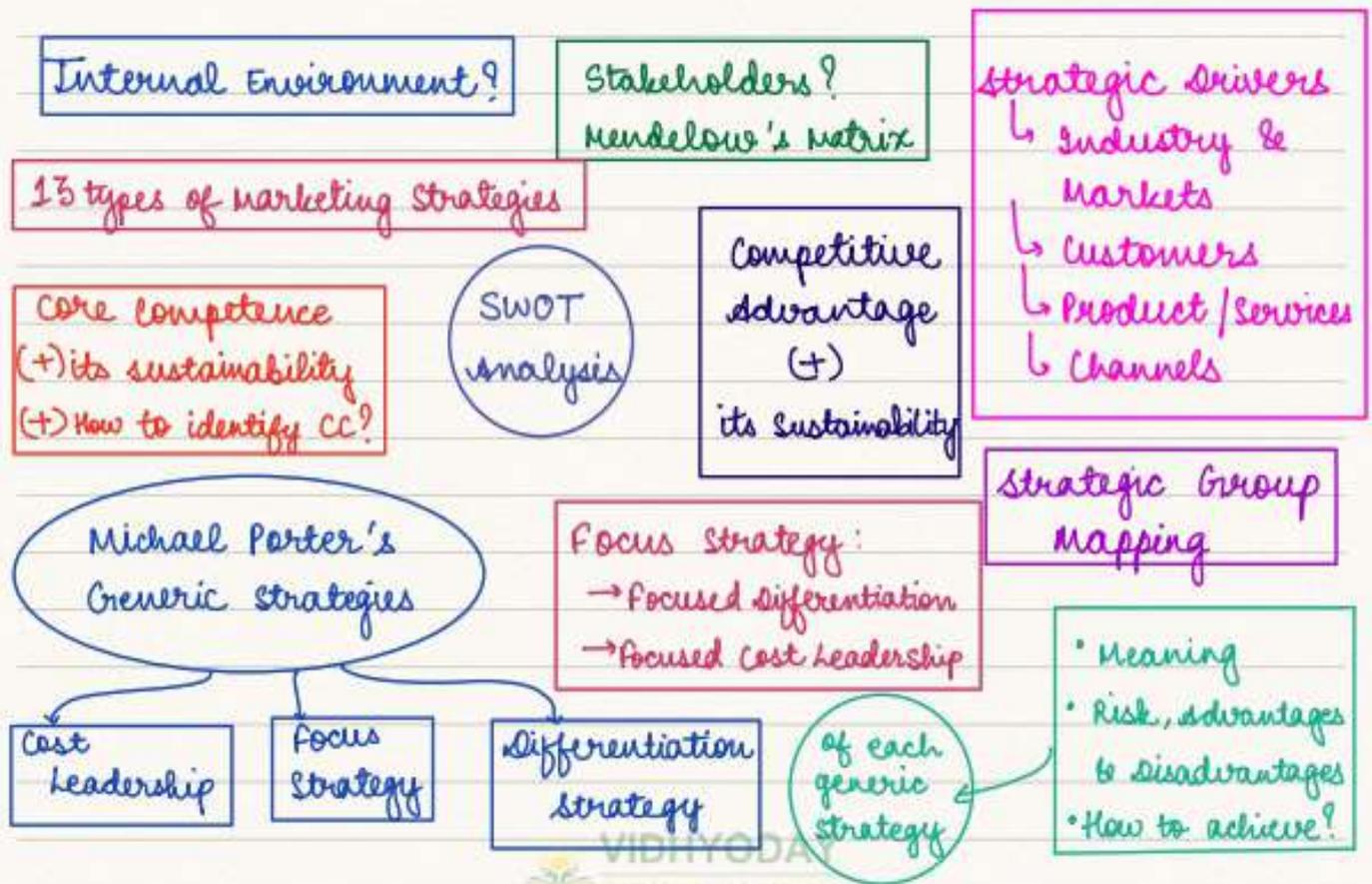
Q7. Examine the significance of KSFs (Key Success Factors) for competitive success.

[Nov. 18]



CHAPTER – 3
STRATEGIC ANALYSIS :
INTERNAL ENVIRONMENT

CH:3 :- STRATEGIC ANALYSIS : INTERNAL ENVIRONMENT



(Q) What do you mean by Internal Environment?

It refers to sum total of

PPPAO



- P ⇒ People → individuals & groups, stakeholders
- P ⇒ Processes → Input - throughput - output
- P ⇒ Physical Infrastructure → space, equipment & physical conditions of work.
- A ⇒ Administrative Apparatus → lines of authority & power, responsibility, accountability

- O ⇒ **Organisational Culture** → Intangible aspects of working relationships, philosophy, values, ethics

that shape an org.'s identity.

> Internal environment is **specific to each org.**

(Q) What do you mean by stakeholders of an org.?



3I

→ all those individuals & entities that have stake in the success and can impact it as well.

any person / group of individuals, whether internal or external having :

3I →

- Interest in } business/corporate strategy
- Impact on } of an org.
- Power to Influence the strategy/performance of an org.

Eg. ⇒ Management, employees, shareholders, customers, vendors, investors, regulators, govt., etc.

> The expectations of the key Stakeholders

↓
 can influence the org.'s strategy

a clash of objectives may have unfavourable consequences for the org.

(Q) Explain Mendelow's Matrix.

> Managing stakeholders is critical to the success of a project.

> who needs to know what & when, who needs to give their feedback & who has the final approval

↓
 can be confusing

> Each stakeholder exerts a different level of influence and can have differing levels of interest in the org.

> Also known as :

- Stakeholder Analysis Matrix
- Power - Interest Matrix

} simple framework to manage stakeholders

> Power ⇒ ability to influence org. strategy or resources.

> Interest ⇒ how interested they are in the org. succeeding.

Mendelow's Matrix ↘



→ Keep satisfied :- Put enough efforts to keep them satisfied with their intended info.

→ key Players :-

- fully engage

- greatest efforts to satisfy them

- keep informed with all info. on regular basis.

→ Low Priority :-

- no actions to satisfy their expectations

- minimal efforts

- Keep an eye :- to check if their levels of int. or power change.

→ Keep Informed :- • adequately inform

- communicate to ensure that no major issues arise
- Real time feedbacks & Scope of improvement.

(Q) what do you mean by Strategic drivers?

> It considers what differentiates an org. from its competitors.

> These are most dominant forces that can impact an org.'s strategy.

Current Performance Assessment



Assessment of Strategic Drivers



Strategic Drivers include:

- Industry and Markets
- Customers
- Products or services
- Channels

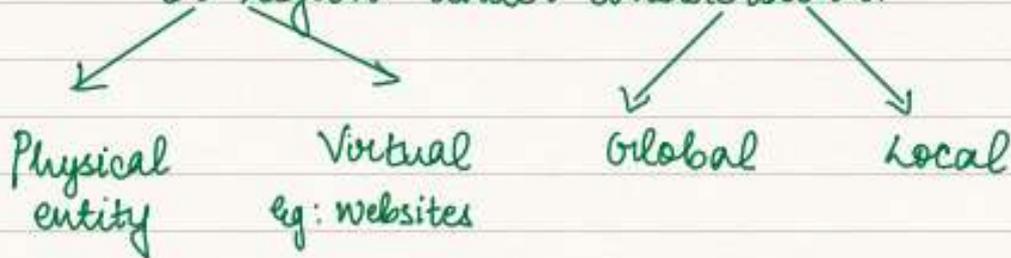
(Q) Explain the concept of Industry & Markets.

> Imp. to understand the org.'s relative position in the industry & market in which it operates.

> Similar companies ^{are} grouped together into industries

→ on the basis of the primary product that the co. makes or sells.

> market → sum total of all buyers & sellers in the area or region under consideration.



> market is not same for all businesses.

> each product within a business has its own market.

> supply & demand in market determine value, cost and price of items traded

(Q) Explain the concept of Strategic Group mapping.

> A strategic group consists of those rival forms which have similar competitive approaches & positions in the market.

> Resemblance of the firms falling in same strategic groups can be tracked in :

- distribution channels
- width of product lines (variety)
- geographical area (regional/local/national/international)

- Price charged (high, low)
- Technology used, etc.

> An industry contains only one strategic group when all sellers pursue essentially identical strategies and comparable market positions.

> There are as many strategic groups as there are competitors when each rival pursues a distinctively different competitive approach and occupies a substantially different competitive position in the market.

	Sony	LG	Parasonic	Samsung	Xiomi	L+	TCL
Market Price =	↑	↑	↓	↔	↓	↔	↓
Market share (Quality)	↓	↓	↑	↑	↓	↔	↓
Special feature =	↑	↑	↓	↔	↓	↔	↓
Marketing spend	↑	↔	↓	↑	↓	↔	↓
Geographical Market	↑	↑	↓	↑	↓	↔	↓

What is a Strategic Group? Discuss the procedure for constructing a strategic group map. [RTP May 19]

(Q) Steps to undergo Strategic Group Mapping.

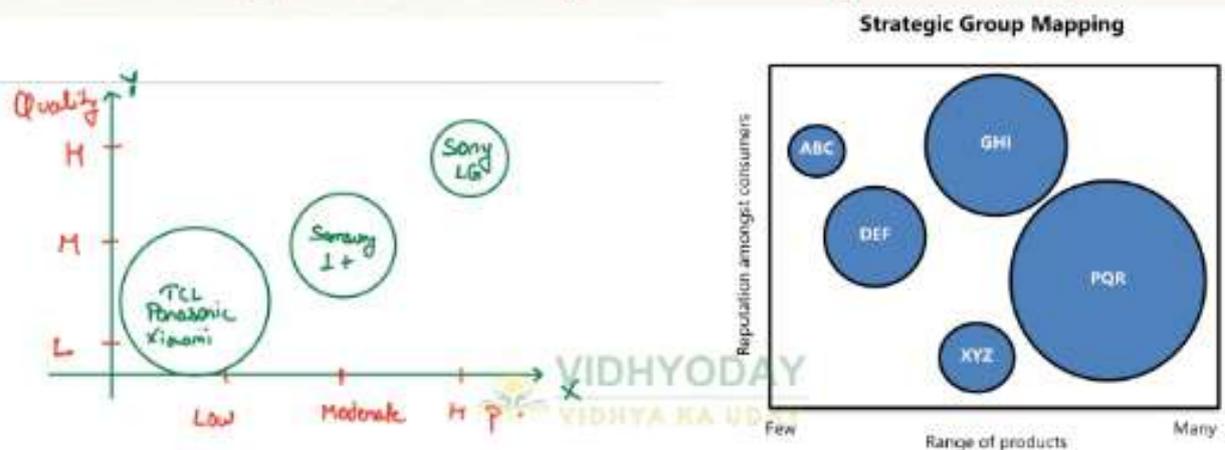
S.01 Identify competitive characteristics

- that, dislifferentiate, firms in the industry.

such as⁰⁰:

- distribution channels
- Width of product line (variety)
- geographical area
- Price charged
- Technology used, etc.

S.02 Plot the firms on a 2-Variable Map using a pair of these differentiating features.



S.03 Assign firms that fall in about the same strategy space to the same strategic group.

S.04 Draw circles around each strategic group making circles proportional to the size of the group's respective share of the total industry's sales revenues.

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

[July 21]

(Q) Explain the concept of customer.

> customers are often responsible for the generation of profits obtained by an organisation.



> different customers may have different needs & require different sales models or distribution channels.

> First and important step in deciding product/service

↓
Customer Analysis

↓
Helps to collect & display data in order to show customer trends and profitability.

→ Customer v/s Consumer

Customer vs Consumer



↓
Buys the product/service

↓
eg: Parent

↓
Finally uses/ consumes the bought product or service

↓
Eg: Child.

More important from Pricing Perspective.

More important from value creation and design/usability

> A customer can be a consumer & vice-versa.

(Q) Explain the concept of Product /services.

> Products and services (P/S) are closely linked and interrelated with the markets that the org. wants to serve.



> Product refers to goods/services.

> It is important to answer, what business are we in and what should be done to win over competition in each P/S that we serve

> Product portfolio should be classified & analysed.

For eg.:

- dropping failed products,
- Expanding with successful products,
- Classifying products on the basis of industrial or consumer use; be it essential/luxury.

> Product should be differentiated by designating it a brand or on the basis of shape, size, color, features.

> Differentiation could be real / imaginary
(eg: Piyoooo Bislery)

⇒ Market entrance pricing strategy should also be defined; since, every product has a price.



It is based on 3 criteria :

हमको तुमको सबको !

1. Always follow customer - centric approach.
(तुमको)

2. Price should generate sufficient returns
(हमको)

3. Price should be able to penetrate the market by increasing market share.
(सबको)

What are the objectives that must be kept in mind while designing a pricing strategy of a new product? [RTP Nov. 18]

1. What are the objectives that must be kept in mind while designing a pricing strategy of a new product? [MTP Nov. 21]

(Q) Explain about various types of marketing strategies.



> Products & services need heavy investment in reaching out to customers

> The various types of marketing strategies are:

1. Social marketing

① Design, implementation and control (DIC)

↓
of programs, seeking to increase the acceptability of

↓
social ideas, cause, or practice among a target group to bring in a social change
Eg.: Classmate



② Augmented marketing

> Includes additional customer services & benefits

↓
that a product can offer besides the core and actual product being offered.

Eg ⇒ Tata Sky



③ Direct marketing

> Through various advertising media that interact directly with consumers

> Eg : Catalogue selling, E-mail, TV shopping, shopping, telecomputing, etc.

④ Relationship marketing

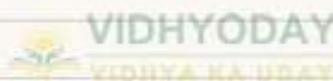
> Process of creating, maintaining & enhancing strong, value-laden relationships with customers & other stakeholders.

> Eg : Hotels selling their memberships.



⑤ Service marketing

> Applying the concepts, tools and techniques, of marketing to services.



> Service → an activity offered by one person to another, that is essentially intangible.

> Eg: Zomato Gold

⑥ Person marketing

> consists of activities undertaken to create, maintain or change attitudes & behaviour towards a particular person.



Eg ⇒ Bollywood actors

⑦ Organization marketing

> consists of activities undertaken to

create, maintain or change attitudes & behaviour towards a particular organization.

Eg → Apple, Nike, Addidas, Infosys, etc.

⑧ Place marketing

> consists of activities undertaken to create, maintain or change attitudes & behaviour towards a particular place.

Eg. → Tourism marketing

⑨ Enlightened marketing

> It is a long run sustainable model of marketing system.

> It has five principles:

VICSS

- Value driven
- Innovation
- Customer Centric
- Societal
- Sense-of - Mission.



⑩ Differential marketing

> It is a market coverage strategy whereby we have different products/offers targeting different sub-markets.

> eg: Dove, Lux, Pears by HUL.

⑪ Synchro marketing

> when the demand for a product is **irregular** due to season, some parts of the day, or on hour basis

↓
 causing **idle capacity / overworked capacities**

> Aim : to **alter the patterns of demand** through flexible pricing, promotion & other incentives.

> eg: movie tickets

⑫ concentrated marketing

> a **market coverage strategy** in which a firm goes after a large share of one or few sub-markets.

> can take a form of **Niche marketing**.

> eg. → Volkswagen (only cars)

⑬ Demarketing

> to **reduce demand temporarily**.

> Aim ~~X~~ to **destroy demand**

↓
~~X~~ → to **reduce / shift demand**

> happens in case of **overfull demand**.

Summary!

1. Define the term 'Marketing'. Distinguish between social marketing and service marketing. [May 18]

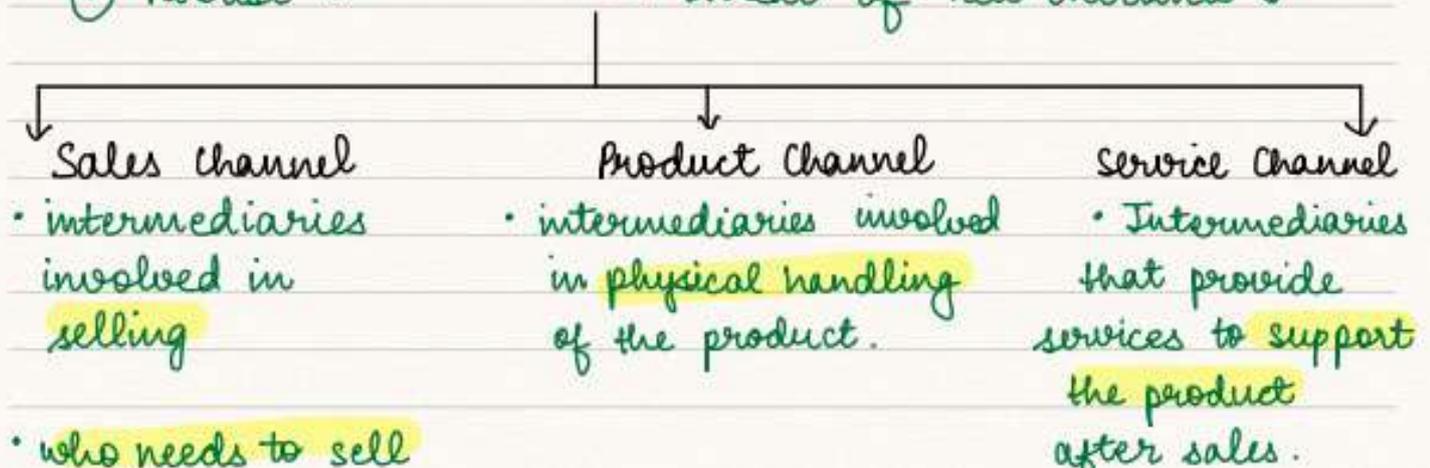
Define the term 'Marketing'. Distinguish between social marketing and service marketing [RTP Nov 23]



(Q) Explain the concept of channels.

> Channels are the **distribution system** by which company **distributes** its products or deliver services.

- ⊙ strong & wider ✓ ⇒ competitive position ↑ (strong)
- ⊙ Robust ✓ ⇒ Threat of new entrants ↓



to whom before the product is sold to the final consumer?

eg:- Cars of Hyundai are sold to subject Hyundai & then sold to customer.

> Product of Nytra may be delivered through E-Kart.

> Installation of AC by local agency.

What are channels ? Why is channel analysis important ? Explain the 1+1+3=5 different types of channels ? [May 24]

VIDHYODAY

(Q) Explain the concept of Competitive Advantage. (CA)

- > strategic management involves development of competencies that managers can use to achieve better performance & a competitive advantage for their org.
- > CA allows a firm to gain an edge over rivals.
- > It is a set of unique features of a Co. & its products that are perceived by the target market as significant and superior to the competition.
- > An org. is said to have a CA if its profitability is higher than the average profitability for all companies in the industry.

> Jack Welch :- If you don't have a CA, don't compete.

core competence	competitive advantage
⊙ Fundamental, org. specific	⊙ Product/ market specific
⊙ Long term	⊙ limited life
⊙ applicability to other markets	⊙ X

(Q) Sustainability of Competitive Advantage & a firm's ability to earn profits from its Competitive Advantage depends on four major characteristics of resources & capabilities. Explain these.

DITA विद्योदय!

① Durability.

> Rate at which firm's Resources & Capabilities deteriorate.

> Industries → where rate of product innovation is fast
↓
product patents are likely to become obsolete.

[Innovation ↑ ; Durability ↓]

② Transferability

> It refers to the ability of rivals to gain access over the necessary resources & capabilities on which the competitive advantage of org. relies.

> The easier it is to transfer

↓
 The less sustainable will be the CA.

③ Imitability

> How easily & quickly can competitors build the resources & capabilities on which firm's CA is based?

> Imitability ↑ ; Sustainability of CA ↓

④ Appropriability.

> It refers to the ability of the firm's owners to appropriate the returns on its resource base.

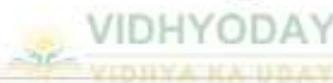
> Even where Resources & capabilities are capable of offering sustainable advantage.

↓
 There is an issue with those who receives the returns on these resources.

Summary

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

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



[Jan. 21]

3. "The sustainability of competitive advantage and a firm's ability to earn profits from its competitive advantage depends on characteristics of resources and capabilities". Explain this statement.

[May 2023]

INSERT NOTE 2 here

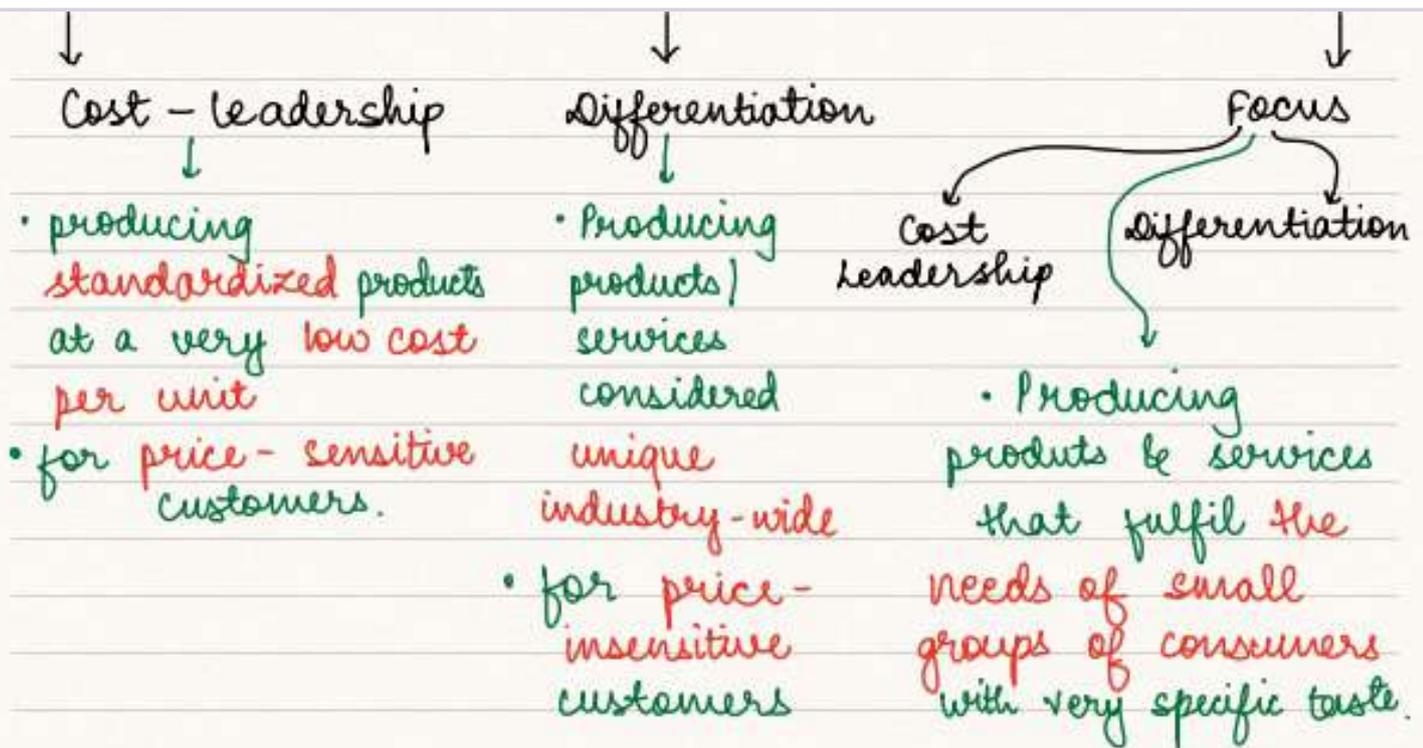
(Insert Note 2)

(Q) Briefly elucidate Michael Porter's Generic Strategies.

> These are business-level strategies given by Michael Porter to develop business competitive advantage.

> These are termed generic, because they can be pursued by any type or size of business firm & even by NPOs.





COMPETITIVE SCOPE	Broad Target	Cost Leadership	Differentiation
	Narrow Target	Focussed Cost Leadership	Focussed Differentiation
		Low-Cost products/services	Differentiated products/services
COMPETITIVE ADVANTAGE			

Figure: Michael Porter's Generic Strategies

(Q) what do you mean by cost leadership strategy.

> It is a low-cost competitive strategy.

> Aims at a broad mass market.

> Requires a vigorous pursuit of cost reduction in

'areas of' procurement, production, storage & distribution of product/service & also economies in overhead costs.

> Lower cost \therefore ^{able to} charge lower price for its products as compared to its competitors \rightarrow also earn satisfactory profits
i.e. different from loss leading strategy.

eg. McDonalds., Parle-G, Walmart



> Primary reason for pursuing forward, backward and horizontal integration strategies
 \downarrow
is to gain cost leadership benefits.

> This strategy can especially be effective when:

- ⊙ market is composed of many price-sensitive buyers, and
- ⊙ there are few ways to achieve product differentiation.

> It is not about charging the minimum price for the product, but a price that is relatively lower than your competitor.

(Q) How to achieve cost leadership?

1. Forecasting of demand (एकता)
2. Optimum utilization of resources
3. Standardization (Burger, Fries, Coke)
4. Economies of scale
5. Invest in cost savvy technology.
6. Resist to differentiation

Key ⇒ **RISE OFF**

(Q) What are the advantages & disadvantages of cost leadership strategy?
Also state the risk of pursuing cost leadership strategy.

Advantages: (connect with Porter's 5 forces model)

- 1) **Rivalry** :- competitors likely to avoid price war
- 2) **Buyers** :- they would not be able to exploit the cost leader firm & will continue to buy its product.
- 3) **Suppliers** :- cost leaders can absorb greater price increases from suppliers.
- 4) **Entrants** :- cost leaders create an entry barrier for new entrants.

5) **Substitutes** :- cost leaders are more likely to lower their costs to induce existing customers to stay with their product.

* Disadvantages

1) **may not last long** → as competitors may imitate cost reduction techniques.

2) Need to achieve high sales volume.

3) cost leaders keep their costs low by minimizing cost of advertising, market research and R&D

but this can prove to be costly in long term.

4) Technological advancements → **threat** to cost leaders.

Risk :

→ competitors may imitate the strategy (thereby, driving overall industry profits down)

→ technological breakthroughs in industry may make the strategy ineffective.

→ Buyers' interest may swing to other differentiating features besides price.

Summary of Cost Leadership.

- Write a short note on the concept of cost leadership strategy and how to achieve it?



[Nov. 19]

23. What is cost leadership strategy? Under what circumstances an organization can gain competitive advantages from cost leadership strategy? Is there any risk in pursuing cost leadership strategy?



[December 2022]

- 2). What do you understand by cost leadership? How is it achieved? Ch-3 [RTP May 19]

Write a short note on the concept of cost leadership strategy and how to achieve it?

Ch-3

[RTP May 21]



(Q) Explain the concept of differentiation strategy.



> Aimed at broad mass market.

> creation of a product / service

perceived as unique by the customer.

> Uniqueness can be associated with :

- Product design (Ford)
- Brand image (Apple)
- Features (Kia)
- Technology (Intel)
- Dealer network, or (HUL / P&G)
- Customer service

> Because of differentiation → business can charge a premium for its product.

> Differentiation does not guarantee competitive advantage especially if standard products sufficiently meet customer needs / if rapid imitation by competitors is possible.

What do you mean by differentiation strategy? How is it achieved?

[May 19]

(Q) what are the various basis of Differentiation.

Basis of Differentiation



(Q) How can we achieve differentiation strategy?

1. Fixing product prices based on unique features of the product (Pro v/s Pro Max).
2. Elevate the performance of the product. (iPhone 15 has better performance)
3. Rapid innovation (Launch event :- Every year)

4. Enhancing image & brand value.
5. offers utility matching tastes & preferences of the customer.
6. High Quality products.

(Q) what are the advantages/ disadvantages and Risk of differentiation strategy?

Advantages:

1) **Rivals**: • Brand loyalty acts as a safeguard
• ∴ customers are less price - sensitive.

2) **Buyers**: do not negotiate for prices
↓ as
• They get special features
• Fewer options in market.

3) **suppliers**: Differentiators charge a PREMIUM price
↓
∴ are able to absorb price changes by supplier.

4) **Entrants**: Innovative features ⇒ expensive offer
↓
∴ new entrants avoid these
↓
Reason → tough to provide these at a COMPARABLE PRICE.

5) **Substitutes** : These can't replace Differentiated Products.

Disadvantages

1) In long term → uniqueness is **difficult to sustain**.

2) charging **too high** prices from customers

→ may cause the customer to **switch-off to another alternative**.

3) Differentiation **fails** to work

→ if its basis is **not valued by the customers**

eg :- Home delivery of packed food in 30 Mins.

Risk

1.) Unique Product may **not be valued by the customer** to justify the higher price.

when this happens **cost leadership may defeat differentiation strategy**.

2) competitors may develop **ways to copy** differentiating features quickly.

∴ Firms must find **durable sources of uniqueness** that cannot be imitated quickly/cheaply.

Summary of differentiation strategy

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

Gennex using the strategy is consistently gaining its position in the industry over its competitors.

Identify and explain the Porter's generic strategy which Gennex has opted to gain the competitive advantage. [RTP Nov. 18]

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

Analyse the nature of generic strategy used by Sohan and Ramesh. [Nov. 18]

Explain in brief the various basis of differentiation strategy. Ch-3 [RTP Nov. 21]

1. Distinguish between Cost Leadership and Differentiation Strategies. ^{Ch-3} [RTP Nov. 20]

.....

A century-old footwear company "Mota Shoes" had an image of being the footwear choice for formal occasions. In an attempt to reinvent its brand, it tied up with a

foreign footwear giant "Buffrine" to manufacture and sell its Hideseek brand in the country. Putting its best foot forward, it launched extra soft, casual and relaxed footwear for young. Aiming at a brand and image makeover the "Mota Shoes" decided to price the Hide Seek products at premium.

What kind of Michael Porter business level strategy is being used by "Mota Shoe company"? State its advantages. [RTP Nov. 19]

- . A differentiation strategy may help to remain profitable even with rivalry, new entrants, suppliers' power, substitute products, and buyers' power. Explain.

[RTP May 20]

- i. ABC Ltd. is a beverage manufacturing company. It chiefly manufactures soft drinks. The products are priced on the lower side which has made the company a leader in the business. Currently it is holding 35 percent market share. The R & D of company developed a formula for manufacturing sugar free beverages. On successful trial and approval by the competent authorities, company was granted to manufacture sugar free beverages. This company is the pioneer to launch sugar free beverages which are sold at

a relatively higher price. This new product has been accepted widely by a class of customers. These products have proved profitable for the company. Identify the strategy employed by the company ABC Ltd. and mention what measures could be adopted by the company to achieve the employed strategy. [Nov. 20]

3. In spite of high commodity inflation, shortage of components and the threat of third wave of COVID-19 pandemic in India, manufacturers of packaged goods, home

appliances and consumer electronics are expecting the business to grow by 12 to 25 percent in the coming months. After one-and-a-half years of disruption, manufacturers are now confident about managing their inventories better, keeping their supply channels well-stocked and preparing themselves to minimize the impact of any COVID related restrictions even as they gear up for the festive season, which usually accounts for 25 to 35 percent of their yearly sales.

The home appliances sector could be an example. After a dismal April-June quarter in the year 2021; producers of air conditioners, refrigerators and washing machines are expecting their business to grow by 15-20 percent in the months to come. All the companies operating in the sector have geared up to grab the opportunities available in the market.

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

19. With reference to Michael Porter's generic strategy, identify which strategy XXP India has planned for? Explain how this strategy will be advantageous to the company to remain profitable? [December 2021]

(Q) What do you mean by focus strategies?

> most effective when customers have distinctive preferences or requirements

& when rival firms are not attempting to specialize in the same target segment.

> it can be effectively pursued in conjunction with differentiation / cost-leadership strategies.

> No major / large competitors in such specific market.

> Focus on narrow / niche market.

(particular group of customers, geographical markets or product lines)

FOCUS STRATEGY



Focused Cost Leadership

> compete on the basis of **Price** → to target a **Narrow Market**.

> not necessarily **lowest prices** in the industry.

↓
 but relatively lower than **competitors** in the **target market**

> **Narrow Market (+)**
 compete on **Price**
 = **Focused Cost Leadership**

Focused Differentiation

> **Unique features** that fulfil the demands of **narrow market**.

> **Narrow Market (+)**
 compete on **uniqueness**
 = **Focused Differentiation**

> **Note** : **Narrow market** may be defined in different ways & different settings.

(Q) what are the advantages, disadvantages and Risk of opting Focused strategy?

⇒ Advantages

1) **Premium price** can be charged by the org(s). for their **focused product/service**.

2) Due to tremendous expertise in goods & services that these org(s) offer)

Rivals & new entrants may find it difficult to compete.

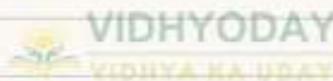
⇒ Disadvantages

1) Firms lacking in distinctive competencies may not be able to pursue focus strategy.

2) Due to limited demand, costs are high, which can cause problems.

3) In longer run, niche could disappear or be taken over by larger competitors.

⇒ Risk



1. > Possibility of numerous competitors recognizing successful focus strategy & imitating it.

2. > Consumer preferences may drift towards product attributes (or qualities) desired by the market as a whole.
[Niche may disappear]

Summary of Focused Strategies



(Q) How can an org. achieve focused strategy?

1. Selecting specific niches.
2. Creating superior skills to cater these niche markets.
3. Generating high efficiencies.
4. Developing innovative ways in managing the value chain.

22. Quick N Sturdy Inc., a multinational company, is undergoing feasibility study to introduce new luxury and sports car for specific group of customers. The product is meant for customers with distinctive preferences and special requirements. The product is not a standard one and as such the target market is also narrow. Company knows that demand for the product is large enough to be profitable for the company, but small enough to be ignored by other major industry players. The company wants to position itself in the niche market with the prime consideration to offer unique features in the product for the target market.

In the given situation, identify the generic strategy as suggested by Michael Porter. Also state the advantages and disadvantages of such strategy. **[December 2022]**

Ch-3

1. Airlines industry in India is highly competitive with several players. Businesses face severe competition and aggressively market themselves with each other. Luxury Jet is a private Delhi based company with a fleet size of 9 small aircrafts with seating capacity ranging between 6 seats to 9 seats. These aircrafts are chartered by big business houses and high net worth individuals for their personalised use. With customised tourism packages their aircrafts are also often hired by foreigners. Identify and explain the Michael Porter's Generic Strategy followed by Luxury Jet. **[RTP Nov. 20]**

Ch-3

Airlines industry in India is highly competitive with several players. Businesses face severe competition and aggressively market themselves with each other. Luxury Jet is a private Delhi based company with a fleet size of 9 small aircrafts with seating capacity ranging between 6 seats to 9 seats. These aircrafts are chartered by big business houses and high net worth individuals for their personalised use. With customised tourism packages their aircrafts are also often hired by foreigners. Identify and explain the Michael Porter's Generic Strategy followed by Luxury Jet. [RTP May 18]

vaccine has not entered the phase of free competition.

Spacetek Pvt. Ltd. is an IT company. Although there is cut throat competition in the IT sector, Spacetek deals with distinctive niche clients and is generating high efficiencies for serving such niche market. Other rival firms are not attempting to specialize in the same target market. Identify the strategy adopted by Spacetek Pvt. Ltd. and also explain the advantages and disadvantages of that strategy. Ch-3 [Jan. 21]

(Q) what do you mean by Best Cost Provider Strategy?

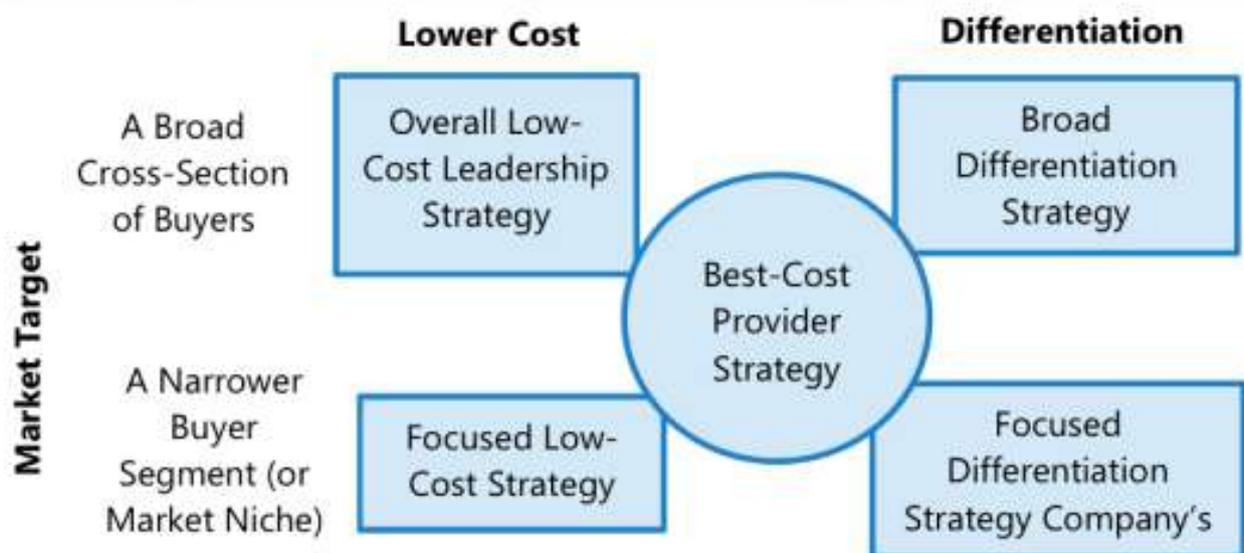


Figure: The Five Generic Competitive Strategies

> Best cost provider strategy involves providing customers more value for the money >

by emphasizing on lower cost & better-quality differences

> It can be done through :

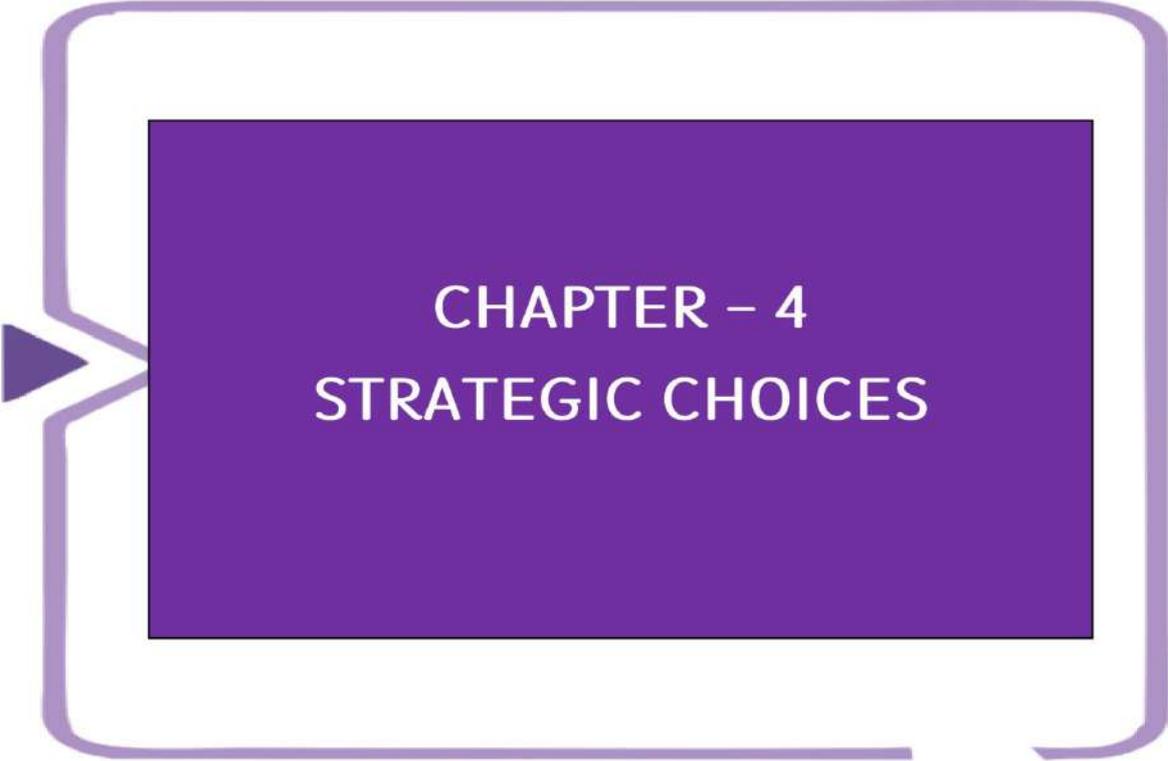
→ offering products at lower price as compared to rivals

↓
for products with comparable quality & features.

⇒ Cheaper price, Same Quality

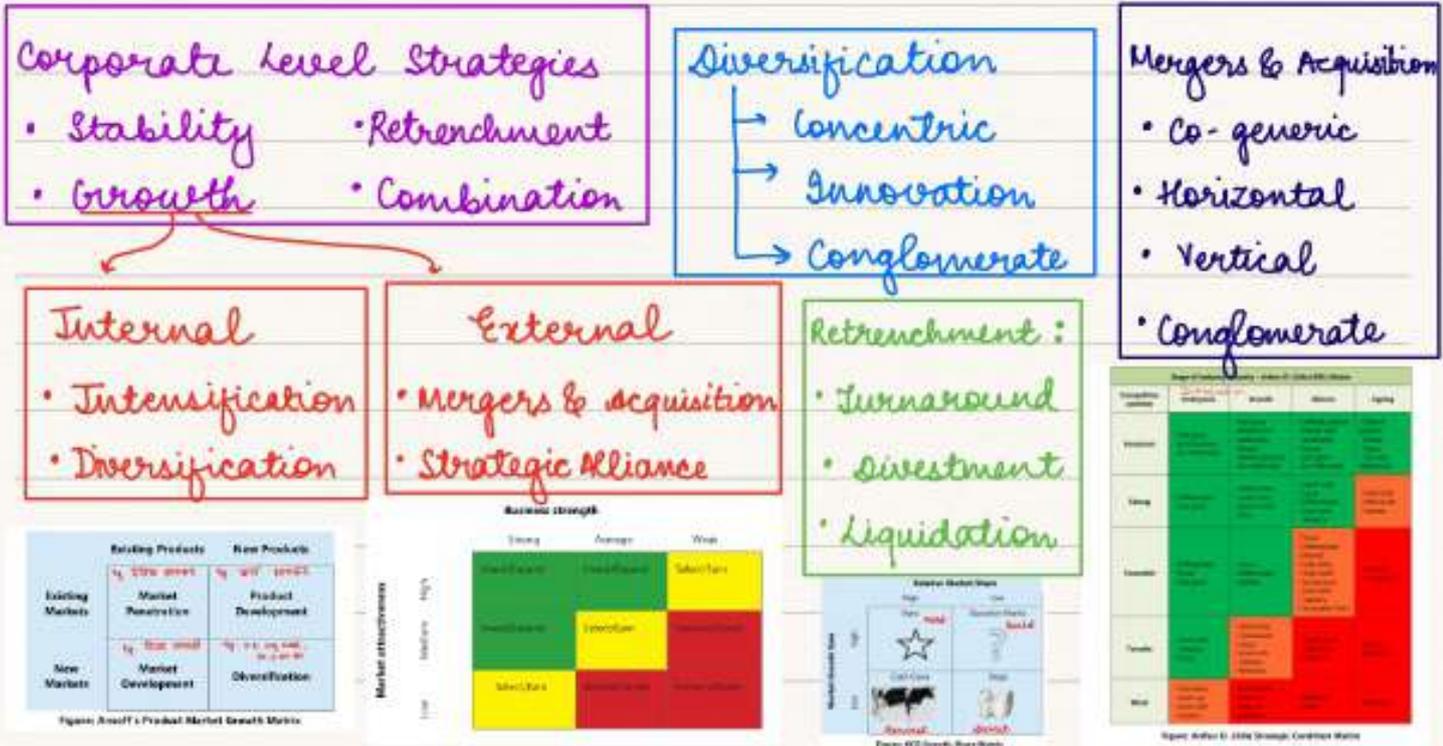
→ charging similar prices as by rivals for products with much higher quality & better features

⇒ Same Price, Better Quality.

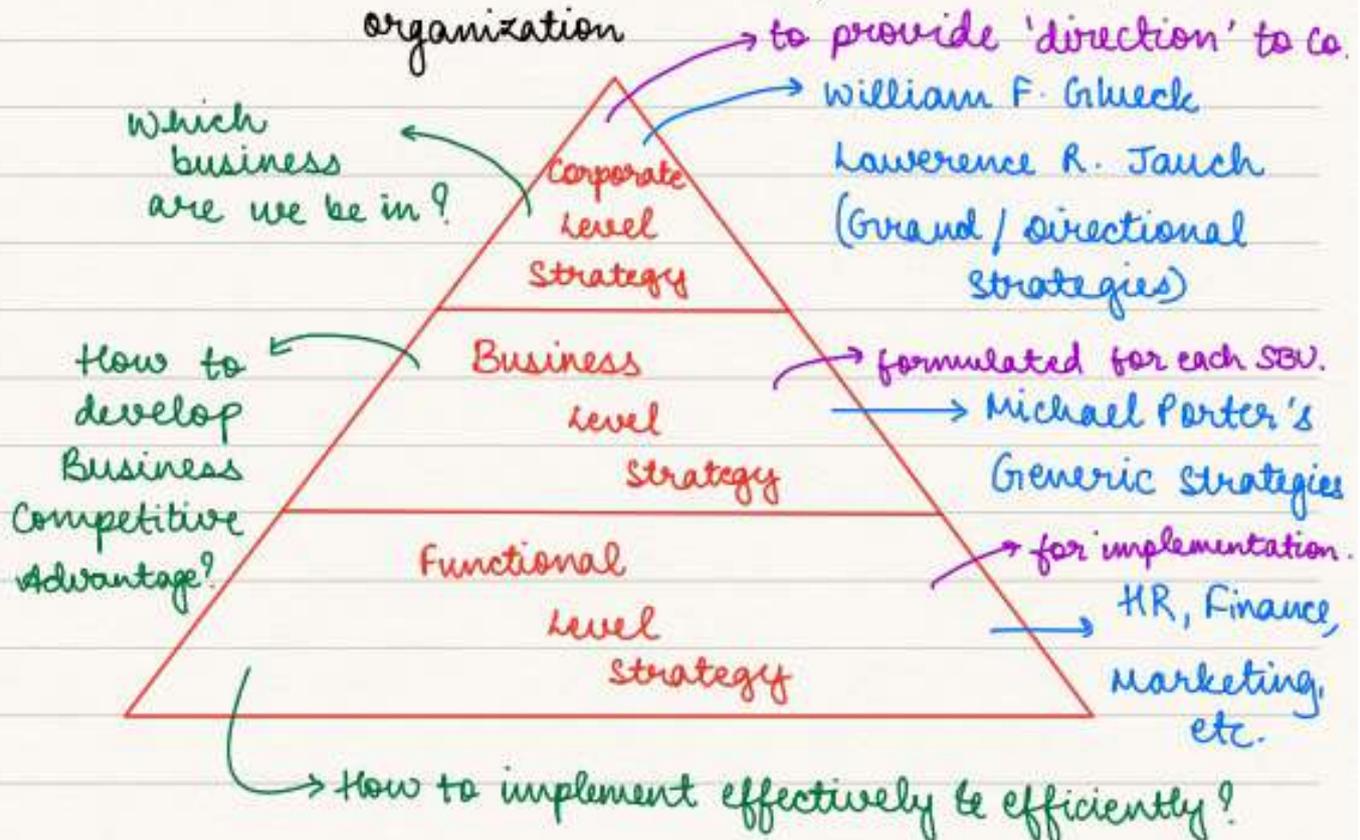


CHAPTER – 4
STRATEGIC CHOICES

Ch.4:- Strategic Choices



Basic concept : Levels at which strategies are developed in an organization



(Q) What are the various kinds of strategies?

> There are various strategies adopted by the business sometimes to :

- enter into the market; or
- stay in the relevant market; or
- grow or expand the particular market.

> strategies can be divided based on the following 3 bases :

1. **Level** → Corporate level
 → Business level
 → Functional level

2. **Business life cycle** → Introduction : Market Penetration
 → Growth : Expansion Strategy
 → Maturity : Stability Strategy
 → Decline : Retrenchment Strategy

3. **Competition** : → Competitive
 (Cost leadership, Differentiation, Focus)
 → Collaborative
 (Joint venture, Strategic alliance, Mergers & acquisition)



However, there is no **water tight compartmentation** in classification of strategies.

A Company might use expansion strategy & cost leadership strategy at the **same point of time**.

(Q) what do you mean by Corporate Level Strategy? (CLS)

> Corporate Level Strategy is the **top tier** of 3 Strategic Levels in the org.

> It answers the basic question that **"which business should the company be in?"**

> It also governs **allocation of resources** among various SBUs.

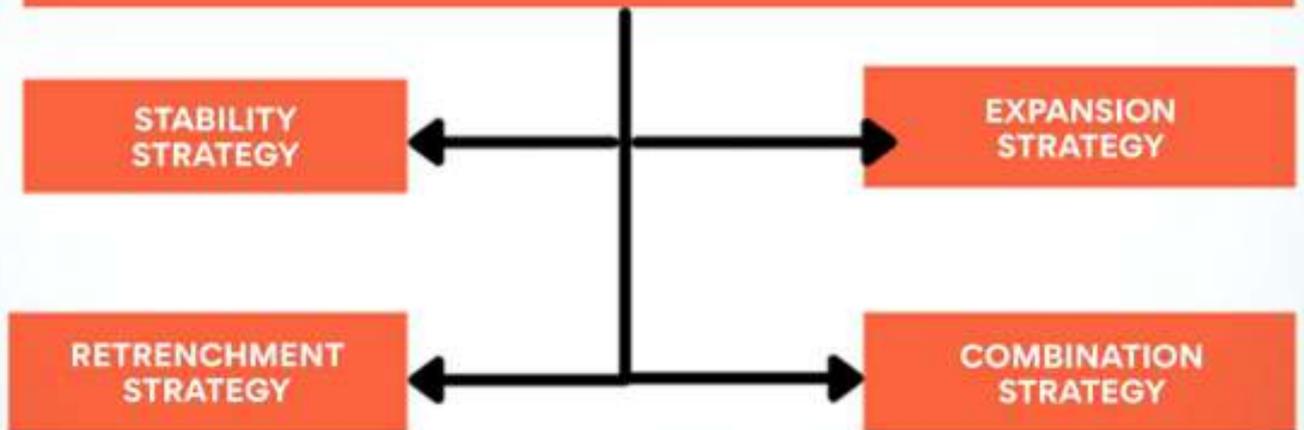
> CLS is **not the sum** of business/functional level strategies.

↓
But, it is a **wider concept** that **coordinates** between various business level strategies so as to achieve corporate level objectives.

> Also called **Grand/ Directional Strategies** given by William F. Glueck & Lawrence R. Jauch, namely:



TYPES OF CORPORATE-LEVEL STRATEGIES



(Q) what do you mean by Stability Strategy?

> aim : to stabilise

→ To safeguard its existing interests & strengths.

→ To pursue well established & tested objectives.

→ To continue chosen business path.

→ To maintain operational efficiency on a sustained basis.

→ To consolidate commanding position already reached.



- to optimise returns on resources committed in the business
- > It is not a 'do nothing' strategy.
- > a safe strategy that maintains status quo.
- > Does not involve redefinition of business.
- > Does not warrant much of fresh investments.
- > Risk involved: Less
- > Business can concentrate on its resources & existing businesses/products to markets
} VIDHYODAY
VIDHYA KA UDAY
thus leading to building of core competencies.
- > Modest Growth Objective.
- > • same business
 - same product - market posture & functions
 - same level of effort as present.
- > Desired income and profits can be earned through incremental improvements in functional efficiencies.

What is stability strategy? What are the reasons to pursue stability strategy?

[RTP Nov. 19]

summary

चाहिए

नहीं चाहिए

Others

. ABC Steel Industries finds out that its products have reached at maturity stage and already has overcapacity. Therefore, it concentrates on maintaining operational efficiency of its plants. Identity the strategy implemented by ABC Steel Industries along with reasons.

What is stability strategy? What are the reasons to pursue stability strategy? (RTP Nov 23)

(Q) what are the major reasons for opting Stability Strategy?

Product has reached the maturity stage of PLC

Staff feels comfortable with status quo \Rightarrow that involves less changes

Environment in which org. is operating is relatively stable

expansion may be perceived as threatening

after rapid expansion, firm might want to stabilise & consolidate.

Why don't startups aim for stability?

Find on
Pg. 4.7

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(Q) what do you mean by Growth/Expansion Strategy?

- > Implemented by redefining the business by enlarging the scope of business and substantially increasing investment in the business.
- > significant reformulation of goals & directions
- > onslaught into new products, new technology & new markets.
- > This strategy may take the org. along relatively unknown & risky paths, full of promises & pitfalls.

> Expansion Strategy opposite of Stability strategy.

- | | |
|--|---|
| <ul style="list-style-type: none"> • Very high rewards • Relatively higher risk. | <ul style="list-style-type: none"> • Limited Rewards • Lower Risk |
|--|---|

> Mammoth Growth ambition.

> Renewal of firm through fresh investments to new businesses/products/markets → facilitated only by Expansion Strategy.

> It is a highly versatile strategy.

It offers various permutations & combinations for growth.

> Two major strategy routes
↳ Intensification, Diversification



(Q) what are the major reasons for Growth/Expansion Strategy?

It may become imperative when environment demands increase in pace of activity.

Strategists may feel more satisfied with the prospects of growth

advantages from experience

may lead to greater control

Includes intensifying, diversifying, acquiring & merging business

curve to scale of operations may accrue

over competitors

15. Swift Insurance is a company engaged in the business of providing medical insurance maintaining a market share of 25 to 30 per cent in last five years. Recently, the company decided to enter into the business of auto insurance by having foreign collaboration. Identify the strategy being followed by the Swift Insurance with its advantages. [RTP May 18]

Q35 ✓

Which strategy is implemented by redefining the business, by enlarging its scope of business and substantially increasing investment in the business? Explain the major reasons for adopting this strategy. (1 + 4 = 5 Marks)

EMWAF

 [Nov 23]

Redefinition of business is involved in both "Expansion" and "Retrenchment" strategy, however, method involved in their execution is completely different. Explain. (5 Marks)

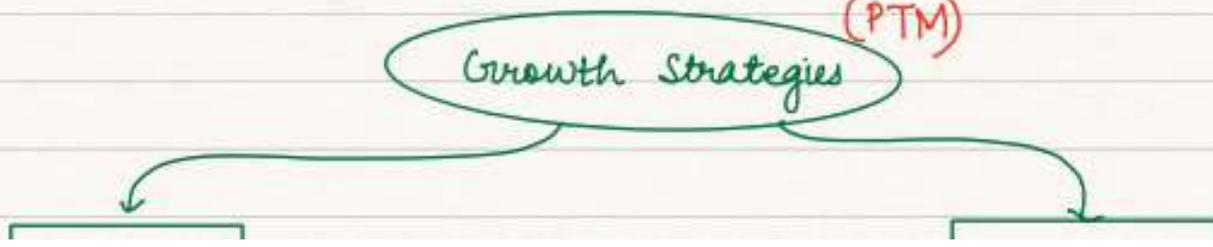
[MTP 1 Nov 23]

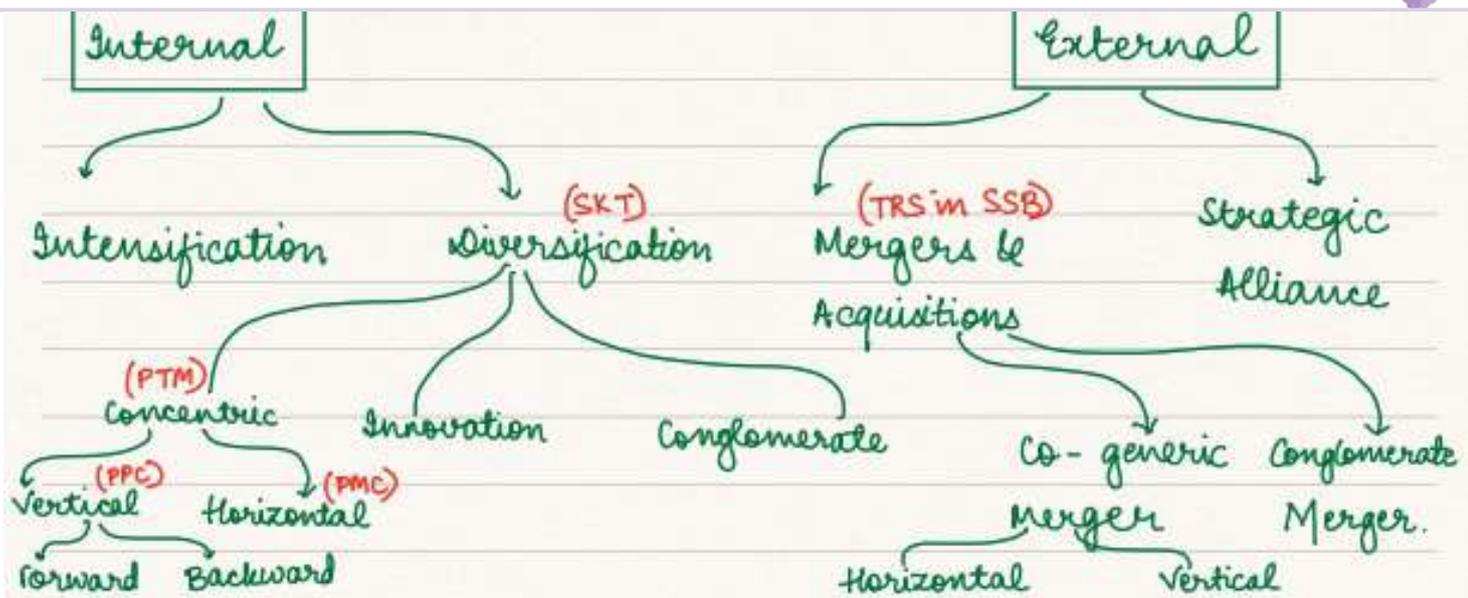
Justify the statement "Stability strategy is opposite of Expansion strategy".

[RTP May 24]

(Q) What are the types of growth strategy?

Growth Strategies (PTM)





(Q) What are the strategies that can be followed while opting for Intensification?

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Explain Intensification growth strategy.

> It means that the org. tries to grow internally by intensifying its operations by either of the following strategies:

i) **Market Penetration** :- The firm directs its resources to the profitable growth of its existing product in the existing market.

ii) **Market Development** :- Marketing present products to customers in related market by adding different channels of distribution or by changing the content of advertising or the promotional

media.

iii) **Product Development**:- Substantial modification of existing products or creation of new, but related items, that can be marketed to current customers through established channels.

> Under intensification, org. tries to cash on its internal capabilities & resources.

Table:3- Product-Market Expansion Grid

Market Penetration <ul style="list-style-type: none"> ◆ Increase market share. ◆ Increase product usage. ◆ Increase the frequency used. ◆ Increase the quantity used. ◆ Find new application for current users. 	Product Development <ul style="list-style-type: none"> ◆ Add product features, product refinement. ◆ Develop a new-generation product. ◆ Develop new product for the same market.
Market Development <ul style="list-style-type: none"> ◆ Expand geographically Target new segments. 	Diversification involving new products and new markets <ul style="list-style-type: none"> ◆ Related / Unrelated.

(Framework by Igor H. Ansoff)
 (Ansoff Product - Market Growth Matrix)

(Q) Explain the concept of Diversification strategy.

> When a firm tries to grow & expand by diversifying into various products or fields.

> An internal growth strategy.

> New Product in New market



> Entry into new products / product lines, new services or new markets



involving substantially different skills, technology, & knowledge (SKT)

> Utilising existing facilities & capabilities in a more effective and efficient manner.

> It offers the entity synergic advantage.

> It is adopted by innovative & creative firms, ready to break new frontiers with the zeal of entrepreneurship.

> Sometimes, company enters into markets & products that has little or no affinity with existing product line, it is called conglomerate

diversification.

> When company wants to use existing capacity & enter into **related fields**, it is called **concentric diversification**.

> There are 3 types of diversification :

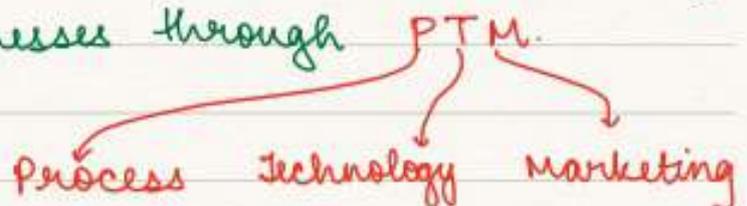
- (a) Concentric
- (b) conglomerate
- (c) Innovation

(Q) what do you mean by Concentric Diversification?



> It takes place when products are **related**.

> The new business is **linked to** existing businesses through **PTM**.



> The new product is a **spin-off** from the existing facilities & products/processes.

> There are **benefits of synergy** with current operations.



> The new product is only connected in a loop-like manner at one or more points in firm's existing process/ technology/ product chain.

(Q) What are the types of concentric diversification? Explain.

1. Vertically integrated diversification

> Firms opt to engage in businesses that are related to the existing business of the firm.

> The firm remains vertically within the same process sequence moves forward or backward in the chain.

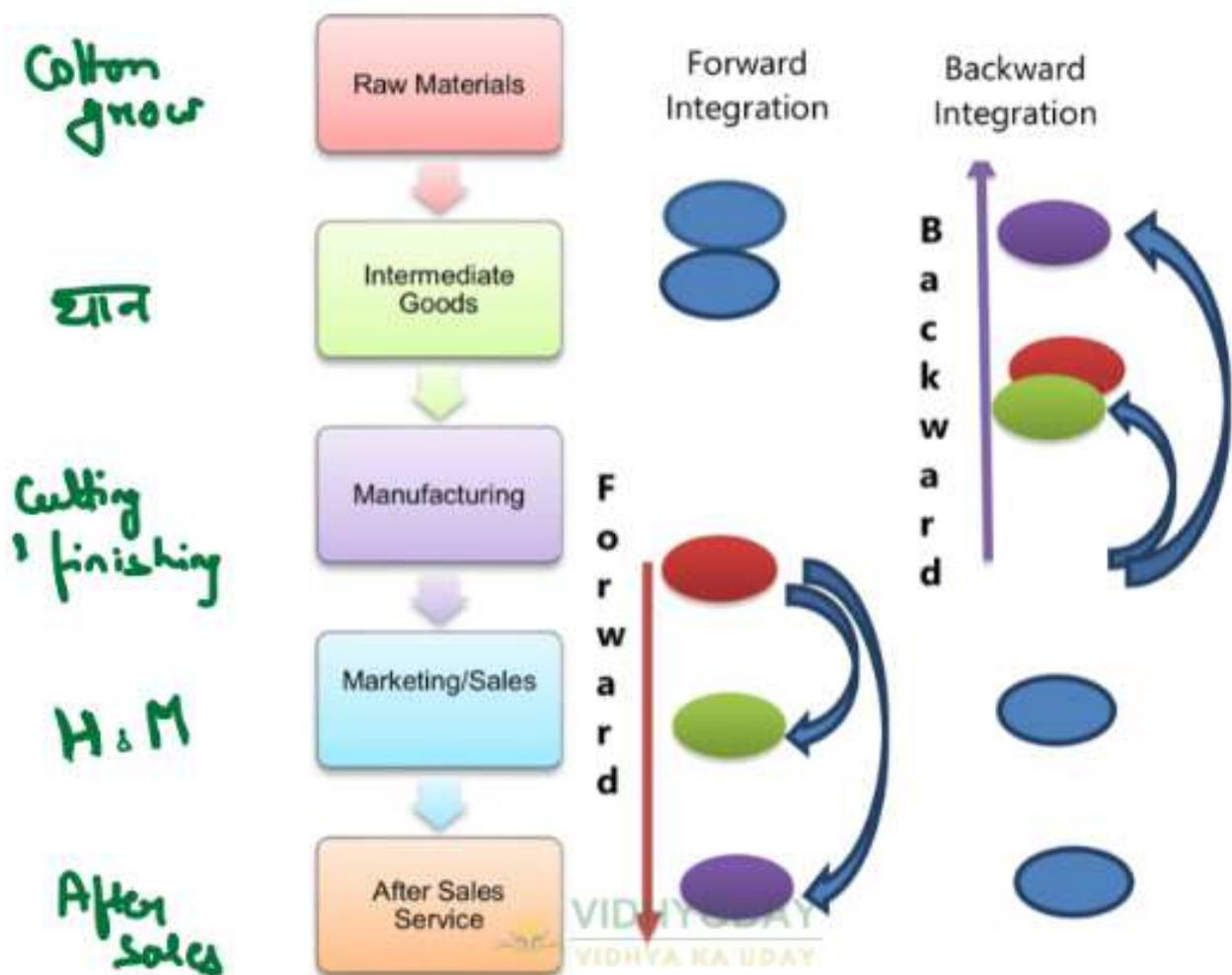
> The firm remains in the vertically linked Product-Process-Chain (PPC)

> A firm can either opt for forward or backward integration

Leatherite Ltd. was started as a leather company to manufacture footwear. Currently, they are in the manufacturing of footwears for males and females. The top management desires to expand the business in the leather manufacturing goods. To expand they decided to purchase more machines to manufacture leather bags for males and females.

Identify and explain the strategy opted by the top management of Leatherite Ltd.

[RTP Nov. 21]



Vastralok Ltd., was started as a textile company to manufacture cloth. Currently, they are in the manufacturing of silk cloth. The top management desires to expand the business in the cloth manufacturing. To expand they decided to purchase more machines to manufacture cotton cloth.

Identify and explain the strategy opted by the top management of Vastralok Ltd.

[RTP Nov. 18]

(Q) what do you mean by Forward Integration ?

> It is moving **forward** in the value chain to entering business lines that **USE** existing products.

> It also takes place where org(s) enter into businesses of **distribution channels**.

> eg. → oil exploration → oil refining → Petrol Pumps

FORWARD



> To gain greater control over **supply** of a product whereby a co. will purchase/build a business that will increase its own **supply capability**.

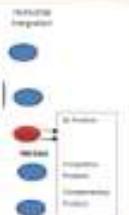
(Q) what do you mean by Backward Integration?

> It is concerned with **creation of effective supply** by entering business of **input providers**.



> To gain greater control over production of a product whereby co. will purchase/build a business that will **lessen its cost of production**.

(Q) what do you mean by Horizontal Integrated Diversification?



> a firm diversifies horizontally by integrating through acquisition of one or more **similar**

businesses operating at the same stage of the production - marketing chain.

> They can also integrate with the firms producing complementary products or by-products or by taking over competitors' products.

(Q) What do you mean by conglomerate diversification?

> No linkages related to product, market or technology exist.

> The new businesses/products are disjointed from existing businesses/products in every way.

> It is totally Unrelated Diversification.

> Conglomerate diversification has no common thread at all with firm's present position.

> In process/technology/function, there is no connection between the new products & the existing ones.

Jynklo Ltd. is an established online children gaming company in Japan. They are performing good in the gaming industry. The management of Jynklo Ltd. has decided to expand its business. They decided to start a premium sports drink named JynX for athletes. Identify and explain the growth strategy adopted by Jynklo Ltd.? [RTP Nov 23]

. What do you understand by diversification? Distinguish between concentric and conglomerate diversification. [May 2022]

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

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

Discuss the nature of corporate strategies being suggested by two brothers and risks involved in it. [May 19]

X 14
Distinguish between Concentric Diversification and Conglomerate Diversification. (5 Marks)

[MTP I May 24]

14 J /
Explain the concept of vertically integrated diversification. How is forward integration different from backward integration? 5 [May 24]

(Q) Explain the concept of Innovation?
also state its advantages.

> gives **upgradation** of existing product lines or processes ↘

leading to **increased** market share, revenues, profitability & **customer satisfaction.**



> Innovation offers the following / the advantages of innovation strategy are:

i) helps to solve complex problems

→ a business strives to find opportunities in existing problems of the Society.



& it does so, through planned innovation in areas of expertise.

→ Innovation helps to solve complex problems by developing customer centric sustainable solution.

→ It might be costly in introductory stages

but in longer run, it will only have economical & environmental sustainability.

ii) Increases Productivity



→ It leads to simplification and in most cases automation of existing tasks.

→ Productivity is defined as a measure of final output from a task or a process.

→ eg → MS Excel

→ Thus, innovation creates a **ripple effect** that has a far and wide impact across industries.

(iii) Gives competitive advantage

→ The faster the business innovates, the farther it goes from its competitor's reach.

→ Innovative products need **less marketing** as they aim to provide **added satisfaction** to consumers

thus creating



→ Innovation not only helps **retain the existing customers** but helps **acquire new ones with ease**.

Summary of Innovation strategy

‘Innovation leads to unnecessary expenses that do not give as many 1+4 returns.’ Do you agree with the statement? Give reasons in support of your answer. =5

[May 24]

Q) what do you mean by mergers & acquisitions?



> It is an attractive & tempting proposition

↓
as it circumvents the time, risks and skills

involved in screening internal growth opportunities, seizing them, and building up the necessary resource base required to materialize growth. (TRS in SSB)

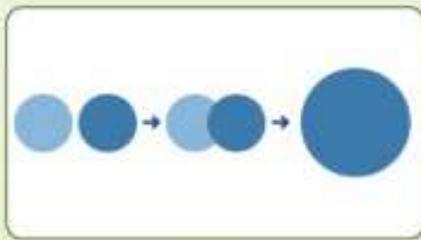
> It is directed to achieve measure of synergy between parent & acquired enterprise.

> It is process of combining 2 or more org(s) together.

> There is a thin line of difference in words, but the impact of combinations is completely different.

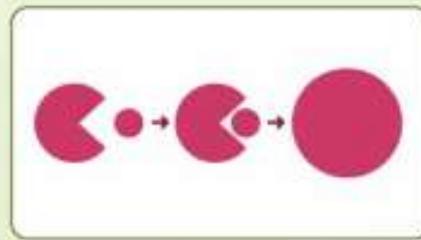
(Q) What is the difference between mergers & acquisition?

Difference Between Merger and Acquisition



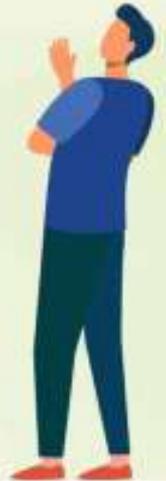
Merger

$$X + Y = XY$$



Acquisition

$$X + Y = X$$



Mergers

- Entities are at the same level.
- Business operations run under a new combined brand name.
- Friendly terms
- Happen in order to gain synergy & exploit trade barriers.

Acquisition

- One powerful entity acquires weaker entity.
- Business operations are run under the name of the powerful entity.
- Hostile terms
- Happens in recession where weaker companies are forcefully acquired.

Explain the term Merger and Acquisition as a growth strategy. Differentiate between both of them. State the situations in which such strategies are considered by any organization. [RTP Nov. 21]

(Q) Explain various types of merger.

> There are 4 types of merger :

- (a) Horizontal merger (b) Vertical merger (c) Co-generic merger (d) Conglomerate merger

(a) Horizontal merger

> combination of firms engaged in same industry.

> merger with direct competitor.

- > Objective :-
- To achieve economies of scale
 - shedding duplication of installations and functions
 - widening the line of products
 - decreasing working capital & fixed assets investment
 - getting rid of competition, etc.

Eg. • Vodafone & Idea

• Lipton India & Brook Bond
= Brook Bond Lipton India Ltd.



(b) Vertical merger

> merger of two orgs. working in the same industry but at different stages of production/distribution system.

> Results in operating & financial economies.

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> Help to create an advantageous position by restricting the supply of inputs to other players, or by providing the inputs at a higher cost.

Vertical merger

Backward Integration

Forward Integration

org. takes over its supplier or producer of RM.

org. takes over its buyer orgs./distribution channels.

(c) Co-generic merger

> merging orgs. are associated in some way or the other related

to the production processes, business markets, or basic required technology.

- > Includes extension of product line or acquiring components that are required in daily operations.
- > offers great opportunities to businesses to diversify around a common set of resources & strategic requirements.

> Eg. \Rightarrow Heinz & Kraft



(d) conglomerate merger

- > combination of orgs. that are unrelated to each other.
- > NO LINKAGES with respect to consumer groups, customer functions & technologies being used.
- > No common factors b/w the orgs. in production, marketing, R&D and technology.
- > In practice, however, there is some degree of overlap in one or more of these factors.

> Eg. ABC & Disney



summary of all types of merger.

(Q) what do you mean by strategic alliance?

- > A relationship b/w two or more businesses that enables each to achieve strategic objectives which neither of them would be able to achieve on its own.
- > Strategic partners maintain their status as independent & separate entities.
- > They share the benefits & control over partnership & continue to make contributions to the alliance, unless it is terminated.
- > often formed in global marketplace.

(Q) What are the advantages of Strategic Alliance?

E. S. O. P.



1. Economic (Toyota + Suzuki)

- ⊙ Production ↑ economies of scale ↑ Cost p.u. ↓
- ⊙ can take advantage of co-specialization.
- ⊙ creates additional value.

(2) Strategic (OPEC)

- ⊙ Rivals join together to cooperate than to compete.
- ⊙ can be a business competitive advantage due to sharing of resources.
- ⊙ can help in breakthrough technology & joint R&D.

(3) Organizational (Apple + Samsung)

- ⊙ helps to learn necessary skills.
- ⊙ can obtain certain capabilities.
- ⊙ may benefit production capacity, distribution channel or extend supply chain.

(4) Political (Tata & Starbucks)

- ⊙ to gain access in the foreign markets.
- ⊙ seek for politically influencing partners.

(Q) what are the disadvantages of Strategic Alliance?

① sharing of info. & trade secrets

② an ally may become foe in the future
(Keros & Honda) ∴ may create potential competition.

summary of strategic Alliance.



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

[RTP May 21]

. Organo is a large supermarket chain. It is considering the purchase of a number of farms that provides Organo with a significant amount of its fresh produce. Organo feels that by purchasing the farms, it will have greater control over its supply chain. Identify and explain the type of diversification opted by Organo? [RTP May 20]

. Write short note on expansion through acquisitions and mergers. [RTP May 20]

What are the advantages of a strategic alliance? [RTP May 19]



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

[RTP May 18]

Explain the Strategic Alliance. Describe the advantages of Strategic Alliance.

[Nov. 19]

GWA, a leading Japan based automobile company decides to make India a hub for the company's 250cc leading Indian motorcycle manufactured in collaboration with TPR Group, a leading Indian motorcycle manufacturer. The production is to be exported to the company's home market as well as to other African countries.

What is this growth strategy called? Point out the most important advantages both the companies expect from such strategy/collaboration.

[December 2021]

7. Health Pharma Pvt. Ltd. (HPPL) a one person company with limited liability is manufacturing generic and medicinal drugs in India.

Hygiene Laboratories Plc. (HLP) a multinational company with its strong financial position is one of the major players in pharmaceutical sector.

Individually, each company has its own core competencies. However, additional focus by the state on generic medicine with renewed regulatory requirements are posing challenges in fierce competitive environment.

Considering benefits of synergies, both the companies are considering to join hands for better growth opportunities. Earlier, they tried to go for joint venture or strategic alliance but the arrangement could not materialize.

In view of the facts given above:

- (i) If HPPL and HLP join hands and make new entity named Health N Hygiene Pharma Ltd., what type of growth strategy will this strategic development be?
- (ii) In case, HLP is sold out to HPPL and HLP ceased to exist, what type of growth strategy will this strategic deal be?
- (iii) What are the differences between the above two identified growth strategies?

Q24

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

[Nov 23] (1 + 4 = 5 Marks)

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

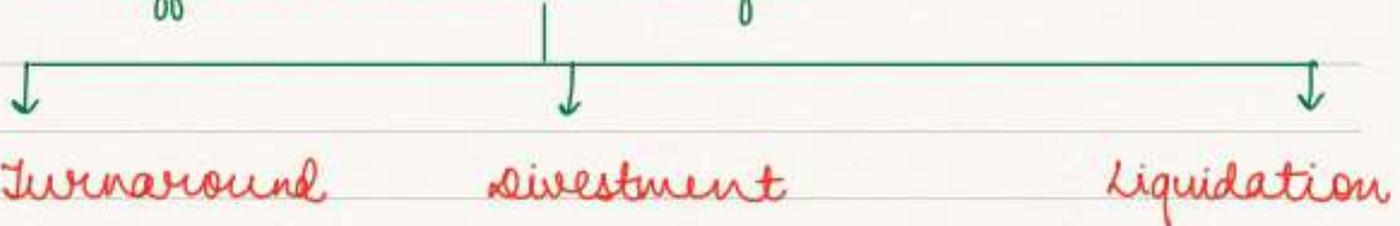
[MTP II May 24] (5 Marks)

(Q) What do you mean by Retrenchment Strategy?

> When an org. reduces its scope of operations substantially, then the firm is said to follow Retrenchment Strategy.

> It is done with a view to identify the problem areas & diagnose the causes of the problem.

> Further, steps are taken to resolve the problem & it may result in different retrenchment strategies.



(Q) What are the major reasons/key indicators for Turnaround, overall retrenchment strategy?

चार कम, दो ज्यादा

- ⊙ cashflow/profitability ↓
- ⊙ Physical conditions ↓
- ⊙ Market share ↓
- ⊙ competitiveness ↓
- ⊙ mismanagement ↑
- ⊙ Employee Turnover Ratio ↑

(Q) what do you mean by Turnaround Strategy? what are the steps that are to be followed under this type of strategy?

- ⊙ Retrenchment may be done
 - ↳ Internally
 - ↳ Externally

⊙ For internal retrenchment, emphasis is laid on **internal efficiency**, known as turnaround strategy.

> Steps to follow under Turnaround Strategy:

1.) Assessment of Current Problem

- > First step is to :
- ⊙ assess the current problems
 - ⊙ get to the root causes.
 - ⊙ the extent of damage the problem has caused
- ↓ then

Resources should be focused toward those areas essential to efficiently work on correcting & repairing

any immediate issues.

2) Analyse the situation & develop a Strategic plan.

> Before making any major changes

determine the chances of business's survival.

viable core products?

develop an appropriate strategy & preliminary action plan.

use resources, strengths of the co. & bridge financing.

(3) Implementing an emergency action plan

critical stage?

Develop the plan to stop the bleeding of the org.

Focus on HR, finance, marketing, Budgeting, Reducing w.c., Reducing cost, & accelerating potential product lines, restructuring.

4) Restructuring the business

Whether core business is irreparably damaged?



↓
 Prepare **forecast** for cash, analyse assets,
 review profits.

↓
 Product mix

↓
 People mix.

5) **Returning to Normal**

↓
 Final stage

↓
 firm shows signs of profitability, ROI, enhance
 economic value added.

3. General public is discerning from buying air conditioning units based on the Health Ministry guidelines regarding emergence of a contagious viral pandemic. Consequently, Nebula Pvt. Ltd, a manufacturer of evaporation coils used in air conditioning units has faced significant loss in working capital due to sharp fall in demand. The company conducted financial assessment and developed a workable action plan based on short and long term financial needs. But for immediate needs, an emergency plan has been implemented. It includes selling scrap, asset liquidation and overheads cost reduction. Further, to avoid any such untoward event in future, they plan to diversify into newer business areas along with its core business. Identify and explain the strategy opted by M/s. Nebula Pvt. Ltd.? [RTP Nov. 20]

Pizza Galleria was India's first pizza delivery chain enjoying monopoly for several years. However, after entry of Modino and Uncle Jack it is struggling to compete. Both Modino and Uncle Jack have opened several eateries and priced the product aggressively. In last four years the chain has suffered significant losses. The chain wishes to know whether they should go for turnaround strategy. List out components of action plan for turnaround strategy. [RTP Nov. 19]

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

Suggest a grand strategy that can be opted by Soft Cloth Ltd. [RTP May 19]

. The CEO of a textile mill is convinced that his loss making company can be turned around. Suggest an action plan for a turnaround to the CEO. [July 21]

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

[Nov. 19]

"There are certain conditions or indicator which point out that a turnaround is needed if the company has to survive". Discuss. [December 2021]

) The CEO of a textile mill believes that his company, currently operating at a loss, can be turned around. Develop an action plan outlining steps the CEO can take to achieve this turnaround. (5 Marks)

[MTP I May 24]

(Q) what do you mean by divestment strategy?

- > It involves the sale or liquidation of a portion of business, or a major division, profit centre or SBU.
- > Usually a part of rehabilitation or restructuring plan.
- > It is opted when turnaround has been attempted but proved to be unsuccessful or when divestment is the only option.

(Q) what are the characteristics of divestment strategy?

- ⊙ Viewed as an integral part of corporate strategy without any stigma attached.
- ⊙ Involves divestment of some of the activities of the business or sell-out of some businesses.

(Q) what are the reasons for Retrenchment Strategy? (common points)

- > management no longer wishes to remain in business either partly / wholly due to continuous losses & unviability.
- > Technological upgradation necessary for survival → not possible for the firm.
- > Persistent negative cash flows from a particular business create

financial problems for the whole Co., ∴ divestment needed.

> The business acquired proves to be a mismatch & cannot be integrated with the Co.

> severity of competition & the inability of a firm to cope with it.

> Better alternative for investment exists.

> management feels the business could be made viable by divesting some of the activities or liquidation of unprofitable activities.

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Reasons for divestment strategy

= Reasons for Retrenchment strategy

except for the 1st and 7th (last) point of the above answer.

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

What is Divestment strategy? When is, it adopted?

[RTP Nov. 20]

What is Divestment strategy? When is it adopted?

[RTP Nov. 18]



9. Mini theatre Ltd. was a startup venture of three young IIM graduates. They developed an application to watch web-based content like web series, TV Shows, theatre shows, etc. after purchasing their exclusive rights. They were successful in getting many consumers enrolled with them. After a certain span of time, the company realized that some regional content like 'bangla movies', 'Gujarati shows' etc. were having high cost and less viewership. The leadership team of Mini theatre Ltd. decided to sell the rights and curtail any further content development in these areas.

Identify and explain the corporate strategy adopted by the leadership team of Mini theatre Ltd. [RTP May 21]

3. A company started its operation in 2015 with Product Alpha. In early 2021, with intent to have its better presence in the market, the company diversifies by acquiring a company with product Beta. After sometime, it was observed that product Beta is not faring well. Aggressive competition was therein market for the product. It was also revealed that though customers are not price sensitive, but product was not keeping pace with the fast changing unique features as expected by its customers.

Company has tried one of the retrenchment strategies by putting efforts to improve its internal efficiency, but could not get desired results. In the situation, company is of a considered view to remain and grow in product alpha and to decouple with product Beta from its portfolio.

As a strategist, suggest the retrenchment strategy to be adopted by the company. Also delineate reasons why a company should adopt such strategy? [December 2022]

Q) what do you mean by liquidation strategy?

⊙ last resort after having tried turnaround & divestment strategies.

① selling off assets & paying off the liabilities.

② most extreme & unattractive option

③ It results in consequences like loss of employment for workers, stigma of failure.

④ It believes on the concept that "a dead business is worth more than alive"

1. Briefly describe the meaning of divestment and liquidation strategy and establish difference between the two. [Nov. 20]



1. XYZ Ltd. is a multi-product company, suffering from continuous losses since last few years and has accumulated heavy losses which have eroded its net worth.

What strategic option is available to the management of this sick company? Advise with reasons. [May 18]

"XYZ Ltd., a multi-product company, has been experiencing consistent losses in recent years, leading to a significant erosion of its net worth. What strategic options should the management consider addressing the company's current situation? Provide recommendations along with supporting reasons."

[MTP II Nov 23] (5 Marks)

(Q) what do you mean by combination strategy?



① Stability, growth & retrenchment strategies are not mutually exclusive. We can use a mix of the above to suit a particular condition.

② An enterprise may use stability in some areas (Tata steel), expansion in others (Tata Motors) & retrenchment in a few divisions (Tata Televisions).



③ For some organisation, even while following expansion strategy, it may call for retrenchment of some obsolete products, production facilities & plant locations.

④ Reasons :

- (i) Large org. faces complex EVs.
- (ii) Diff biz. in Diff. industry.

(Q) What do you mean by Portfolio Analysis / Strategic options?

> These need to be carved out from existing products & innovations that are happening in the industry.



> These are set of models that help the strategists in taking strategic decisions with regards to individual products or businesses in a firm's portfolio.

> Primarily used for competitive analysis and corporate strategic planning in multi-product & multi-business firms.

> main advantage :- Resources could be channelised at the corporate level to those businesses that possess the greatest potential.

> In order to design the business portfolio



analyse the current business portfolio



decide, which business should receive more, less or no investment.

(Q) Explain the Ansoff's Product Market Growth Matrix.

- > proposed by Igor Ansoff (Igor Shroff).
- > helps the businesses to decide their product & market growth strategy.
- > by use of this matrix, a business can get a fair idea about how its growth depends upon its markets in new or existing products in both new & existing markets.
- > It is a useful device for identifying growth opportunities for the future.

	Existing Products	New Products
Existing Markets	Eg: दैनिक भास्कर Market Penetration	Eg: बाल भास्कर Product Development
New Markets	Eg. दिव्य मराठी Market Development	Eg: D.B. City Mall, 94.3 MY FM. Diversification

Figure: Ansoff's Product Market Growth Matrix

GUCCI



a luxury clothing brand

(1) Market Penetration

> It is called **doing business on steroids**.

> Here, business focuses on **selling existing products into existing markets**.

> might require great spending on **advertising or personal selling campaign**



supported by a **pricing strategy** designed to make the **market unattractive for competitors**.

> **aim**: Increasing usage by existing customers

Eg. ⇒ Gucci selling its luxury clothing in European markets with new designs.

2) Market Development

> where the business seeks to sell its **existing products into new markets**.

> It involves identifying & developing new markets for current company products.

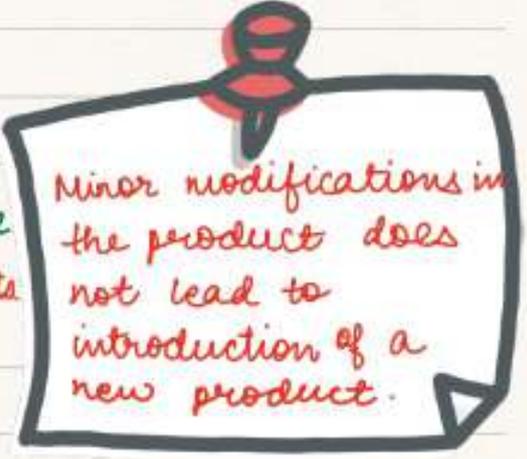
> Eg. Gucci selling its luxury products in Chinese markets.



3) Product Development

> Here, the business aims to introduce new products into existing markets.

> It may require the development of new competencies & requires the business to develop modified products



Minor modifications in the product does not lead to introduction of a new product.

> Eg: Gucci selling casual clothing in European markets.

4) Diversification



> When a business markets new products in new markets.

> It is a strategy by starting up/ acquiring businesses outside the company's current products & markets.

> A risky strategy because it does not rely either on company's successful product or its position in established markets.

> The business is moving into markets in which it has little or no experience.

> Eg. Gucci selling casual clothing in Chinese markets.

Ansoff's Matrix.

Ajanta & Sons Limited are manufacturers of domestic household security alarms for high income group homeowners in India. The company is currently reviewing two strategic options.

Option 1: Selling the same alarms although with different coverings to smaller and low-income group households at a lower price.

Option 2: Development of new, more sophisticated alarms and a wide range of security services (guards and surveillance) for sale to industrial clients for higher prices.

The senior management team of Ajanta & Sons Limited are keen to analyse the two options using Ansoff's matrix. [RTP Nov. 21]

How Ansoff's Product Market Growth Matrix is a useful tool for business organizations? [RTP Nov. 18], [MTP Nov. 21]

(Q) Explain the concept of ADL Matrix.

> Proposed by Arthur D. Little.

- > portfolio analysis based on Product Life Cycle.
- > It is a two dimensional matrix based on stage of industry maturity & firms' competitive position.
- > Stage of industry maturity : an environmental measure that represents a position in industry's life cycle.
- > It's a four by five matrix (4x5).
- > Competitive Position : a measure of business strengths that helps in categorization of products or SBU's into one of the five competitive positions :

- ◆ dominant,
- ◆ strong,
- ◆ favourable,
- ◆ tenable and
- ◆ weak

- (a) **Dominant** :-
- Rare position
 - Monopoly / strong & protected technological leadership.
- (b) **Strong** :-
- ⊙ The firm has a considerable degree of freedom over its choice of strategies.
 - ⊙ often able to act without its market position being unduly threatened by its competitors.
- (c) **Favourable** :-
- ⊙ When industry is fragmented
 - ⊙ no one competitor stand out clearly.
 - ⊙ A reasonable degree of freedom.
- (d) **Viable** :-
- ⊙ Firms within this category are able to perform satisfactorily & can justify staying in the industry.
- (e) **Weak** :- Performance of the firms in this category is generally unsatisfactory.

Stage of industry maturity - Arthur D. Little (ADL) Matrix				
Competitive position	<i>Introduction</i> Embryonic	Growth	Mature	Ageing
Dominant	<ul style="list-style-type: none"> - Fast grow - Build barriers - Act offensively 	<ul style="list-style-type: none"> - Fast grow - Attend cost leadership - Renew - Defend position - Act offensively 	<ul style="list-style-type: none"> - Defend position - Attend cost leadership - Renew - Fast grow - Act offensively 	<ul style="list-style-type: none"> - Defend position - Renew - Focus - Consider withdrawal
Strong	<ul style="list-style-type: none"> - Differentiate - Fast grow 	<ul style="list-style-type: none"> - Differentiate - Lower cost - Attack small firms 	<ul style="list-style-type: none"> - Lower cost - Focus - Differentiate - Grow with industry 	<ul style="list-style-type: none"> - Find niche - Hold niche - Harvest
Favorable	<ul style="list-style-type: none"> - Differentiate - Focus - Fast grow 	<ul style="list-style-type: none"> - Focus - Differentiate - Defend 	<ul style="list-style-type: none"> - Focus - Differentiate - Harvest - Find niche - Hold niche - Turnaround - Grow with industry - Hit smaller firms 	<ul style="list-style-type: none"> - Harvest - Tumaround
Tenable	<ul style="list-style-type: none"> - Grow with industry - Focus 	<ul style="list-style-type: none"> - Hold niche - Turnaround - Focus - Grow with industry - Withdraw 	<ul style="list-style-type: none"> - Turnaround - Hold niche - Retrench 	<ul style="list-style-type: none"> - Divest - Retrench
Weak	<ul style="list-style-type: none"> - Find niche - Catch-up - Grow with industry 	<ul style="list-style-type: none"> - Turnaround - Retrench - Niche or withdraw 	<ul style="list-style-type: none"> - Withdraw - Divest 	<ul style="list-style-type: none"> - Withdraw

Figure: Arthur D. Little Strategic Condition Matrix

Write a short note on the role of ADL Matrix in assessing competitive position of a firm. [RTP Nov. 20]

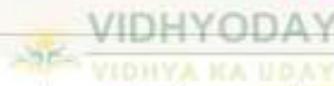
(Q) Explain the concept of BCG matrix.

> BCG = "Boston Consulting Group"

> simplest way to portray a corporation's portfolio of investments.

> known for resource allocation in a diversified Co.

> Using the BCG approach, a Co. classifies its different businesses on a two-dimensional growth-share matrix.



- ◆ The vertical axis represents market growth rate and provides a measure of market attractiveness.
- ◆ The horizontal axis represents relative market share and serves as a measure of company strength in the market.

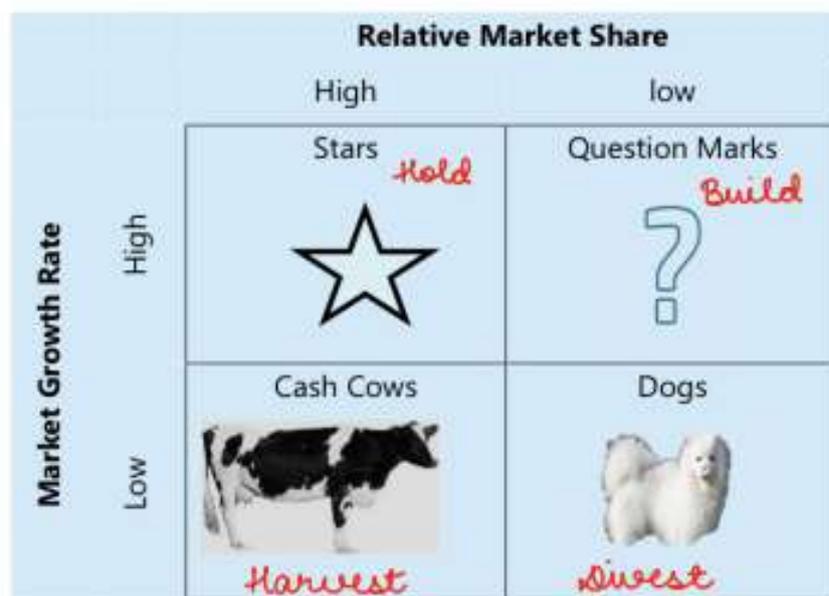


Figure: BCG Growth-Share Matrix



(1) Stars :- ⦿ products/SBUs growing rapidly.

⦿ need heavy investments to maintain their position & finance their rapid growth potential.

⦿ Best opportunities for expansion.

(2) Cash cows :- ⦿ low-growth, high market share businesses or products.

⦿ They generate cash & have low costs.

⦿ Established, successful & need less investment to maintain their market share.



⦿ In the long run, when the growth rate slows down, stars become cash cows.

(3) Question marks :- ⦿ also known as wildcats or problem children.



⦿ low market share business in high-growth markets.

⦿ Require a lot of cash to maintain their market share.

⦿ They need heavy investments with low potential to generate cash.

⦿ These, if left unattended, may become cash traps.

(4) Dogs :- ☺ low-growth, low-share businesses & products.



☺ They may generate enough cash to maintain themselves.

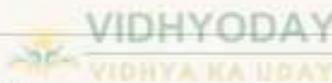
☺ But, they do not have much future.

☺ Dogs should be minimised by means of divestment or liquidation.

(Q) What are the limitations of BCG matrix?

→ can be difficult, time-consuming & costly to implement.

→ oversimplification



→ Focuses on classifying current businesses, but provide little advice for future planning

→ Management may find it difficult to define SBUs

→ Ignores interdependency.

→ We should be very careful in selecting the right market.

→ Only market share or growth can't be a factor for competitive position or industry attractiveness respectively.

(Case Study) Identify if the following is a Star or a Cash Cow?

SO Pharma Ltd. developed a new age medicine which cures cough in 3 hours with an investment of INR 80 crores in R&D. They named it "COUFIX". Coufix needs a lot of marketing spend to create awareness amongst the public and also needs funds to get licenses from the regulators. Interestingly, Coufix has gained 60% market share within 6 months of launch and been profitable since day 1. Is Coufix, a cash cow or a star for SO Pharma Ltd.?

ABC Corporation is a conglomerate with a diverse portfolio of businesses. One of its businesses is a well-established division in a mature and stable market. The division has maintained a high market share over the years but is experiencing slow growth due to market saturation. The management team is contemplating the best course of action for this division. How should ABC Corporation approach this division according to the BCG growth-share matrix, and what would be the rationale behind it? [RTP Nov 23]



XYZ Corporation is a multinational conglomerate operating in various industries. They have a diverse portfolio of businesses, including a leading consumer electronics division, a growing e-commerce platform, a mature industrial machinery division, and a newly established software development unit. Which division of XYZ Corporation would most likely be classified as a "Star" in the BCG Growth-Share Matrix? [RTP May 24]

(Q) Explain the concept of General Electric matrix / GE matrix / "Stop-light" Strategy Model.

> developed by GE with the assistance of the consulting firm McKinsey & Company.

- > Also known as Business Planning Matrix, GE Nine-Cell matrix and GE Model.
- > inspired from traffic control lights.
- > green \Rightarrow 'go' (expand, invest and grow)
- > yellow or amber \Rightarrow 'caution' (needs caution & managerial discretion \rightarrow is called for making the strategic choices).
- > red \Rightarrow 'stop' (divestment, retrenchment or liquidation)
- > This model uses two factors while taking strategic decisions \therefore Business strength & Market attractiveness.
- > The vertical axis indicates market attractiveness. It depends on following factors:
 - ◆ Size of the market.
 - ◆ Market growth rate.
 - ◆ Industry profitability.
 - ◆ Competitive intensity.
 - ◆ Availability of Technology.
 - ◆ Pricing trends.
 - ◆ Overall risk of returns in the industry.
 - ◆ Opportunity for differentiation of products and services.
 - ◆ Demand variability.
 - ◆ Segmentation.
 - ◆ Distribution structure (e.g. direct marketing, retail, wholesale) etc.

> The horizontal axis shows the *business strength in the industry*. It depends on the following factors:

- ◆ Market share.
- ◆ Market share growth rate.
- ◆ Profit margin.
- ◆ Distribution efficiency.
- ◆ Brand image.
- ◆ Ability to compete on price and quality.
- ◆ Customer loyalty.
- ◆ Production capacity.
- ◆ Technological capability.
- ◆ Relative cost position.
- ◆ Management calibre, etc.

		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

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> This model is similar to BCG Matrix.

> Certain difference b/w these two matrices:

→ market attractiveness replaces market growth as a dimension of industry attractiveness & includes a broader range of factors other than just market growth rate.

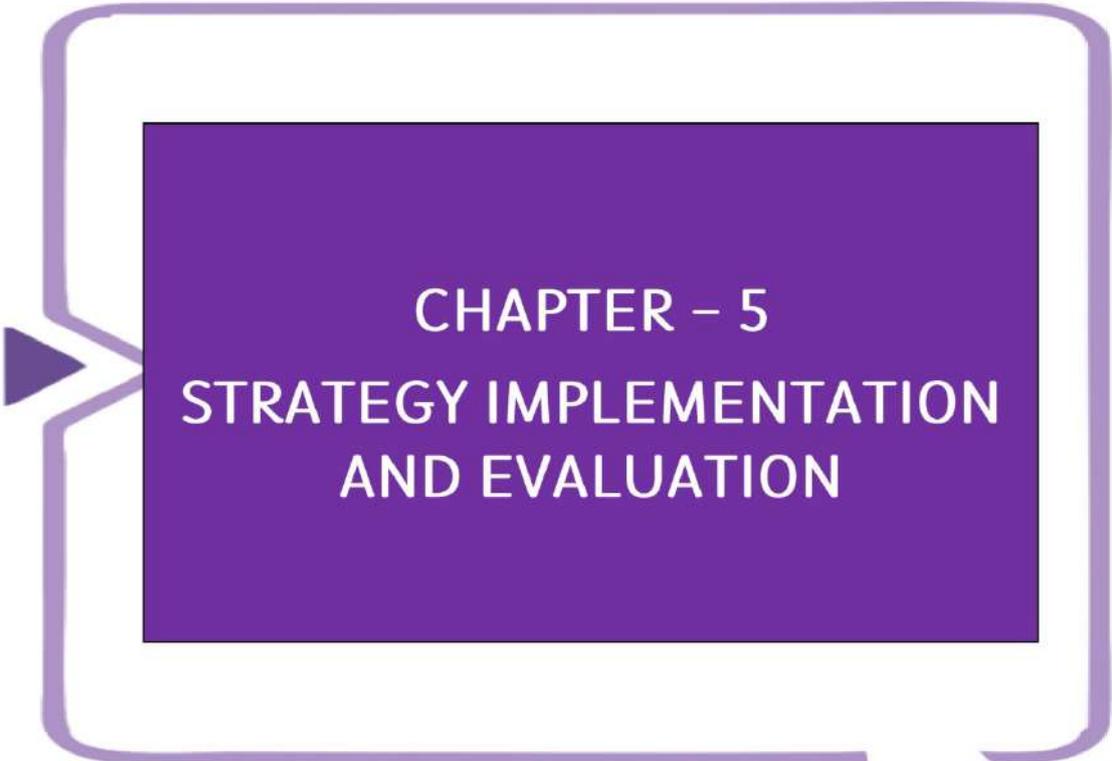
→ Competitive strength replaces market share as the dimension by which the competitive position of each SBV is assessed.



2. Woodworld Ltd. is a company manufactures a variety of household furniture items. They offered traditional designs, low cost furniture items to low income group customers. During the last couple of years, the company has been observing a fall in the market share. This is due to the change in the taste and preferences, designing, better quality, increase in purchasing power of buyers towards the household furniture. The customers are switching away traditional designs and material that have been the backbone of Woodworld Ltd.

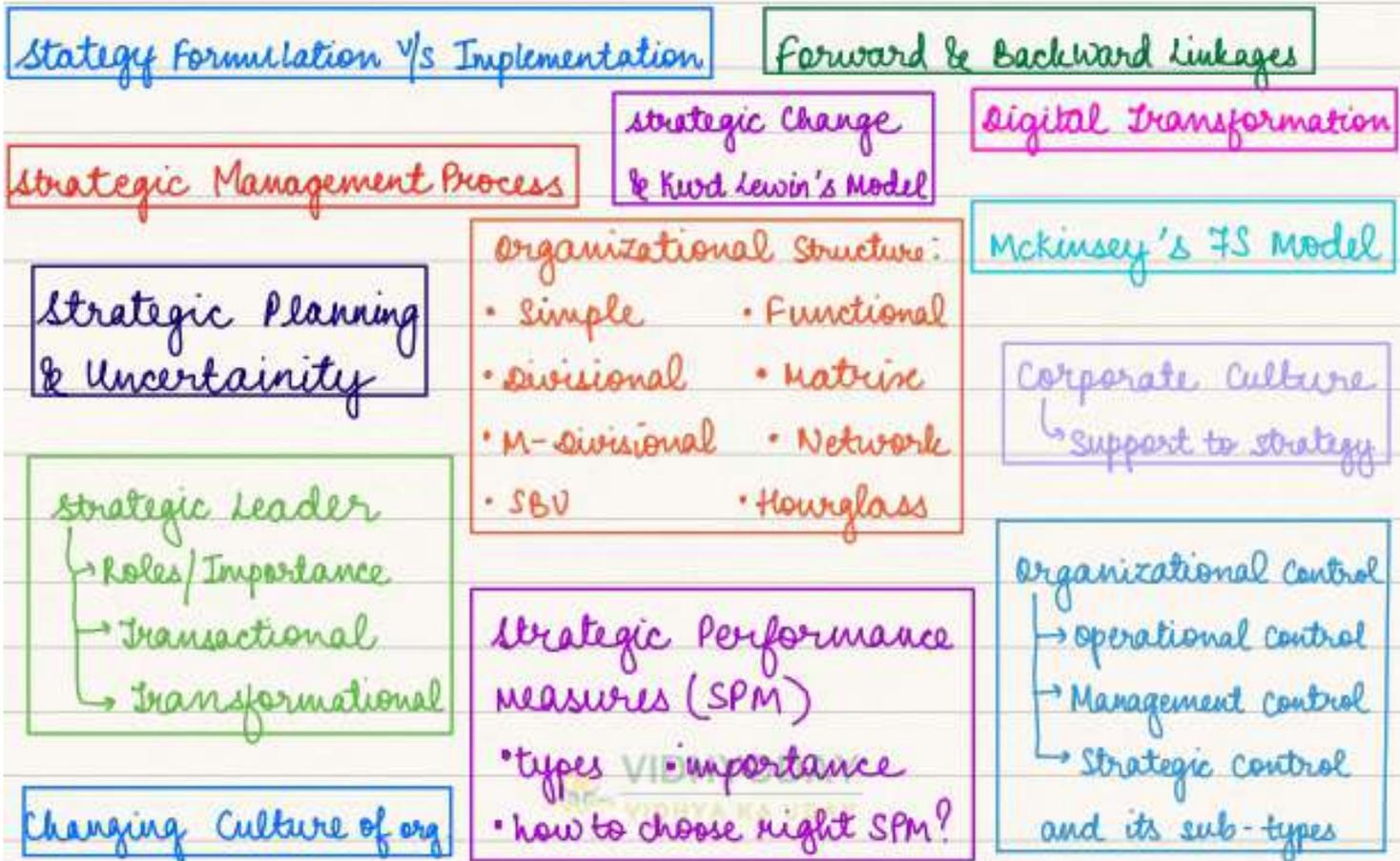
As a CEO of Woodworld Ltd., what can be the strategic options available with you. (5 Marks)

[MTP II NOV 23]



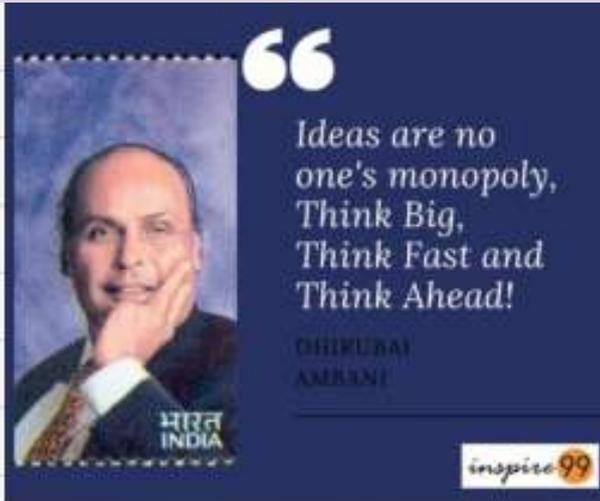
CHAPTER – 5
STRATEGY IMPLEMENTATION
AND EVALUATION

Ch 5 :- Strategy Implementation and Evaluation



(Q) Define Strategy implementation & Strategy evaluation.

- > Strategy implementation & evaluation are **critical phases** of the process of strategic management in an org.
- > **Strategy Implementation** involves putting the plans & initiatives developed as a part of strategy **into action**.
- > **Strategy evaluation** refers to the process of **measuring & assessing** the effectiveness of these actions.



• This quote by Sir Shriubhai Ambani clearly shows that the execution of ideas makes difference between various entities.

> Strategy implementation may govern the allocation of resources.

> it may also lead to change in organisational structure, training of personnel, devising systems.

(Q) what do you mean by Strategic Management Process?

> The process of developing an organisation's strategy is quite methodical.

> Develop a clear vision, mission, values & goals.



discuss & analyse a no. of themes to determine which options are most promising.



all these aspects come together in a strategic plan.

> SM process is dynamic & continuous. (& it never ends)

> A change in any one of the major components in the model can necessitate a change in any or all of the components.

- > Strategy formulation, implementation & evaluation activities should be performed on a continual basis, not just at the end of the year or semi-annually.

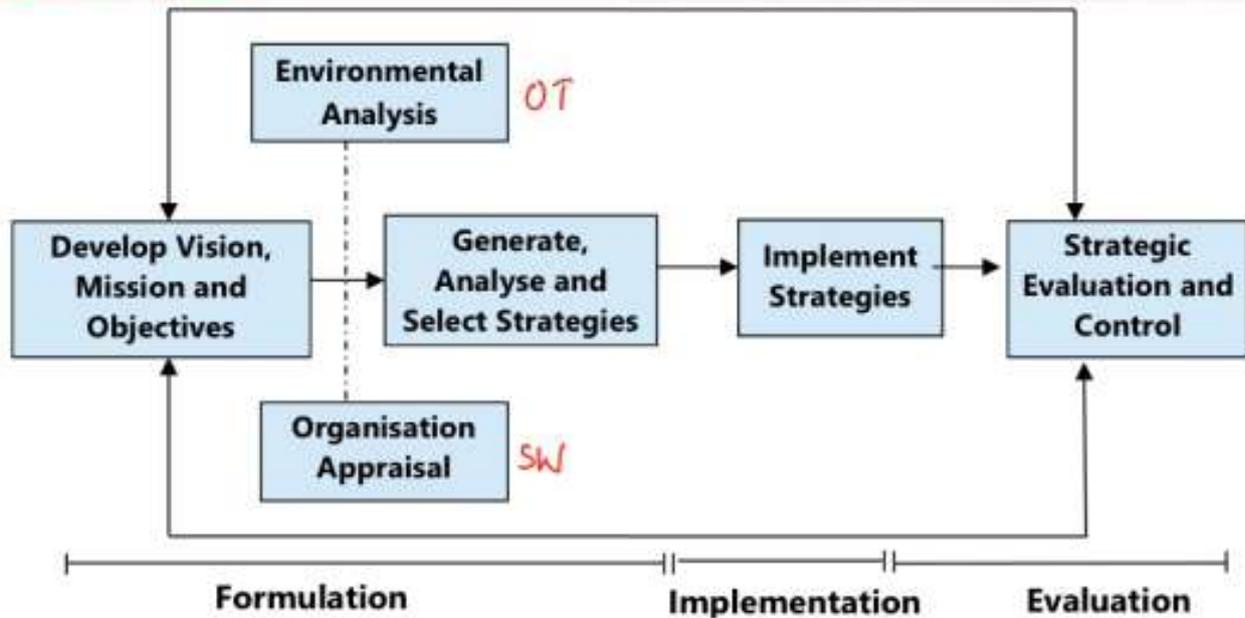


Figure: Strategic Management Model (Fred R David)

- > The above model of SM process given by Fred R David, like any other model, does not guarantee sure-shot success, but it does represent a clear & practical approach for formulating, implementing & evaluating strategies.
- > Strategists do not go through this process in a lockstep fashion.
- > Good communication & feedback are needed throughout the SM process.
- > Members are encouraged to participate.

With the help of a model explain strategic management process.

[RTP Nov. 19]

Q) What are the stages in Strategic management ?

1. Developing a strategic vision and formulation of statement of mission, goals and objectives.
2. Environmental and organisational analysis.
3. Formulation of strategy.
4. Implementation of strategy.
5. Strategic evaluation and control

(Q) Explain the stages in process of SM in detail.

Stage 1: Strategic Vision, Mission & Objectives.



> A Co. must determine its directional path &

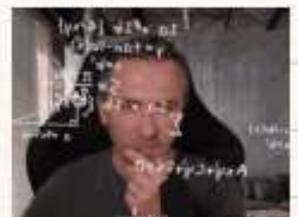
> What changes in Co.'s PMCT would improve its current market position & future prospects.

> Write about Vision, Mission, Goals & Objectives from ch. 1.

Stage 2: Environmental & Organisational analysis

It entails two types of analysis:

(i) Environmental Scanning



→ External envi. is dynamic & uncertain.

→ To determine opportunities & threats for the firm in future.

ii) Organisational analysis.

→ This would reveal strengths & weaknesses of the org.

Stage III : Formulating Strategy



> Developing strategic alternatives in light of SWOT of the org.



Deep Analysis of various alternatives

VIDHYA KA UDAY

> Several alternatives are: (ca. 4 को साफ करो)

• Stability :- Show co. carry on the same business?

• Growth : Show it grow by expanding existing units?



related areas or unrelated ones

• Retrenchment :- Should it get out of existing business?

• Combination

Stage 4: Implementation of Strategy



> Implementation & execution are operations-oriented activity



aim :- Shape the performance of core business activities in a strategy-supportive manner.

> most demanding & time-consuming part of SM process.

> Strategy-execution process includes the following principal aspects:

- Developing Budgets (पैसे लागू)
- Staffing (staff hire किया)
- Policies & Procedures (policy बनाई)
- Core business activities (बनाते-बनाते core business decided)
- Information System
- Motivation (लोगों को hire करके भूल गए थे, तो अब उनको motivate किया)
- Work culture & climate (एक अच्छा culture बन गया)
- Internal Leadership. (leader बना दिया, ताकि ये culture maintain रहे)

> Good strategy execution involves creating strong "fits" between:

- Strategy & {
- organisational capabilities
 - Reward Structure
 - Internal Operating System (IOS)
 - organisation's work climate & culture.

Explain the principal aspects of strategy-execution process.

[RTP Nov. 21]

To convert strategic plans into actions and results, a manager must be able to direct organizational change, motivate people, build and strengthen company competencies and competitive capabilities, create a strategy-supportive work climate, and meet or beat performance targets.

Explain the principal aspects of strategy-execution process.

[RTP Nov. 18]

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

[May 18]

Strategy execution is an operations-oriented activity which involves a good fit between strategy and organizational capabilities, structure, climate & culture. Enumerate the principal aspects of strategy execution process which are used in most of the situations.

[MTP Nov. 21]

1. Strategy execution is an operations-oriented activity which involves a good fit between strategy and organizational capabilities, structure, climate & culture. Enumerate the principal aspects of strategy execution process which are used in most of the situations.

[Jan. 21]

What are the important aspects of the process of implementation of strategy?

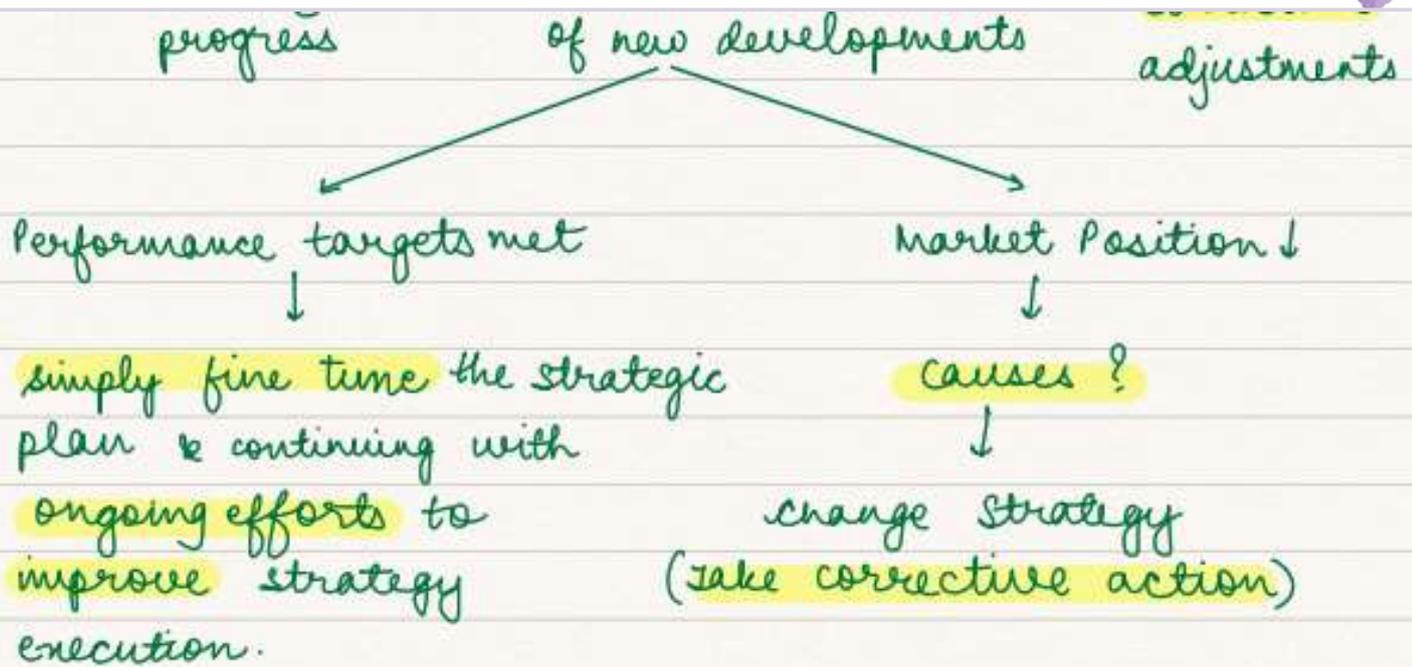
[December 2021]

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

[MTP II Nov-23] (5 Marks)

Stage 5: Strategic Evaluation & Control.

> Evaluating Co.'s > Assessing the impact > making corrective.



- > Successful strategy execution entails vigilantly searching for ways or continuously improve to then making corrective adjustments whenever & wherever it is useful to do so.

(Q) what do you mean by Planning ?

- > It entails choosing what has to be done in the future and creating action plans.
- > An essential element of effective management.
- > May be operational or strategic.

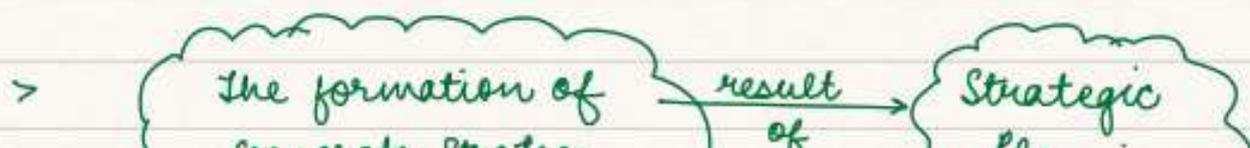
(Q) State the characteristics of strategic & operational planning.



(Q) what do you mean by Strategic Planning?

> The game plan that directs the Co. towards success is called 'corporate strategy'.

> The success of the Co. depends on how well this game plan works.



corporate strategy

planning

- > It is the process of determining the objectives of the firm, resources required to attain these objectives & formulation of policies to govern the acquisition, use & disposition of resources.
- > Involves interactive & overlapping decisions
↓
leading to development of an effective strategy.
- > Determines where an org. is going over the next year or more & the ways for going there.
- > Organisation - wide process; or focused on a major function.

(Q) What is the difference between strategic & operational planning?

Strategic Planning	Operational Planning
> at corporate level	> at Business to Functional level
> How to acquire the resources?	> How to use the resources?
> Strategic Decisions	> Routine Decisions

> SWOT

> Resources & Capabilities.

Strategic planning is an important constituent of strategic management. In the light of the same explain the meaning of strategic planning. Also outline the characteristics of strategic planning. [May 2023]

Differentiation between Strategic Planning and Operational Planning.

(5 Marks)

[MTP II Nov 23]

(Q) What do you mean by Strategic Uncertainty? How to deal with it?

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> It refers to the unpredictability of future events & circumstances that can impact an org.'s strategy & goals.

> To be manageable, they need to be grouped into logical clusters or themes.

then, Prioritize them on the basis of their importance.

> It could have an impact on present, proposed & potential businesses.

> Dealing with it can be challenging & organizations need to have flexibility, resilience & agility to quickly respond to the changes & minimize its impact.

> How to deal with such uncertainties:

FD in BMC

(i) **Flexibility** :- to be built in org.'s strategy

↓
to adapt to changes in environment.

(ii) **Diversification** :- of org.'s product portfolio, markets, & customer base)

can reduce the impact of strategic uncertainty.

iii) **Monitoring** & **Scenario Planning**

↓
key indicators of change

↓
to understand how different future scenarios might impact their strategies.

(iv) **Building Resilience**

- Eg. :-
- strengthening their operational processes
 - increasing their financial flexibility.
 - improving Risk management capabilities.

(v) **Collaborations & Partnerships**

→ These can help orgs. pool resources, share risks, gain access to new markets & technologies.

Impact of uncertainty
depends on the importance of SBV.

{ ↑ Importance of SBV ; ↑ Importance of uncertainty
and vice-versa.

(Q) What do you mean by strategy implementation?

- > It concerns the managerial exercise of putting a freshly chosen strategy into action.
- > It is concerned with translating a strategic decision into action.
- > Allocation of resources to new courses of action need to be undertaken.

(Q) Explain the relationship between strategy formulation & implementation.

- > Many managers fail to distinguish between strategy formulation & strategy implementation.
- > Yet, it is crucial to realize the difference b/w the two

because they both require very different skills.

> Also, a Co. will be successful only when the strategy formulation is sound & implementation is excellent.

> often people blame the strategy model for the failure of a Co. while the main flaw might lie in failed implementation.

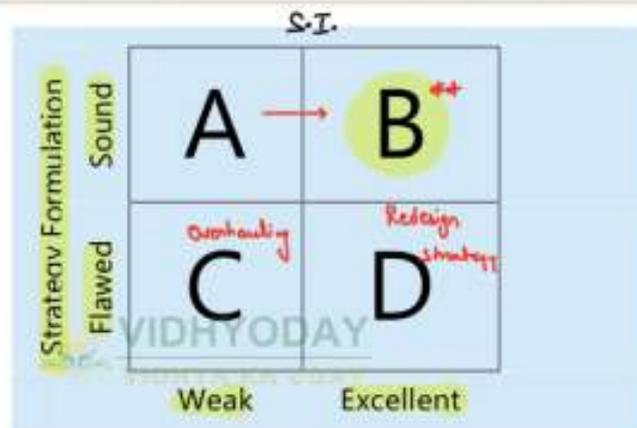


Figure: Strategy formulation and implementation matrix

The above-mentioned figure depicts the distinction between sound/flawed strategy formulation and excellent/weak strategy implementation.

A → sound competitive strategy, but facing difficulty in implementing. Try moving from A to B.

B → ideal situation.

C → Bad implementation & unsuccessful in strategy formulation. Redesign SM Model & execution readjustment.

D → Redesign strategy before Readjustment.

⇒ One more model illustrating this relationship

Efficiency :- Relationship b/w inputs & outputs, usually within a short time horizon.

Effectiveness :- Attainment of organisational goals - including that of desired competitive position.

> The responsibility for efficiency lies with operational managers, with top management having the primary responsibility for strategic orientation of the organization.

Strategic Formulation

		Strategic Formulation	
		Effective	Ineffective
Operational Management	Efficient	1 Thrive	2 Die Slowly
	Inefficient	3 Survive	4 Die Quickly

Figure: Principal combinations of efficiency and effectiveness

Cell 1 :- Thrives ; good input - output ratio, achieves what it aspires to achieve.

Cell 2 & 4 :- These are **doomed**. Ineffective strategic direction.

Cell 3 :- It is better than 2 and 4, since it has strategic direction, despite the use of more input to produce the output.

In crude terms, to be effective is to do the right thing, while to be efficient is to do the thing right.

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> Change comes through implementation & evaluation, not through the plan.

> Successful strategy formulation **does not guarantee** successful strategy implementation.

> It is always more difficult to do something (strategy implementation) than to say you are going to do it (strategy formulation).

(Q) What is the difference b/w strategy formulation & implementation ?

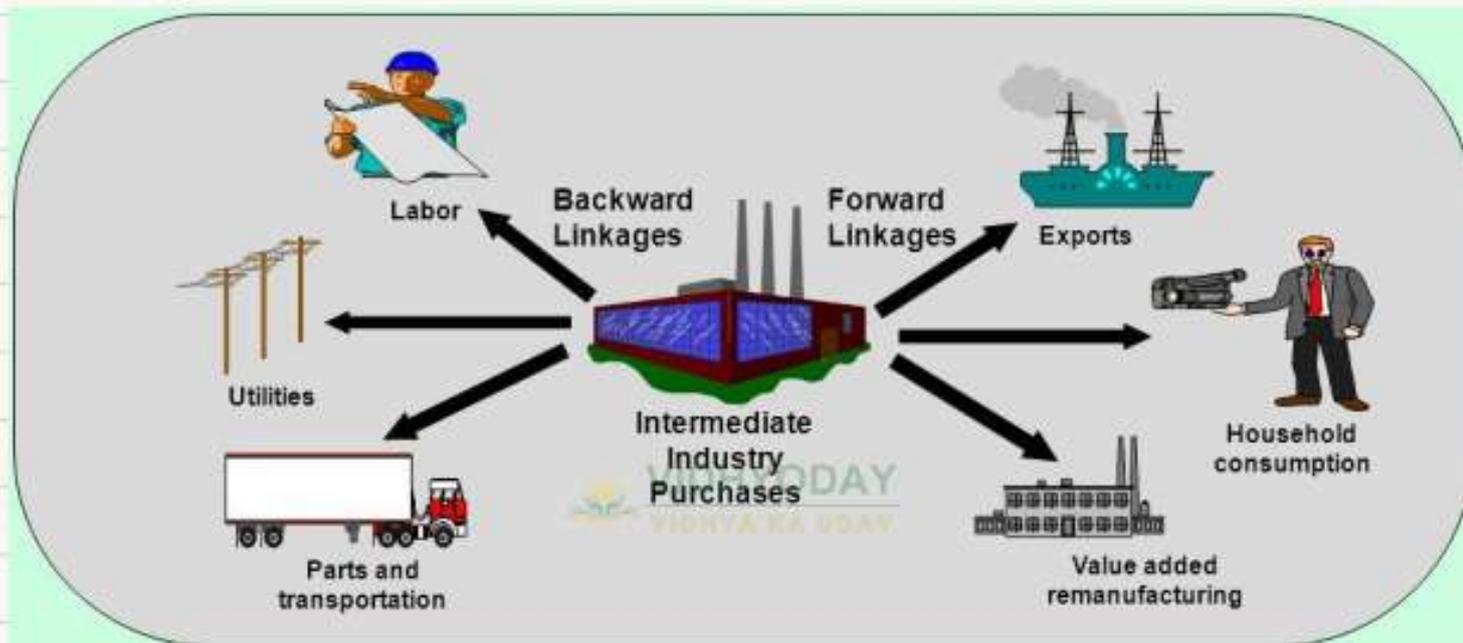
Strategy Formulation Vs. Strategy Implementation

Strategy Formulation	Strategy Implementation
Strategy Formulation includes planning and decision-making involved in developing organization's strategic goals and plans.	Strategy Implementation involves all those means related to executing the strategic plans.
In short, Strategy Formulation is placing the Forces before the action.	In short, Strategy Implementation is managing forces during the action.
An Entrepreneurial Activity based on strategic decision-making.	An Administrative Task based on strategic and operational decisions.
Emphasizes on effectiveness.	Emphasizes on efficiency.
Primarily an intellectual and rational process.	Primarily an operational process.
Requires co-ordination among few individuals at the top level.	Requires co-ordination among many individuals at the middle and lower levels.
Requires a great deal of initiative, logical skills, conceptual intuitive and analytical skills.	Requires specific motivational and leadership traits.
Strategic Formulation precedes Strategy Implementation.	Strategy Implementation follows Strategy Formulation.

- > Strategy Formulation concepts & tools do not differ greatly for small, large, for-profit or non-profit organizations.
- > However, strategy implementation varies substantially among different types & sizes of organizations.
- > In real life, the formulation & implementation are intertwined.

Distinguish between Strategy Formulation and Strategy Implementation. [May 19]

(Q) Explain the concept of Forward & Backward linkages.



(i) Forward linkages

> Different elements in strategy formulation determine the course that an org. adopts for itself.

> With the formulation of new strategies, or reformulation of existing strategies

many changes have to be affected within the org.

> eg :-
 • organizational structure } has to be modified as per new strategies.
 • style of leadership }

(ii) Backward linkages.

> The formulation process is also affected by factors related with implementation.

> Past strategic actions also determine the choice of strategy.

> Here, orgs. tend to adopt those strategies which can be implemented with the help of the present structure of resources combined with some additional efforts.

"Strategy formulation and strategy implementation are intertwined and linked with each other." Elucidate this statement with suitable arguments. [May 2022]

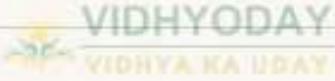
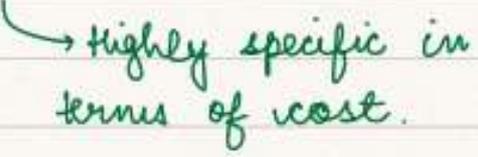
ABC Ltd. is a shoe manufacturing company. The strategic manager of ABC Ltd. is Ms. Suman. Ms. Suman hired the best designers she could find online for her ethnic shoe brand but later she found that the designers were better at leather designs. Identify and explain linkage in the given situation as she had to change her strategy basis the actual resources she had? [RTP Nov 23]

Ans: :-

Explain the concept of forward and backward linkages between strategy formulation and implementation in strategic management, using relevant examples. How do these linkages impact the overall strategic decision-making process of an organization? (5 Marks)

[MTP II May 24]

(Q) what are the issues in Strategy Implementation?

1. strategy by itself is a **statement of intent**.
Implementation is carried out to **realize the intent & put plan into action**. strategy is **activated** by implementation process.
2. Strategy should lead to **formulation of programmes**.
eg: TQM. 
3. Programmes lead to **creation of projects**.
  Highly specific in terms of cost.

Issues :

- (a) Project
 - (b) Procedure
 - (c) Functional
 - (d) Structural
 - (e) Behavioural
 - (f) Resource allocation
- } Implementation

Note : The transition from strategy formulation to strategy implementation requires a shift in responsibility from strategists to divisional & functional

(Q) Explain the steps to initiate strategic change.

(i) Recognize the need for change

> Diagnose which facets of the present corporate culture are strategy supportive & which are not.



> Going for Environmental scanning involving appraisal of both internal & external capabilities (through SWOT analysis, maybe)

↓
determining where the lacuna lies

↓
to scope for change exists.

(ii) create a shared vision to manage change

> Objectives of both individuals & organization should coincide.

↓
There should be x conflict b/w them.

> Senior managers need to constantly & consistently communicate their vision to all the organizational members.

(Q) Explain the Kurt Lewin's model of change.

> according to Kurt Lewin, there are **three phases of change process** for moving the org. from the present to the future. These are:

Lewin's Change Management Model

(a) UNFREEZE



Disintegration the status quo

(b) CHANGE



Introducing the change

(c) REFREEZE



Sustaining the new status quo

> makes individuals aware of the **necessity for change** & prepares them for such change.

> change should not come **as a surprise**.

> **Sudden & unannounced** change would be socially destructive & morale lowering.

> **Paving the way for change**.

> Now that members recognize the **need for change**



their behaviour patterns need to be redefined.

> Three methods, for the same proposed by **H.C. Kellman** are:

→ **compliance**:

enforcing reward &

> It occurs when **new behaviour becomes a normal way of life**.

> new behaviour must replace the former behaviour completely **for successful & permanent change to take**

> Breaking down old attitudes & behaviours, customs & traditions

> It includes :

- making announcements
- holding meetings
- promoting new ideas

punishment strategy

→ **Identification:**

identify themselves with some given role models

→ **Internalization:**

Internal changing of individual's thought process.

place.

> new behaviour must be **reinforced continuously** to make it permanent behaviour, & it does not **diminish or extinguish**.

Discuss three methods for reassigning new patterns of behavior as proposed by H.C. Kellman. [RTP Nov. 20]

Write a short note on strategic change and explain the process of strategic change. [Nov. 18]

XYZ Ltd. is an automobile company that offers diversified products for all customer segments. Due to COVID-19, the changes took place in the economy forced the company to change its strategy. Being the CEO of the company, what stages will you follow for developing and executing the new strategy? [May 2022]

Changes in environmental forces often require business to make modifications in their existing strategies. In view of the same explain the areas to be focused while considering concept of strategic change. Also explain the steps to initiate strategic change process [May 2023]

(Q) what do you mean by 'digital transformation'?

> The use of digital technologies to develop **fresh, improved, or entirely new** company procedures,



goods or services

> a fundamental adjustment.

> can be challenging to identify & even more challenging to implement.

(Q) How does change management appear when applied to digital transformation?

Change management in the digital transition consists of four essential elements:

1. Defining the goals and objectives of the transformation
2. Assessing the current state of the organization and identifying gaps
3. Creating a roadmap for change that outlines the steps needed to reach the desired state
4. Implementing and managing the change at every level of the organization

(Q) How does change management work?

> Change management models & methods come in a wide variety. But all of these include the following steps in common:

creating a clear vision for the change
↓
involving stakeholders in the process
↓

coming up with a plan for putting the change into action



keeping an eye on the results.

(Q) What are the advantages of change management in digital transformation?

> a properly implemented change management strategy can help an org. to:



(Q) Elucidate the change management strategies for digital transformation.

> The 5 best practices for managing change in small and medium sized businesses are:-

(i) Begin at the top

> motivates the rest of the org. to accept the change.

(ii) Ensure that the change is both necessary & desired.

> Recognize the need for change

(iii) Reduce disruption

> workplace disruption can be reduced by:

→ Getting the word out early & preparing for some interruption.

→ Giving staff members the knowledge & tools, needed to adjust to the change.

→ creating an envi. ^{that} encourages transformation or change.

→ Empowering change agents to provide context & clarity for changes.

→ Ensuring that IT dept. is informed of the changes

(iv) Encourage Communication

- > create channels so that workers may contact you with queries or complaints.
- > Encourage departmental collaboration to propagate ideas & innovations as new procedures take root.
- > communicate with concerned people to reassure them that there is no danger.

(v) Recognize that change is the norm, not the exception

- > The org. may run into difficulties (when not prepared for adapting to changes) because change is not a project, but rather an ongoing process.

Summary:

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

[MTP I May 24] (5 Marks)

(Q) How can we navigate/manage change during digital transformation?

(i) Specify the digital transformation's aims & objectives



so that everyone is on the same page & are pursuing the same goals.



(ii) Always, always, always communicate.

> Routinely & honestly discuss the objectives.

(iii) Be ready for resistance

(iv) Implement changes gradually

> Rather than all at once.

(v) Offer assistance & training

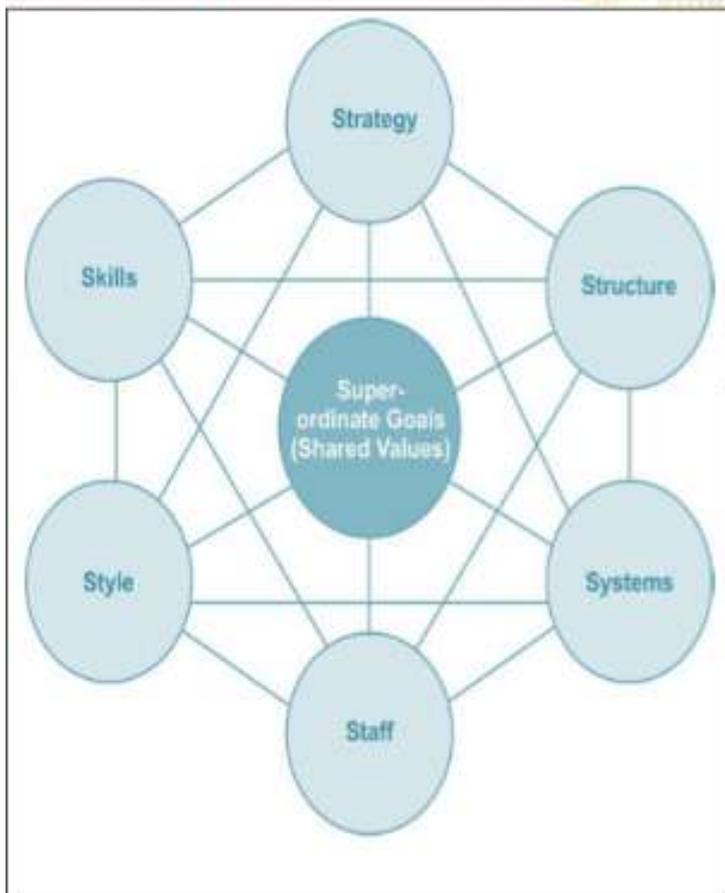
Why is change management crucial during digital transformation, and what are some key strategies for navigating change effectively?

[RTP May 24]

(Q) Explain McKinsey's 7S model.

> McKinsey 7S Model refers to a tool that analyses a Co.'s "organisational design".

> Sim :- to depict how effectiveness can be achieved in an org. through interaction of hard & soft elements.



> Hard Elements :-
(directly controlled by management)

(i) Strategy :- a blueprint to build a core competence and achieve competitive advantage.

(ii) Structure :- Depends on:

- availability of resources
- degree of centralization or decentralization that mgt. desires.

G & O = Goals & Objectives.

(iii) **Systems** :- development of daily tasks, operations & teams → to executive G & O effectively & > **soft efficiency**.
 (more governed by culture, ∴ can't be defined)

(i) **Shared Values** :- core values are reflected in :
 • **organizational culture**
 • **code of ethics of mgt.**

(ii) **style** : **leadership style**
 to
 how it influences the **strategic decisions** of the org.

(iii) **staff** : **Talent pool** of the org.

(iv) **skills** : Key skills of the employees
 ↓

play vital role in defining organizational success.

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

[RTP may 24]

(Q) What are the limitations of McKinsey's 7S Model?

1. Does not relate with external environment.
2. Unable to clearly explain organisational effectiveness.
3. Static & not flexible.
4. Missing out on real gap between conceptualization & execution of strategy.



Summarize McKinsey Model & its limitations.

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(Q) What do you mean by Organization Structure?

> It is the **Company's formal configuration** of its intended roles, procedures, governance mechanisms, authority, & decision-making processes.

> The most important issue is that the company's structure must be congruent with the company's STRATEGY.

> "A good organisation structure is the one where ideas filter up as well as down, where the source of idea is less important than the merit of the idea." - "Edson Spencer"

(Q) what is the relationship between Strategy & structure of a company?
OR

Explain Chandler's strategy - structure framework.

> Changes in corporate strategy often requires changes in the way an org. is structured.
↓ why?

- Structure largely dictates how operational objectives & policies will be established to achieve the strategic objectives.

- Structure dictates how resources will be allocated to achieve strategic objectives.

> Structure should be designed or redesigned to facilitate the strategic pursuit of the firm.

∴
Structure should follow strategy

Note: There is no one optimal organizational design or structure for a given strategy.

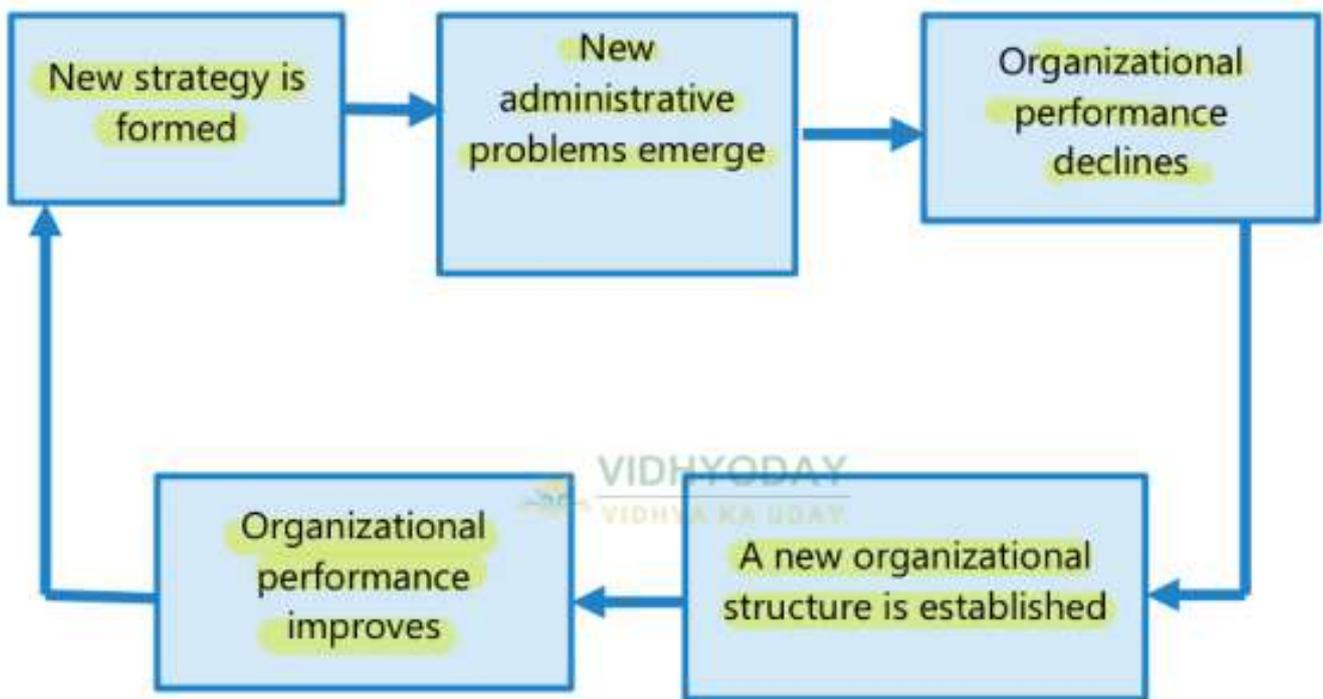


Figure: Chandler's Strategy-Structure Relationship

> Structure can also influence strategy.
↓

If a proposed strategy required massive structural changes, it would not be an attractive choice.

> But a more important concern is determining what types of structural changes are needed to implement new changes and how these

changes can be accomplished.

(Q) Elucidate simple structure.

> most appropriate for companies :-

- that follow a *single-business strategy*.
- implementing *focused cost leadership or focused differentiation strategy*.

> offer products in a *single geographical market*.

> Here, *owner-manager* makes all major decisions.

> Company's staff merely serves as an *executor*.

> Little specialization of tasks, few rules, little formalization, unsophisticated information systems, direct involvement of owner-manager.

> Communication is *frequent & direct*.

> New products tend to be introduced to market quickly.

> *Few coordination problems*.

> It may result in *competitive advantages* for some small companies (eg. openness to innovation, greater

structural flexibility, etc.)

> To coordinate more complex organisational functions, companies should abandon the simple structure in favour of the functional structure.

(Q) Explain functional structure.



Figure: Functional Structure

> widely used structure

↳ because of its simplicity & low cost.

> It groups tasks & activities by business function, eg marketing, R&D, finance/accounting, etc.

> promotes specialization of labour, encourages efficiency, minimizes the need for an elaborate control system, & allows rapid decision making.

- > enables the company to overcome the growth-related constraints of the simple structure.
- > differences in functional specialization & orientation may impede communications & coordination.
- > Functional specialists often may develop a myopic (or narrow) perspective, losing sight of company's strategic vision & mission.

(Q) Explain Divisional Structure.

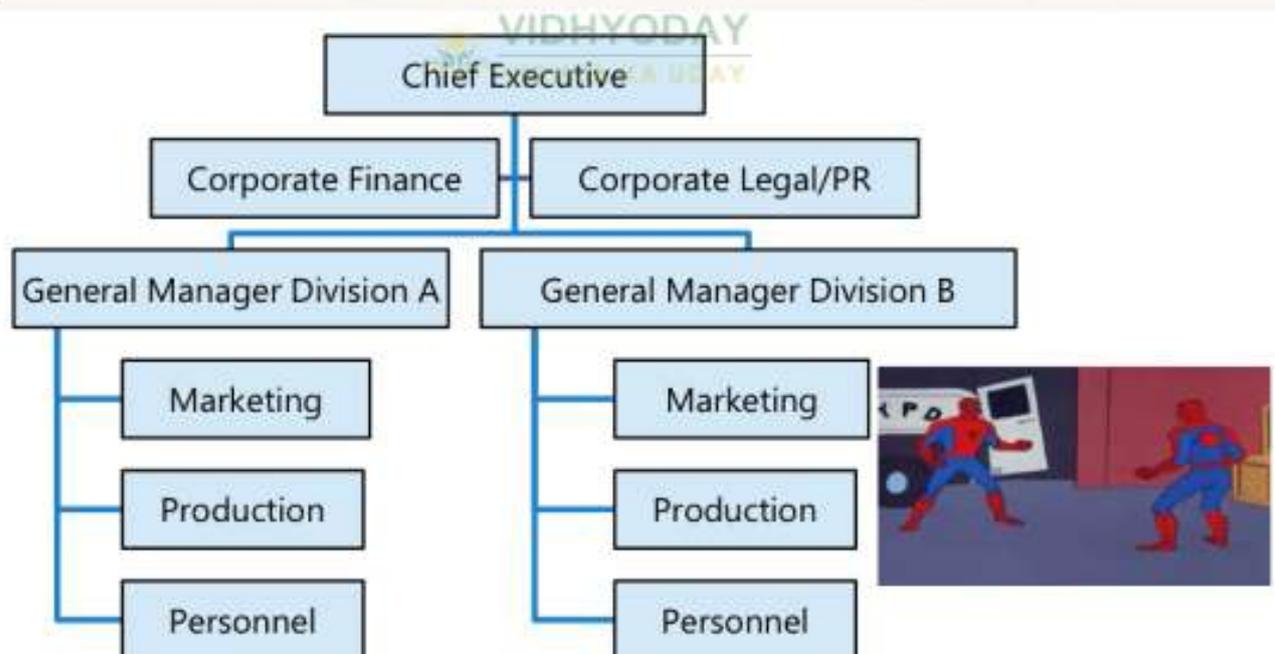


Figure: Divisional Structure

> Divisional structure can be organized in one of the four ways :

- by geographical area
- by product or service
- by customer
- by process.

> Here, functional activities are performed both centrally & in each division separately.

> clear accountability
↓ because of

> Extensive delegation

> comparatively higher employee morale, & creates career development opportunities.

> It is costly ; because :

→ each division requires functional specialists

→ duplication of staff services.

→ managers must be well qualified

(because divisional structure forces delegation of authority)

→ it requires elaborate, headquarters-driven control system.

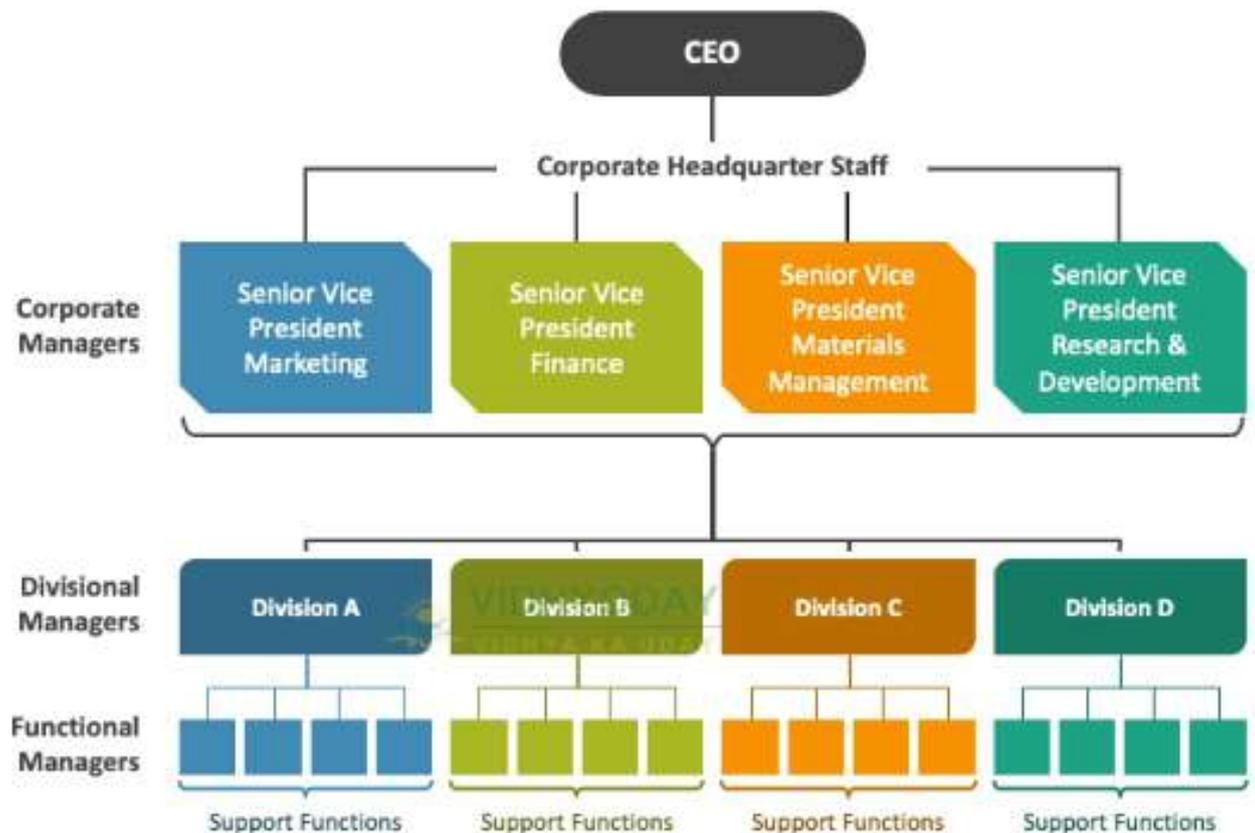
Draw 'Divisional Structure' with the help of a diagram. Also, give advantages and disadvantages of this structure in brief.

[Nov. 20]



(Q) Explain the M-divisional structure (or M-form structure).

MULTI-DIVISIONAL STRUCTURE



> developed in 1920s.



in response to coordination - and control - related problems in large firms.

> Functional departments dealing with distinctive products failed to understand the priority for each product, also it was difficult to allocate resources & to calculate product profit

contribution.

> Top Mgt. got frequently involved in conflict resolution, coordination & communication related issues.

steps for M-divisional structure :-

- (i) separate divisions representing separate business.
- (ii) Each division would have its own functions.
- (iii) Small Corporate office :
 - (a) Overall Corporate Strategy
 - (b) Financial controls.
- (iv) Divisional managers
 - (a) Day to day operations
 - (b) Business unit strategy.

Bunch Pvt Ltd is dealing in multiproduct like electronics and FMCG and are having outlets in different cities and markets across India. Due to scale of operation, it is having technical difficulty in dealing with distinct product line and markets especially in coordination and control related problems. Identify and suggest an ideal organizational structure for Bunch Pvt Ltd in resolving the problem? [RTP Nov. 21]

Discuss the concept of Multi Divisional Structure.

[RTP May 19]



(Q) Explain the Strategic Business Unit (SBU) Structure.

> Historically, large, multi-business firms were handling business planning on territorial basis.

↓ shortcomings

since planning was being done on territorial basis:

- same product was getting varied strategic planning treatments

&

- products with dissimilar characteristics were getting identical strategic planning treatment.

> The SBU structure is composed of operating units, where each unit represents a separate business.

↓

and delegates authority & responsibility for each unit to a senior executive, who reports directly to the chief executive officer.



Figure: SBU Structure

Corporate office :
(a) overall corporate strategy
(b) Financial/Strategic controls

Divisional managers:
(a) day-to-day operations
(b) Business unit strategy

2. Moonlight Private Limited deals in multi-products and multi-businesses. It has its own set of competitors. It seems impractical for the company to provide separate strategic planning treatment to each one of its product or businesses. As a strategic manager, suggest the type of structure best suitable for Moonlight Private Limited and state its benefits. [Jan. 21]

Q) What do you mean by SBU?

> It is grouping of divisions based on **how distinctive businesses** the Company is currently doing.



> The divisions are made by **grouping related products / businesses.**

> Relatedness can be established with the following points :



(i) same technology (ii) same/similar markets (iii) same/similar competencies on which competitive advantage is based

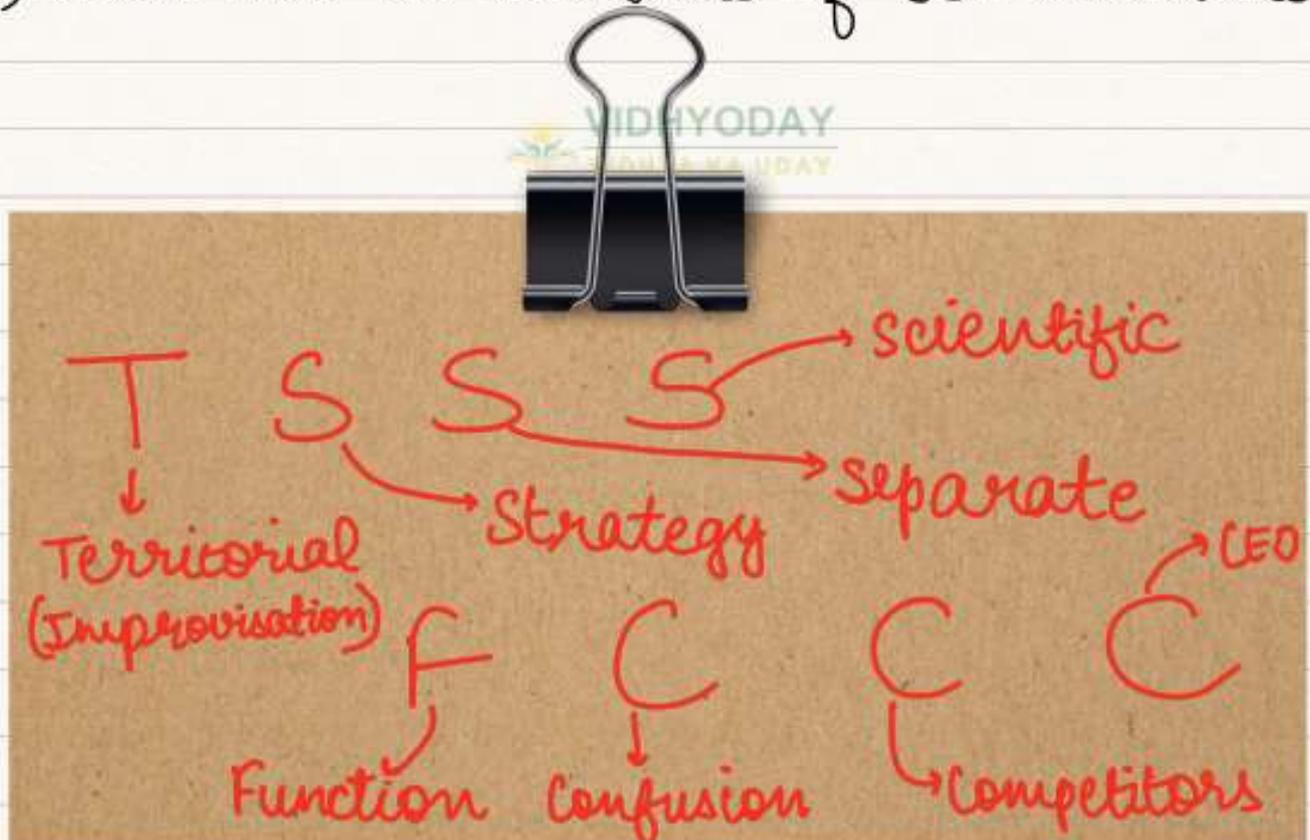
What is a strategic business unit? What are its advantages?

[RTP May 20]

Write short note on Strategic Business Unit (SBU).

[December 2022]

(Q) What are the attributes of SBU structure?



1. A Chennai based fast moving consumer goods (FMCG) major CDE Ltd. recently announced restructuring its business. The company indicated that the business would be split into mainly four different streams-FMCG, E-commerce, Retail, and Research & Development. The company management has decided that these four units will operate as separate businesses. The top corporate officer shall delegate responsibility for day-to-day operations and business unit strategy to the concerned managers

Identify the organization structure that CDE Ltd. has planned to implement. Discuss any four attributes and the benefits the firm may derive by using this organization structure. **[December 2021]**

A Mumbai-based conglomerate, PQR Ltd., has announced a major restructuring of its business operations. The company has decided to split its business into four separate units: Manufacturing, Retail, Services, and Technology. Each unit will operate as a separate business, with delegated responsibility for day-to-day operations and strategy to the respective unit managers. Identify the organization structure that PQR Ltd. has planned to implement. Discuss any four attributes and the benefits the firm may derive by using this organization structure. **(5 Marks)**

VIDHYODAY [MTP II May 24]
VIDHYA KA UDAY

(Q) What do you mean by Matrix Structure?

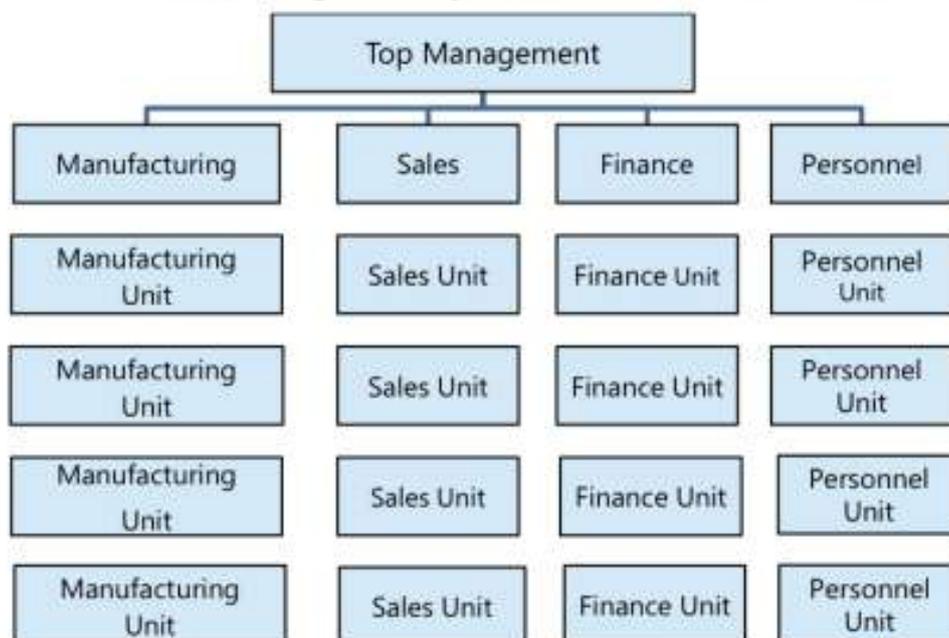
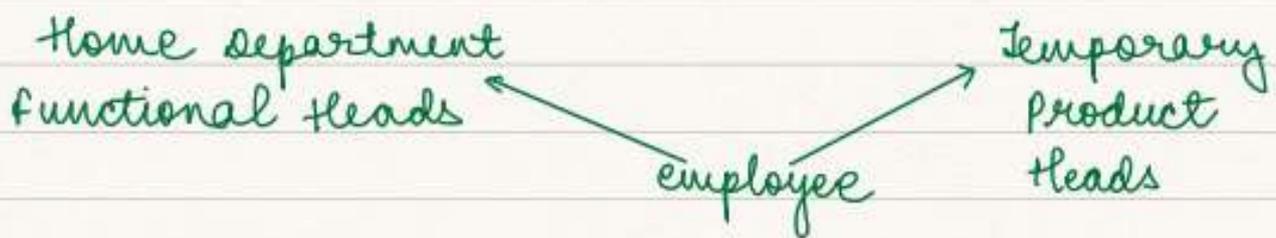


Figure: Matrix Structure

> This structure is appropriate for companies that believe that neither functional, nor divisional, nor SBV would suffice their purpose.

> In matrix structure, functional & product forms are combined at the same level of org.



> It is the most complex structure that has vertical as well as horizontal flow of command.

> However, it may result in high overheads due to many managerial positions.

> For development of matrix structure Davis & Lawrence, have proposed three distinct phases:

(i) cross-functional task forces

→ Temporary cross functional teams are formed when a new product is introduced.

→ Project manager works as a key horizontal link.

(ii) Product/brand management

Project manager



Product manager



Functions are still primary



Product managers act as **integrators** of semi permanent product / brand.

(iii) Mature matrix

It is the **final phase**



True dual-authority structure
(horizontal as well as vertical)



every employee is covered.

Davis and Lawrence have proposed three distinct phases to develop matrix structure.

Explain.

[RTP Nov. 18]

Elucidate: Matrix Structure

[Jan. 21]

(Q) what do you mean by Network structure?

> also termed as a '**non-structure**', by its virtual elimination of in-house business functions.

> activities are **outsourced**.

> The org. is called virtual org. as it is connected by series of **groups/collaborations** linked by non-hierarchical, coweb like network.

⇒ advantages :

- suited when environment is **unstable**.
- offers **flexibility & adaptability**.

⇒ disadvantages :

- Unavailability of numerous **potential partners**.
- Possibility of **overspecialization** in few functions.
- Requires employee to be **self-motivated**.
- **Lack of confidence** in org. sponsored learning experience.

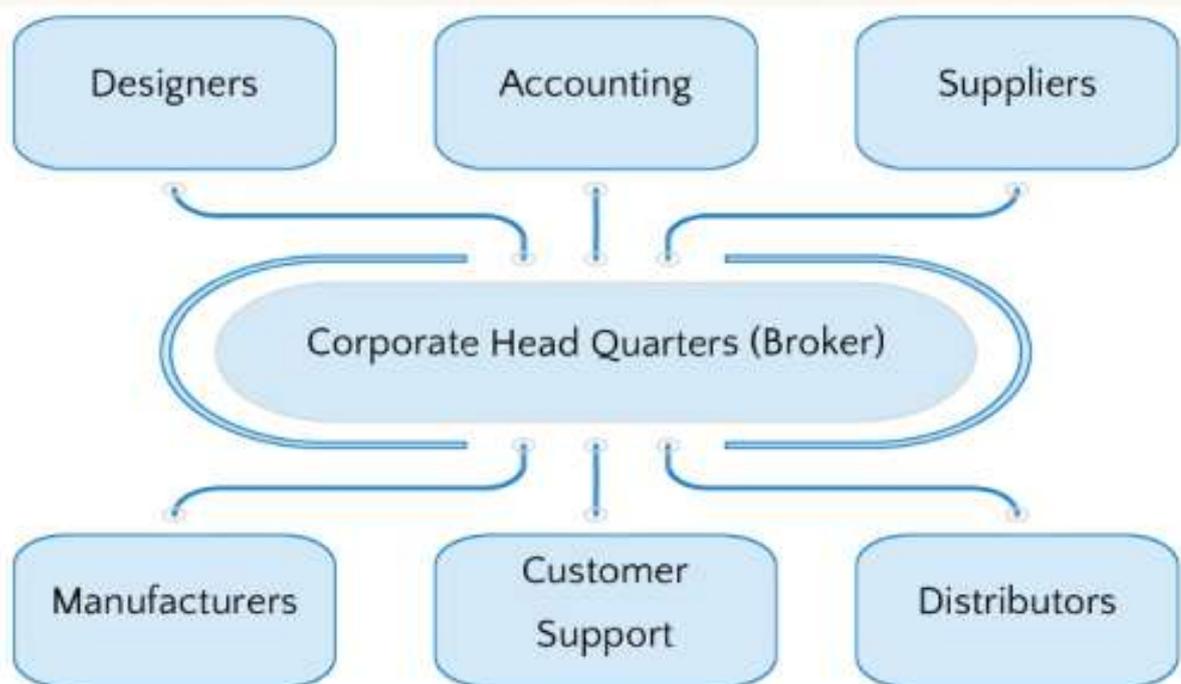


Figure: Network Structure

2. Due to reoccurrence of various variants of Corona virus, LMN Ltd. is facing unstable environment and it has started unbundling and disintegrating its activities. It also started relying on outside vendors for performing these activities. Identify the organisation structure LMN Ltd. is shifting to. Under what circumstances this structure becomes useful? [May 2022]

(Q) what do you mean by hourglass structure?

> role played by **middle management** is **diminishing**.

↓
as the tasks performed by them are increasingly being replaced by **the technological tools**.

> consists of 3 layers ⇒ with **constricted middle layer**.

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↓
IT links the top & bottom level in the org.

> contrary to the **traditional** middle level managers who are often **specialists**,

managers in this structure are **generalists** & perform **wide variety of tasks**.

→ they would be handling **cross-functional issues**.

> Benefit of **reduced cost**.

> Enhances **responsiveness** by simplifying **decision-making**.

> It also becomes faster, as decision-making authority is shifted close to the source of info.

Disadvantages:

> Promotion opportunities for the lower levels diminish significantly.

> Continuity at the same level may bring monotony, lack of interest, difficulty to keep motivation high.

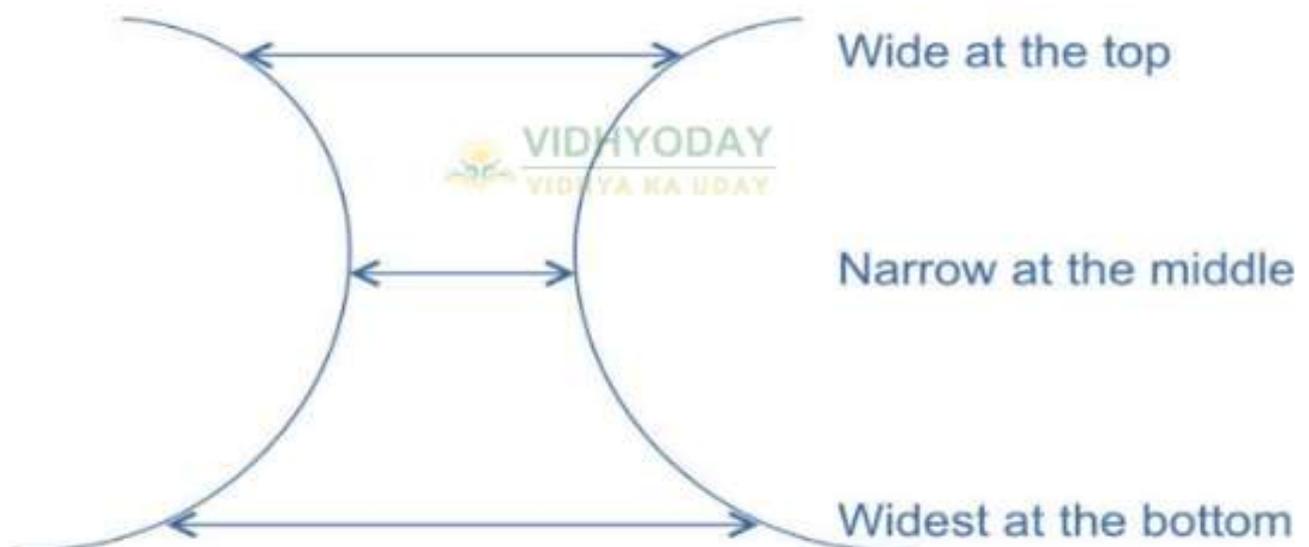


Figure: Hourglass Organisation Structure

1. The AI tool using Deep Learning technique provided a digital leap transformation in various business processes and operations. It has significantly diminished the role played by specialist managers of the middle management. This technological tool in addition to saving organisational costs by replacing many tasks of the middle management, has also served as a link between top and bottom levels in the organization and assists in faster decision making. The skewed middle level managers now perform cross-functional duties. Which type of organisational structure is the company transitioning into?

[RTP Nov. 20]

Discuss the concept of Hourglass Structure.

[RTP Nov. 19]

What is an Hourglass structure? How is it beneficial for an organization? [May 19]

Maadhyam, a hearing aid manufacturer recently introduced an AI based management tool in its organization which are having the qualities and capabilities of managing teams across functions. This technological tool in addition to saving organisational costs by replacing many tasks of the middle management has also served as a link between top and bottom levels in the organisation and assists in quick decision making. The skewed middle level managers now perform cross-functional duties. What could be their new organizational structure post implementation of AI based management tool? How can this structure benefit the organization?

[MTP Nov. 21]

(Q) What do you mean by corporate culture? Where does it come from?



> corporate culture → It refers to Company's values, beliefs, business principles, traditions, way of operating, & internal work environment.
(NOTE BB)

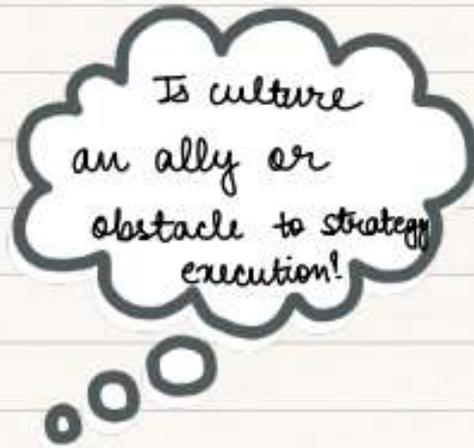
> It emerges from the stories that get told over & over again to illustrate to newcomers

↓
the importance of certain values & beliefs and ways of operating.



> These can emerge from anywhere (one influential individual, work group, dept., etc.)

(Q)



3. Describe corporate culture. Elaborate the statement "Culture is a strength that can also be a weakness". [Nov. 18]

(Q) Explain the role of culture in the organisation.



> Helps energize people throughout the Co., to do their jobs in a strategy supportive manner.

adding to the power & effectiveness of strategy execution.

> Strategy supportive culture shapes the mood, temperament & motivation of employees, positively affecting working habits & operating practices.

> It promotes strong identification of employees with Co.'s Vision, objectives & Strategy.

> Employees are stimulated to realise their Vision & perform their tasks more competently.

Jupiter Electronics Ltd. is known for its ability to come out with path-breaking products. Though the work environment at Jupiters is relaxed and casual, yet, there is a very strong commitment to deadlines. The employees believe in "work hard play hard" ethic. The organisation has moved away from formal and hierarchical set up to a more results-driven approach. Employees are committed to strategies and work towards achieving them. They guard innovations, maintain confidentiality and secrecy in their working. They are closely related to values, practices, and norms of organisations

What aspects of an organization that are being discussed? Explain. [RTP Nov. 19]

3/

'A strategy-supportive culture promotes good strategy execution.' Explain. (5 Marks)

[MTP II Nov 23]

(Q) What are the perils of strategy & culture?

Strategy - Culture Conflicts



Completely out of sync

occasionally

The culture needs to be changed as rapidly

Revamping strategy to produce cultural fit

as can be managed.

↓
 Usually, revamping mismatched cultural features

> A sizable & prolonged strategy - culture conflict weakens & may even defeat managerial efforts to make the strategy work.

(Q) How can we change the culture of the org.?



> One of the toughest task

↓
 easier to talk about than to do.
 ↓ because of

> The heavy anchor of deeply-held values & habits - people cling emotionally to the old & familiar.

> It takes concerted mgt. action over a period of time

to replace an unhealthy culture with a healthy one.

OR

to root out certain unwanted cultural objectives & instil more strategy supportive ones.

Steps are :

① > Diagonse which facets of the present culture ^{are} strategy supportive ^{or} not

② > managers have to talk openly to all concerned about those aspects of the culture that have to be changed.

③ > It is followed by aggressive, visible actions to change the culture to be in tune with the org.'s strategy.

How can management communicate that it is committed to creating a new culture assuming that the old culture was problematic and not aligned with the company strategy? [RTP May 21]

(Q) What do you mean by a strategic leader ?



> strategic leader creates & communicate vision for the future, formulate the required strategy, in the light of internal & external environment,

bring about necessary changes to implement the strategy & inspires the entire staff to execute the strategy successfully.

(Q) what are the responsibilities of a strategic leader ?

> managing → H.R

→ change in the org.

- > **making / Formulating**
 - strategic decisions
 - policies & action plans
- > **ensuring** effective communication
- > **sustaining**
 - high performance
 - (+) creating → strong corporate culture

(Q) What are the roles of a strategic leader?

Top Team responds to changes, be ethical & take corrective action.



- > Staying on top of what is happening, for **monitoring**.
- > Promoting a culture of **esprit de corps**.
- > Keeping the org. **responsive to changing conditions** & ahead of rivals.
- > Exercising **ethical leadership**

> Pushing **corrective actions** to improve strategy execution & overall strategic performance.

Suresh Sinha has been recently appointed as the head of a strategic business unit of a large multiproduct company. Advise Mr Sinha about the leadership role to be played by him in execution of strategy. **[RTP May 18]**



3. You have been appointed as a Chief Executive Officer (CEO) in a company which is facing many difficulties in proper execution of its strategy. Explain the leadership roles which you should play in pushing for good strategy execution.

[December 2022]

4. Chief Executive Officer (CEO) has many different leadership roles to play in a company.

6. You have been appointed as head of the Strategic Business Unit (SBU) of a large multiproduct company. Explain the leadership roles, you have to play as a Manager in pushing for good strategy execution. **[May 2023]**

(Q)

Leadership role in implementation: The strategic leaders must be able to use the strategic management process effectively by guiding the company in ways that result in the formation of strategic intent and strategic mission, facilitating the development and implementation of appropriate strategic plans and providing guidance to the employees for achieving strategic goals.



Figure: Strategy Design and Implementation: Interrelationship of Elements



Figure: Effective Strategic Leadership

(Q) Explain the different leadership styles.

Two basic approaches to leadership are:

(i) Transformational leadership style



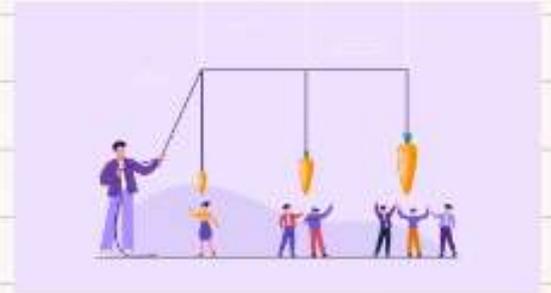
> uses charisma & enthusiasm to inspire people

> This style may be appropriate in turbulent environments, at the very start or end of their life-cycles, in poorly performing orgs. when there is need to embrace major changes

> offer excitement, vision, intellectual stimulation & personal satisfaction.

- > Motivates followers to do more by stretching their abilities and increasing their self confidence.
- > Also promotes innovation throughout the org.

(ii) Transactional leadership style.



- > Focuses more on designing systems & controlling org's activities.
- > They try to build on the existing culture & enhance current practices.
- > Uses the authority of its office to exchange rewards.
- > Prefer more formalized approach to motivation, setting clear goals with explicit rewards or penalties for achievement or non-achievement.
- > more appropriate in static environment, in mature industries & well performing orgs.
- > Better suited in persuading people to work efficiently & run operations smoothly.

summary of styles of leadership.

How can you differentiate between transformational and transactional leaders?
 [RTP Nov. 21]

How can you differentiate between transformational and transactional leaders?
 [RTP Nov. 20]

Suraj Prakash and Chander Prakash are two brothers engaged in the business of spices. Both have different approaches to management. Suraj Prakash prefers the conventional and formal approach in which authority is used for explicit rewards and punishment. While, on the other hand, Chander Prakash believes in democratic participative management approach, involving employees to give their best.

Analyse the leadership style followed by Suraj Prakash and Chander Prakash.
 [RTP May 21]

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

Discuss the difference in leadership style of father and son.
 [RTP May 19]

. Distinguish between transformational leadership style and transactional leadership style. [Nov. 19]

9. Ram and Shyam are two brothers engaged in the business of spices. Both have different approaches to management. Ram prefers the conventional and formal approach in which authority is used for explicit rewards and punishment. While, on the other hand, Shyam believes in democratic participative management approach, involving employees to give their best.

Analyse the leadership style followed by Ram and Shyam.

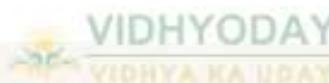
[May 18]

Suraj Prakash and Chander Prakash are two brothers engaged in the business of spices. Both have different approaches to management. Suraj Prakash prefers the conventional and formal approach in which authority is used for explicit rewards and punishment. While, on the other hand, Chander Prakash believes in democratic participative management approach, involving employees to give their best.

Analyse the leadership style followed by Suraj Prakash and Chander Prakash.

(5 Marks)

[MTP 1 Nov 23]



35. Ramesh and Suresh own software development firms ACS Ltd. and BDS Ltd. Ramesh and Suresh pitch their business in international markets and win international contracts. Ramesh has fifty software engineers in his team. Suresh, on the other hand, leads a team of forty software engineers. Every project has a specific and fixed timeline. Individual projects are assigned to project heads by Ramesh and Suresh. Ramesh adheres to strict rules and procedures. He met with the project heads to get an update but exchanged ideas occasionally. He set a weekly target of forty to get an update but exchanged ideas occasionally. He set a weekly target of forty hours to complete the task received a 10% bonus. The group that did not meet the deadline was penalized with unpaid extra working hours to complete the task. Suresh inspired the project managers by making them feel like leaders rather than just participants. Suresh's empowering attitude helped to align individual goals with group goals. Ramesh established routines to maximize his team efficiency. Suresh, on the other hand, used positive reinforcement to maximize his team efficiency.

a. Identify the leadership style employed by Ramesh and Suresh.

b. What are the conditions / situations that make such leadership Styles more appropriate?

c. Discuss the characteristics of the leadership styles.

[May 2023]

(Q) what do you mean by control?

> one of the important functions.

> core of mgt. process.

> It involves **monitoring** the activity & measuring results against **pre-established standards**

analysing → correcting deviations as necessary

maintaining/adapting the system.

Its elements are:

1. → Objectives $\xrightarrow[\text{into}]{\text{operationalized}}$ **Measurable & Controllable Standards**

2. → mechanism for **monitoring & measuring** the performance.

3. → mechanism for : (i) comparing (actual & standard)
 (ii) detecting deviations
 (iii) learning new insights.

4. → mechanism for feeding back **corrective & adaptive info.**

(Q) What are the types of organizational control?



> Its thrust is on individual tasks or transactions as against total / more aggregative mgt. functions.

> Clear-cut relationship b/w input & output that can be predetermined with least uncertainty.

> Eg :- Stock control, Budgetary control, cost control, etc.

> Management is more inclusive & aggregative.

> Purpose -> to achieve enterprise goals.

> Robert Anthony's words:
It is the process by which managers assure that the resources are obtained & used effectively & efficiently in the accomplishment of org.'s objectives.

Q) Distinguish between Operational Control and Management Control.
[MTP 1 Nov 23]

(Q) What do you mean by Strategic Control?

Schendel & Hofer
↓

Strategic control focuses on dual questions:

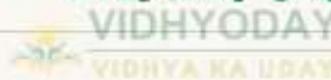
जैसा सोचा था, वो किया?

जो होना था, वो हुआ?

(whether strategy is implemented as it was planned?)

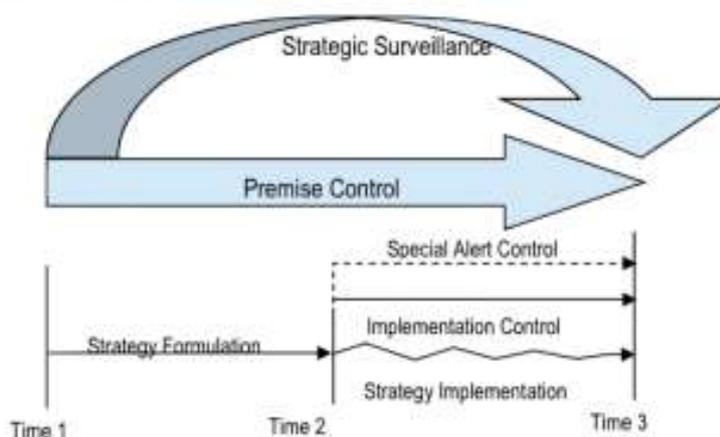
(whether strategy achieved intended results?)

> Strategy Formulation $\xrightarrow{\Delta \text{ in internal \& external env.}}$ Strategy Implementation



> Strategic control is the process of evaluating strategy as it is formulated & implemented.

> Types of Strategic Control:



Source: John A Pearce II, Richard B Robinson, Jr. and Amita Mital "Strategic Management- Formulation, Implementation and Control".

envi. = environment

(i) Premise control

> Strategy formulation → done on the basis of certain assumptions/premises about envi.
↓
may not remain valid

> It is a tool for systematic & continuous monitoring of the envi. to verify the validity & accuracy of the premises on which strategy has been built.

> It involves monitoring of two factors:

- (a) Environmental factors
- (b) Industry factors

(ii) Strategic surveillance

> Unfocussed

> general monitoring of various sources of info. to uncover unanticipated info. having a bearing on the organizational strategy.

> casual environmental browsing.

> loose form of strategic control; but is capable of uncovering info.

(iii) Special alert control

> Unexpected events may force orgs. to reconsider their strategy.

→ These may trigger an immediate & intense review of strategy.

> To cope with such eventualities, crisis management teams are formed.

(iv) Implementation control

> It is designed to assess if there is any need to change overall strategy in the light of unfolding events & results associated with each incremental step.

Monitoring Strategic Thrust

↓
 overall strategy is progressing as desired or there is need for readjustment.

Milestone Review.

↓
 Implementation is further translated in time, cost & resources
 ↓
 Evaluating it is milestone review.

Summary of types of strategic control.

What is implementation control? Discuss its basic forms. [RTP Nov. 21]

What is implementation control? Discuss its basic forms. [RTP Nov. 19]

Why is Strategic Control important for organizations? Discuss briefly 4 types of strategic control that can be implemented to achieve the enterprise goals. [RTP May 21]

What is strategic control? Briefly explain the different types of strategic control? [RTP May 20]

Explain different types of strategic control in brief. [May 18]

"Strategic control focuses on implementation and results produced by the strategy". Explain strategic control along with its different types. [May 2023]

What is implementation control? Discuss its basic forms. [RTP Nov 23]

What is strategic control? Briefly explain the different types of strategic control? (5 Marks)

[MTP II Nov 23]

(Q) what do you mean by Strategic Performance measures? (SPM)



> These are the key indicators that orgs. use to track the effectiveness of their strategies & make informed decisions about resource allocation.

> Provide a snapshot of org.'s performance.

> These indicators must be created, selected, combined into reports & acted upon, so that strategy implementation can have tangible outcomes.

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> SPM is a method that increases line executives' understanding of an org.'s strategic goals & offers a continuous system for tracking progress towards certain objectives using clear-cut performance measurements.

(Q) what are the types of SPM?

M^②ESI is Footbal

(i) Market measures

eg. → Market share, customer acquisition, customer referrals

→ provide info. about org.'s competitiveness in the marketplace & its ability to attract & retain customers.

(ii) Employee measures

Eg. :- EE satisfaction, turnover rate, EE engagement

→ Provide insight about org.'s ability to attract & retain trained employees & create a positive work environment.

(iii) Environmental measures

Eg. :- Energy consumption, waste reduction, carbon emissions.

provide
Insight
about

→ org.'s impact on the environment
→ its efforts to operate in a sustainable manner.

(iv) Customer Satisfaction Measures

Eg. :- customer satisfaction, retention & customer loyalty

→ org.'s ability to meet customer needs & provide high quality products & services.

(v) Innovation measures

Eg. :- R&D spending, patent applications, new product launches

→ org.'s ability to innovate & create new products & services that meet customer needs.

(vi) Financial Measures

eg :- Revenue growth, ROI, profit margins.

→ Org.'s financial performance & ability to generate profits.

> Define Strategic Performance Measures (SPM). Explain various types of strategic performance measures. (5 Marks)

[MTP II May 24]

(Q) State the importance of SPM.



(i) Continuous Improvement.

> Enabling them to track their progress & make adjustments to improve their performance over time.

(ii) External accountability

> SPM helps orgs. to demonstrate accountability to stakeholders, by providing a clear & transparent picture of their performance.

(iii) Resource Allocation

> Enabling them to prioritize their efforts & allocate resources to the areas that will have greatest impact on their performance.

(iv) Goal Alignment

> SPM help orgs. align their strategies with their goals & objectives)

ensuring that they are on track to achieve their desired outcome.

Why Strategic Performance Measures are essential for organizations?

[MTP I May 24]

(5 Marks)

(Q) Explain the factors to choose right SPM.

(i) **Relevance** :- Relevant to Goals & Objectives

(ii) **Data availability** :- Readily or timely available?

(iii) **Timeliness** :- Up to date, updated & current.

(iv) **Data Quality** :- Accuracy & Reliability.

How strategic decisions differ in nature from other routine decisions taken in day-to-day working of an organization? Explain.

[RTP Nov. 21]

i. "Strategic decisions are different in nature than all other decisions." In the light of this statement explain major dimensions of strategic decisions.

[July 21]







GURUKUL

By VIDHYODAY

HEAD OFFICE

Audichya Bhawan

Behind High Court, Near LIC Head office,
South Tukoganj, Indore (M.P.)
Phone: 8181815951, 9171710140

GURUKUL By VIDHYODAY

Harshdeep Tower
Indra Complex, Near Zoo
Navlakha, Indore (M.P.)
Phone: 6262222462

inquiry@vidhyoday.com | [f](#) [@](#) [v](#) [p](#) [G+](#) [@vidhyoday](#)