

MOCK TEST PAPER-I

INTERMEDIATE (NEW): GROUP – II

PAPER – 7: ENTERPRISE INFORMATION SYSTEMS AND STRATEGIC MANAGEMENT

SECTION – A: Enterprise Information Systems

Time Allowed – 1½ Hours

Maximum Marks: 50 Marks

PART I : MULTIPLE CHOICE QUESTIONS

Total Marks: 15 Marks

Question Nos. 1 to 5 carries 2 marks each.

HEALTHY MAASALA Ltd., a FMCG company is dealing in homemade and organic spices. Considering the expansion of company, it planned to start online sales for its products through online merchants like Amazon, Flipkart, and BigBasket. To start the new line of business, the company decided to get a detailed study done for the proposed system; for which the company hired the services of JS Developers. The detailed study performed by JS developers listed few critical issues that were required to be taken care to achieve goals and success which the company intended to achieve. On the basis of its analysis of present system, JS developers prepared a report and submitted it to management of HEALTHY MAASALA Ltd. In annual board meeting, the management considered the report of JS developers on various issues and submitted its response on the same. The issues raised by JS developers and action plan of HEALTHY MAASALA Ltd. are listed below.

S. No.	Critical Issues (as mentioned in report of JS developers)	Management Response of HEALTHY MAASALA Ltd.
1	Company needs to streamline and upgrade its processes of order and supply for its new line of business.	Management agrees to expand resources, time, and guidance to start new line of online business and also shows its concern on authentication of customer. Management decides to engage an auditor as a part of development team to ensure that the developed system would be as per the need of new line of business.
2	The success of online business depends on the timely supply of products to customer. Therefore, the company should work on Turn-Around-Time (TAT).	Management considers this point as an important factor and feels that same should be taken care by streamlining and upgrading the processes as the standard of online industry for TAT is changed to 24 hours.
3	The business managers need to be provided Management Information System (MIS) reports on demand.	Management highlights this as an essential feature of being able to generate relevant MIS reports through proposed system.

Apart from the above issues, the company extracted the relevant data on market trend of homemade and organic spices and purchase pattern of customer of these products. Also, the cybercrimes and their counter provisions under IT Act, 2000 governing e-commerce transactions were to be considered while developing the new system.

1. We know that the phases of Order to Cash (O2C) business process are as follows:
 - (i) Customer Order
 - (ii) Order fulfilment
 - (iii) Collections
 - (iv) Accounting
 - (v) Invoicing





(vi) Delivery Note

Identify the correct sequence of O2C Process.

- (a) (i),(ii),(vi),(v), (iii), (iv)
 - (b) (i),(ii),(v),(vi), (iii), (iv)
 - (c) (ii),(iv),(v),(vi), (i), (iii)
 - (d) (ii),(iii),(iv),(v), (i), (vi)
2. In the proposed system, the business managers shall have the facility to generate relevant MIS reports. Identify the incorrect statement about Management Information System (MIS) reports?
- (a) Business managers rely on MIS reports to evaluate businesses' daily activities and make decisions.
 - (b) The warehouse managers require MIS reports to gain information about product inventory and shipping information.
 - (c) Finance and accounting managers would require MIS reports about sales revenue and business expenses.
 - (d) Different MIS reports automatically suggest the best solution to its stakeholders.
3. The company does not have its own website and hence the management of HEALTHY MAASALA Ltd. decides to sell its products through online intermediary merchants like Amazon and BigBasket etc. Identify the business model of e-Commerce being used in this case.
- (a) Business to Consumer e-Commerce
 - (b) Business to Business e-Commerce
 - (c) Consumer to Business e-Commerce
 - (d) Consumer to Consumer e-Commerce
4. In purview of above case scenario, the management of HEALTHY MAASALA Ltd. observed that the company must comply to the related provisions of IT Act, 2000 that provide the legal recognition to all the transactions that are made electronically. As per IT Act 2000; which of the following activity does not fall under the purview of computer related offences?
- (a) Violation of Privacy
 - (b) Stealing Computer resource and computer source document
 - (c) Theft of Identity
 - (d) Removal, transfer of property to prevent tax recovery
5. In purview of above case scenario, the decision of management to engage an auditor as a part of system development team is to ensure that the developed system is as per the need of new line of online business. This engagement of Auditor is classified as ____ audit.
- (a) Post Implementation
 - (b) Internal
 - (c) Concurrent
 - (d) General

Question No(s). 6 to 10 carries 1 Mark each.

6. ABC Ltd. acquired FMN Pvt. Ltd. and replaced all the systems being used by FMN Ltd. During the replacement process, the management of ABC Ltd. observed that the cost of replacement is huge. Therefore, it allowed its employees to use their own systems rather than replacing its old systems. This is an example of _____.

- (a) Grid Computing
 - (b) Machine Learning
 - (c) Bring Your Own Device
 - (d) Device Revolution
7. Mr. X, a Marketing head of a publishing house has prepared a flowchart to explain the process of publishing of book along with its discount rate depending upon the clients like – teachers, students, etc. Which of the symbol is relevant to the process of making decision in flowchart?
- (a) 
 - (b) 
 - (c) 
 - (d) 
8. Mr. Amit is appointed as an IS auditor by GH Financial services. He uses continuous audit techniques to check whether the accounting systems of the company restricts the cash payment in excess of ₹ 50,000/- or not. He enters a dummy entity in the application file to test this condition. Which of the following continuous audit technique is being used by Mr. Amit for this audit?
- (a) Snapshot
 - (b) Integrated Test Facility
 - (c) Continuous and Intermittent Simulation
 - (d) System Control Audit Review File
9. Enterprise Resource Planning package software is the integration of various business processes, out of which Production Planning module is one of an important module. Identify from the following process that does not belong to Production Planning module?
- (a) Issuing of raw material
 - (b) Conversion into Work In Progress (WIP)
 - (c) Delivery of product to customer
 - (d) Stock transfer to Godown
10. BB Enterprises has a policy to give loan to its employees. If any employee takes a loan from the company, then EMI on that loan is deducted from the monthly salary of that employee. Which of the following service of Core Banking System is implemented in this case?
- (a) Electronic Clearing Service (ECS) Debit
 - (b) Electronic Clearing Service (ECS) Credit
 - (c) Advances
 - (d) Remittances

Part II: DESCRIPTIVE QUESTIONS

1. (a) Data Analytics refers to assortment of applications, reporting and online analytical processing to various forms of advance analytics. Explain different advanced data analytics techniques. **(3 Marks)**
(b) Write a short note on Proxy Server. **(2 Marks)**
2. (a) ABC Ltd., a renowned stationary manufacturer with five production units across the country, has adopted Enterprise Resource Planning (ERP) to integrate its business processes. Identify the ERP module that monitors and optimizes all the business process of ABC Ltd. Also, explain various key features of this module. **(6 Marks)**
(b) Cloud Computing is an emerging technology that provides various service models to business organizations for storage, networking, and other services. However, many limitations are associated with this technology. Briefly explain the drawbacks of Cloud Computing. **(4 Marks)**
3. (a) ABC Pvt. Ltd. is a brand manufacturer of automobile parts with huge clientele all over the country. The company maintains the data of its clients in Oracle-the Database management software. Explain the advantages that the company would be benefitted with by using Database Management System (DBMS). **(6 Marks)**
(b) Mr. X mortgaged his old flat and took a loan from ABC bank to set up his new business. The said transaction was recorded in the ABC bank software that may be prone to various risks. Discuss any two risks and their corresponding controls related to the process of Mortgage involved in Core Banking System. **(4 Marks)**
4. (a) NN enterprises deals with various types of gas stoves, water purifier and other kitchenware products. On the occasion of festive season, in order to increase its sales, the company decided to offer different types of discounts to its dealers and retailers. The discount policy offered by company is as follows:
 - (i) 12% discount is offered on various types of Water Purifier irrespective of the category of customer and the value of the order.
 - (ii) On Gas Stove, dealers are offered a discount of 15% whereas retailers are offered 9% irrespective of order amount.
 - (iii) On all other kitchenware products, dealers are offered a discount of 20% provided that the value of the order is ₹ 30,000 and above. Retailers are allowed a discount of 10% irrespective of the value of the order.Draw a flowchart to calculate the discount for the above policy. **(6 Marks)**
(b) Managerial Controls provide a stable infrastructure in which Information Systems can be built, operated, and maintained on day-to-day basis. List down various controls that can be adapted by management for its smooth functioning. **(4 Marks)**
5. (a) SCI Labs is an organization involved in research and development of new medicines and drugs. The company has five branches in different cities across the country interconnected using Grid Computing model so as to share the resources and research that are carried out in its different branches. Explain the benefits that SCI Labs may incur while using Grid Computing. **(6 Marks)**
(b) The management of ABC company is planning to adopt the automation of its major business process. Mr. X has been requested to brief all steps of implementing Business Process Automation to the members of management. Enlist the sequential steps of implementing BPA that can be part of Mr. X's presentation. **(4 Marks)**

SECTION – B: STRATEGIC MANAGEMENT

Time Allowed – 1½ Hours

Maximum Marks – 50

Question 1 and 2 are compulsory.

Attempt any **three** questions out of remaining **four** questions.

1. (A) Zuberia, a London based choreographer with a master's degree in social entrepreneurship, wanted to do something innovative and impactful with her international degree. Following which she took on her dream to inculcate dance as a part of basic curriculum in primary education back in India. For this, she set up a digital dance education company called DanceXT.

The business model was simple; approach active NGOs working on the field, conduct local competitions to spread awareness, offer scholarships to talented kids to lure in support, and finally build a community of interested individuals. This would act as a base for marketers to market their products amongst youth and also divert some of their CSR funds to a good cause. Interestingly, there are numerous NGOs working for the same cause, but the business monetisation of DanceXT's consumer data and easy approachability for businesses has created an advantage over others.

A startup incubator was consulted to ensure free flow of funds in the initial few months until sponsors were arranged. The best alternative to bank loans was crowdfunding and that is what DanceXT opted for. Individuals and corporates were encouraged to provide for basic expenses while volunteerism was encouraged for on field support. The operations were smooth and foolproof.

The company expanded exponentially in major cities of Delhi, Mumbai and Kolkata, while making a surprising foothold in Jaipur, Indore, Surat and Nashik. With over 500 volunteers and 100 team leaders, many more college students expressed interest in joining the field force. Sports brands, FMCG giants, political candidates, and even government schools showed immense support to the company. It built a massive workforce making numerous local teams with one single target of inculcating extra curricular in primary students especially through dance.

The highlight of their success was when four of their students got selected in a dance reality show on television. Following it, the business is booming with marketers eyeing youth while being true to the underlying cause of the company.

Based on the above Case Scenario, answer the Multiple-Choice Questions which are as follows:

1. Similar businesses in dance tutoring operated on different business models because of?
 - (a) The external environment
 - (b) Customer Geographies
 - (c) Choice of Strategy
 - (d) Political Influence **(1 Mark)**
2. The differentiating factor for DanceXT in comparison to its competitors has been which of the following?
 - (a) Research and Development Strategy - Innovative Dance Forms
 - (b) Vision Statement - Cultural Arts NGO aiming underprivileged talent
 - (c) Marketing Mix Strategy - Product, Potential Consumer Insights for final businesses
 - (d) Human Resource Strategy - Hiring quality dance trainers Pan-India **(1 Mark)**
3. Incubator was approached for which of the following aspects of financial strategy?
 - (a) Budgeting


- (b) Management of Funds
 - (c) Evaluating worth of business
 - (d) Acquisition of Capital' **(1 Mark)**
4. DanceXT can be categorised as which of the intensification strategies?
- (a) Market Penetration
 - (b) Market Development
 - (c) Product Development
 - (d) Diversification of Services **(1 Mark)**
5. Which of the following could be the biggest challenge from Chandler's Strategy-Structure Relationship for DanceXT?
- (a) Too many levels of management
 - (b) Too much attention diverted to intercompany conflicts
 - (c) Too many objectives to achieve
 - (d) Too large a span of control **(1 Mark)**
- (B) Baba Pvt Ltd has seventeen factories, nine of which they recently gave to other producers on lease. This has increased their cash inflows to a great extent, and they are enjoying this surplus by investing the same in financial assets. Such a strategy can be termed as which of the following?
- (a) Divest
 - (b) Harvest
 - (c) Hold
 - (d) Build **(2 Marks)**
- (C) Shreya, the owner of Kalakaari boutiques, wanted to reduce uncertainty of their business strategy for which she gathered a lot of information from peers, groups, industry reports and experts. But it did not give her comfort to take up new strategies. What tool can help her in this regard?
- (a) Risk Analysis
 - (b) BCG Analysis
 - (c) ADL Matrix
 - (d) Scenario Analysis **(2 Marks)**
- (D) Mixfix was having a tough time with its operations and wanting to restructure itself from scratch. For this, they consult a veteran in business strategy, Mrs. Sunita K, who post analysis of their business said, "your dead business is worth more than alive". What did Mrs. Sunita hint at?
- (a) Restructuring Business
 - (b) Liquidation
 - (c) Business Process Re-engineering
 - (d) Divestment **(2 Marks)**
- (E) Systematic and continuous monitoring of the business environment to verify the accuracy of assumptions on which strategy is built is achieved by?
- (a) Premise Control
 - (b) Special Alert Control

- (c) Implementation Control
- (d) Strategic Surveillance **(2 Marks)**
- (F) DMart sells fast moving consumer goods at wholesale prices to retail customers, is a strategy of?
- (a) Market Penetration
- (b) Cost Differentiation
- (c) Cost Leadership
- (d) Market Development **(1 Mark)**
- (G) The philosophical base of strategic management falls within the concept of-
- (a) Strategic Intent
- (b) Portfolio Analysis
- (c) Globalisation
- (d) Vision Statement **(1 Mark)**
2. 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? **(5 Marks)**
3. (a) 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 **(5 Marks)**
- (b) How Ansoff's Product Market Growth Matrix is a useful tool for business organizations? **(5 Marks)**
4. (a) 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. **(5 Marks)**
- (b) What are the objectives that must be kept in mind while designing a pricing strategy of a new product? **(5 Marks)**
5. (a) 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. **(5 Marks)**
- (b) Explain the three major R & D approaches to implement strategic decisions. **(5 Marks)**
6. Distinguish between the following:
- (a) Transformational leadership and Transactional leadership. **(5 Marks)**
- (b) Strategy Formulation and Strategy Implementation. **(5 Marks)**

MOCK TEST PAPER-I
INTERMEDIATE (NEW): GROUP – II
PAPER – 7: ENTERPRISE INFORMATION SYSTEMS AND STRATEGIC MANAGEMENT
SECTION – A: ENTERPRISE INFORMATION SYSTEMS

ANSWERS

PART I : MULTIPLE CHOICE QUESTIONS

1. (a) (i), (ii), (vi), (v), (iii), (iv)
2. (d) Different MIS reports automatically suggest the best solution to its stakeholders.
3. (a) Business to Consumer e-Commerce
4. (d) Removal, transfer of property to prevent tax recovery
5. (c) Concurrent
6. (c) Bring Your Own Device
7. (b) 
8. (b) Integrated Test Facility
9. (c) Delivery of product to customer
10. (a) Electronic Clearing Service (ECS) Debit

Part II: DESCRIPTIVE QUESTIONS

1. (a) The different advanced Data Analytics techniques are as follows:
 - Data Mining involves sorting through large data sets to identify trends, patterns and relationships;
 - Predictive Analytics seeks to predict customer behaviour, equipment failures and other future events; and
 - Machine Learning is an artificial intelligence technique that uses automated algorithms to churn through data sets more quickly than data scientists can do via conventional analytical modelling.
- (b) A **Proxy Server** is a computer that offers a computer network service to allow clients to make indirect network connections to other network services. A client connects to the proxy server, and then requests a connection, file, or other resource available on a different server. The proxy server provides the resource either by connecting to the specified server or by serving it from a cache and hence often used to increase the speed and managing network bandwidth. In some cases, the proxy may alter the client's request or the server's response for various purposes.
2. (a) The module of Enterprise Resource Planning (ERP) discussed is **Controlling Module**. The various key features of this module are as follows:
 - **Cost Element Accounting:** This component provides overview of the costs and revenues that occur in an organization. The cost elements are the basis for cost accounting and enable the user the ability to display costs for each of the accounts that have been assigned to the cost element. Examples of accounts that can be assigned are Cost Centres, Internal Orders, WBS (Work Breakdown Structures);

- **Cost Centre Accounting:** This provides information on the costs incurred by the business. Cost Centres can be created for such functional areas as Marketing, Purchasing, Human Resources, Finance, Facilities, Information Systems, Administrative Support, Legal, Shipping/Receiving, or even Quality. Some of the benefits of Cost Centre Accounting are that the Managers can set Budget/Cost Centre targets; Planning; Availability of Cost allocation methods; and Assessments/Distribution of costs to other cost objects;
- **Activity-Based-Accounting:** This analyse cross-departmental business processes and allows for a process-oriented and cross-functional view of the cost centres;
- **Internal Orders:** Internal Orders provide a means of tracking costs of a specific job, service, or task. These are used as a method to collect those costs and business transactions related to the task. This level of monitoring can be very detailed but allows management the ability to review Internal Order activity for better-decision making purposes;
- **Product Cost Controlling:** This calculates the costs that occur during the manufacture of a product or provision of a service and allows the management the ability to analyse their product costs and to make decisions on the optimal price(s) to market their products;
- **Profitability Analysis:** This allows the management to review information with respect to the company's profit or contribution margin by individual market segment; and
- **Profit Centre Accounting:** This evaluates the profit or loss of individual, independent areas within an organization.

(b) The drawbacks of Cloud Computing are as follows:

- ◆ If Internet connection is lost, the link to the cloud and thereby to the data and applications is lost.
- ◆ Security is a major concern as entire working with data and applications depend on other cloud vendors or providers.
- ◆ Although Cloud computing supports scalability i.e. quickly scaling up and down computing resources depending on the need, it does not permit the control on these resources as these are not owned by the user or customer.
- ◆ Depending on the cloud vendor or provide, customers may have to face restrictions on the availability of applications, operating systems and infrastructure options.
- ◆ Interoperability (ability of two or more applications that are required to support a business need to work together by sharing data and other business-related resources) is an issue wherein all the applications may not reside with a single cloud vendor and two vendors may have applications that do not cooperate with each other.

3. (a) The advantages of using Database Management System (DBMS) are as follows:

- ◆ **Permitting Data Sharing:** One of the principle advantages of a DBMS is that the same information can be made available to different users.
- ◆ **Minimizing Data Redundancy:** In a DBMS, duplication of information or redundancy is, if not eliminated, carefully controlled or reduced i.e. there is no need to repeat the same data repeatedly. Minimizing redundancy reduces significantly the cost of storing information on storage devices.

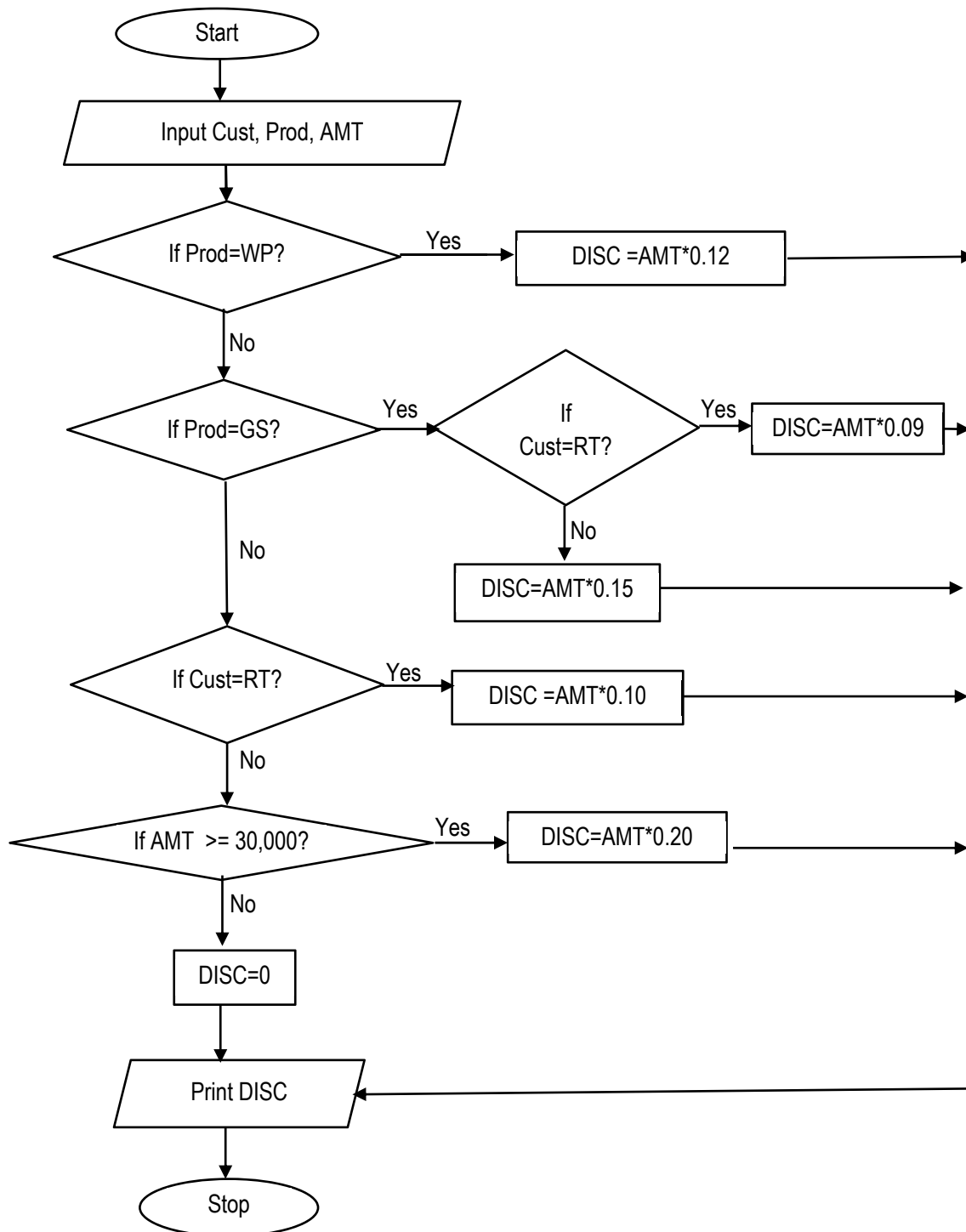
- ◆ **Integrity can be maintained:** Data integrity is maintained by having accurate, consistent, and up-to-date data. Updates and changes to the data only must be made in one place in DBMS ensuring Integrity.
- ◆ **Program and File consistency:** Using a DBMS, file formats and programs are standardized. The level of consistency across files and programs makes it easier to manage data when multiple programmers are involved as the same rules and guidelines apply across all types of data.
- ◆ **User-friendly:** DBMS makes the data access and manipulation easier for the user. DBMS also reduces the reliance of users on computer experts to meet their data needs.
- ◆ **Improved security:** DBMS allows multiple users to access the same data resources in a controlled manner by defining the security constraints. Some sources of information should be protected or secured and only viewed by select individuals. Using passwords, DBMS can be used to restrict data access to only those who should see it.
- ◆ **Achieving program/data independence:** In a DBMS, data does not reside in applications but data bases program and data are independent of each other.
- ◆ **Faster Application Development:** In the case of deployment of DBMS, application development becomes fast. The data is already therein databases, application developer has to think of only the logic required to retrieve the data in the way a user needs.

(b) The risks and their corresponding controls related to the process of Mortgage involved in Core Banking System are as follows:

S. No.	Risks	Key Controls
1.	Incorrect customer and loan details are captured which will affect the over- all downstream process.	There is secondary review performed by an independent team member who will verify loan details captured in core banking application with offer letter.
2.	Incorrect loan amount disbursed.	There is secondary review performed by an independent team member who will verify loan amount to be disbursed with the core banking application to the signed offer letter.
3.	Interest amount is in- correctly calculated and charged.	Interest amount is auto calculated by the core banking application basis loan amount, ROI and tenure.
4.	Unauthorized changes made to loan master data or customer data.	System enforced segregation of duties exist in the core banking application where the person putting in of the transaction cannot approve its own transaction and reviewer cannot edit any details submitted by person putting data.

4. (a) The abbreviations used in the flowchart are defined as under:

Cust: Customer Prod: Product GS: Gas stove WP: Water Purifier
 AMT: Amount DISC: Discount RT: Retailer



(b) The controls that can be adapted by management for its smooth functioning are as follows:

- (i) Top Management & IS Management Controls
- (ii) System Development Management Controls
- (iii) Programming Management Controls
- (iv) Data Resource Management Controls
- (v) Quality Assurance Management Controls
- (vi) Business Continuity Planning Management Controls

- (vii) Security Management Controls
- (viii) Operations Management Controls

5. (a) The benefits that SCI Labs may incur while using Grid Computing are as follows:

- ◆ **Making use of Underutilized Resources:** In most organizations, there are large amounts of underutilized computing resources including even the server machines. Grid computing provides a framework for exploiting these underutilized resources and thus has the possibility of substantially increasing the efficiency of resource usage. Grid computing (more specifically, a data grid) can be used to aggregate this unused storage into a much larger virtual data store, possibly configured to achieve improved performance and reliability over that of any single machine.
- ◆ **Resource Balancing:** For applications that are grid-enabled, the grid can offer a resource balancing effect by scheduling grid jobs on machines with low utilization. This feature of grid computing handles occasional peak loads of activity in parts of a larger organization. An unexpected peak can be routed to relatively idle machines in the grid; and if the grid is already fully utilized, the lowest priority work being performed on the grid can be temporarily suspended or even cancelled and performed again later to make room for the higher priority work.
- ◆ **Parallel CPU Capacity:** The potential for usage of massive parallel CPU capacity is one of the most common visions and attractive features of a grid. A CPU-intensive grid application can be thought of as many smaller sub-jobs, each executing on a different machine in the grid. To the extent that these sub-jobs do not need to communicate with each other, the more scalable the application becomes. A perfectly scalable application will, for example, finish in one tenth of the time if it uses ten times the number of processors.
- ◆ **Virtual resources and virtual organizations for collaboration:** Grid computing provides an environment for collaboration among a wider audience. The users of the grid can be organized dynamically into several virtual organizations, each with different policy requirements. These virtual organizations can share their resources such as data, specialized devices, software, services, licenses, and so on, collectively as a larger grid. The grid can help in enforcing security rules among them and implement policies, which can resolve priorities for both resources and users.
- ◆ **Access to additional resources:** In addition to CPU and storage resources, a grid can provide access to other resources as well. For example, if a user needs to increase their total bandwidth to the Internet to implement a data mining search engine, the work can be split among grid machines that have independent connections to the Internet. In this way, total searching capability is multiplied, since each machine has a separate connection to the Internet.
- ◆ **Reliability:** High-end conventional computing systems use expensive hardware to increase reliability. The machines also use duplicate processors in such a way that when they fail, one can be replaced without turning the other off. Power supplies and cooling systems are duplicated. The systems are operated on special power sources that can start generators if utility power is interrupted. All of this builds a reliable system, but at a great cost, due to the duplication of expensive components.
- ◆ **Management:** The goal to virtualize the resources on the grid and more uniformly handle heterogeneous systems create new opportunities to better manage a larger, more distributed IT infrastructure. The grid offers management of priorities among different projects. Aggregating utilization data over a larger set of projects can enhance an organization's ability to project future upgrade needs. When maintenance is required, grid work can be rerouted to other machines without crippling the projects involved.

- (b) The sequential steps of implementing Business Process Automation are as follows:
- (i) Step 1: Define why we plan to implement a BPA?
 - (ii) Step 2: Understand the rules / regulation under which enterprise needs to comply with?
 - (iii) Step 3: Document the process, we wish to automate
 - (iv) Step 4: Define the objectives/goals to be achieved by implementing BPA
 - (v) Step 5: Engage the business process consultant
 - (vi) Step 6: Calculate the RoI for project
 - (vii) Step 7: Developing the BPA
 - (viii) Step 8: Testing the BPA

SECTION – B: STRATEGIC MANAGEMENT

SUGGESTED ANSWERS/HINTS

1. (A)

(1)	(2)	(3)	(4)	(5)
(c)	(c)	(d)	(a)	(b)

(B) (b)

(C) (d)

(D) (b)

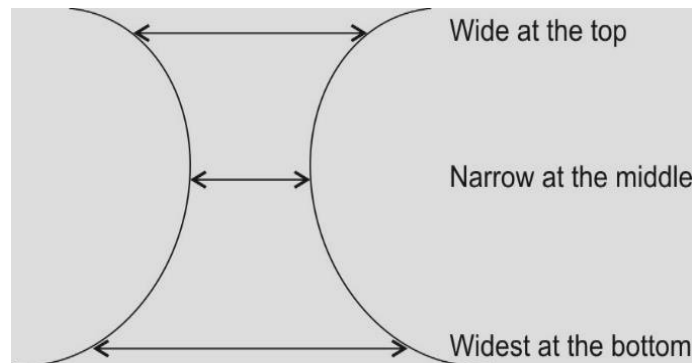
(E) (a)

(F) (c)

(G) (a)

2. In the recent years information technology and communications have significantly altered the functioning of organizations. The role played by middle management is diminishing as the tasks performed by them are increasingly being replaced by the technological tools. Hourglass organization structure consists of three layers in an organisation structure with constricted middle layer. The structure has a short and narrow middle management level.

Information technology links the top and bottom levels in the organization taking away many tasks that are performed by the middle level managers. A shrunken middle layer coordinates diverse lower level activities.



Hourglass Organization Structure

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

3. (a) Yummy foods are proactive in its approach. On the other hand, Tasty Food is reactive. Proactive strategy is planned strategy whereas reactive strategy is adaptive reaction to changing circumstances. A company's strategy is typically a blend of proactive actions on the part of managers to improve the company's market position and financial performance and reactions to unanticipated developments and fresh market conditions.

If organisational resources permit, it is better to be proactive rather than reactive. Being proactive in aspects such as introducing new products will give you advantage in the mind of customers.

At the same time, crafting a strategy involves stitching together a proactive/intended strategy and then adapting first one piece and then another as circumstances surrounding the company's situation change or better options emerge-a reactive/adaptive strategy. This aspect can be accomplished by Yummy Foods.

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

Companies should always be looking to the future. Businesses that use the Ansoff matrix can determine the best strategy. The matrix can help them to decide how to do this by demonstrating their options clearly, breaking them down into four strategies, viz., *Market Penetration, Market Development, Product Development, Diversification*. Determining which of these is best for their business will depend on a number of variables including available resources, infrastructure, market position, location and budget.

4. (a) Implementation and execution are an operations-oriented activity aimed at shaping the performance of core business activities in a strategy-supportive manner. To convert strategic plans into actions and results, a manager must be able to direct organizational change, motivate people, build and strengthen company's competencies and competitive capabilities, create a strategy-supportive work culture, and meet or beat performance targets. Good strategy execution involves creating strong "fits" between strategy and organizational capabilities, structure, climate & culture.

In most situations, strategy-execution process includes the following principal aspects:

1. **Developing budgets** that steer ample resources into those activities critical to strategic success.
 2. **Staffing the organization with the needed skills and expertise**, consciously building and strengthening strategy-supportive competencies and competitive capabilities and organizing the work effort.
 3. **Ensuring that policies and operating procedures facilitate rather than impede** effective execution.
 4. **Using the best-known practices** to perform core business activities and pushing for continuous improvement.
 5. **Installing information and operating systems** that enable company personnel to better carry out their strategic roles day in and day out.
 6. **Motivating people** to pursue the target objectives energetically.
 7. **Creating a company culture and work climate conducive** to successful strategy implementation and execution.
 8. **Exerting the internal leadership needed to drive implementation forward and keep improving strategy execution.** When the organization encounters stumbling blocks or weaknesses, management has to see that they are addressed and rectified quickly.
- (b) For a new product pricing strategies for entering a market needs to be designed. In pricing a really new product at least three objectives must be kept in mind.
- i. Making the product acceptable to the customers.
 - ii. Producing a reasonable margin over cost.
 - iii. Achieving a market that helps in developing market share.

For a new product an organization may either choose to skim or penetrate the market. In skimming prices are set at a very high level. The product is directed to those buyers who are relatively price

insensitive but sensitive to the novelty of the new product. For example call rates of mobile telephony were set very high initially. Even the incoming calls were charged. Since the initial off take of the product is low, high price, in a way, helps in rationing of supply in favour of those who can afford it.

In penetration pricing firm keeps a temptingly low price for a new product which itself is selling point. A very large number of the potential customers may be able to afford and willing to try the product.

5. (a) Spacetek Pvt. Ltd. company has adopted *Focus strategy* which is one of the Michael Porter's Generic strategies. Focus strategies are most effective when consumers have distinctive preferences or requirements and when rival firms are not attempting to specialize in the same target segment. An organization using a focus strategy may concentrate on a particular group of customers, geographic markets, or on particular product-line segments in order to serve a well-defined but narrow market better than competitors who serve a broader market.

Advantages of Focus Strategy

1. Premium prices can be charged by the organizations for their focused product/services.
2. Due to the tremendous expertise about the goods and services that organizations following focus strategy offer, rivals and new entrants may find it difficult to compete.

Disadvantages of Focus Strategy

1. The firms lacking in distinctive competencies may not be able to pursue focus strategy.
2. Due to the limited demand of product/services, costs are high which can cause problems.
3. In the long run, the niche could disappear or be taken over by larger competitors by acquiring the same distinctive competencies.

- (b) There are at least three major R&D approaches for implementing strategies.

- i. **Be the leader:** The first strategy is to be the first firm to market new technological products. This is a glamorous and exciting strategy but also a dangerous one. Firms such as 3M and General Electric have been successful with this approach, but many other pioneering firms have fallen, with rival firms seizing the initiative.
- ii. **Be an innovative imitator:** A second R&D approach is to be an innovative imitator of successful products, thus minimizing the risks and costs of startup. This approach entails allowing a pioneer firm to develop the first version of the new product and to demonstrate that a market exists. Then, laggard firms develop a similar product. This strategy requires excellent R&D personnel and an excellent marketing department.
- iii. **Be a low-cost producer:** A third R&D strategy is to be a low-cost producer by mass-producing products similar to but less expensive than products recently introduced. As a new product accepted by customers, price becomes increasingly important in the buying decision. Also, mass marketing replaces personal selling as the dominant selling strategy. This R&D strategy requires substantial investment in plant and equipment, but fewer expenditures in R&D than the two approaches described earlier.

6. (a) Following are the differences between transformational and transactional leadership:

1. Transformational leadership style uses charisma and enthusiasm to inspire people to exert them for the good of organization. Transactional leadership style uses the authority of its office to exchange rewards such as pay, status symbols etc.
2. Transformational leadership style may be appropriate in turbulent environment, in industries at the very start or end of their cycles, poorly performing organisations, when there is a need

to inspire a company to embrace major changes. Transactional leadership style can be appropriate in static environment, in growing or mature industries and in organisations that are performing well.

3. Transformational leaders inspire employees by offering excitement, vision, intellectual stimulation and personal satisfaction. Transactional leaders prefer a more formalized approach to motivation, setting clear goals with explicit rewards or penalties for achievement and non-achievement. Transactional leaders focus mainly to build on existing culture and enhance current practices.

(b) Although inextricably linked, strategy implementation is fundamentally different from strategy formulation in the following ways:

Strategy Formulation	Strategy Implementation
<ul style="list-style-type: none"> ◆ Strategy formulation focuses on effectiveness. ◆ Strategy formulation is primarily an intellectual process. ◆ Strategy formulation requires conceptual intuitive and analytical skills. ◆ Strategy formulation requires coordination among the executives at the top level. 	<ul style="list-style-type: none"> ◆ Strategy implementation focuses on efficiency. ◆ Strategy implementation is primarily an operational process. ◆ Strategy implementation requires motivation and leadership skills. ◆ Strategy implementation requires coordination among the executives at the middle and lower levels.