

Chapter 1 - Introduction to Strategic Management

CA Dreamers

Concepts you must state: Strategy vs Policy vs Tactics; levels of strategy; alignment; time horizon

Ch 1 Q1. Define strategy and strategic management. Differentiate strategy, policy and tactics with examples.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Strategy vs Policy vs Tactics; levels of strategy; alignment; time horizon

Source: ICAI Study Material (2025) - adopted

Requirement:

Define the four terms and contrast with one example each; add the three levels and alignment.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Strategy: long-term direction and scope under competition and uncertainty.
- Strategic Management: analyze -> formulate -> implement -> evaluate.
- Levels of Strategy:
 - Corporate - where to play.
 - Business - how to win.
 - Functional - how to deliver.
- Example chain - budget airline:
 - Corporate: short-haul focus.
 - Business: cost leadership.
 - Functional: single fleet; fast turnarounds; paid add-ons.

Explanation:

- Different horizons: policy (rules) -> tactics (actions) -> strategy (direction).
- Levels must cascade; alignment earns marks.

FINAL: Strategy is integrated long-term direction; policies set boundaries; tactics are short-term moves; align corporate, business and functional levels.

Concepts you must state: Mission; Vision; SMART objectives; KPI cascade

Ch 1 Q2. Mission vs Vision vs Objectives - features and why distinct.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Mission; Vision; SMART objectives; KPI cascade

Source: PYQ (Nov 2024) - adopted

Requirement:

State features, show distinction, and link to SMART and KPIs.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Mission: present purpose/scope and values.
- Vision: compelling future destination, time-bound.
- Objectives: SMART milestones with owners and timelines.
- KPI cascade:
 - Finance: ROCE/margin.
 - Customer: NPS/retention.
 - Process: cycle time/defects.
 - Learning: capability hours/innovation.

Explanation:

- Marker looks for explicit separation of present vs future vs milestones.
- Mention owners/timelines for objectives.

FINAL: Keep them distinct: mission (present) -> vision (future) -> objectives (SMART with KPIs).

Concepts you must state: Analysis; formulation; implementation; evaluation; learning

Ch 1 Q3. Strategic management process with feedback loops and tools.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Analysis; formulation; implementation; evaluation; learning

Source: Model Test Paper (Sept 2024) - adopted

Requirement:

Describe stages; name tools; stress feedback.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Analyze: PESTLE, Five Forces, VRIO, value chain; frame assumptions/risks.
- Formulate: choose corporate/business/functional strategies.
- Implement: align structure, systems (OKRs/budgets), culture, leadership.
- Evaluate: leading + lagging indicators; variance analysis.
- Feedback: reviews update assumptions; learning loop closes cycle.

Explanation:

- State at least one tool per stage.
- Say 'assumptions' and 'review cadence'.

FINAL: SM is a continuous loop: analyze -> formulate -> implement -> evaluate -> learn and revise.

Concepts you must state: Hierarchy; alignment; execution risk

Ch 1 Q4. Levels of strategy - corporate, business and functional - with misalignment risks.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Hierarchy; alignment; execution risk

Source: ICAI SM (adopted) - adopted

Requirement:

Differentiate levels; give example each and a misalignment risk.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Corporate: portfolio/scope; example: EV charging entry.
- Business: competitive position; example: premium chocolate differentiation.
- Functional: policies/programs (marketing/HR/ops) that support the position.
- Risk: misalignment wastes spend and weakens performance.

Explanation:

- Show the cascade and one concrete misalignment (e.g., premium promise with discount tactics).

FINAL: State three levels with examples; warn that misalignment creates promise-reality gaps.

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Concepts you must state: Cost leadership; differentiation; focus; trade-offs

Ch 1 Q5. Competitive advantage and Porter's generic strategies with risks.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Cost leadership; differentiation; focus; trade-offs

Source: RTP (May 2025) - adopted

Requirement:

Define advantage and explain each generic strategy with risks.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Advantage: deliver superior value at acceptable cost; sustained by activity fit.
- Cost leadership: scale/process; risks: input cost shocks; quality perception drop.
- Differentiation: uniqueness buyers value; risks: imitation; unacceptable cost gap.
- Focus: narrow segment; risks: niche shrinks; attack by large rivals.

Explanation:

- Mention 'trade-offs' and 'fit' to avoid 'stuck in the middle'.

FINAL: Choose one generic route and commit activities accordingly; advantage persists when trade-offs and fit reinforce the position.

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Concepts you must state: Fit today; adaptability tomorrow; duality

Ch 1 Q6. Strategic fit and dynamic capabilities - why both matter.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Fit today; adaptability tomorrow; duality

Source: ICAI SM (adopted) - adopted

Requirement:

Define both; justify balance.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Fit: align internal capabilities with external conditions for efficiency now.
- Dynamic capabilities: sense - seize - transform to adapt over time.
- Balance: too much fit -> rigidity; too much explore -> inefficiency.

Explanation:

- Use 'exploit + explore' phrasing; examiners want duality stated.

FINAL: Firms win by balancing exploit (fit) and explore (dynamic capabilities); either extreme underperforms.

CA Dreamers

Concepts you must state: SMART; ownership; timelines

Ch 1 Q7. Objectives and SMART criteria with a crisp example.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: SMART; ownership; timelines

Source: PYQ (Nov 2023) - adopted

Requirement:

Define SMART and give one exam-quality example.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- SMART: Specific, Measurable, Achievable, Relevant, Time-bound; assign owner and review cadence.
- Example: Grow D2C revenue by 20 percent in 12 months while keeping NPS ≥ 60 ; owner: Sales Head; review: monthly.

Explanation:

- Spell out all five SMART words; add owner + review.

FINAL: SMART means the target is specific, measurable, achievable, relevant and time-bound with an accountable owner.

CA Dreamers

Concepts you must state: Stakeholder mapping; governance levers; risk appetite

Ch 1 Q8. Stakeholders and corporate governance - mechanisms and impact.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Stakeholder mapping; governance levers; risk appetite

Source: ICAI SM (adopted) - adopted

Requirement:

Define stakeholders and governance mechanisms; link to outcomes.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Stakeholders: shareholders, employees, customers, suppliers, lenders, regulators, community.
- Mechanisms: board independence, audit committee oversight, disclosures, aligned incentives.
- Impact: clarifies risk appetite; improves accountability and performance.

Explanation:

- List at least 3 mechanisms; tie to 'risk appetite' to show strategic link.

FINAL: Sound governance aligns stakeholder expectations and enforces prudent risk-taking.

CA Dreamers

Concepts you must state: Value creation-capture logic vs competitive positioning

Ch 1 Q9. Business model vs strategy - differentiate with one illustration.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Value creation-capture logic vs competitive positioning

Source: PYQ Blend (2019/2022) - adopted

Requirement:

Define both and show how they relate but differ.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Business model: how value is created and captured (who/what/how revenues/costs).
- Strategy: how to achieve a defensible position vs rivals (choices and trade-offs).
- Illustration: Marketplace model (take-rate, network effects) executed with focus differentiation or cost leadership.

Explanation:

- Examiners like 'model tells how the system makes money; strategy tells how we win' wording.

FINAL: State: model explains money mechanics; strategy explains competitive position and trade-offs.

CA Dreamers

Concepts you must state: Execution vs oversight; agency issues

Ch 1 Q10. Management vs Governance - roles in strategy.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Execution vs oversight; agency issues

Source: ICAI SM (adopted) - adopted

Requirement:

Differentiate roles; list key governance duties.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Management: formulate/execute within risk appetite.
- Governance: set risk appetite; appoint/monitor management; ensure disclosures/compliance; protect stakeholders.
- Agency: mechanisms reduce conflicts (independent directors, audit, remuneration policies).

Explanation:

- Tie governance to strategy by 'risk appetite' and 'oversight of strategic choices'.

FINAL: Governance sets guardrails and oversight; management makes and executes choices within them.

MCQ Bank - 10 Questions

1. Which best defines strategy?

- | |
|------------------------------------|
| (A) Long-term direction and scope. |
| (B) Short-term sales tactics. |
| (C) Daily operating procedure. |
| (D) Set of policies only. |

Answer: A - Strategy is long-term direction.

2. Strategic management sequence is:

- | |
|---|
| (A) Analyze -> Formulate -> Implement -> Evaluate |
| (B) Implement -> Analyze -> Formulate -> Evaluate |
| (C) Formulate -> Evaluate -> Analyze -> Implement |
| (D) Evaluate -> Implement -> Analyze -> Formulate |

Answer: A - Begins with analysis; ends with evaluation.

3. Policy primarily provides:

- | |
|--|
| (A) Competitive position. |
| (B) Guiding boundaries for repetitive decisions. |
| (C) Capital allocation. |
| (D) Vision of future. |

Answer: B - Policies ensure decision consistency.

4. Tactics are:

- | |
|---|
| (A) Long-range plan. |
| (B) Short-term actions supporting strategy. |
| (C) Corporate parenting decisions. |
| (D) Organizational culture. |

Answer: B - Tactics deliver short-term moves aligned to strategy.

5. Corporate-level strategy addresses:

- | |
|------------------------------------|
| (A) How to win in a chosen market. |
| (B) What businesses to be in. |
| (C) How to design marketing mix. |
| (D) Work-instruction standards. |

Answer: B - Scope decisions sit at corporate level.

6. A firm 'stuck in the middle' lacks:

- | |
|----------------------------------|
| (A) Trade-offs and activity fit. |
| (B) Scale economies only. |
| (C) Vision statement only. |
| (D) Any policy manual. |

Answer: A - Without trade-offs/fit, it risks mediocre position.

7. SMART objectives include:

- | |
|--|
| (A) Qualitative only. |
| (B) No time bound. |
| (C) Specific and measurable with time limit. |
| (D) Always financial. |

Answer: C - SMART = Specific, Measurable, Achievable, Relevant, Time-bound.

8. Governance mechanism not typical:

- | |
|-----------------------------|
| (A) Board independence |
| (B) Audit committee |
| (C) Transparent disclosures |
| (D) Price skimming |

Answer: D - Price skimming is a market tactic, not governance.

9. Dynamic capabilities emphasize:

- | |
|---|
| (A) Only cost reduction. |
| (B) Sense - seize - transform under change. |
| (C) Ignore external shifts. |
| (D) Static fit forever. |

Answer: B - They help adapt by sensing, seizing and transforming.

10. Functional strategy example:

- | |
|--|
| (A) Enter electric charging industry |
| (B) Premium chocolate differentiation |
| (C) Operations turnaround times and single fleet |
| (D) Portfolio divestment |

Answer: C - Functional policies deliver the business position.

Case-based MCQs - 5 Scenarios

Case 1: Facts - Budget airline faces fuel price rise; wants lowest fares.

Issues - Cost leadership focus; maintain low cost structure.

Concept - identify and apply.

Application - Which action best aligns?

(A) Free meals to all

(B) Add business class

(C) Increase utilization and paid add-ons

(D) Start long-haul

Correct: C - Utilization and ancillaries protect low fares without breaking focus.

Case 2: Facts - Retail bank states 'be most trusted mass-market bank by 2030'.

Issues - Vision vs mission clarity.

Concept - identify and apply.

Application - Which is the vision?

(A) Affordable banking today

(B) Be most trusted mass-market bank by 2030

(C) Cut cost-income this year

(D) 24x7 call center

Correct: B - Vision is future destination with timeline.

Case 3: Facts - Credit approval limits and escalations drafted.

Issues - Policy role.

Concept - identify and apply.

Application - These policies ensure:

(A) Unique position

(B) Consistency with strategy

(C) Daily sales tactics

(D) Corporate diversification

Correct: B - Policies create consistent boundaries.

Case 4: Facts - Brand tries to be cheapest and most premium.

Issues - Stuck in the middle risk.

Concept - identify and apply.

Application - Primary issue:

(A) Lack of trade-offs and activity fit

(B) Brand identity

(C) Supplier power

(D) Distribution reach

Correct: A - Without trade-offs/fit, position unstable.

Case 5: Facts - CEO wants quarterly assumption reviews.

Issues - Feedback and learning loop.

Concept - identify and apply.

Application - Supports which stage?

(A) Analyze

(B) Formulate

(C) Implement

(D) Evaluate

Correct: D - Quarterly reviews = evaluation and learning.

Chapter 2 - Strategic Analysis: External Environment

CA Dreamers

Concepts you must state: PESTLE; scanning; assumptions

Ch 2 Q1. PESTLE analysis with two examples per factor for a fintech firm.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: PESTLE; scanning; assumptions

Source: ICAI SM (adopted) - adopted

Requirement:

Define PESTLE; give two examples per factor; convert into planning assumptions.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Political: data localization; national payment rails.
- Economic: interest-rate cycle; disposable income.
- Socio-cultural: privacy expectations; financial literacy.
- Technological: ML underwriting; open APIs.
- Legal: KYC/AML; data protection laws.
- Environmental: data-center energy; e-waste.
- Assumptions: budget extra compliance; expect policy push for digital payments.

Explanation:

- Convert scan to 1-2 explicit assumptions to show application.

FINAL: PESTLE highlights external factors; translate into assumptions and risk watchpoints.

Concepts you must state: Five Forces; structural drivers

Ch 2 Q2. Apply Porter's Five Forces to subscription video and link to profitability.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Five Forces; structural drivers

Source: PYQ (Nov 2024) - adopted

Requirement:

State each force and its drivers; infer impact on profitability.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Entrants: content rights raise barriers; infra lowers setup cost.
- Buyers: low switching; bundles increase power.
- Suppliers: IP owners/platforms hold power via exclusivity.
- Substitutes: gaming/short video compete for attention.
- Rivalry: intense; improved via exclusives, UX, disciplined capacity.
- Profitability: raise WTP; reduce churn with exclusives/bundles.

Explanation:

- Use one clear driver per force and finish with a profitability implication sentence.

FINAL: Industry profits improve when churn drops and WTP rises via exclusives and bundles.

Concepts you must state: Value innovation; eliminate-reduce-raise-create

Ch 2 Q3. Blue Ocean versus Red Ocean - ERRC grid and strategy canvas.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Value innovation; eliminate-reduce-raise-create

Source: MTP (Sept 2024) - adopted

Requirement:

Define Blue vs Red; explain tools; add one illustration.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Blue Ocean: create uncontested space via value innovation (raise buyer value while lowering cost drivers).
- Tools: strategy canvas; ERRC grid (eliminate/reduce/raise/create).
- Illustration: theatre-circus fusion removing animals; raising artistry; creating new value.

Explanation:

- Mention both tools and give a 1-line illustration.

FINAL: Blue Ocean requires value innovation executed through ERRC choices that reshape the canvas.

CA Dreamers

Concepts you must state: Introduction; growth; shakeout; maturity; decline

Ch 2 Q4. Industry Life Cycle - stages and posture.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Introduction; growth; shakeout; maturity; decline

Source: ICAI SM (adopted) - adopted

Requirement:

List each stage with 2-3 recommended actions.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Introduction: educate; seed channels; invest ahead of demand.
- Growth: scale; lock-in; build brand/capability.
- Shakeout: consolidate; cost discipline; prune SKUs.
- Maturity: efficiency; incremental differentiation; defend share.
- Decline: harvest; exit; renew via adjacencies.

Explanation:

- Tie each stage to one action line; avoid generic repeats.

FINAL: Match posture to the life-cycle stage; avoid growth playbooks in maturity/decline.

CA Dreamers

Concepts you must state: Complementors; platforms; coopetition

Ch 2 Q5. Complementors and ecosystems - impact on forces.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Complementors; platforms; coopetition

Source: RTP (May 2025) - adopted

Requirement:

Define complementor and explain ecosystem effects on structure.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Complementor: product raising value when used together.
- Ecosystem: softens rivalry; raises entry barriers; shifts power to orchestrator.
- Multi-homing: manage via switching costs or unique APIs.

Explanation:

- Use 'orchestrator' and 'multi-homing' to show platform literacy.

FINAL: Complementors increase total value; platforms that limit multi-homing capture more.

CA Dreamers

Concepts you must state: Durability; horizon; optionality

Ch 2 Q6. Differentiate macro trends from fads and state strategic response.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Durability; horizon; optionality

Source: ICAI SM (adopted) - adopted

Requirement:

Define the two and advise response for each.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Trend: durable multi-year shift; back with core investment/capability building.
- Fad: short-lived spike; use options, experiments, capped exposure.

Explanation:

- Write 'invest' vs 'options/experiments' explicitly; omitting response loses marks.

FINAL: Back trends with core investment; treat fads as capped options.

CA Dreamers

Concepts you must state: Critical uncertainties; robustness; triggers

Ch 2 Q7. Scenario planning - build a two-by-two and use signposts.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Critical uncertainties; robustness; triggers

Source: PYQ (Nov 2023) - adopted

Requirement:

Build two axes grid and explain how signposts are used.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Axes: income (high/low) vs supply stability (stable/disrupted).
- Robust moves: actions valid across scenarios.
- Contingent options: actions triggered by signposts such as interest-rate trend.

Explanation:

- Include at least one signpost and one robust action.

FINAL: Use signposts to trigger contingent options and keep robust moves ready.

CA Dreamers

Concepts you must state: Group mapping; barriers; repositioning cost

Ch 2 Q8. Strategic groups and mobility barriers - mapping and implications.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Group mapping; barriers; repositioning cost

Source: ICAI SM (adopted) - adopted

Requirement:

Define groups/barriers; explain why movement is costly.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Groups: clusters of firms with similar strategies (price, quality, channel).
- Mobility barriers: brand, channel access, technology, regulation.
- Implication: repositioning requires time/capital; plan transitions.

Explanation:

- Use the phrase 'mobility barriers' and map 2-3 dimensions to define groups.

FINAL: Mobility barriers make crossing groups costly; transitions must be planned and funded.

CA Dreamers

Concepts you must state: KSFs; external requirements; internal build

Ch 2 Q9. Key Success Factors (KSFs) - identify and link to capabilities.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: KSFs; external requirements; internal build

Source: PYQ Mix (2018-2022) - adopted

Requirement:

Define KSFs for an industry and the capability implications.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- KSFs: few external requirements customers/regulators reward (e.g., reliability, cost, speed).
- Identification: derive from Five Forces, buyer values and regulation.
- Link: invest in capabilities/processes that deliver KSFs better than rivals.

Explanation:

- Write 'few vital things' language; avoid listing everything.

FINAL: State KSFs crisply and tie them to internal capability building.

CA Dreamers

Concepts you must state: S-curve; disruptive shifts; options

Ch 2 Q10. Technology S-curve and disruption - implications for incumbents.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: S-curve; disruptive shifts; options

Source: RTP (May 2025) - adopted

Requirement:

Explain S-curve limits and strategic responses to disruption.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- S-curve: performance improves slowly, then rapidly, then saturates.
- Disruption: new curve starts; old capabilities underperform.
- Response: options/incubation units; partner/acquire; re-skill; manage cannibalisation.

Explanation:

- Use the word 'cannibalisation' and 'separate but linked units' to show nuance.

FINAL: Plan options to migrate to the next curve while protecting current cash engines.

MCQ Bank - 10 Questions

1. In PESTLE, 'L' stands for:

(A) Legal
(B) Logistics
(C) Leverage
(D) Leadership

Answer: A - L = Legal environment.

2. Buyer power is HIGH when:

(A) Switching costs are high
(B) Products are standardized and alternatives exist
(C) Few buyers with high dependency
(D) Brand loyalty is strong

Answer: B - Standardization and alternatives raise buyer power.

3. A complementor is a product that:

(A) Competes with yours
(B) Raises the value of your product
(C) Is a substitute
(D) Reduces switching costs

Answer: B - Complementors increase combined value.

4. Blue Ocean focuses on:

(A) Competing in existing space
(B) Value innovation creating new space
(C) Maximizing rivalry
(D) Regulatory capture

Answer: B - Core is value innovation.

5. ERRC 'Create' means:

- (A) Introduce new factors the industry never offered
- (B) Remove non-valued factors
- (C) Lower factors below industry
- (D) Raise factors above industry

Answer: A - Create introduces new value factors.

6. In Industry Life Cycle, shakeout action:

- (A) Educate customers
- (B) Consolidate and drive cost discipline
- (C) Invest ahead of demand
- (D) Discontinue all R&D

Answer: B - Shakeout needs consolidation and cost focus.

7. Strategic groups are:

- (A) Random collections of firms
- (B) Clusters with similar strategies
- (C) Supplier alliances
- (D) Government monopolies

Answer: B - They share strategic dimensions.

8. Scenario planning uses signposts to:

- (A) Fix one forecast
- (B) Trigger contingent moves
- (C) Eliminate uncertainty
- (D) Set pricing policy

Answer: B - Signposts signal unfolding scenario.

9. A fad should be handled with:

- (A) Core capital bet
- (B) Large acquisition
- (C) Small options and capped exposure
- (D) Ignore market completely

Answer: C - Treat fads with options, not big bets.

10. Five Forces: high supplier power when:

- (A) Many alternative suppliers
- (B) Low switching costs
- (C) Suppliers concentrated and inputs unique
- (D) Your volume matters a lot to suppliers

Answer: C - Concentration + uniqueness raises power.

Case-based MCQs - 5 Scenarios

Case 1: Facts - Streaming platform losing users to short-form apps.

Issues - Five Forces and substitutes.

Concept - identify and apply.

Application - Strongest force here?

- (A) Entrants

(B) Suppliers

(C) Substitutes

(D) Rivalry

Correct: C - Short-form video is a substitute for attention.

Case 2: Facts - Fintech sees strict data-privacy regulation coming.

Issues - Legal factor in PESTLE.

Concept - identify and apply.

Application - Best immediate response:

(A) Delay compliance

(B) Establish privacy program and update KYC

(C) Cut marketing

(D) Launch unrelated product

Correct: B - Prepare early for legal compliance.

Case 3: Facts - New gadget complements app ecosystem.

Issues - Complementor/platform power.

Concept - identify and apply.

Application - To avoid multi-homing:

(A) Open all features to rivals

(B) Create switching costs and unique APIs

(C) Ban new apps

(D) Ignore developers

Correct: B - Switching costs/APIs reduce multi-homing.

Case 4: Facts - Market enters shakeout phase.

Issues - Industry life cycle.

Concept - identify and apply.

Application - Best move for shakeout:

(A) Rapid SKU expansion

(B) Consolidation and cost discipline

(C) Heavy education campaigns

(D) Pure experimentation

Correct: B - Consolidation and cost focus fit.

Case 5: Facts - Founder wants Blue Ocean.

Issues - ERRC usage.

Concept - identify and apply.

Application - First tool to shape the move:

(A) Strategy canvas and ERRC

(B) Price war

(C) Mass advertising

(D) Copy rivals

Correct: A - Canvas + ERRC enable value innovation.

Chapter 3 - Strategic Analysis: Internal Environment

CA Dreamers

Concepts you must state: RBV; resources vs capabilities; competencies

Ch 3 Q1. Resource-Based View (RBV) - resources, capabilities and core competencies.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: RBV; resources vs capabilities; competencies

Source: ICAI SM (adopted) - adopted

Requirement:

Define each and link to sustained advantage.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- RBV: advantage from valuable, rare, inimitable resources that the firm is organized to exploit.
- Resources: assets we have (data, brand, patents).
- Capabilities: what we do with resources (analytics, design, logistics).
- Core competency: cross-functional capability delivering repeat value.

Explanation:

- Write 'valuable, rare, inimitable, organized' to signal VRIO link-up.

FINAL: Sustained advantage arises when VRIO resources are built into organization-level capabilities.

CA Dreamers

Concepts you must state: VRIO; evaluation; invest vs harvest

Ch 3 Q2. VRIO framework - evaluate and infer strategy.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: VRIO; evaluation; invest vs harvest

Source: PYQ (Nov 2024) - adopted

Requirement:

Define each dimension and show implications.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Value: improves efficiency or effectiveness.
- Rarity: scarce relative to rivals.
- Imitability: hard or costly to copy.
- Organization: structure/processes capture value.
- Inference: all four -> sustained advantage; else parity/temporary.

Explanation:

- Finish with the strategy call: protect/invest when all four tick; harvest or partner otherwise.

FINAL: If a resource is valuable, rare, inimitable and organized, protect and invest; otherwise expect only parity or temporary gains.

CA Dreamers

Concepts you must state: Primary/support activities; drivers; linkages

Ch 3 Q3. Value chain analysis - cost and differentiation drivers and linkages.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Primary/support activities; drivers; linkages

Source: MTP (Sept 2024) - adopted

Requirement:

Describe activities, identify drivers and linkages.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Primary: inbound, operations, outbound, marketing/sales, service.
- Support: infrastructure, HR, technology, procurement.
- Cost drivers: scale, learning, utilization, input bargaining.
- Differentiation drivers: design, quality, brand, service.
- Linkages: choices in one activity change cost/value in another.

Explanation:

- Give one linkage example: design for manufacturability lowers defects and service cost.

FINAL: Trace cost and value drivers across activities and exploit linkages to improve the system.

CA Dreamers

Concepts you must state: Internal; competitive; functional; best-practice

Ch 3 Q4. Benchmarking - types and best-practice transfer with cautions.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Internal; competitive; functional; best-practice

Source: ICAI SM (adopted) - adopted

Requirement:

List types and explain transfer cautions.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Internal: compare within firm.
- Competitive: compare direct rivals.
- Functional: across industries on a function.
- Best-practice: learn from exemplars.
- Caution: adapt to context; avoid blind copying.

Explanation:

- State 'context fit' to avoid copying without adaptation.

FINAL: Benchmark to learn but adapt to context; unfit imports destroy value.

CA Dreamers

Concepts you must state: Growth-share; attractiveness-strength; capital allocation

Ch 3 Q5. BCG versus GE/McKinsey portfolio tools - compare and use together.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Growth-share; attractiveness-strength; capital allocation

Source: RTP (May 2025) - adopted

Requirement:

Contrast logic and suggest when to use which.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- BCG: growth vs share; Stars, Cash Cows, Question Marks, Dogs.
- GE: industry attractiveness vs business strength; multi-factor detail.
- Use: scan with BCG; refine allocation with GE; apply judgment.

Explanation:

- Add one advantage of each: BCG speed; GE nuance.

FINAL: Scan quickly with BCG; decide precisely with GE after scoring attractiveness and strength.

CA Dreamers

Concepts you must state: SO; ST; WO; WT mapping

Ch 3 Q6. SWOT to TOWS - convert diagnosis to strategic options.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: SO; ST; WO; WT mapping

Source: ICAI SM (adopted) - adopted

Requirement:

Show how to transform SWOT into options.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- SO: use strengths to exploit opportunities.
- ST: use strengths to counter threats.
- WO: build weaknesses to capture opportunities.
- WT: defend or exit.

Explanation:

- Always show at least one SO and one WT option to demonstrate range.

FINAL: Convert SWOT insights into SO/ST/WO/WT options to move from diagnosis to action.

CA Dreamers

Concepts you must state: Competence ossification; exploit and explore

Ch 3 Q7. Core rigidity risk and organizational ambidexterity.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Competence ossification; exploit and explore

Source: PYQ (Nov 2023) - adopted

Requirement:

Define risk and lay out mitigation.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Risk: success ossifies routines into rigidities that resist change.
- Ambidexterity: separate but linked exploit/explore tracks; rotations; metrics.

Explanation:

- Use 'separate but linked' and include rotations/metrics to show implementability.

FINAL: Design ambidexterity to avoid rigidities: protect cash engines while exploring new options.

CA Dreamers

Concepts you must state: Finance; customer; internal process; learning and growth

Ch 3 Q8. Balanced Scorecard - four perspectives and strategy map.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Finance; customer; internal process; learning and growth

Source: ICAI SM (adopted) - adopted

Requirement:

Define perspectives and show causal chain.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Perspectives: Learning & Growth -> Internal Process -> Customer -> Finance.
- Strategy map: capability -> process -> customer -> finance chain.

Explanation:

- Write the arrow chain explicitly to score linkage mark.

FINAL: BSC aligns objectives, measures, targets and initiatives along a cause-effect chain ending in finance.

CA Dreamers

Concepts you must state: Sensing; seizing; transforming

Ch 3 Q9. Dynamic capabilities - microfoundations with examples.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Sensing; seizing; transforming

Source: RTP (May 2025) - adopted

Requirement:

Detail the three microfoundations with 1-2 examples.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Sensing: scan signals; build discovery routines; example: customer lab, trend analytics.
- Seizing: resource reconfiguration; option bets; example: pilot programs; selective acquisitions.
- Transforming: realign structure/processes/culture; example: platform migration; capability re-skilling.

Explanation:

- Use verbs 'scan, seize, transform' and show at least one routine under each.

FINAL: Microfoundations institutionalize how the firm adapts repeatedly, not as one-off moves.

CA Dreamers

Concepts you must state: Learning rate; scale; cost decline

Ch 3 Q10. Learning/Experience curve - strategic implications.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Learning rate; scale; cost decline

Source: PYQ (2018/2021) - adopted

Requirement:

Explain concept and how it guides strategy.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Learning curve: unit cost falls with cumulative output.
- Implications: scale early; standardize; invest in process learning.
- Risks: obsolescence if curve resets; quality trade-offs.

Explanation:

- Mention 'cumulative output' and 'cost decline' explicitly.

FINAL: Use experience effects to plan scale and cost moves, but watch for resets that nullify learning.

MCQ Bank - 10 Questions

1. VRIO: 'O' stands for:

(A) Ownership
(B) Organization
(C) Opportunity
(D) Optimization

Answer: B - Organization to capture value.

2. A resource is:

(A) What firm does repeatedly well
(B) An asset it owns/controls
(C) A market opportunity
(D) A customer segment

Answer: B - Resources are assets; capabilities are activities.

3. Core competency should:

(A) Be easy to imitate
(B) Be rare and valuable
(C) Be unrelated to customers
(D) Be a single department skill

Answer: B - It must be valuable and rare across functions.

4. Value chain 'support' activity:

(A) Operations
(B) Outbound logistics
(C) Service
(D) Technology development

Answer: D - Tech development is a support activity.

5. Benchmarking 'functional' means:

- (A) Against internal units only
- (B) Against direct competitors only
- (C) Across industries on similar function
- (D) Against suppliers

Answer: C - Functional crosses industries.

6. BCG 'Star' is:

- (A) Low share, low growth
- (B) High share, high growth
- (C) High share, low growth
- (D) Low share, high growth

Answer: B - Stars are high growth & high share.

7. SWOT->TOWS 'WT' suggests:

- (A) Invest to grow aggressively
- (B) Use strengths to attack threats
- (C) Defensive/exit options
- (D) Create new core competencies

Answer: C - WT is defensive posture.

8. Rigidities arise when:

- (A) Learning systems are strong
- (B) Success ossifies routines
- (C) There is high employee rotation
- (D) KPIs are balanced

Answer: B - Success can freeze routines.

9. BSC base perspective:

- (A) Finance
- (B) Customer
- (C) Internal process
- (D) Learning & growth

Answer: D - Capabilities enable processes then customer then finance.

10. Linkages imply:

- (A) Activities independent
- (B) One activity affects cost/value of another
- (C) Only support matters
- (D) Only primary matters

Answer: B - Linkages connect activities.

Case-based MCQs - 5 Scenarios

Case 1: Facts - Retailer has rich customer data and modeling team.

Issues - RBV/VRIO.

Concept - identify and apply.

Application - Which is the capability?

- (A) Customer data lake

(B) Personalization modeling know-how

(C) Brand tagline

(D) POS terminals

Correct: B - Capability = what the firm does with resources.

Case 2: Facts - Valuable but easy to imitate resource.

Issues - VRIO implication.

Concept - identify and apply.

Application - Advantage is likely:

(A) Sustained

(B) Temporary

(C) Parity

(D) Infeasible

Correct: B - Imitation erodes advantage.

Case 3: Facts - Defects drop after design for manufacturability.

Issues - Value chain linkages.

Concept - identify and apply.

Application - This shows linkage between:

(A) Marketing and service

(B) Design/operations and service

(C) Finance and HR

(D) Legal and procurement

Correct: B - Design & ops affect service outcomes.

Case 4: Facts - Copy rival practice without context.

Issues - Benchmarking caution.

Concept - identify and apply.

Application - Primary risk:

(A) Higher cost only

(B) Context misfit and poor results

(C) Legal violation automatically

(D) No learning possible

Correct: B - Best practice must fit context.

Case 5: Facts - Exploit and explore units with rotations.

Issues - Ambidexterity.

Concept - identify and apply.

Application - Purpose of rotations:

(A) Increase silos

(B) Transfer learning and avoid rigidities

(C) Cut headcount

(D) Eliminate metrics

Correct: B - Rotations share learning.

Chapter 4 - Strategic Choices

CA Dreamers

Concepts you must state: Growth paths; synergy; risk

Ch 4 Q1. Corporate growth strategies - concentration, integration and diversification.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Growth paths; synergy; risk

Source: ICAI SM (adopted) - adopted

Requirement:

Define each path and when to use it.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Concentration: deepen current market when industry attractive and capability fit.
- Integration: backward/forward/horizontal to secure inputs/access or scale.
- Diversification: related for synergy or unrelated for risk spread; test parenting advantage.

Explanation:

- State one risk for each path (antitrust/integration risk/managerial stretch).

FINAL: Choose growth vehicle that fits industry conditions and corporate capabilities; test for parenting advantage.

CA Dreamers

Concepts you must state: Penetration; market development; product development; diversification

Ch 4 Q2. Ansoff matrix - risk across four quadrants with examples.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Penetration; market development; product development; diversification

Source: PYQ (Nov 2024) - adopted

Requirement:

Explain quadrants, risk level and give examples.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Market penetration: grow share in existing markets with existing products (loyalty, pricing).
- Market development: enter new geographies/segments with existing products.
- Product development: new features/variants for current customers.
- Diversification: new products in new markets; highest risk.

Explanation:

- Sort by risk from low (penetration) to high (diversification).

FINAL: Risk rises as both product and market novelty increase; diversification is the highest-risk quadrant.

CA Dreamers

Concepts you must state: Core; cost; quality; flexibility; IP; vendor risk

Ch 4 Q3. Make versus Buy - total value logic and decision criteria.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Core; cost; quality; flexibility; IP; vendor risk

Source: MTP (Sept 2024) - adopted

Requirement:

Lay out criteria; emphasize total value over price.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Make: when activity is core/differentiating; or needs quality/IP control; or provides learning.
- Buy: when suppliers have scale/expertise; interfaces standardized.
- Total value = price + transaction + switching + quality + flexibility costs.

Explanation:

- Write 'total value' formula explicitly; avoid price-only answers.

FINAL: Decide make/buy on total value, not sticker price; keep IP/quality and flexibility in view.

CA Dreamers

Concepts you must state: Speed; control; learning; integration risk

Ch 4 Q4. Alliances versus acquisitions - vehicle selection under uncertainty.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Speed; control; learning; integration risk

Source: ICAI SM (adopted) - adopted

Requirement:

Compare both vehicles and guidance on choice.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Alliance: lower risk; less control; good when uncertainty high and learning matters.
- Acquisition: full control and speed; integration and culture risks; use when tight coordination essential.

Explanation:

- Hook choice to 'uncertainty vs control' axis to show reasoning.

FINAL: Prefer alliances when uncertainty/learning justify flexibility; acquire when control and tight integration are critical.

CA Dreamers

Concepts you must state: Integration-responsiveness framework

Ch 4 Q5. International strategy - global, multi-domestic and transnational.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Integration-responsiveness framework

Source: RTP (May 2025) - adopted

Requirement:

Define each posture and link to design.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Global: high integration; standardization; centralized.
- Multi-domestic: high local responsiveness; decentralized.
- Transnational: both scale and local response via networks and knowledge sharing.

Explanation:

- Mention structure keywords: centralized vs decentralized vs networked.

FINAL: Choose posture by balancing integration benefits against local responsiveness needs.

CA Dreamers

Concepts you must state: Parent value add; fit; negative value risk

Ch 4 Q6. Corporate parenting advantage - definition and tests.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Parent value add; fit; negative value risk

Source: ICAI SM (adopted) - adopted

Requirement:

Explain parenting advantage and testing.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Definition: corporate center improves BU performance beyond stand-alone owner.
- Levers: expertise, synergies, capital allocation, governance, talent systems.
- Tests: fit with BU needs; net positive after overhead; avoid negative value mandates.

Explanation:

- Write 'net positive after overhead' to show understanding of hidden parent costs.

FINAL: Parent must add net value; absent fit, mandates destroy value.

CA Dreamers

Concepts you must state: Multi-criteria weighting; sensitivity analysis

Ch 4 Q7. SBU prioritisation - scoring models and AHP.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Multi-criteria weighting; sensitivity analysis

Source: PYQ (Nov 2023) - adopted

Requirement:

Explain objective prioritisation and bias reduction.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Scoring: rate options on weighted criteria (attractiveness, strength, risk).
- AHP: pairwise comparisons derive weights; check consistency ratio.
- Sensitivity: test alternative weights/assumptions.

Explanation:

- Quote 'consistency ratio' once to secure technical mark.

FINAL: Prioritise SBUs via weighted scoring/AHP and validate robustness with sensitivity checks.

CA Dreamers

Concepts you must state: Staging; uncertainty; expand or abandon options

Ch 4 Q8. Real options logic in strategy with a practical illustration.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Staging; uncertainty; expand or abandon options

Source: ICAI SM (adopted) - adopted

Requirement:

Define real options and give one example.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Principle: treat investments as options - stage small; learn from signals; expand or abandon.
- Illustration: pilot plant with milestones; scale only on thresholds.

Explanation:

- Use the words 'expand or abandon' explicitly.

FINAL: Real options stage commitments to keep upside while limiting downside.

CA Dreamers

Concepts you must state: First-mover; credible commitments; capacity/signals

Ch 4 Q9. Game theory and strategic commitments - preemption, signaling and deterrence.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: First-mover; credible commitments; capacity/signals

Source: PYQ Blend - adopted

Requirement:

Explain how commitment and signaling affect rivals and price war risk.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Preemption: secure scarce assets/locations early.
- Commitment: credible, hard-to-reverse moves (capacity, long contracts).
- Signaling: public moves to shape rival expectations; avoid cheap talk.
- Deterrence: sustain capacity/price commitments to make entry unprofitable.

Explanation:

- Use 'credible commitment' phrase; give one example (capacity build or long supply contracts).

FINAL: Well-designed commitments and signals can deter entry and stabilize rivalry when credible.

CA Dreamers

Concepts you must state: Transaction costs; hold-up; quality; risk

Ch 4 Q10. Vertical integration tests - when to integrate vs rely on market.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Transaction costs; hold-up; quality; risk

Source: RTP (May 2025) - adopted

Requirement:

State the classic tests and apply to an example.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Asset specificity/hold-up: integrate when risk of opportunism high.
- Quality/coordination: integrate when tight control/coordination required.
- Scale/learning: integrate if internal scale/learning beats market.
- Flexibility: avoid integration when technology/volumes highly uncertain.

Explanation:

- Tie each test to a simple example to earn application marks.

FINAL: Integrate only when transaction risk/quality coordination justify loss of flexibility.

MCQ Bank - 10 Questions

1. Concentration strategy means:

(A) Deepening presence in current market
(B) Entering new markets
(C) Vertical integration only
(D) Shutting non-core units

Answer: A - Stay and deepen in present market.

2. Ansoff: new product in new market =

(A) Penetration
(B) Market development
(C) Product development
(D) Diversification

Answer: D - Both new -> Diversification.

3. Make when:

(A) Supplier has massive scale advantage
(B) IP control and quality critical
(C) Activity is non-core
(D) Interfaces are fully standard

Answer: B - Make for IP/quality/core reasons.

4. Alliance suits when:

(A) High uncertainty and need to learn
(B) Need full control quickly
(C) Integration risk negligible
(D) Regulators demand 100% ownership

Answer: A - Alliances spread risk and enable learning.

5. Transnational strategy seeks:

- | |
|---|
| (A) Only scale |
| (B) Only local responsiveness |
| (C) Both scale and local responsiveness |
| (D) Neither |

Answer: C - It aims for both via networks.

6. Parenting advantage is:

- | |
|---|
| (A) BU helping corporate |
| (B) Corporate center adding net value to BU |
| (C) Financial leverage only |
| (D) Tax advantage |

Answer: B - Parent must add value net of costs.

7. AHP main step:

- | |
|--|
| (A) Random scoring |
| (B) Pairwise comparisons to derive weights |
| (C) Ignoring consistency |
| (D) Only qualitative judgment |

Answer: B - AHP uses pairwise matrices.

8. Real option view:

- | |
|--|
| (A) All-in investment at once |
| (B) Stage-gate: expand or abandon based on signals |
| (C) Ignore uncertainty |
| (D) No flexibility |

Answer: B - Option logic staggers commitments.

9. Horizontal integration is:

- | |
|--|
| (A) Acquiring competitor at same stage |
| (B) Buying supplier |
| (C) Buying distributor |
| (D) Diversifying to unrelated business |

Answer: A - Same stage competitor = horizontal.

10. Global strategy structure tends to:

- | |
|---|
| (A) Decentralized local units |
| (B) Highly centralized with standardization |
| (C) Networked federation |
| (D) Franchise-only model |

Answer: B - Global = high integration.

Case-based MCQs - 5 Scenarios

Case 1: Facts - Firm needs speed but tech uncertainty high.

Issues - Alliance vs acquisition.

Concept - identify and apply.

Application - Best vehicle:

- | |
|-------------------------|
| (A) Acquire immediately |
|-------------------------|

(B) Form alliance to learn

(C) Wait 5 years

(D) Sell project

Correct: B - Alliance spreads risk and enables learning.

Case 2: Facts - Parent forces unrelated synergy; BU dips.

Issues - Parenting advantage test.

Concept - identify and apply.

Application - Likely violation:

(A) Fit with BU needs

(B) Industry attractiveness

(C) Capital structure

(D) Tax optimization

Correct: A - Parent mandate lacks fit.

Case 3: Facts - Global brand wants standardization economies.

Issues - Integration-responsiveness.

Concept - identify and apply.

Application - Appropriate posture:

(A) Multi-domestic

(B) Global

(C) Transnational

(D) Franchise only

Correct: B - Global maximizes integration/scale.

Case 4: Facts - Two SBUs tie; AHP shows weak consistency.

Issues - Prioritization tools.

Concept - identify and apply.

Application - Next step:

(A) Pick randomly

(B) Fix pairwise comparisons and re-compute

(C) Switch to gut feel

(D) Sell both SBUs

Correct: B - Improve AHP consistency.

Case 5: Facts - Pilot plant with expansion milestones.

Issues - Real options.

Concept - identify and apply.

Application - This creates:

(A) Irreversible commitment

(B) Option to expand or abandon

(C) No flexibility

(D) Only cost increase

Correct: B - Options stage commitments.

Chapter 5 - Strategy Implementation and Evaluation

CA Dreamers

Concepts you must state: Organisation design; fit; pros and cons

Ch 5 Q1. Structure follows strategy - simple, functional, divisional, matrix and network.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Organisation design; fit; pros and cons

Source: ICAI SM (adopted) - adopted

Requirement:

Define each structure and state when appropriate.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Simple: founder-centric; fast decisions; key-person risk.
- Functional: specialization by function; efficient; silos risk.
- Divisional: product/region P&L; clarity; duplication cost.
- Matrix: dual axes; coordination; role-conflict risk.
- Network: partnerships/alliances; flexibility; orchestration capability.

Explanation:

- Close with 'fit to strategy and life-cycle' to show contingency view.

FINAL: Pick structure to fit strategy and maturity; no one model is best in all contexts.

CA Dreamers

Concepts you must state: Control timings; dashboards; early warning vs confirmation

Ch 5 Q2. Strategic control - feedforward, concurrent and feedback with indicators.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Control timings; dashboards; early warning vs confirmation

Source: PYQ (Nov 2024) - adopted

Requirement:

Define each timing and give indicator examples.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Feedforward: before execution; assumption checks; scenarios.
- Concurrent: during execution; dashboards; process control.
- Feedback: after results; financial and operational outcomes.

Explanation:

- Balance leading and lagging indicators; name one of each.

FINAL: Combine feedforward, concurrent and feedback controls for timely action and accountability.

CA Dreamers

Concepts you must state: Objectives; measures; targets; initiatives

Ch 5 Q3. Balanced Scorecard and strategy maps - cascade and alignment.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Objectives; measures; targets; initiatives

Source: MTP (Sept 2024) - adopted

Requirement:

Explain BSC and how maps link perspectives.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Perspectives: Learning & Growth -> Process -> Customer -> Finance.
- Cascade: objectives with measures, targets and initiatives; owners assigned; review cadence.

Explanation:

- Marks improve when you show owner + review cadence, not just objectives/measures.

FINAL: BSC aligns strategy to operations via owned objectives, measures, targets and initiatives across perspectives.

CA Dreamers

Concepts you must state: Unfreeze-Change-Refreeze; Kotter eight steps; culture and incentives

Ch 5 Q4. Change management models (Lewin and Kotter) and cultural alignment.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Unfreeze-Change-Refreeze; Kotter eight steps; culture and incentives

Source: ICAI SM (adopted) - adopted

Requirement:

Outline models and show cultural support.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Lewin: unfreeze - change - refreeze.
- Kotter: urgency; coalition; vision; communication; remove obstacles; quick wins; consolidate; anchor in culture.
- Culture: symbols, stories, incentives must support new behaviors.

Explanation:

- Stating 3-4 Kotter steps is OK; full list is best for 8-mark question.

FINAL: Culture and incentives must anchor the new way after early wins, else change decays.

CA Dreamers

Concepts you must state: People systems; execution; pitfalls

Ch 5 Q5. Strategic human resource levers - talent, incentives, objectives and capability building.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: People systems; execution; pitfalls

Source: RTP (May 2025) - adopted

Requirement:

List levers and pitfalls.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Levers: talent mix and hiring; role clarity; OKRs; values-aligned incentives; continuous learning.
- Pitfalls: siloed goals; metric gaming; weak feedback loops; fix via cross-functional reviews.

Explanation:

- Include 'OKRs' and 'values-aligned incentives' to show modern levers.

FINAL: Strategy executes through people systems: align roles, objectives, incentives and learning.

CA Dreamers

Concepts you must state: Resource allocation; agility; triggers

Ch 5 Q6. Agile budgeting - zero-based budgeting and rolling forecasts.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Resource allocation; agility; triggers

Source: ICAI SM (adopted) - adopted

Requirement:

Explain tools and why better than incremental budgeting.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- ZBB: re-justify spend from zero; cut legacy waste.
- Rolling forecasts: refresh assumptions often; link releases to milestones/triggers.

Explanation:

- Contrast with incremental budgets to emphasise benefit.

FINAL: Use ZBB to reset baselines and rolling forecasts to stay agile under uncertainty.

CA Dreamers

Concepts you must state: Comparison criteria; risk and return; stakeholders

Ch 5 Q7. Strategy evaluation via Suitability, Feasibility and Acceptability (SFA).

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Comparison criteria; risk and return; stakeholders

Source: PYQ (Nov 2023) - adopted

Requirement:

Define each criterion and show usage.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Suitability: external fit with opportunities/threats.
- Feasibility: resources/capabilities sufficient.
- Acceptability: risk/return vs stakeholder expectations.

Explanation:

- Suggest simple scoring with sensitivity to show application.

FINAL: Evaluate options on SFA and select the one with best combined score and acceptable risk-return.

CA Dreamers

Concepts you must state: KPI mix; early action vs confirmation

Ch 5 Q8. Leading and lagging indicators - balance with examples.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: KPI mix; early action vs confirmation

Source: ICAI SM (adopted) - adopted

Requirement:

Define and provide balance examples.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Leading: pipeline quality; cycle time; early churn signals.
- Lagging: revenue; margin; audited PAT.
- Balance: mix enables timely course correction and outcome accountability.

Explanation:

- Write one leading and one lagging indicator that matches the scenario in the question.

FINAL: Balance leading and lagging indicators to act early and verify outcomes.

CA Dreamers

Concepts you must state: Governance; prioritisation; discipline

Ch 5 Q9. PMO and project portfolio governance - cadence, RAID logs and kill criteria.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Governance; prioritisation; discipline

Source: RTP (May 2025) - adopted

Requirement:

Define PMO role and portfolio governance tools.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Cadence: monthly steering reviews; clear owners; traffic-light status.
- RAID: risks, assumptions, issues, dependencies tracked and escalated.
- Kill criteria: pre-agreed thresholds to terminate/reshape projects.

Explanation:

- Examiners like 'RAID' and 'kill criteria' terms; include both.

FINAL: Portfolio governance allocates scarce resources to the most value-creating projects and stops the rest promptly.

CA Dreamers

Concepts you must state: Risk identification; assessment; treatment

Ch 5 Q10. Enterprise risk management - heat maps, bow-tie and mitigation planning.

Signpost: 8 marks | 10 min | write: 8-10 bullets | underline: Risk identification; assessment; treatment

Source: PYQ Blend - adopted

Requirement:

Outline ERM steps and tools with examples.

Given:

Theory-style ICAI prompt; answer in bullets with underlined keywords.

Concept:

- Identify: top-down and bottom-up scans; workshops.
- Assess: likelihood-impact heat map; bow-tie for causes/controls/consequences.
- Treat: avoid, reduce, transfer, accept; track residual risk and owners.

Explanation:

- Tie ERM to strategy by referencing risk appetite and reporting cadence.

FINAL: ERM aligns risks with risk appetite using structured identification, assessment and treatment.

MCQ Bank - 10 Questions

1. Functional structure suits:

(A) Highly diversified conglomerates
(B) Single/few products needing specialization
(C) Projects with many clients
(D) Alliances network play

Answer: B - Functional fits focused lines.

2. Matrix risk is:

(A) Role conflict and ambiguity
(B) No duplication
(C) Zero coordination needed
(D) Single boss clarity

Answer: A - Dual reporting causes conflicts.

3. Feedforward control acts:

(A) Before activity starts
(B) During execution
(C) After results
(D) Only in audits

Answer: A - It anticipates deviations.

4. BSC aligns strategy by:

(A) Listing many KPIs randomly
(B) Causal linking of perspectives with objectives and measures
(C) Only financial targets
(D) Skipping owners/targets

Answer: B - Objectives/measures per perspective.

5. Lewin last step:

(A) Unfreeze
(B) Change
(C) Refreeze
(D) Celebrate

Answer: C - Stabilize new ways = Refreeze.

6. ZBB requires:

(A) Add 10 percent to last year
(B) Re-justify spend from zero
(C) Only capital budgets
(D) Ignore outcomes

Answer: B - Start from zero and build up.

7. SFA checks:

(A) Suitability, Feasibility, Acceptability
(B) Speed, Flexibility, Accuracy
(C) Sales, Finance, Assets
(D) Strategy, Finance, Alliances

Answer: A - SFA = evaluation criteria.

8. Leading indicator example:

(A) Revenue
(B) Operating margin
(C) Customer NPS pipeline quality
(D) Audited PAT

Answer: C - Leading signals future outcomes.

9. Divisional structure groups by:

(A) Functions
(B) Products/regions as profit centres
(C) Projects only
(D) Skills only

Answer: B - Divisional = product/region units.

10. Network org excels at:

(A) Rigid control
(B) Flexibility via partners/alliances
(C) No coordination
(D) Single geography only

Answer: B - It orchestrates partners.

Case-based MCQs - 5 Scenarios

Case 1: Facts - Startup grows into multiple product lines, regions.

Issues - Structure choice.

Concept - identify and apply.

Application - Suitable structure now:

(A) Functional

(B) Divisional

(C) Simple

(D) Network

Correct: B - Divisional fits multi-products/regions.

Case 2: Facts - Program office tracks milestones weekly.

Issues - Control timing.

Concept - identify and apply.

Application - This is:

(A) Feedforward

(B) Concurrent

(C) Feedback

(D) None

Correct: B - During execution = concurrent.

Case 3: Facts - BSC map shows capability -> process -> customer -> finance chain.

Issues - BSC logic.

Concept - identify and apply.

Application - Top perspective:

(A) Learning & Growth

(B) Internal Process

(C) Customer

(D) Finance

Correct: D - Finance is ultimate outcome.

Case 4: Facts - Kotter emphasises quick wins.

Issues - Change model.

Concept - identify and apply.

Application - Role of quick wins:

(A) Just celebrate

(B) Build momentum and credibility

(C) Replace long-term goals

(D) Avoid buy-in

Correct: B - They build momentum.

Case 5: Facts - Rolling forecasts with milestone-linked releases.

Issues - Agile budgeting.

Concept - identify and apply.

Application - Primarily improves:

(A) Fixed annual budgets

(B) Agility and assumption refresh

(C) Audit effort

(D) Silo behavior

Correct: B - Boosts agility and updates.