

# QUESTION BANK FOR EXAM

COMPILED BY

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1. **“Strategic management “** [CA-IPCC]
2. **“Cost & Management Audit”** [CMA-FINAL]
3. **“Fundamental of accounts & costing**  
[CMA-FOUNDATION]
4. **“Fundamental of Economics and Management**  
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**QUESTION BANK FOR 100% SUCCESS  
IN STRATEGIC MANAGEMENT SUBJECT**

**STUDY NOTE: 8 STRATEGIC MANAGEMENT INTRODUCTIONS**

**Q.1 Enlist the advantages / importance of strategic management.  
[MMIMP]**

ANSWER:

Strategy is the **GAME PLAN** management is using to

- ☛ carve out market position
- ☛ conduct its operation
- ☛ attract and please customers
- ☛ compete successfully and
- ☛ achieve organizational excellence

**The Advantages of Strategic Management**

1. **Discharges Board Responsibility:** The first reason that most organizations state for having a strategic management process is that it discharges the responsibility of the Board of Directors.
2. **Forces an Objective Assessment:** Strategic management provides a discipline that enables the board and senior management to actually take a step back from the day-to-day business to think about the future of the organization.
3. **Provides a Framework for Decision-Making:** Providing a framework within which the executive director and staff can make these decisions helps them better focus their efforts on those things that will best support the organization's success.
4. **Supports Understanding:** strategic discussion enables them to better understand the direction, why that direction was chosen, and the associated benefits.

**5.Enables Measurement of Progress:** [Check the progress of organization by some critical measures.]

**6.Provides an Organizational Perspective:** Strategic management takes an organizational perspective and looks at all the components and the interrelationship between those components in order to develop a strategy that is optimal for the whole organization and not a single component.

**Q.2 List down some guidelines for formulation of the "Mission Statement". [MMIMP]**

Answer: A mission is the reason for an organizations existence.

The mission statement is focused on the organizations current scope of operations. It is about the "who we are and what we do".

Mission statement broadly describe an organizations

- ☛ Present capabilities(how do we serve)
- ☛ Customer focus ( who and why to serve)
- ☛ Activities,( nature of product and service)
- ☛ Business scope(markets where the company wants to compete)
- ☛ Unique competencies, (how the company will differentiate itself from the crowd)
- ☛ Values( what inspires the organizations)

**Q.3 Explain in one or two statements, a Company mission. State any three major objectives.**

**A mission is the reason for an organizations existence. [IMP]**

Answer: The mission statement is focused on the organizations current scope of operations. It is about the "who we are and what we do".

**OBJECTIVES**

- ☛ To ensure unanimity of purpose within the organization.
- ☛ To provide a basis for motivating the use of the organization's resources.
- ☛ To serve as a focal point for those who can identify with the organization's purpose and Direction.

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- ☛ To facilitate the translation of objective and goals into a work structure involving the assignment of tasks to People.
- ☛ To translate specify organizational purposes and the translation of these purposes into goals in such a way that cost, time, and performance parameters can be assessed and controlled.

### Q.4 Write short note on strategy. [IMP]

Answer: Simply the meaning of word strategy is something that has to do with war and ways to win over enemy. In business organizational context the term is not much different. Businesses have to respond to dynamic and often hostile external forces for pursuit of their mission.

Strategy is the GAME PLAN management is using to

- ☛ carve out market position
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- ☛ achieve organizational excellence

Strategy is "a long range blueprint of an organizations desired image, direction and destination. It is about what it wants to be, what it wants to do and where it wants to go."

### Q.5 Identify basic elements of strategic vision and discuss about the important purposes served by such strategic vision. [MMIMP]

Answer:

Vision is a snapshot of a desirable future of the organization . it relates to the firms broadest and most desirable goals. It describe the firms aspiration of what it really wants to be. Vision statement answers the question , "where do we want to go"? while drawing a vision statement you are articulating your dreams, hopes and aspirations for your business. When writing a vision statement , think as far ahead as possible.

Vision is a road map of the company's future and often provides specifics on:

- Technology and customer focus
- The geographic and product market to be pursued
- The capabilities it plans to develop and
- The kind of company that management is trying to create

Examples:

➡ **Nokia:** - connecting people

➡ **Apple:** - apple is committed to bringing the best personal computing experience to students, educators, creative professionals and consumer around the world through its innovative hardware, software and internet offerings.

**Strategic vision specifies primarily three elements:**

1. Forming a mission statement that defines what business the company presently is in? And "who we are and where we are now?"
2. Using this mission statement as base to define long term path by indicating choices about "Where we are going?"
3. Finally, communicating above strategic vision in clear and committed term.

### **Q.6 Write short notes on Stages of Strategic Management Framework. [MMIMP]**

**Answer:**

#### **STAGES / Task Of Strategic Management**

##### **[Strategic Management Framework]**

The strategic management process consists of FIVE interrelated managerial tasks. They are:

➡ **Stage one - Where are we now? (beginning):**

Being by knowing where the organization is NOW. This is also known as Mission. It is the starting point of planning process. It involves:

- Performing situational analysis of the firm in the environmental context.

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- Determining relative market position, corporate image, its strength and weakness and also environmental threats and opportunities. This is also known as SWOT (Strength, Weakness, Opportunity, and Threat) analysis.

### ☛ Stage two - Where we want to be? (ends):

This is about vision. A vision statement is a picture of your company in the future. It is your inspiration and is the dashboard for all your strategic planning.

### ☛ Stage three - How might we get there? (means):

Once the mission and vision are in place, milestones (a.k.a. goals) are laid out. A goal is fine but we need to know how to reach there. Enter roadmap. The roadmap states the means of achieving the goal. It is something like saying "look these are the different roads to reach the destinations" in strategic management these are called strategic alternatives.

### ☛ Stage four - Which way is best? (evaluation):

While all roads may lead to Rome. It is necessary to know which one is best. This means that of the various strategic alternatives identified the management must decide as to which one is to be selected.

### ☛ Stage five - How can we ensure arrival? (control):

At this point, two things are crucial. The first is constant check on whether we are on right track; and the second one is taking a call on what to do if we are not on the right track. Hence the organization continuously does a situational analysis and repeats the stages again.

## Q.7 define the term 'strategy' and list the characteristics of a strategic decision. [IMP]

**Answer:** Simply the meaning of word strategy is something that has to do with war and ways to win over enemy. In business organizational context the term is not much different. Businesses have to respond to dynamic and often hostile external forces for pursuit of their mission.

Strategy is the GAME PLAN management is using to

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Strategy is "a long range blueprint of an organizations desired image, direction and destination. It is about what it wants to be, what it wants to do and where it wants to go."

### Strategic Decision Making

Decision making is a managerial process and includes day to day operations. The major dimension of strategic issues are:-

- ☛ **require top-management decisions:** as the issues affect entire organizations and as there is lot of risk involved. Hence, problems calling for strategic decisions require to be considered by top management.
- ☛ **impact on the long term prosperity of the firm:** the efforts of strategic implementation lead to result over a period of time, and not immediately.
- ☛ **future oriented:** Strategic thinking involves predicting the future environmental conditions and how to orient for the changed conditions.
- ☛ **multifunctional consequences:** these decision affect various sections of the organization with varying degree
- ☛ **consideration of factors in the firm's external environment:** Strategic focus in organization involves orienting its internal environment to the changes of external environment. You will have to watch your strengths and weaknesses to tap opportunities and ward-off threats.

**Q.8 according to parikh and neubauer (1993), a well constructed vision can provide the benefits. In this context enumerate what are the said benefits. [MMIMP]**

**Answer:**

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Vision is a road map of the company's future and often provides specifics on:

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Examples:

➡ **Nokia:-** connecting people

➡ **Apple:-** apple is committed to bringing the best personal computing experience to students, educators, creative professionals and consumer around the world through its innovative hardware, software and internet offerings.

### Strategic Vision has important purposes:

1. Clearly provides the direction that company wants to follow.
2. Identify the need of changing from existing direction or products, if stated in vision statement.
3. Create passionate environment in the organization to steer the company with great excitement in selected direction.
4. Create creativity in every member of company to prepare company for future.

### **Q.9 state what are the characteristics of objective in business. [IMP]**

**Answer:**

The five objectives of business -

**Survival, Stability, Growth, Efficiency and Profitability** - run in a continuum.

#### 1. Survival

To live as long as one can is "survival". In the initial phase of business the objective is to

"survive". Survival means, "Not getting killed by the competition". Business follows the law of the jungle; namely 'survival of the fittest'. Survival is important for



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success. In a marathon race, the athlete begins at the slow pace, conserving his energy for the final burst. For a company to survive it has to first break even; then comes making profits.

### **2. Stability**

Post survival, a firm looks for stability. Stability can be in terms of sales or profits. A company following this objective is seeking to maintain the status quo; of not rocking the boat. Some stability is necessary before moving to growth. In the middle phase of the marathon the athlete maintains a steady pace before he sprints in the final leg. In a sense, stability is the least expensive objective in terms of time, talent and resources.

### **3. Growth**

Every business wants to "grow". With expansion come more profits. Also, growth brings in its wake self esteem. Growth could be in terms of:-

- Volume of business (turnover from 10,000 tons to 15,000 tons)
- no. of customer (from 1200 to 1500)
- progressive from doing low skilled work to highly skilled work.

### **4. Efficiency:-**

Business enterprise seek efficiency in rationally choosing appropriate means to achieve their goals, doing things in the best possible manner and utilizing resources in a most suitable combination to get highest productivity. Business is an economic activity. It seeks to add value to the customer and profit to the firm. Profit can be increased by two ways. Either increase the revenue or reduce the cost. While first is dependent on external factors. Efficiency is a tool to reduce costs. If the work processes are conducted in an efficient way, it would lead to fall in costs and increase in profits.

**5. Profitability:** It is generally asserted that private enterprises are primarily motivated by

The objective of profit. All businesses must make profits. Peter drucker once said "there is no such thing as a nonprofit organization. There are only organizations that do not make profits." If a business ceases to make profits, it will have to close. So survival. Stability and growth exist only with profits. Efficiency will

enhance profits. Hence ultimately, a business is important to a businessman only if it is making profits.

**Q.10 explain in brief the various important issues that need to be kept in mind while setting up objectives of an organization . [IMP]**

**Answer:**

Goals are desired end towards which efforts are directed. Objectives are specific, verifiable, quantified version of a goal.

Objectives are the organizations performance targets- the outcomes it wants to achieve. They function as yardstick for tracking an organizations performance and progress.

**Characteristics:**

- ☛ Objectives should help to achieve mission and purpose.
- ☛ The should provide the basis for strategic decision -making
- ☛ They should provide standards for performance appraisal.
- ☛ Objectives should be specific, measurable, attainable, realistic and time bound (SMART).
- ☛ Objectives should be challenging
- ☛ Objectives should be set within constraints.

**The important issues that need to be kept in mind while setting objectives are as follows:**

**Specificity:** Specificity is related to the organizational level for which a set of objectives have been stated. Objectives may be stated at different levels of specificity.

**Multiplicity:** The issue of multiplicity arise from the fact that it is rare for an organization to work on a single objective or a few objectives. Since objectives deal with a large number of functional areas, a large number of them have to be formulated to cover the diverse aspects of the organization's functioning.

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**Periodicity:** Objectives may be set for different time frame. It is possible to set long term, medium term and short term objectives. Normally organizations determine objectives for the long term and the short term. These different time frame of objectives need to be integrated with each other in order to achieve the desired result

**Verifiability:** The issue of verifiability revolves around the question of deciding whether an objective has been met or not. Moreover, linked to verifiability is the concept of quantification. A definite way to measure an objective is to quantify it.

**Reality:** It is often found that organizations have two set of objectives namely official and operative. While the official objectives are those which the organization professes to attain, the operative objectives are those which they seek to attain reality For example developing human resource is the official objective of , operative objective the amount of resource allocation that has been made towards the development of human resource.

**Quality:** The capability of an objective to provide a specific direction and a tangible basis for evaluating performance determines the quality of an objective. For example stating that "to increase revenue" is considered to be a bad objective as it lacks the element of measurability. If the same objective is rephrased as "to increase the revenue by 30% in the next 6 months and thereafter increase it by 40%, maintainable for the next two years" can be considered to be a good objective

**Q.11 "strategic management involves a greater scope than that of any one area of operational management". - in this context align the objectives of strategic management. [IMP]**

**Answer:**

**Objectives of strategic management**

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the term strategic management underlines the importance of managers with regard to strategy. Strategies do not happen just by themselves. Strategy involves people, especially the managers who decide and implement strategy.

- ✓ The objectives of strategic management may be listed as under:
- ✓ To identify opportunities and adapt resources to exploit the opportunities created
- ✓ To help an organization enjoy competitive advantage.
- ✓ To monitor and remain responsive to the demands of key stakeholders
- ✓ To identify the critical success factors and meet the needs and wants of the customers.
- ✓ To develop a creative and innovative attitude and to think strategically.

### Q.12 explain FAST framework and also explain performance objectives. [MMIMP]

**Answer:**

#### FAST FRAMEWORK

It was in the year 1954 when Peter Drucker, the great management guru, introduced "management by objectives".

Management by objectives according to Drucker is an approach where employees would agree with their boss onset of goals and work toward achieving those objectives throughout the year. The importance of goal setting and accomplishment of objectives has been the central for managers who follow a well-established set of practices.

Traditionally the managers aspired to make their goals SMART, but now a new approach FAST has been introduced in market.

The four core principles that underpin effective goal systems can be summarized into the acronym FAST. Goals should be embedded in frequent discussions; ambitious in scope; measured by specific metrics and milestones; and transparent for everyone in the organization to see. The modern concept views goals to be FAST and not SMART.

Term	Definition	Advantages
Frequently discussed	Goals should be frequently discussed in order to see the progress, allocate resources as	<ul style="list-style-type: none"><li>➤ Gives guidance for important decisions.</li><li>➤ Helps employees remain</li></ul>

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	and when needed, priorities of initiatives and provide feedback.	focused on the most important matters. ➤ Evaluates the progress and helps in course corrections
Ambitious	Goals should be challenging or ambitious but not impossible to achieve.	➤ Motivates performance of individuals and teams towards goal. ➤ Focuses on the innovative ways to achieve goals
Specific	Goals should be translated in to specific metrics so that there is clarifying achieving the goals.	➤ Clearly mentions what the employees are expected to deliver. ➤ Enhances performance of individuals and teams.
Transparent	Goals and their achievements should be made public for all employees to see	➤ Use of peer pressure to perform on goals. ➤ Clearly showcases the activities and contribution of the employees towards goal achievement. ➤ Helps employees understand the agenda of other employees and the teams.

### Q.11 Explain balance score card in context of objective setting and measurement in organization. [MMIMP]

**Answer:**

#### **Balanced Score Card**

The Balanced Score Card is a performance management tool used by managers to keep, track of the execution of their activities. It lists out financial and non-financial targets, so that a review will help to check whether current performance 'meets expectations.

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The first balanced scorecard was created by Arthur M Schneiderman though its extensive

use was by Dr. Robert S. Kaplan and David P. Norton.

The scorecard comes as a single sheet and captures, the information most relevant to those reading it. The idea is to alert managers to variances so they can focus their attention on these areas.

The four "perspectives" proposed were:

**1.Financial:** It identifies measures that help answer the question, "How do we look to shareholders?"

**2.Customer:** It identifies measures that help answer the question, "How do customers see us?"

**3.Internal Business Processes:** It identifies measures that help answer the question, "What must we excel at?"

**4.Learning and Growth:** It identifies measures that help answer the question, "Can we continue to improve and create value?"

## STUDY NOTE:9 STRATEGIC ANALYSIS AND PLANNING

**Q. 1 the value chain describe the categorise of activities within and around an organization which create a product or service". In this context, demonstrate the activities involved in value chain of an organization. [MMIMP]**

### **VALUE CHAIN ANALYSIS**

Competition guru, Michael Porter, while researching on what makes some companies compete better than others stumbled on the value chain approach.

He identified a series of activities that progressed on a chain line, that create and build value that helps a firm achieve competitive advantage.

For **example**, a company which wants to compete on quality will have to perform its-value chain activities better than others. A company wishing to compete on costs (a k a cost leadership) will require a reduction in the costs associated with the value chain activities.

The Value Chain Analysis [VGA] breaks the activities into two:

- Primary activities and
- Support activities.

**Primary Activities:** These are FIVE in number

**(a) Inbound Logistics:** Goods are received from suppliers and stored until they are needed on the assembly line.

**(b) Operations:** This is where goods are manufactured or service is rendered. In a factory it is the plant, in a hotel it could be room service. ( transform input into final product)

**(c) Outbound Logistics:** The goods are now finished, and they need to be sent to wholesalers, retailers or the final consumer.

**(d) Marketing and Sales:** At this stage the organization prepares the product to meet the needs of targeted customers. The focus is on marketing, communications and promotion.

**(e) Service:** This includes all areas of service such as installation, after-sales service, complaints handling and training.

Any or all of these primary activities may be vital in developing a competitive advantage.



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☛ **Support Activities** are classified into the following FOUR:

- (a) **Procurement:** This function is responsible for purchasing of goods and services. The aim is to secure the lowest possible price at the BEST possible quality. Issues like outsourcing (operations that would normally be done in-house are done by outsiders), and E-Purchasing (using IT and web-based technologies) are explored.
- (b) **Technology Development:** Companies need to use tech innovation to reduce costs and to sustain competitive advantage. This includes Production technology, Internet marketing, Lean manufacturing and Customer Relationship Management (CKM).
- (c) **Human Resource Management (HRM)** Employees are an expensive and vital resource. An organization should manage recruitment, selection, training, development, and rewards.
- (d) **Firm Infrastructure:** every organization needs to ensure that their finances, legal structure and management structure works efficiently and helps drive the organization forward;

☛ **Steps in Value Chain Analysis**

Value chain analysis can be broken into THREE sequential steps:

- (a) **Break down** an organization into its key activities under each of the major headings in the model;
- (b) **Assess the potential** for adding value via cost advantage or differentiation;  
**Determine strategies** built around focusing on activities where competitive advantage can be sustained.

**Q2. examine various mechanisms that may be employed for identifying strategic alternatives in the medium and large organizations. [MMIMP]**

**ANSWER:**

### ALTERNATIVES IN STRATEGIC PLANNING

#### Scenario Planning

One reason that strategic planning may fail over longer time periods is that strategic managers, in their initial enthusiasm for planning techniques, may forget that the future is entirely unpredictable. Even the best-laid plans can fall apart if

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unforeseen contingencies occur, and that happens all the time.

- ❖ Scenario planning involves formulating plans that are based upon “what-if” scenarios about the future. In the typical scenario-planning exercise, some scenarios are optimistic and some are pessimistic. Teams of managers are asked to develop specific strategies to cope with each scenario.
- ❖ The idea is to allow managers to understand the dynamic and complex nature of their environment, to think through problems in a strategic fashion, and to generate a range of strategic options that might be pursued under different circumstances.

### **DECENTRALIZED PLANNING**

A mistake that some companies have made in constructing their strategic planning process has been to treat planning exclusively as a top-management responsibility. Much of the best planning can and should be done by business and functional managers who are closest to the facts; in other words, planning should be decentralized.

In decentralized organizations, formal decision-making power is distributed across multiple individuals or teams.

**In medium and large organizations, the following mechanisms may be employed for identifying strategic alternatives:**

#### **BRAINSTORMING:**

**Brainstorming** is a group [creativity technique](#) by which efforts are made to find a conclusion for a specific problem by gathering a list of ideas spontaneously contributed by its members.

Brainstorming is a **group activity where each participant shares their ideas as soon as they come to mind**. At the conclusion of the session, ideas are categorized and ranked for follow-on action. When planning a brainstorming session it is important to define clearly the topic to be addressed.

#### **SPECIAL MEETINGS:**

Some large organizations may hold special meetings of top executives away from their work, in a hotel or a holiday resort. This is to ensure that the process of thinking is not disturbed by interruptions during the course of deliberations. The participants present different alternative scenarios along with their recommended

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courses of action. Depending on the assumptions and future trends, each course of action is discussed and attempts are made to finalize the best options for further analysis.

### OUTSIDE CONSULTANTS

Some organizations may engage the services of an outside consultant to handle the process of generating alternative strategies. The outside viewpoint is expected to be new and fresh, and thus can show up many new opportunities to the organization.

### JOINT MEETINGS

Another useful way of generating alternatives is to hire the services of a consultant and also associate some internal members in the process. This method has the advantage of blending the new ideas contributed by the outside consultants with workable solutions from within the organization.

**Q.3 "identifying key drives for change helps managers to focus on the MICRO factors that are most important and which must be addressed as the highest priority"- justify the statement. [MMIMP]**

### **\*MICRO ENVIRONMENT**

The term micro means small. It is the immediate environment which has a direct impact on the business operations & their success. This firm specific.

#### **Elements of micro environment - firm specific**

It consists of six players:-

#### **☛ME1 CONSUMER/CUSTOMER**

No organization can survive without customer & consumer.

The consumer uses the product, the customer pays for it. When a child buys a packet of chocolates, it consumes it but it is the father who pays for it. The child is the consumer, the father is the customer.

The customer is one who buys the product; he may or may not use the product. In fact he could buy on behalf of another person or for resale. The consumer is one who uses the product; he may or may not have bought the product. He is therefore the end user.

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E.g. The apple show room which is the customer of apple inc. buys apple products, like I-pad, for resale. You and I who buy i-pad from the showroom for our personal use are the consumers.

Organization must **analyze**:

- Who are the consumer/customers?
- What do they want?
- What are their buying patterns?
- What are their tastes, preferences etc.

### **ME 2: COMPETITOR**

Competitors are those who fight for the same market and same resources. Competition can be both direct and indirect. It includes potential offerings and substitutes that a buyer might consider. A study of the competitive scenario is essential for the marketer, particularly threats from competition.

**Analyze:-**

- Who are the competitors?
- What are their present strategies?
- What is their SWOT

### **ME:-3 ORGANISATION**

In micro environment analysis, nothing is important as self analysis by the organization itself. An organization has several people & groups whose nature, working style & motive are likely to influence an organization.

The organization consists of owners, managers and employees. Their goals are different.

Owners- profit and growth

Managers - institution building

Worker - career and pay

### **ME:-4 MARKET**

It refers to the system of contact between an organization and its customer.

The market is the final battleground where the winners are decided. It's important to understand the battle ground. Towards this one needs to study the followings:

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- Attractiveness of the market
- Bigness of the market
- Cost structure
- Distribution system
- Emerging trends
- growth prospectus
- key success factor
- product life cycle
- price sensitivity
- technology

### ☛ME5:- SUPPLIERS:-

They are the providers of raw material, goods and services and capital expenditure. The bargaining power (its existence or lack of it) of supplier affects cost structure. We must remember that suppliers are capable of forming cartels or unions to protect their interests.

### ☛ME:-6 INTERMEDIARIES:-

Intermediaries are the honest middleman. In a larger sense, an intermediary can be a person or an organization who facilitates a contract between two parties.

### Q.4 categorize seven-steps process of contingency planning. [MMIMP]

**Answer:**

#### **Steps in Contingency Planning**

Step 1: Identify the beneficial and unfavorable events that could possibly derail the strategy or strategies.

Step 2: Specify trigger points. Calculate about when contingent events are likely to occur.

Step 3: Assess the impact of each contingent event. Estimate the potential benefit or harm, of each contingent event.

Step 4: Develop contingency plans. Be sure that contingency plans are compatible with current strategy and are economically feasible.

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Step 5: Assess the counter impact of each contingency plan. That is, estimate how much each contingency plan will capitalize on or cancel out its associated contingent event. Doing this will quantify the potential value of each contingency plan.

Step 6: Determine early warning signals for key contingency event. Monitor the early warning signals.

Step 7: For contingent event with reliable early warning signals, develop advance action plans to take advantage of the available lead time.

**Q.6 discuss in brief about the areas of attention for SWOT appraisal. State the purpose of such appraisal. [MMIMP]**

### **Answer:**

Developed by Albert Humphrey, SWOT is a strategic planning tool that is used to evaluate an organization's strength, weakness, opportunities, and threats. The analysis groups key pieces of information into two main categories:

- **Internal factors:** the capabilities; namely the strengths and weaknesses internal to the organization.
- **External factors:** the conditions; namely the opportunities and threats presented by the external environment.

The internal factors may be viewed as strengths or weaknesses depending upon their impact on the organization's objectives.

The external factors include the macroeconomic variables as also changes in the marketplace or competitive position.

Quick explanations follow.

- **Strength:** an inherent capability of the organization which gives it an advantage over others in the industry.
- **Weakness:** an inherent limitation of the organization that places it at disadvantage relative to others.
- **Opportunity:** a favorable condition in the organization's environment which enables it to strengthen its position.



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- **threat:** an unfavorable condition in the organizations environment which causes damage to the entity's position.

Purpose of SWOT Appraisal:

### **Strategic Planning:**

SWOT analysis provides a structured framework for evaluating an organization's position in its environment and developing strategic plans.

### **Decision Making:**

By understanding strengths, weaknesses, opportunities, and threats, organizations can make more informed decisions about their operations and strategies.

### **Competitive Advantage:**

SWOT analysis helps organizations identify areas where they can build upon their strengths, minimize their weaknesses, and take advantage of opportunities to gain a competitive edge.

### **Risk Management:**

By identifying potential threats, organizations can develop strategies to mitigate or avoid these risks.

### **Resource Allocation:**

SWOT analysis can guide organizations in allocating resources to areas where they can have the greatest impact.

## **Q.7 explain BCG Matrix with its limitation in details. [MMIMP]**

The BCG matrix (a.k.a Boston Box) was created by Bruce Henderson in 1967 for the Boston Consulting Group. The idea was to help corporations (i) analyze their business units (ii) develop strategies and (iii) allocate resources on the basis of competitive position of the portfolio members. The competitive position is based on:

- Relative market share (Indicator of cash generation)
- Market growth rate of Size/revenue (Indicator of demand on investment).

Based on Market (Business) Growth Rate and Relative Market Share four alternative positions emerge in the BCG Matrix:

(1) Question Marks,



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- (2) Stars,
- (3) Cash Cows, and
- (4) Dogs.

### **1. Question Marks: (LH):**

This SBU has low market share, but operates in a Low' high-growth market. Since such SBUs don't generate much cash and as high growth calls for huge investment, these businesses lead to large net cash consumption.

Most new businesses start in this quadrant. While opportunities abound, the risk is large; hence the phrase "question marks".

A question mark has the potential to gain market share to become a star; and eventually a cash cow when market growth slows. If the question mark fails to become a star, it will degenerate into a dog when the market growth declines. Question marks must be looked into carefully to assess if they are worth the investment required to grow market share.

**2. Stars (HH):** This SBU has high market share (hence market leader] in a high-growth market. Sustaining the leadership position may require extra cash. The extra investment is worthwhile if that's what it takes for the unit to remain a leader. When growth slows, stars become cash cows if they have been able to maintain their leadership; else they move from stardom to becoming dogs.

**3. Cash Cows (HL):** This SBU has high market share in a low growth market. These units generate cash in excess of the cash needed to maintain the business. So they must be regularly "milked". Investments are not needed as the market does not attract new players.

**4. Dogs (LL):** This SBU has low market share and operates in a mature slow-growing market. At best, the business breaks-even generating just enough cash to maintain the SBU's market share.



❏ **Critical evaluation**

1. This is a 2\*2 matrix , where only high and low aspects on both X & Y axis are analyzed and aspect of medium or average is missing.
2. BCG matrix can be difficult, time consuming and costly to implement.
3. It's useful for existing product and not for new one.
4. It does not talk about profitability at all
5. It ignores competition factor
6. It fails to define market share and market growth rate.

**Q.8 enumerates what are the benefits of contingency planning [MMIMP]**

**ANSWER: Benefits of Contingency Planning.**

- (i) It will make the future through their proactive planning and advanced prepa-ration.
- (ii) It will introduce original action by removing present difficulties.
- (iii) It enables to anticipate future problems.
- (iv) It will change the goals to suit internal and external changes.
- (v) It experiments with creative ideas and take initiative.

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(vi) It will attempt to shape the future and create a more desirable environment.

(vii) It permits quick response to change.

(viii) It prevents panic in crisis situations.

(ix) It makes managers more adaptable to unforeseen changes.

### **Q.9 What do you mean by portfolio analysis. Explain product life cycle. [IMP]**

**Answer:** A business portfolio is a collection of businesses and products that make up a company. Portfolio analysis is a set of techniques that help in taking strategic decisions regarding the businesses in a firm's portfolio.

The aim of portfolio analysis is:

- Analyze the current business portfolio and decide which SBU's should receive more or less resources.
- Develop growth strategies for adding new businesses to the portfolio.
- Decide which businesses should no longer be retained.

### **Product Life Cycle**

**The Product Life Cycle (PLC)** is based on the biological life cycle. For example, a seed is planted (introduction); it begins to sprout (growth); it shoots out leaves as it becomes an adult (maturity); and finally the plant begins to shrink (with drawn) and finally dies out (decline).

It's the same for a product. After a period of development it is launched into the market; it gains customers as it grows; eventually the market stabilizes and the product becomes mature; then after a period of time the product is overtaken by introduction of superior competitors, and is eventually withdrawn.

The PLC is an S shaped curve which captures the relationship of sales turnover with time for a product or business that passes through five successive stages namely

- Initial (slow growth)
- Growth (rapid market acceptance)
- Maturity (slow down in growth rate)
- Decline (sharp downward drift)
- Withdrawn (outdated).

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### A brief explanation of the stages follows;

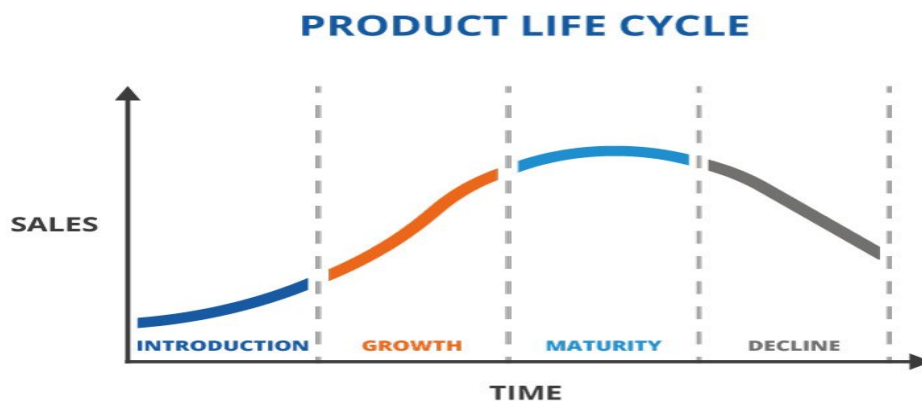
➡ **Initial Phase:** The product is promoted to create awareness; the focus is not on immediate profit. Limited number of products is kept available in a few channels of distribution.

➡ **Growth Phase:** Competitors get into the market with me-too offerings. Products become more profitable; companies form alliances and take each other over. Advertisement spending is high and the focus is on building brand. Market share starts to stabilize.

➡ **Maturity Phase:** Products that survive the earlier stages spend longest in this phase. Sales grow at a decreasing rate; producers try to differentiate the products; brands matter and price wars emerge.

➡ **Decline Phase:** The market sees a downturn with the arrival of innovative products. Intense price-cutting follows and many more products are withdrawn from the market. Profits can be improved only by cost cutting.

➡ **Withdrawal Phase:** The product stands withdrawn and is now a relic of the past.



### Criticism

While the PLC is intuitively appealing, it is not free of criticism.

- Not all products go through each stage. Some products go from introduction to decline!
- The length of each stage varies significantly.
- It is difficult to state which stage the product is in.

We now move to three portfolio analysis tools.

**Q.10 Explain ansoff product growth matrix in detail [IMP]**

**Answer:**

First published in the Harvard Business Review in 1957, the Ansoff Product Growth matrix helps businesses decide their product and market growth strategy. The matrix suggests that a business growth depends on whether it markets new products or existing products, in new markets or existing markets. It then goes on to suggest the growth strategies.

**Ansoff's Product/Market Matrix**

Market/ Product	Present	New
Present	Market Penetration	Product Development
New	Market Development	Diversification

**1. Market Penetration**

The strategy is to market the existing products to existing customers.

Market penetration seeks to achieve three objectives:

- Increase the market share of current products by a combination of competitive pricing and hard advertising.
- Increase usage of the products by existing customers. For example: by providing loyalty schemes.

This is a case of "business as usual". The business is focusing on markets and products it knows well. Hence this strategy will not require much investment in new market research.

**Example:** There are 300 people in a location and 65 of them have Dish TV then the market penetration is 22%, which means there are still 235 more potential customers.

**2. Market Development**

## QUESTION BANK OF STRATEGIC MANAGEMENT BY CMA ABHISHEK JAIN

The strategy is to market existing products in a new market. That is, the product remains the same but the audience changes!

Three ways of approaching this strategy include:

- New geographical markets: Example, An Indian company exporting the product to USA.
- Different pricing policies to create new market segments.

### **3. Product Development**

Here the strategy is to market a new product to existing customers. **Example,** In the automobile market, specific existing models are updated or replaced and then marketed to existing customers. This strategy requires the development of new competencies and new features which can appeal to existing markets.

### **4. Diversification**

Here the company markets completely new products to completely new customers. There are two types of diversification, (i) Related and (ii) Unrelated diversification.

Related diversification means that we remain in a market or industry with which we are familiar. Example, A cotton cloth manufacturer diversifying into readymade cloth manufacture (same cloth industry). Unrelated diversification means entering into hitherto unknown industry. Example, A cloth manufacturer invests in the sports retail business. This is a risky strategy because the business is moving into un-chartered markets in which we have little experience.

**Study note : 10 Formulation and Implementation of strategy**

**Q.1[MMIMP] "hammer and champy (1993) point to the existence of a set of 'commonalities, recurring themes or characteristics' that can guide business process re-engineering (BPR)"- in accordance with this, align the said commonalities or characteristics that guide BPR.**

**Q.1 Explain characteristics of BPR**



**Q.1 Explain Steps involved in implementation of BPR**

**Q.1 Explain Reasons of BPR and Common problems associated with BPR**

Answer:

**Answer:**

BPR had its origin in the 1990 Harvard Business Review article

By Prof Michael Hammer.

"Reengineering is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary performance measures such as cost, quality, service, and speed," says Hammer.

There are FIVE key words in the above definition

- Fundamental
- Radical
- Dramatic
- Processes
- Tasks

**1. Fundamental:** Ask basic questions about organizations and their operations

- why do we do what we do
- why do we do it the way we do
- start with no assumptions
- ignore what is and concentrate on what should be

**2. Radical:** Find the root cause of the problem area and make radical changes, means

- get to the root of things; do not be superficial
- junk the old and marry the new
- trash existing procedures and come up with new ways of doing things.

**3. Dramatic:** The improvement in performance must be dramatic means.

- not marginal or incremental
- "blow up the old and replace it with something new"
- achieving quantum is the objective

**4. Processes:** Every process needs a relook and must be if needed replaced with something altogether new.

**5. Tasks:** While tasks are important, what counts is the successful completion of the whole process. Examples:

- ordering from Amazon book store on the Internet
- What the customer wants is correct and speedy delivery of books and

#### **➡Reasons for BPR**

Re-engineering became necessary because customers started looking for sophisticated products in a rapidly changing environment. The principal reasons for re-engineering are:

- To obtain quantum gains in performance of the process in terms of time, cost, output, quality and responsiveness.
- Simplify and streamline processes by eliminating redundant and non-value adding steps.
- Speed up workflow through use of IT systems big time.

#### **➡Steps in Implementation of BPR:**

The following are the possible steps in implementing BPR.

##### **1. Determining objectives and framework**

- Decide the objective. It could be cost reduction, throughput improvement, output quality management etc.
- By having a specific objective, you have focus, direction, and. motivation for the redesign process.

##### **2. Identify customers and determine their needs**

- This calls for an understanding of the customers, knowledge of their profile, as also their essential requirements.
- Find where the existing process falls short of meeting those requirements. This provides added value to the customer.

##### **3. Study the existing process**

- The existing process acts as a base to understand the "what and why" of the targeted process.
- Identify the potential improvements to the existing process.

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### 4. Formulate a redesign process plan

- Produce multiple alternatives to the current situation.
- By performing trade-off analysis select the best alternative for implementation

### 5. Implement the redesign

- Here reengineering efforts meet maximum resistance.
- Implementation is the joint responsibility of the designers and the management.

### 6. Improve process continuously

- The reengineering process needs to be improved continuously
- The monitoring should include measures such as employee attitudes, customer perceptions and supplier responsiveness,

### Common Problems with BPR

1. **After failure:** -In good times companies do not want to re-engineer. In bad times it turns out to be too late.
2. **Resistance to change:** The starting point for BPR is an existing process. People have strong commitments to existing processes and believe in the adage, "if it isn't broken, it isn't needed fixing". So, either the desire to change is not strong enough or the disturbance of existing process leads to resistance.
3. **Time and cost:** BPR is not a quick fix approach. It takes both time and cost. You cannot use Band-Aid to cure cancer. Sometimes the processes picked are either too big which means that they take time or are too small which means that the benefits are marginal. Also, there is this business of loss of revenue during the transition period.

### Underlying premises of BPR [a k a Key characteristics]

- To win you must have operational excellence
- Processes, not functions, not products, have to be managed
- There are no givens. Everything needs to be questioned.
- How to compete is more important than where to compete
- Dramatic improvement is the key to competing
- Focus on End-Customers

**Q.2 demonstrate in brief some of the areas that have the ability to create goal congruence.**

**Q.2 Explain agency problem and how to mitigate agency problem [[MMIMP]**

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Agency theory is a principle that is used to explain and resolve issues in the relationship between business principals and their agents. Most commonly, that relationship is the one between shareholders, as principals, and company executives, as agents.

Agency theory attempts to explain and resolve disputes over the respective priorities between principals and their agents.

- Principals rely on agents to execute certain transactions, which results in a difference in agreement on priorities and methods.
- The difference in priorities and interests between agents and principals is known as the principal-agent problem.
- Resolving the differences in expectations is called "reducing agency loss."
- Performance-based compensation is one way that is used to achieve a balance between principal and agent.
- Common principal-agent relationships include shareholders and management, financial planners and their clients, and lessees and lessors.

### How to Mitigate Agency Problems?

While it is not possible to eliminate the agency problem, principals can take steps to minimize the risk, known as agency cost, associated with it. Principal-agent relationships can be regulated, and often are, by contracts, or laws in the case of fiduciary settings. Another method is to incentivize an agent to act in better accordance with the principal's best interests. For example, if an agent is paid not on an hourly basis but by the completion of a project, there is less incentive to not act in the principal's best interest.

### Achieving Goal Congruence

Goal congruence can be achieved, and at the same time, the 'agency problem' can be dealt with, providing managers with incentives which are related to profits or share price, or other factors such as:

- Pay or bonuses related to the size of profits termed as profit-related pay.
- Rewarding managers with shares, e.g.: when a private company 'goes public' and managers are invited to subscribe for shares in the company at an attractive offer price.
- Rewarding managers with share options. In a share option scheme, selected employees are given a number of share options, each of which gives the right (after a certain date) to subscribe for shares in the company at a fixed

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price. The value of an option will increase if the company is successful and its share price goes up.

### Q.3 Explain different types of marketing concepts [MMIMP]

- **Production Concept:**  
This concept focuses on producing high-quality, low-cost products and making them widely available to customers. The idea is that customers will choose products that are easily accessible and affordable.
- **Product Concept:**  
This concept emphasizes that customers will favor products that offer superior quality, innovative features, and performance.
- **Selling Concept:**  
This concept focuses on aggressive selling and promotion to convince customers to purchase products, particularly when customers are not actively seeking them.
- **Marketing Concept:**  
This concept focuses on understanding customer needs and wants, and delivering value to them through a holistic marketing approach that considers the product, price, distribution, and promotion.
- **Societal Concept:**  
This concept expands the marketing concept by emphasizing ethical and social responsibility, in addition to meeting customer needs and wants.

### Q.5 "in order to identify critical success factor (CSF) in the industry there are three important area that need to be analysed. They are known as Ohmae's three Cs." In this context enumerate what are the said three Cs. [MMIMP]

**Answer:**

The 3C model, developed by Kenichi Ohmae, is a strategic framework that focuses on three core elements: Customers, Competitors, and Company. By analyzing these three factors, businesses can identify critical success factors (CSFs) and develop effective strategies. The model emphasizes the importance of understanding customer needs, competitive landscape, and internal capabilities to achieve sustainable competitive advantage.

Elaboration:

- **Customers:**

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Understanding customer needs, wants, and behaviors is crucial for developing products and services that meet their demands.

- **Competitors:**

Analyzing competitors' strategies, strengths, and weaknesses helps identify opportunities to differentiate and gain a competitive edge.

- **Company:**

Evaluating internal capabilities, resources, and strengths enables businesses to leverage their assets and develop effective strategies.

How the 3C Model Helps Identify CSFs:

By examining each of the 3Cs, businesses can identify the key factors that influence their success. For example:

- **Customer-related CSFs:**

Might include customer satisfaction, brand loyalty, market share, or product quality.

- **Competitor-related CSFs:**

Could involve differentiation, competitive pricing, innovation, or brand reputation.

- **Company-related CSFs:**

Might encompass cost structure, operational efficiency, marketing effectiveness, or employee skills.

### Q.6 Explain Strategic business unit [MMIMP]

**Answer:**

#### **Strategic Business Units (SBU)**

**SBU** is a business unit within a company which is distinguishable from other businesses because it serves a defined external market. This approach involves the creation of business units to address each market in which the company is operating.

An SBU could be (a) company division, (b) single product, [c] or a complete product line (d) the entire company.

The common characteristics of SBU are:

- Serves a well-defined external market.
- Normally represents a single business.
- Has its own competitors.

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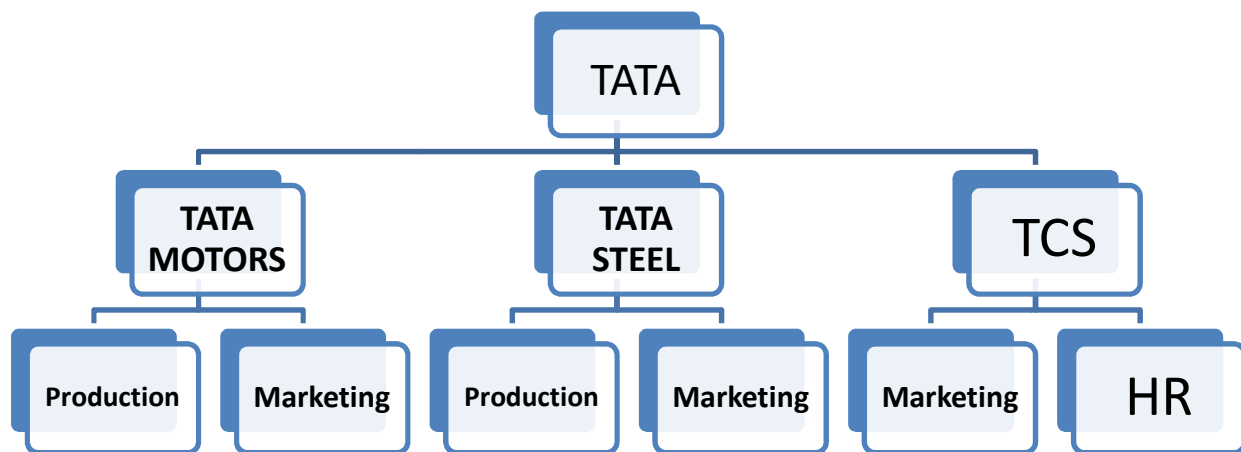
- Has its own set of business strategies distinct from those of the parent.
- Has a CEO to lead.

The SBU has its own business strategy, objectives and competitors and these will often be different from those of the parent company.

A multi-sector business uses the concept of SBU. Example: Nestle has business interests in coffee, bottled water, other beverages chocolate, ice cream, infant foods, healthcare nutrition and refrigerated foods, confectionery and pet food. Each business must be treated as a strategic business unit so each SBU can concentrate in each market by their own executives, instead of led by one centralized CEO.

If a company has only one business, like Starbucks has only Coffee business, they don't need strategic business units as their Coffee is already a SBU. Companies today often use the word "Segment" or "Division" when referring to SBU's.

**Example Of any SBU**



### Q.7 Explain matrix and newtwork structure [MMIMP]

The matrix structure categorises employees by function and product. This structure combines the best features of both structures. A matrix organisation frequently uses employee teams to complete tasks.



**Conditions for Matrix Structure**

- Ideas need to be cross-fertilized across projects or products.
- Abilities to process information and to make decisions need to be improved.
- Resources are scarce:

**ADVANTAGES:**

The project objectives are clear. There are many channels of communication workers can see the visible results of their work, and shutting down a project is accomplished relatively easily.

**DISADVANTAGES:**

Difficulties in implementation and trouble in managing.

Under a network structure each function is handled by a different entity with the principal company just retaining the overall strategic planning and control function. Thus, production is handled by one company, marketing by another, finance by a third, logistics by a fourth, HR by a fifth etc. This is outsourcing at its very best.

**ADVANTAGES:**

Increased adaptability and flexibility in order to deal with rapid technological change and shifting patterns of international trade and competition.

It enables a company to focus on its unique competencies while gaining efficiencies from other companies that are concentrating their efforts in their areas of expertise.

**DISADVANTAGES:**

The availability of numerous potential partners can be problematic. It risks selecting the wrong functions and thus becoming uncompetitive.

**Q.8 Explain McKinsey's 7-S framework [MMIMP]**

**1. Structure**

Structure is the way in which a company is organized - the chain of command and accountability relationships that form its organizational chart.

**2. Strategy**

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Strategy refers to a well-curated business plan that allows the company to formulate a plan of action to achieve a sustainable competitive advantage, reinforced by the company's mission and values.

### 3. Systems

Systems entail the business and technical infrastructure of the company that establishes workflows and the chain of decision-making.

### 4. Skills

Skills form the capabilities and competencies of a company that enables its employees to achieve its objectives.

### 5. Style

The attitude of senior employees in a company establishes a code of conduct through their ways of interactions and symbolic decision-making, which forms the management style of its leaders.

### 6. Staff

Staff involves talent management and all human resources related to company decisions, such as training, recruiting, and rewards systems

### 7. Shared Values

The mission, objectives, and values form the foundation of every organization and play an important role in aligning all key elements to maintain an effective organizational design.

### Q.9 Explain HR strategy and also state causes of HR strategy [IMP]

Human resources, not machines, are the single most important asset in the knowledge era.

Strategic Human Resource Management (HRM) seeks to build a workforce that enables the organization to achieve its goals.

HRM is the management function that is concerned with getting, training, motivating, and keeping competent employees.

An effective human strategy includes the way in which the organization plans to develop its employees and provide them suitable opportunities and better working condition so that their optimum contribution is ensured.

The HRM function includes

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- planning for future human resource needs,
- recruitment,
- placement,
- compensation,
- evaluation, and
- employee development.

### **HR's role in strategic implementation**

An excellent strategy will fail to achieve business goals in the absence of a motivated workforce. HR practices that build employee commitment are hence relevant in the global marketplace. The following are some of the key points:

**1) PROVIDING PURPOSEFUL DIRECTION:** The human resource management must be able to lead people and the organization towards the desired direction involving people right from the beginning.

**2) CREATING COMPETITIVE ATMOSPHERE:** The first is cost leadership which means the firm aims to become a low-cost leader in the industry. The second competitive strategy is differentiation under which the firm seeks to be unique in the industry in terms of dimensions that are highly valued by the customers.

**3) FACILITATION OF CHANGE:** Human resource management will have to devote more time to promote changes than to maintain the status quo.

**4) DIVERSION OF WORKFORCE:** In the modern organization management of diverse workforce is a great challenge. They will ask for higher degree of participation and avenues for fulfilment. Non-financial incentives will also play an important role in motivating the workforce.

**5) EMPOWERMENT :** Empowerment means authorizing every member of a society or organization to take of his/her own destiny realizing his/her full potential. It involves giving more power.

**6) BUILDING CORE COMPETENCY:** A core competence is a unique strength of an organization which may not be shared by others. If the business is organized on the basis of core competency, it is likely to generate competitive advantage.

**7) WORKS ETHICS AND CULTURE:** A vibrant work culture will have to be

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developed in the organizations to create an atmosphere of trust among people and to encourage creative ideas by the people.

### ☛ Causes for HR problem:

Here are some of the causes of employee fissure:

- **Disruption of social and political structure**  
The emergence of new power equations along, with new groups and new values contributes to disruption of the prevailing structure.
- **Resistance to change**  
People by nature resist change. A mismatch of individual aptitudes with implementation tasks accelerates this problem. Hence employees must be put through change management workshops.
- **Inadequate top management support for implementation activities.**

For success there has to be personal commitment from the top. Further everybody should be involved in the change.

### Q10 Explain Production Strategy [IMP]

#### Answer:

Production strategy cannot have a set of defined approach as financial or marketing strategy, as every company has their own way of production. Eg. Car manufacturing process is different from biscuit manufacturing.

Two issues assume importance in the context of production strategy.

**Issue 1:** Production System is concerned with:

- Capacity
- Location
- Layout
- Product or service design
- Work systems
- Degree of automation
- Extent of vertical integration.

**Issue 2:** Strategies related to Operations Control are concerned with

- Aggregate production planning
- Material supply
- Inventory Cost

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- Quality management
- Maintenance of plant and equipment

Here emphasis is laid on optimum utilization of installed capacity in order to convert the objectives to realities.

Here the aim of strategy implementation is to see how efficiently resources are utilized and in what manner the day to day operations can be managed in the light of long term objectives.

### **Q.11 Explain 7 p or 4p of Marketing [MMIMP]**

**Answer:**

#### **Marketing**

Marketing start with customer and ends with customer. Creation of superior customer value and delivering high level of customer satisfaction are at the heart of present day of marketing. It is what prepares the prospective customer for the sales' and consists of advertising, public relations, brand marketing, and direct mail.

**Marketing strategy** is a process that allows an organization to concentrate on its limited resources to increase sales and achieve a sustainable competitive advantage. A marketing strategy should be focused on customer satisfaction as the main goal. Examples of marketing decisions that require special attention are:

#### **➤P1: PRODUCT DECISIONS**

"Product" refers to both products and services. It questions as, how you will design and package the product. Remember, the product has to have, the right features.

**Example:** A mobile, must have good receptivity, adequate battery life, connectivity etc.

Strategic decisions on product are required for:

- Brand name; It conveys a message of quality and reliability.
- Functionality; Features that make it attractive to the market.
- Design: Will this be the unique selling proposition.
- Quality: Premium priced products have to have quality.
- Safety: There can be no compromise on this.
- Packaging: Presentation is as good as content.
- Warranty and Support; Life time for a specific period.

**P2: PRICE DECISIONS**

Price is an expression of the product's utility to the customer, quality, the competition it faces and the desired profit. While deciding the price we must keep, in mind the purchasing power of the customer. Whether pricing should be low or high is a function of the nature of the product. Some products need to be priced low to capture the "fortune at the bottom of the pyramid" and some, like prestige products need to be priced high. Organizations must choose any of the following pricing Strategies

- i. **Penetration pricing:** Set a low price to capture market share. **Example:** Sunfeast cream biscuits are priced at '5.
- ii. **Skimming pricing:** Set an initial high price and then drop it down to make it widely available. **Example:** Booksellers first come with hard-bound edition which anxious buyer's buy paying a stiff price and thereafter come the paper backs at lower price. Arvind Adiga's White Tiger was originally priced 399 and months later the paperback came at '199.
- iii. **Competition pricing:** Setting a price in comparison with competitors. **Example:** Once Nestle priced its Munch at '5, Cadbury was left with no choice other than to price Perk at '5.
- iv. **Product Line Pricing:** Price different products within the same product range at different price points. **Example:** A Computer manufacturer offering computers with different features at different prices. The greater the number of features, the greater the consumer will pay.
- v. **Bundled Pricing:** The organization bundles a group of products at a reduced price, **Example:** Buy Onida LCD TV + DVD Player + Home Theatre for S36,100 only, whereas the sum of the individual prices of these products would be much higher. This helps the company to sell more products, which if not bundled may not have been, bought by the customer.
- vi. **Psychological pricing:** While this is no big deal, it counts, **Example:** BATA sells its shoes at 999 instead of 1000.
- vii. **Premium pricing:** The price set is high to reflect the exclusiveness of the product. **Example:** Prices of Fastrack watches and Rayban sunglasses.
- viii. **Optional pricing:** The organization sells optional extras along with the product to maximize its turnover. **Example:** Internationally, Airlines charge for optional extras such as guaranteeing a window seat or reserving a row of seats next' to each other.



**☛P3: DISTRIBUTION (PLACE) DECISIONS**

Distribution is about getting the products to the target customers at the right place and at the right time. Examples of distribution decisions include:

- Distribution channels
- Market coverage
- Specific channel members
- Warehousing and Distribution centers
- Transportation

**☛P4: PROMOTION DECISIONS**

You must communicate the product to the target group. For that a strong promotion campaign is a must. Selling without advertising is like winking in the dark; you know what you are doing, the other party doesn't. Marketing communication decisions include:

- Personal Selling
- Advertising
- Publicity
- Sales Promotion

**☛P5: PEOPLE DECISIONS**

This refers to the people who influence , the buyers; primarily the company employees who interact with the customers. The customers will judge the company services and behave how the employee addresses in front of customers. In a hotel, the front office has to be well trained. In banking, the employees need to look and act friendly.

**☛P6; PHYSICAL EVIDENCE**

This is the tangible environment in which the product is offered. It includes business cards, signage, brochures and letterheads. It also refers to the venue where the service will be executed.

**☛P7: PROCESS**

This is the flow of activities that the company will follow in the execution of the service. How you are, treated as you walk into the front office, how quickly you are serviced, and how you are sent off carry a message.



**Q. 12 explain KRA , KPA, AND KPI. [IMP]**

**Answer:**

**KRA's [ KEY RESULT AREA'S]**

KRA analyzes measurable and quantifiable responsibilities and tasks of employees depending on the company's expectations, experience, and job profile. The KRA of employees is different even in the same organization based on their job roles and responsibilities. It includes the job role of HR Manager, recruiters, sales manager, marketing executives, etc.

KRA is created based on the goals that plan or evaluate the performance outcome during a specific period.

**Parameters to Analyze KRA**

When it comes to understanding KRA, one needs to consider several factors, including job responsibilities and descriptions. The practical approach help in gauging KRA results efficiently, such as:

**Understanding Qualifications** - It is vital to evaluate the business background, qualifications, internet, skillset, experience, etc. The aim is to understand the outline of the employee's descriptions to benefit the organization.

**Communicate Proactively** - Employees must be aware of the critical responsibilities of their job role. It will help employees contribute to the organization's productivity and connect with them.

**What Is KPA?**

Another piece of the jargon puzzle is KPA, or "key performance areas Opens a new window." KPAs are often found in conjunction with and used interchangeably with KRAs. But there is a difference in the two.

The KPA refers to an individual employee's overall scope of activities that he's expected to perform. KPA may not focus on the result and may include KRAs. KPAs are functions and activities associated with a particular job role, but they may not be a critical aspect of the job. The KPA functions are important for the overall performance of the organization, a specific department or a particular team.

An example of a KPA for a product manager would be to ensure a quality product is available for delivery on schedule.

**Key Performance Area (KPA)**

- ✓ Process improvement
- ✓ Maintaining good working environment and conditions

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- ✓ Optimum utilization of resources
- ✓ Accident and safety prevention planning and control
- ✓ Working within the policies of the business

### KPI's [ KEY PERFORMANCE INDICATOR]

KPI stands for key performance indicator, a quantifiable measure of performance over time for a specific objective. KPIs provide targets for teams to shoot for, milestones to gauge progress, and insights that help people across the organization make better decisions. From finance and HR to marketing and sales, key performance indicators help every area of the business move forward at the strategic level.

KPIs are the key targets you should track to make the most impact on your strategic business outcomes. KPIs support your strategy and help your teams focus on what's important. An example of a key performance indicator is, "targeted

## Study note: 11 Digital Strategy

**Q.1 what do you mean by digital strategy. Explain common elements of digital strategy [MMIMP]**

**Answer:**

**Digital strategy** is the application of digital technologies to business models to form new differentiating business capabilities. In the future, all business strategy will be digital strategy.

Digital strategy focuses on using technology to improve business performance, whether that means creating new products or reimagining current processes. It specifies the direction an organization will take to create new competitive advantages with technology, as well as the tactics it will use to achieve these changes. This usually includes changes to business models, as new technology makes it possible for innovative companies to provide services that weren't previously possible.

- ❖ **Choose a Leader** — This is arguably the most important part of creating a digital strategy, but choosing the right person will depend on company culture, structure and priorities. Whether companies place leadership with the CEO or an appointed Chief Digital Officer, the leader's influence will need to match the scope of digital strategy;

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- ❖ **Attack vs. Defend** — McKinsey & Company emphasizes that companies would do well to categorize their potential threats and opportunities in digital business, then compare these against their own purpose. This clarifies whether a proactive or defensive stance needs to guide new initiatives.
- ❖ **Take a Measured Approach** — Digital strategy often incorporates a process for assessing whether new technology will really complement or grow the current business. If you fear that your company is already behind on digital, it can be tempting to rush into a project without looking at how it fits your current strategy. By taking a measured approach, you can avoid wasting resources on initiatives that don't align with your business's needs and priorities.
- ❖ **Future Proof** — The goal of digital transformation is to create an appropriate foundation for digital business. This means creating an organization that can continue to reinvent itself as necessary to keep up with changes in technology and customer expectations.

### Q.2. what do you mean by digital transformation. explain layers of digital transformation. [MMIMP]

The idea behind a digital transformation is to incorporate technology into every facet of a business, creating sophisticated operations that deliver more value to customers and improve a company's bottom line. This may mean exploring new technological territories that improve the customer experience or adding cutting-edge mobile apps. But exactly what is digital transformation, and how are businesses already using these strategies to find success?

#### Layers of Digital transformation

- 1) **Data aggregation** is the process of summarizing a large pool of data for high level analysis. At its most basic level, it involves compiling information from a range of prescribed databases and organizing it into a simpler, easy-to-use medium, usually utilizing sum, average, mean, or median references.
- 2) **Data management** is the practice of collecting, organizing, protecting, and storing an organization's data so it can be analyzed for business decisions.

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- 3) **Workflow automation** refers to the use of software to complete some tasks and activities, without the need for human input. It's a tool for making work faster, easier, and more consistent. By automating workflows, companies reduce the need for manual work and repetitive tasks
- 4) **Process component** Application of algorithms and start utilizing the data for the business .
- 5) **Platform interface integration**- Integrating the digital system with the core systems for smoother operations.
- 6) **End to end processing**- Conducting end to end processing and ensure error free transformation.
- 7) **Front end software**- Integrating with the front end of stakeholders' devices so that she/he can get seamless services in a technologically collaborated mode.

**Q.3. what do you mean by big data. Explain types and characteristics of big data. [MMIMP]**

**Answer:**

### **BIG DATA:**

Big data is a collection of data that is huge in volume and is growing exponentially with time.

- It is a data with so large size and complexity that none of traditional data management tools can store it or process it efficiently.
- Big data is also a data but with huge size. Examples of Big Data include stock exchange, social networking site, jet engine, etc.

There are three types of Big Data namely, structured, unstructured and semi-structured.

A '**structured data**' is any data that can be stored, accessed and processed in the form of fixed format. A lot of success has been achieved over a period of time in developing

techniques for working with such kind of data (where the format is well known in advance) and also deriving value out of it.

**An unstructured** data is one with unknown form or structure. In addition to the size being huge, un-structured data poses multiple challenges in terms of its processing for deriving value out of it.

**A semi-structured** data can contain both the forms of data. Example of semi-structured data is a data represented in an XML file.

Big Data can be described by the following characteristics:

- **Volume** - Size of data plays a very crucial role in determining value out of data. Also, whether a particular data can actually be considered as a Big Data or not, is dependent upon the volume of data.
- **Variety** - Variety refers to heterogeneous sources and the nature of data, both structured, unstructured and semi structured. During earlier days, spreadsheets and databases were the only sources of data considered by most of the applications however, in recent period data can be in the form of emails, photos, videos, monitoring devices, PDFs, audio, etc.
- **Velocity** - The term 'velocity' refers to the speed of generation of data and processing of data to be responsive to the needs of the customers. Big Data velocity deals with the speed at which data flows in from sources like business processes, application logs, networks, and social media sites, sensors, mobile devices, etc. The flow of data is massive and continuous.
- **Variability**: This refers to the inconsistency which can be shown by the data at times, thus hampering the process of being able to handle and manage the data effectively.

**Q.4 what do you mean by cloud computing. Explain types of cloud computing [MMIMP]**

**Answer:**

Cloud computing is a general term for anything that involves delivering hosted services over the internet. These services are divided into three main categories or types of cloud

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computing: infrastructures as a service (IaaS), platform as a service (PaaS) and software as a service (SaaS).

**IaaS providers**, such as Amazon Web Services (AWS), supply a virtual server instance and storage, as well as application programming interfaces (APIs) that let users migrate workloads to a virtual machine (VM). Users have an allocated storage capacity and can start, stop, access and configure the VM and storage as desired

**In the PaaS model**, cloud providers host development tools on their infrastructures. Users access these tools over the internet using APIs, web portals or gateway software. PaaS is used for general software development, and many PaaS providers host the software after it's developed.

**SaaS** is a distribution model that delivers software applications over the internet; these applications are often called web services. Users can access SaaS applications and services from any location using a computer or mobile device that has internet access. In the SaaS model, users gain access to application software and databases.

**A cloud can be private or public.**

- A public cloud sells services to anyone on the internet.
- A private cloud is a proprietary network or a data center that supplies hosted services to a limited number of people, with certain access and permissions settings.

Private or public, the goal of cloud computing is to provide easy, scalable access to computing resources and IT services. Examples of cloud computing include Google Docs, Microsoft 365, Email services, Google Calendar, Skype, Whats App, Zoom, etc.



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**Cloud computing benefits to modern businesses including the following:**

**1. Cost management:** Cloud infrastructure can reduce capital costs, as organizations don't have to spend massive amounts of money buying and maintaining equipment. Moreover, companies don't need large IT teams to handle cloud data center operations because they can rely on the expertise of their cloud providers' teams. Cloud computing also cuts costs related to downtime.

**2. Data and workload mobility:** Cloud computing allows users to access data from anywhere with any device with just an internet connection. That means users don't have to carry around USB drives, an external hard drive or multiple CDs to access their data. Users can access corporate data through smart phones and other mobile devices, enabling remote employees to stay up to date with co-workers and customers.

**3. Business continuity and disaster recovery (BCDR):** The biggest worry for organisations in the present digital landscape is data loss. Storing data in the cloud guarantees that users can always access their data even if their devices, e.g., laptops or smart phones, are inoperable.

### **Disadvantages of cloud computing**

#### **Disadvantage 1: Lack of Control**

Since your data is stored off-site and you can't control that company, so it won't be easy to customize your data storage set up. It might not be an issue for SMEs, but it can be a severe issue for large companies with complex storage needs. Cloud operators need to provide customization, but unfortunately, they lack this feature.

#### **Disadvantage 2: Security and Privacy concerns**

When you switch to cloud storage options, it means you're handing your data to a third party. Before doing this, ensure that company is trustworthy and can keep your data secure. In the past, many cases of data misuse have been reported. For example, in 2014, due to security glitch in the system, Drop box deleted all the confidential

data of the  
customers.

**Disadvantage 3: Difficult to Migrate**

Once you have started working with one cloud Storage Company and want to migrate to any other cloud provider, it won't be easy. It is mostly the issue of medium-to-large sized businesses because they have complex data needs. If you have conflicts with that service provider and want to migrate to another cloud provider, it won't be easy due to massive data and complexities

**Disadvantage 4: Internet-dependent**

When you use a cloud option, your data is stored in an off-site location, and you can only access it by using the internet. In case your internet connection fails, it will lead to costly downtime because your business is heavily relying on cloud storage. Another possibility is a slow internet connection, and you have to wait for more time than normal to access your data.

**Disadvantage 5: Fixed Contracts**

Many cloud storage providers try to trap you in a long term contract. In case your data storage need reduces, you still have to pay the amount according to that contract; that's why it's a severe disadvantage.

**Q5. what is block chain and explain important component of block chain technology. [MMIMP]**

**Answer:**

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Blockchain defined: Blockchain is a shared, immutable ledger that facilitates the process of recording transactions and tracking assets in a business network. An asset can be tangible (a house, car, cash, land) or intangible (intellectual property, patents, copyrights, branding).

Blockchain is ideal for delivering that information because it provides immediate, shared and

completely transparent information stored on an immutable ledger that can be accessed only by permissioned network members. A blockchain network can track orders, payments, accounts, production and much more.

As members share a single view of the truth, one can see all details of a transaction end to end, giving greater confidence, as well as new efficiencies and opportunities.

### **Important component of block chain:**

#### ✓ **Distributed ledger technology**

All network participants have access to the distributed ledger and its immutable record of transactions. With this shared ledger, transactions are recorded only once, eliminating the duplication of effort that's typical of traditional business networks.

#### ✓ **Immutable records**

No participant can change or tamper with a transaction after it's been recorded to the shared ledger. If a transaction record includes an error, a new transaction must be added to reverse the error, and both transactions are then visible.

#### ✓ **Smart contracts**

A smart contract is stored on the blockchain and executed automatically. A smart contract can define conditions for corporate bond transfers; include terms for travel insurance to be paid and much more. A smart contract acts a setoff rules and allows fastest transactions.

#### ✓ **Increased trust**

As block chain is used by only the members who are within a defined network. This assures the members that the data being received by them is accurate and timely data. Moreover, the confidential blockchain records will

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be shared only with network members to whom one has specifically granted access.

✓ **Greater security**

The increase security in blockchain network arises from the fact that consensus on data accuracy is required from all network members, and all validated transactions are immutable because they are recorded permanently. No one, not even a system administrator, can delete a transaction.

✓ **Increased efficiencies**

With a distributed ledger that is shared among members of a network, time-wasting record reconciliations are eliminated. The smart contract enables automated transactions thereby saving on time.

### Q6. what do you mean by internet of things and explain different types of internet of things [MMIMP]

#### Answer:

#### Internet of Things:

The Internet of Things (IoT) describes the network of physical objects—"things"—that are embedded with sensors, software, and other technologies for the purpose of connecting and exchanging data with other devices and systems over the internet.

#### What are the benefits of IoT?

- ✓ Real-time asset/resource visibility.
- ✓ Reduced costs.
- ✓ Improved operational efficiency.
- ✓ Data-driven insights for quick decision-making.
- ✓ End-to-end, remote monitoring and management of assets/resources.
- ✓ Real-time, predictive and prescriptive insights.
- ✓ Improve end-customer experience.

#### Smart Lighting

This is another one of the Internet of Things examples that have gradually been coming into common usage. Bulbs and battens connected to Wifi can be turned on and off remotely. Schedule for usage can be set for these devices along with their

brightnesses controlled and their power consumption monitored. Using other IoT devices, smart lighting devices can also be turned on and off by voice alone. The power consumption of these devices can also be easily monitored using IoT.

### **Smart Parking**

It is hard to regulate the occupancy and parking coverage in large multi-story car parking facilities. Among the many Internet of Things examples is the use of IoT in such facilities for counting the number of cars that have driven into the facility and the number that have driven out. Specific devices can also give you the exact location where you have parked your car so you are not lost.

### **Medical Fridges**

Medical fridges are a grand entry to the Internet of Things examples list and can be used for regulatory compliance and safety purposes. Vials of vaccines and medicines can often be spoiled if they are not kept at the correct temperatures. Medical refrigerators cannot be monitored throughout the day, especially in person. Having IoT sensors inside medical fridges can enable them to be monitored remotely, and their temperature changed as per requirement.