

# STRATEGIC MANAGEMENT

## UNIT-I

### Section A

#### 1. Explain strategic alliance with illustration

An arrangement between two companies that have decided to share resources to undertake a specific, mutually beneficial project. A strategic alliance is less involved and less permanent than a joint venture, in which two companies typically pool resources to create a separate business entity. In a strategic alliance, each company maintains its autonomy while gaining a new opportunity. A strategic alliance could help a company develop a more effective process, expand into a new market or develop an advantage over a competitor, among other possibilities.

**Example:** Hewlett-Packard and Disney have a long-standing alliance, starting back in 1938, when Disney purchased eight oscillators to use in the sound design of Fantasia from HP founders Bill Hewlett and Dave Packard. When Disney wanted to develop a virtual attraction called Mission: SPACE, Disney Imagineers and HP engineers relied on HP's IT architecture, servers and workstations to create Disney's most technologically advanced attraction.

#### 2. What is strategic planning? How is different from tactical planning?

It is a process of deciding on objectives of the organization, on changes in these objectives, on the resources used to attain these objectives & on the policies that are to govern the acquisitions, use & disposition of these resources.

Major difference between them is that strategy determines what major plans are to be undertaken & allocates resources to them, while tactics it is means by which previously determined plans are executed.

#### 3. Explain the importance and limitations of strategic management.

Strategic management is defined as the set of decisions & actions in formulation and implementation of strategies designed to achieve the objectives of an organization.

**Importance:**

- **Financial Benefits:** It results into financial benefits to the organizations in the form of increased profit even in the face of environmental threats.
- **Offsetting Uncertainty:** By prescribing the future course of action.
- **Clarity in Objectives & Directions:** It is used for achieving those objectives; they focus on clarity of objectives.
- **Increased Organizational Effectiveness:** Its concept is that the organization is able to achieve its objectives within the given resources.
- **Personnel Satisfaction:** If the decisions are systematized in the organization everyone knows how to proceed, how to contribute towards objectives this clarity brings satisfaction.

**Limitations:**

- **Complex & Dynamic Environment:** We require knowledge of the trend in the environment, increase in complexity leads in difficult to predict the future outcome
- **Rigidity:** There is a need for concept of moving balance among the consideration on which the strategy is based.
- **Inadequate Appreciation of Strategic Management:** Managers are inadequately aware about its contribution to the success & the way in which Strategic Management (SM) can be undertaken
- **Limitations in Implementation:** Many problems cannot be solved by SM alone but require the use of other aspects of management

**4. Can a strategy be without the mission?**

No, both are important for an organization, Mission is a broadly framed but enduring statement of a firm's intent. It is the unique purpose that sets a company apart from others of its type and identifies the scope of its operations in product, market, and technology terms.

But Strategy is the determination of basic long-term goals and objectives of an enterprise & the adoption of the courses of action & the allocation of resources necessary for carrying out these goals.

**5. Name the strategic management process.**

Strategic management is defined as the set of decisions & actions in formulation and implementation of strategies designed to achieve the objectives of an organization. It involves 7 steps.

- **Organizational Mission & Objectives:** They have some specific mission towards which all efforts are directed. Objectives are other factor which determines the Strategy.
- **Environmental Analysis:** The organization has to relate itself with the environment it provides opportunities & threats to an organization
- **Organizational Analysis:** Evaluates an organization's strength & weakness, it helps to overcome the weakness
- **Identification of Strategic Alternatives:** It should be identified the opportunities & threats generated through the environmental & organizational analysis and organizational mission & objectives
- **Choice of Strategy:** Identification of various strategic alternatives
- **Implementation of Strategy:** It involves various activities like organization structure, effective leadership & information system, functional policies, allocation of resources etc
- **Evaluation & control:** It is an ongoing process for future course of action

**6. Can you have “maximization of strategic wealth” as a vision statement for a commercial bank/ justify.**

No, a vision statement should be a long term goal of at least 10 years of an organization, A vision is defined as a statement that presents a firm's strategic intent designed to focus the energies & resources of the company on achieving a desirable future. Here the vision statement “maximization of strategic wealth” is not in the form of vision statement.

## 7. Distinguish intended strategies and emergent strategies.

### DELIBERATE EMERGENT

- |                               |                                     |
|-------------------------------|-------------------------------------|
| • DELIBERATE                  | • EMERGENT                          |
| • PREDICTABLE ENVIRONMENT     | • UNPREDICTABLE ENVIRONMENT         |
| • STRESSES ACTION             | • LEARNING WHAT WORKS               |
| • CENTRAL DIRECTION & CONTROL | • COLLECTIVE ACTION AND CONVERGENCE |

## 8. Discuss the nature and scope of corporate management and its role in non-business organization

Corporate strategy is basically concerned with the choice of businesses, products and markets of the company's. Nature, scope and concerns of corporate strategy as outlined below:

- It can be involved and viewed with objectives designed framework strategy of the firm.
- A strategy designed framework is filling the firm's strategic planning gap.
- Actually, it is concerned with the different choice of the firm's products and markets. It generally involves the changes/ additions / deletions in the firm's existing product market postures in businesses. It serves the customers needs and requirements and meets and serves the business requirement.
- It's able to ensure that the right fit to businesses and how to achieve between the firm's and its business environment.
- It helps and focuses to build up the relevant competitive advantages for the firm's in the market.
- Both corporate objectives and corporate strategy bring together and describe the firm's business concepts.

## 9. What are the benefits of strategic management

Strategic management is defined as the set of decisions & actions in formulation and implementation of strategies designed to achieve the objectives of an organization.

- **Financial Benefits:** It results into financial benefits to the organizations in the form of increased profit even in the face of environmental threats.
- **Offsetting Uncertainty:** By prescribing the future course of action.
- **Clarity in Objectives & Directions:** It is used for achieving those objectives, they focus on clarity of objectives.
- **Increased Organizational Effectiveness:** Its concept is that the organization is able to achieve its objectives within the given resources.
- **Personnel Satisfaction:** If the decisions are systematised in the organization everyone knows how to proceed, how to contribute towards objectives this clarity brings satisfaction.

## 10. What are the 3 broad factors which influence the success of the company?

- **Mission & Purpose:** It is a general enduring statement of the organization the intent of which embodies the maker's philosophy, it implies the image which the organization seeks to project.
- **Business Definition:** It is a clear-cut statement of the business or a set of businesses, the organization engages in presently or wishes to pursue in future.
- **Objectives & Goals:** They can be considered as ends or aims towards which all activities are directed.

## 11. How do objectives contribute to strategic management?

Objectives state what is to be accomplished by when & should be quantified if possible.

- It helps to define the organization in its environment
- It helps in coordinating decisions & decision – maker
- It helps in formulating strategies
- It provide standards for assessing organizational performance

**12. How often do you think a firm's vision and mission management should be changed?**

**Vision:** A statement that presents a firm's strategic intent designed to focus the energies & resources of the company on achieving a desirable future.

**Mission:** A broadly framed but enduring statement of a firm's intent. It is the unique purpose that sets a company apart from others of its type and identifies the scope of its operations in product, market, and technology terms.

**13. Distinguish between organizational recipe and strategy.**

**Organizational recipe:** It is the guidelines or procedures of an organization, it is for a shorter period it is subject to changes.

**Strategy** is the determination of basic long-term goals and objectives of an enterprise & the adoption of the courses of action & the allocation of resources necessary for carrying out these goals

**14. Discuss the benefits of strategic management.**

- **Financial Benefits:** It results into financial benefits to the organizations in the form of increased profit even in the face of environmental threats.
- **Offsetting Uncertainty:** By prescribing the future course of action.
- **Clarity in Objectives & Directions:** It is used for achieving those objectives; they focus on clarity of objectives.
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**15. What are the characteristics of a mission statement**

- Mission should be clear, both in terms of intentions & words used
- It should be feasible
- It should be precise but explanatory
- It should be distinctive

## **16. What is meant by “strategy”. Illustrate with example**

Strategy is the determination of basic long-term goals and objectives of an enterprise & the adoption of the courses of action & the allocation of resources necessary for carrying out these goals.

**Example:** E I hotels Ltd, an Oberoi-group company, has a strategy of continuous growth, for achieving this they adopted two routes: takeover of existing hotels & construction of new hotels. Finally they choose a strategy of taking over an existing hotel & it adopted a policy that every hotel can spend 7-8% of sales revenue on refurbishment & decoration along with maintenance.

### **Section B**

#### **1. Define and differentiate between vision, mission, goals objectives and policies**

**Vision:** A statement that presents a firm’s strategic intent designed to focus the energies & resources of the company on achieving a desirable future.

**Mission:** A broadly framed but enduring statement of a firm’s intent. It is the unique purpose that sets a company apart from others of its type and identifies the scope of its operations in product, market, and technology terms.

**Goals Objectives:** It provides the foundation for all managerial activities. They can be considering as ends or aims towards which all activities are directed.

**Policies:** It provides a definition of the common purpose for the organizational components as a whole.

#### **2. Describe the nature and scope of strategic management**

- Respond to challenges posed by the firm’s immediate and remote external environment
- Immediate external environment – competitors, suppliers, increasingly scarce resources, government agencies, regulations, shifting customer preferences
- Remote external environment – economic, social, political, technological

**3. “mission arises out of vision for a firm”-Elaborate**

Yes, vision is a long term goal say 10 to 15 years of an organization where as mission is a short term goals say for next 5 years. So mission arises from the vision

**Mission:** A broadly framed but enduring statement of a firm’s intent. It is the unique purpose that sets a company apart from others of its type and identifies the scope of its operations in product, market, and technology terms.

**Vision:** A statement that presents a firm’s strategic intent designed to focus the energies & resources of the company on achieving a desirable future.

**4. How will you develop a good vision for an organization? What role does vision play in strategic formulation?**

**Vision:** A statement that presents a firm’s strategic intent designed to focus the energies & resources of the company on achieving a desirable future.

**Development of good vision:**

- To define what values are truly central
- Frame the core values
- If market changes, company should not change its core values rather they should change the market.

**5. Discuss the functions of senior management in corporate governance with examples**

- Setting the objectives for the Business
- Establishing policies
- Assigning responsibility
- Selecting & developing key personnel
- Integrating people’s effort
- Stimulating creative thinking
- Measuring & evaluating results



**6. What are some basic questions that have to be answered before the management decides about the structure suitable for the strategy chosen?**

**Strategy** is the determination of basic long-term goals and objectives of an enterprise & the adoption of the courses of action & the allocation of resources necessary for carrying out these goals.

- **Corporate Level:** the actions dealing with the objectives of firm, acquisition, allocation of resources etc
- **Business Level:** allocation of resources among functional areas & coordination between them
- **Functional Level:** providing objectives for specific function, allocation of resources among different operations.

**7. Discuss the role of a leader in strategic formulation**

- **Formulation of Long term plans:** formulates long term plans & making strategic decisions
- **Guidance & Directions:** to various functionaries in the organization
- **Integration:** integrates the efforts of various departmental heads
- **Staffing:** appointing senior personnel in the organization
- **Review & control:** holding meetings, suggesting, preparing & presenting progress
- **External Relations:** integrates his organization with external environment

**8. Explain in detail how to develop the strategic plan and compare the document with business plan**

- **Organizational Mission & Objectives:** formulation of mission & objectives
- **Environmental analysis:** analysis of general environment, Industry & competition analysis
- **Organizational analysis:** SWOT analysis
- **Identification of strategic alternatives:** stability, retrenchment, growth & combination strategy
- **Choice of strategy:** focusing on strategic alternatives

- **Implementation of strategy:** Implementation of strategic alternatives
- **Evaluation & control:** Evaluation & control of strategic alternatives

**9. Define “mission”. How it is formulated? Describe the characteristics of good mission statement.**

**Mission:** A broadly framed but enduring statement of a firm’s intent. It is the unique purpose that sets a company apart from others of its type and identifies the scope of its operations in product, market, and technology terms.

**Formulation:**

- The typical business begins with the beliefs, desires, and aspirations of a single entrepreneur
- These beliefs are usually the basis for the company’s mission
- As the business grows or is forced to alter its product, market, or technology, redefining the company mission may be necessary

**Characteristics of good mission statement:**

- Mission should be clear, both in terms of intentions & words used
- It should be feasible
- It should be precise but explanatory
- It should be distinctive

**10. What is the importance of setting organizational objectives in modern organization?**

- They aid in legitimizing the organization
- Assist in indentifying inter-organizational relationships
- Serve in building a public relations value
- Attract right people to organization & support from different agencies
- Image building
- Make coordination
- Resolve conflicts

## **11. Explain the different hierarchical levels of planning in strategic management**

Strategic management is defined as the set of decisions & actions in formulation and implementation of strategies designed to achieve the objectives of an organization.

- **Organizational Mission & Objectives:** formulation of mission & objectives
- **Environmental analysis:** analysis of general environment, Industry & competition analysis
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## **12. How would you differentiate between organizational structure and infrastructure?**

**How can systems to be equipped with this?**

**Organizational structure** refers to the formalized arrangement of interaction between and responsibility for the tasks, people, and resources in an organization. It is most often seen as a chart, often a pyramidal chart, with positions or titles and roles in cascading fashion.

**Organizational infrastructure:** means the technology, the items used in the organization.

## **13. What are the social obligations of business? How do executives incorporate them in strategic plans?**

- Business: A part of the society
- Avoidance of Government regulations
- Long run self interest of Business
- Traditional values

**14. Discuss the importance of strategy. What might happen to a company if it does not have a mission?**

- Determination of objectives
- Determination of course of action to achieve those goals
- Allocation of resources for carrying out actions

Mission is the purpose of a company, if a company doesn't have a mission is like a company running without any purpose.

**UNIT II**

**Section A**

**1. What are the key success factors in an organizational context? How will you determine them?**

- **Mission & Purpose:** It is a general enduring statement of the organization the intent of which embodies the maker's philosophy, it implies the image which the organization seeks to project.
- **Business Definition:** It is a clear-cut statement of the business or a set of businesses, the organization engages in presently or wishes to pursue in future.
- **Objectives & Goals:** They can be considered as ends or aims towards which all activities are directed.

**2. What is the concept of "synergy"?**

Synergy is a process of putting two or more elements together to achieve a sum total greater than the sum total of individual elements separately. This effect is known as  $2 + 2 = 5$  effect.

Concept of synergy & its effect has been derived from systems approach which deals with the phenomenon of putting various elements of a system in such a way that each element contributes positively to the other elements.

**3. What is industry analysis? Explain the problem in defining industry boundaries?**

An **industry** is a collection of firms that offer similar products or services.

- The evolution of industries overtime creates new opportunities & threats
- Industrial evolution creates industries within industries
- Industries are becoming global in scope

**4. Differentiate between external and internal environment**

**External Environment:** The factors beyond the control of the firm that influences its choice of direction & action, organizational structure & internal processes.

Internal Environment:

**Internal Environment:** The conditions, entities, events, and factors within an organization that influence its activities and choices, particularly the behavior of the employees. Factors that are frequently considered part of the internal environment include the organization's mission statement, leadership styles, and its organizational culture.

**5. Describe the difference between primary and supportive activities using value chain analysis?**

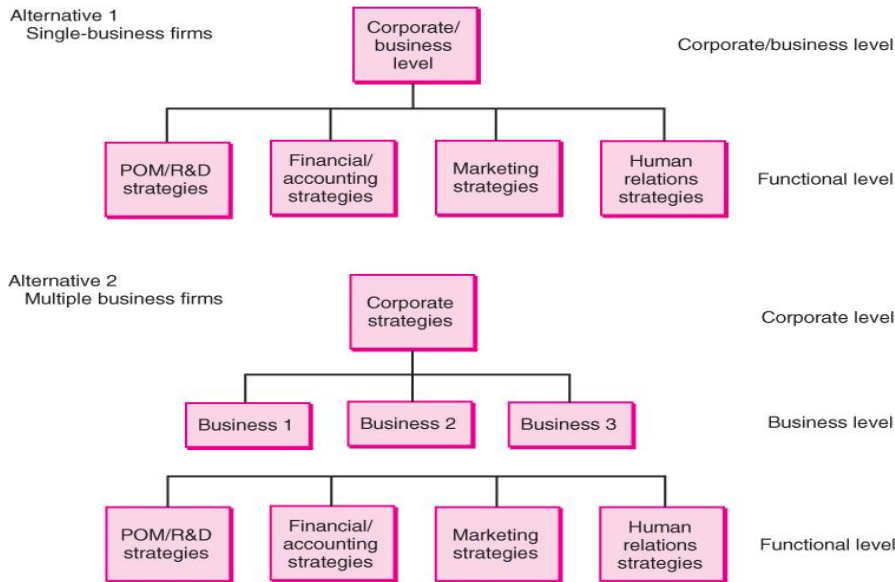
<b>Primary Activities</b>	<b>Supportive Activities</b>
Inbound logistics	General Administration
Operations	HR management
Outbound logistics	Research, technology, system developments
Marketing & sales	Procurement
Service	

**6. Explain the 3 levels of strategic management and illustrate with organizational chart.**

**Corporate level:** board of directors, CEO & administration [Highest]

**Business level:** business and corporate managers [Middle]

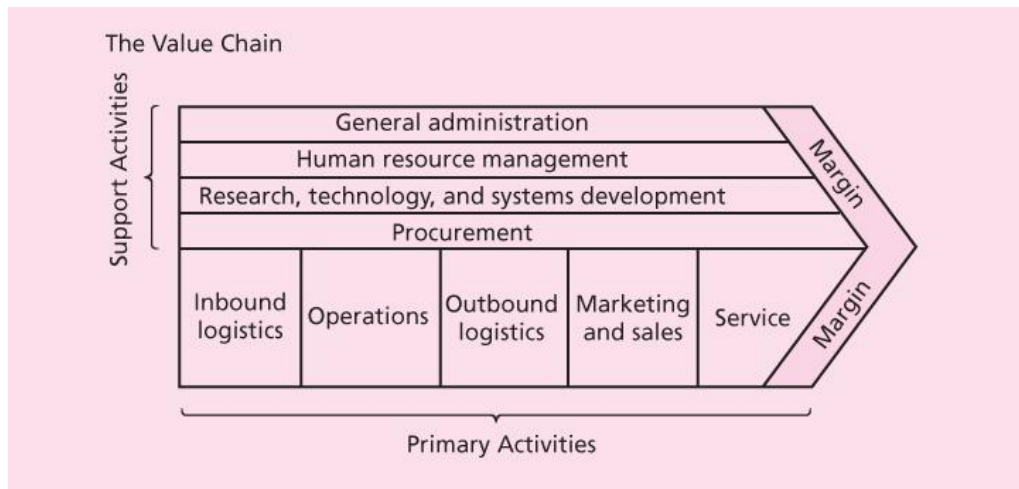
**Functional level:** Product, geographic, and functional area managers [Lowest]



**7. Identify the criteria used for assessing internal environment**

The term value chain describes a way of looking at a business as a chain of activities that transform inputs into outputs that customers value, Value chain analysis (VCA) attempts to understand how a business creates customer value by examining the contributions of different activities within the business to that value. VCA takes a process point of view

**Conducting a VCA:** Identify activities, Allocate costs



## 8. Explain the features of industry analysis

An industry is a collection of firms that offer similar products or services.

- Industry setting
- Industry structure
- Industry attractiveness
- Industry performance
- Industry practices

## 9. What are the factors to be considered for environment analysis

- **Managerial Philosophy:** determines the actions which managers will take towards various factors affecting decisions
- **Age of the organization:** determine the type of information that can be sought by it
- **Size & power of organization:** Size determines the interaction with the environment, Power determines the extent to which the organization can control or is controlled by external environment
- **Geographic dimension of the organization:** affects the type of interaction which the organization has with its environment
- **Type of Business:** determines the nature of information sought
- **Nature of environment:** determine the type of information that managers see from the environment

## 10. Discuss the importance and need of scenario planning

- **Financial Benefits:** It results into financial benefits to the organizations in the form of increased profit even in the face of environmental threats.
- **Offsetting Uncertainty:** By prescribing the future course of action.
- **Clarity in Objectives & Directions:** It is used for achieving those objectives, they focus on clarity of objectives.
- **Increased Organizational Effectiveness:** Its concept is that the organization is able to achieve its objectives within the given resources.

- **Personnel Satisfaction:** If the decisions are systematized in the organization everyone knows how to proceed, how to contribute towards objectives this clarity brings satisfaction.

### 11. Distinguish between organization value chain and value systems.

**Value chain :** The term value chain describes a way of looking at a business as a chain of activities that transform inputs into outputs that customers value, Value chain analysis (VCA) attempts to understand how a business creates customer value by examining the contributions of different activities within the business to that value. VCA takes a process point of view

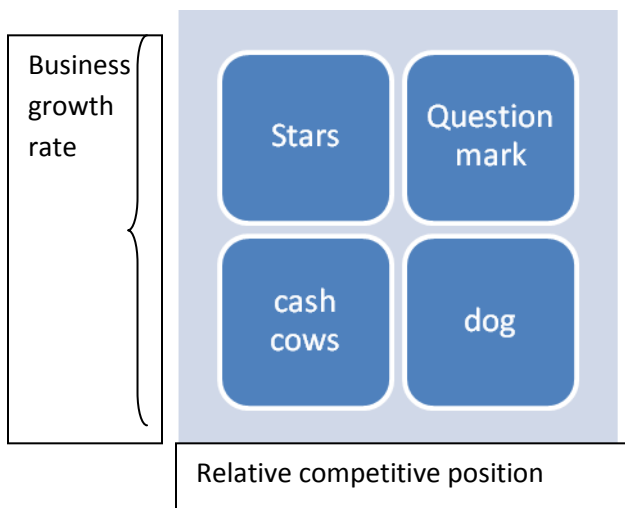
### 12. How can an organization responds to environmental uncertainty, complexity and dynamism

- **Mega Environment:**
- **Micro Environment:** has an impact on the organization's current business
- **Relevant Environment:** primary business focuses of the organization

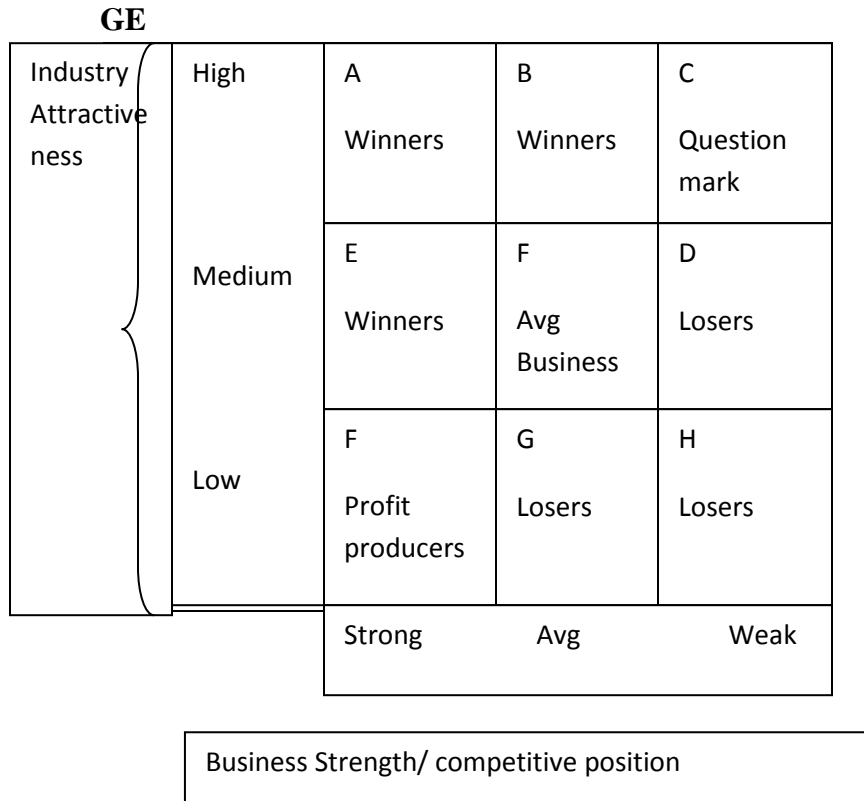
## Section B

### 1. How BCG growth share matrix and GE matrix business screen does are used to develop strategy? Explain

**BCG**







**2. Explain and illustrate strategic advantage profile. Why we should combine SAP and ETOP?**

The preparation of ETOP involves dividing the environment into different sectors and then analyzing the impact of each sector on the organization. A comprehensive ETOP requires subdividing each environmental sector into sub factors and then the impact of each sub factor on the organization is described in the form of a statement.

**3. How critical success factor help in company SWOT analysis? Suggest ways to sustain them.**

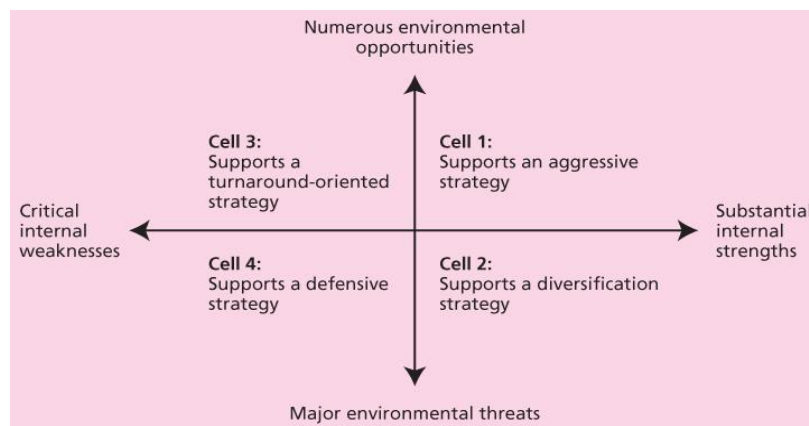
A traditional approach to internal analysis: SWOT is an acronym for the internal Strengths and Weaknesses of a firm and the environmental Opportunities and Threats facing that firm.

**Components:**

- An **opportunity** is a major favorable situation in a firm’s environment

- A **threat** is a major unfavorable situation in a firm’s environment
- A **strength** is a resource or capability controlled by or available to a firm that gives it an advantage relative to its competitors in meeting the needs of the customers it serves
- A **weakness** is a limitation or deficiency in one or more of a firm’s resources or capabilities relative to its competitors that create a disadvantage in effectively meeting customer needs

**SWOT Analysis Diagram:**



**4. “Internal analysis of a firm must have a base of environmental” –Elaborate**

Environmental analysis is a part of Internal analysis ie SWOT analysis. While opportunities & threats are related to external environment & strength & weakness are related to internal analysis.

**5. How to assess the internal environment through functional approach**

**Functional Approach:** analysis various functional areas & evaluates those for identifying strengths & weaknesses.

- Production/operation:
- Marketing:
- Finance:
- Human Resource:
- General Management:

**6. State the implications of strategy group analysis for business level strategy**

To choose an appropriate business-level strategy, a firm must first describe its business model. One critical component of a business model is the company’s

definition of customer needs, which describes “what” is being satisfied. Customer needs are desires that can be satisfied by attributes of a product

**7. Prepare and discuss the Environmental Threat And Opportunity (ETOP)Profile for a company**

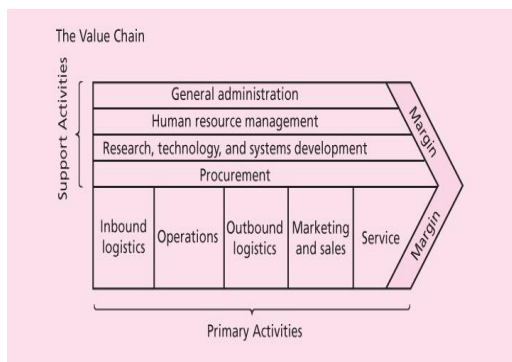
BHEL: ETOP

Environmental Sector	Impact (+) Opportunity (-) Threat
Socio-economic	(+) Continued emphasis on infrastructure development including power supply for industry, transport, domestic consumption (-) Severe resource constraints
Technology	(+) Higher growth in industrial production & technology up gradation
Supplier	(-) Increasing scarcity of technology because of cartel formation
Government	(+) Liberalization for technology import
Competition	(-) Increasing role of power plant consultants (-)Increasing difficulty in retaining specialists & highly qualified personnel

**8. How value chain analysis used to identify corporate strength and weakness**

The term value chain describes a way of looking at a business as a chain of activities that transform inputs into outputs that customers value, Value chain analysis (VCA) attempts to understand how a business creates customer value by examining the contributions of different activities within the business to that value. VCA takes a process point of view

**Conducting a VCA:** Identify activities, Allocate costs



**9. “if you want to have a closer look at your immediate you need to know the competitive behavior”- how can this will be accomplished?**

By competitive analysis, its has two types of analysis

- Forces shaping competition
- Competitor analysis: It has two types as follows below
  - Identification of Competitor
  - Competitor’s approach

### **UNIT III**

#### **Section A**

**1. Discuss the pros and cons of focus strategy**

**Pros:**

- It permits the company to stay close with its customer & respond to its changing needs
- The company is protected from the rivals to an extent that it can provide a product or service they cannot

**Cons:**

- It buys in small volume & thus is in the suppliers power
- Managing a larger number of market segments

**2. Differentiate strategic alliance and joint venture**

An arrangement between two companies that have decided to share resources to undertake a specific, mutually beneficial project, A strategic alliance is less involved and less permanent than a joint venture, in which two companies typically pool resources to create a separate business entity. In a strategic alliance, each company maintains its autonomy while gaining a new opportunity. A strategic alliance could help a company develop a more effective process, expand into a new market or develop an advantage over a competitor, among other possibilities.

Occasionally two or more capable firms lack a necessary component for success in a particular competitive environment. The solution is a set of **joint ventures**, which are commercial companies (children), created and operated for the benefit of the co-owners (parents)

### 3. Explain the different types of stability strategy with examples

Stability strategy implies continuing the current activities of the firm without any significant change in direction. If the environment is unstable and the firm is doing well, then it may believe that it is better to make no changes.

- **Process with caution strategy** – Some organizations pursue stability strategy for a temporary period of time until the particular environmental situation changes, especially if they have been growing too fast in the previous period.
- **No change strategy** – No change strategy is a decision to do nothing new i.e continue current operations and policies for the foreseeable future..
- **Profit strategy** – Profit strategy is an attempt to artificially maintain profits by reducing investments and short-term expenditures.

### 4. Elaborate the advantages and disadvantages of vertical integration

When a firm's grand strategy is to acquire firms that supply it with inputs (such as raw materials) or are customers for its outputs (such as warehouses for finished products), **vertical integration** is involved

#### **Advantage:**

- Better control of cost
- Improves profit margin

#### **Disadvantage:**

- Assumes additional responsibilities
- Have to broaden their competencies

**5. Enumerate different forms of strategy available when organizational growth below/above GNP or inflation**

- **Merger / Amalgamation:** A merger is a combination of two or more businesses into one business. Laws in India use the term ‘amalgamation’ for merger. Amalgamation is the merger of one or more companies with another or the merger of two or more companies to form a new company, in such a way that all assets and liabilities of the amalgamating companies become assets and liabilities of the amalgamated company.
- **Acquisitions and Takeovers:** An acquisition may be defined as an act of acquiring effective control by one company over assets or management of another company without any combination of companies. Thus, in an acquisition two or more companies may remain independent, separate legal entities, but there may be a change in control of the companies. When an acquisition is ‘forced’ or ‘unwilling’, it is called a takeover.
- **Joint Venture:** Joint Venture is an arrangement in which two or more companies (called joint venture partners) contribute to the equity capital of a new company (called joint venture) in pre-decided proportion. For e.g. Maruti Suzuki

**6. What are the forms of diversification**

- **Concentric diversification** involves the acquisition of businesses that are related to the acquiring firm in terms of technology, markets, or products
- **Conglomerate diversification:** Occasionally a firm, particularly a very large one, plans acquire a business because it represents the most promising investment opportunity available.

**7. Write short notes on strategic alliance**

An arrangement between two companies that have decided to share resources to undertake a specific, mutually beneficial project A strategic alliance is less involved and less permanent than a joint venture, in which two companies typically pool resources to create a separate business entity. In a strategic alliance, each company maintains its autonomy while gaining a new opportunity. A strategic alliance could help a company

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## 8. What are the various forms of corporate restructuring

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- **Joint Venture:** Joint Venture is an arrangement in which two or more companies (called joint venture partners) contribute to the equity capital of a new company (called joint venture) in pre-decided proportion. For e.g. Maruti Suzuki

## 9. Explain the use of stakeholder mapping in strategy decision making.

**Stakeholders** are groups or individuals who have a stake in, or expectation of, the organization's performance.

- It helps to identify which stakeholders may support or oppose change/organization's actions

- Which stakeholders are the most powerful, have most influence
- Help decision makers formalize / priorities strategies.

## **Section B**

### **1. What is “synergy”? How it is used for strategy formulation? What are the areas of synergic effort?**

Synergy is a process of putting two or more elements together to achieve a sum total greater than the sum total of individual elements separately. This effect is known as  $2 + 2 = 5$  effect.

Concept of synergy & its effect has been derived from systems approach which deals with the phenomenon of putting various elements of a system in such a way that each element contributes positively to the other elements

### **2. State the various kind of integration. Explain**

- When a firm’s long-term strategy is based on growth through the acquisition of one or more similar firms operating at the same stage of the production-marketing chain, its grand strategy is called **horizontal integration**
- When a firm’s grand strategy is to acquire firms that supply it with inputs (such as raw materials) or are customers for its outputs (such as warehouses for finished products), **vertical integration** is involved

### **3. Analyze the concept of expansion through Internationalization**

- **Merger / Amalgamation:** A merger is a combination of two or more businesses into one business. Laws in India use the term ‘amalgamation’ for merger. Amalgamation is the merger of one or more companies with another or the merger of two or more companies to form a new company, in such a way that all assets and liabilities of the amalgamating companies become assets and liabilities of the amalgamated company.
- **Acquisitions and Takeovers:** An acquisition may be defined as an act of acquiring effective control by one company over assets or management of another company without any combination of companies. Thus, in an



acquisition two or more companies may remain independent, separate legal entities, but there may be a change in control of the companies. When an acquisition is 'forced' or 'unwilling', it is called a takeover.

- **Joint Venture:** Joint Venture is an arrangement in which two or more companies (called joint venture partners) contribute to the equity capital of a new company (called joint venture) in pre-decided proportion. For e.g. Maruti Suzuki

#### 4. How the generic building blocks of competitive advantage related to each other?

A long-term or grand strategy must be based on a core idea about how the firm can best compete in the marketplace. The popular term for this core idea is **generic strategy**

Generic Strategy	Commonly Required Skills and Resources	Common Organizational Requirements
Overall cost leadership	Sustained capital investment and access to capital. Process engineering skills. Intense supervision of labor. Products designed for ease in manufacture Low-cost distribution system.	Tight cost control. Frequent, detailed control reports Structured organization and responsibilities. Incentives based on meeting strict quantitative targets.
Differentiation	Strong marketing abilities. Product engineering. Creative flare Strong capability in basic research. Corporate reputation for quality or technological leadership. Long tradition in the industry or unique combination of skills drawn from other businesses. Strong cooperation from channels.	Strong coordination among functions in R&D, product development, and marketing. Subjective measurement and incentives instead of quantitative measures. Amenities to attract highly skilled labor scientists, or creative people.
Focus	Combination of the above policies directed at the particular strategic target.	Combination of the above policies directed at the regular strategic target.

#### 5. The functional level strategies are derived from business level strategies. Illustrate with example

**Strategy** is the determination of basic long-term goals and objectives of an enterprise & the adoption of the courses of action & the allocation of resources necessary for carrying out these goals.

- **Business Level:** allocation of resources among functional areas & coordination between them
- **Functional Level:** providing objectives for specific function, allocation of resources among different operations.

**6. Why it is important to integrate R&D into corporate strategy? Briefly discuss the factors which should be taken if the innovation process to be managed?**

**R&D importance:**

- Its help the company to achieve a greater efficiency & a lower cost structure is twofold.
- Boost efficiency by designing products that are easy to manufacture
- Decreases the assembly time which translates into higher employees productivity, lower cost and higher profitability

**Innovation Factors:**

- Building skills in basic & applied research
- Project selection & management
- Cross functional integration
- Product development team
- Partly parallel development processes

**7. “Growth is the most important strategy for a company”- discuss**

Strategy is the determination of basic long-term goals and objectives of an enterprise & the adoption of the courses of action & the allocation of resources necessary for carrying out these goals.

**Example:** E I hotels Ltd, an Oberoi-group company, has a strategy of continuous growth, for achieving this they adopted two routes: takeover of existing hotels & construction of new hotels. Finally they choose a strategy of taking over an existing hotel & it adopted a policy that every hotel can spend 7-8% of sales revenue on refurbishment & decoration along with maintenance.

**8. Explain why unrelated diversification is often said to be riskier than related diversification**

**Concentric diversification** involves the acquisition of businesses that are related to the acquiring firm in terms of technology, markets, or products

With this grand strategy, the selected new businesses possess a high degree of compatibility with the firm's current businesses

The ideal concentric diversification occurs when the combined company profits increase the strengths and opportunities and decrease the weaknesses and exposure to risk

**Conglomerate diversification:** Occasionally a firm, particularly a very large one, plans acquire a business because it represents the most promising investment opportunity available.

The principal concern of the acquiring firm is the profit pattern of the venture

Unlike concentric diversification, conglomerate diversification gives little concern to creating product-market synergy with existing businesses

## 9. Differentiate between

### 1. Forward and backward integration

When a firm's grand strategy is to acquire firms that supply it with inputs (such as raw materials) or are customers for its outputs (such as warehouses for finished products), **vertical integration** is involved

If a shirt manufacturer acquires a textile producer by purchasing its common stock, buying its assets or exchanging the ownership interest is **Backward Integration**.

If a shirt manufacturer merged with clothing store is a **Forward Integration**

### 2. Conglomerate and concentric diversification

- **Concentric diversification** involves the acquisition of businesses that are related to the acquiring firm in terms of technology, markets, or products
- **Conglomerate diversification:** Occasionally a firm, particularly a very large one, plans acquire a business because it represents the most promising investment opportunity available.

## UNIT IV

### Section A

**1. What are the major strategic management faced by an automobile company during diversification into information technology limited**

- **Flexible manufacturing technology:** increase the use of individual machines through better scheduling & improve quality control
- **Mass customization:** low cost & differentiation through product customization

**2. Explain in detail about BS matrix**

**Business Strength Matrix:** it was developed by McKinsey & Company at General Electric. This matrix uses multiple factors to access industry attractiveness and business strength rather than the single measures employed in BCG matrix.

		Business Strength		
		Strong	Average	Weak
Industry Attractiveness	High	Premium- Invest for growth	Selective-invest for growth	Protect/refocus- selectively invest for earnings
	Medium	Challenge-invest for growth	Prime-selectively invest for earnings	Restructure- harvest or divest
	Low	Opportunistic- selectively invest for earnings	Opportunistic- preserve for harvest	Harvest or divest

**3. What do you mean by competitive cost dynamics?**

In order to gain and sustain competitive advantage a firm should not only monitor its cost performance but also should endeavor to control it.

**4. What are the factors associated with competitive cost dynamics?**

- **Evaluating Cost-leadership opportunities:** Business success built on cost leadership requires the business to be able to provide its product or service at a cost below what its competitors can achieve

- **Evaluating Differentiation:** it requires that the business have sustainable advantages that allow it to provide buyers with something uniquely valuable to them
- **Evaluating Speed as a Competitive Advantage:** or rapid response to customer requests or market and technological changes, have become a major source of competitive advantage for numerous firms in today's intensely competitive global economy
- **Evaluating Market Focus as a Way to Competitive Advantage:** the extent to which a business concentrates on a narrowly defined market

**5. State the advantage of gap analysis?**

**Gap analysis** is used to examine expected and current business practices. Essentially, it shows the difference between where the company is and where it wants to be. This is usually only applied to a single area, such as sales. Gap analysis requires a lot of data on expected standards and benchmarks as well as current reports on business statistics and output.

**Advantages:** It can be applied to a wide variety of situations where a business wants to improve. It is especially important for business leaders that want to make plans months and years into the future. It allows teams to quickly diagnose problems and create ways to solve those problems through integral changes in business practices.

**6. Describe about profitability matrix**

<b>Profit Matrix</b>		<b>Product Category</b>			
		Highest Profit 1	Profitable 2	Marginally Profitable 3	Loss 4
<b>Customer Category</b>	Highest Profit A				
	Profitable B				
	Marginally Profitable C	↑	↑		
	Loss D				

Adapted from "A New Way to Maximize Contribution", by Robert Sabath; Supply Chain Management Review, May-June, 2003

## 7. Why the choice of strategy often influenced by past strategy?

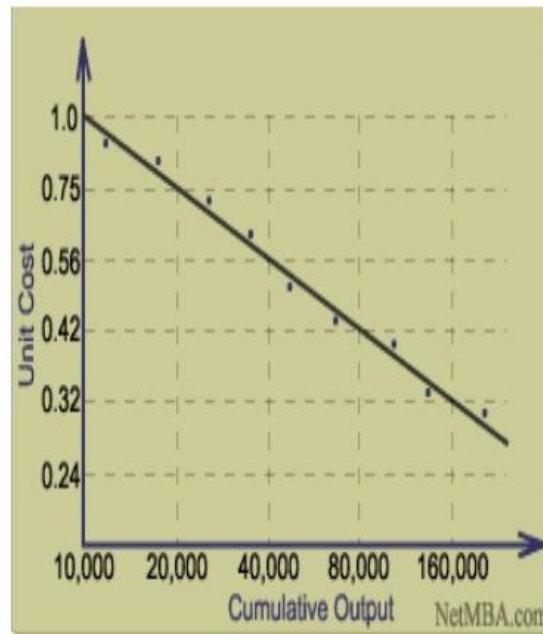
Strategists can use these changing requirements, which are associated with different stages of industry evolution, as a way to isolate key competitive advantages and shape strategic choices around them

## 8. State the implications of experience curve

Graph that depicts the 'experience effect' (increases in productivity) as reflected in reduced average and marginal costs. Unlike the learning curve, an experience curve takes into account both fixed and variable costs.

### Experience Curve

- ❖ As the cumulative output increases the unit cost decreases.
- ❖ Data revealed that the real value-added production cost declined by 20 to 30 percent for each doubling of cumulative production quantity:



## 9. What are the requirements for strategic evaluation

There are two techniques for strategic evaluation, they are

- **Experience Curve:** Graph that depicts the 'experience effect' (increases in productivity) as reflected in reduced average and marginal costs. Unlike the learning curve, an experience curve takes into account both fixed and variable costs.
- **Break-even-analysis:** It is the state at which there is no profit or no loss

## 10. What are the factors involved in GE strategic planning grid

**GE**

Industry Attractive ness	High	A Winners	B Winners	C Question mark
	Medium	E Winners	F Avg Business	D Losers
	Low	F Profit producers	G Losers	H Losers
		Strong	Avg	Weak

Business Strength/ competitive position

## 11. Distinguish between strategic control from operational control

- Strategic control** is “the critical evaluation of plans, activities, and results, thereby providing information for the future action”. There are four types of strategic control: premise control, implementation control, strategic surveillance and special alert control
- Operational control** designed to ensure that day-to-day actions are consistent with established plans and objectives. It focuses on events in a recent period. Operational control systems are derived from the requirements of the management control system. Corrective action is taken where performance does not meet standards. This action may involve training, motivation, leadership, discipline, or termination.

## **Section B**

### **1. How do culture, R&D and Management Information System contribute to the implementation of business level strategy**

#### **Culture:**

- Increases the efficiency & lowers the cost structure
- Foster a companywide commitment to efficiency & promote cooperation among different functions

#### **R&D:**

- Its help the company to achieve a greater efficiency & a lower cost structure is twofold.
- Boost efficiency by designing products that are easy to manufacture
- Decreases the assembly time which translates into higher employees productivity, lower cost and higher profitability

#### **MIS:**

- Use information systems to coordinate cross-functional & cross-company product development work
- Reduces the people needed to manage the interfaces which in turn reduces the costs.

### **2. Discuss the various modes of technology transfer.**

**Technology transfer** is the process by which basic science research and fundamental discoveries are developed into practical and commercially relevant applications and products. Technology Transfer personnel evaluate and manage invention portfolios, oversee patent prosecution, negotiate licensing agreements and periodically review cooperative research agreements already in place. Part of the technology transfer process involves the prosecution of patents which is overseen by the national Patent and Trademark Office



**Modes:**

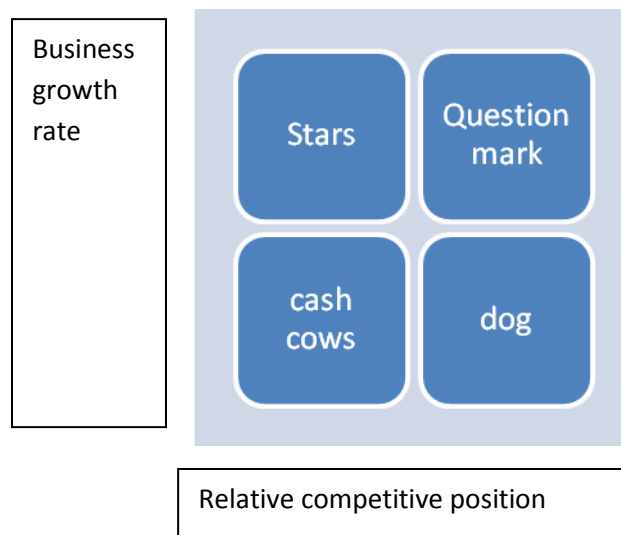
- Research & development
- Invention
- Technology assessment
- Intellectual Property protection
- Marketing
- Licensing
- Products & Services
- Income

**3. What are the methods will you see to access the acceptability and feasibility of specific strategic options**

- Value chain analysis
- BCG matrix
- Business Strength matrix

**4. Explain BCG model**

**BCG**



## 5. Explain GE business screen as a tool of resource allocation

GE

Industry Attractiveness	High	A Winners	B Winners	C Question mark
	Medium	E Winners	F Avg Business	D Losers
	Low	F Profit producers	G Losers	H Losers
		Strong	Avg	Weak

Business Strength/ competitive position

## 6. Explain “A.D Little Life approach”

The ADL matrix by Arthur D. Little is a portfolio management matrix which helps managers discern their SBUs strategic position depending upon 2 dimensions-

- SBU’s life cycle and
- Competitive position

ADL Matrix

		Industry Life Cycle Stage			
		Embryonic	Growth	Mature	Aging
Competitive Position	Dominant	All out push for share. Hold Position	Hold Position. Hold Share.	Hold Position. Grow with industry	Hold Position.
	Strong	Attempt to improve position. All out push for share	Attempt to improve position. Push for share.	Hold Position. Grow with industry	Hold Position or Harvest.
	Favorable	Selective or all out put for share. Selective attempt to improve position.	Attempt to improve position. Selective push for share.	Custodial or maintenance. Find niche and attempt to protect it.	Harvest, or phased out withdrawal.
	Tenable	Selectively push for position	Find niche and protect it.	Find niche and hang on, or phased out Withdrawal.	Phased out withdrawal, or Abandon
	Weak	Up or out	Turnaround or abandon	Turnaround, ophaned out withdrawal	Abandon

**7. As a strategic executive design a realistic model for the evaluation and control process in Indian context**

- **Evaluating Cost-leadership opportunities:** Business success built on cost leadership requires the business to be able to provide its product or service at a cost below what its competitors can achieve
- **Evaluating Differentiation:** it requires that the business have sustainable advantages that allow it to provide buyers with something uniquely valuable to them
- **Evaluating Speed as a Competitive Advantage:** or rapid response to customer requests or market and technological changes, have become a major source of competitive advantage for numerous firms in today's intensely competitive global economy
- **Evaluating Market Focus as a Way to Competitive Advantage:** the extent to which a business concentrates on a narrowly defined market

**8. How would a company achieve synergy among different functions and business units**

**Synergy** is a process of putting two or more elements together to achieve a sum total greater than the sum total of individual elements separately. This effect is known as  $2 + 2 = 5$  effect.

Concept of synergy & its effect has been derived from systems approach which deals with the phenomenon of putting various elements of a system in such a way that each element contributes positively to the other elements.

**9. Discuss the standards for comparison in ratio analysis and explain where the necessary data may obtained**

Managers utilize ratio analysis to gauge the overall health of a company or business unit. These ratios can be calculated and reviewed, then measured again past years to determine if supply chains need to be reviewed or point to the need for lay-offs. Significant positive changes in ratios may determine growth opportunities, and lead to

identifying trends. Companies also use the information to compare across the industry standard

The balance sheet and income statement will provide the data that you require for calculations.

## **10. Describe the merits and demerits of network structure**

**Network Structure:** the set of strategic alliances that an organization creates with the suppliers, manufactures and distributors to produce and market a product.

### **Merits:**

- Avoids high operating cost
- Allows a company to form strategic alliance with foreign suppliers which lowers the foreign sources of input cost

### **Demerits:**

- IT is changing the nature of value chain activities both inside & between the organizations
- Affects all 4 building blocks of competitive advantage: efficiency, quality, innovation & responsiveness to customers

## **UNIT V**

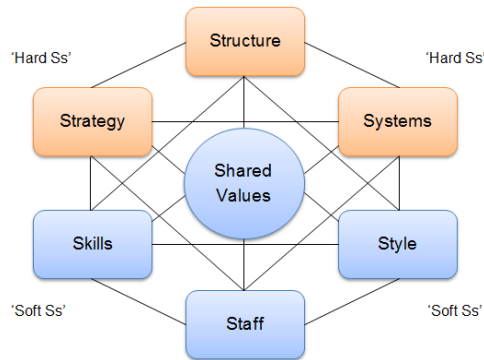
### **Section A**

#### **1. What is the acquisition strategy? Discuss**

- An Acquisition occurs when one company uses its capital resources – such as stock, debt or cash to purchase the other company.
- In case of Horizontal Integration, acquisitions are the method of executing the Strategy.
- With regard to diversification or Vertical Integration companies often use acquisition to enter a business area that is new to them when they lack important competencies (resources & capabilities) required to compete in that area.

- Companies also have a preference for acquisitions when they feel the need to faster. It is less risky than internal new ventures, they involve less uncertainty.

## 2. What are the major implications of 7s framework



- **Strategy:** the plan devised to maintain and build competitive advantage over the competition.
- **Structure:** the way the organization is structured and who reports to whom.
- **Systems:** the daily activities and procedures that staff members engage in to get the job done.
- **Shared Values:** called "super ordinate goals" when the model was first developed, these are the core values of the company that are evidenced in the corporate culture and the general work ethic.
- **Style:** the style of leadership adopted.
- **Staff:** the employees and their general capabilities.
- **Skills:** the actual skills and competencies of the employees working for the company

## 3. Elucidate the concept of “re-engineering”. What are the principles to be followed?

**Re-Engineering:** is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance such as cost, quality, service and speed.

- Develop a flow chart of total business process

- Simplify the process
- Determine which parts of the process can be automated
- Evaluate each activity
- Weigh the pros and cons of outsourcing activities
- Design a Structure for performing the activities

#### 4. What are the activities involved in strategic implementation?

**Strategic implementation:** It is the process by which strategy & policies are put into actions through the development of programs, budgets & procedures. This process might involve changes within the overall culture, structure and/or management system of the entire organization.

**i) Programs:** It is a statement of the activities or steps needed to accomplish a single-use plan.

It makes the strategy action oriented. It may involve restructuring the corporation, changing the company's internal culture or beginning a new research effort.

**ii) Budgets:** A budget is a statement of a corporation's program in terms of dollars. Used in planning & control, a budget lists the detailed cost of each program. The budget thus not only serves as a detailed plan of the new strategy in action, but also specifies through Performance financial statements the expected impact on the firm's financial future

**iii) Procedures:** Procedures, sometimes termed Standard Operating Procedures (SOP) are a system of sequential steps or techniques that describe in detail how a particular task or job is to be done. They typically detail the various activities that must be carried out in order to complete

#### 5. How to match organization structure with strategy

**Organization structure** assigns employees to specific value creation tasks and roles and specifies how these tasks and roles are to be linked together in a way that increases efficiency, quality, innovation and responsiveness to customers – the building blocks of competitive advantage.

**Strategy Implementation** refers to how a company should create, use, and combine organizational structure, control system and culture to pursue strategies that lead to a competitive advantage and superior performance.

#### **6. List out the components of operations control system**

**Operations control** techniques are designed to assess how efficiently and effectively an organization's transformation processes are working.

- Control charts show results of measurements over a period of time with statistically determined upper and lower limits. They provide a visual means of determining whether a specific process is staying within predefined limits
- The EOQ model helps managers know how much inventory to order and how often to order. The EOQ model seeks to balance four costs associated with ordering and carrying inventory

#### **7. Write short notes on commander approach**

**The Commander Approach** helps the executive make difficult day-to-day decision from a strategic perspective.

However, three conditions must exist for the approach to succeed:

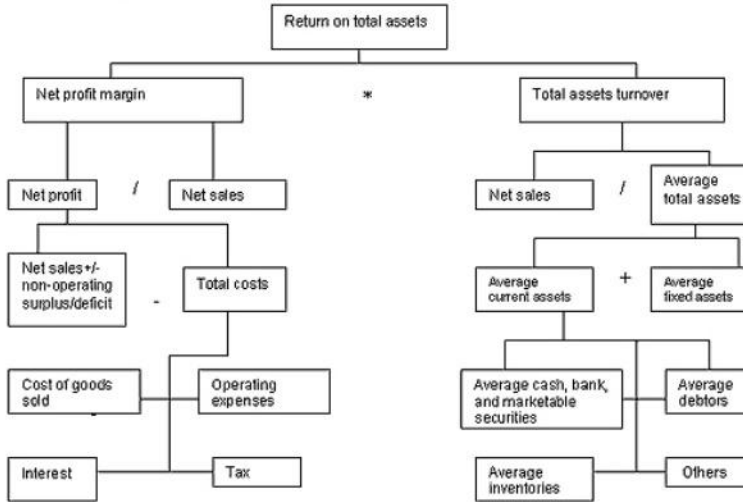
- The leader must wield enough power to command implementation; or, the strategy must pose little threat to the current management, otherwise implementation will be resisted.
- Accurate and timely information must be available and the environment must be reasonably stable to allow it to be assimilated.
- The strategist (if he is not the leader) should be insulated from personal biases and political influences that might affect the content of the plan.

## 8. Illustrate with example on DuPont control model

### DU Pont Analysis

The Du Pont Company of the US pioneered a system of financial analysis, which has received widespread recognition and acceptance. This system of analysis considers important interrelationships between different elements based on the information found in the financial statements.

The Du Pont analysis can be depicted via the following chart:



At the apex of the Du Pont chart is the Return On Total Assets (ROTA), defined as the product of the Net Profit Margin (NPM) and the Total Assets Turnover Ratio (TATR). As a formula this can be shown as follows:

$$\text{(ROTA)} = \frac{\text{Net profit}}{\text{Total asset}} = \left( \frac{\text{Net profit}}{\text{Net sales}} \right) * \left( \frac{\text{Net sales}}{\text{Total assets}} \right)$$

(ROTA)                      (NPM)                      (TATR)

Such decomposition helps in understanding how the return on total assets is influenced by the net profit margin and the total assets turnover ratio.

The left side of the Du Pont chart shows details underlying the net profit margin ratio. A detailed examination of this side presents areas where cost reductions may be effected to improve the net profit margin.

The right side of the chart highlights the determinants of total assets turnover ratio. If this study is supplemented by the study of other ratios such as inventory, debtors, fixed asset turnover ratios, a deeper insight into efficiencies and inefficiencies of asset utilization can be sought.

The basic Du Pont analysis can be extended to explore the determinants of the Return On Equity (ROE).

$$\text{Return on equity} = \text{Asset turnover} * \text{Net profit margin} * \text{leverage}$$

$$\text{(ROE)} = \left( \frac{\text{Net profit}}{\text{Sales}} \right) * \left( \frac{\text{Sales}}{\text{Total assets}} \right) * \left( \frac{\text{Total assets}}{\text{Equity}} \right)$$

(ROE)                      (NPM)                      (TATR)                      1/(1-DR)

Where DR is the debt ratio= debt (D)/assets (A)

Breaking ROE into these three parts allows evaluation of how well one can manage the company's assets, expenses, and debt. A manager has basically three ways of improving operating performance in terms of ROA and ROE. These are:

- Increase capital asset turnover
- Increase operating profit margins
- Change financial leverage

Each of these primary drivers is impacted by the specific decisions on cost control, efficiency productivity, marketing choices etc.

### Importance of Dupont Analysis

Any decision affecting the product prices, per unit costs, volume or efficiency has an impact on the profit margin or turnover ratios. Similarly any decision affecting the amount and ratio of debt or equity used will affect the financial structure and the overall cost of capital of a company. Therefore, these financial concepts are very important to evaluate as every business is competing for limited capital resources. Understanding the interrelationships among the various ratios such as turnover ratios, leverage, and profitability ratios helps companies to put their money areas where the risk adjusted return is the maximum.



## 9. Write short notes on cultural approach

Changes in key organizational factors that are necessary to implement the new strategy	Many	Link changes to basic mission and fundamental organizational norms 1	Reformulate strategy or prepare carefully for long-term, difficult cultural change 4
	Few	2 Synergistic—focus on reinforcing culture	3 Manage around the culture
		High	Low
		Potential compatibility of changes with existing culture	

## 10. Illustrate the fact about the futures of strategic management

**Strategic management** is defined as the art and science of formulating, implementing, and evaluating cross-functional decisions that enable the organization to achieve its objectives." Generally, strategic management is not only related to a single specialization but covers cross-functional or overall organization. Strategic management is a comprehensive area that covers almost all the functional areas of the organization. It is an umbrella concept of management that comprises all such functional areas as marketing, finance & account, human resource, and production & operation into a top level management discipline. Therefore, strategic management has an importance in the organizational success and failure than any specific functional areas.

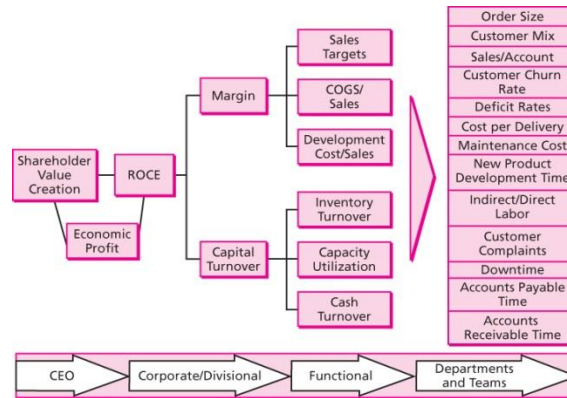
### Section B

#### 1. Explain how a centralized organization might be responsive to a dynamic environment

- Authority is centralized when managers at the upper levels of a company's hierarchy retain the authority to make the most important decision.
- It allows easier coordination of the organizational activities needed to pursue a company's strategy.
- It also means that decisions fit broad organization objectives.

- In times of crisis, centralization of authority permits strong leadership.

**2. Under what conditions might concentration on a single business be inconsistent with the goal of maximization stockholder wealth? Why?**



**3. What do you mean by strategic control process? Briefly discuss “DuPont “ strategic control process**

**Strategic control** is concerned with tracking a strategy as it is being implemented, detecting problems or changes in its underlying premises, and making necessary adjustments

- **Established Standards and Targets:** Plans can be considered as the criterion or the standards against which we compare the actual performance in order to figure out the deviations.
- **Create measuring and monitoring systems:** The measurement of performance against standards should be on a forward looking basis so that deviations may be detected in advance by appropriate actions.
- **Compare actual performance against the established targets:** When managers have taken a measure of organizational performance, their next step in controlling is to compare this measure against some standard.
- **Evaluate result and take action if necessary:** Corrective action is managerial activity aimed at bringing organizational performance up to the level of performance standards. In other words, corrective action focuses on correcting organizational mistakes that hinder organizational performance.

#### 4. Explain the qualitative and quantitative tools means for strategic control

- **Premise control:** A company may base its strategy on important assumptions related to environmental factors (e.g., government policies), industrial factors (e.g. nature of competition), and organizational factors (e.g. breakthrough in R&D). Premise control continually verifies whether such assumptions are right or wrong. If they are not valid corrective action is initiated and strategy is made right. The responsibility for premise control can be assigned to the corporate planning staff who can identify for assumptions and keep a regular check on their validity.
- **Implementation control:** Implementation control can be done using milestone review. This is similar to the identification-albeit on a smaller scale-of events and activities in PERT/CPM networks. After the identification of milestones, a comprehensive review of implementation is made to reassess its continued relevance to the achievement of objectives.
- **Strategic Surveillance:** This is aimed at a more generalized and overarching control. Strategic surveillance can be done through a broad based, general monitoring on the basis of selected information sources to uncover events that are likely to affect the strategy of an organization.
- **Special Alert Control:** This is based on a trigger mechanism for rapid response and immediate reassessment of strategy in the light of sudden and unexpected events. Special alert control can be exercised through the formulation of contingency strategies and assigning the responsibility of handling unforeseen events to crisis management teams. Examples of such events can be the sudden fall of a government at the central or state level, instant change in a competitor's posture, an unfortunate industrial disaster, or a natural catastrophe.
- **Strategic momentum control:** These types of evaluation techniques are aimed at finding out what needs to be done in order to allow the organization to maintain its existing strategic momentum.

- **Strategic leap control:** Where the environment is relatively unstable, organizations are required to make strategic leaps in order to make significant changes. Strategic leap control can assist such organizations by helping to define the new strategic requirements and to cope with emerging environmental realities.

## 5. Why strategic implementation is very complex and difficult

**Strategic implementation :** It is the process by which strategy & policies are put into actions through the development of programs, budgets & procedures. This process might involve changes within the overall culture, structure and/or management system of the entire organization which is very complex and difficult.

**i) Programs:** It is a statement of the activities or steps needed to accomplish a single-use plan. It makes the strategy action oriented. It may involve restructuring the corporation, changing the company's internal culture or beginning a new research effort.

**ii) Budgets:** A budget is a statement of a corporations program in terms of dollars. Used in planning & control, a budget lists the detailed cost of each program. The budget thus not only serves as a detailed plan of the new strategy in action, but also specifies through Performance financial statements the expected impact on the firm's financial future

**iii) Procedures:** Procedures, sometimes termed Standard Operating Procedures (SOP) are a system of sequential steps or techniques that describe in detail how a particular task or job is to be done. They typically detail the various activities that must be carried out in order to complete

## 6. Explain the impact of globalization on strategic management practices of Indian companies

Despite the globalization of production & markets, many of the most successful companies in certain industries are still clustered in a small number of countries.

- Biotechnology & computer companies – U.S.

- Electronics Company – Japan.
- Chemical & Engineering company – Germany.

This suggests that the nation – state within which a company is based may have an important bearing on the competitive position of that company in the global market place.

Companies need to understand how national factors can affect competitive advantage, for then they will be able to identify.

- Where their most significant competitors are likely to come from.
- Where they might want to locate certain productive activities.

## 7. What are the various approaches for implementation of strategy

- **Commanders Approach:** This approach is a top down approach. The strategy is developed or formulated by the top level management and it is passed to the subordinates with instructions how to execute it.
- **Organizational Change Approach:** It focuses on how to get an organization to implement a strategy.
- **Collaborative Approach:** This approach views strategy development as a collective effort of all managers.
- **Cultural Approach:** It extends the democratic element of the collaborative approach further to include the lower levels in the firm.
- **Crescive Approach:** It addresses strategy formulation and strategy implementation simultaneously. It is a bottom-up approach – it moves upwards from the lower and middle level management to the top level management.

## 8. Discuss the 21-st century challenges in strategic management

Strategic management process undergoes continual assessment and subtle updating. Although the elements of the basic strategic management model rarely change, the relative emphasis that each element receives will vary with the decision makers who use the model and with the environments of their companies.

## 9. Explain in detail Michael Porter Model

This theoretical framework, based on 5 forces, describes the attributes of an attractive industry and thus suggests when opportunities will be greater, and threats less, in these of industries

# Porter's Five Forces Analysis

