

**For CA INTERMEDIATE
PAPER 6**

STRATEGIC MANAGEMENT

VOLUME – III

CHAPTER WISE COMPILER

(INCLUDING PAST YEAR QUESTIONS, RTPs & MTPs)

Edition - 10

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FCA, CS, DISA



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1. INTRODUCTION TO STRATEGIC MANAGEMENT

Q-1. *Ecro Ltd. is an e-commerce company that specializes in selling eco-friendly products. Although the company has been doing well, it still continues actively to strengthen its brand identity, launch creative and impactful marketing campaigns, and introduce new and innovative eco-friendly products.*

However, the company has started facing increasing competition from large retailers who are entering the eco-friendly space. To face competition the company quickly started to adapt to the changing market conditions, analyse the competitors' strategies, adopt different styles of marketing in response to competitors' action and counteract competitors' pricing strategies.

Discuss the strategic approaches taken by Ecro Ltd. in the two different situations to stay competitive. Explain the strategy that Ecro Ltd. should adopt in future to remain competitive and gain competitive advantage.

[JAN 25] (05)

Q-2. *Outline the main levels of management generally found in an organization. Also explain the types of networks of relationship between these levels and amongst the same levels of a business.*

[JAN 25] (05)

Q-3. *Explain in brief the term 'objectives' as part of strategic intent. Also outline the characteristics, the objectives of a company must possess to be meaningful and to serve the intended role.*

[RTP MAY 25] [SEPT. 24] (05)

Q-4. *Elvis Global is a famous OTT platform facing fierce competition from its competitors amid changing consumer preferences. This has made it difficult to retain customers as the existing television channels are also launching their own platforms. The company has appointed Raghav to lead the company forward as the sales & marketing manager. Raghav needs to design creative and innovative advertising campaigns to gain a competitive edge, engage the public and capture the market.*

Identify the strategic level that represents Raghav's role at Elvis Global. As a strategic advisor, highlight the various benefits of strategic management in overcoming different challenges to Raghav.

[MAY 24] (05)

Q.5. 'A company's mission statement is typically focused on its present business scope.'
Explain the significance of a mission statement. [MAY 24] (05)

Q.6. Ramesh Sharma has fifteen stores selling consumer durables in the Delhi Region. Four of these stores have been opened in the last three years. He believes in managing strategically and enjoyed significant sales of refrigerators, televisions, washing machines, air conditioners and like till four years back. With shift to the purchases to online stores, the sales of his stores came down to about seventy per cent in the last four years.
Analyse the position of Ramesh Sharma in light of limitations of strategic management. [RTP MAY 25]

Q.7. XYZ Enterprises operates in various sectors, including renewable energy solutions, organic skincare products, eco-friendly packaging, and smart home technologies. The organization is currently in the process of recruiting a Chief Executive Officer. In this scenario, imagine yourself as an HR consultant for XYZ Enterprises. Identify the strategic level that encompasses this role within XYZ Enterprises. Provide an overview of the key duties and responsibilities falling under the Chief Executive Officer's scope. [RTP JAN 25]

Q.8. 'A company's mission statement is typically focused on its present business scope.'
Explain the significance of a mission statement. [RTP JAN 25]

Q.9. Tech Innovators Inc., a rapidly expanding technology company, aims to lead in artificial intelligence (AI) and machine learning (ML). With recent growth, the company is evaluating which organizational structure will best support its vision for innovation and leadership in AI technologies. They are considering three options: the Functional and Divisional Relationship for specialization, the Horizontal Relationship for flat, collaborative management, and the Matrix Relationship for cross-functional teams. Which of these relationships - Functional and Divisional, Horizontal, or Matrix - will most effectively achieve Tech Innovators Inc.'s strategic goals, and why? [RTP SEPT 24]

Q-10. Strategic management helps an organization to work through changes in the environment to gain competitive advantage. In light of statement discuss its benefits.

[RTP SEPT 24]

Q-11. ABC Pharmaceuticals, a leading pharmaceutical company, is in the process of formulating its strategic intent. The top management of ABC Pharmaceuticals wants to define the company's future direction, objectives, and goals. Their aim is to create a vision that sets the organization apart and provides a roadmap for future growth. ABC Pharmaceuticals aspires to enrich the lives of people by producing high-quality pharmaceutical products at competitive prices and wants to become the world's leading pharmaceutical company by 2030. Based on this context, draft a vision and mission statement that could be formulated by the top management of ABC Pharmaceuticals.

[RTP MAY 24]

Q-12. Define Strategic Management. Also discuss the limitations of Strategic Management.

[RTP MAY 24]

Q-13. XYZ Enterprises operates in multiple industries. Its automobile division functions independently, with separate teams for electric and fuel-based vehicles. The IT division follows a structure where employees report to both project heads and department managers for various software projects. Meanwhile, its startup incubator encourages open collaboration among employees at all levels. Identify the network relationships used in XYZ Enterprises' divisions and explain why they are appropriate.

[MTP - 1 MAY 25] (5 Marks)

Q-14. 'A company's mission statement is typically focused on its present business scope.' Explain the significance of a mission statement.

[MTP - 1 MAY 25] (5 Marks)

Q-15. What is a strategic vision, and what are the essential components that make it an effective tool for guiding an organization's future?

[MTP - 11 MAY 25] (05)

Q-16. Distinguish between Vision and Mission. [MTP - 1 JAN 25] [MTP - 11 MAY 25] (05)

Q-17. Vikram Patel owns a chain of ten bookstores across the Mumbai region. Three of these stores were launched in the past two years. He has always believed in strategic management and enjoyed robust sales of books, magazines, and educational materials until about five years ago.

However, with the increasing preference for online shopping, the sales at his physical stores have declined by approximately sixty percent over the last five years. Analyze Vikram Patel's current position in light of the limitations of strategic management.

[MTP - 1 SEPT 24] [MTP - 1 JAN 25] (5 Marks)

Q-18. Define strategic management. Also discuss the limitations of strategic management.

[MTP - 11 JAN 25] (5 Marks)

Q-19. What is a strategic vision, and what are the essential components that make it an effective tool for guiding an organization's future? [MTP - 1 SEPT 24] (5 Marks)

Q-20. Mr. Arun has been hired as the CEO by ABC Ltd, a pharmaceutical company that has diversified into affordable wellness supplements. The company intends to launch the HealthPlus brand of supplements. ABC wishes to enhance the well-being of people with its products that are beneficial for health and are produced in an environmentally sustainable manner using natural ingredients. Draft a vision and mission statement that may be formulated by Arun. [MTP - 11 SEPT 24] (5 Marks)

Q-21. XYZ Corporation operates in a diverse range of industries, including fashion, lifestyle products, furniture, real estate, and electrical goods. The company is seeking to hire a suitable Chief Executive Officer. As the HR consultant for XYZ Corporation, you have been tasked with outlining the activities involved in the role of the Chief Executive Officer. Identify the strategic level associated with this role and list the activities it encompasses. [MTP - 11 SEPT 24] (5 Marks)

Q-22. ABC retail chain regularly monitors consumer trends and supply chain flexibility. The retail chain tracks consumer trends to adjust its offerings, ensuring they meet customer needs. Simultaneously, it maintains a flexible supply chain to respond

swiftly to demand fluctuations. This strategy enables ABC retail chain to anticipate market shifts and adapt to them effectively, ensuring its competitiveness and customer satisfaction. Which type of strategy is the retail chain employing?

[MTP - 1 MAY 24] (5 Marks)

Q.23. "Each organization must build its competitive advantage keeping in mind the business warfare. This can be done by following the process of strategic management." Considering this statement, explain major benefits of strategic management.

[MTP - 1 MAY 24] (5 Marks)

Q.24. Swati is the marketing manager at a software company. She is responsible for developing and implementing marketing strategies for the company's products. Swati leads a team of marketing professionals and works closely with the product development and sales teams to ensure that the company's products are effectively promoted in the market.

She also analyzes market trends and customer feedback to refine the marketing strategies. Which level is she working at, discuss the roles and responsibilities of this level in organization?

[MTP - 11 MAY 24] (5 Marks)

Q.25. Imagine you are a strategic consultant advising a retail company that is facing increasing competition from online retailers. The company is considering several strategic options to improve its market position. Using the concept that strategy is partly proactive and partly reactive, explain how the company can develop a strategic approach to address this challenge.

[MTP - 11 MAY 24] (5 Marks)

Q.26. SemiCon Pvt. Ltd. (SPL) is engaged in manufacturing of semiconductors from the year 2024. Company wants to start a strategic path to be followed in future so as to build best quality semiconductor and display design with innovative ecosystem to enable India's emergence as a global hub for electronics manufacturing in a more structured manner. Placing core values as its priority, it would like to clearly articulate its aspirations to the stakeholders with a guiding beacon to keep inspiring its workforce.

Identify and explain one of the components of strategic intent which will help indicate towards above stated intentions. Why such component is important for a successful organization? Also state the essentials of such component. [MAY 25] (05)

Q-27. Explain the importance of values, as one of the components of strategic intent for a company. What are the common examples of values? How values are different from intent? [MAY 25] (05)

ANSWERS

1. Eco Ltd. employs both **proactive** and **reactive** strategic approaches to stay competitive in a dynamic market.

Initially, the company was proactive in its approach by adopting the features of proactive strategies:

- **Strengthening Brand Identity:** Proactively building a strong ecofriendly image to appeal to environmentally conscious consumers.
- **Innovative Marketing Campaigns:** Crafting impactful and creative campaigns to enhance market visibility and differentiate its products.
- **Product Innovation:** Consistently introducing new and innovative eco-friendly products to meet evolving customer demands and maintain a competitive edge.

These proactive strategies are deliberate, reflecting planned actions to improve market position and financial performance.

However, when the company started facing competition from large retailers, it forced the company to quickly adapt to the changing market conditions by following the features of reactive strategies:

- **Adapting to Market Changes:** Responding to the entry of large retailers in the eco-friendly segment by quickly adjusting strategies.
- **Competitor Analysis:** Studying competitors' strategies to counteract their actions effectively.
- **Dynamic Marketing:** Implementing varied marketing techniques to respond to competitors' campaigns.
- **Pricing Adjustments:** Adopting counter-pricing strategies to remain competitive without compromising profitability.

These reactive strategies demonstrate Ecro Ltd.'s ability to adapt to unforeseen developments and changing market conditions.

Future Strategy for Competitive Advantage

To remain competitive and gain a sustainable edge, Ecro Ltd. should adopt a **blended approach** of proactive and reactive strategies:

1. **Sustainable Differentiation:** Focus on continuous innovation and exclusive eco-friendly product lines to strengthen its unique position.
2. **Customer-Centric Approach:** Use data analytics to understand consumer preferences and tailor offerings.
3. **Operational Efficiency:** Optimize supply chain and reduce costs to balance affordability and quality.
4. **Strategic Alliances:** Partner with eco-certification organizations to build credibility and trust.

By crafting a strategy that integrates **planned proactive initiatives with adaptive responses**, Ecro Ltd. can navigate uncertainty, tackle competition, and ensure long-term success.

2. **Main Levels of Management in an Organization**

In a typical large organization, there are three main levels of management:

1. **Corporate Level:** This includes the Chief Executive Officer (CEO), senior executives, and the board of directors. Their primary responsibility is to oversee the organization as a whole, make strategic decisions, define the mission and goals, allocate resources, and manage the corporate portfolio of businesses.
2. **Business Level:** This level consists of general managers responsible for specific Strategic Business Units (SBUs). They translate corporate-level strategies into concrete plans for their respective divisions, focusing on creating competitive advantages and achieving profitability.
3. **Functional Level:** This level encompasses managers responsible for specific functions such as finance, marketing, and human resources. They develop functional strategies aligned with the objectives set by the corporate and business-level managers and are crucial for implementing strategies effectively.

Types of Networks of Relationship between Management Levels

1. **Functional and Divisional Relationship:** This independent relationship operates where each function or division is managed independently, with business-level managers reporting to corporate-level managers. For example, finance and marketing functions operate under their respective heads, who report to the division head.
2. **Horizontal Relationship:** This flat structure promotes equality among all employees, facilitating openness and transparency. All positions, from top management to staff-level employees, share the same hierarchical status, enhancing idea-sharing and innovation, particularly in startups.
3. **Matrix Relationship:** This complex structure combines various departments into project-based teams. It features multiple businesslevel managers for each functional team, making it suitable for large organizations with diverse operations, enabling efficient management of projects across different functions. These levels and their relationships help streamline decision-making and strategy implementation within an organization, fostering a cohesive approach to achieving business goals.

3. Objectives are an **organization's performance targets** - the results and outcomes it wants to achieve. They function as yardstick for tracking an organization's performance and progress. Objectives with strategic focus relate to outcomes that strengthen an organization's overall business position and competitive vitality. Objectives, to be meaningful to serve the intended role, must possess the following characteristics:

- ◆ Objectives should define the organisation's relationship with its environment.
- ◆ They should be facilitative towards achievement of mission and purpose.
- ◆ They should provide the basis for strategic decision-making.
- ◆ They should provide standards for performance appraisal.
- ◆ They should be concrete and specific.
- ◆ They should be related to a time frame.
- ◆ They should be measurable and controllable.
- ◆ They should be challenging.
- ◆ Different objectives should correlate with each other.
- ◆ Objectives should be set within the constraints of organisational resources and external environment.

4. Raghav's role at Elvis Global represents the **Functional level** of strategy. As the sales and marketing manager, his responsibilities are focused on specific areas within the company, particularly on crafting and executing marketing and sales strategies that drive customer engagement and competitive positioning.

Benefits of Strategic Management for Raghav at Elvis Global

Strategic management can provide several benefits to Raghav in addressing the competitive and consumer challenges faced by Elvis Global:

- Strategic management helps Elvis Global define its goals and mission, providing clear **direction for future initiatives**. This ensures that all marketing efforts are aligned with the company's overall vision. It allows Raghav to **set realistic and achievable objectives** that support the company's **long-term goals**, ensuring that marketing strategies are both ambitious and attainable.
- Through strategic management, Raghav can **proactively shape the future** of Elvis Global rather than merely reacting to market changes. This allows the company to **anticipate trends and act accordingly**. A proactive approach enables Elvis Global to better manage environmental uncertainties and stay ahead of competitors, ensuring a more controlled and predictable business environment.
- Strategic management provides a robust **framework for making critical decisions** regarding marketing strategies, target markets, and resource allocation. This ensures that all major decisions are well-informed and strategically sound. It ensures **coherence and consistency in decision-making** across the organization, aligning marketing strategies with overall business objectives.
- Strategic management helps **identify and exploit new business opportunities**, allowing Raghav to craft **campaigns that resonate with emerging consumer preferences and market trends**. By recognizing and capitalizing on these opportunities, Elvis Global can differentiate itself from competitors and capture a larger market share.
- Strategic management **acts as a defence mechanism** against potential mistakes and pitfalls, helping Raghav avoid costly errors in marketing decisions and campaign execution. It provides a structured approach to identifying and mitigating risks, ensuring **more informed and safer decision-making**.
- Strategic management **enhances the longevity and sustainability** of Elvis Global by ensuring that marketing strategies are adaptable and resilient in a dynamic market.

It helps the company establish a clear and deliberate position within the industry, ensuring sustained relevance and competitiveness.

- Strategic management enables the development of core competencies and competitive advantages that are crucial for the company's success. This includes building strong brand identity, innovative content offerings, and superior customer service. By focusing on these strengths, Raghav can ensure that **Elvis Global** achieves sustainable growth and maintains its competitive edge in the OTT market.

Through strategic management, Raghav can effectively navigate the competitive challenges faced by **Elvis Global**. By providing clear direction, encouragement a proactive approach, guiding critical decisions, identifying new opportunities, defending against pitfalls, ensuring longevity, and developing core competencies, strategic management enables the company to achieve and sustain a competitive edge. This comprehensive approach will allow Raghav to design innovative advertising campaigns that engage the public, capture the market, and drive the company forward.

5. A company's mission statement is typically focused on its present business scope **who we are and what we do** Mission statements broadly describe an organization's present capability, customer focus, activities, and business make up. Mission for an organization is significant for the following reasons:

- It ensures **unanimity of purpose** within the organization.
- It develops a basis, or standard, for **allocating organizational resources**.
- It provides a basis for **innovating the use of the organisation's resources**
- It **establishes a general tone or organizational climate**, to suggest a business like operation.
- It serves as a **focal point** for those who can identify with the organisation's purpose and direction.
- It facilitates the **translation of objectives and goals into a work structure** involving the assignment of tasks to responsible elements within the organization.
- It specifies 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.

6. Ramesh Sharma is facing declining sales on account of the large-scale shift of customers to online stores. While he is using the tools of strategic management, they cannot counter all hindrances and always achieve success. There are limitations attached to strategic management as follows:

- ◆ The environment under which strategies are made is highly complex and turbulent. Entry of online stores, a new kind of competitor brought a different dimension to selling consumer durables. Online stores with their size power could control the market and offer stiff competition to traditional stores.
- ◆ Another limitation of strategic management is that it is difficult to predict how things will shape-up in future. Ramesh Sharma, although managing strategically failed to see how online stores will impact the sales.
- ◆ Although strategic management is a time-consuming process, he should continue to manage strategically. The challenging times require more effort on his part.
- ◆ Strategic management is costly. Ramesh Sharma may consider engaging experts to find out preferences of the customers and attune his strategies to better serve them in a customized manner. Such customized offerings may be difficult to match by the online stores.
- ◆ The stores owned by Ramesh Sharma are much smaller than online stores. It is very difficult for him to visualize how online stores will be moving strategically.

7. The Chief Executive Officer (CEO) position within XYZ Enterprises operates at the **Corporate Level**. This executive level is key in leading the overall direction, performance, and success of the entire organization. The CEO assumes a central role in shaping the company's strategic vision, overseeing diverse business sectors, and ensuring alignment with organizational goals.

Key Duties and Responsibilities of the CEO:

The CEO's role encompasses various strategic responsibilities at the Corporate Level, involving:

1. oversee the development of strategies for the whole organization;
2. defining the mission and goals of the organization;
3. determining what businesses, it should be in;
4. allocating resources among the different businesses;

5. *formulating, and implementing strategies that span individual businesses;*
6. *providing leadership for the organization;*
7. *ensuring that the corporate and business level strategies which company pursues are consistent with maximizing shareholders wealth; and*
8. *managing the divestment and acquisition process.*

Given the diverse nature of XYZ Enterprises, including renewable energy solutions, organic skincare products, eco-friendly packaging, and smart home technologies, the CEO's responsibilities are tailored to navigate the unique challenges and opportunities presented by each sector. In conclusion, the CEO at the Corporate Level plays a critical role in guiding XYZ Enterprises strategically, ensuring cohesive leadership, and driving sustainable success across its diverse business domains.

8. *A company's mission statement is typically focused on its present business scope, who we are and what we do. Mission statements broadly describe an organization's present capability, customer focus, activities, and business make up. Mission for an organization is significant for the following reasons:*

- *It ensures unanimity of purpose within the organization.*
- *It develops a basis, or standard, for allocating organizational resources.*
- *It provides a basis for innovating the use of the organisation's resources*
- *It establishes a general tone or organizational climate, to suggest a business-like operation.*
- *It serves as a focal point for those who can identify with the organisation's purpose and direction.*
- *It facilitates the translation of objectives and goals into a work structure involving the assignment of tasks to responsible elements within the organization.*
- *It specifies 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.*

9. *The Matrix Relationship is the most effective structure for Tech Innovators Inc. to achieve its vision of leadership in AI technologies. This structure promotes cross-functional collaboration, essential for managing complex AI projects and fostering innovation. By integrating expertise from various departments into temporary, task-based teams, the Matrix Relationship supports dynamic project management and aligns*

well with the company's strategic goals for advancing AI technologies. Despite its complexity, this approach provides the flexibility and collaboration necessary for a leading-edge AI and ML focus.

Relationship	Benefits	Drawbacks	Suitability for AI Leadership
Functional & Divisional	Specialization, clear management of functions & products.	Potential for departmental isolation, limited collaboration.	Less effective for cross-functional AI projects.
Horizontal	Open communication, encourages innovation and fast idea sharing.	Hard to scale, unclear roles and responsibilities.	Suitable for startups, less for large AI initiatives.
Matrix	Facilitates cross-functional collaboration, flexible resource management for complex projects.	Complex reporting structures, potential conflicts.	Ideal for managing diverse, innovative AI projects.

10. Strategic management involves developing the company's vision, environmental scanning, strategy formulation, implementation, evaluation and control. It emphasizes the monitoring and evaluation of external opportunities and threats in the light of a company's strengths and weaknesses and designing strategies for survival and growth. It helps in the creation of a competitive advantage to outperform the competitors and also guides the company successfully through all changes in the environment.

The major benefits of strategic management are:

- ◆ Strategic management gives directions to the company to move ahead. It defines the goals and mission.
- ◆ It helps organisations to be proactive instead of reactive in shaping their future.
- ◆ It provides frameworks for all major decisions of an enterprise such as decisions on businesses, products, markets, manufacturing facilities, investments and organisational structure. It provides better guidance to the entire organization on the crucial point- what it is trying to do.
- ◆ It helps organisations to identify the available opportunities and identify ways and means to achieve them.

- ◆ It serves as a corporate defence mechanism against mistake and pitfalls.
- ◆ It helps to enhance the longevity of the business.
- ◆ It helps the organisation to develop certain core competencies and competitive advantages that would facilitate survival and growth.

11. ABC Pharmaceuticals may have following vision and mission:

Vision: Vision implies the blueprint of the company's future position. It describes where the organisation wants to land. ABC Pharmaceuticals may have vision "To be the globally recognized leader in pharmaceutical innovation and enriching the lives of people worldwide by providing high-quality, affordable, and accessible pharmaceutical products."

Mission: Mission delineates the firm's business, its goals and ways to reach the goals. It explains the reason for the existence of the firm in society. It is designed to help potential shareholders and investors understand the purpose of the company.

ABC Pharmaceuticals may identify mission in the following lines:

- To improve the well-being of individuals and communities by relentlessly pursuing excellence in pharmaceutical research, development, and manufacturing.
- Committed to producing safe, effective, and sustainable medicines that address unmet medical needs and enhance the quality of life for patients.
- Through innovation, collaboration, & ethical practices, we aim to make a positive impact on global healthcare and become the trusted partner of healthcare providers & patients alike.

12. The term '**strategic management**' refers to the managerial process of developing a strategic vision, setting objectives, crafting a strategy, implementing and evaluating the strategy, and initiating corrective adjustments were deemed appropriate.

The presence of strategic management cannot counter all hindrances and always achieve success as there are limitations attached to strategic management. These can be explained in the following lines:

- ◆ **Environment is highly complex and turbulent.** It is difficult to understand the complex environment and exactly pinpoint how it will shape-up in future. The organisational estimate about its future shape may awfully go wrong and jeopardise all strategic plans. The environment affects as the organisation has to deal with suppliers, customers, governments and other external factors.

- ♦ **Strategic Management is a time-consuming process.** Organisations spend a lot of time in preparing, communicating the strategies that may impede daily operations and negatively impact the routine business.
- ♦ **Strategic Management is a costly process.** Strategic management adds a lot of expenses to an organization. Expert strategic planners need to be engaged, efforts are made for analysis of external and internal environments, devise strategies and properly implement. These can be really costly for organisations with limited resources particularly when small and medium organisation create strategies to compete.
- ♦ **Competition is unpredictable.** In a competitive scenario, where all organisations are trying to move strategically, it is difficult to clearly estimate the competitive responses to the strategies.

13. XYZ Enterprises employs different network relationships across its divisions to optimize efficiency and innovation.

- **Automobile Division - Functional and Divisional Relationship:** The automobile division operates independently, with distinct teams handling electric and fuel-based vehicles. Each division is managed by a business-level head who directly reports to the corporate-level management. This structure ensures clear accountability, specialization, and focused decision-making. By maintaining independent divisions, XYZ Enterprises can cater to different market segments effectively.
- **IT Division - Matrix Relationship:** The IT division follows a matrix structure where employees report to both project heads and functional managers. This setup allows for efficient resource utilization, as employees contribute to multiple projects while maintaining alignment with their respective departments. The matrix relationship helps manage complex software development projects that require cross-functional expertise, ensuring seamless collaboration among teams like development, marketing, and finance.
- **Startup Incubator - Horizontal Relationship:** The startup incubator promotes a horizontal structure where all employees, regardless of hierarchy, collaborate and share ideas openly. This nurtures transparency, quick decision-making, and innovation, which are essential for startups. Since speed and adaptability are crucial in early-stage ventures, this relationship structure ensures that creative solutions are implemented without bureaucratic delays.

By adopting these network relationships, XYZ Enterprises maximizes efficiency, agility, and innovation across its diverse operations.

14. A company's mission statement is typically focused on its present business scope, who we are and what we do. Mission statements broadly describe an organization's present capability, customer focus, activities, and business make up. Mission for an organization is significant for the following reasons:

- It ensures unanimity of purpose within the organization.
- It develops a basis, or standard, for allocating organizational resources.
- It provides a basis for innovating the use of the organisation's resources.
- It establishes a general tone or organizational climate, to suggest a business-like operation.
- It serves as a focal point for those who can identify with the organisation's purpose and direction.
- It facilitates the translation of objectives and goals into a work structure involving the assignment of tasks to responsible elements within the organization.
- It specifies 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.

15. A strategic vision serves as a roadmap for a company's future, detailing the specifics of technology, customer focus, geographic and product markets, and the capabilities the organization aims to develop. It answers the critical question, "Where are we going?" and provides a compelling rationale for the chosen direction, ensuring it aligns with the company's long-term objectives.

A strategic vision outlines the organization's aspirations, offering a broad, panoramic view of where it aims to be. It provides clear direction, charts a strategic path for future endeavors, and helps in shaping the organizational identity.

Essentials of a strategic vision

- ◆ The entrepreneurial challenge in developing a strategic vision is to think creatively about how to prepare a company for the future.
- ◆ Forming a strategic vision is an exercise in intelligent entrepreneurship.
- ◆ A well-articulated strategic vision creates enthusiasm among the members of the organization.

The best-worded vision statement clearly illuminates the direction in which the organization is headed.

16. The vision describes a future identity while the Mission serves as an on-going and time-independent guide.

The vision statement can galvanize the people to achieve defined objectives, even if they are stretch objectives, provided the vision is specific, measurable, achievable, and relevant and time bound. A mission statement provides a path to realize the vision in line with its values. These statements have a direct bearing on the bottom line and success of the organization.

A mission statement defines the purpose or broader goal for being in existence or in the business and can remain the same for decades if crafted well while a vision statement is more specific in terms of both the future state and the time frame. Vision describes what will be achieved if the organization is successful.

17. Vikram Patel is facing declining sales due to a significant shift of customers toward online platforms. Although he employs strategic management tools, they cannot always overcome every obstacle or guarantee success. The limitations of strategic management in Vikram's situation include:

- The environment in which strategies are developed is highly complex and unpredictable. The entry of online bookstores, a new type of competitor, introduced a different dynamic to the book retail industry. These online platforms, with their extensive reach and pricing power, have dominated the market, posing a formidable challenge to traditional bookstores.
- Another limitation of strategic management is the difficulty in forecasting future developments. Despite his strategic management efforts, Vikram Patel did not anticipate the extent to which online bookstores would impact his sales.
- While strategic management is a time-consuming process, it is crucial for Vikram to continue managing strategically. These challenging times demand increased effort and adaptability on his part.
- Strategic management can be costly. Vikram Patel might consider hiring experts to understand customer preferences better and adjust his strategies to offer more

personalized services. These customized offerings could be difficult for online stores to replicate, giving him a competitive edge.

- The bookstores owned by Vikram Patel are much smaller in scale compared to online stores. This makes it challenging for him to predict how online platforms will manoeuvre strategically.

18. The term 'strategic management' refers to the managerial process of developing a strategic vision, setting objectives, crafting a strategy, implementing and evaluating the strategy, and initiating corrective adjustments were deemed appropriate.

The presence of strategic management cannot counter all hindrances and always achieve success as there are limitations attached to strategic management. These can be explained in the following lines:

- ◆ The environment is highly complex and turbulent. It is difficult to understand the complex environment and exactly pinpoint how it will shape up in future. The organisational estimate about its future shape may awfully go wrong and jeopardise all strategic plans. The environment affects as the organisation has to deal with suppliers, customers, governments and other external factors.
- ◆ Strategic management is a time-consuming process. Organisations spend a lot of time preparing, communicating the strategies that may impede daily operations and negatively impact on routine business.
- ◆ Strategic management is a costly process. Strategic management adds a lot of expenses to an organization. Expert strategic planners need to be engaged, efforts are made for analysis of external and internal environments devise strategies and properly implement. These can be really costly for organisations with limited resources particularly when small and medium organisation create strategies to compete.
- ◆ Competition is unpredictable. In a competitive scenario, where all organisations are trying to move strategically, it is difficult to clearly estimate the competitive responses to the strategies.

19. The strategy in question is the growth/expansion strategy.

The Growth/Expansion strategy involves redefining the business, expanding its scope, and significantly increasing investments. This dynamic and vigorous approach is

synonymous with promise and success. It entails a substantial reformulation of goals, major initiatives, and strategic moves, including investments, exploration into new products, technologies, and markets, and innovative decision-making.

While promising growth, this strategy navigates the enterprise through relatively unknown and risky paths, rich with potential but also pitfalls.

Major Reasons for Adopting Growth/Expansion Strategy:

- It may become imperative when environment demands increase in pace of activity.
- Strategists may feel more satisfied with the prospects of growth from expansion; chief executives may take pride in presiding over organizations perceived to be growth-oriented.
- Expansion may lead to greater control over the market vis-à-vis competitors.
- Advantages from the experience curve and scale of operations may accrue.
- Expansion also includes intensifying, diversifying, acquiring and merging businesses.

20. The Health Plus brand of wellness supplements may have the following vision and mission:

Vision: Vision implies the blueprint of the company's future position. It describes where the organization wants to land. Mr. Arun should aim to position "Health Plus" as India's leading wellness supplements brand. It may have the vision to be India's largest wellness supplements company that enhances health, promotes extraordinary well-being, and brings happiness to people.

Mission: Mission delineates the firm's business, its goals, and ways to reach the goals. It explains the reason for the existence of the firm in society. It is designed to help potential shareholders and investors understand the purpose of the company. Mr. Arun may identify the mission in the following lines:

- To be in the business of wellness supplements to enhance the lives of people and give them the confidence to lead a healthy life.
- To protect health by providing supplements that counteract harmful elements in the environment.
- To produce wellness supplements using natural ingredients in an environmentally sustainable manner.

21. The role of Chief Executive Officer pertains to corporate level.
- The corporate level of management consists of the Chief Executive Officer (CEO) and other top-level executives. These individuals occupy the apex of decision making within the organization.
- The role of Chief Executive Officer is to:
1. oversee the development of strategies for the whole organization;
 2. defining the mission and goals of the organization;
 3. determining what businesses, it should be in;
 4. allocating resources among the different businesses;
 5. formulating, and implementing strategies that span individual businesses;
 6. providing leadership for the organization;
 7. ensuring that the corporate and business level strategies which company pursues are consistent with maximizing shareholders wealth; and
 8. managing the divestment and acquisition process.
22. The retail chain is employing a strategy that combines both proactive and reactive elements. Monitoring consumer trends and adjusting product offerings accordingly demonstrates a proactive approach to anticipate and meet customer needs. On the other hand, maintaining a flexible supply chain to respond quickly to changes in demand reflects a reactive strategy to address unforeseen shifts in the market.
- This combination allows the retail chain to both anticipate future trends and react effectively to immediate market changes, making its strategy partly proactive and partly reactive. This dual strategy of proactive trend monitoring and reactive supply chain flexibility enables the retail chain to anticipate market shifts and adapt to them effectively, ensuring its competitiveness and customer satisfaction.
23. Each organization has to build its competitive advantage over the competitors in the business warfare in order to win. This can be done only by following the process of strategic management. Strategic Management is very important for the survival and growth of business organizations in dynamic business environments. Other major benefits of strategic management are as follows:
- ◆ Strategic management helps organizations to be more proactive rather than reactive

in dealing with its future. It facilitates to work within vagaries of environment and remains adaptable with the turbulence or uncertain future. Therefore, they are able to control their own destiny in a better way.

- ◆ It provides better guidance to entire organization on the crucial point - what it is trying to do. Also provides frameworks for all major business decisions of an enterprise such as on businesses, products, markets, organizational structures, etc.
- ◆ It facilitates to prepare the organization to face the future and act as pathfinder to various business opportunities. Organizations are able to identify the available opportunities and identify ways and means as how to reach them.
- ◆ It serves as a corporate defence mechanism against mistakes and pitfalls. It helps organizations to avoid costly mistakes in product market choices or investments.
- ◆ Over a period of time strategic management helps organization to evolve certain core competencies and competitive advantages that assist in the fight for survival and growth.

24. Swati operates at the functional level of management, specifically as the marketing manager at a software company. Functional managers like Swati oversee specific departments or functions within an organization, such as marketing, finance, or operations. Their primary responsibilities include implementing corporate strategies and policies within their area of expertise and ensuring that daily operations are conducted efficiently and effectively. In Swati's case, as a marketing manager, her role involves developing and executing marketing strategies for the company's products. This includes leading a team of marketing professionals, collaborating with product development and sales teams, and analyzing market trends and customer feedback to refine strategies. By working closely with these teams, Swati ensures that the company's products are effectively promoted in the market and that marketing efforts align with overall business goals.

Functional managers like Swati play a critical role in the organization by bridging the gap between corporate strategy and daily operations. They are responsible for translating high-level strategic goals into actionable plans for their departments and ensuring that these plans are executed effectively. Additionally, they are often key decision-makers within their areas of responsibility, making strategic choices that impact on the company's success. Overall, Swati's role as a marketing manager exemplifies the importance of functional managers in driving the success of their organizations.

25. The retail company can develop a strategic approach that is both proactive and reactive to address the challenge of increasing competition from online retailers. To achieve this, the company can:

- **Proactive Strategy:** The Company can proactively analyze market trends and customer preferences to identify opportunities for growth. For example, it can invest in market research to understand what customer's value in a retail experience and tailor its offerings to meet those needs. This proactive approach can help the company stay ahead of competitors and attract new customers.

- **Reactive Strategy:** In addition to proactive measures, the company should also be prepared to react to changes in the market environment. For example, if a competitor launches a new online shopping platform, the company should quickly assess the impact on its business and develop a response. This reactive strategy can help the company adapt to changing market conditions and maintain its competitiveness.

By combining proactive and reactive strategies, the retail company can develop a comprehensive approach to addressing the challenge of increasing competition from online retailers. This approach will allow the company to capitalize on opportunities for growth while also mitigating risks and responding to threats in the market.

2. STRATEGIC ANALYSIS EXTERNAL ENVIRONMENT

- Q.1. "International development is expensive and challenging". In the context of the statement, explain the internationalization of business and the steps involved in such strategic planning. [JAN 25] (05)
- Q.2. As per one of the five forces of competition, Michael Porter stated that the more intensive is the rivalry, the less attractive is the industry. In view of this, explain the conditions in which rivalry among competitors tends to be cut throat and industry profitability is low. [JAN 25] (05)
- Q.3. Value Chain Analysis consist two activities: Primary activities and Support activities. As per Michael Porter both the activities are intertwined. Do you agree with the statement? Also delineate the main areas in which primary activities of any organization are grouped. [SEPT 24] (05)
- Q.4. In light of the five forces as propagated by Michael Porter, explain the common barriers which may cause restrain for the keenness of new entrepreneurs. [SEPT 24] (05)
- Q.5. Yash is planning to launch his new tech start-up. He is exploring different locations across the country to establish his company in the right business environment. One option is the city of Bengaluru, the silicon valley of India, with an engaging network of entrepreneurs, investors, advisors and mentors. Coupled with various subsidies for new ventures and tax benefits, Bengaluru might be an ideal choice for Yash to establish his company and increase the chances of success.
Define the term Business Environment with respect to the above scenario. Explain the different ways in which the interaction of a business with its environment can be helpful in developing a successful strategy. [MAY 24] (05)
- Q.6. What are the key characteristics of business products that contribute to the overall competitiveness and dynamics of the market? [MTP - 1 MAY 25] [MAY 24] (05)

Q.7. Easy Access is a marketing services company providing consultancy to a range of business clients. Easy Access and its rivals have managed to persuade the Government to require all marketing services companies to complete a time-consuming and bureaucratic registration process and to comply with an industry code of conduct. Do you think that by doing this Easy Access and its rivals has an advantage in some ways to fight off competitors? Explain. [RTP MAY 25]

Q.8. Yash is planning to launch his new tech start-up. He is exploring different locations across the country to establish his company in the right business environment. One option is the city of Bengaluru, the Silicon Valley of India, with an engaging network of entrepreneurs, investors, advisors and mentors. Coupled with various subsidies for new ventures and tax benefits, Bengaluru might be an ideal choice for Yash to establish his company and increase the chances of success. Define the term Business Environment with respect to the above scenario. Explain the different ways in which the interaction of a business with its environment can be helpful in developing a successful strategy. [RTP MAY 25]

Q.9. Mr. Arun Kumar has built a successful business in the handmade ceramic products industry in Gujarat. His company, CeramiCrafts, is renowned for crafting distinctive, high-quality ceramic home décor items that have gained a strong foothold in the market. However, recent market shifts and rising competition have impacted sales. Seeking professional guidance, Mr. Kumar consults a strategic advisor who recommends an in-depth analysis of the competitive landscape. To comprehend the competitive landscape, what steps should Mr. Kumar follow? [RTP JAN 25]

Q.10. According to Michael Porter, what are the five competitive forces that exist within an industry? [RTP JAN 25]

Q.11. A company has recently launched a new product in the market. Initially, it faced slow sales growth, limited markets, and high prices. However, over time, the demand for the product expanded rapidly, prices fell, and competition increased. Identify the stages of the product life cycle (PLC) that the company went through. [MTP - 1 MAY 25] [RTP SEPT 24]

Q-12. Rajiv Arya owns an electrical appliance company specializing in the manufacture of domestic vacuum cleaners. The market is competitive, with four other manufacturers offering similar products and achieving comparable sales volumes. Additionally, these rival firms hold several patents related to the vacuum cleaner technology. The supplier base for raw materials is extensive, with multiple suppliers available. Identify and explain the significant forces from Porter's Five Forces framework that are relevant to Rajiv Arya's company. [RTP SEPT 24]

Q-13. Riya Sharma owns a confectionery business in Jaipur, specializing in homemade chocolates and candies. Despite holding a substantial market share in the central region, her business has experienced declining sales of these products over the last few years. Concerned about the market dynamics, Riya consults a management expert for guidance. The consultant recommends a comprehensive understanding of the competitive landscape. Explain the steps to be followed by Riya Sharma to understand the competitive landscape to address the sales decline. [RTP MAY 24]

Q-14. Explain the concept of Experience Curve and highlight its relevance in strategic management. [RTP MAY 24]

Q-15. Reshuffle Corp is a company that manufactures and sells office furniture. They offer a range of products, from desks and chairs to cabinets and shelves. Recently, the company has been facing increased competition from online retailers offering similar products at lower prices. Analyzing the characteristics of products in the furniture industry, discuss how Reshuffle Corp can differentiate its products to maintain a competitive edge in the market. [MTP - 11 JAN 25] (5 Marks)

Q-16. Analyze the role of Key Success Factors (KSFs) in determining competitive success within an industry. [MTP - 11 JAN 25] (5 Marks)

Q-17. You are a strategic manager for a tech company launching a new smartphone model. The company wants to target tech-savvy consumers who value innovation and cutting-

edge technology. Using the concept of customer behavior, develop a marketing strategy to promote the new smartphone. [MTP - 11 MAY 24] [MTP - 1 JAN 25] (5 Marks)

Q.18. Easy Access is a marketing services company providing consultancy to a range of business clients. Easy Access and its rivals have managed to persuade the Government to require all marketing services companies to complete a time-consuming and bureaucratic registration process and to comply with an industry code of conduct. Do you think that by doing this Easy Access and its rivals has an advantage in some ways to fight off competitors? Explain. [MTP - 1 JAN 25] (5 Marks)

Q.19. Analyze the role of Key Success Factors (KSFs) in determining competitive success within an industry. [MTP - 1 SEPT 24] (5 Marks)

Q.20. How does the PESTLE framework assist in analyzing the macro-environment? [MTP - 1 SEPT 24] (5 Marks)

Q.21. "Understanding the competitive landscape is important to build upon a competitive advantage". Explain. [MTP - 11 SEPT 24] (5 Marks)

Q.22. Buyers can exert considerable pressure on business. Do you agree? Discuss. [MTP - 11 SEPT 24] (5 Marks)

Q.23. GreenThrift Inc., a sustainable clothing retailer, is experiencing a surge in popularity due to the growing awareness of environmental issues among consumers. The company specializes in selling second-hand clothing and upcycled garments, offering an eco-friendly alternative to traditional fast fashion. A major concern for GreenThrift Inc. is the emergence of new sustainable fashion brands in the market. These brands focus on using organic and recycled materials, as well as ethical manufacturing practices, which align with the values of environmentally conscious consumers. Identify and explain that competition from new sustainable fashion brands falls under which category of Porter's Five Forces Model for Competitive Analysis? [MTP - 1 MAY 24] (5 Marks)

Q.24. Reshuffle Corp is a company that manufactures and sells office furniture. They offer a range of products, from desks and chairs to cabinets and shelves. Recently, the company has been facing increased competition from online retailers offering similar products at lower prices. Analyzing the characteristics of products in the furniture industry, discuss how Reshuffle Corp can differentiate its products to maintain a competitive edge in the market. [MTP - 1 MAY 24] (5 Marks)

Q.25. ABC Corp, a multinational consumer electronics company, is planning to expand its operations into a new country. The company's senior management is evaluating the potential risks and opportunities of entering this new market. As part of their analysis, they decide to use the PESTLE framework to assess the external factors that could impact their decision. How can the PESTLE framework help ABC Corp assess the external factors affecting its decision to expand into a new country? [MTP - 11 MAY 24] (5 Marks)

Q.26. ABC Tech, a leading smartphone manufacturer, is navigating a highly competitive market where innovation and cost efficiency are key. Customers prioritize battery life, camera quality, and seamless software integration when choosing a brand. To stay ahead, ABC Tech invests heavily in research and development, optimizes its supply chain for cost-effective production, and enhances customer service. Identify the Key Success Factors (KSFs) for ABC Tech based on the industry conditions described. How can the company achieve a sustainable competitive advantage by leveraging these factors? [MTP - 11 MAY 25] (5 Marks)

Q.27. Aarav is planning to launch his new organic food brand. He is evaluating different cities across the country to establish his business in the most suitable environment. One promising option is Pune, a city known for its health-conscious consumers, strong distribution networks, and government initiatives supporting sustainable businesses. With favorable policies, tax benefits, and access to experienced mentors, Pune seems like an ideal choice for Aarav to launch and scale his organic food brand successfully. Define the term Business Environment with respect to the above scenario. Explain how a business's interaction with its environment can contribute to the development of a successful strategy. [MTP - 11 MAY 25] (5 Marks)

Q.28. What do you mean by value chain analysis? Delineate the support activities in value chain analysis, as stated by Michael Porter. [MAY 25] (05)

Q.29. What do you mean by Key Success Factors (KSF)? Structure the questions, answer to which can help identify KSFs of a company. Also state, as to how the understanding can help ascertain sustainable competitive advantages. [MAY 25] (05)

ANSWERS

1. Internationalization has become a pivotal trend for businesses aiming to enhance profitability and access cheaper resources. It allows companies to explore new markets, achieve economies of scale, and prolong product lifecycles. However, the process of internationalization is complex due to additional variables and linkages that differ from domestic operations.

To navigate this complexity, businesses should adopt a structured approach to international strategic planning. The steps involved include:

1. **Evaluate Global Opportunities & Threats:** Businesses must assess potential global markets, identifying opportunities & threats while aligning them with their internal capabilities.
2. **Describe the Scope of Operations:** Clearly defining the extent of the firm's international commercial activities is crucial for focused strategy development.
3. **Create Global Business Objectives:** Establishing clear objectives helps guide the organization's international efforts and aligns with its overall mission.
4. **Develop Distinct Corporate Strategies:** Formulating specific strategies tailored for global operations ensures that the organization can effectively compete in diverse markets. These steps facilitate the identification of market opportunities and the formulation of effective global strategies, enabling businesses to thrive in the international arena despite the inherent challenges and costs associated with such expansion.

2. According to Michael Porter's Five Forces framework, rivalry among competitors significantly influences the attractiveness and profitability of an industry. When rivalry becomes cutthroat, several conditions contribute to low industry profitability:

1. **Industry Leader Presence:** While a strong industry leader can help maintain pricing discipline, the effectiveness diminishes as the number of competitors increases. Many rivals can engage in aggressive pricing strategies, leading to decreased profitability.

2. **Number of Competitors:** A higher number of competitors increases rivalry, making it difficult for any single firm to control pricing. This leads to intensified price competition, which adversely affects industry profitability.
3. **High Fixed Costs:** Industries with high fixed costs create pressure on firms to fully utilize their capacity. When firms face excess capacity, they often resort to price cuts to maintain sales volume, which diminishes profitability across the industry.
4. **Exit Barriers:** High exit barriers prevent firms from leaving the industry, keeping competition high. Specialized assets or other constraints can lead firms to remain in the market, maintaining competitive pressure and negatively impacting profitability for all players.
5. **Product Differentiation:** In industries lacking product differentiation, firms primarily compete on price. This leads to price wars and lower profitability. In contrast, firms that can differentiate their products tend to achieve higher profit margins and reduce competitive pressure.
6. **Slow Industry Growth:** When industry growth slows, firms may adopt aggressive tactics to protect or gain market share, resulting in intensified rivalry & diminished profitability as they compete for a limited customer base.

In summary, conditions such as the presence of a strong industry leader, the number of competitors, high fixed costs, exit barriers, lack of product differentiation, and slow industry growth contribute to cutthroat rivalry and low industry profitability.

3. **Yes, I agree with the statement that Value Chain Analysis consist of two activities: Primary activities and Support activities.** As per Michael Porter both the activities are intertwined. It is a tool used to examine the activities that create value in an organization, helping to enhance efficiency and build competitive advantage. It breaks down a business's operations to identify areas for improvement in value creation.

The **primary activities** of an organization are categorized into five areas:

1. **Inbound logistics:** Activities related to receiving, storing, and distributing inputs (e.g., materials handling, stock control, and transport).
2. **Operations:** Transforming inputs into final products or services (e.g., machining, packaging, assembly).
3. **Outbound logistics:** Collecting, storing, and delivering products to customers (e.g., warehousing, transport).

4. **Marketing and sales:** Promoting and selling the product or service, including advertising and sales administration.

5. **Service:** Enhancing or maintaining product value (e.g., installation, repair, training).

4. In light of Michael Porter's Five Forces, new entrepreneurs often face significant barriers that restrain their keenness to enter an industry. These barriers increase the competitiveness of existing firms and discourage new entrants, impacting industry profitability.

Common barriers that may restrain new entrepreneurs include:

(i) **Capital Requirements:** When a large amount of capital is required to enter an industry, firms lacking funds are effectively barred from the industry, thus enhancing the profitability of existing firms in the industry.

(ii) **Economies of Scale:** Many industries are characterized by economic activities driven by economies of scale. Economies of scale refer to the decline in the per-unit cost of production (or other activity) as volume grows.

(iii) **Product Differentiation:** Product differentiation refers to the physical or perceptual differences, or enhancements, that make a product special or unique in the eyes of customers.

(iv) **Switching Costs:** To succeed in an industry, new entrant must be able to persuade existing customers of other companies to switch to its products. When such switching costs are high, buyers are often reluctant to change.

(v) **Brand Identity:** The brand identity of products or services offered by existing firms can serve as another entry barrier. Brand identity is particularly important for infrequently purchased products that carry a high unit cost to the buyer.

(vi) **Access to Distribution Channels:** The unavailability of distribution channels for new entrants poses another significant entry barrier. Despite the growing power of the internet, many firms may continue to rely on their control of physical distribution channels to sustain a barrier to entry to rivals.

(vii) **Possibility of Aggressive Retaliation:** Sometimes the mere threat of aggressive retaliation by incumbents can deter entry by other firms into an existing industry.

5. *Business Environment* refers to all **external factors, influences, or situations that affect business decisions, plans, and operations**. In Yash's case, these factors include the dynamic and evolving conditions in Bengaluru, which impact the strategic decisions for his tech start-up.

Benefits of Interaction with the Business Environment

- **Determine Opportunities and Threats:** Interaction with the environment helps Yash identify new consumer needs, emerging trends, and potential market opportunities. This insight can guide the development of innovative products and services that meet market demands. Understanding changes in laws, social behaviors, and competitor actions enables Yash to anticipate and mitigate potential threats, ensuring the start-up remains resilient and adaptive.
- **Give Direction for Growth:** By analyzing the external environment, Yash can pinpoint areas for expansion and growth. Recognizing market trends and technological advancements allows him to strategize effectively, ensuring the start-up scales successfully. Awareness of the changes around the business environment facilitates better planning and strategic decisions, aligning the start-up's goals with the market dynamics.
- **Continuous Learning:** Continuous interaction with the environment motivates Yash and his team to update their knowledge, understanding, and skills. Staying informed about industry trends and advancements ensures the start-up remains competitive. This ongoing learning process enhances the start-up's ability to adapt to changes, promoting innovation and responsiveness to market shifts.
- **Image Building:** Understanding and responding to environmental needs help the start-up build a positive image. For instance, adopting sustainable practices or contributing to local initiatives can enhance the company's reputation. Demonstrating sensitivity to the business environment shows that the start-up is responsible and community-focused, attracting customers and partners who value corporate social responsibility.
- **Meeting Competition:** Interaction with the environment allows Yash to analyze competitors' strategies and adapt accordingly. Understanding competitors' strengths and weaknesses helps in crafting strategies that provide a competitive edge. By leveraging insights from the environment, the start-up can position itself uniquely in the market, differentiating its offerings from those of competitors.

6. *Businesses sell products. A product can be either a good or a service. It might be physical good or a service, an experience.*
- Following are the key characteristics of business products:*
1. **Products are either tangible or intangible:** *A tangible product can be handled, seen, and physically felt, such as a car, book, pen, table, mobile handset and so on. Alternatively, an intangible product is not a physical good, such as telecom services, banking, insurance, or repair services.*
 2. **Product has a price:** *Businesses determine the cost of their products and charge a price for them. The dynamics of supply and demand influence the market price of an item or service. The market price is the price at which quantity provided equals quantity desired. The price that may be paid is determined by the market, the quality, the marketing, and the targeted group. In the present competitive world price is often given by the market and businesses have to work on costs to maintain profitability.*
 3. **Products have certain features that deliver satisfaction:** *A product feature is a component of a product that satisfies a consumer need. Features determine product pricing, and businesses alter features during the development process to optimize the user experience. Products should be able to provide value satisfaction to the customers for whom they are meant. Features of the product will distinguish it in terms of its function, design, quality and experience. A customer's cumulative experience with a product from its purchase to the end of its useful life is an important component of a product feature.*
 4. **Product is pivotal for business:** *The product is at the centre of business around which all strategic activities revolve. The product enables production, quality, sales, marketing, logistics and other business processes. Product is the driving force behind business activities.*
 5. **A product has a useful life:** *Every product has a usable life after which it must be replaced, as well as a life cycle after which it is to be reinvented or may cease to exist. We have observed that fixed line telephone instruments have largely been replaced by mobile phones.*
7. *Yes, Easy Access & its rivals get advantage from this move. The new bureaucratic process is making it more complicated for organizations to start up & enter the Easy Access market, increasing barriers to entry and thereby reducing the threat of new*

entrants. New entrants can reduce an industry's profitability, because they add new production capacity, leading to increase in supply of the product, sometimes even at a lower price and can substantially erode existing firm's market share position. However, New entrants are always a powerful source of competition. The new capacity and product range they bring in throws up a new competitive pressure. The bigger the new entrant, the more severe the competitive effect. New entrants also place a limit on prices and affect the profitability of existing players, which is known as Price War.

8. Business Environment refers to all external factors, influences, or situations that affect business decisions, plans, and operations. In Yash's case, these factors include the dynamic and evolving conditions in Bengaluru, which impact the strategic decisions for his tech start-up.

Benefits of Interaction with the Business Environment

- ◆ **Determine Opportunities and Threats:** Interaction with the environment helps Yash identify new consumer needs, emerging trends, and potential market opportunities. This insight can guide the development of innovative products and services that meet market demands. Understanding changes in laws, social behaviors, and competitor actions enables Yash to anticipate and mitigate potential threats, ensuring the start-up remains resilient and adaptive.
- ◆ **Give Direction for Growth:** By analyzing the external environment, Yash can pinpoint areas for expansion and growth. Recognizing market trends and technological advancements allows him to strategize effectively, ensuring the start-up scales successfully. Awareness of the changes around the business environment facilitates better planning and strategic decisions, aligning the start-up's goals with the market dynamics.
- ◆ **Continuous Learning:** Continuous interaction with the environment motivates Yash and his team to update their knowledge, understanding, and skills. Staying informed about industry trends and advancements ensures the start-up remains competitive. This ongoing learning process enhances the start-up's ability to adapt to changes, promoting innovation and responsiveness to market shifts.
- ◆ **Image Building:** Understanding and responding to environmental needs help the start-up build a positive image. For instance, adopting sustainable practices or contributing to local initiatives can enhance the company's reputation.

Demonstrating sensitivity to the business environment shows that the start-up is responsible and community-focused, attracting customers and partners who value corporate social responsibility.

- ◆ **Meeting Competition:** Interaction with the environment allows Yash to analyze competitors' strategies and adapt accordingly. Understanding competitors' strengths and weaknesses helps in crafting strategies that provide a competitive edge. By leveraging insights from the environment, the start-up can position itself uniquely in the market, differentiating its offerings from those of competitors.

9. Understanding the competitive landscape is crucial for Mr. Arun Kumar to navigate the handmade ceramic products industry in Gujarat successfully. This involves identifying both direct and indirect competitors while gaining insights into their vision, mission, core values, niche markets, and strengths and weaknesses. Here are the structured steps Mr. Kumar should follow to comprehend the competitive landscape and bolster his strategic position:

- Identify the competitor:** The first step to understanding the competitive landscape is to identify the competitors in the handmade ceramic products industry. Mr. Kumar should gather actual data on the market share and positioning of competitors within the industry.
- Understand the competitors:** Once the competitors have been identified, Mr. Kumar can use market research reports, the internet, newspapers, social media, industry reports, and various other sources to understand the products and services offered by competitors. This will help him comprehend how they position themselves in different markets and their unique selling propositions.
- Determine the strengths of the competitors:** Mr. Kumar should assess what the competitors excel at. Do they offer superior product quality? Are they using marketing strategies that reach a wider customer base? Why do consumers choose them over others? Understanding these strengths will help Mr. Kumar identify areas where his company, CeramiCrafts, can enhance its offerings.
- Determine the weaknesses of the competitors:** Weaknesses of competitors can be identified by reviewing customer feedback, consumer reports, and reviews. Consumers often share their experiences, especially when products or services are either exceptional

or subpar. By examining these weaknesses, Mr. Kumar can find opportunities to position CeramiCrafts as a better alternative.

(v) **Put all of the information together:** At this stage, Mr. Kumar should consolidate all the information gathered about competitors. This will help him identify gaps in the market that his company can fill, as well as areas where CeramiCrafts needs to improve. By understanding the competition thoroughly, he can devise strategies that strengthen his market position.

By following these steps, Mr. Kumar can gain a comprehensive understanding of the competitive landscape, enabling him to make informed strategic decisions for CeramiCrafts. This tailored approach ensures that the insights gained are directly applicable to the handmade ceramic products industry in Gujarat.

10. Michael Porter's Five Forces model is a widely utilized tool for systematically analyzing the competitive forces within an industry. The model identifies five competitive forces that shape the overall competitive landscape:

- **Threat of New Entrants:** New entrants bring added capacity & product variety, intensifying competition & impacting prices. The size of new entrants magnifies their competitive influence, placing constraints on prices & affecting existing players' profitability.
- **Bargaining power of Buyers:** The ability of buyers to form groups or cartels influences their bargaining power. This force, particularly in industrial products, impacts pricing and often leads to demand for better services, influencing costs and investments for producers.
- **Bargaining power of Suppliers:** Suppliers with specialized offerings exert significant bargaining power, especially when limited in number. Supplier bargaining power determines raw material costs, affecting industry attractiveness and profitability.
- **Rivalry among Current Players:** Existing players engage in competition, influencing strategic decisions across various levels. This rivalry is evident in pricing, advertising, cost pressures, and product strategies, impacting the overall competitive landscape.
- **Threats from Substitutes:** Substitute products can alter an industry's competitive dynamics, offering price advantages or performance improvements. Substitutes limit prices and profits, and industries with substantial R&D investments are particularly susceptible to threats from substitute products.

These forces collectively determine industry's attractiveness and profitability by influencing factors such as costs and investments required for industry participation. The strength of these forces varies across industries, ultimately shaping the potential for earning attractive profits.

11. The company went through the following stages of the product life cycle (PLC):
Introduction stage: Initially, the company faced slow sales growth, limited markets, and high prices, which are characteristic of the introduction stage. During this stage, competition is almost negligible, and customers have limited knowledge about the product.
Growth stage: Over time, the demand for the product expanded rapidly, prices fell, and competition increased. These are typical features of the growth stage in the PLC. In this stage, the product gains market acceptance, and customers become more aware of the product's benefits and show interest in purchasing it.

12. The competitive rivalry will be a significant force in case of company of Rajiv Arya as all the rivals are similar in sizes and are manufacturing similar products. It is difficult for any single manufacturer to dominate the market. Large number of patents will make it difficult for new entrants to break into the market. Further, as there are a large number of small suppliers the power that suppliers can exert will also be low. There is no information relating to substitutes and bargaining power of customers in the information given in scenario. However, a domestic vacuum cleaner will directly compete with other options such as house maids. Availability of house maids at low cost can significantly disturb the sales of products. Further, as the products are similar customers can easily shift from one company to another. This will only enhance competitive rivalry.

13. Steps to understand the competitive landscape are as follows:
(i) **Identify the competitor:** The first step to understanding the competitive landscape is to identify the competitors in the firm's industry and have actual data about their respective market share.
(ii) **Understand the competitors:** Once the competitors have been identified, the strategist can use market research report, internet, newspapers, social media, industry reports,

and various other sources to understand the products and services offered by them in different markets.

(iii) **Determine the strengths of the competitors:** What is the strength of the competitors? What do they do well? Do they offer great products? Do they utilize marketing in a way that comparatively reaches out to more consumers. Why do customers give them their business?

(iv) **Determine the weaknesses of the competitors:** Weaknesses (and strengths) can be identified by going through consumer reports and reviews appearing in various media. After all, consumers are often willing to give their opinions, especially when the products or services are either great or very poor.

(v) **Put all of the information together:** At this stage, the strategist should put together all information about competitors and draw inference about what they are not offering and what the firm can do to fill in the gaps. The strategist can also know the areas which need to be strengthened by the firm.

14. Experience curve akin to a learning curve which explains the efficiency increase gained by workers through repetitive productive work. Experience curve is based on the commonly observed phenomenon that unit costs decline as a firm accumulates experience in terms of a cumulative volume of production. It is based on the concept, "we learn as we grow".

The implication is that larger firms in an industry would tend to have lower unit costs as compared to those for smaller companies, thereby gaining a competitive cost advantage.

Experience curve results from a variety of factors such as learning effects, economies of scale, product redesign and technological improvements in production.

Experience curve has following features:

- ◆ As business organisation grow, they gain experience.
- ◆ Experience may provide an advantage over the competition. Experience is a key barrier to entry.
- ◆ Large and successful organisation possess stronger "experience effect".

A typical experience curve may be depicted as follows:

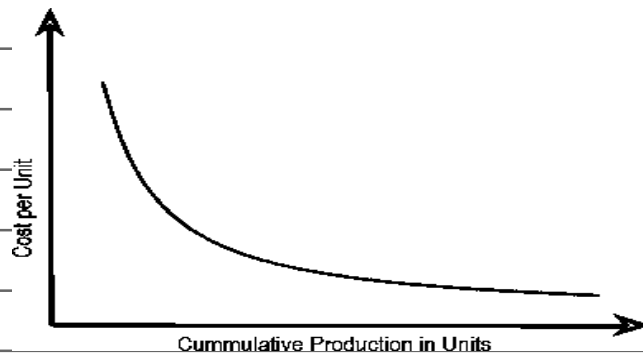


Figure: Experience curve

As a business grows, it understands the complexities and benefits from its experiences. The concept of experience curve is relevant for a number of areas in strategic management. For instance, the experience curve is considered a barrier for new firms contemplating entry in an industry. It is also used to build market share and discourage competition.

15. To maintain a competitive edge in the face of increased competition, Reshuffle Corp can differentiate its products in several ways:
- **Tangible and Intangible Aspects:** Reshuffle Corp can focus on the tangible aspects of its products, such as using high-quality materials and innovative designs to create furniture that is both functional and aesthetically pleasing. Additionally, they can emphasize the intangible aspects of their products, such as excellent customer service and a strong brand reputation for reliability and durability.
 - **Pricing Strategies:** While market prices are often dictated by competition, Reshuffle Corp can work on cost optimization to maintain profitability. They can also consider offering value-added services, such as free installation or extended warranties, to justify a higher price point.
 - **Product Features:** By continually optimizing their product features based on customer feedback and market trends, Reshuffle Corp can ensure that their products deliver maximum satisfaction to their target customers. This may include features that enhance functionality, design, quality, and overall user experience.
 - **Product Centric Approach:** Reshuffle Corp should keep their products at the center of their strategic activities, ensuring that all business processes, from production to sales and marketing, are aligned to meet customer needs and expectations.

- **Product Life Cycle Management:** Reshuffle Corp should be aware of the life cycle of their products and plan for reinvention or replacement accordingly. They can introduce new product lines or upgrade existing ones to keep up with changing customer preferences and market trends.
16. As industry's Key Success Factors (KSFs) are those things that most affect industry members' ability to prosper in the marketplace - the particular strategy elements, product attributes, resources, competencies, competitive capabilities and business outcomes that spell the difference between profit & loss and ultimately, between competitive success or failure. KSFs by their very nature are so important that all firms in the industry must pay close attention to them. They are the prerequisites for industry success, or, to put it in another way, KSFs are the rules that shape whether a company will be financially and competitively successful.
17. To target tech-savvy consumers for the new smartphone model, the tech company can develop a marketing strategy based on customer behavior.
- Consumer behaviour may be influenced by a number of things. These elements can be categorised into the following conceptual domains:
- **External Influences:** Utilize online platforms and tech forums to generate buzz around the new smartphone. Partner with tech influencers and bloggers to review the product and create awareness among tech-savvy consumers.
 - **Internal Influences:** Appeal to the desire for innovation and advanced features among tech-savvy consumers. Highlight the unique selling points of the new smartphone, such as its cutting-edge technology, performance, and design.
 - **Decision Making:** Recognize that tech-savvy consumers are early adopters who value functionality and performance. Provide detailed specifications and comparisons with other smartphones to help them make an informed decision.
 - **Post-decision Processes:** Offer excellent customer service and support to address any technical issues or concerns. Encourage customers to provide feedback and reviews to build credibility and trust among tech-savvy consumers.

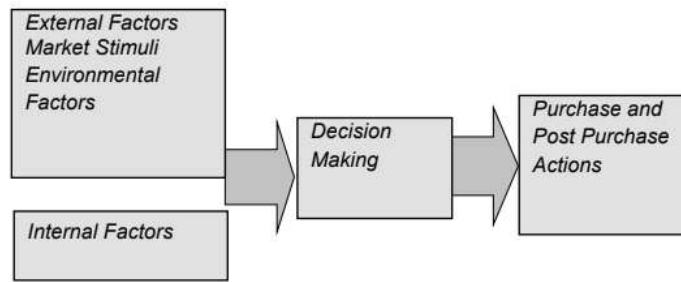


Figure: Process of consumer behaviour

By understanding the behavior of tech-savvy consumers and aligning the marketing strategy with their preferences, the tech company can effectively promote the new smartphone and attract this demographic.

18. Yes, Easy Access and its rivals get advantage by this move. The new bureaucratic process is making it more complicated for organizations to start up and enter the Easy Access market, increasing barriers to entry and thereby reducing the threat of new entrants. New entrants can reduce an industry's profitability, because they add new production capacity, leading to increase in supply of the product, sometimes even at a lower price and can substantially erode existing firm's market share position. However, New entrants are always a powerful source of competition. The new capacity and product range they bring in throws up a new competitive pressure. The bigger the new entrant, the more severe the competitive effect. New entrants also place a limit on prices and affect the profitability of existing players, which is known as Price War.

19. As industry's Key Success Factors (KSFs) are those things that most affect industry members' ability to prosper in the marketplace - the particular strategy elements, product attributes, resources, competencies, competitive capabilities and business outcomes that spell the difference between profit & loss and ultimately, between competitive success or failure. KSFs by their very nature are so important that all firms in the industry must pay close attention to them. They are the prerequisites for industry success, or, to put it in another way, KSFs are the rules that shape whether a company will be financially and competitively successful.

20. The PESTLE framework assists in analyzing the macro-environment by systematically evaluating six external factors that impact an organization's operations and strategy.

1. **Political Factors:** This includes government policies, regulations, political stability, and taxation. Understanding these factors helps organizations anticipate regulatory changes and government interventions that could affect their business environment.
 2. **Economic Factors:** This involves assessing economic conditions such as interest rates, inflation, exchange rates, and economic growth. These factors influence business costs, consumer purchasing power, and overall market conditions.
 3. **Social Factors:** This examines demographic trends, lifestyle changes, cultural norms, and consumer attitudes. Insights into social factors help businesses align their products and services with evolving consumer preferences and societal trends.
 4. **Technological Factors:** This includes technological advancements, innovation rates, and technological infrastructure. These factors impact production processes, product development, and competitive positioning.
 5. **Legal Factors:** This involves understanding business laws, employment regulations, health and safety standards, and compliance requirements. Legal factors are crucial for ensuring regulatory compliance and avoiding legal risks.
 6. **Environmental Factors:** This covers ecological issues, sustainability practices, and environmental regulations. Awareness of environmental factors helps businesses adapt to climate change and meet sustainability goals.
- By analyzing these factors, the PESTLE framework provides a comprehensive understanding of the macro-environment, helping organizations anticipate changes, adapt strategies, and make informed decisions.
21. **Competitive landscape** is a business analysis which identifies competitors, either direct or indirect. Competitive landscape is about identifying and understanding the competitors and at the same time, it permits the comprehension of their vision, mission, core values, niche market, strengths and weaknesses.
An in-depth investigation and analysis of a firm's competition allows it to assess the competitors' strengths and weaknesses in the marketplace and helps it to choose and implement effective strategies that will improve its competitive advantage.
Steps to understand the competitive landscape for building competitive advantage are:
 - (i) **Identify the competitor:** The first step to understanding the competitive landscape is to identify the competitors in the firm's industry and have actual data about their

respective market share.

- (ii) *Understand the competitors: Once the competitors have been identified, the strategist can use market research report, internet, newspapers, social media, industry reports, and various other sources to understand the products and services offered by them in different markets.*
- (iii) *Determine the strengths of the competitors: What are the strengths of the competitors? What do they do well? Do they offer great products? Do they utilize marketing in a way that comparatively reaches out to more consumers? Why do customers give them their business?*
- (iv) *Determine the weaknesses of the competitors: Weaknesses (and strengths) can be identified by going through consumer reports and reviews appearing in various media. After all, consumers are often willing to give their opinions, especially when the products or services are either great or very poor.*
- (v) *Put all of the information together: At this stage, the strategist should put together all information about competitors and draw inference about what they are not offering and what the firm can do to fill in the gaps. The strategist can also know the areas which need to be strengthened by the firm.*

22. *Buyers of an industry's products or services can sometimes exert considerable pressure on existing firms to secure lower prices or better services. This is evident in situations where buyers enjoy a superior position than the seller of the product. This leverage is particularly evident when:*

- (i) *Buyers have full knowledge of the sources of products and their substitutes.*
- (ii) *They spend a lot of money on the industry's products, i.e., they are big buyers.*
- (iii) *The industry's product is not perceived as critical to the buyer's needs and buyers are more concentrated than firms supplying the product. They can easily switch to the substitutes available.*

23. *Competition from new sustainable fashion brands falls under the "Threat of New Entrants" category of Porter's Five Forces Model for Competitive Analysis.*

These new entrants pose a threat to existing sustainable clothing retailers like GreenThrift Inc. by increasing competition and potentially eroding market share.

The emergence of these brands, focusing on using organic and recycled materials along with ethical manufacturing practices, aligns with the values of environmentally conscious consumers, making them strong competitors in the sustainable fashion market.

24. To maintain a competitive edge in the face of increased competition, Reshuffle Corp can differentiate its products in several ways:

- ◆ **Tangible and Intangible Aspects:** Reshuffle Corp can focus on the tangible aspects of its products, such as using high-quality materials and innovative designs to create furniture that is both functional and aesthetically pleasing. Additionally, they can emphasize the intangible aspects of their products, such as excellent customer service and a strong brand reputation for reliability and durability.
- ◆ **Pricing Strategies:** While market prices are often dictated by competition, Reshuffle Corp can work on cost optimization to maintain profitability. They can also consider offering value-added services, such as free installation or extended warranties, to justify a higher price point.
- ◆ **Product Features:** By continually optimizing their product features based on customer feedback and market trends, Reshuffle Corp can ensure that their products deliver maximum satisfaction to their target customers. This may include features that enhance functionality, design, quality, and overall user experience.
- ◆ **Product Centric Approach:** Reshuffle Corp should keep their products at the center of their strategic activities, ensuring that all business processes, from production to sales and marketing, are aligned to meet customer needs and expectations.
- ◆ **Product Life Cycle Management:** Reshuffle Corp should be aware of the life cycle of their products and plan for reinvention or replacement accordingly. They can introduce new product lines or upgrade existing ones to keep up with changing customer preferences and market trends.

25. The PESTLE framework can help ABC Corp assess the external factors affecting its decision to expand into a new country by considering the following aspects:

- **Political Factors:** These include the stability of the government, government policies on foreign investment, trade agreements, and regulatory frameworks. By analyzing these factors, ABC Corp can assess the political risks associated with entering the new market.

- **Economic Factors:** Economic factors such as GDP growth rate, inflation rate, exchange rates, and economic stability can impact ABC Corp's decision. By analyzing these factors, the company can understand the economic environment of the new market and its potential impact on business operations.
 - **Social Factors:** Social factors such as cultural norms, demographics, and lifestyle trends can influence consumer behavior and demand for ABC Corp's products. Understanding these factors can help the company tailor its marketing strategies to the new market.
 - **Technological Factors:** Technological factors such as infrastructure, technological advancements, and the level of technology adoption in the new market can impact ABC Corp's operations. By assessing these factors, the company can determine the technological requirements for entering the new market.
 - **Legal Factors:** Legal factors such as laws & regulations related to foreign investment, intellectual property rights, & labor laws can impact ABC Corp's decision. By analyzing these factors, the company can ensure compliance with legal requirements in the new market.
 - **Environmental Factors:** Environmental factors such as climate change, environmental regulations, and sustainability practices can impact ABC Corp's operations and reputation. By considering these factors, the company can assess the environmental risks and opportunities in the new market.
- Overall, the PESTLE framework can provide ABC Corp with a comprehensive analysis of the external factors that could impact its decision to expand into a new country, helping the company make informed and strategic decisions.

26. The Key Success Factors (KSFs) for ABC Tech include:

- **Product Innovation:** Superior battery life, camera quality, and seamless software integration are crucial attributes influencing customer choice.
- **Cost Efficiency:** Optimizing the supply chain ensures competitive pricing and higher profit margins.
- **Customer Experience:** High-quality customer service builds brand loyalty and differentiation.

To gain a sustainable competitive advantage, ABC Tech should:

1. Focus on continuous R&D to introduce advanced features that set its products apart.
2. Streamline its supply chain to maintain cost leadership while ensuring product quality.

3. Enhance customer engagement through superior after-sales service and ecosystem integration.

By excelling in these KSFs, ABC Tech can establish a distinct market position and outperform competitors in the long run.

27. Business Environment refers to the external factors, influences, and conditions that impact a business's decisions, strategies, and operations. In Aarav's case, the business environment includes the evolving consumer preferences, government policies, and market dynamics in Pune, which will play a crucial role in shaping his organic food brand's strategy.

Benefits of Interaction with the Business Environment

- Determine Opportunities and Threats: Aarav can assess market demand for organic products, emerging health trends, and regulatory frameworks.

This will help him identify potential opportunities for expansion and anticipate challenges such as competition and supply chain disruptions.

- Give Direction for Growth: By understanding consumer behavior and industry trends, Aarav can align his business with the growing demand for organic and sustainable food options.

This insight will help him expand strategically and introduce innovative product offerings.

- Continuous Learning: Regular engagement with the business environment will encourage Aarav and his team to stay updated with nutrition trends, technological advancements in food processing, and changing consumer preferences. This knowledge will help them remain competitive and adapt to industry shifts effectively.

- Image Building: Responding to environmental and social expectations, such as sustainable sourcing, eco-friendly packaging, and ethical farming practices, will enhance the brand's reputation. A socially responsible business is more likely to attract loyal customers and gain market trust.

- Meeting Competition: Aarav can analyze competitors' strategies and differentiate his brand through unique selling propositions (USPs), better distribution networks, or customer engagement initiatives. Understanding the competitive landscape will enable him to position his business effectively and stay ahead in the market.

By actively interacting with the business environment, Aarav can leverage opportunities, mitigate risks, and build a sustainable, customer-centric organic food brand in Pune.

3. STRATEGIC ANALYSIS INTERNAL ENVIRONMENT

Q-1. "Managing stakeholders is critical to the success of a project". Explain how Mendelow's Matrix helps in managing stakeholders and categorizing the stakeholders into groups.

[JAN 25] (05)

Q-2. Write a short note on the key strategic drivers of an organization. [JAN 25] (05)

Q-3. Market for baby care, readymade garments for new born, toys and strollers meant for babies are there. M/s. Maa ki Pasand is desirous to introduce new products for existing customers and new customers as well. The market for such products is narrow. On one side there are customers who are price conscious and on the other side there are customers who are ready to pay premium charges for an upscale product. The company wants to charge low price, relative to other firms that compete within the target market for customers who are price sensitive and also wants to charge premium based on uniqueness for rest of its products.

Which of the strategy is being considered by the company, out of strategies as suggested by Michael Porter at business level. Also outline the advantages and disadvantages using such strategy.

[SEPT 24] (05)

Q-4. Explain the four specific criteria of sustainable competitive advantages that a company can use of determine the capabilities that are core competencies. [SEPT 24] (05)

Q-5. What are channels? Why is channel analysis important? Explain the different types of channels? [MAY 24] [RTP JAN 25] (05)

Q-6. Recommend a tool to analyze the competitive position of various rival companies in the market and outline the step by step procedure for using the identified tool.

[MAY 24] (05)

Q-7. EliteWheels Ltd. is a luxury automobile manufacturer that caters to affluent customers seeking exclusivity and high-end features. The company offers premium vehicles with

cutting-edge technology, showed customization options, and top-tier customer service. Unlike massmarket car brands, EliteWheels Ltd. charges a significant premium for its automobiles, ensuring that only a niche segment of customers can afford them. Additionally, the company invests heavily in advanced engineering and innovation to maintain its superior quality and brand prestige. Identify and explain the strategy adopted by EliteWheels Ltd. [RTP MAY 25]

Q.8. Write short note on SWOT analysis. [RTP MAY 25]

Q.9. ABC Corporation, a leading manufacturer of consumer electronics, is considering launching a new line of smart home devices. As a strategic manager, conduct a SWOT analysis for ABC Corporation to assess the feasibility and potential success of this new venture. Consider both internal and external factors that could impact on the success of the new product line. [RTP JAN 25]

Q.10. In spite of high commodity inflation, shortage of components and the threat of third wave of COVID-19 pandemic in India, manufacturers of packaged goods, home appliances and consumer electronics are expecting the business to grow by 12 to 25 percent in the coming months. After one-and-a-half years of disruption, manufacturers are now confident about managing their inventories better, keeping their supply channels well-stocked and preparing themselves to minimize the impact of any COVID related restrictions even as they gear up for the festive season, which usually accounts for 25 to 35 percent of their yearly sales. The home appliances sector could be an example. After a dismal April-June quarter in the year 2021, producers of air conditioners, refrigerators & washing machines are expecting their business to grow by 15-20 percent in the months to come. All the companies operating in the sector have geared up to grab the opportunities available in the market. A leading company in the home appliances domain, XXP India, is planning to launch various innovative product designs and offer loyalty programmes to lure consumers. With reference to Michael Porter's generic strategies, identify which strategy XXP India has planned for? Explain how this strategy will be advantageous to the company to remain profitable? [RTP SEPT 24]

Q-11. How can Mendelow's Matrix be used to analyze and manage the stakeholders effectively? [MTP - 11 MAY 24] [MTP - 1 MAY 25] [RTP SEPT 24] (05)

Q-12. ABC Ltd. is a beverage manufacturing company. It chiefly manufactures soft drinks. The products are priced on the lower side, which has made the company a leader in the business. Currently it holds 35 percent of the market share. The R & D of the company developed a formula for manufacturing sugar-free beverages. On successful trial and approval by the competent authorities, the company was granted to manufacture sugar free beverages. This company is the pioneer to launch sugar free beverages which are sold at a relatively higher price. This new product has been accepted widely by a class of customers. These products have proved profitable for the company. Identify the strategy employed by the company ABC Ltd. and mention what measures could be adopted by the company to achieve the employed strategy. [RTP MAY 24]

Q-13. There are four specific criteria of sustainable competitive advantage that firms can use to determine those capabilities that are known as core competencies. Explain. [RTP MAY 24] [MTP - 1 MAY 25] (05)

Q-14. A business consultancy firm focuses on providing specialized services in environmental management consultancy. It assists client companies in establishing robust environmental management accounting systems for the measurement, recording, and analysis of environmental costs. A significant portion of the firm's operations involve conducting environmental audits to verify compliance with international assurance standards in environmental management—an exclusive service not offered by its competitors. While the firm also undertakes other management consultancy projects, these constitute only a minor share of its total annual revenue. Identify the strategy categories by Michael Porter which best describes the strategy of this firm. [MTP - 1 JAN 25] (05)

Q-15. Rohit Patel has a small chemist shop in the central part of Ahmedabad. What kind of competencies Rohit can build to gain competitive advantage over online medicine sellers? [MTP - 1 JAN 25] (05)

Q-16. Chic Threads, a boutique fashion brand renowned for its commitment to sustainability and ethical practices, has recently launched a new line of eco-friendly clothing made from recycled materials. The brand recognizes the growing influence of environmentally conscious consumers who actively shape industry standards through their advocacy and purchasing decisions. These consumers align with Chic Threads' values and have a significant impact on its market position and reputation. How should Chic Threads effectively manage its relationship with environmentally conscious consumers, considering their high power and high interest in shaping the brand's success?

[MTP - 11 JAN 25] (05)

Q-17. Explain in brief the various basis of differentiation strategies. [MTP - 11 JAN 25] (05)

Q-18. Major core competencies are identified in three areas - competitor differentiation, customer value and application to other markets. Discuss. [MTP - 11 JAN 25] (05)

Q-19. What are distribution channels, and why is analyzing them crucial for business expansion? Describe the three main types of channels explaining their roles in ensuring products reach customers efficiently and with the necessary support. [MTP - 1 SEPT 24] (05)

Q-20. A manufacturing company is in direct competition with fifteen companies at the national level. The head of marketing department of this company wishes to study the market position of rival companies by grouping them into like positions. Name the tool that may be used by him/her. Explain the procedure that may be used to implement the techniques. [MTP - 1 SEPT 24] (05)

Q-21. GreenGardens, a small but growing organic farm, is assessing its business environment to strategically plan for future growth. The farm boasts high-quality, pesticide-free crops, but faces challenges with its limited distribution channels. As the demand for organic products continues to rise, GreenGardens recognizes the potential to broaden its market reach. However, unpredictable weather conditions and competition from larger farms present significant obstacles. To effectively navigate these challenges and opportunities, GreenGardens needs to conduct a comprehensive evaluation. Identify the

type of analysis GreenGardens should conduct to strategically plan for its future growth and outline the grid. [MTP - 11 SEPT 24] (05)

Q.22. Major core competencies are identified in three areas - competitor differentiation, customer value and application to other markets. Discuss. [MTP - 11 SEPT 24] [MTP - 11 MAY 25] (05)

Q.23. EasyLife Corporation, a leading manufacturer of consumer electronics, is considering launching a new line of smart home devices. As a strategic manager, conduct a SWOT analysis for EasyLife Corporation to assess the feasibility and potential success of this new venture. Consider both internal and external factors that could impact the success of the new product line. [MTP - 1 MAY 24] (05)

Q.24. StarTech Solutions, an aerospace technology firm, operates in a highly competitive industry. Despite the fierce competition in the aerospace sector, StarTech has carved out a niche for itself by focusing on serving unique, high-end clients. Unlike its competitors, StarTech has chosen not to diversify its target market and instead specializes in providing cutting-edge solutions to this niche market. Identify and explain the strategy adopted by StarTech Solutions. Discuss the advantages and disadvantages of this strategy. [MTP - 1 MAY 24] (05)

Q.25. A beverage company is launching a new line of energy drinks targeted at health-conscious consumers. The strategic manager wants to study the market position of rival companies in the energy drink segment. Which tool can be used for this analysis, and what is the procedure to implement it effectively? [MTP - 11 MAY 24] (05)

Q.26. EcoTrend, a growing e-commerce company, competes with industry giants by offering premium, eco-friendly products at high prices, targeting environmentally conscious consumers. Meanwhile, its competitor, BudgetBazaar, focuses on providing the lowest prices by optimizing costs and streamlining operations. Another player, VogueVista, differentiates itself through exclusive, fashion-forward designs that attract trend-savvy customers. Identify the generic strategies used by EcoTrend, BudgetBazaar, and

VogueVista based on Michael Porter's Generic Strategies framework. Explain how each company gains a competitive advantage. [MTP - 11 MAY 25] (05)

Q.27. *In order to get better performance and sustainable competitive advantages, a company has to focus on the characteristics of its resources and capabilities. In view of this, explain the major characteristics of resources and capabilities. [MAY 25] (05)*

Q.28. *Explain differentiation strategy as one of the generic strategies by Michael Porter. What are the major bases of differentiation? Also outline the strategies which can help achieve the differentiation strategy. [MAY 25] (05)*

ANSWERS

1. *The Mendelow's matrix is a simple framework to help manage key stakeholders.*
- Managing Stakeholders:** *Mendelow's Matrix is an essential tool for managing stakeholders effectively in project management, as it involves managing the competing interests of various stakeholders. It categorizes stakeholders based on their power and interest levels. This framework helps project managers to identify which stakeholders are incredibly important and prioritize their engagement strategies to ensure project success.*
- Categorization of Stakeholders:** *The matrix divides stakeholders into four groups:*
- **Key Players (High Power, High Interest):** *These stakeholders require close management and regular communication. Engaging them fully ensures their support and input, which is crucial for project success. For instance, CEOs and shareholders fall into this category.*
 - **Keep Satisfied (High Power, Low Interest):** *While these stakeholders have significant influence, they may not be as invested in the project's success. It is essential to keep them satisfied with sufficient information to prevent potential conflicts.*
 - **Keep Informed (Low Power, High Interest):** *Stakeholders in this group are interested in the project but lack the power to influence its outcome. Regular updates and communication can foster goodwill and may provide valuable feedback.*
 - **Low Priority (Low Power, Low Interest):** *These stakeholders require minimal attention. Monitoring their interest and power levels periodically is sufficient, as they do not significantly impact the project.*

In summary, Mendelow's Matrix provides a clear framework for categorizing stakeholders based on their power and interest, facilitating effective stakeholder management and enhancing the likelihood of project success.

2. Key Strategic Drivers of an Organization

Strategic drivers are essential elements that influence an organization's ability to differentiate itself from its competitors and achieve competitive advantage. These drivers assess the current performance of the business and provide insights into areas that need focus.

The key strategic drivers include:

1. **Industry and Markets:** Understanding the industry and markets is crucial for identifying the organization's relative position. Industries group similar companies based on their primary products, while markets are defined by the buyers and sellers of these products. Analyzing industry and market dynamics, often through tools like strategic group mapping, helps organizations evaluate competition and refine strategies.
2. **Customers:** Identifying and understanding customers is a critical driver. Customers are segmented based on their needs and spending capacity, which guides product development and marketing strategies. Differentiating between customers (buyers) and consumers (users) is vital to tailoring pricing, design, and usability strategies effectively.
3. **Products and Services:** Products and services are central to defining the business. Organizations must assess their offerings, classify products, and devise strategies for differentiation, branding, and pricing. Product innovation and marketing are key to maintaining competitiveness.
4. **Channels:** The channels through which products and services are delivered impact accessibility and customer satisfaction. Strategies related to direct, digital, or relationship-based marketing ensure the efficient distribution of offerings to target customers. By aligning these drivers with organizational goals, businesses can achieve sustained growth and maintain a competitive edge.

3. The company, M/s. Maa ki Pasand, is adopting a focus strategy that incorporates both focused cost leadership and focused differentiation strategies. In the given case, M/s. Maa ki Pasand aims to target price-conscious customers by charging low prices

relative to other firms within the narrow market of baby care products. This aligns with **focused cost leadership**, where the firm competes based on price within a targeted niche.

For the segment of customers willing to pay more for premium, unique products, the company follows a **focused differentiation strategy**. It caters to this specific niche by offering high-end, differentiated products, which is a key feature of focused differentiation.

Advantages of using a Focus Strategy:

1. **Premium prices:** For the differentiated segment, the company can charge higher prices for its upscale products.
2. **Expertise in niche markets:** M/s. Maa ki Pasand can develop expertise in both price-sensitive and premium segments, making it difficult for rivals to compete effectively.

Disadvantages of Using a Focus Strategy:

1. **Distinctive competencies required:** The firm needs to have strong competencies in both cost control and product differentiation to succeed. Otherwise, it may struggle to pursue the focus strategy effectively.
2. **High costs:** Serving a narrow market can lead to higher costs due to limited demand, which could pose challenges in maintaining profitability, especially in the premium segment.
3. **Disappearance in long run:** In the long run, the niche goods can disappear or be taken over by large competitors by acquiring the same distinctive competencies.

In conclusion, M/s. Maa ki Pasand is adopting a **focus strategy** by targeting specific customer niches with both cost leadership and differentiation. While this strategy offers opportunities for premium pricing and market expertise, it also comes with challenges related to cost control and distinctive competencies.

4. Four specific criteria of sustainable competitive advantage that firms can use to determine those capabilities that are core competencies. Capabilities that are valuable, rare, costly to imitate, and non-substitutable are core competencies.

- i. **Valuable:** Valuable capabilities are the ones that allow the firm to exploit opportunities or avert the threats in its external environment. A firm created value for customers by effectively using capabilities to exploit opportunities. Finance companies build a

valuable competence in financial services. In addition, to make such competencies as financial services highly successful require placing the right people in the right jobs. Human capital is important in creating value for customers.

- ii. **Rare:** Core competencies are very rare capabilities and very few of the competitors possess this. Capabilities possessed by many rivals are unlikely to be sources of competitive advantage for any one of them. Competitive advantage results only when firms develop and exploit valuable capabilities that differ from those shared with competitors.
- iii. **Costly to imitate:** Costly to imitate means such capabilities that competing firms are unable to develop easily.
- iv. **Non-substitutable:** Capabilities that do not have strategic equivalents are called non-substitutable capabilities. This final criterion for a capability to be a source of competitive advantage is that there must be no strategically equivalent valuable resources that are themselves either not rare or imitable.

5. Channels represent the **distribution system** through which organizations distribute their products or provide services to customers. They play a pivotal role in reaching target markets, maximizing sales, and establishing competitive advantages.

Channel analysis is important when the business strategy is to scale up and expand beyond the current geographies and markets. When a business plans to grow to newer markets, they need to develop or leverage existing channels to get to new customers. Thus, analysis of channels that suit one's products and customers is of utmost importance. There are typically three channels that should be considered: sales channel, product channel and service channel.

- ◆ **The sales channel** - These are the intermediaries involved in selling the product through each channel and ultimately to the end user. The key question is: Who needs to sell to whom for your product to be sold to your end user? For example, many fashion designers use agencies to sell their products to retail organizations, so that consumers can access them.
- ◆ **The product channel** - The product channel focuses on the series of intermediaries who physically handle the product on its path from its producer to the end user. This is true of Australia Post, who delivers and distributes many online purchases between the seller and purchaser when using eBay and other online stores.

- ◆ *The service channel - The service channel refers to the entities that provide necessary services to support the product, as it moves through the sales channel and after purchase by the end user. The service channel is an important consideration for products that are complex in terms of installation or customer assistance. For example, a Bosch dishwasher may be sold in a Bosch showroom, and then once sold it is installed by a Bosch contracted plumber.*

- 6. *A tool to identify the market positions of rival companies by grouping them into like positions is **Strategic Group Mapping**. A strategic group consists of those rival firms which have similar competitive approaches and positions in the market. The procedure for constructing a strategic group map and deciding which firms belong in which strategic group are as follows:*
 1. *Identify the competitive characteristics that differentiate firms in the industry typical variables that are price/quality range (high, medium, low); geographic coverage (local, regional, national, global); degree of vertical integration (none, partial, full); product-line breadth (wide, narrow); use of distribution channels (one, some, all); and degree of service offered (no-frills, limited, full).*
 2. *Plot the firms on a two-variable map using pairs of these differentiating characteristics.*
 3. *Assign firms that fall in about the same strategy space to the same strategic group.*
 4. *Draw circles around each strategic group making the circles proportional to the size of the group's respective share of total industry sales revenues.*

- 7. *According to Michael Porter, competitive advantage can be derived from three generic strategies: cost leadership, differentiation, and focus. EliteWheels Ltd. targets a niche market segment by offering unique and high-value automobiles tailored to the needs of affluent consumers. While the company manages its costs efficiently, it does not compromise on the quality or exclusivity of its products. By maintaining superior craftsmanship, advanced technology, and high personalization levels, the brand commands a premium price for its vehicles. Thus, the strategy adopted by EliteWheels Ltd. is **Focused Differentiation**.*

A focused differentiation strategy involves offering distinctive features that cater to a specific market segment. Companies employing this strategy may target a specific customer demographic, geographic region, or sales channel. Firms that compete based on uniqueness and focus on a specialized market segment follow a Focused Differentiation Strategy.

8. SWOT analysis is a tool used by organizations for evolving strategic options for the future. The term SWOT refers to the analysis of strengths, weaknesses, opportunities and threats facing a company. Strengths and weaknesses are identified in the internal environment, whereas opportunities and threats are located in the external environment.

(a) **Strength:** Strength is an inherent capability of the organization which it can use to gain strategic advantage over its competitor.

(b) **Weakness:** A weakness is an inherent limitation or constraint of the organisation which creates strategic disadvantage to it.

(c) **Opportunity:** An opportunity is a favourable condition in the external environment which enables it to strengthen its position.

(d) **Threat:** An unfavourable condition in the external environment which causes a risk for, or damage to the organisation's position.

The major purpose of SWOT analysis is to enable the management to create a firm-specific business model that will best align, fit or match organisational resources and capabilities to the demands of the environment in which it operates.

9. SWOT Analysis for ABC Corporation's New Smart Home Devices Venture:

Strengths	Weaknesses
<ul style="list-style-type: none"> Strong brand reputation in consumer electronics. 	<ul style="list-style-type: none"> Limited experience in the smart home devices market.
<ul style="list-style-type: none"> Established distribution network. 	<ul style="list-style-type: none"> May require additional investments in research and development.
<ul style="list-style-type: none"> Access to technological expertise for product development. 	<ul style="list-style-type: none"> Potential challenges in integrating a new product line with existing offerings.
<ul style="list-style-type: none"> Financial resources to support product launch and marketing. 	<ul style="list-style-type: none"> Lack of established customer base for smart home devices.

Opportunities	Threats
<ul style="list-style-type: none"> Growing market for smart home devices due to increasing consumer interest in home automation. 	<ul style="list-style-type: none"> Intense competition from established players in the smart home devices market.
<ul style="list-style-type: none"> The possibility of partnering with existing smart home platform providers. 	<ul style="list-style-type: none"> Rapid technological advancements lead to short product life cycles.
<ul style="list-style-type: none"> Potential to leverage brand loyalty from existing customers. 	<ul style="list-style-type: none"> Potential for cyber-security threats in connected devices.
<ul style="list-style-type: none"> Ability to differentiate through innovative features and design. 	<ul style="list-style-type: none"> Economic factors impacting consumer spending on discretionary items.

The SWOT analysis highlights that while ABC Corporation has several strengths that can support the launch of a new smart home devices line, there are also significant weaknesses and threats to consider. To maximize the chances of success, ABC Corporation should focus on leveraging its brand reputation and distribution network while carefully addressing the weaknesses and threats identified. Additionally, being informed about technological developments and consumer trends will be essential for maintaining competitiveness in the dynamic smart home devices market.

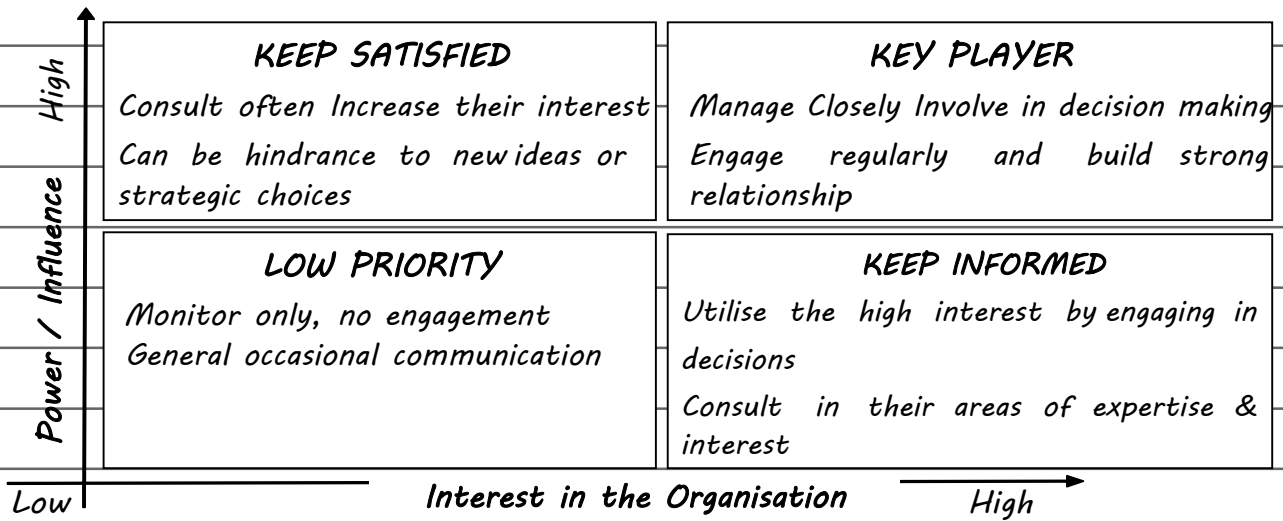
10. According to Michael Porter, strategies allow organizations to gain competitive advantage from three different bases: cost leadership, differentiation, and focus. Porter called these base generic strategies.

XXP India Ltd. has planned for Differentiation Strategy. The company is planning to launch various innovative product designs and offer loyalty programmes to lure customers. Differentiation strategy should be pursued only after a careful study of buyers' needs and preferences to determine the feasibility of incorporating one or more differentiating features into a unique product that features the desired attributes. A successful differentiation strategy allows a firm to charge a higher price for its product and to gain customer loyalty, because consumers may become strongly attached to the differentiated features.

Advantages of Differentiation Strategy

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

1. **Rivalry** - Brand loyalty acts as a safeguard against competitors. It means that customers will be less sensitive to price increases, as long as the firm can satisfy the needs of its customers.
 2. **Buyers** - They do not negotiate for price as they get special features, and they have fewer options in the market.
 3. **Suppliers** - Because differentiators charge a premium price, they can afford to absorb higher costs of supplies as the customers are willing to pay extra too.
 4. **Entrants** - Innovative features are an expensive offer. So, new entrants generally avoid these features because it is tough for them to provide the same product with special features at a comparable price.
 5. **Substitutes** - Substitute products can't replace differentiated products which have high brand value and enjoy customer loyalty.
-
11. **Mendelow's Matrix** can be used effectively to analyze and manage stakeholders through a grid-based approach by the following steps:
 1. **Identity Stakeholders:** Begin by identifying all relevant stakeholders for your project or organization. This includes individuals, groups, or organizations that may be impacted by or have an impact on your activities.
 2. **Asses Power and Interest:** For each stakeholder, assess their power to influence your project or organization and their level of interest in its success. Power can be assessed based on factors such as authority, resources, and expertise, while interest can be gauged by their level of involvement, expectations, and potential benefits or risks.
 3. **Plot Stakeholders on the Grid:** Create a grid with Power on one axis and Interest on the other. Plot each stakeholder on the grid based on your assessment. Stakeholders with high power and high interest are placed in the "Key Players" quadrant, those with high power but low interest are in the "Keep Satisfied" quadrant, those with low power but high interest are in the "Keep Informed" quadrant, and those with low power and low interest are in the "Low Priority" quadrant.



4. **Develop Strategies for each Quadrant:** Based on the placement of stakeholders in the grid, develop specific strategies for managing each quadrant:

- **Key Players:** Fully engage with these stakeholders, seek their input, and keep them informed. They are crucial for the success of your project, so their needs and expectations should be a top priority.
- **Keep Satisfied:** These stakeholders have significant power but may not be as interested in your project. Keep them satisfied by providing regular updates and addressing any concerns they may have to prevent them from becoming detractors.
- **Keep Informed:** While these stakeholders may not have much power, they are highly interested in your project. Keep them informed to ensure they remain supportive and to leverage their insights and feedback.
- **Low Priority:** These stakeholders have low power & interest. Monitor them for any changes but allocate minimal resources to managing their expectations.

5. **Monitor and Adapt:** Continuously monitor the power and interest of stakeholders and adjust your strategies accordingly. Stakeholders may move between quadrants based on changing circumstances, so it's important to remain flexible and responsive.

By using Mendelow's Matrix as a grid-based tool, you can effectively analyze and manage stakeholders by tailoring your engagement strategies to their specific needs and expectations, ultimately increasing the likelihood of project success.

12. According to Porter, strategies allow organizations to gain competitive advantage from three different bases: cost leadership, differentiation, and focus. Porter called these base generic strategies.

ABC Ltd. has opted for the Differentiation Strategy. The company has invested a huge amount in R & D and developed a formula for manufacturing sugar-free beverages to give the customer value and quality. They are pioneers and serve specific customer needs that are not met by other companies in the industry. The new product has been accepted by a class of customers. Differentiated and unique sugar-free beverages enable ABC Ltd. to charge relatively higher for its products, hence making higher profits and maintaining its competitive position in the market.

Sugar free beverage of ABC Ltd. is being accepted widely by a class of customers. Differentiation strategy is aimed at a broad mass market and involves the creation of a product or service that is perceived by the customers as unique. The uniqueness can be associated with product design, brand image, features, technology, and dealer network or customer service.

Achieving Differentiation Strategy

To achieve differentiation, following strategies are generally adopted by an organization:

1. Offer utility to the customers and match products with their tastes and preferences.
2. Elevate/Improve performance of the product.
3. Offer a high-quality product/service for buyer satisfaction.
4. Rapid product innovation to keep up with dynamic environment.
5. Taking steps to enhance brand image and brand value.
6. Fixing product prices based on the unique features of product and buying capacity of the customer.

13. Four specific criteria of sustainable competitive advantage that firms can use to determine those capabilities that are core competencies. Capabilities that are valuable, rare, costly to imitate, and non-substitutable are core competencies.

i. **Valuable:** Valuable capabilities are the ones that allow the firm to exploit opportunities or avert the threats in its external environment. A firm created value for customers by effectively using capabilities to exploit opportunities. Finance companies build a valuable competence in financial services. In addition, to make such competencies as financial services highly successful requires placing the right people in the right jobs. Human capital is important in creating value for customers.

ii. **Rare:** Core competencies are very rare capabilities and very few of the competitors possess

these. Capabilities possessed by many rivals are unlikely to be sources of competitive advantage for any one of them. Competitive advantage results only when firms develop and exploit valuable capabilities that differ from those shared with competitors.

iii. **Costly to imitate:** Costly to imitate means such capabilities that competing firms are unable to develop easily.

iv. **Non-substitutable:** Capabilities that do not have strategic equivalents are called non-substitutable capabilities. This final criterion for a capability to be a source of competitive advantage is that there must be no strategically equivalent valuable resources that are themselves either not rare or imitable.

14. By concentrating primarily on the market for consultancy services in environmental management, the firm is pursuing a focus strategy. Its provision of audit services, which rival firms do not offer, highlights a differentiation strategy within this specific market niche. Therefore, the firm is following a focused differentiation strategy.

A focused differentiation strategy involves offering unique features that cater to the specific needs of a narrow market segment. As with the focused low-cost strategy, narrow markets can be defined differently depending on the context. For instance, some firms using this strategy focus on a particular sales channel, such as exclusively selling online, while others may target specific demographic groups. Firms that compete on uniqueness while addressing the needs of a narrow market exemplify the focused differentiation strategy.

15. Capabilities that are valuable, rare, costly to imitate, and non-substitutable are core competencies. A small chemist shop has a local presence and functions within a limited geographical area. Still, it can build its own competencies to gain competitive advantage.

Rohit Patel can build competencies in the areas of:

(i) Developing personal and cordial relations with the customers.

(ii) Providing home delivery with no additional cost.

(iii) Developing a system of speedy delivery that can be difficult to match by online sellers.

Being in the central part of the city, he can create a network to supply at wider locations in the city.

- (iv) Having extended working hours for convenience of buyers.
- (v) Providing easy credit or a system of monthly payments to the patients consuming regular medicines.

16. According to Mendelow's Matrix, environmentally conscious consumers who influence industry standards fall into the Key Players quadrant.

These stakeholders possess both high power and high interest, making them crucial to the success of Chic Threads' sustainability-focused initiatives. Their high interest stems from their alignment with the brand's ethical and eco-friendly values, while their high power arises from their ability to shape market trends, advocate for sustainable practices, and impact on the brand's reputation through their purchasing decisions and influence within the industry.

As Key Players, these consumers require active engagement. Chic Threads must focus on satisfying their expectations by providing regular updates on sustainability efforts, maintaining transparent communication, and incorporating their feedback to ensure continued support. The brand should actively involve these stakeholders in its decision-making processes by seeking their input on product design and sustainability measures. Additionally, building strong relationships through targeted marketing campaigns, collaborations, and awareness initiatives will further solidify their trust and advocacy. Effectively managing this stakeholder group is vital, as their support and satisfaction directly contribute to the success of the brand's eco-friendly clothing line.

17. There are several basis of differentiation, major being: Product, Pricing and Organization.

Product: Innovative products that meet customer needs can be an area where a company has an advantage over competitors. However, the pursuit of a new product offering can be costly - research and development, as well as production and marketing costs can all add to the cost of production and distribution. The payoff, however, can be great as customers' flocks are among the first to have the new product.

Pricing: It fluctuates based on its supply and demand and may also be influenced by the customer's ideal value for a product. Companies that differentiate based on product price can either determine to offer the lowest price or can attempt to establish superiority through higher prices.

Organisation: Organisational differentiation is yet another form of differentiation. Maximizing the power of a brand or using the specific advantages that an organization possesses can be instrumental to a company's success. Location advantage, name recognition and customer loyalty can all provide additional ways for a company to differentiate itself from the competition.

18. According to C.K. Prahalad and Gary Hamel, major core competencies are identified in three areas - competitor differentiation, customer value, and application to other markets.

◆ **Competitor differentiation:** The Company can consider having a core competence if the competence is unique and it is difficult for competitors to imitate. This can provide a company an edge compared to competitors. It allows the company to provide better products or services to market with no fear that competitors can copy it.

◆ **Customer value:** When purchasing a product or service it has to deliver a fundamental benefit for the end customer in order to be a core competence. It will include all the skills needed to provide fundamental benefits. The service or the product has to have real impact on the customer as the reason to choose to purchase them. If customer has chosen the company without this impact, then competence is not a core competence.

◆ **Application of competencies to other markets:** Core competence must be applicable to the whole organization; it cannot be only one particular skill or specified area of expertise. Therefore, although some special capability would be essential or crucial for the success of business activity, it will not be considered as core competence, if it is not fundamental from the whole organization's point of view. Thus, a core competence is a unique set of skills and expertise, which will be used throughout the organisation to open up potential markets to be exploited.

19. Channels represent the distribution system through which organizations distribute their products or provide services to customers.

They play a pivotal role in reaching target markets, maximizing sales, and establishing competitive advantages.

Channel analysis is important when the business strategy is to scale up and expand beyond the current geographies and markets. When a business plans to grow to newer markets, they need to develop or leverage existing channels to get to new customers.

Thus, analysis of channels that suit one's products and customers is of utmost importance.

There are typically three channels that should be considered: sales channel, product channel and service channel.

- ◆ **The sales channel** - These are the intermediaries involved in selling the product through each channel and ultimately to the end user. The key question is: Who needs to sell to whom for your product to be sold to your end user? For example, many fashion designers use agencies to sell their products to retail organizations, so that consumers can access them.
- ◆ **The product channel** - The product channel focuses on the series of intermediaries who physically handle the product on its path from its producer to the end user. This is true of Australia Post, who delivers and distributes many online purchases between the seller and purchaser when using eBay and other online stores.
- ◆ **The service channel** - The service channel refers to the entities that provide necessary services to support the product, as it moves through the sales channel and after purchase by the end user. The service channel is an important consideration for products that are complex in terms of installation or customer assistance. For example, a Bosch dishwasher may be sold in a Bosch showroom, and then once sold it is installed by a Bosch contracted plumber.

20. A tool to identify the market positions of rival companies by grouping them into like positions is strategic group mapping. A strategic group consists of those rival firms which have similar competitive approaches and positions in the market.

The procedure for constructing a strategic group map and deciding which firms belong in which strategic group are as follows:

1. **Identify the competitive characteristics** that differentiate firms in the industry typical variables that are price/quality range (high, medium, low); geographic coverage (local, regional, national, global); degree of vertical integration (none, partial, full); product-line breadth (wide, narrow); use of distribution channels (one, some, all); and degree of service offered (no-frills, limited, full).
2. Plot the firms on a two-variable map using pairs of these differentiating characteristics.
3. Assign firms that fall in about the same strategy space to the same strategic group.

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

21. GreenGardens should conduct a SWOT analysis to strategically plan for future growth. This analysis will help them understand their internal strengths and weaknesses, as well as external opportunities and threats.

SWOT Analysis Grid for GreenGardens:

Strengths	Weaknesses
High-quality, pesticide-free produce	Limited distribution channels
Strong brand reputation for organic products	Small scale of operations
Dedicated and knowledgeable workforce	Limited marketing and sales reach
Opportunities	Threats
Rising demand for organic products	Unpredictable weather conditions
Potential to expand into new markets	Intense competition from larger farms
Increased consumer awareness of health and sustainability	Regulatory changes affecting organic farming

By systematically evaluating these areas, GreenGardens can leverage its strengths, address its weaknesses, capitalize on opportunities, and mitigate threats. This strategic planning will guide them toward sustainable growth and success in the organic farming industry.

22. According to C.K. Prahalad and Gary Hamel, major core competencies are identified in three areas - competitor differentiation, customer value, and application to other markets.

◆ **Competitor differentiation:** The Company can consider having a core competence if the competence is unique and it is difficult for competitors to imitate. This can provide a company an edge compared to competitors. It allows the company to provide better products or services to market with no fear that competitors can copy it.

◆ **Customer value:** When purchasing a product or service it has to deliver a fundamental benefit for the end customer in order to be a core competence. It will include all the

skills needed to provide fundamental benefits. The service or the product has to have real impact on the customer as the reason to choose to purchase them.

If customer has chosen the company without this impact, then competence is not a core competence.

- ◆ Application of competencies to other markets: Core competence must be applicable to the whole organization; it cannot be only one particular skill or specified area of expertise. Therefore, although some special capability would be essential or crucial for the success of business activity, it will not be considered as core competence, if it is not fundamental from the whole organization's point of view. Thus, a core competence is a unique set of skills and expertise, which will be used throughout the organisation to open up potential markets to be exploited.

23. SWOT Analysis for EasyLife Corporation's New Smart Home Devices Venture:

Strengths	Weaknesses
Strong brand reputation in consumer electronics.	Limited experience in the smart home devices market.
Established distribution network.	May require additional investments in research and development.
Access to technological expertise for product development.	May require additional investments in research and development.
Financial resources to support product launch and marketing.	Potential challenges in integrating a new product line with existing offerings. Lack of established customer base for smart home devices.
Opportunities	Threats
Growing market for smart home devices due to increasing consumer interest in home automation.	Intense competition from established players in the smart home devices market.
Possibility of partnering with existing smart home platform providers.	Rapid technological advancements lead to short product life cycles.
Potential to leverage brand loyalty from existing customers.	Potential for cyber-security threats in connected devices.
Ability to differentiate through innovative features and design.	Economic factors impacting consumer spending on discretionary items.

The SWOT analysis highlights that while EasyLife Corporation has several strengths that can support the launch of a new smart home devices line, there are also significant weaknesses and threats to consider. To maximize the chances of success, EasyLife Corporation should focus on leveraging its brand reputation and distribution network while carefully addressing the weaknesses and threats identified. Additionally, staying informed about technological developments and consumer trends will be essential for maintaining competitiveness in the dynamic smart home devices market.

24. The strategy adopted by StarTech Solutions is Focused differentiation. This strategy involves targeting a specific segment of the market with unique products or services that are perceived as valuable by customers in that segment. By specializing in serving unique, high-end clients, StarTech is able to differentiate itself from competitors and create a competitive advantage.

Advantages of Focused Differentiation:

- **Strong Customer Loyalty:** By catering to a specific niche market, StarTech can build strong relationships with its customers, leading to higher customer loyalty and retention.
- **Higher Profit Margins:** Serving a niche market allows StarTech to command higher prices for its specialized products or services, leading to higher profit margins.
- **Reduced Competition:** By focusing on a niche market that other firms are not targeting, StarTech faces less competition, allowing it to establish itself as a leader in that segment.
- **Better Resource Allocation:** Focusing on a specific market segment allows StarTech to allocate its resources more efficiently, concentrating on areas that will provide the greatest return on investment.

Disadvantages of Focused Differentiation:

- **Limited Market Size:** The niche market that StarTech is targeting may be limited in size, restricting the company's potential for growth.
- **Risk of Market Changes:** Changes in the market or customer preferences could impact on the demand for StarTech's specialized products or services, leading to potential revenue loss.

- **Higher Costs:** Serving a niche market may require specialized resources and expertise, leading to higher costs of operation.
- **Imitation by Competitors:** If StarTech's success in the niche market attracts competitors, they may attempt to imitate its strategy, eroding its competitive advantage.

Overall, the focused differentiation strategy adopted by StarTech Solutions has allowed it to differentiate itself in a competitive industry and build a strong position in the market. However, the company must be aware of the potential challenges and risks associated with this strategy and continue to innovate and adapt to maintain its competitive edge.

25. To study the market position of rival companies in the energy drink segment, the strategic manager can use strategic group mapping. This tool helps identify strategic groups, which consist of rival firms with similar competitive approaches and positions in the market. The procedure for implementing strategic group mapping effectively is as follows:

1. Identify the competitive characteristics that differentiate firms in the industry typical variables that are price/quality range (high, medium, low); geographic coverage (local, regional, national, global); degree of vertical integration (none, partial, full); product-line breadth (wide, narrow); use of distribution channels (one, some, all); and degree of service offered (no-frills, limited, full).
2. Plot the firms on a two-variable map using pairs of these differentiating characteristics.
3. Assign firms that fall in about the same strategy space to the same strategic group.
4. Draw circles around each strategic group making the circles proportional to the size of the group's respective share of total industry sales revenues.

By following these steps, the strategic manager can gain valuable insights into the competitive landscape of the energy drink segment and identify potential positioning strategies for the new line of energy drinks targeted at health-conscious consumers.

26. Michael Porter's Generic Strategies framework includes Cost Leadership, Differentiation, and Focus Strategies. Based on the caselet:

1. *EcoTrend - Differentiation Focus Strategy*

- ◆ *Targets a niche market (environmentally conscious consumers) with premium, eco-friendly products.*
- ◆ *Gains a competitive advantage through product uniqueness and sustainability.*

2. *BudgetBazaar - Cost Leadership Strategy*

- ◆ *Focuses on offering the lowest prices by optimizing costs and streamlining operations.*
- ◆ *Gains a competitive advantage through operational efficiency and economies of scale.*

3. *VogueVista - Differentiation Strategy*

- ◆ *Differentiates itself with exclusive, fashion-forward designs that appeal to style-conscious customers.*
- ◆ *Gains a competitive advantage through unique product offerings and strong brand image.*
- ◆ *Each company applies a distinct generic strategy to establish a strong position in the market.*

4. STRATEGIC CHOICES

Q.1. Organic Beverages has been manufacturing various soft drinks for over a decade. It has developed a sugar free beverage to cater to the needs of specific customers by spending heavily on research and development for this product. In addition, a lot of money was spent on marketing (branded as 'Say no to Sugar') and in obtaining licence for it. In a span of five months, company has gained a major share in the market for this new product and it is growing rapidly. Profitability of this product is also better. In order to take the advantage of best opportunity for expansion, it has to make heavy investment to maintain their position in current and new market.

Classify 'Say no to Sugar' product in the most related category in the two dimensional growth share matrix as per Boston Consulting Group. Explain the strategies which can be pursued post identification and classification of products in such matrix. Also state the limitations of this technique as one of the strategic options. [JAN 25] (05)

Q.2. Explain the 'product market growth matrix' as propagated by Igor Ansoff as a device for identifying growth opportunities for the future. [JAN 25] (05)

Q.3. Synergy Ltd. is manufacturing a product since year 2010. The company was doing well till year 2022. After that its market share started declining. Accumulated losses started mounting and it turned carried a persistent negative impact on its cash flow. As a result morale of the employees was not up to mark.

The Board of Directors (BoD) of the company thought it proper to continue in business by placing emphasis on improvement in internal efficiency. In view of the same, the BoD is evolving a workable action plan with intent to ensure a radical change in direction in strategy which includes revamping in top management.

Which retrenchment strategy company should adopt in the given situation? Also state the stages in the action plan for the strategy. [SEPT 25] (05)

Q.4. Start-ups rarely aim for stability strategy. While agreeing with the statement or otherwise, support your point of view by briefly stating as to when the stability strategy is meaningful. State the major reasons for considering stability strategy is

meaningful. State the major reasons for considering stability strategy one of the corporate strategies by a company. [SEPT 25] (05)

Q.5. 'Innovation leads to unnecessary expenses that do not give as many returns.' Do you agree with the statement? Give reasons in support of your answer. [MAY 24] [MTP - 11 MAY 25] (05)

Q.6. Explain the concept of vertically integrated diversification. How is forward integration different from backward integration? [MAY 24] (05)

Q.7. Jynklo Ltd. is an established online children gaming company in Japan. They are performing good in the gaming industry. The management of Jynklo Ltd. has decided to expand its business. They decided to start a premium sports drink named JynX for athletes. Identify and explain the growth strategy adopted by Jynklo Ltd.? [RTP MAY 25]

Q.8. Write a short note on the role of ADL Matrix in assessing the competitive position of a firm. [RTP MAY 25]

Q.9. InnovaTech, a technology company with a range of business units, is assessing its investment opportunities. To allocate resources effectively, InnovaTech uses a matrix that evaluates each business unit based on two key factors: **industry attractiveness** and **business unit strength**. For example, the AI solutions division, positioned in a highly attractive industry with a strong competitive edge, receives a "go ahead" for further investment. In contrast, its legacy software division, operating in a less attractive industry with a weaker position, receives a "be careful" rating, suggesting limited investment. Identify and explain which analytical tool InnovaTech is using for this evaluation. [RTP JAN 25]

Q.10. What do you understand by Strategic Alliance? Discuss its advantages. [RTP JAN 25]

Q.11. Pizza Galleria was India's first pizza delivery chain enjoying monopoly for several years. However, after the entry of Modino and Uncle Jack it is struggling to compete.

Both Modino and Uncle Jack have opened several eateries & priced the product aggressively. In the last four years the chain has suffered significant losses. The chain wishes to know whether they should go for a turnaround strategy. List out components of action plan for turnaround strategy. [RTP SEPT 24]

Q-12. Distinguish between Concentric Diversification and Conglomerate Diversification." [MTP - 11 MAY 24] [RTP SEPT 24] [MTP - 1 MAY 25] (05)

Q-13. XYZ Corporation is a multinational conglomerate operating in various industries. They have a diverse portfolio of businesses, including a leading consumer electronics division, a growing e-commerce platform, a mature industrial machinery division, and a newly established software development unit. Which division of XYZ Corporation would most likely be classified as a "Star" in the BCG Growth-Share Matrix? [RTP MAY 24]

Q-14. Justify the statement "Stability strategy is opposite of Expansion strategy". [RTP MAY 24]

Q-15. ABC Fashion, a prominent brand in the domestic market, is now venturing into the international arena. As part of its global expansion strategy, the company is introducing a variety of products tailored to meet the unique tastes and preferences of customers in different regions. By customizing its offerings for each market, ABC Fashion aims to capture a broader audience and establish a strong international presence. Which expansion strategy from Ansoff's Product-Market Growth Matrix best aligns with ABC Fashion's approach? [MTP - 1 MAY 25] (05)

Q-16. Explain the strategic implications of each of the following types of business in a corporate portfolio: [MTP - 1 JAN 25] (05)

(a) Stars (b) Question Marks (c) Cash Cows (d) Dogs

Q-17. Strategic alliances are formed if they provide an advantage to all the parties in the alliance. Do you agree? Explain in brief the advantages of a strategic alliance.

[MTP - 1 MAY 24] [MTP - 1 JAN 25] (05)

Q.18. Leatherite Ltd. was started as a leather company to manufacture footwear. Currently, they are in the manufacturing of footwears for males and females. The top management desires to expand the business in leather manufacturing goods. To expand they decided to purchase more machines to manufacture leather bags for males and females. Identify and explain the strategy opted by the top management of Leatherite Ltd.

[MTP - 11 JAN 25] (05)

Q.19. TechNova, a leading software development firm known for its cutting-edge operating systems, is developing a groundbreaking new platform. ElectroWave, an emerging player in the electronics and hardware industry, specializes in manufacturing advanced devices. TechNova and ElectroWave have decided to join forces to design innovative laptops and smartphones, aiming to tap into new markets and broaden their business horizons. What kind of external growth strategy is being considered by TechNova and ElectroWave?

[MTP - 1 SEPT 24] (05)

Q.20. Which strategy is implemented by redefining the business, by enlarging its scope of business and substantially increasing investment in the business? Explain the major reasons for adopting this strategy.

[MTP - 1 SEPT 24] (05)

Q.21. FreshDelight, renowned for its organic fruit juices, aims to expand its market presence by identifying emerging markets in countries where organic products are gaining popularity. To achieve this, FreshDelight launches targeted marketing campaigns and partners with local distributors to introduce its juices to these new regions. This strategy involves adapting product packaging and marketing messages to align with local preferences and regulations. By entering these new markets, FreshDelight hopes to increase its customer base and drive sales growth. What strategy is FreshDelight using to expand its market presence?

[MTP - 11 SEPT 24] (05)

Q.22. The CEO of a textile mill is convinced that his loss-making company can be turned around. Suggest an action plan for a turnaround to the CEO.

[MTP - 11 SEPT 24] [MTP - 11 MAY 24] (05)

Q.23. NovaTech Pvt. Ltd. is a well-established educational technology (EdTech) company in the India. The company has been performing well in the online learning industry. The management of NovaTech Pvt. Ltd. has now decided to expand its business by launching a luxury skincare brand named "GlowNova." Identify and explain the growth strategy adopted by NovaTech Pvt. Ltd. [MTP - 11 MAY 25] (05)

Q.24. MaAi is a prominent group of companies. Currently it has businesses named Alpha, Bravo, Charlie and Delta. In year 2020, the company had acquired a business dealing in product 'Nota'. In evaluating the contribution to its portfolio, it was observed that product 'Nota', is not contributing as it was expected rather causing a financial duress. After identifying apparent problem area, in the year 2023, an emphasis was placed on change in management and improvement in internal efficiency. However, on further evaluation in the year 2024, it was observed that even after due emphasis, positive outcome is not there and in-turn the company decided to get rid-of the business related to product 'Nota'. Identify the retrenchment strategies followed by the company for product 'Nota' (i) in the year 2023 (ii) in the year 2024. Also state various reasons to adopt the strategy by any organization, as followed in the year 2024 for product 'Nota'. [MAY 25] (05)

Q.25. Explain in brief the expansion strategy as one of the corporate strategy. Also state the characteristics of expansion strategy. [MAY 25] (05)

ANSWERS

1. The 'Say No to Sugar' product by Organic Beverages can be classified as a **Star** in the BCG Growth-Share Matrix. This classification is due to the product's rapid market growth and the company's strong market share achieved within a short span of five months. Additionally, the product requires heavy investment to maintain its market position and expand further, which aligns with the characteristics of a Star.
Strategies Post-Identification: After identifying the 'Say No to Sugar' product as a Star, the following strategies can be pursued:

1. **Build Strategy:** Increase market share through sustained investments in marketing, distribution, and product development. This ensures the product remains competitive and capitalizes on its growth potential.
2. **Hold Strategy:** Focus on maintaining the current market share and profitability by optimizing resources and sustaining brand reputation.
3. **Harvest Strategy:** This strategy is not suitable for Stars as it prioritizes short-term cash flow over long-term growth, which contradicts the objectives for a Star.
4. **Divest Strategy:** Selling or liquidating the product is unsuitable here, as Stars represent the best opportunities for expansion.

Limitations of BCG Matrix:

1. **Complexity & Cost:** The matrix can be difficult, time-consuming, & costly to implement.
2. **Subjectivity:** Defining SBUs and measuring market share or growth can be challenging and subjective.
3. **Focus on Present:** It emphasizes current business scenarios but provides limited guidance for future strategic planning.
4. **Overemphasis on Growth:** This may lead to unwise investments in high-growth markets or premature divestment of established products.

Thus, while the BCG matrix provides a simplified framework for portfolio analysis, it should be used alongside other strategic tools for balanced decision-making.

2. The Ansoff's Product Market Growth Matrix, developed by Igor Ansoff, is a strategic tool that helps businesses identify growth opportunities by analyzing the interplay between products and markets.

It offers four distinct strategies based on whether the products and markets are existing or new. These strategies are:

1. **Market Penetration:** Focuses on selling existing products in existing markets. This involves increasing market share by enhancing sales through advertising, promotions, competitive pricing, or encouraging higher usage among current customers.
2. **Market Development:** Entails selling existing products in new markets. This could involve exploring new geographical regions, utilizing alternative distribution channels, or creating new market segments.

3. **Product Development:** Involves introducing new or modified products into existing markets. This strategy often requires innovation and developing products that meet current market needs.

4. **Diversification:** Refers to marketing new products in new markets. It is a high-risk strategy as the business ventures into unfamiliar products and markets.

As market dynamics evolve, companies may transition between these strategies to adapt and sustain growth. The matrix provides a structured framework for businesses to align their growth strategies with their capabilities and market conditions.

3. In the given situation, the suitable retrenchment strategy for **Synergy Ltd.** is the **Turnaround Strategy**. This strategy is designed to reverse the company's decline and restore it to profitability, particularly when the company is facing challenges such as declining market share, negative cash flows, and low employee morale.

Stages in the Action Plan for Turnaround Strategy:

- **Stage One - Assessment of Current Problems:** The first step is to assess and diagnose the root causes of the company's decline, such as uncompetitive products, poor cash flow, or internal inefficiencies. This stage involves determining the extent of the damage caused by these problems.
- **Stage Two - Analyze the Situation and Develop a Strategic Plan:** Evaluate the chances of the company's survival and develop a strategic plan that outlines the corrective actions to be taken. This includes identifying appropriate strategies to address internal inefficiencies, improve competitiveness, and enhance employee morale.
- **Stage Three - Implementing an Emergency Action Plan:** If the situation is critical, an immediate action plan must be executed to stabilize the business. This may involve cutting costs, ensuring positive cash flow, raising necessary funds, and addressing short-term operational issues.
- **Stage Four - Restructuring the Business:** Focus on restructuring the company's core business operations, especially if they have been significantly affected. This stage involves efforts to improve efficiency, restructure finances, and position the company for long-term recovery and growth.
- **Stage Five - Returning to Normal:** In the final stage, the company should begin showing signs of profitability and improving financial performance. Strategic efforts such as

introducing new products, improving customer service, and forming alliances should be emphasized to restore market share and build long-term sustainability.

By following these stages, Synergy Ltd. can develop a comprehensive turnaround plan to regain its financial stability, improve operational efficiency, and rebuild its competitive position in the market.

4. **Agree with the given statement.** Start-ups rarely aim for a stability strategy because they are in the early stages of ideation and development, where speed and agility are critical. Stability strategy is more relevant for businesses that have reached maturity, where maintaining current operations and market share becomes a priority. Start-ups, however, focus on rapid growth and market penetration, and stability is usually considered when a business has expanded to full capacity.

A stability strategy is meaningful in the following scenarios:

- When a firm continues serving the same markets with the same products and services.
- Firms whose products are in the maturity stage of the product life cycle or who have a substantial market share may opt for stability to retain their position.
- Stability helps consolidate gains after rapid expansion, optimize returns on committed resources, and enhance functional efficiencies.

Major reasons for choosing a stability strategy include:

- Maturity of products in the life cycle.
- Comfort of staff with fewer changes and risks.
- Stable external environment.
- A need to consolidate after rapid growth or expansion.
- Where it is not advisable to expand as it may be perceived as threatening.

5. The statement "Innovation leads to unnecessary expenses that do not give as many returns" is often debated, but evidence strongly suggests that innovation is crucial for long-term business growth and success. I disagree with the statement for several reasons:

Innovation offers the following for a business to grow long term:

Helps to solve complex problems: A business strives to find opportunities in existing problems of the society, and it does so through planned innovation in areas of

expertise. This guided innovation helps solve complex problems by developing customer centric sustainable solutions.

Increases productivity: Innovation leads to simplification and in most cases automation of existing tasks. Companies are willing to spend millions on increasing their productivity. Innovation, by automating repetitive tasks and simplifying the long chain of processes, adds to productivity of teams and thereby the organization as a whole.

Gives competitive advantage: Being ahead of competition is a need and businesses spend majority of their strategic time building solutions to achieve this advantage. The faster a business innovates, the farther it goes from its competitors reach. Innovative products need less marketing as they aim to provide added satisfaction to consumers, thus, creating a competitive advantage. Innovation not only helps retain its existing customers but helps acquire new ones with ease too.

6. Vertically integrated diversification is a strategic approach in which a company expands its business operations into different stages of the production or distribution process within the same industry. This involves either forward integration or backward integration.

The key difference between forward and backward integration lies in the direction of expansion within the supply chain. Forward integration moves towards the end consumer, while backward integration moves towards the source of raw materials or components.

Forward integration allows companies to have more control over distribution channels, improve customer relationships, and capture a larger share of the value chain. In contrast, backward integration helps companies secure a stable supply of inputs, reduce dependency on suppliers, and potentially lower production costs.

Forward integration is often associated with activities such as retailing, marketing, and after-sales services, while backward integration is associated with activities such as manufacturing, sourcing, and procurement.

Both types of integration offer strategic advantages such as increased market power, cost efficiencies, and greater control over critical business processes. However, the decision to pursue forward or backward integration depends on factors such as industry dynamics, competitive landscape, and the company's core competencies and resources.

7. Currently Jynklo Ltd. is performing in the children's gaming industry. But now its management has decided to expand their business by starting a premium sports drink named JynX for athletes. As there are no links to both products with respect to customer groups, customer functions, or the technologies being used, Jynklo Ltd. have opted Conglomerate diversification.

Jynklo Ltd. diversifies in a business that is not related to their existing line of products and can be termed as conglomerate diversification. In conglomerate diversification, the new businesses/ products are disjointed from the existing businesses/products in every way; it is an unrelated diversification. In process/ technology/ function, there is no connection between the new products and the existing ones. Conglomerate diversification has no common threat at all with the firm's present position.

8. The ADL matrix has derived its name from Arthur D. Little which is a portfolio analysis method based on product life cycle. The approach forms a two-dimensional matrix based on stage of industry maturity and the firm's competitive position, environmental assessment and business strength assessment. The role of ADL matrix is to assess the competitive position of a firm based on an assessment of the following criteria:

- ◆ **Dominant:** This is a comparatively rare position and in many cases is attributable either to a monopoly or a strong and protected technological leadership.
- ◆ **Strong:** By virtue of this position, the firm has a considerable degree of freedom over its choice of strategies and is often able to act without its market position being unduly threatened by its competitors.
- ◆ **Favourable:** This position, which generally comes about when the industry is fragmented and no one competitor stand out clearly, results in the market leaders a reasonable degree of freedom.
- ◆ **Tenable:** Although the firms within this category are able to perform satisfactorily and can justify staying in the industry, they are generally vulnerable in the face of increased competition from stronger and more proactive companies in the market.
- ◆ **Weak:** The performance of firms in this category is generally unsatisfactory although the opportunities for improvement do exist.

9. InnovaTech is using the **GE Matrix**, a strategic tool designed to assess the resource allocation needs of different business units based on two factors: **industry attractiveness** and **business unit strength**. This matrix is a nine-cell grid that helps companies prioritize investments by categorizing units into “grow,” “hold,” or “harvest” zones, depending on their positions within the matrix.
- For InnovaTech, the **AI solutions division**, which operates in a highly attractive industry with a strong competitive position, falls into the “grow” category, meriting further investment. Meanwhile, the **legacy software division** operates in a less attractive industry with weaker positioning, likely placing it in the “harvest” or “hold” category, where investments are minimized.
- The **GE Matrix** enables companies like InnovaTech to systematically evaluate each business unit’s potential, optimize resource allocation, and focus on divisions that align with long-term growth and profitability goals.
10. A strategic alliance is a relationship between two or more businesses that enables each to achieve certain strategic objectives which neither would be able to achieve on its own. The strategic partners maintain their status as independent and separate entities, share the benefits and control over the partnership, and continue to make contributions to the alliance until it is terminated. The advantages of strategic alliance can be broadly categorised as follows:
- (a) **Organizational:** Strategic alliance helps to learn necessary skills and obtain certain capabilities from strategic partners. Strategic partners may also help to enhance productive capacity, provide a distribution system, or extend supply chain.
 - (b) **Economic:** There can be reduction in costs and risks by distributing them across the members of the alliance. Greater economies of scale can be obtained in an alliance, as production volume can increase, causing the cost per unit to decline. The partners can also take advantage of co-specialization, creating additional value.
 - (c) **Strategic:** Rivals can join together to cooperate instead of competing. Strategic alliances may also be useful to create a competitive advantage by the pooling of resources and skills. This may also help with future business opportunities and the development of new products and technologies. Strategic alliances may also be used to get access to new technologies or to pursue joint research and development.

(d) **Political:** Sometimes strategic alliances are formed with a local foreign business to gain entry into a foreign market either because of local prejudices or legal barriers to entry.

11. Pizza Chain may choose to have turnaround strategy if there are:

- ◆ Persistent negative cash flow from business.
- ◆ Uncompetitive products or services.
- ◆ Declining market share.
- ◆ Deterioration in physical facilities.
- ◆ Over-staffing, high turnover of employees, and low morale.
- ◆ Mismanagement.

For turnaround strategies to be successful, it is imperative to focus on the short and long-term financing needs as well as on strategic issues. The chain may attempt to leverage the potential Indian market by engaging a new logistics partner. It may bring innovation in food items, as well as quality and improvements in the overall dine-in and delivery experience. During the turnaround, the "product mix" may be changed, requiring the organization to do some repositioning.

A workable action plan for turnaround would involve:

Stage One-Assessment of current problems: The first step is to assess the current problems and get to the root causes and the extent of damage the problem has caused.

Stage Two - Analyze the situation and develop a strategic plan: Before making and major changes; determine the chances of the business's survival. Identify appropriate strategies and develop a preliminary action plan.

Stage Three - Implementing an emergency action plan: If the organization is in a critical stage, an appropriate action plan must be developed to stop the bleeding and enable the organization to survive. A positive operating cash flow must be established as quickly as possible and enough funds to implement the turnaround strategies must be raised.

Stage Four - Restructuring the business: The financial state of the organization's core business is particularly important. If the core business is irreparably damaged, then the outlook for the entire organization may be bleak. Efforts to be made to position the organization for rapid improvement.

Stage Five - Returning to normal: In the final stage of turnaround strategy process, the organization should begin to show signs of profitability, return on investments and

enhancing economic value-added. Emphasis is placed on a number of strategic efforts such as carefully adding new products and improving customer service, creating alliances with other organizations, increasing the market share, etc.

12. The following are the principal points of distinction between concentric diversification and conglomerate diversification:

- (i) Concentric diversification occurs when a firm adds related products or markets. On the other hand, conglomerate diversification occurs when a firm diversifies into areas that are unrelated to its current line of business.
- (ii) In concentric diversification, the new business is linked to the existing businesses through process, technology or marketing. In conglomerate diversification, no such linkages exist; the new business/product is disjointed from the existing businesses/products.
- (iii) The most common reasons for pursuing concentric diversification are that opportunities in a firm's existing line of business are available. However, common reasons for pursuing a conglomerate growth strategy are that opportunities in a firm's current line of business are limited or opportunities outside are highly lucrative.

13. In the BCG Growth-Share Matrix, divisions or business units are classified into four categories: Stars, Cash Cows, Question Marks, and Dogs. These classifications are based on a combination of market share and market growth rate.

A "Star" in the BCG Matrix represents a business unit with a high market share in a high-growth market. In the scenario, the newly established software development unit would be classified as a "Star." The software development unit is described as "newly established," suggesting that it is operating in a high-growth market. Additionally, the potential for high market share can be inferred if the unit is strategically positioned to become a leader in the software development industry.

Stars typically require significant investment to fuel their growth, but they have the potential to become future Cash Cows as the market matures. Therefore, the software development unit's high growth potential and the opportunity to capture a substantial market share align with the characteristics of a BCG Matrix "Star."

14. Stability Strategies, as the name suggests, are intended to safeguard the existing interests and strengths of business. It involves organisations pursuing established and tested objectives, continue on the chosen path, maintaining operational efficiency and so on. A stability strategy is pursued when a firm continues to serve in the same or similar markets and deals in the same products and services. In stability strategy, few functional changes are made in the products or markets, however, it is not a 'do nothing' strategy. This strategy is typical for mature business organizations. Some small organizations also frequently use stability as a strategic focus to maintain comfortable market or profit position.

On the other hand, expansion strategy is an aggressive strategy as it involves redefining the business by adding the scope of business substantially, increasing the efforts of the current business. In this sense, it becomes the opposite to stability strategy. Expansion is a promising and popular strategy that tends to be equated with dynamism, vigor, promise and success. Expansion also includes diversifying, acquiring and merging businesses. This strategy may take the enterprise along relatively unknown and risky paths, full of promises and pitfalls.

15. ABC Fashion's expansion into international markets, offering different products tailored to the unique preferences of various customer segments, aligns with the diversification strategy in Ansoff's Product-Market Growth Matrix. This strategy involves introducing new products to new markets, which represents the highest level of risk and reward in the matrix.

By entering international markets, ABC Fashion is stepping into unfamiliar territories where it must navigate different cultural preferences, market dynamics, and consumer behaviours. The decision to offer a variety of products that cater to the specific needs and tastes of each region demonstrates the company's commitment to localizing its offerings, which is a hallmark of diversification.

This strategy is particularly beneficial for companies like ABC Fashion that seek to maximize their growth potential by not only expanding their geographical footprint but also by innovating and adapting their product lines. It allows the company to tap into new revenue streams and diversify its business risk by not relying solely on its domestic market. However, it also requires significant market research, investment, and adaptation to different regulatory environments.

In summary, ABC Fashion's approach reflects a strategic diversification, enabling the brand to establish a strong international presence while meeting the diverse needs of global customers.

16. In the BCG growth-share matrix portfolio of investments are represented in two-dimensional space. The vertical axis represents market growth rate, and the horizontal axis represents relative market share. The strategic implications for various business types under BCG in the corporate portfolio are:

Stars are products or businesses that are growing rapidly and are the best opportunity for expansion. Stars may follow the Build strategy. They need heavy investments to maintain their position and finance their rapid growth potential.

Cash Cows are low-growth, high market share businesses or products.

They generate cash and have low costs. They are established, successful, and need less investment to maintain their market share. A strategic alternative advocated for cash cows is Harvest. Question Marks are low market share businesses in high-growth markets. A strategic option for them is Hold for which they need heavy investments.

Question marks if left unattended are capable of becoming cash traps.

Dogs are low-growth, low-share businesses and products. The relevant strategy is Divest. Dogs may generate enough cash to maintain themselves, but do not have much future. Dogs should be minimized by means of divestment or liquidation.

17. Strategic alliances are formed if they provide an advantage to all the parties in the alliance. These advantages can be broadly categorised as follows:

(i) **Organizational:** Strategic alliances may be formed to learn necessary skills and obtain certain capabilities from the strategic partner. Strategic partners may also help to enhance productive capacity, provide a distribution system, or extend supply chain. A strategic partner may provide a good or service that complements each other, thereby creating a synergy. If one partner is relatively new or untried in a certain industry, having a strategic partner who is well-known and respected will help add legitimacy and creditability to the venture.

(ii) **Economic:** Alliances can reduce costs and risks by distributing them across the members of the alliance. Partners can obtain greater economies of scale in an alliance, as

production volume increases, causing the cost per unit to decline. Finally, partners can take advantage of co-specialization, where specializations are bundled together, creating additional value.

(iii) **Strategic:** Organizations may join to cooperate instead of competing. Alliances may also create vertical integration where partners are part of the supply chain. Strategic alliances may also be useful to create a competitive advantage by the pooling of resources and skills. This may also help with future business opportunities and the development of new products and technologies. Strategic alliances may also be used to get access to new technologies or to pursue joint research and development.

(iv) **Political:** Sometimes there is need to form a strategic alliance with a local foreign business to gain entry into a foreign market either because of local prejudices or legal barriers to entry. Forming strategic alliances with politically influential partners may also help improve overall influence and position.

18. Leatherite Ltd. is currently manufacturing footwears for males and females and its top management has decided to expand its business by manufacturing leather bags for males and females. Both the products are similar in nature within the same industry. The strategic diversification that the top management of Leatherite Ltd. has opted for is concentric in nature. They were in business manufacturing leather footwear and now they will manufacture leather bags as well. They will be able to use existing infrastructure and distribution channels. Concentric diversification amounts to related diversification.

In concentric diversification, the new business is linked to the existing businesses through process, technology or marketing. The new product is a spin-off from the existing facilities and products/processes. This means that in concentric diversification too, there are benefits of synergy with the current operations.

19. The collaboration between TechNova, a software development firm, and ElectroWave, an electronics and hardware manufacturing company, represents a co-generic merger. This type of external growth strategy involves the merger of companies from related but non-competing industries, allowing them to leverage complementary strengths and diversify their product offerings.

TechNova specializes in creating cutting-edge software, while ElectroWave focuses on manufacturing advanced electronic devices. By joining forces, they can combine their expertise to design innovative laptops and smartphones, creating products that neither company could have developed as effectively on their own. This strategic partnership allows them to enter new markets, enhance their competitive advantage, and explore synergies between software and hardware. The co-generic merger provides significant opportunities for both companies to capitalize on shared technologies, streamline their operations, and expand their customer base. It is a strategic move that enables them to diversify while maintaining a strong focus on their core competencies, ultimately helping them to grow and compete more effectively in the global market.

20. The strategy in question is the growth/expansion strategy.

The Growth/Expansion strategy involves redefining the business, expanding its scope, and significantly increasing investments. This dynamic and vigorous approach is synonymous with promise and success. It entails a substantial reformulation of goals, major initiatives, and strategic moves, including investments, exploration into new products, technologies, and markets, and innovative decision-making.

While promising growth, this strategy navigates the enterprise through relatively unknown and risky paths, rich with potential but also pitfalls.

Major Reasons for Adopting Growth/Expansion Strategy:

- It may become imperative when environment demands increase in pace of activity.
- Strategists may feel more satisfied with the prospects of growth from expansion; chief executives may take pride in presiding over organizations perceived to be growth-oriented.
- Expansion may lead to greater control over the market vis-à-vis competitors.
- Advantages from the experience curve and scale of operations may accrue.
- Expansion also includes intensifying, diversifying, acquiring and merging businesses.

21. FreshDelight is employing a market development strategy to expand its market presence. This approach involves introducing their existing organic fruit juices to new markets, specifically targeting countries where the demand for organic products is on the rise. To achieve this, FreshDelight is launching targeted marketing campaigns and

partnering with local distributors to effectively introduce their products to these new regions. Additionally, they are adapting their product packaging and marketing messages to align with local preferences and regulations, ensuring their offerings resonate with the new customer base. By entering these emerging markets, FreshDelight aims to increase its customer base and drive sales growth, leveraging the growing popularity of organic products.

22. A workable action plan for turnaround of the textile mill would involve:

- Stage One - Assessment of current problems: In the first step, assess the current problems and get to the root causes and the extent of damage.
- Stage Two - Analyze the situation and develop a strategic plan: Identify major problems and opportunities, develop a strategic plan with specific goals and detailed functional actions after analyzing strengths and weaknesses in the areas of competitive position.
- Stage Three - Implementing an emergency action plan: If the organization is in a critical stage, an appropriate action plan must be developed to stop the bleeding and enable the organization to survive.
- Stage Four - Restructuring the business: If the core business is irreparably damaged, then the outlook for the entire organization may be bleak. Efforts to be made to position the organization for rapid improvement.
- Stage Five - Returning to normal: In the final stage of turnaround strategy process, the organization should begin to show signs of profitability, return on investments and enhancing economic value-added.

23. Currently, NovaTech Pvt. Ltd. operates in the educational technology industry, offering digital learning solutions. However, its management has decided to expand into an entirely different sector by launching GlowNova, a luxury skincare brand. Since there is no connection between their existing EdTech business and the new skincare venture in terms of customer groups, customer needs, or technologies used, NovaTech Pvt. Ltd. has opted for conglomerate diversification.

In conglomerate diversification, a company expands into a completely unrelated industry where its new products or services have no direct link to its existing business. There is no overlap in technology, market, or product functions.

This type of diversification helps companies spread risk, enter new markets, and explore new revenue streams.

NovaTech Pvt. Ltd.'s decision to launch a skincare brand while operating in the EdTech sector demonstrates a strategic move toward unrelated diversification, allowing the company to tap into an entirely different consumer market.

5. STRATEGY IMPLEMENTATION AND EVALUATION

Q-1. ABC group of companies has five projects at different geographical locations. Each project is managed by a dedicated project manager. A Chief Executive Officer (CEO) is supported by a team of subject matter experts (SMEs) in each function at corporate level of the company. As an accepted practice, the authority and communication flow vertically and horizontally in the company. There are five common functions i.e. finance, human resource, operations, marketing and information technology facilitating each project. Each functional manager is having administrative relationship with respective project manager and functional relationship with related SME with a clear mutual understanding of his or her roles and responsibilities.

Identify and explain the organizational structure best suited in the above scenario.
State the advantages and disadvantages of the above structure. [JAN 25] (05)

Q-2. What do you mean by strategic performance measures? State the reasons for the importance of strategic performance measures for an organisation. [JAN 25] (05)

Q-3. M/s. MTS Ltd. is one of the mobile telephone service providers in India. It has its own mobile network, towers and distribution channels. It operates through its team of network operation, technicians, marketing, sales and after sales services. Currently all the team members are on its roll.

Company knows that market is densely competitive. The environment is quite unstable and likely to remain so. Customer's taste and preferences are changing very fast. There is a strong need for innovation and quick response. While eliminating in-house business functions, company is considering outsourcing major activities and focusing on its core competencies.

In the given situation identify the organizational structure suitable for the company. Also outline the merits and demerits in going for the identified structure.

[SEPT 24] (05)

Q-4. Strategic performance measures are key indicators that organizations use to track the effectiveness of their strategies and make informed decisions about resource allocation.

In light of the statement, state various types of Strategic performance measures.

[SEPT 24] (05)

Q.5. Explain the pointers for navigating change during digital transformation.

[SEPT 24] [MTP - I MAY 25] (05)

Q.6. BOYA Ltd. is a venture in the market present for a decade. Till, 2023, it was working on the values and vision of its founder while operating in limited area of operations. Growth opportunities exist for BOYA Ltd. Considering the changing environment, company is interested to leverage new skills in marketing, technology, product development and financial management. As a known fact, modifying one aspect might have a ripple effect on other elements. The company wants to understand various hard and soft elements interrelated with each other in the company and having a bearing on effective operational results.

As a strategist, you intend to prepare a questionnaire based on both types of elements by analyzing the organizational design. The response to the same will help in finding an answer to ensure effectiveness through the Interaction of such elements.

Briefly discuss the strategic model you will use in the given situation. State the limitations of the model as well.

[MAY 24] (05)

Q.7. Explain how organizations can effectively manage strategic uncertainties in a rapidly changing business environment.

[MAY 24] (05)

Q.8. EcoPure Ltd., a sustainable packaging manufacturer, faces challenges in goal alignment, resource allocation, and customer satisfaction. As a strategic consultant, analyze how strategic performance measures can address these issues. Propose a structured approach to implementation and explain how goal alignment, continuous improvement, and external accountability will drive long-term success and enhance stakeholder confidence.

[RTP MAY 25] (05)

Q.9. Distinguish between Strategic Planning and Operational Planning.

[RTP MAY 25] [MTP - II JAN 25] (05)

Q-10. EcoTec, a company specializing in sustainable technology solutions, is facing challenges due to shifts in environmental regulations and market preferences. To manage these uncertainties, they regularly review and update their business assumptions and strategic plans based on changing regulatory environments and consumer trends. This proactive approach helps them stay aligned with evolving market conditions and maintain a competitive edge. Explain which approach is EcoTech to adapt to changes in regulations and market conditions? [RTP JAN 25] (05)

Q-11. GloWare Ltd., an apparel manufacturer, has been in the market for over a decade. Until 2023, it operated on the founding principles of its CEO, focusing on a limited regional market. With new growth opportunities arising, GloWare is now interested in developing new competencies in areas such as digital marketing, product innovation, sustainable materials, and financial management. Recognizing that changing one area may impact others, the company wants a comprehensive understanding of the interconnected elements that contribute to its operational effectiveness. As a strategist, you are tasked with creating a questionnaire to analyze both the "hard" and "soft" elements of the organization. This assessment will enable GloWare to understand the factors that influence its effectiveness and to strategically align its structure, skills, and culture with its growth ambitions. [RTP JAN 25] (05)

Q-12. A Mumbai-based conglomerate, PQR Ltd., has announced a major restructuring of its business operations. The company has decided to split its business into four separate units: Manufacturing, Retail, Services, & Technology. Each unit will operate as a separate business, with delegated responsibility for day-to-day operations and strategy to the respective unit managers. Identify the organization structure that PQR Ltd. has planned to implement. Discuss any four attributes and the benefits the firm may derive by using this organization structure.

[RTP SEPT 24] [MTP - 1 MAY 24] [MTP - 1 MAY 25] (05)

Q-13. Why Strategic Performance Measures are essential for organizations?

[MTP - 11 MAY 24] [RTP SEPT 24] (05)

Q-14. York Investors, recognizing the importance of aligning its organizational elements with strategic objectives, has strategically invested in training programs, technology, and communication systems. The company aims to enhance the skills and capabilities of its workforce through comprehensive training initiatives. Simultaneously, York Investors leverages cutting-edge technology to streamline its operations and improve overall efficiency. The investment in communication systems ensures seamless collaboration and information flow across various departments. Identify and explain the model used by York Investors to achieve its strategic objectives. [RTP MAY 24]

Q-15. Why is change management crucial during digital transformation, and what are some key strategies for navigating change effectively? [RTP MAY 24]

Q-16. Jupiter Electronics Ltd. is known for its ability to come out with path-breaking products. Though the work environment at Jupiters is relaxed and casual, there is a very strong commitment to deadlines. The employees believe in a "work hard play hard" ethic. The organisation has moved away from formal and hierarchical set up to a more results-driven approach. Employees are committed to strategies and work towards achieving them. They guard innovations, maintain confidentiality and secrecy in their work. They are closely related to values, practices, and norms of organisations. What aspects of an organization are being discussed? Explain.

[MTP - 1 JAN 25] (05)

Q-17. How the 'Strategic Business Unit' (SBU), structure becomes imperative in an organization with increase in number, size and diversity of divisions?

[MTP - 1 JAN 25] (05)

Q-18. GreenEdge Solutions, a mid-sized technology company, has implemented a new strategic plan focused on achieving sustainable growth and strengthening its market presence. The leadership team is determined to monitor the effectiveness of their strategies to ensure they align with the organization's overall goals and objectives. They seek a systematic approach to assess key performance areas critical to their success.

What are Strategic Performance Measures (SPM), and how can GreenEdge Solutions effectively use them to evaluate and enhance the success of their strategic plan?

[MTP - 11 JAN 25] (05)

Q.19. Connect Group was one of the leading makers of the mobile handsets till a few years ago and which went at the bottom of the heap. Connect Group didn't adapt to the current market trends, which eventually led to its downfall. Which would have helped Connect Group to change, adapt and survive? Explain the steps to initiate the change.

[MTP - 11 JAN 25] (05)

Q.20. Orion Tech Solutions Pvt. Ltd. is renowned for its ability to launch groundbreaking software products. Despite the relaxed and casual work environment at Orion, there is a strong commitment to meeting deadlines. Employees at Orion believe in the "work hard, play hard" ethic. The company has shifted from a formal, hierarchical structure to a more results-oriented approach. Employees are deeply committed to the company's strategies and work diligently to achieve them. They safeguard innovations and maintain strict confidentiality and secrecy in their operations. Their work culture is closely aligned with the organization's values, practices, and norms. What aspects of an organization are being discussed? Explain.

[MTP - 1 SEPT 24] (05)

Q.21. Describe the principal aspects of strategy-execution process, which are included in most situations.

[MTP - 1 SEPT 24] (05)

Q.22. Write a short note on Matrix Structure.

[MTP - 11 SEPT 24] (05)

Q.23. What factors should organizations consider when choosing strategic performance measures, and why are these factors important?

[MTP - 11 SEPT 24] (05)

Q.24. Explain the concept of forward and backward linkages between strategy formulation and implementation in strategic management, using relevant examples. How do these linkages impact the overall strategic decision-making process of an organization?

[MTP - 1 MAY 24] (05)

Q.25. Define Strategic Performance Measures (SPM). Explain various types of strategic performance measures. [MTP - I MAY 24] (05)

Q.26. Imagine you are a consultant advising a small manufacturing company embarking on a digital transformation journey. The company's leadership is concerned about managing the change effectively. Using the best practices for managing change in small and medium-sized businesses, outline a strategy to help the company navigate this transformation successfully. [MTP - II MAY 24] (05)

Q.27. Nexora Innovations, a mid-sized IT services firm, decided to implement a cloud-based project management system to enhance collaboration and streamline operations. However, many employees resisted the shift, fearing job redundancies and struggling to adapt to the new system. Despite initial communication, productivity dipped, and frustration grew among staff. What key change management strategies should Nexora Innovations adopt to ensure a smooth digital transformation and minimize disruption? [MTP - II MAY 25] (05)

Q.28. Differentiate between Strategy Formulation and Strategy Implementation. [MTP - II MAY 25] (05)

Q.29. In addition to new market opportunities and change in customer preferences, as a known fact, technology is also changing very fast. In view of the same, 'Twaran', having a small and mid-sized business wants to use latest digital technologies for improved procedures and products. The primary aim of the firm is to have a competitive edge in the evolving business landscape by digital transformation. The entity would like to deal with regular changes firmly, along with transforming its management techniques. Identify the strategy required for digital transformation. Also state the most preferred practices to be followed by the entity. [MAY 25] (05)

Q.30. "A manager as a strategic leader has to play many leadership roles", while explaining the statement in brief, delineate the leadership roles which a manager has to play in pushing for a good strategy execution. [MAY 25] (05)

ANSWERS

1. The organizational structure best suited for the ABC group of companies is the Matrix Structure.

The Matrix Structure integrates functional and project-based frameworks, enabling vertical communication between functional managers and teams, and horizontal communication with project managers.

Functional managers oversee domains and report to SMEs, while project managers handle project execution. This structure ensures resource sharing, role clarity, collaboration, and alignment with organizational objectives.

Advantages of the Matrix Structure:

1. **Resource Optimization:** Efficient utilization of resources across multiple projects.
2. **Flexibility:** Shutting down a project is accomplished relatively easily because it quickly adapts to changes in project needs or external environments.
3. **Enhanced Communication:** Encourages collaboration and knowledge sharing across projects and functions through many channels of communication.
4. **Clear Goals:** Project objectives are clear. Project managers focus on achieving specific project objectives.

Disadvantages of the Matrix Structure:

1. **Complexity:** Dual reporting relationships can lead to confusion and conflict between project and functional managers.
2. **High Coordination Costs:** It results in higher overhead cost and requires significant planning and communication efforts.
3. **Power Struggles:** Potential for conflicts over resource allocation and priorities.

2. Strategic Performance Measures (SPM) are metrics used by organizations to evaluate and track the effectiveness of their strategies in achieving strategic goals and objectives. SPM provides a framework for measuring the performance of key areas critical to the success of the organization's strategy. These measures help in assessing whether the organization is progressing towards its desired outcomes and allow for adjustments to be made to improve performance. Strategic performance measures are essential for organizations for several reasons:

- ◆ **Goal Alignment:** Strategic performance measures help organizations align their strategies with their goals and objectives, ensuring that they are on track to achieve their desired outcomes.
 - ◆ **Resource Allocation:** Strategic performance measures provide organizations with the information they need to make informed decisions about resource allocation, enabling them to prioritize their efforts and allocate resources to the areas that will have the greatest impact on their performance.
 - ◆ **Continuous Improvement:** Strategic performance measures provide organizations with a framework for continuous improvement, enabling them to track their progress and make adjustments to improve their performance over time.
 - ◆ **External Accountability:** Strategic performance measures help organizations demonstrate accountability to stakeholders, including shareholders, customers, and regulatory bodies, by providing a clear and transparent picture of their performance.
- In summary, strategic performance measures play a vital role in guiding organizations toward success by ensuring alignment with strategic goals, optimizing resource use, fostering continuous improvement, and maintaining accountability to stakeholders.

3. The suitable organizational structure for MTS Ltd is the **Network Organizational Structure**. A company with such a structure is often called a **Virtual Organization**.

Merits of the Network Structure:

1. **Flexibility and Adaptability:** The structure allows for rapid technological changes and shifting competition patterns. This enables the company to adapt quickly to the unstable environment and changing customer preferences.
2. **Focus on Core Competencies:** The Company can concentrate on its distinctive competencies while outsourcing non-core functions to specialized firms, which can perform them more efficiently.
3. **Cost Efficiency:** Through subcontracting and outsourcing, MTS Ltd can reduce the costs associated with maintaining in-house teams.
4. **Decentralized Operations:** The network structure scatters business functions across various geographical locations, reducing the need for a large central headquarters and ensuring responsiveness in different regions.

Demerits of the Network Structure:

1. **Loss of Synergies:** Contracting out functions may prevent MTS Ltd from discovering synergies that could emerge from combining internal activities.
2. **Over-Specialization Risk:** By focusing on only a few functions, the company may risk choosing the wrong functions, leading to a loss of competitiveness.
3. **Stress and Learning Challenges:** The flatter structure and increased need for personal interactions may create stress for employees, especially those who lack the confidence for active participation in organization-sponsored learning programs.

4. Strategic performance measures are key indicators used by organizations to track the effectiveness of their strategies and make informed decisions about resource allocation. These measures provide a snapshot of performance, enabling leaders to assess whether their strategies align with organizational goals and make necessary adjustments for improvement.

Types of strategic performance measures include:

1. **Financial Measures:** These include revenue growth, return on investment (ROI), and profit margins, which help in understanding the financial performance and profitability of the organization.
2. **Customer Satisfaction Measures:** Metrics like customer satisfaction, retention, and loyalty give insights into how well the organization meets customer needs and the quality of its products and services.
3. **Market Measures:** Market share, customer acquisition, and referrals indicate the organization's competitiveness and ability to attract and retain customers in the marketplace.
4. **Employee Measures:** Employee satisfaction, turnover rate, and engagement provide insights into the organization's ability to create a positive work environment and retain talent.
5. **Innovation Measures:** These include R&D spending, patent applications, and new product launches, reflecting the organization's capacity to innovate and meet evolving customer demands.
6. **Environmental Measures:** Environmental measures such as energy consumption, waste reduction, and carbon emissions offer insights into the organization's impact on the

environment. These measures help track sustainability efforts and ensure that the organization is operating in an eco-friendly and socially responsible manner.

These measures help organizations ensure their strategies are effectively executed, aligned with their objectives, and adaptable to changes in both market and environmental contexts.

5. Any organisation may find the work of digital transformation challenging and overwhelming. To ensure that a digital transition is effective, change management is essential. Here are some pointers for navigating change during the digital transformation:

1. **Specify the digital transformation's aims and objectives:** What is the intended outcome? What are the precise objectives that must be accomplished? It will be easier to make sure that everyone is on the same page and pursuing the same aims if everyone has a clear grasp of the goals.

2. **Always, always, always communicate:** It might be challenging for people to accept change and adjust to it. Ensure that you routinely and honestly discuss the objectives of the digital transformation and how they will affect stakeholders, including employees, clients, and other parties.

3. **Be ready for resistance:** Even when a change is for the better, it can be challenging for people to embrace it. Have a strategy in place for dealing with any resistance that may arise.

4. **Implement changes gradually:** Changes should ideally be implemented gradually rather than all at once. In order to avoid overwhelming individuals with too much change at once, this will give people time to become used to the new way of doing things.

5. **Offer assistance and training:** Workers will need guidance in the new procedures, software applications, etc.

In conclusion, effective completion of the massive project known as digital transformation depends on meticulous planning and change management. Digital transformation efforts are more likely to fail without change management.

Organizations can successfully integrate a new digital system by planning for and managing the changes that must take place. Any project involving digital transformation must include it.

6. In addressing the strategic needs of BOYA Ltd., the McKinsey 7S Model is an effective tool to consider. This model focuses on the interaction of hard and soft elements within an organization, suggesting that modifying one aspect might have a ripple effect on the other elements to maintain an effective balance. The McKinsey 7S Model helps analyze the company's organizational design to achieve effectiveness through these interactions. The model categorizes the elements into 'hard' and 'soft' components:
- The Hard elements are directly controlled by the management.**
- The following elements are the hard elements in an organization.
- ◆ **Strategy:** the direction of the organization, a blueprint to build on a core competency and achieve competitive advantage to drive margins and lead the industry.
 - ◆ **Structure:** depending on the availability of resources and the degree of centralization or decentralization that the management desires, it chooses from the available alternatives of organizational structures.
 - ◆ **Systems:** the development of daily tasks, operations and teams to execute the goals and objectives in the most efficient and effective manner.
- The Soft elements are difficult to define as they are more governed by culture. But these soft elements are equally important in determining an organization's success as well as growth in the industry. The following are the soft elements in this model.**
- ◆ **Shared Values:** The core values which get reflected within the organization culture or influence the code of ethics of the management.
 - ◆ **Style:** This depicts the leadership style & how it influences the strategic decisions of the organisation. It also revolves around people motivation and organizational delivery of goals.
 - ◆ **Staff:** The talent pool of the organisation.
 - ◆ **Skills:** The core competencies or the key skills of the employees play a vital role in defining the organizational success.
- While the McKinsey 7S Model provides a structured approach to analysing organizational effectiveness, it has certain limitations;
- ◆ It ignores the importance of the external environment and depicts only the most crucial elements within the organization.
 - ◆ The model does not clearly explain the concept of organizational effectiveness or performance.
 - ◆ The model is considered to be more static and less flexible for decision making.

◆ It is generally criticized for missing out the real gaps in conceptualization and execution of strategy.

By applying the McKinsey 7S Model, BOYA Ltd. can gain a comprehensive understanding of how different elements within the organisation interact and influence overall performance. The insights gathered from the questionnaire can guide strategic decisions to enhance growth and operational effectiveness.

7. In managing strategic uncertainties in a rapidly changing business environment, organizations need to adopt proactive strategies to navigate unpredictability effectively. Here are several key approaches:

Flexibility: Organizations should build flexibility into their strategies to enable quick adaptation to change in the environment.

Diversification: Diversifying the organization's product portfolio, markets, and customer base can help reduce the impact of strategic uncertainty.

Monitoring and Scenario Planning: Regularly monitoring key indicators of change and conducting scenario planning exercises can help organizations anticipate and prepare for different future scenarios.

Building Resilience: Investing in building internal resilience is essential for weathering uncertainty. This includes strengthening operational processes, increasing financial flexibility, and improving risk management capabilities.

Collaboration and Partnerships: Collaborating with other organizations, suppliers, customers, and partners can provide access to additional resources, expertise, and market opportunities. Strategic partnerships enable organizations to pool resources, share risk, and leverage each other's strengths to navigate uncertainty more effectively.

8. Strategic performance measures are critical for EcoPure Ltd. as they provide a structured approach to addressing the company's challenges. By implementing these measures, EcoPure Ltd. can enhance efficiency, optimize resources, and improve stakeholder confidence.

• Goal Alignment ensures that all departments work towards EcoPure Ltd.'s sustainability and customer satisfaction objectives. By setting clear goals, the company can ensure consistency in decision-making and strategic execution.

- Resource Allocation helps the company make informed investment decisions, prioritizing areas like production efficiency, innovation, and supply chain improvements. This enables EcoPure Ltd. to optimize resources while maintaining high-quality standards.
 - Continuous Improvement allows the company to track key performance indicators such as delivery timelines, product quality, and operational efficiency. Regular analysis and refinements in processes will help the company enhance performance over time.
 - External Accountability builds trust with stakeholders, including investors, customers, and regulatory bodies. By maintaining transparency in reporting and demonstrating commitment to sustainability, EcoPure Ltd. can strengthen its market reputation.
- By leveraging strategic performance measures in these areas, EcoPure Ltd. can overcome its challenges, enhance customer satisfaction, and drive long-term success.

9.

Strategic planning	Operational planning
Strategic planning shapes the organisation and its resources.	Strategic planning shapes the organisation and its resources.
Strategic planning assesses the impact of environmental variables.	Operational planning develops tactics rather than strategy.
Strategic planning takes a holistic view of the organisation.	Operational planning projects current operations into the future.
Strategic planning develops overall objectives and strategies.	Operational planning makes modifications to the business functions but not fundamental changes.
Strategic planning is concerned with the long-term success of the organisation.	Operational planning is concerned with the short-term success of the organisation.
Strategic planning is a senior management responsibility.	Operational planning is the responsibility of functional managers.

10. EcoTech is using **Premise Control** to adapt to changes in regulations and market conditions. Premise Control is a strategic management approach focused on continuously monitoring and reviewing the underlying assumptions that form the basis of an organization's strategy. By regularly assessing these assumptions—such as environmental regulations and consumer preferences, EcoTech ensures that its strategic

plans remain relevant and responsive to external changes. This proactive process helps the company make timely adjustments to its strategies, allowing it to stay competitive and aligned with the evolving market environment.

11. In addressing the strategic needs of **GloWare Ltd.**, the **McKinsey 7-S Model** serves as a valuable tool. This model examines how various "hard" and "soft" elements within the organization interact, with the understanding that modifying one aspect can create a ripple effect on other elements, helping to maintain a balanced and effective organizational structure. By analyzing these elements, **GloWare** can gain insights into its organizational design and make strategic adjustments to improve performance.

The McKinsey 7-S Model categorizes elements into **hard** and **soft** components:

Hard Elements (directly managed by the company):

1. **Strategy:** The organization's direction and competitive approach, designed to leverage core competencies and achieve industry leadership.
2. **Structure:** The chosen organizational setup, shaped by resource availability and the degree of centralization or decentralization desired by management.
3. **Systems:** The daily operations, processes, and teams that execute objectives in an efficient and effective manner.

Soft Elements (influenced by organizational culture and more challenging to define):

1. **Shared Values:** Core beliefs that shape the culture and ethical code within the organization.
2. **Style:** Leadership style and its impact on decision-making, employee motivation, and goal delivery.
3. **Staff:** The talent pool and workforce capabilities.
4. **Skills:** The key competencies of employees that contribute to organizational success.

While the McKinsey 7-S Model provides a structured approach to analyzing organizational effectiveness, it has certain limitations:

1. **Limited Focus on External Environment:** The model focuses only on internal elements, potentially overlooking external factors impacting the organization.
2. **Undefined Organizational Effectiveness:** It does not clearly explain how to measure or achieve organizational effectiveness.
3. **Static Nature:** The model is considered more static and may lack flexibility in dynamic decision-making situations.

4. *Potential Gaps in Strategy Execution: It may not fully capture gaps between strategy development and execution.*

By applying the McKinsey 7-S Model, GloWare Ltd. can gain a comprehensive understanding of the interconnected elements within its organization and how they impact overall performance. Insights gathered from a questionnaire based on this model can inform strategic decisions, allowing GloWare to enhance growth, operational efficiency, and competitiveness in a changing market.

12. *PQR Ltd. has planned to implement the Strategic Business Unit (SBU) structure. Very large organisations, particularly those running into several products, or operating at distant geographical locations that are extremely diverse in terms of environmental factors, can be better managed by creating strategic business units. SBU structure becomes imperative in an organisation with increase in number, size and diversity.*

The attributes of an SBU and the benefits a firm may derive by using the SBU Structure are as follows:

- ◆ *A scientific method of grouping the businesses of a multi-business corporation which helps the firm in strategic planning.*
- ◆ *An improvement over the territorial grouping of businesses and strategic planning based on territorial units.*
- ◆ *Strategic planning for SBU is distinct from rest of businesses. Products/businesses within an SBU receive same strategic planning treatment and priorities.*
- ◆ *Each SBU will have its own distinct set of competitors and its own distinct strategy.*
- ◆ *The CEO of SBU will be responsible for strategic for SBU and its profit performance.*
- ◆ *Products/businesses that are related from the standpoint of function are assembled together as a distinct SBU.*
- ◆ *Unrelated products/businesses in any group are separated into separate SBUs.*
- ◆ *Grouping the businesses on SBU lines helps in strategic planning by removing the vagueness and confusion.*
- ◆ *Each SBU is a separate business and will be distinct from one another on the basis of mission, objectives etc.*

13. Strategic performance measures are essential for organizations for several reasons:
- ◆ **Goal Alignment:** Strategic performance measures help organizations align their strategies with their goals and objectives, ensuring that they are on track to achieve their desired outcomes.
 - ◆ **Resource Allocation:** Strategic performance measures provide organizations with the information they need to make informed decisions about resource allocation, enabling them to prioritize their efforts and allocate resources to the areas that will have the greatest impact on their performance.
 - ◆ **Continuous Improvement:** Strategic performance measures provide organizations with a framework for continuous improvement, enabling them to track their progress and make adjustments to improve their performance over time.
 - ◆ **External Accountability:** Strategic performance measures help organizations demonstrate accountability to stakeholders, including shareholders, customers, and regulatory bodies, by providing a clear and transparent picture of their performance.
14. York Investors is employing the McKinsey 7S Model to achieve its strategic objectives. The model focuses on seven interdependent elements within an organization, categorized into "Hard Ss" and "Soft Ss." In this case:
- a. **Strategy (Hard S):** Investing in training programs and technology aligns with the strategic objective of enhancing workforce skills and operational efficiency.
 - b. **Structure (Hard S):** The investment suggests a structural alignment to support the strategic initiatives, indicating a deliberate organization of resources.
 - c. **Systems (Hard S):** The use of cutting-edge technology and communication systems reflects a commitment to optimizing daily tasks and improving overall efficiency, addressing the system component of the model.
 - d. **Shared Values (Soft S):** The emphasis on comprehensive training initiatives indicates a commitment to shared values, reflecting a focus on developing a skilled and capable workforce.
 - e. **Style (Soft S):** The leadership style is implied in the strategic decision to invest in technology and training for workforce development and operational efficiency.
 - f. **Staff (Soft S):** The commitment to enhancing skills and capabilities reflects a focus on the talent pool within the organization.

g. **Skills (Soft S):** The strategic investment in training programs directly addresses the development of key skills within the workforce.

York Investors' approach demonstrates a holistic application of the McKinsey 7S Model, emphasizing the interconnectedness of both hard and soft elements to achieve strategic alignment and organizational effectiveness.

15. Change management is essential during digital transformation to ensure the success of the process. Here are some key strategies to navigate change effectively:

i. **Specify the digital transformation's aims and objectives:** Clearly defining the intended outcomes and objectives helps ensure everyone is aligned and working towards the same goals.

ii. **Always communicate:** Regular and transparent communication is crucial to help people understand the goals of digital transformation and how it will impact various stakeholders, including employees, clients, and other parties.

iii. **Be ready for resistance:** Change, even if beneficial, can be met with resistance. Having a strategy in place to address resistance is important for overcoming challenges and ensuring a smooth transition.

iv. **Implement changes gradually:** Instead of making all changes at once, gradual implementation allows individuals to adapt to new ways of doing things without feeling overwhelmed by too much change simultaneously.

v. **Offer assistance and training:** Providing support, guidance, and training for employees is crucial as they navigate new procedures, software applications, and other aspects of digital transformation.

In conclusion, meticulous planning and effective change management are vital for the successful completion of digital transformation projects. Without proper change management, these efforts are more likely to fail, and organizations can enhance the integration of new digital systems by anticipating and managing the necessary changes.

16. The scenario being referred to is culture in Jupiter Electronics. Strong culture promotes good strategy execution when there's fit and impels execution when there's negligible fit. A culture grounded in values, practices, and behavioral norms that match what is needed for good strategy execution helps energize people throughout the organization

to do their jobs in a strategy-supportive manner. A culture built around such business principles as listening to customers, encouraging employees to take pride in their work, and giving employees a high degree of decision-making responsibility. This is very conducive to successful execution of a strategy of delivering superior customer service. A strong strategy-supportive culture makes employees feel genuinely better about their jobs and work environment and the merits of what the company is trying to accomplish. Employees are stimulated to take on the challenge of realizing the organizational vision, do their jobs competently and with enthusiasm, and collaborate with others.

17. SBU is a part of a large business organization that is treated separately for strategic management purposes. The concept of SBU is helpful in creating an SBU organizational structure. It is a separate part of large business serving product markets with readily identifiable competitors. It is created by adding another level of management in a divisional structure after the divisions have been grouped under a divisional top management authority based on the common strategic interests.

Very large organisations, particularly those running into several products, or operating at distant geographical locations that are extremely diverse in terms of environmental factors, can be better managed by creating strategic business units. SBU structure becomes imperative in an organisation with increase in number, size and diversity. SBUs helps such organisations by:

- Establishing coordination between divisions having common strategic interest.
- Facilitate strategic management and control.
- Determine accountability at the level of distinct business units.
- Allow strategic planning to be done at the most relevant level within the total enterprise.
- Make the task of strategic review by top executives more objective and more effective.
- Help to allocate resources to areas with better opportunities.

18. Strategic Performance Measures (SPM) are metrics organizations use to evaluate and track the effectiveness of their strategies in achieving their goals and objectives. SPM provides a framework for monitoring key areas critical to the organization's success, ensuring progress toward desired outcomes and enabling timely adjustments to improve performance. For Green Edge Solutions, various types of SPM can be utilized:

- *Financial Measures:* Metrics like revenue growth, return on investment (ROI), and profit margins help evaluate the company's financial health and profitability.
 - *Customer Satisfaction Measures:* Assessments of customer satisfaction, retention, and loyalty indicate how well the company meets customer needs.
 - *Market Measures:* Market share, customer acquisition, and referral rates reflect competitiveness and market position.
 - *Employee Measures:* Employee satisfaction, engagement, and turnover rate help track workplace culture and talent retention.
 - *Innovation Measures:* R&D spending, patent filings, and new product launches gauge the company's innovation capabilities.
 - *Environmental Measures:* Monitoring energy consumption, waste reduction, and carbon emissions ensures the company aligns with sustainability goals.
- Using these measures, Green Edge Solutions can systematically assess its strategy and make informed decisions to drive sustainable growth and success.

19. *Connect Group has to make strategic changes for its survival. The changes in the environmental forces often require businesses to make modifications in their existing strategies and bring out new strategies.*

Strategic change is a complex process that involves a corporate strategy focused on new markets, products, services and new ways of doing business. Unless companies embrace change, they are likely to freeze and unless companies prepare to deal with sudden, unpredictable, discontinuous, and radical change, they are likely to be extinct.

Three steps for initiating strategic change are:

- Recognise the need for change - The first step is to diagnose the which facets of the present corporate culture are strategy supportive and which are not.*
- Create a shared vision to manage change - Objectives of both individuals and organisation should coincide. There should be no conflict between them. This is possible only if the management and the organisation members follow a shared vision.*
- Institutionalise the change - This is an action stage which requires the implementation of the changed strategy. Creating and sustaining a different attitude towards change is essential to ensure that the firm does not slip back into old ways of doing things.*

20. The scenario being referred to is the organizational culture at Orion Tech Solutions Pvt. Ltd. A strong culture encourages effective strategy execution when there is alignment and drives performance even when there is minimal alignment. A culture rooted in values, practices, and behavioural norms that align with the requirements for successful strategy execution energizes employees across the organization to perform their roles in a manner that supports the strategy. Orion's culture, built around principles such as listening to customers, encouraging employees to take pride in their work, and providing a high degree of decision-making autonomy, is highly conducive to successfully executing a strategy focused on delivering superior software solutions. A strong strategy-supportive culture at Orion makes employees feel genuinely better about their jobs, work environment, and the organization's goals. It motivates them to embrace the challenge of realizing the company's vision, perform their duties competently and enthusiastically, and collaborate effectively with others.
21. Implementation or execution is an operations-oriented, activity aimed at shaping the performance of core business activities in a strategy-supportive manner. In most situations, strategy-execution process includes the following principal aspects:
- ◆ Developing budgets that steer ample resources into those activities that are critical to strategic success.
 - ◆ Staffing the organization with the needed skills and expertise, consciously building and strengthening strategy-supportive competencies and competitive capabilities and organizing the work effort.
 - ◆ Ensuring that policies and operating procedures facilitate rather than impede effective execution.
 - ◆ Using the best-known practices to perform core business activities and pushing for continuous improvement.
 - ◆ Installing information and operating systems that enable company personnel to better carry out their strategic roles day in and day out.
 - ◆ Motivating people to pursue the target objectives energetically.
 - ◆ Creating culture and climate conducive to successful strategy implementation and execution.

◆ *Exerting the internal leadership needed to drive implementation forward and keep improving strategy execution.*

22. *In matrix structure, functional and product forms are combined simultaneously at the same level of the organization. Employees have two superiors, a product / project manager and a functional manager.*

The "home" department - that is, engineering, manufacturing, or marketing - is usually functional and is reasonably permanent. People from these functional units are often assigned temporarily to one or more product units or projects.

The product units / projects are usually temporary and act like divisions in that they are differentiated on a product-market basis. The matrix structure may be very appropriate when organizations conclude that neither functional nor divisional forms, even when combined with horizontal linking mechanisms like strategic business units, are right for the implementation of their strategies. Matrix structure was developed to combine the stability of the functional structure with flexibility of the product form. It is very useful when the external environment (especially its technological and market aspects) is very complex and changeable.

A matrix structure is most complex of all designs because it depends upon both vertical and horizontal flows of authority and communication.

It may result in higher overhead costs due to more management positions.

The matrix structure is often found in an organization when the following three conditions exist:

- 1. Ideas need to be cross-fertilized across projects or products;*
- 2. Resources are scarce; and*
- 3. Abilities to process information and to make decisions need to be improved.*

23. *Organizations should consider the following factors when choosing strategic performance measures:*

- 1. Relevance: The measure should be relevant to the organization's goals and objectives, providing actionable and meaningful information. This ensures that the performance measures are directly aligned with what the organization aims to achieve, and that the information obtained can drive improvements and strategic decisions.*

2. **Data Availability:** The measure should be based on data that is readily available and can be collected and analyzed in a timely manner. This is important to ensure that the organization can efficiently gather and utilize data without significant delays or obstacles.
 3. **Data Quality:** The measure should be based on high-quality data that is accurate and reliable. Accurate and reliable data are crucial for making informed decisions and assessing the true performance of the organization.
 4. **Data Timeliness:** The measure should be based on data that is current and up-to-date. Timely data allows organizations to make informed decisions quickly, enabling them to respond promptly to changes and emerging challenges.
- These factors are important because they provide a framework for organizations to assess the success of their strategies, identify areas for improvement, and make informed decisions about resource allocation and strategic adjustments. Effective strategic performance measures should be relevant, meaningful, easy to understand, and regularly reviewed and updated to ensure their continued alignment with the organization's goals and objectives.
24. The concept of forward and backward linkages between strategy formulation and implementation in strategic management highlights the interconnected nature of these two phases and their impact on the overall strategic decision-making process of an organization.
- Forward Linkages:** Forward linkages refer to the impact of strategy formulation on strategy implementation. When an organization formulates a new strategy or revises an existing one, it sets the direction for the organization's future actions. For example, if a company decides to expand its product line to target a new market segment, this decision will require changes in the organization's structure, resources allocation, and possibly its leadership style. These changes are necessary to align the organization's operations with the new strategic direction. Thus, the formulation of strategies has forward linkages with their implementation, as it sets the stage for how the strategy will be executed.
- Backward Linkages:** Backward linkages, on the other hand, refer to the impact of implementation on strategy formulation. As an organization implements its strategies, it gains valuable insights and feedback from the implementation process. This feedback

can influence future strategic decisions. For example, if a company faces unexpected challenges or discovers new opportunities during the implementation of a strategy, it may need to reevaluate its strategic choices. Similarly, past strategic actions and their outcomes can also influence the formulation of future strategies. Over time, these incremental changes in strategy and implementation take the organization from its current state to where it aims to be, reflecting the dynamic nature of strategic management.

In conclusion, the forward and backward linkages between strategy formulation and implementation highlight the iterative and interconnected nature of strategic management. By understanding and leveraging these linkages, organizations can enhance their strategic decision-making process and improve their overall performance.

25. Strategic Performance Measures (SPM) are metrics used by organizations to evaluate and track the effectiveness of their strategies in achieving strategic goals and objectives. SPM provides a framework for measuring the performance of key areas critical to the success of the organization's strategy. These measures help in assessing whether the organization is progressing towards its desired outcomes and allow for adjustments to be made to improve performance.

Types of Strategic Performance Measures

There are various types of strategic performance measures, including:

- ◆ **Financial Measures:** Financial measures, such as revenue growth, return on investment (ROI), and profit margins, provide an understanding of the organization's financial performance and its ability to generate profit.
- ◆ **Customer Satisfaction Measures:** Customer measures, such as customer satisfaction, customer retention, and customer loyalty, provide insight into the organization's ability to meet customer needs and provide high-quality products and services.
- ◆ **Market Measures:** Market measures, such as market share, customer acquisition, and customer referrals, provide information about the organization's competitiveness in the marketplace and its ability to attract and retain customers.
- ◆ **Employee Measures:** Employee measures, such as employee satisfaction, turnover rate, and employee engagement, provide insight into the organization's ability to attract and retain talented employees and create a positive work environment.

- ◆ **Innovation Measures:** Innovation measures, such as research and development (R&D) spending, patent applications, and new product launches, provide insight into the organization's ability to innovate and create new products and services that meet customer needs.
- ◆ **Environmental Measures:** Environmental measures, such as energy consumption, waste reduction, and carbon emissions, provide insight into the organization's impact on the environment and its efforts to operate in a sustainable manner.

26. To help the small manufacturing company navigate its digital transformation successfully, we would recommend the following strategy:

1. **Begin at the top:** The leadership team should be united and committed to the digital transformation. They should communicate a clear vision for the future of the company and lead by example.
2. **Ensure that the change is necessary and desired:** Before implementing any changes, the company should assess its current state and identify areas where digital transformation can add value. It's important to involve employees in this process to ensure their buy-in.
3. **Reduce disruption:** Employee perceptions of change can vary, so it's important to minimize disruption. This can be done by communicating early and often about the changes, providing training and support for employees, and empowering change agents within the organization.
4. **Encourage communication:** Create channels for employees to ask questions and provide feedback. Encourage collaboration between departments to share ideas and innovations. Effective communication can help alleviate fears and keep everyone aligned.
5. **Recognize that change is the norm:** Digital transformation is not a one-time project but an ongoing process. The company should be prepared to adapt to new technologies and market conditions continuously.

By following these best practices, the small manufacturing company can successfully navigate its digital transformation and position itself for future growth and success.

27. To ensure a successful digital transformation, Nexora Innovations should adopt the following change management strategies:

1. *Begin at the Top: Leadership must demonstrate commitment, clearly communicate the benefits of the change, and promotes a culture that embraces transformation.*
2. *Ensure the Change is Necessary and Desired: The company should explain the long-term benefits of the cloud-based system and address employees' concerns about job security.*
3. *Reduce Disruption:*
 - ◆ *Communicate the transition early and set expectations.*
 - ◆ *Provide proper training and resources to help employees adapt.*
 - ◆ *Empower change agents (team leaders, project managers) to guide employees through the process.*
4. *Encourage Communication: Establish open feedback channels where employees can voice concerns and seek assistance. Regular updates will keep everyone aligned with the transformation goals.*
5. *Recognize Change as a Continuous Process: Instead of a one-time project, digital transformation should be seen as an ongoing adaptation where employees are encouraged to develop a mindset of continuous learning and improvement.*
By implementing these strategies, Nexora Innovations can overcome resistance, enhance adoption, and maximize the benefits of its digital transformation initiative.

28. *Although inextricably linked, strategy implementation is fundamentally different from strategy formulation. Summarized are the key distinctions between strategy formulation and strategy implementation:*

Strategy Formulation Vs. Strategy Implementation

Strategy Formulation	Strategy Implementation
<i>Strategy Formulation includes planning and decision-making involved in developing organization's strategic goals and plans.</i>	<i>Strategy Implementation involves all those means related to executing strategic plans.</i>
<i>In short, Strategy Formulation is placing the forces before the action.</i>	<i>In short, Strategy Implementation is managing forces during the action.</i>
<i>An entrepreneurial activity based on strategic decision-making.</i>	<i>An administrative task based on strategic and operational decisions.</i>
<i>Emphasizes on effectiveness.</i>	<i>Emphasizes on efficiency.</i>

<i>Primarily an intellectual and rational process.</i>	<i>Primarily an operational process.</i>
<i>Requires co-ordination among few individuals at the top level.</i>	<i>Requires co-ordination among many individuals at the middle and lower levels.</i>
<i>Requires a great deal of initiative, logical skills, conceptual intuitive and analytical skills.</i>	<i>Requires specific motivational and leadership traits.</i>
<i>Strategic Formulation precedes Strategy Implementation.</i>	<i>Strategy Implementation follows Strategy Formulation.</i>