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PART A – FLOWCHARTS



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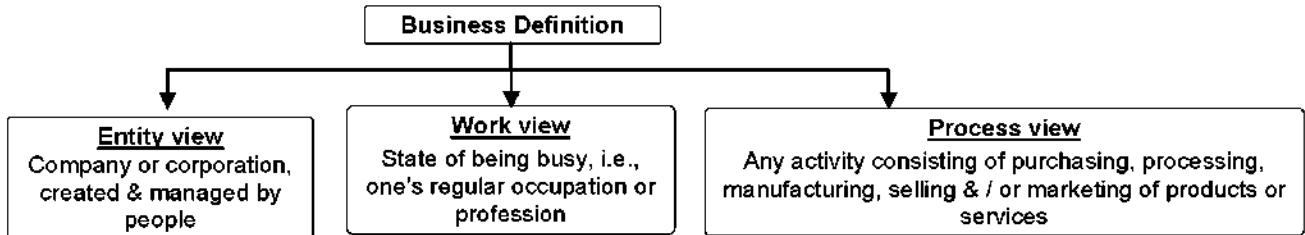
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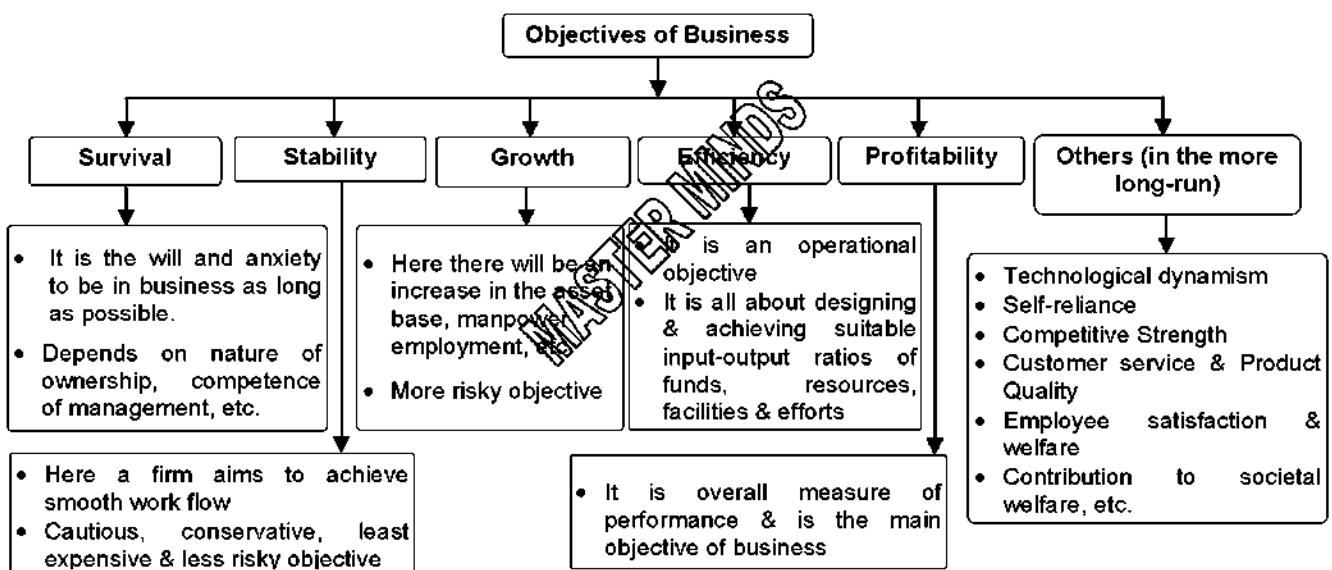
Youtube Channel: Masterminds For CA

1. BUSINESS ENVIRONMENT

1. Define the term business.

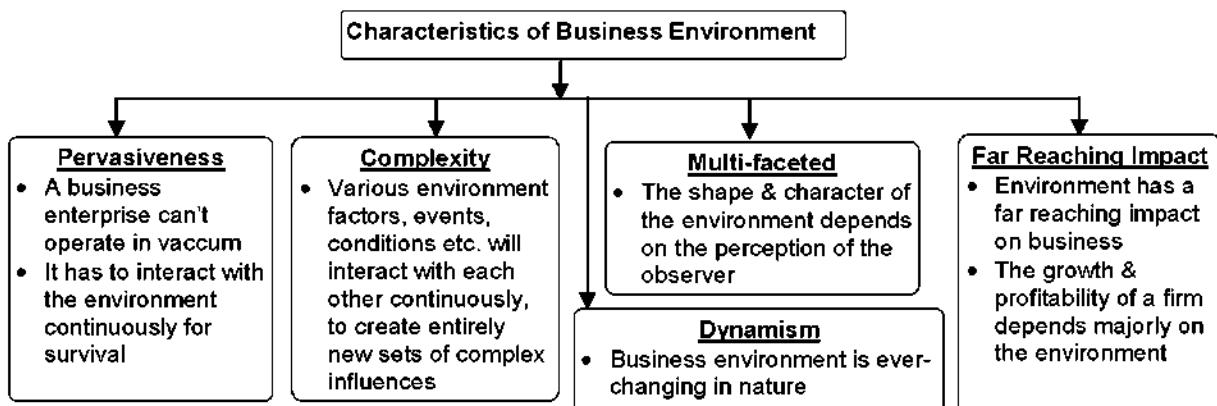


2. What are the objectives of business?

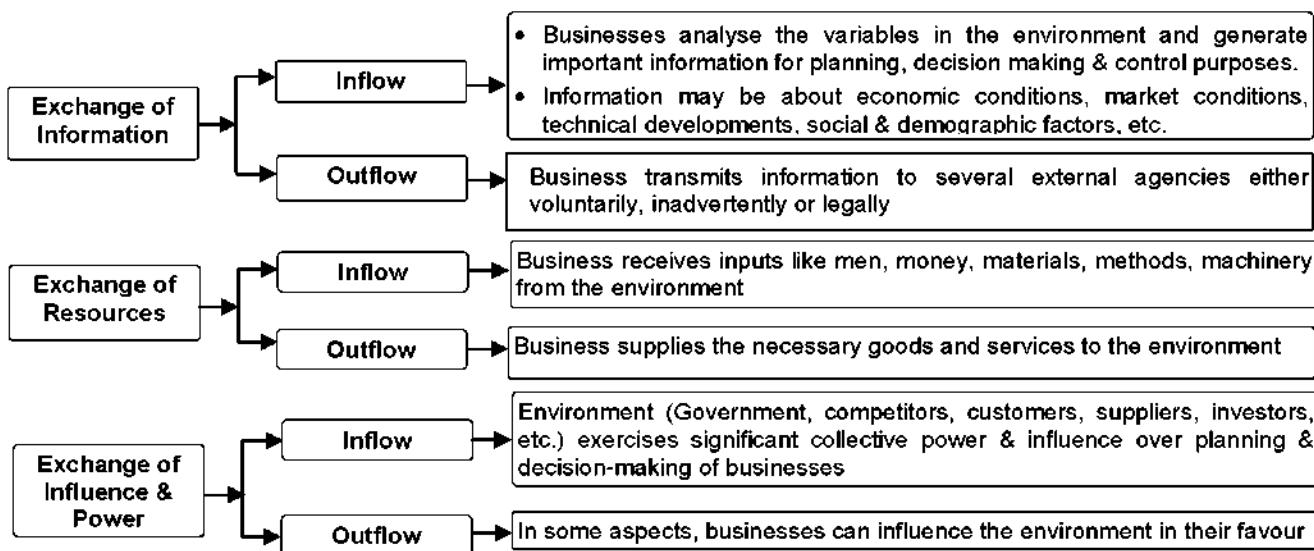


3. What are the Characteristics of Business Environment?

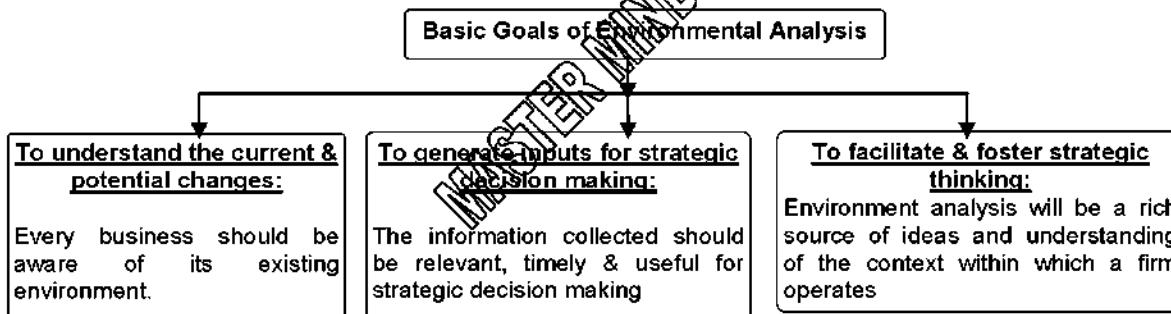
(M17 - 3M)



4. Explain the different types of Interactions or Exchanges between Business and Environment (RTP - M17)



5. What are the basic goals of Environmental Analysis?



6. Discuss the Problems in understanding the environmental influences (M17 - 3M)

Problems in understanding the environmental influences

DIVERSITY

The environment poses many different influences; the difficulty lies in understanding this diversity which can contribute to strategic decision-making

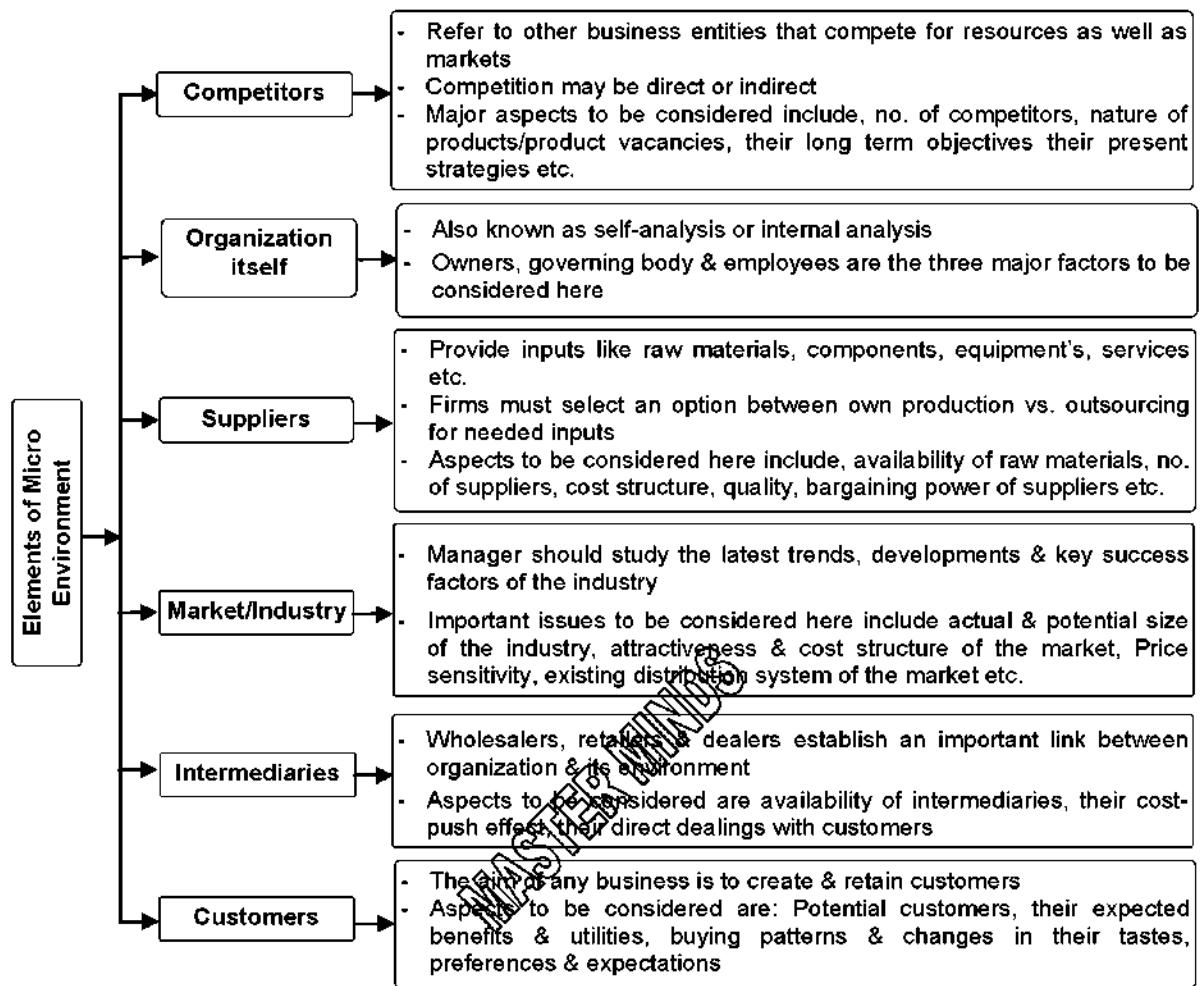
UNCERTAINTY

Due to the pace of technological change and the speed of global communications it is very difficult to understand future external influences on an organization.

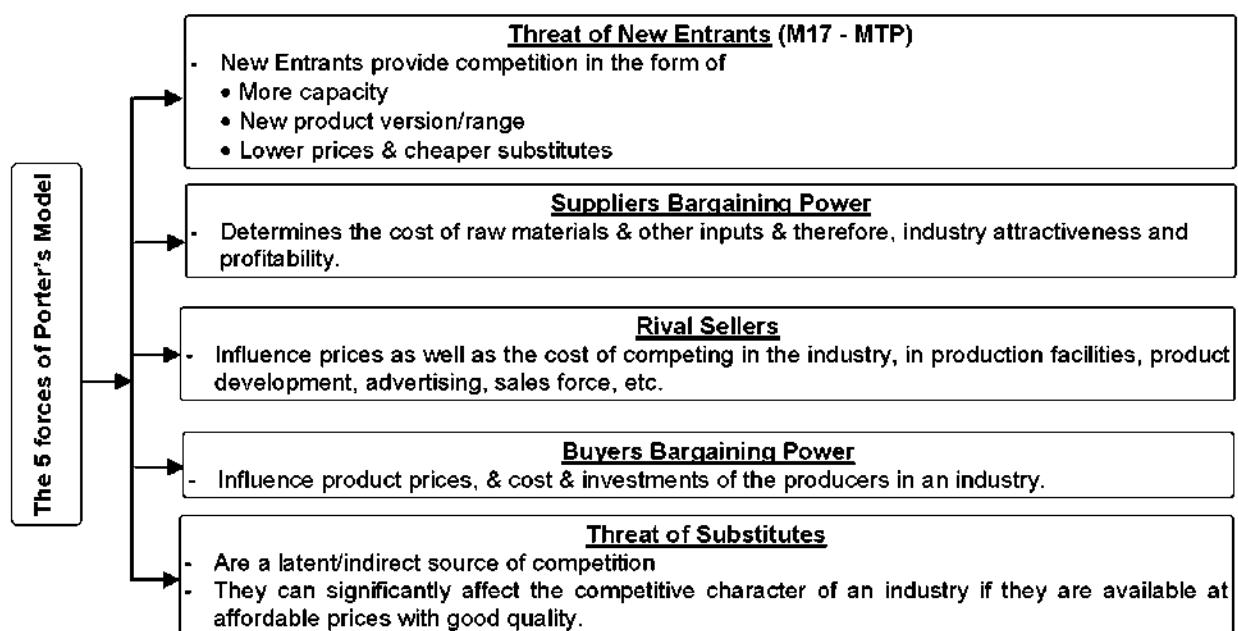
COMPLEXITY

The environment consists of number of factors, events, conditions and influences arising from different sources.

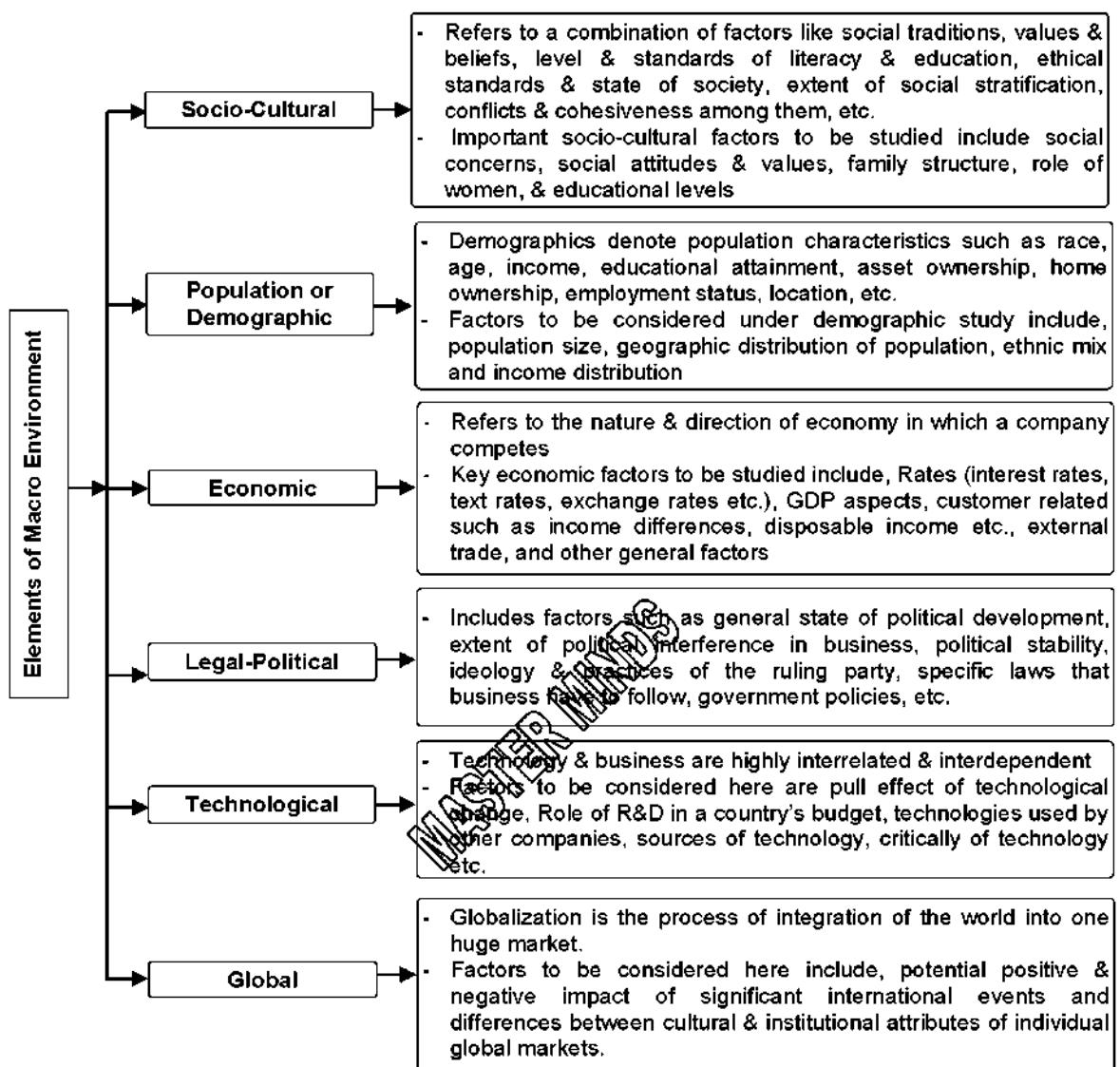
7. Explain the Elements of Micro Environment?



8. Explain the Five Forces of Michael Porter's Model of Competition Analysis.

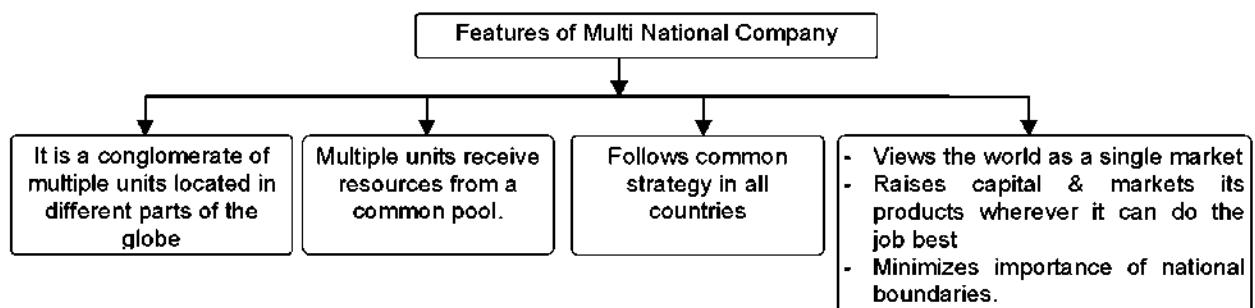


9. Explain the elements of Macro Environment?

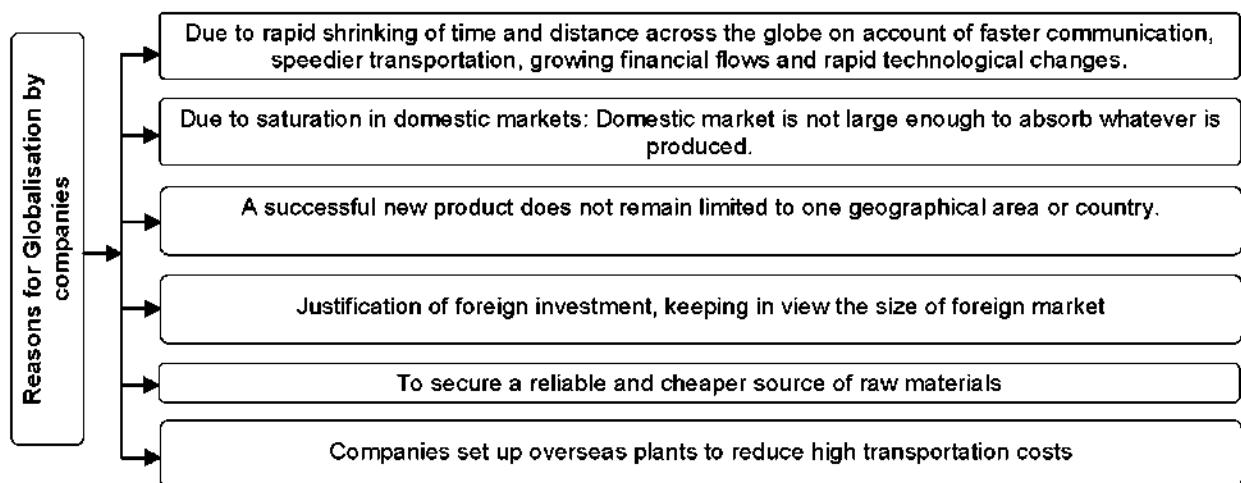


10. What is a Multi- National Company?

Meaning: It is the one which operates in more than one country



11. Explain the reasons necessary for globalization by companies

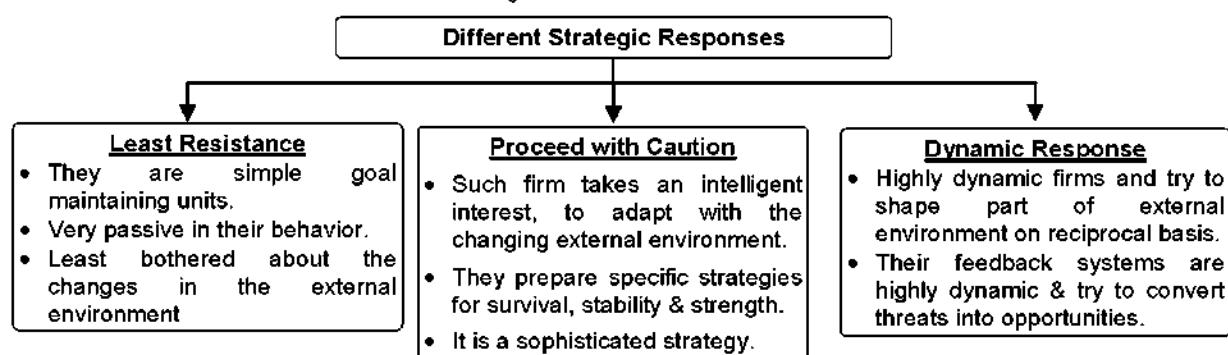


12. What are the different Strategic Approaches for Globalization?

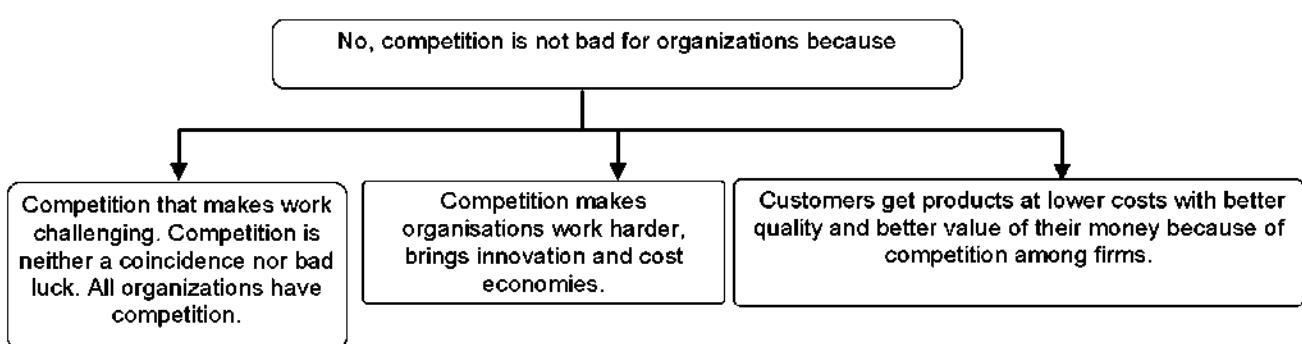
STRATEGIC APPROACH	OPERATIONS	PRODUCTS/ SERVICES
Multi- domestic	Decentralised	Customized
Global	Centralised	Standardised
Transnational	Centralised	Customised

13. What are the different Strategic Responses to the Environment?

(M17 - 3M)

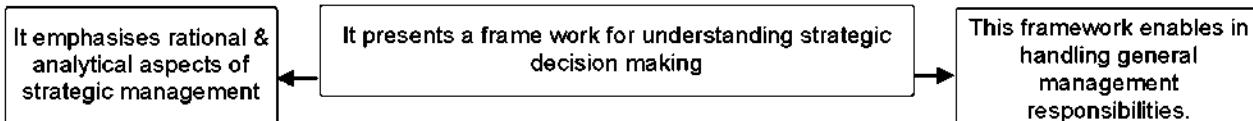


14. Is competition bad for organizations?

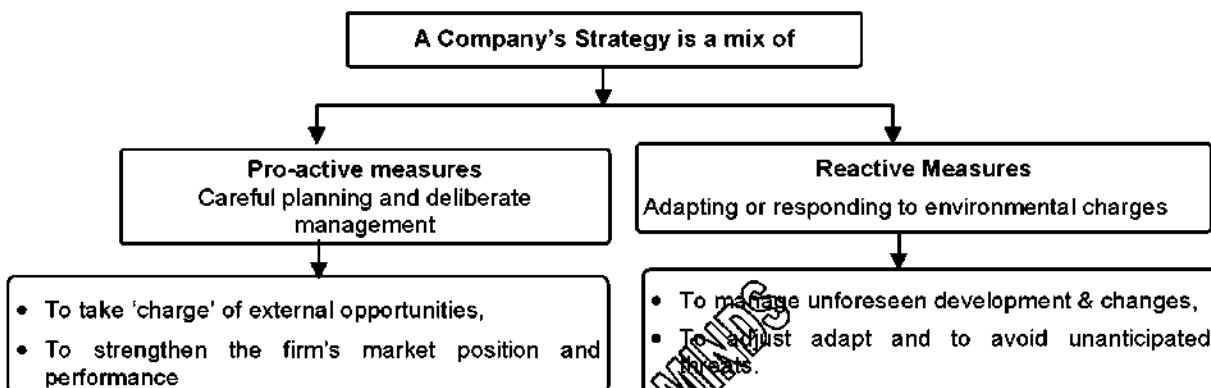


2. BUSINESS POLICY & STRATEGIC MANAGEMENT

1. Explain the importance of Business Policy

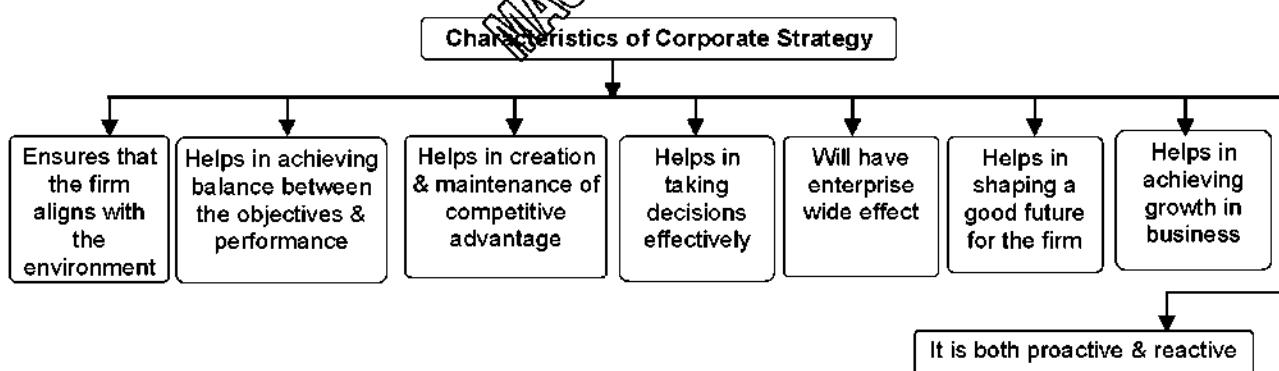


2. Strategy of a company is partly Pro-active and partly Re-active. Explain

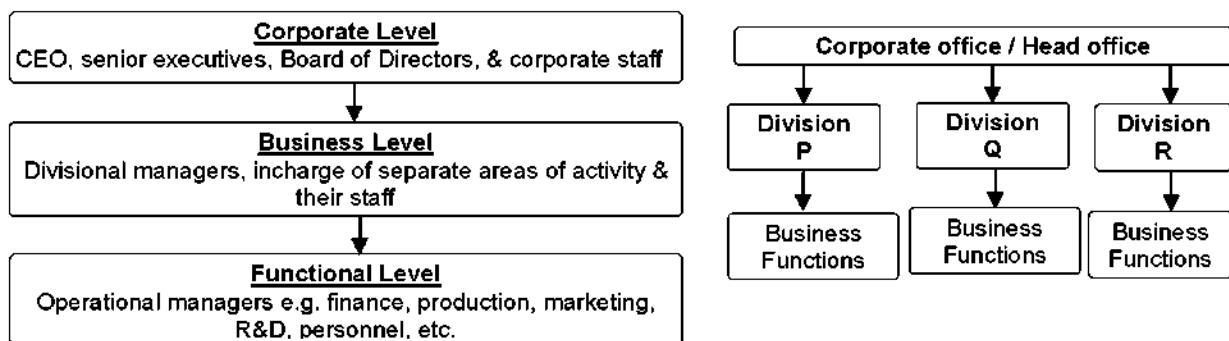


3. What are the characteristics of Corporate Strategy

(MTP - M17)

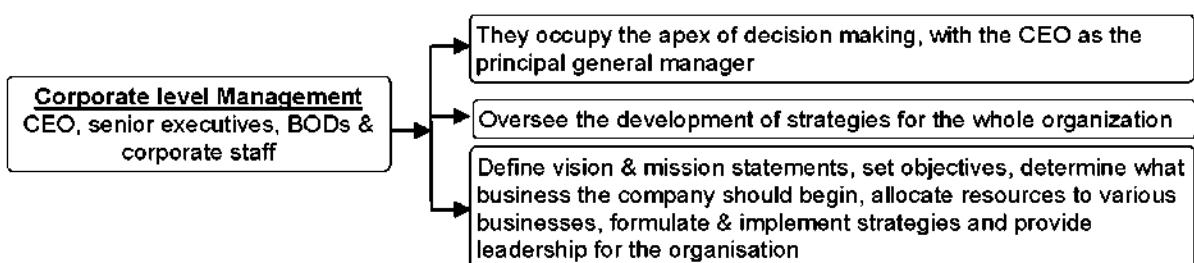


4. What are the various Strategic Levels in an organization?

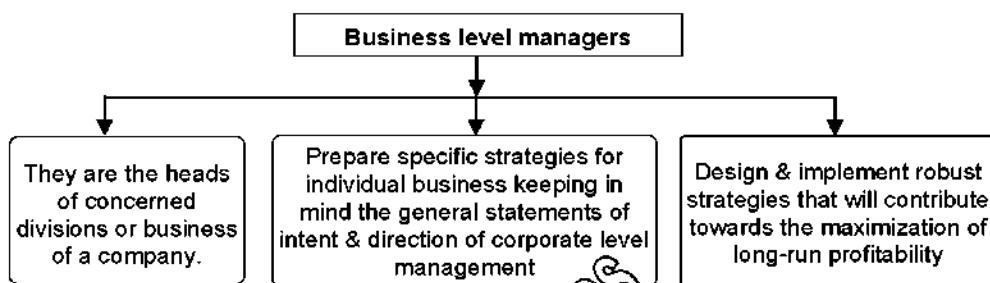


5. Write short note on Corporate Level Management

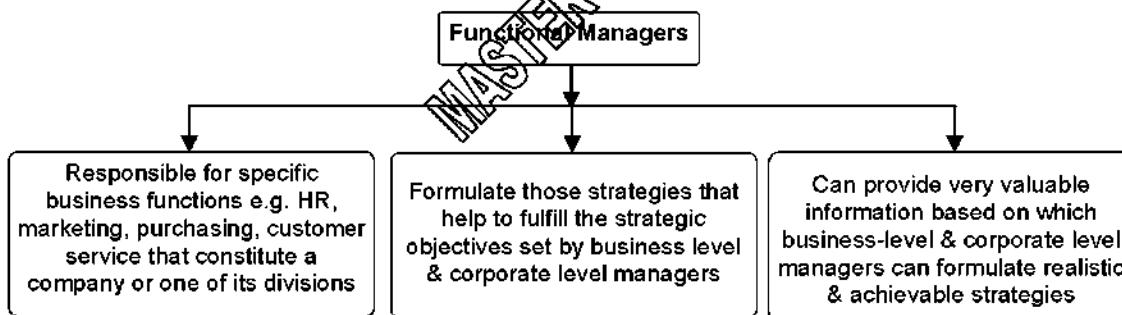
(MTP - M17)



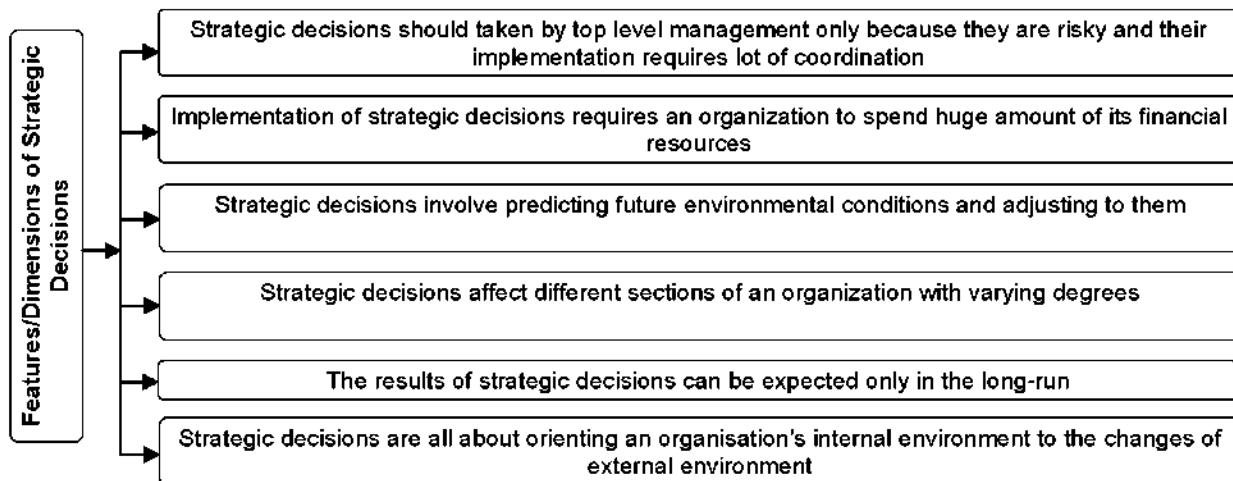
6. Write short note on Business Level Managers



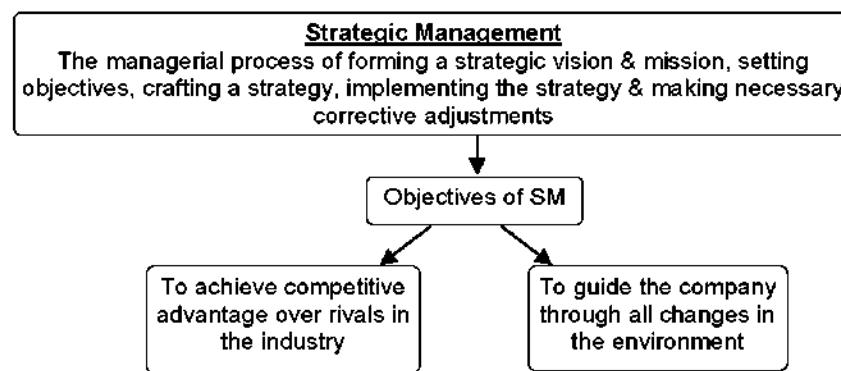
7. What are the activities performed by Functional Managers?



8. What are the Features or Dimensions of Strategic Decision Making?

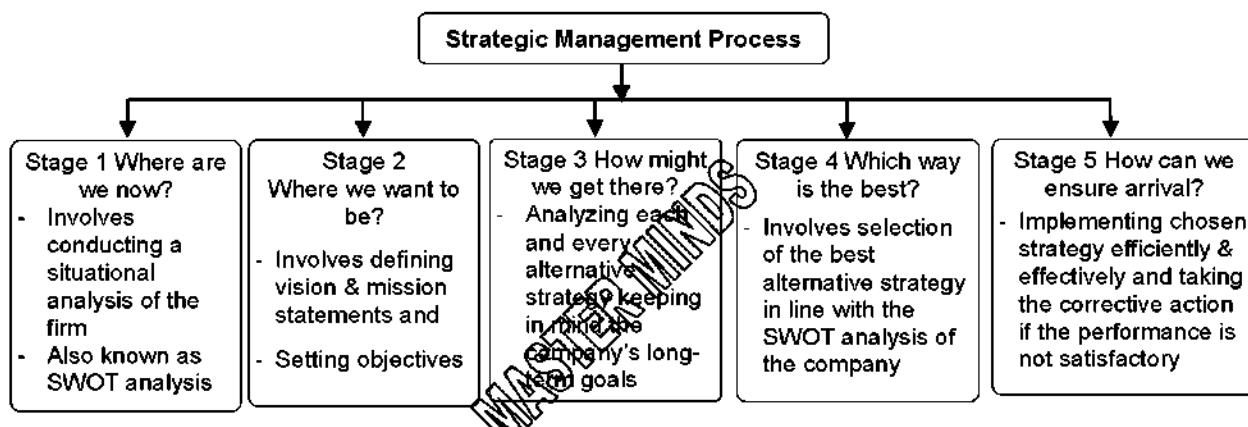


9. What is Strategic Management? What are its Objectives?

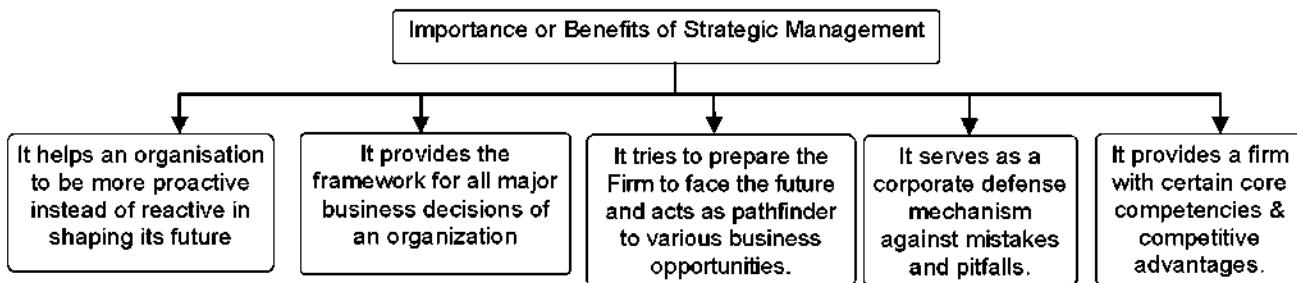


10. Explain the Framework of Strategic Management

(M17 - 3M)

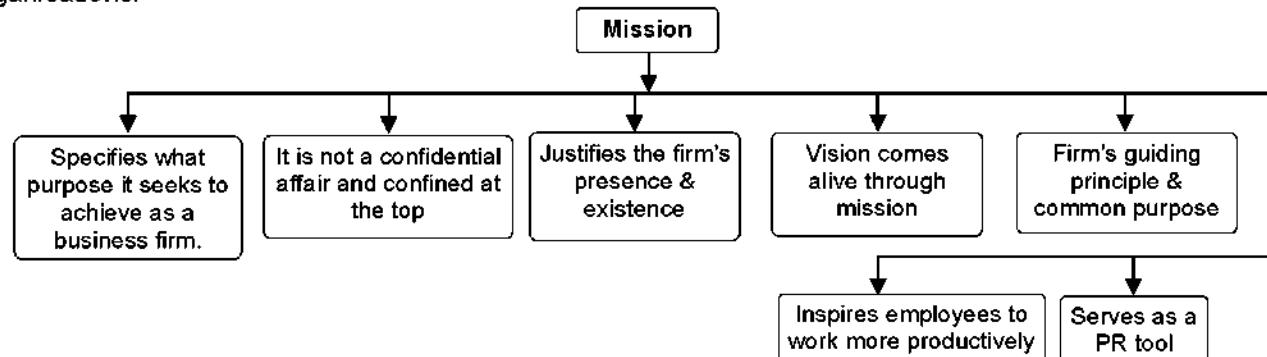


11. Explain the Benefits or Importance of Strategic Management

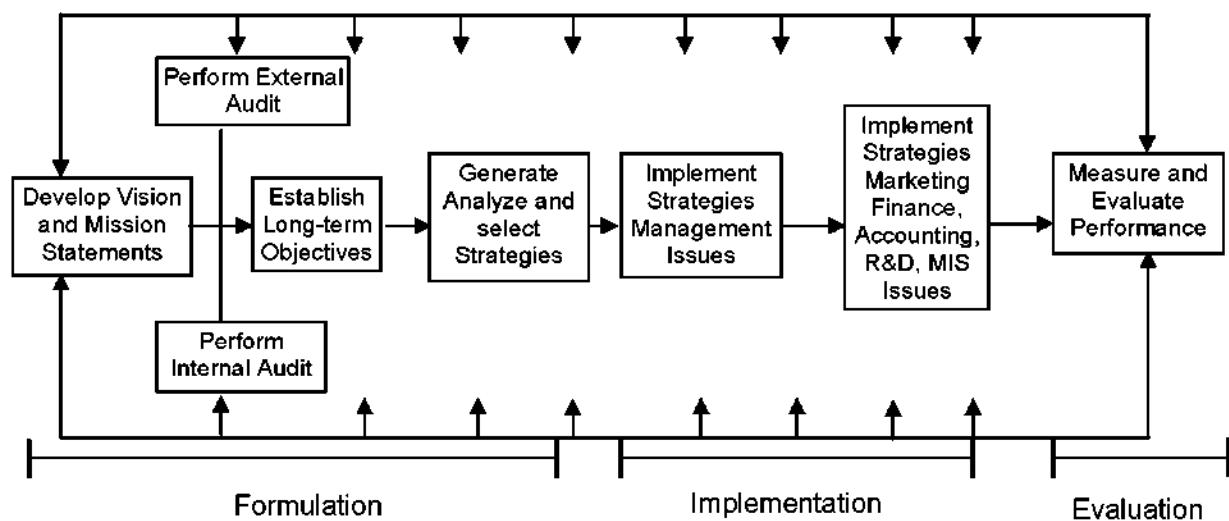


12. What is Mission?

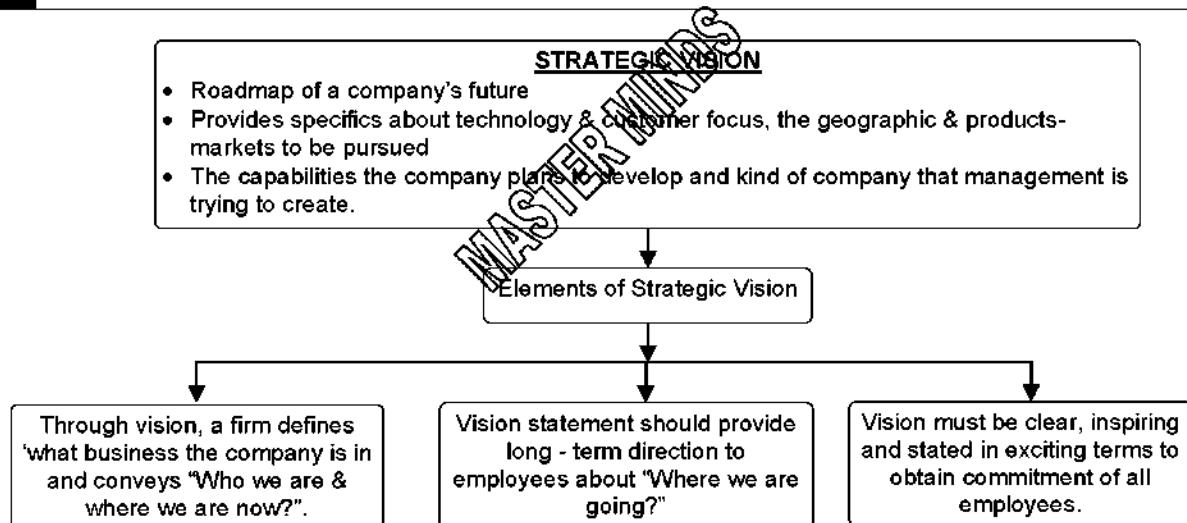
MEANING: An enduring statement of purpose that distinguishes an organisation from other similar organisations.



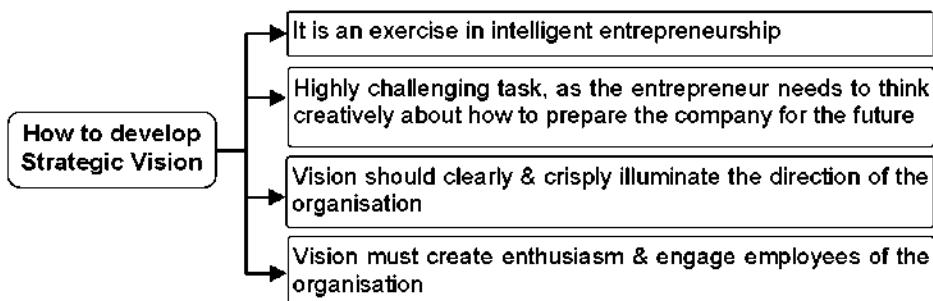
13. Explain the Strategic Management Process



14. What is Strategic Vision? What are its Elements?

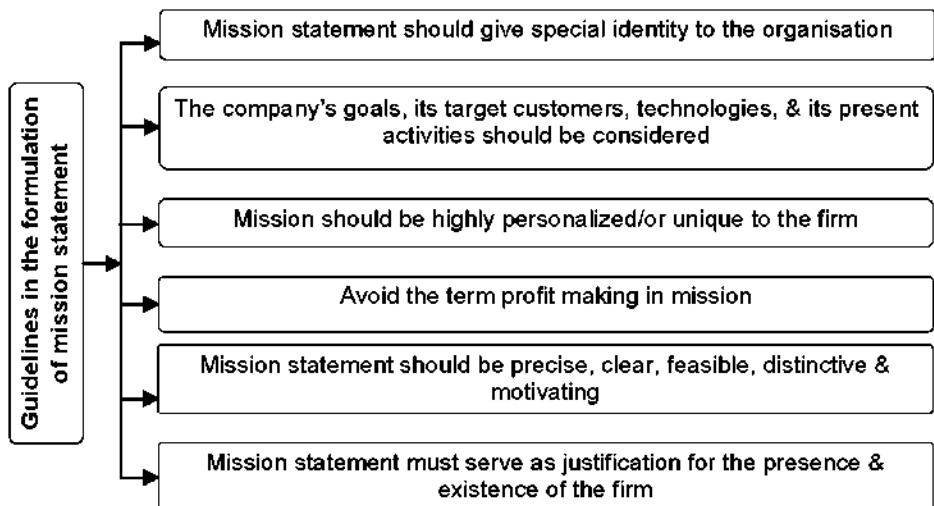


15. How to develop Strategic Vision?

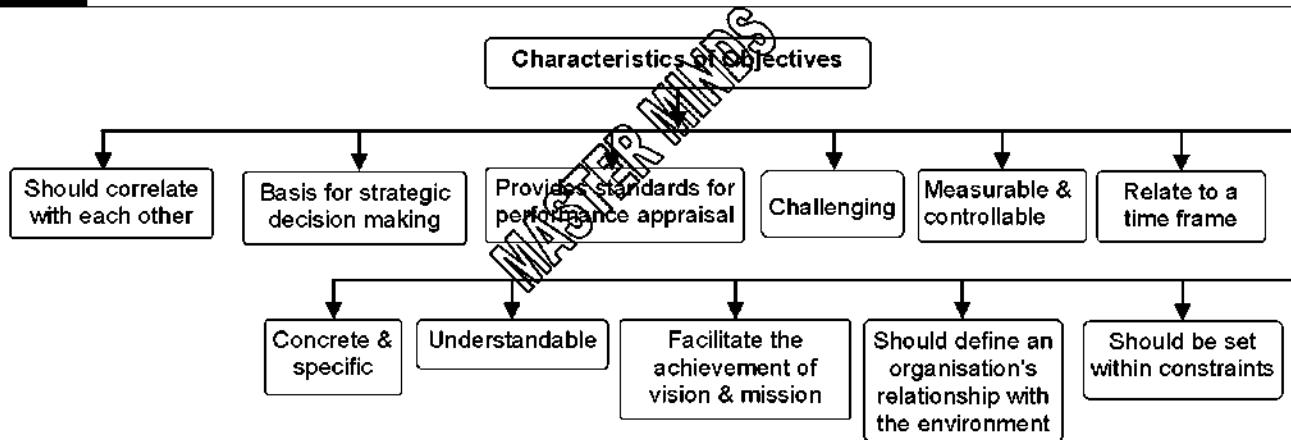


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16. State the points that may be considered while writing a mission statement of a company.
(RTP - M17)

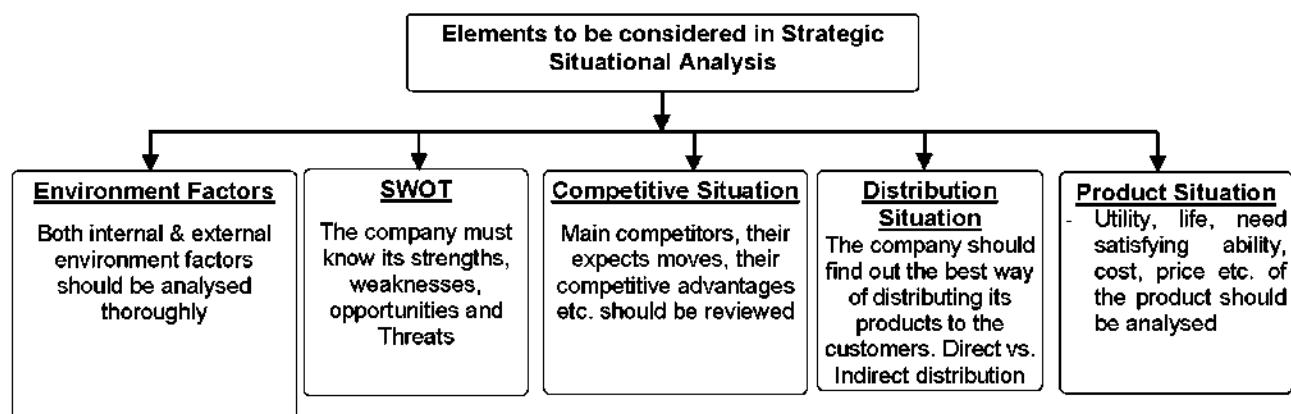


17. State the Characteristics of Objectives?



3. STRATEGIC ANALYSIS

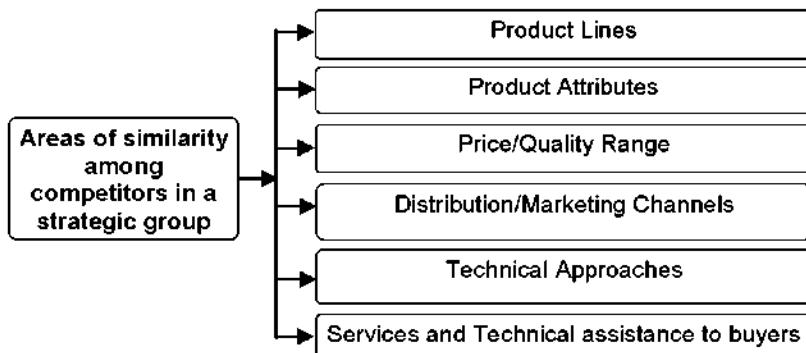
1. What are the Elements to be considered in Strategic Situational Analysis?



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2. What is strategic group & what are the areas of similarity among companies in a strategic group?

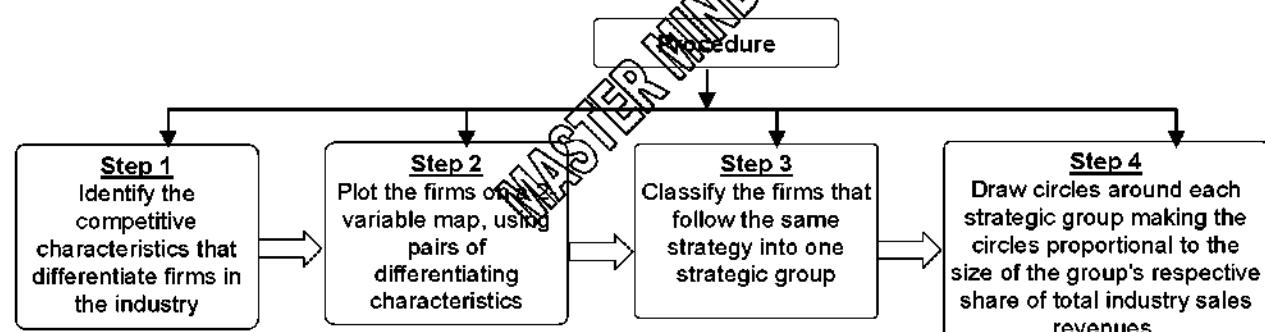
Strategic Group: A strategic group consists of cluster of rival firms with similar competitive approaches & positions in the market



3. Write short notes on Strategic Group Mapping

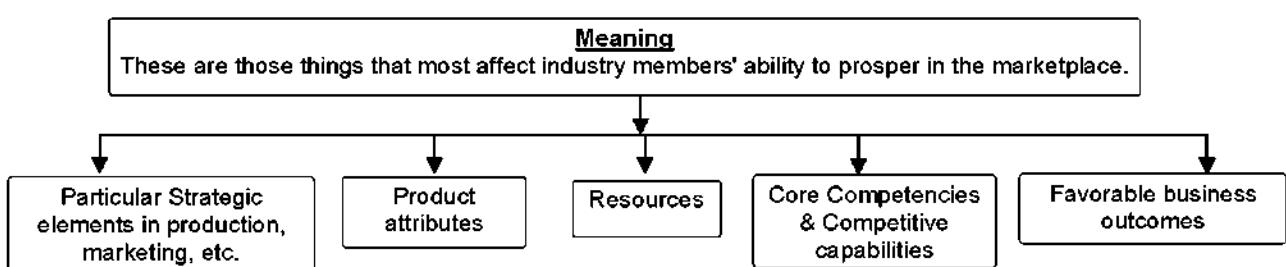
(M17 - 4M)

Meaning: Is one of the analytical tools, for evaluating the market positions of competitors in an industry, by comparing the market positions of each firm separately or by grouping them into like positions.

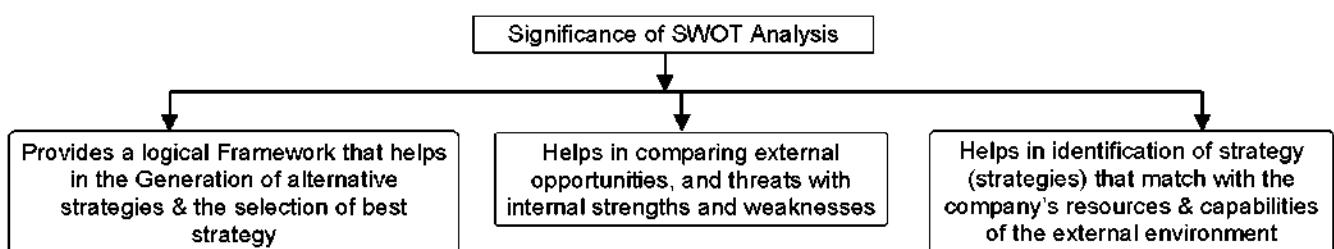


4. What are the Key Success Factors for competitive success?

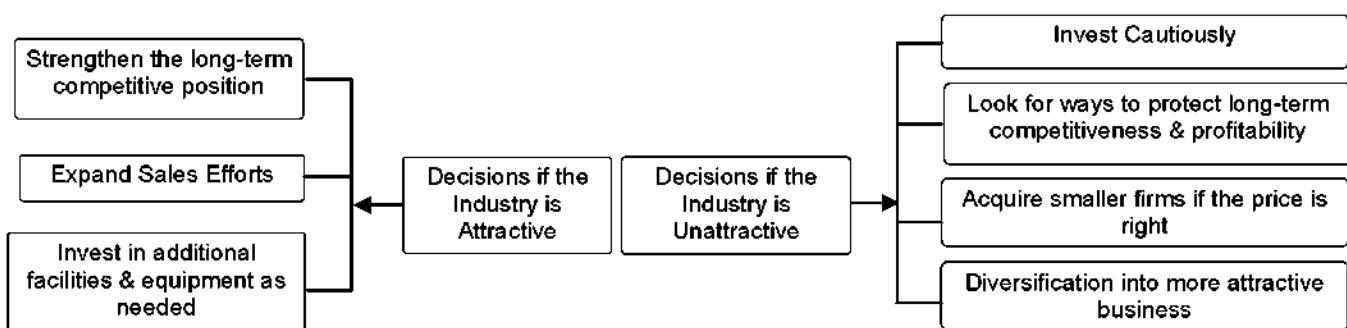
(MTP - M17)



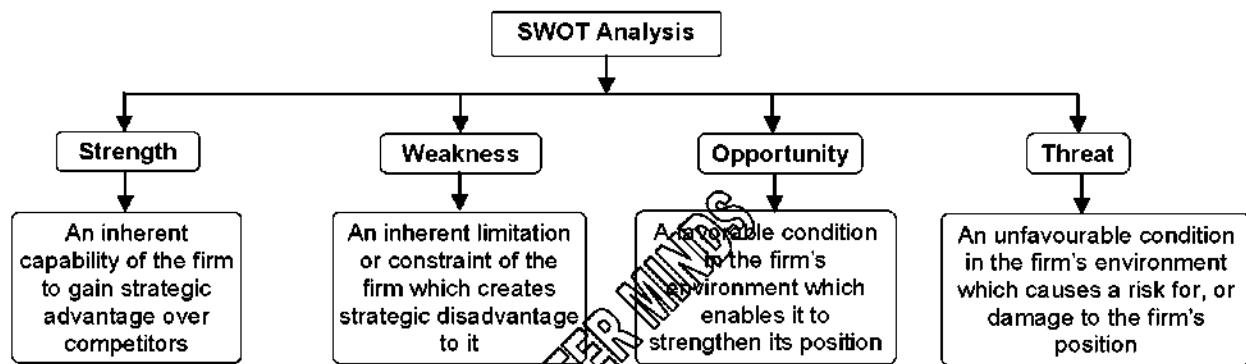
5. Explain the Significance of SWOT Analysis



6. What are the possible decisions based on Industry Attractiveness/ Unattractiveness?



7. What do you mean by SWOT ANALYSIS?



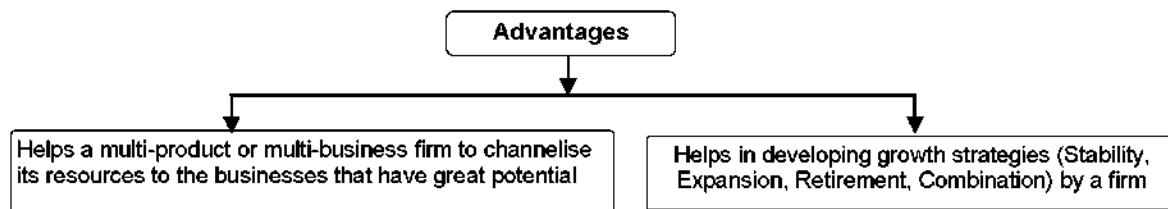
8. Write short notes on TOWS Matrix

	Opportunities (O)	Threats (T)
	SO (MAX-MAX) STRATEGY	ST (MAX-MIN) STRATEGY
Strengths (S)	<ul style="list-style-type: none"> - To capitalize or build upon existing or emerging opportunities based on available strengths 	<ul style="list-style-type: none"> - To minimize existing or emerging threats
	WO (MIN-MAX) STRATEGY	WT (MIN-MIN) STRATEGY
Weaknesses (W)	<ul style="list-style-type: none"> - To overcome organizational weaknesses if existing - To exploit/utilize emerging opportunities 	<ul style="list-style-type: none"> - To minimize or overcome weaknesses - To cope with existing or emerging threats as far as possible

9. Bring out the Advantages of Portfolio Analysis

Portfolio Analysis:

A set of techniques that facilitate in taking strategic decisions with regard to individual products or business in a firm's portfolio



10. Explain BCG Growth- Share Matrix

(M17 - 4M)

		Relative Market Share	
Market Growth Rate		High	Low
	High	Stars	Wild cats or Question Marks
		<ul style="list-style-type: none"> - Can generate their own internal cash flows - Sometimes they need additional investments - They represent best opportunities for expansion 	<ul style="list-style-type: none"> - They need low investments but have low potential to generate cash - They should be dealt with very carefully, otherwise they may become cash traps
	Low	Cash Cows	Dogs
		<ul style="list-style-type: none"> - They generate cash & have low costs - They are established, successful & need less investment - They are the financial base for the company 	<ul style="list-style-type: none"> - They may generate enough cash, but do not have much future - They should be minimized through divestment or liquidation

Build (Stars)	Hold (Question Marks)
To build market share, even by foregoing short-term earnings.	To preserve market share
Harvest Cash Cows	Divest (Dogs)
To increase short term cash flows.	To sell or liquidate the business.

11. Explain the Growth Strategies under Ansoff's Product- Market Growth Matrix (M17 - 3M)

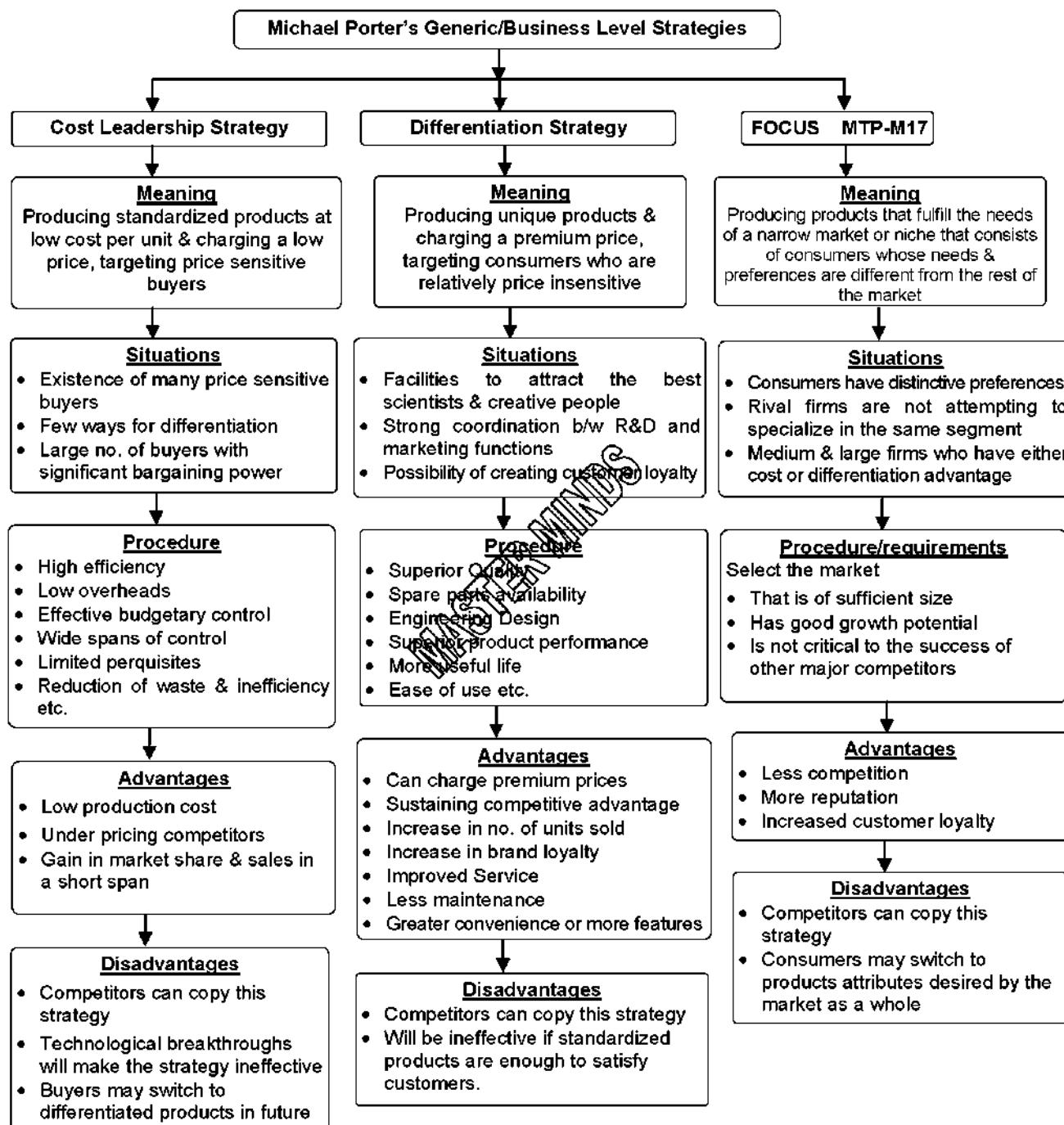
		Products	
Markets		Existing	New
	Existing	Market Penetration	Product Development
		<ul style="list-style-type: none"> - To sell existing products in the existing market - Can be achieved through increasing market share, increasing product usage, increasing the frequency of usage, increasing the quantity used or finding new applications for current users. 	<ul style="list-style-type: none"> - To sell new products in the existing market - Can be achieved by product refinement or developing a new generation product - Requires greater spending on technology
	New	Market Development	Diversification
		<ul style="list-style-type: none"> - To sell existing products in the new market - Can be achieved through new geographical markets, new product dimensions/packaging, new distribution channels, different pricing policies, creating new market segments 	<ul style="list-style-type: none"> - To sell new products in new markets - Involves starting up business outside the company's present products & markets - Risky strategy

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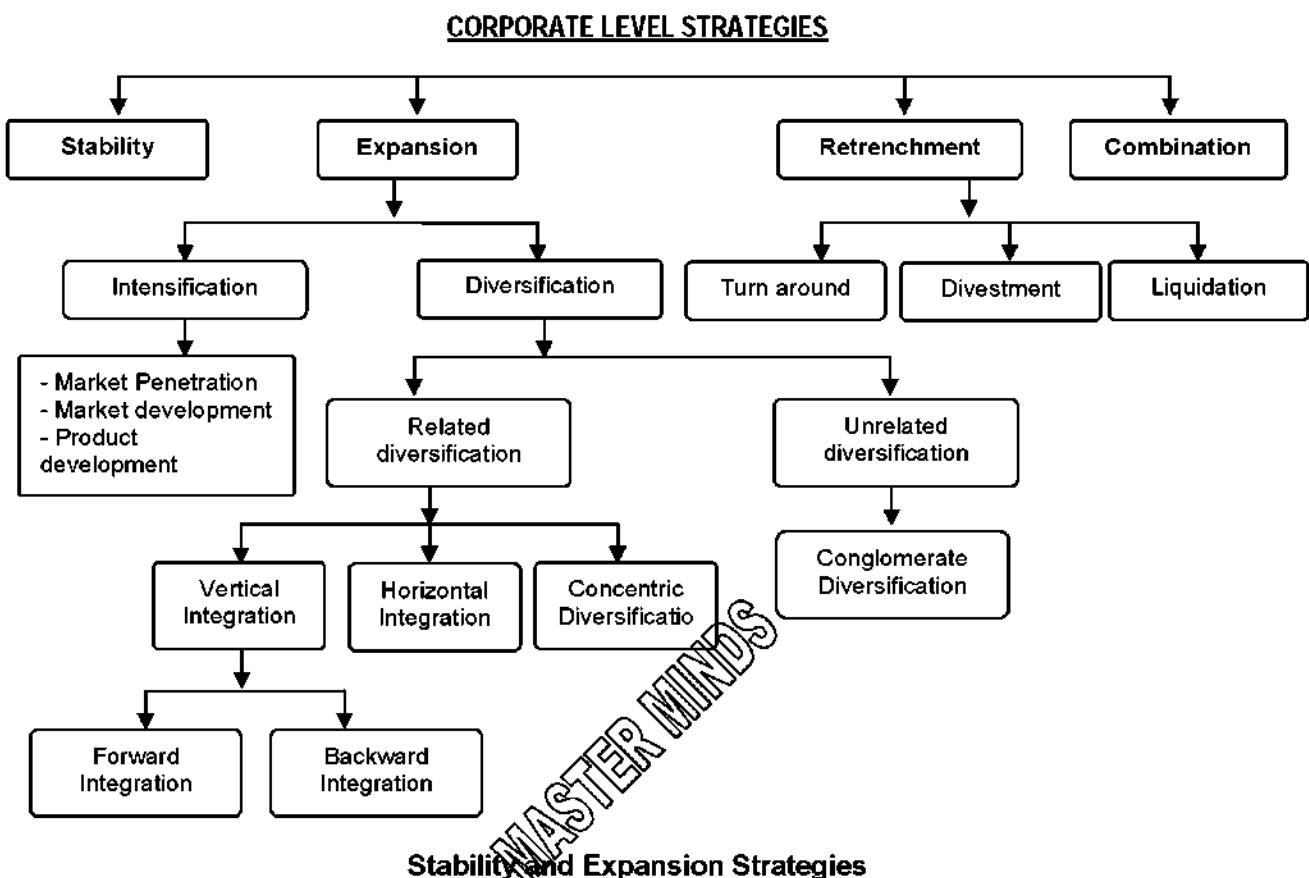
4. STRATEGIC PLANNING

1. Write short notes on Michael Porter's Generic Strategy

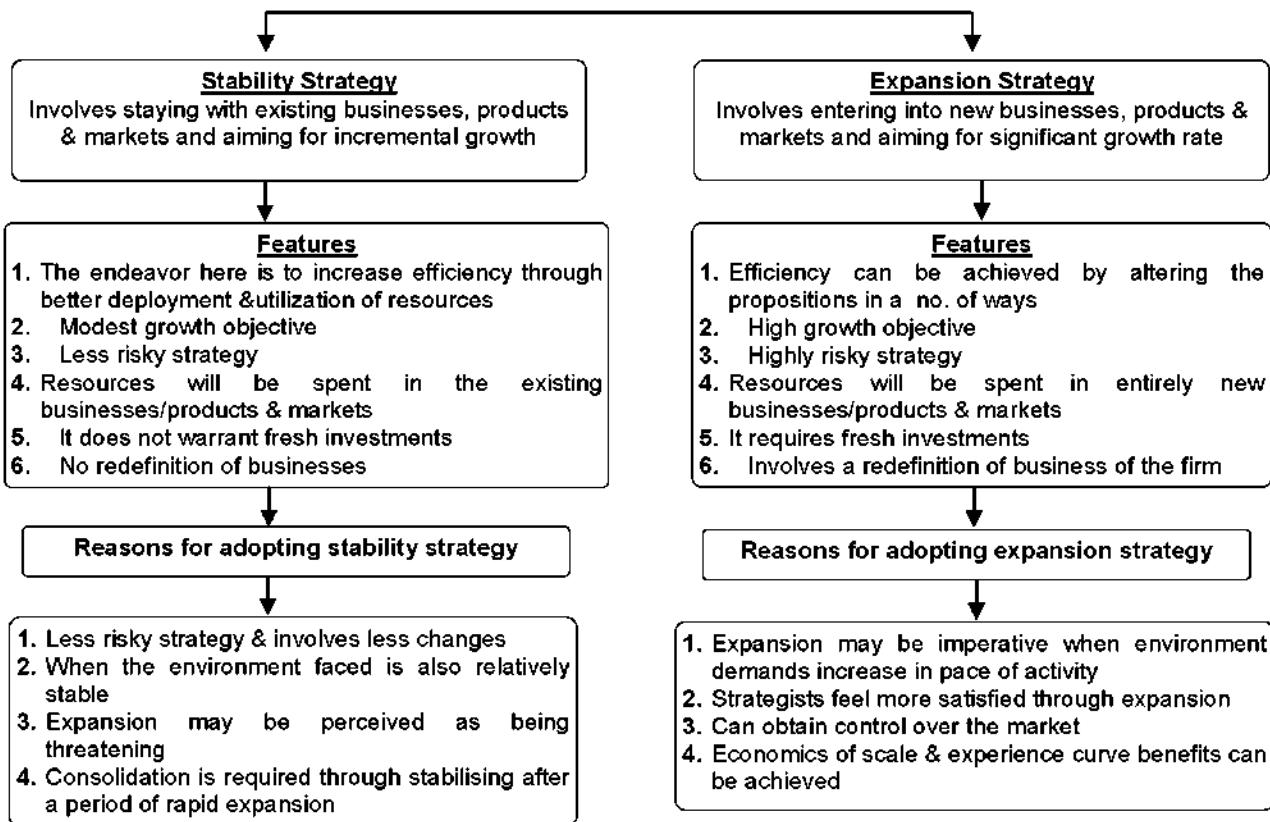
(M17 - 4M)



2. What are Grand Strategies/ Directional Strategies (or) Master Strategies? What are the broad categories of Corporate Strategies?



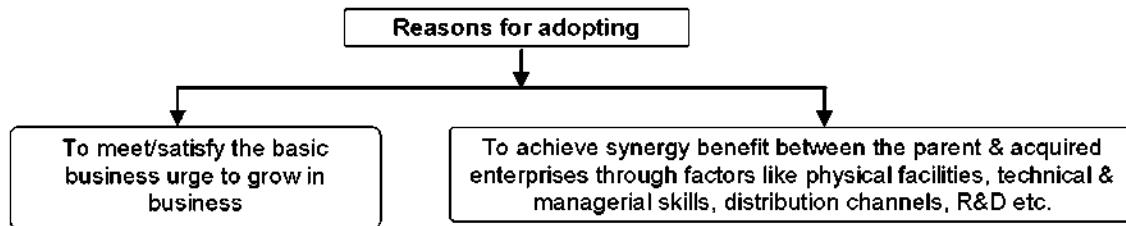
Stability and Expansion Strategies



3. Explain the concept of Expansion through Mergers and Acquisitions

Concepts of Expansion through Mergers & Acquisitions

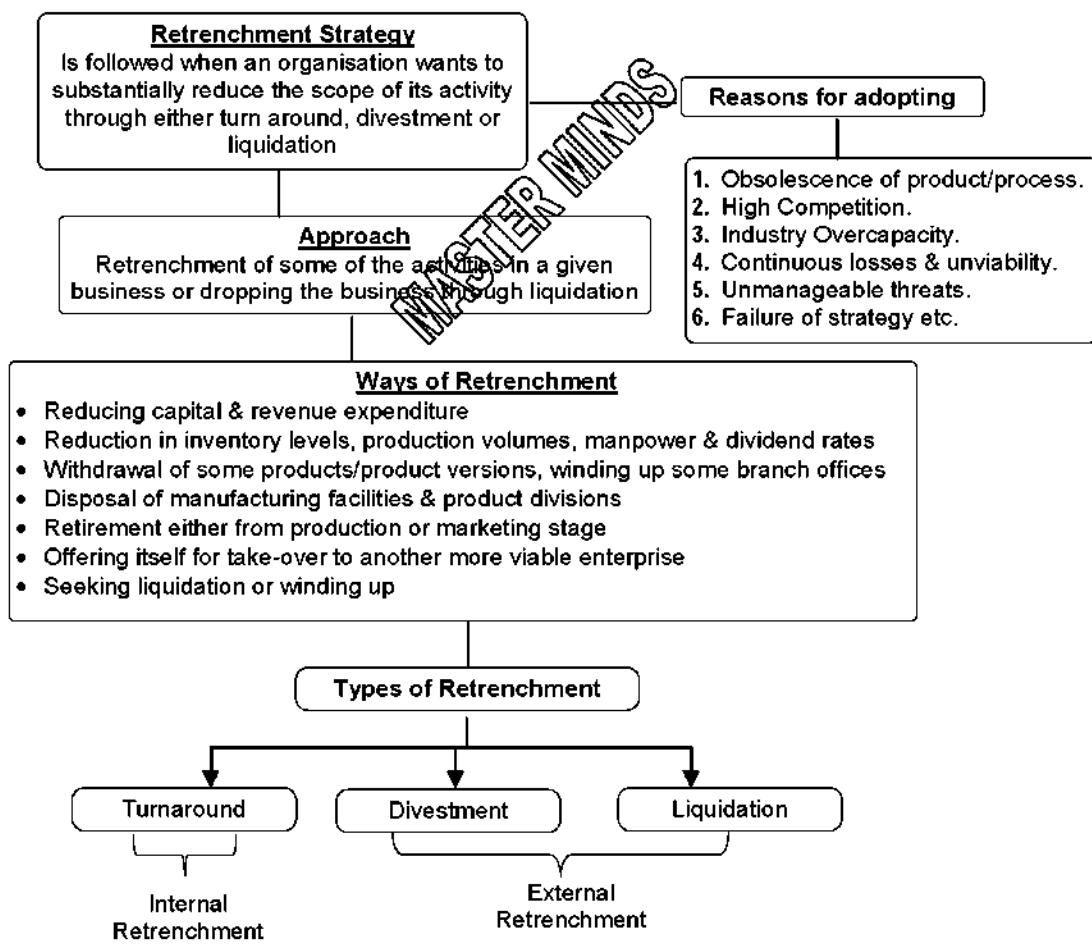
Is an attractive method as it saves the time, risks & skilled involved in analyzing internal growth opportunities, exploiting them & building up the necessary resource growth



4. Write about Retrenchment Strategy

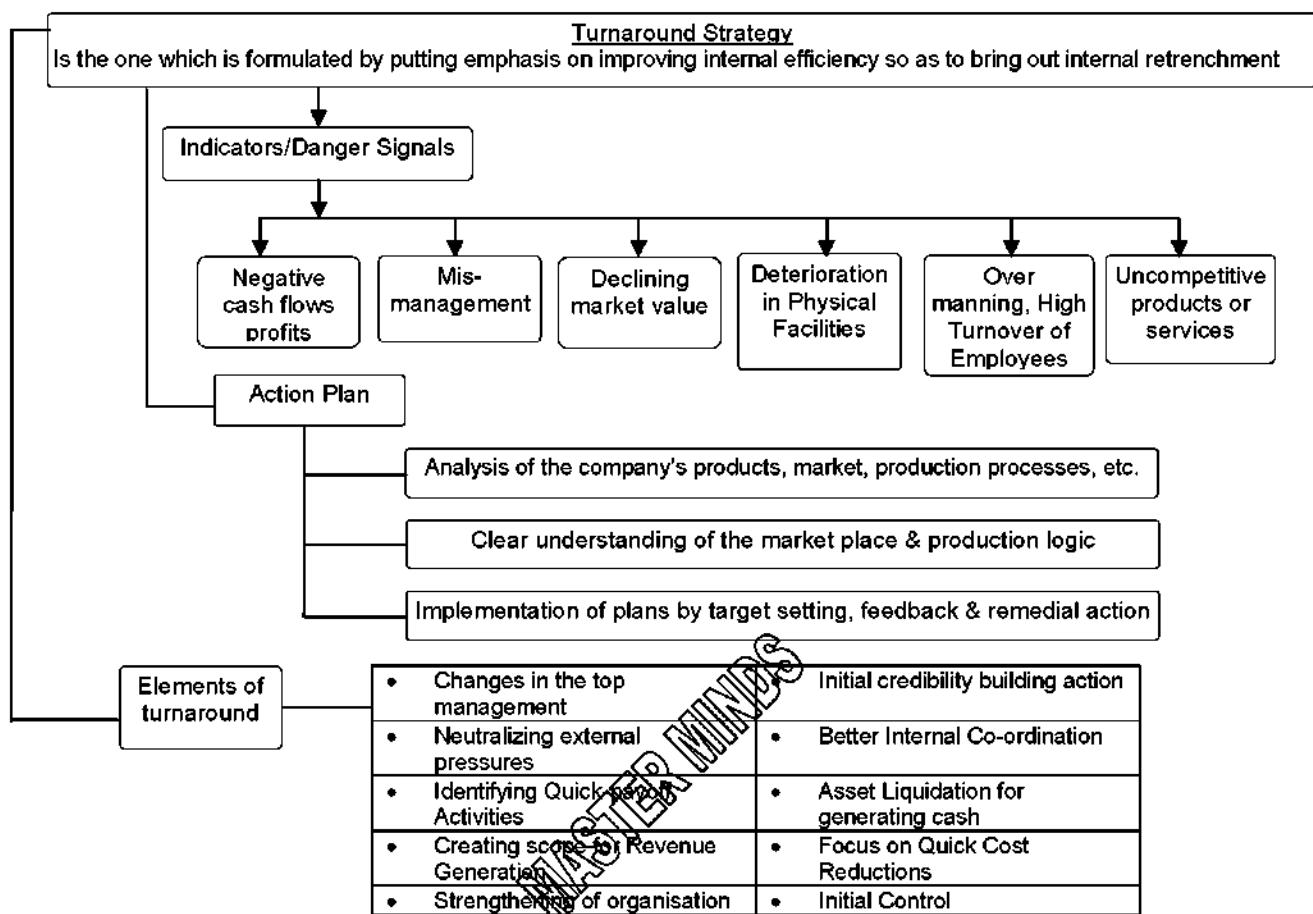
(RTP - M17)

Retrenchment Strategy and reasons for adopting it

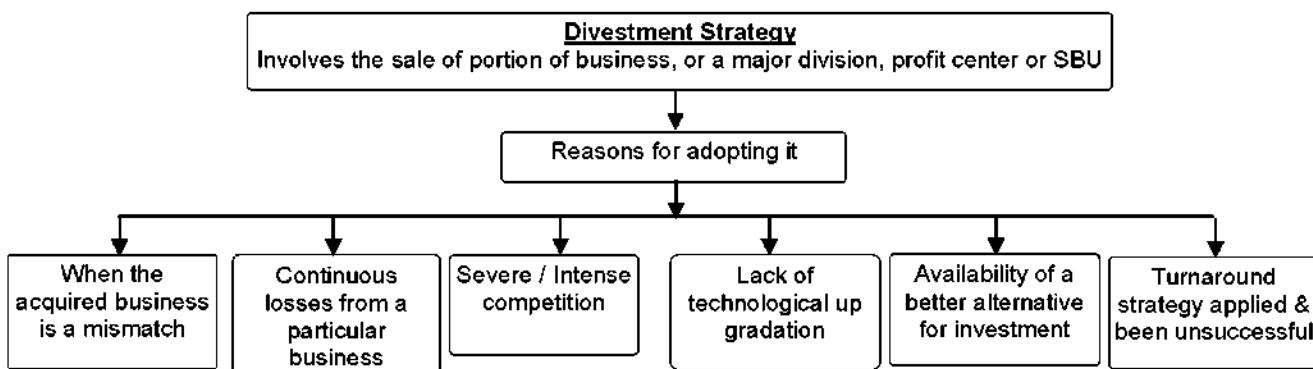


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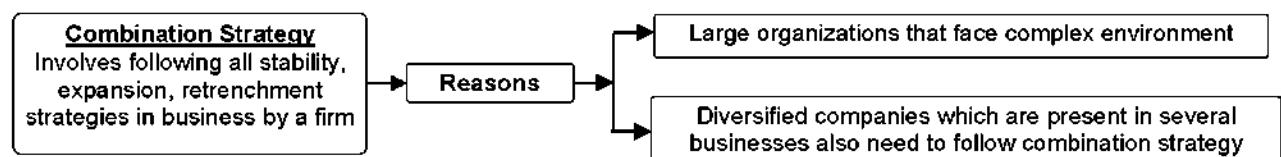
5. How will a firm implement Turnaround Strategy



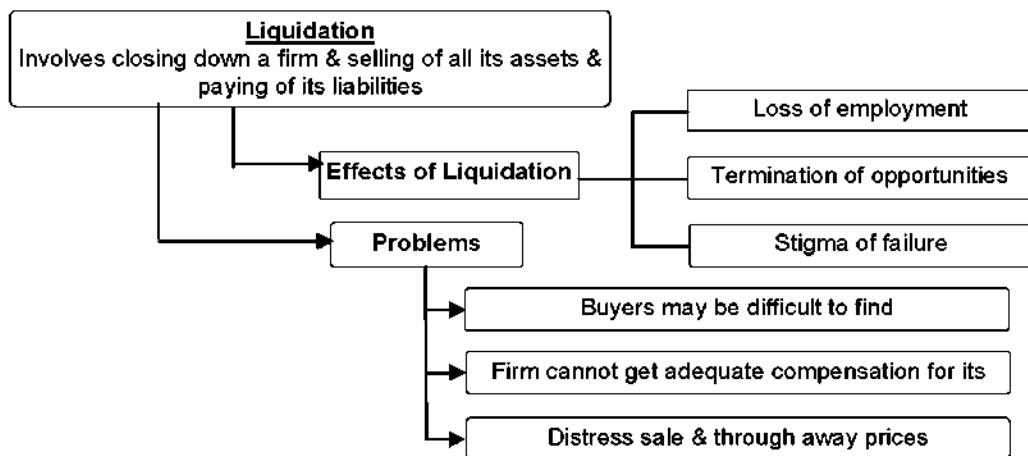
6. What is Divestment Strategy? Explain why is it adopted



7. What are the reasons for adopting Combination Strategy



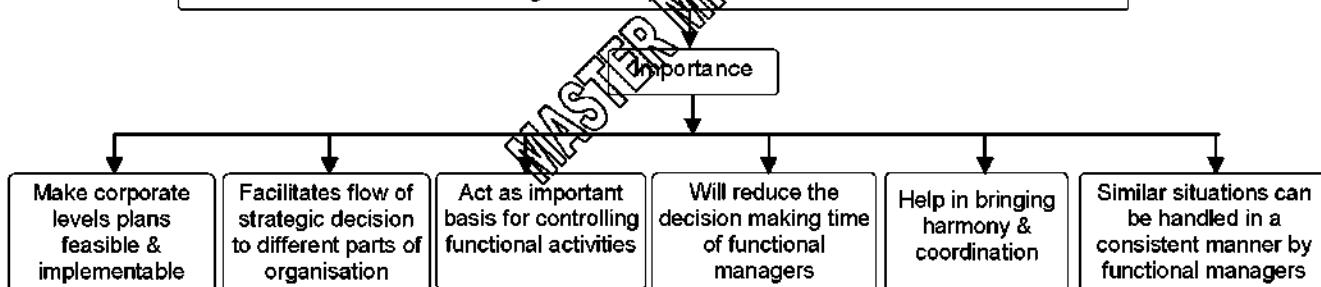
8. Write short notes on Liquidation Strategy



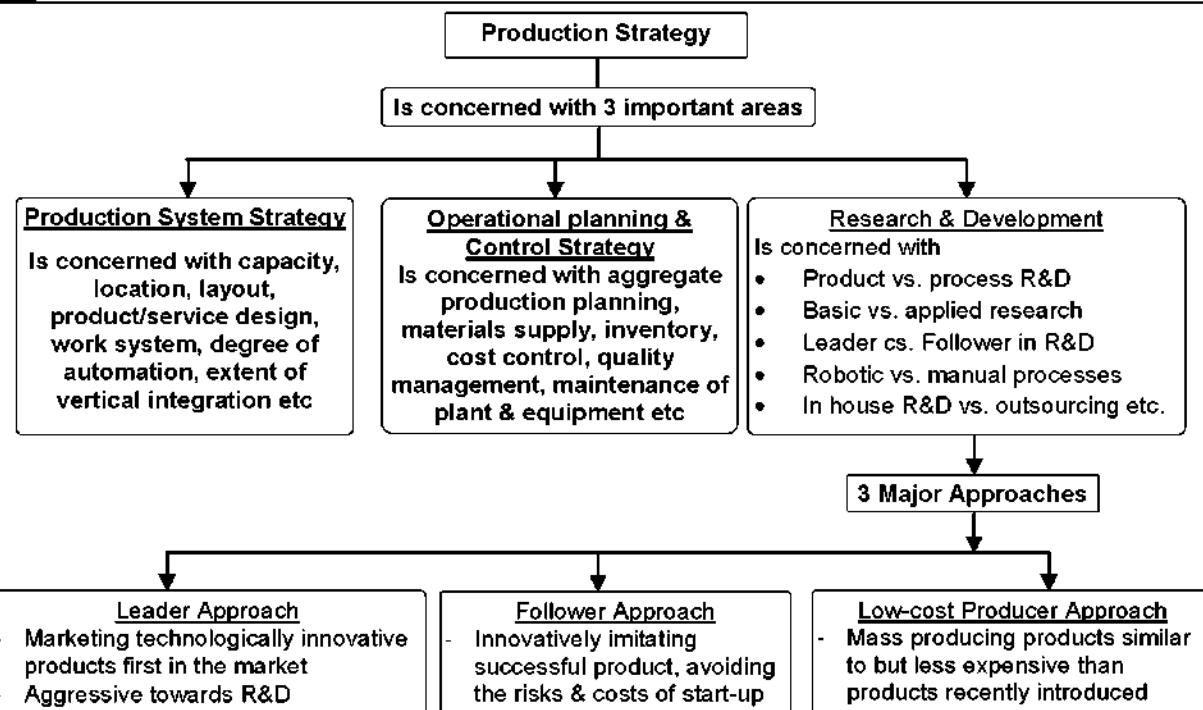
5. FORMULATION OF FUNCTIONAL STRATEGIES

1. What is meant by Functional Strategies? In terms of level where will you put them? Are functional strategies really important for business

Functional Strategies
Strategies which are formulated in the individual functional departments such as marketing, finance, production, R&D, etc



2. Write short notes on Production Strategy Formulation

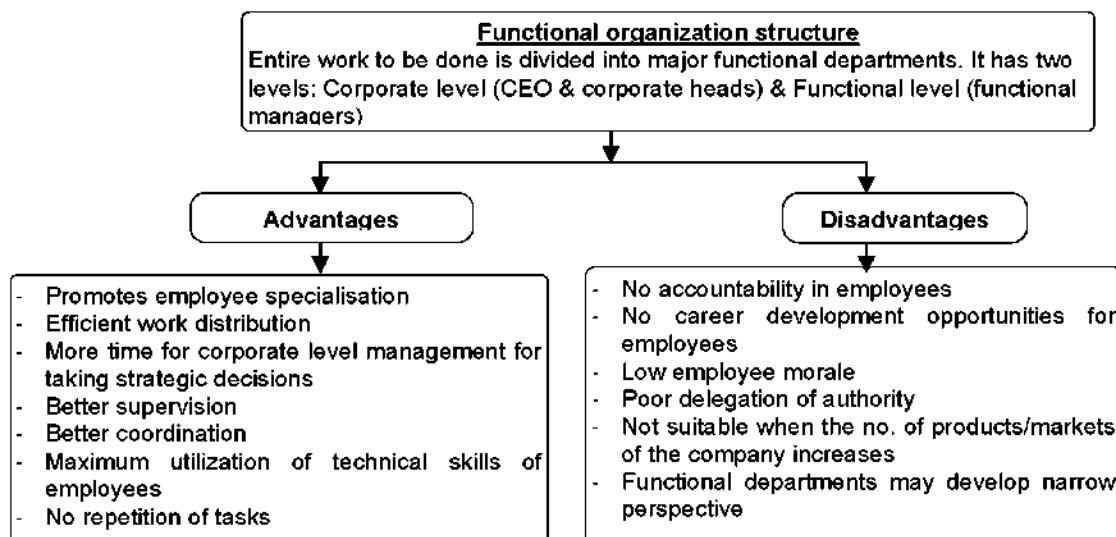


3. What is Supply Chain Management? What are the requirements for the successful implementation of Supply Chain Management System? Explain (M17 - 7M)



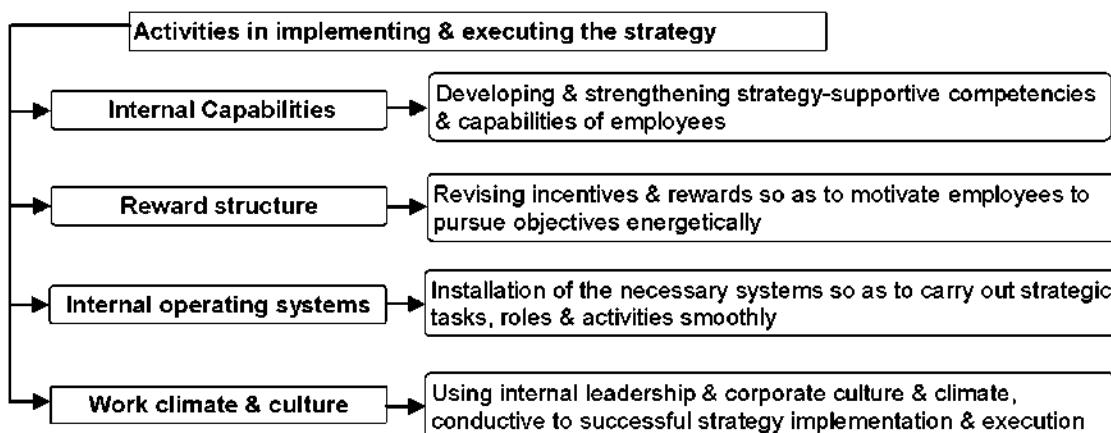
6. STRATEGY IMPLEMENTATION & CONTROL

1. State the Characteristics of Functional Structure



2. Outline the activity of Implementing and Executing the Strategy

(MTP - M17)



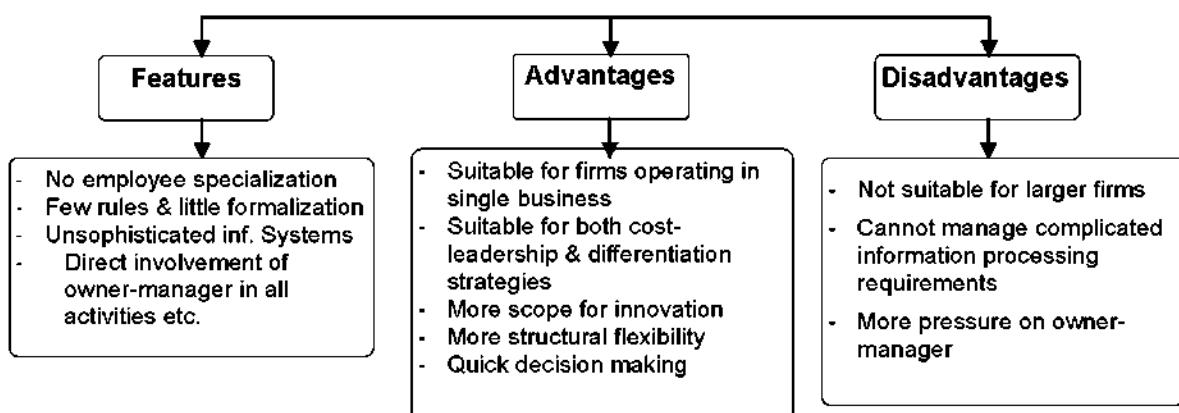
3. Relationship between Efficiency & Effectiveness

Strategic Management			
Operations Management	Effective		Ineffective
	Efficient	Succeed & thrive	Die slowly
		<ul style="list-style-type: none"> - The best position - Companies that came under this cell are well placed & flourish 	<ul style="list-style-type: none"> - Companies in this cell will die slowly due to lack of strategic direction
	Inefficient	<ul style="list-style-type: none"> - Survive 	<ul style="list-style-type: none"> Die Quickly
		<ul style="list-style-type: none"> - A firm in this cell can survive since it has a strategic direction 	<ul style="list-style-type: none"> - A firm in this cell will be in worst place and will die very quickly

4. Write short notes on Simple Organisational Structure

Simple organization structure:

Owner- Manager takes all decisions & monitors all activities directly. Employees merely serve as implementers of decisions taken by him

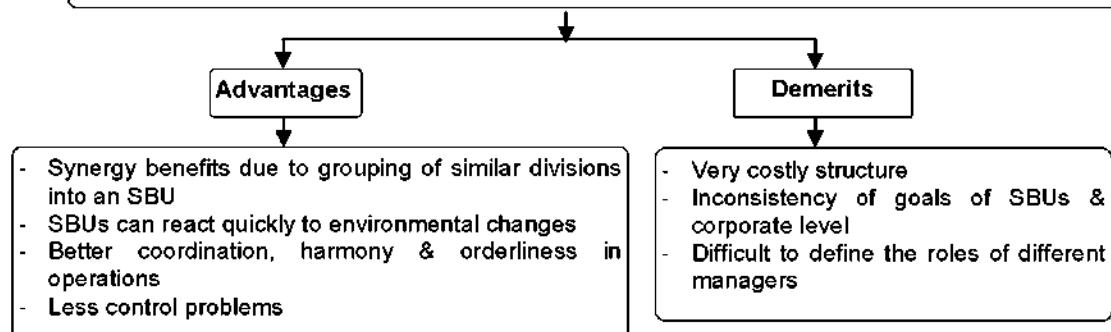


5. Write short notes on SBU Structure

SBU Structure

Groups similar divisions into SBUs & delegates complete authority & responsibility for each unit to a head senior executive. This is the case of a highly decentralised structure.

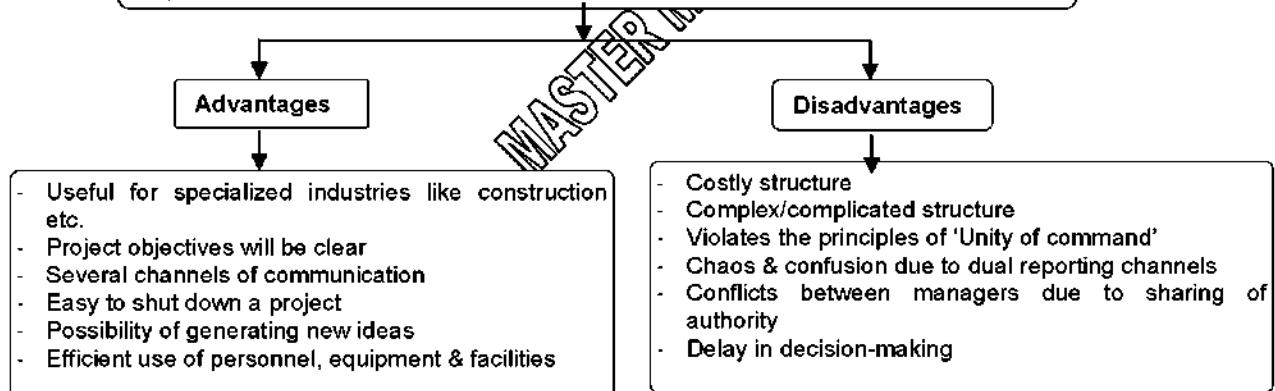
3 levels: Corporate level, SBU level (under the control of SBU heads), Divisional level (similar divisions under each SBU)



6. Write short notes on Matrix Structure

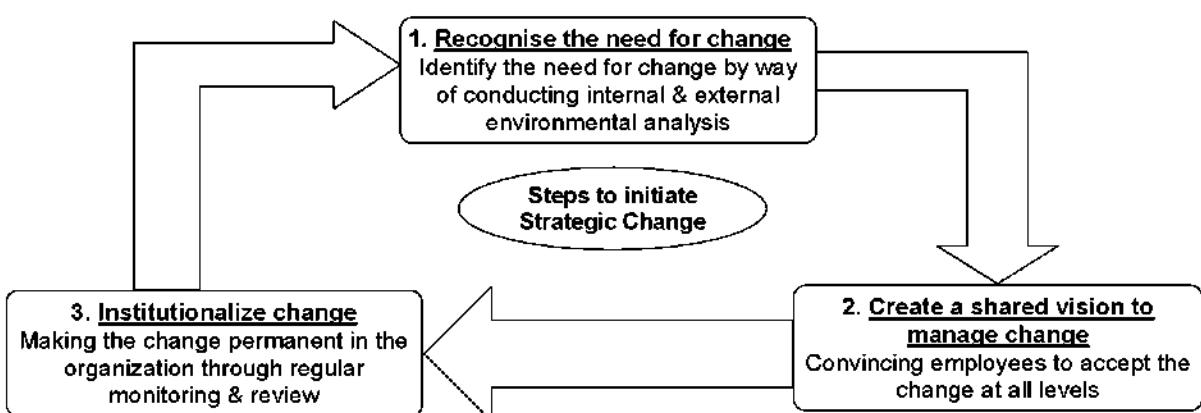
Matrix organization structure

Is a combination of vertical & horizontal flows of authority & communication. Employees will have 2 superiors: Functional manager (vertical flow) & project manager (horizontal flow)



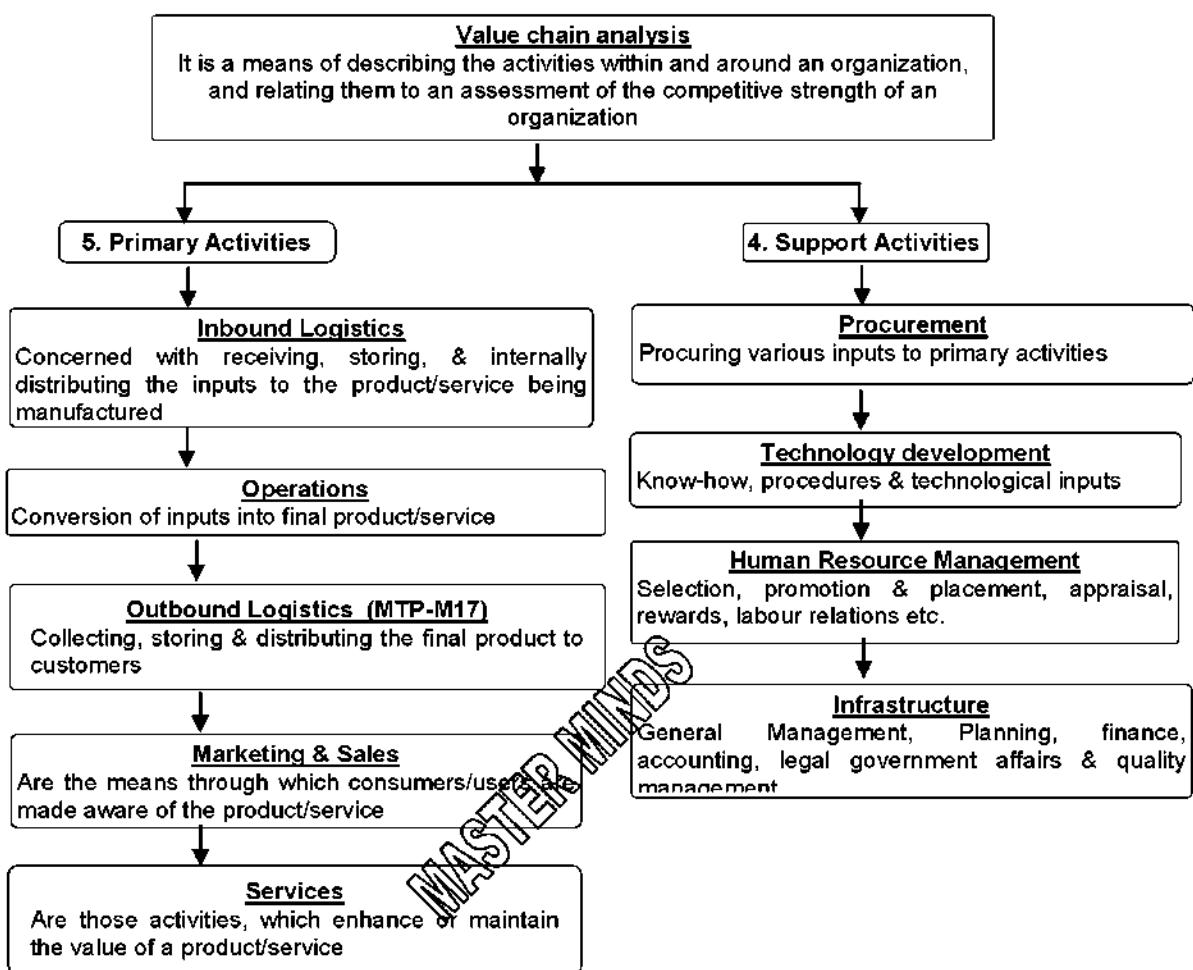
7. What are the Steps to initiate Strategic Change?

(M17 - MTP)

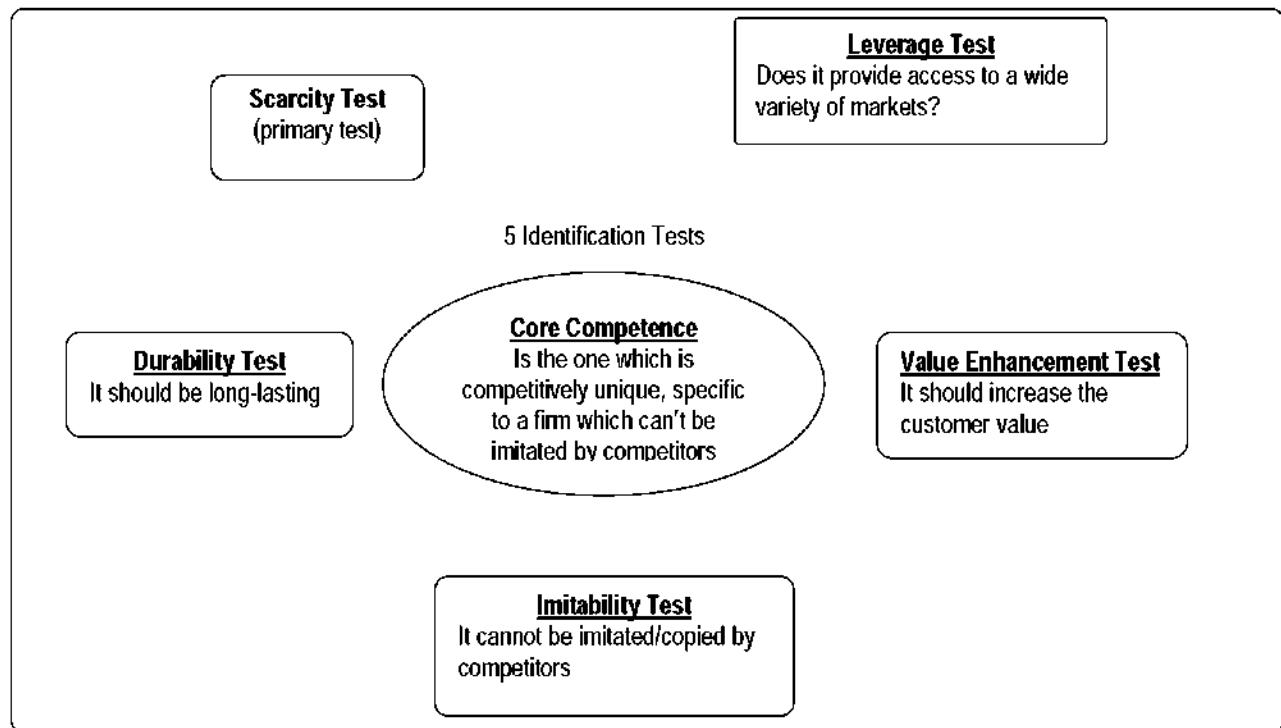


8. How are the Business Activities classified for VCA Purpose

(MTP - M17)

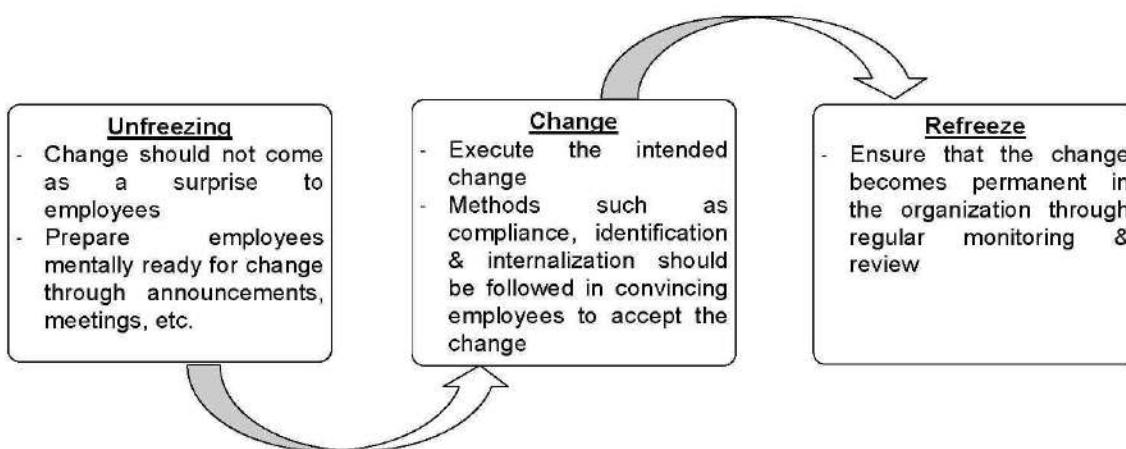


9. Write short notes on Core Competencies



10. Explain Kurt Lewin's Change Process

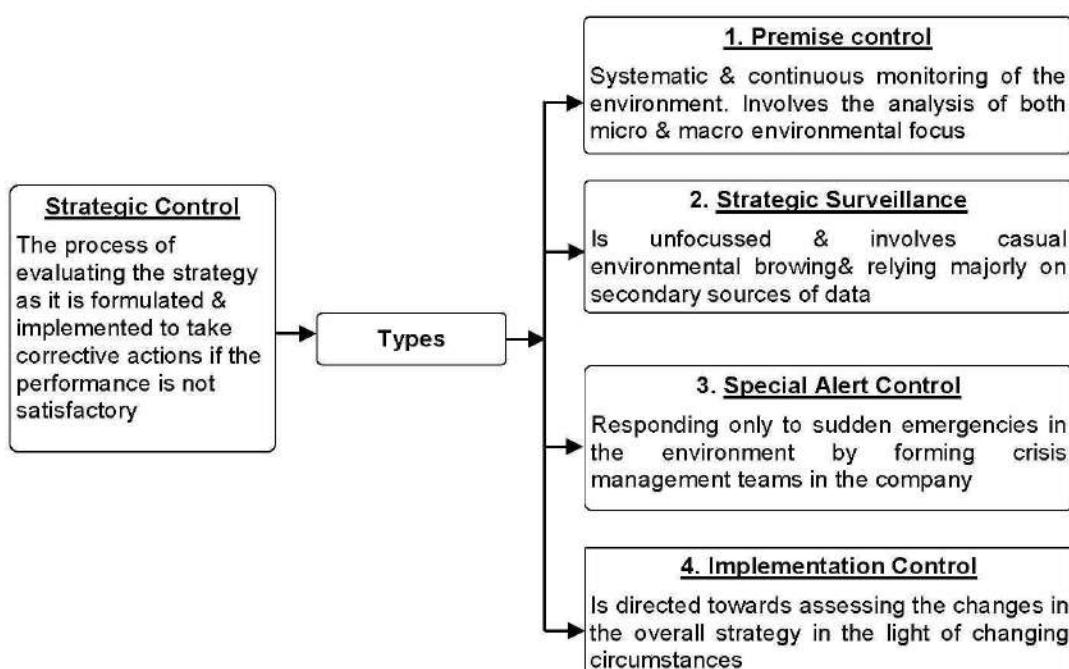
(RTP - M17)



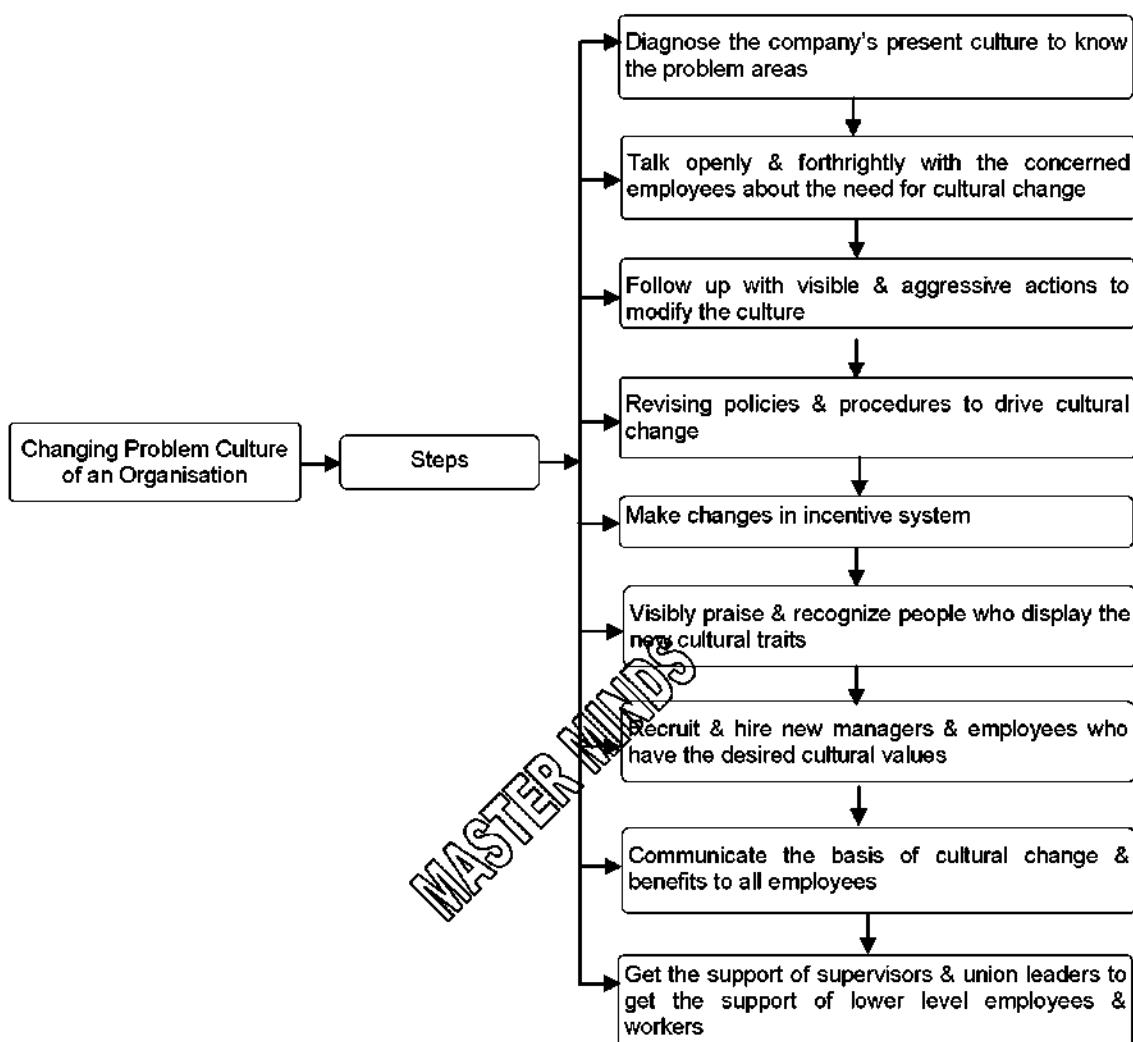
11. What do you mean by Corporate Culture?



12. What is Strategic Control? Explain the different types of Strategic Control

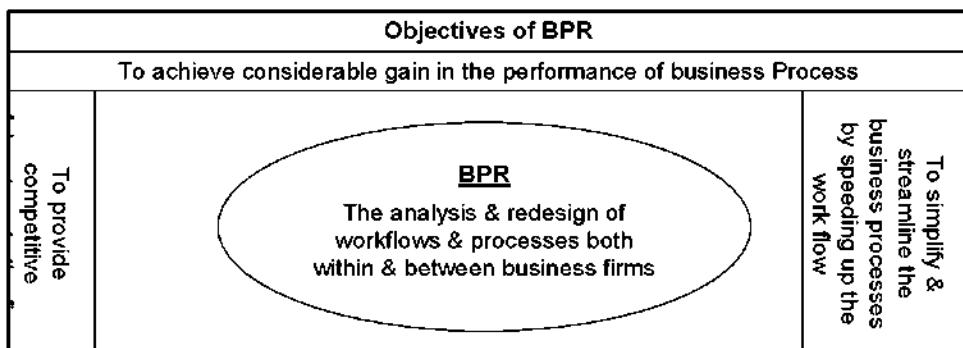


13. Outline the Process of Changing a Problem Culture

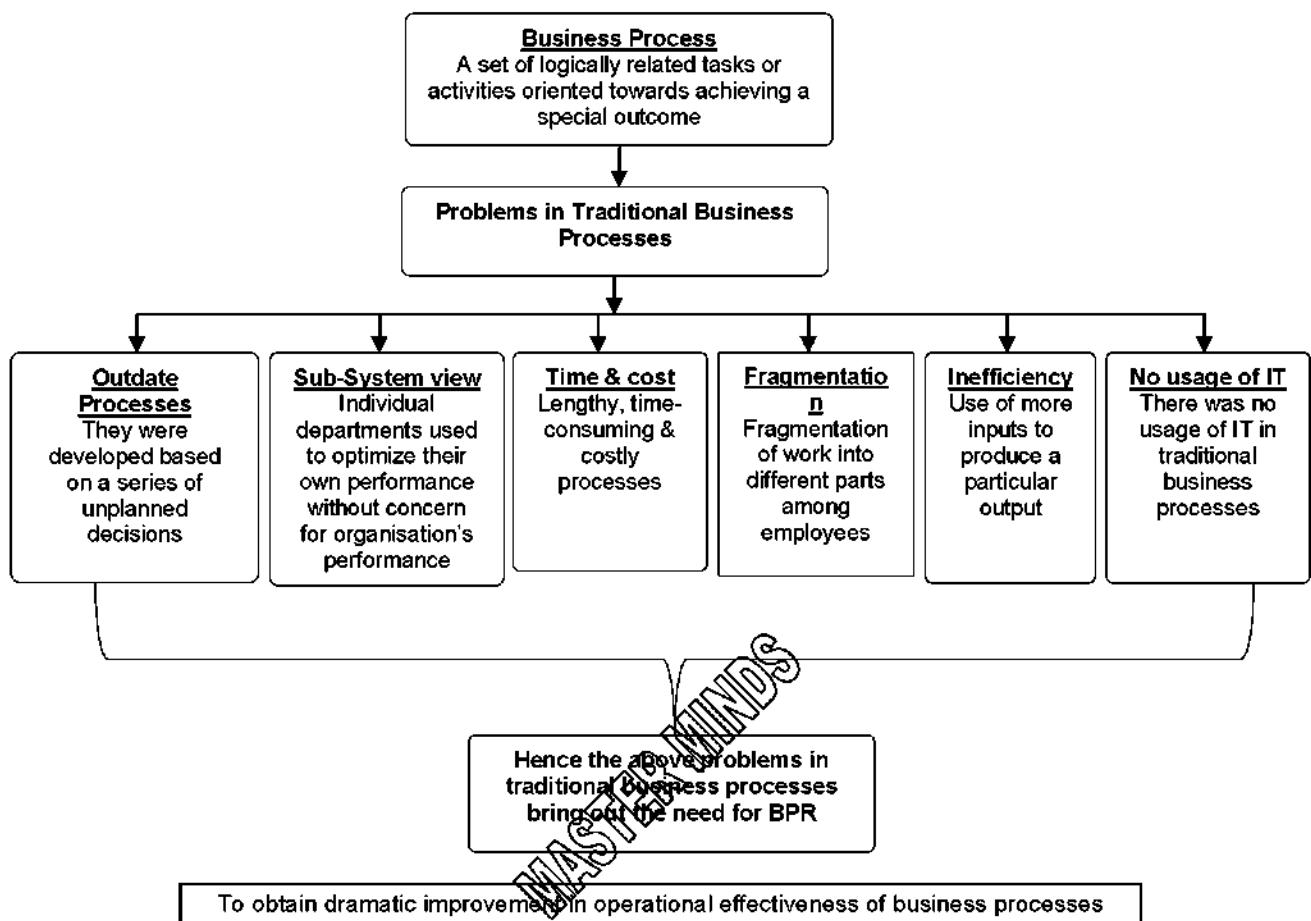


7. REACHING STRATEGIC EDGE

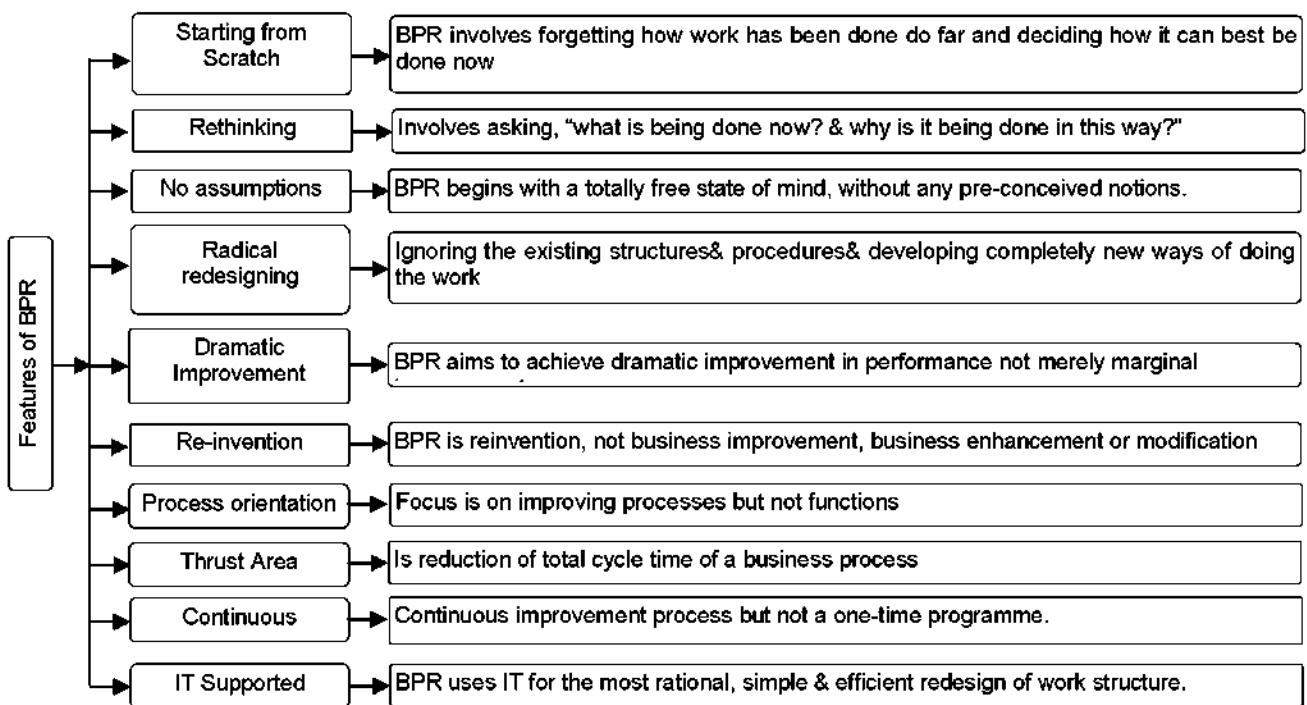
1. State the Objectives of Business Process Re-engineering



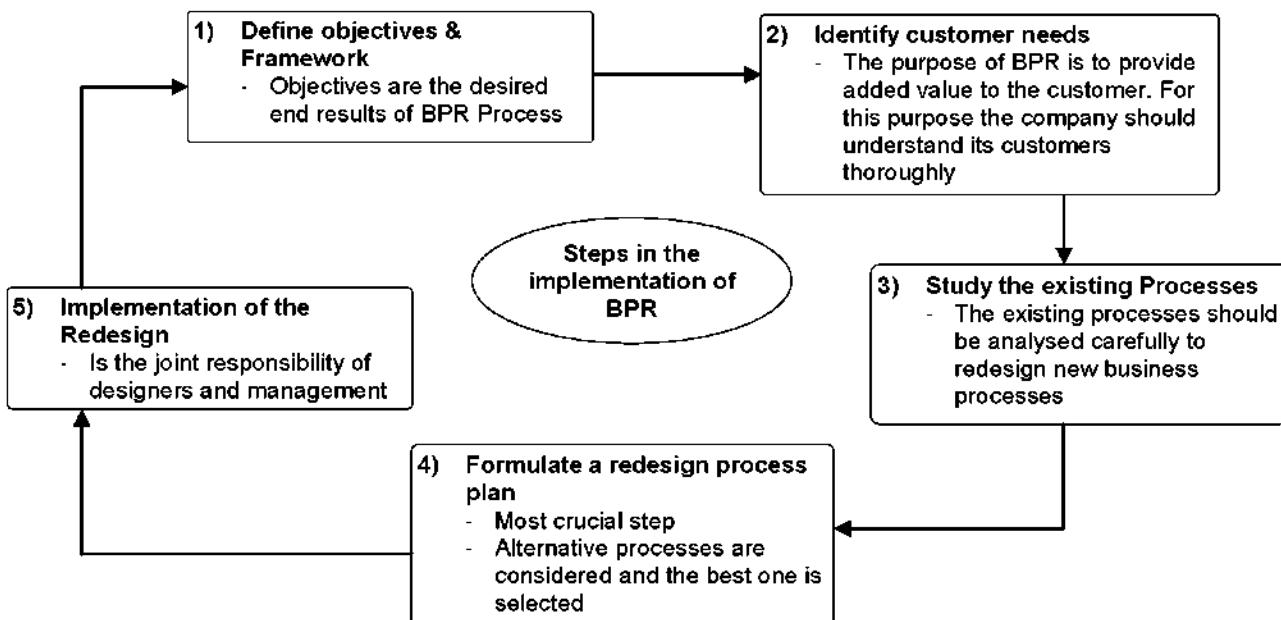
2. Business Process



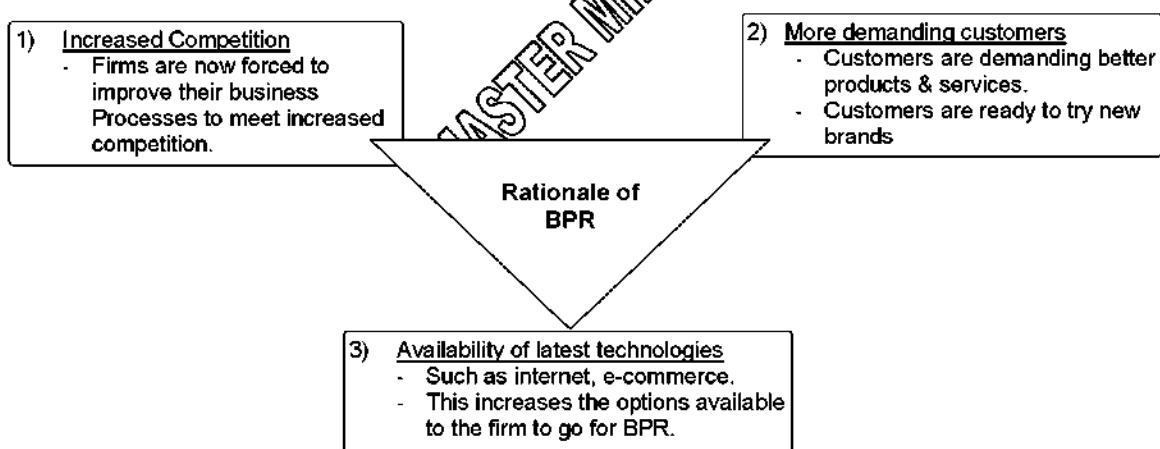
3. Bring out the Features of Business Process Re-engineering



4. Write down the Steps in BPR

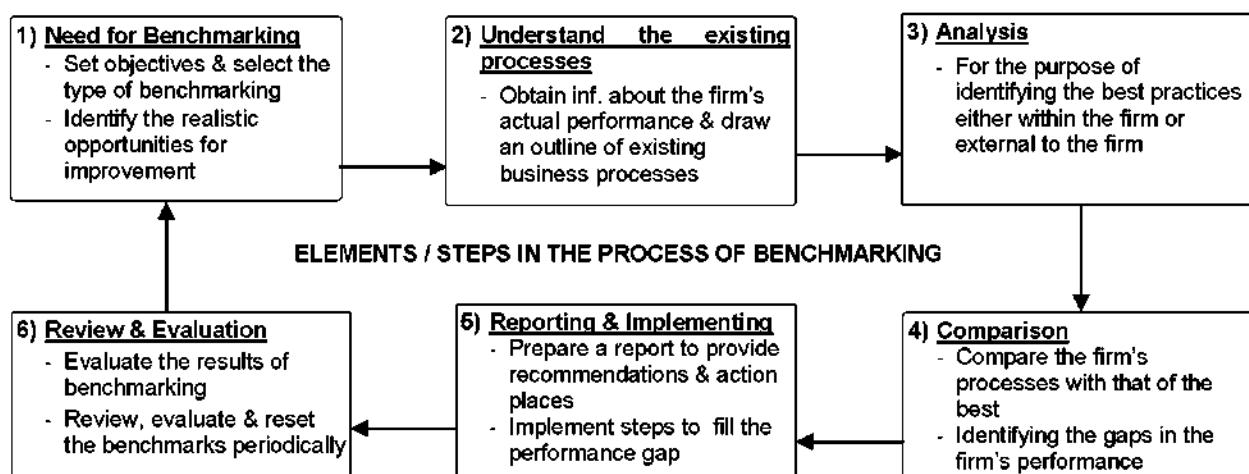


5. Rationale of BPR

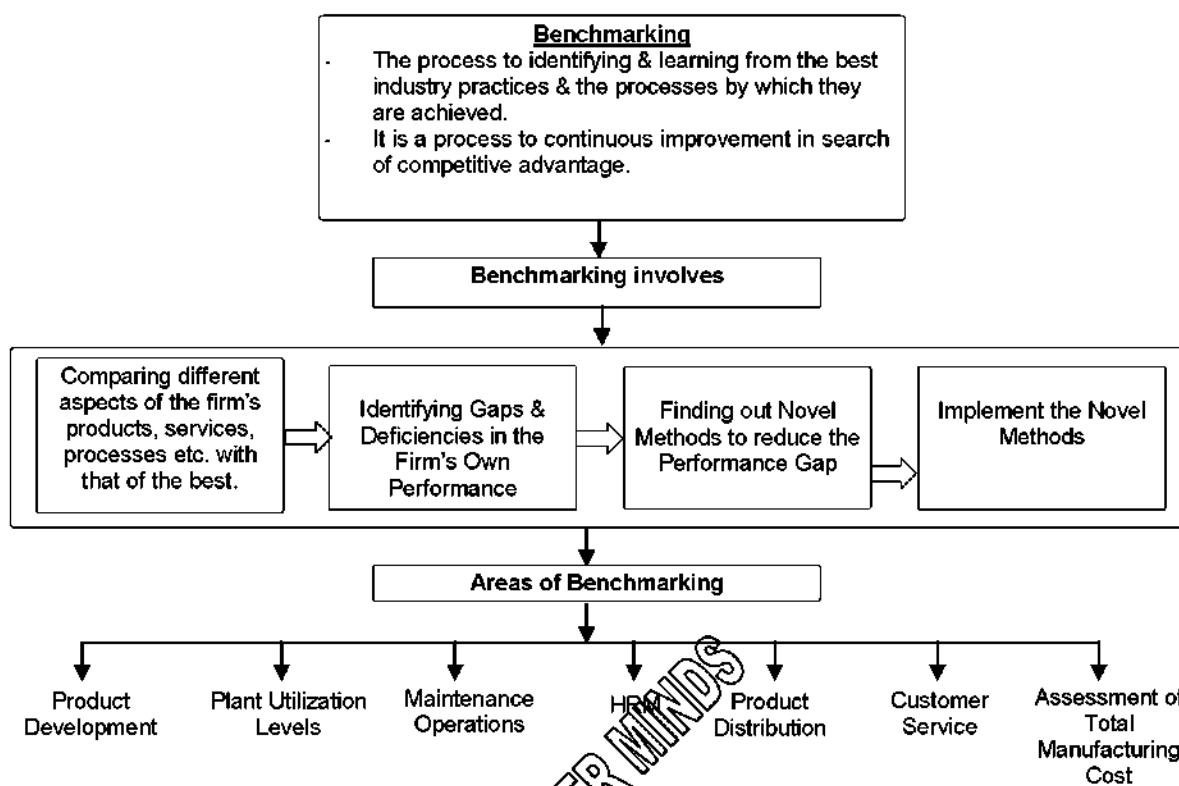


6. What are the Elements/Steps in the Process of Benchmarking

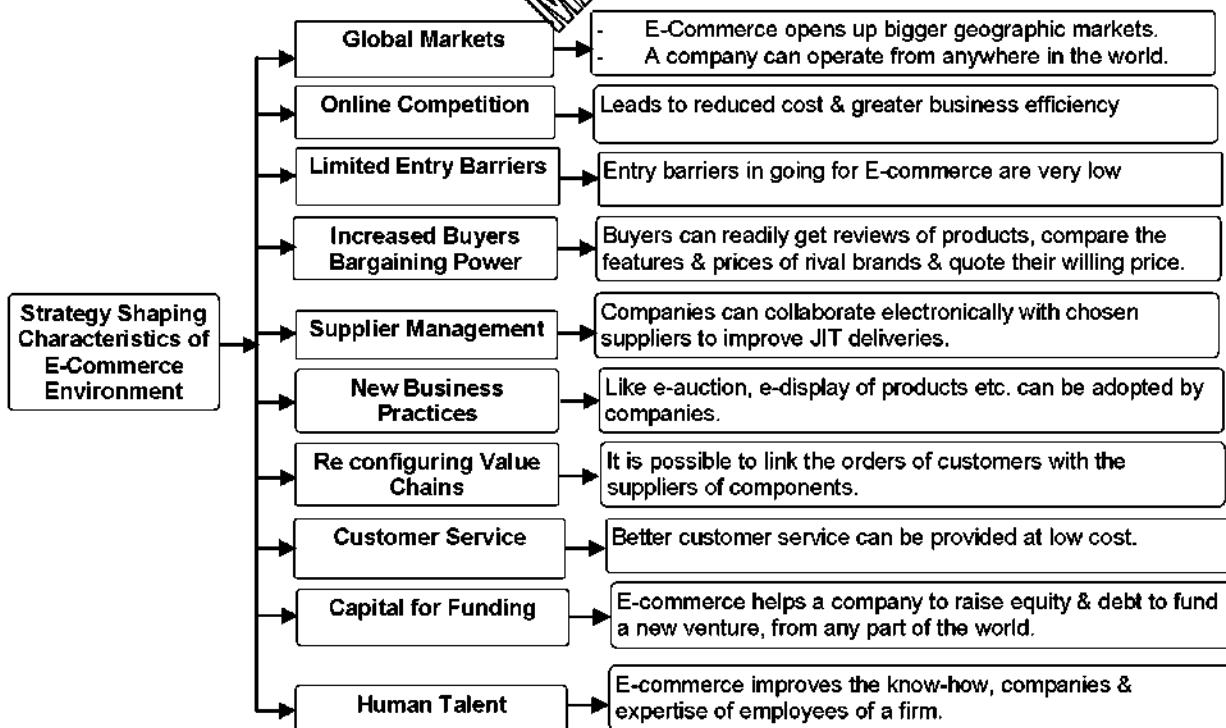
(RTP - M17)



7. What is Benchmarking? What are the areas where benchmarking can help?

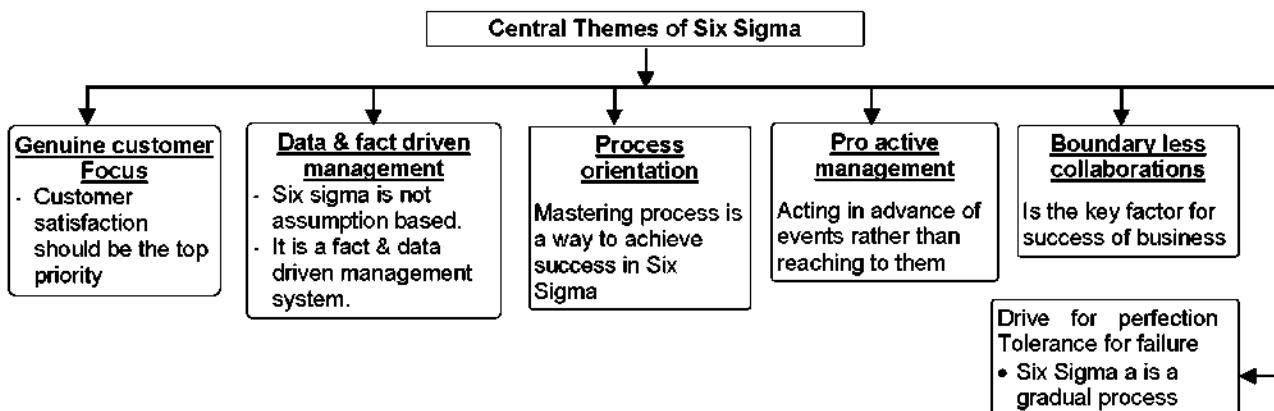


8. What are the Strategy-Shaping Characteristics of E-Commerce Environment?

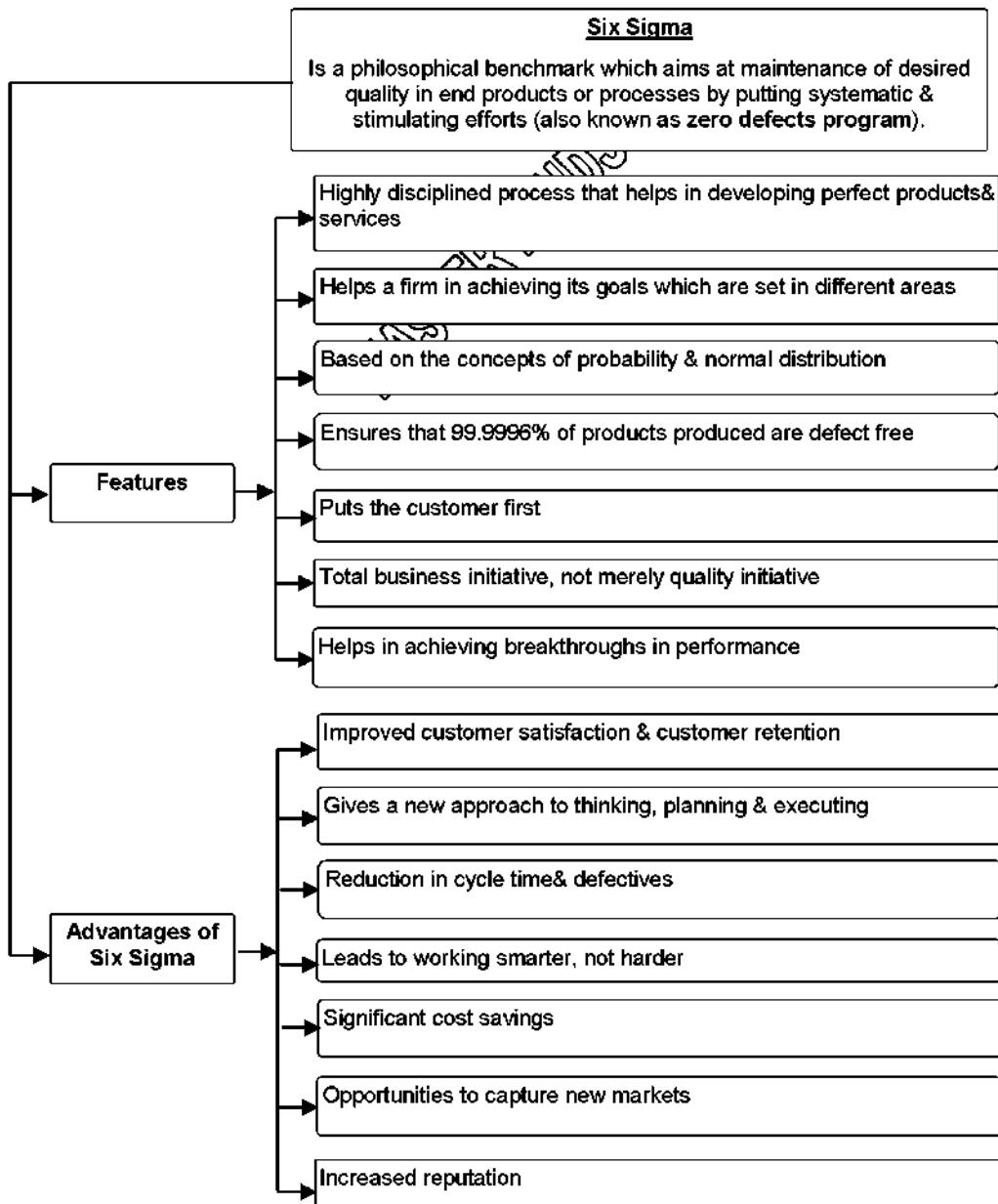


9. Explain the Central Themes of Six Sigma Philosophy

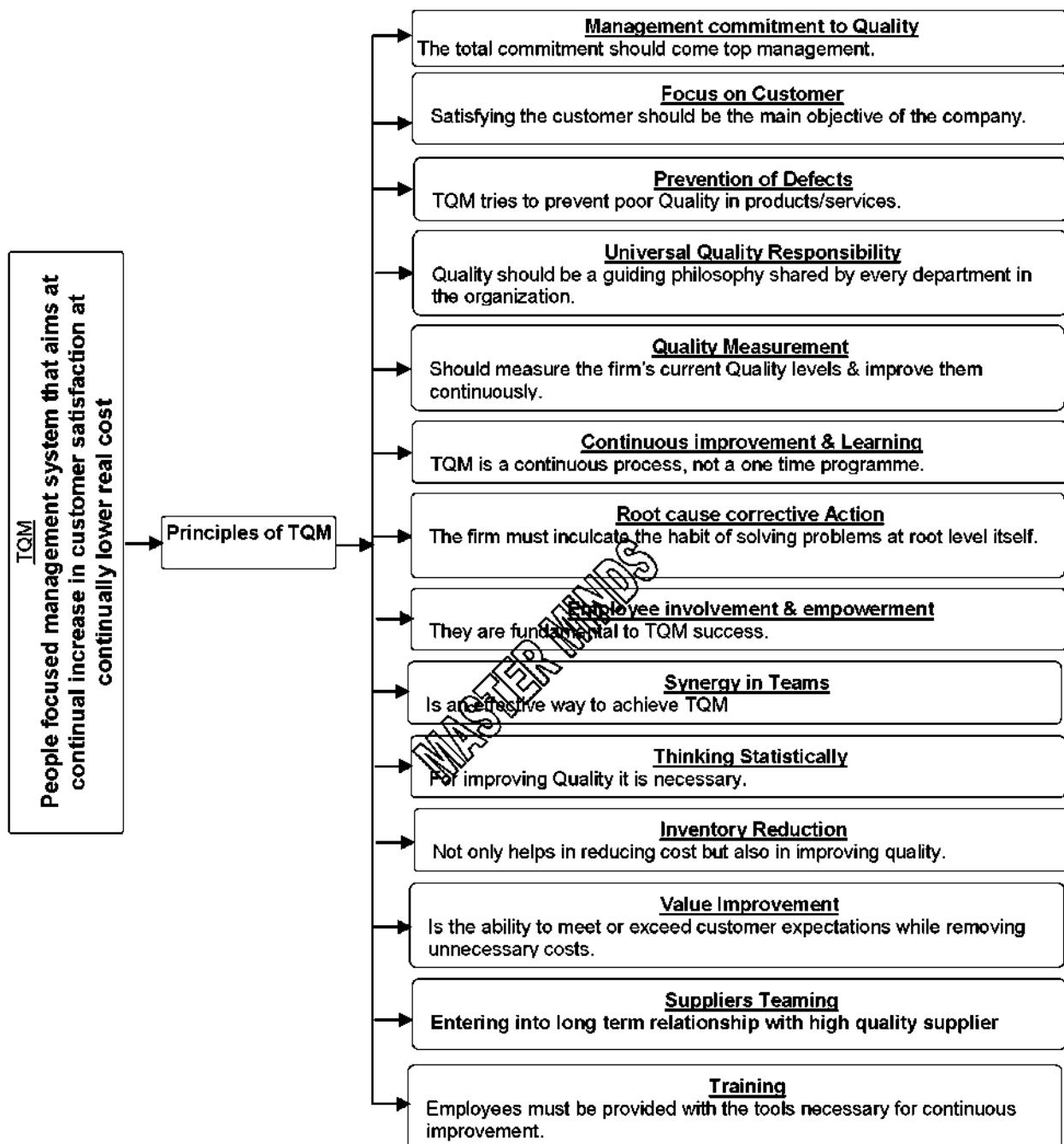
(RTP - M17)



10. What is Six Sigma and discuss its features?



11. What are the principles of TQM?



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PART B - 2 MARK QUESTIONS / DEFINITIONS



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1. BUSINESS ENVIRONMENT

A CATEGORY	
1. Business Environment	2. Environmental Scanning (RTP- M12, M13)
<p>a) Business Environment consists of all those factors, events, or trends that influence the decision-making of business organizations.</p> <p>b) There are two broad types of environmental factors. Micro environmental factors and macro environmental factors.</p> <p>c) A firm's success depends critically on its ability to adopt itself to changing conditions of the environment.</p>	<p>a) Environmental scanning can be defined as the process by which organizations monitor their relevant environment to identify opportunities and threats affecting their business for the purpose of taking strategic decisions.</p> <p>b) It is the process of gathering information regarding company's environment, analysing it and forecasting the impact of all predictable environmental changes. It helps the managers to decide the future path of the organization.</p>
3. Business	4. Micro-Environment
<p>a) A business is an entity, company, or corporation, created and managed by people.</p> <p>b) Business refers to the state of being busy, i.e., one's regular occupation.</p> <p>c) It is any activity consisting of purchase, processing, manufacture, sale, and / or marketing of products and / or services.</p>	<p>a) Micro-environment is related to small area or immediate periphery of an organization. It influences an organization regularly and directly.</p> <p>b) It consist suppliers, consumers, marketing intermediaries, competitors, organization, market etc.</p>
5. Macro- Environment	6. Socio – Cultural environment (RTP- M15)
<p>a) Macro-Environment constitutes the general environment, which affects the working of all firms.</p> <p>b) It is largely external to the firm and thus beyond the direct influence and control of the firm. But it shows powerful influence over the functioning of the business.</p> <p>c) It includes factors such as socio-cultural, population or demographic, economic, legal, technological and global factors</p>	<p>a) Socio-cultural environment consist of factors related to human relationships and the impact of social attitudes and cultural values which has bearing on the business of the organization.</p> <p>b) The beliefs, values and norms of a society determine how individuals and organizations should be interrelated.</p>
7. Transnational Approach	8. Demographic Environment (N12 - 1M, PM, RTP - M14, MTP - N16)
<p>a) Many large multinational firms, particularly those with many diverse products, may use a multi-domestic strategy with some product lines and a global strategy with others.</p> <p>b) A transnational strategy seeks to combine aspects of both multi-domestic and global strategies.</p> <p>c) In this approach the emphasis is on both local responsiveness and global integration and coordination.</p>	<p>a) The term demographics denote characteristics of population in an area, district, country or in world. Some of the demographic factors have great impact on the business.</p> <p>b) Factors such as general age profile, sex ratio, income, education, growth rate affect the business with different magnitude.</p>
9. Ethnic mix (RTP - M12, PM, MTP - M14)	10. Joint Venture (PM, MTP- M16, N16)
<p>Ethnic mix reflects the changes in the ethnic make-up of a population and has implications both for a company's potential customers and for the workforce. Issues that should be addressed include:</p> <p>a) What do changes in the ethnic mix of the population imply for product and service design and delivery?</p> <p>b) Will new products and services be demanded or can existing ones be modified?</p> <p>c) Managers prepared to manage a more culturally diverse workforce?</p>	<p>a) A joint venture is a business agreement in which parties agrees to develop, for a finite time, a new entity and new assets by contributing equity.</p> <p>b) They exercise control over the enterprise and consequently share revenues, expenses and assets.</p>

11. Globalisation (RTP- M12, N14)	12. Global Approach (RTP- M14, N16)
<p>a) In simple economic terms, globalization refers to the process of integration of the world into one huge market.</p> <p>b) At the company level, globalization means two things: (a) the company commits itself heavily with several manufacturing locations around the world and offers products in several diversified industries, and (b) it also means ability to compete in domestic markets with foreign competitors.</p>	<p>a) A global strategy assumes more standardization of products across country boundaries. Under this strategy, the company tries to focus on a low cost structure by leveraging its expertise in providing certain products and services and concentrating the production of these standard products and services at a few favourable locations around the world.</p> <p>b) Competitive strategy is centralized and controlled by the home office.</p>
13. Multinational or Global Company	14. Multi-domestic Approach
<p>a) A Multinational Company (MNC) or a Transnational Company (TNC) is the one that by operating in more than one country, gains R&D, production, marketing and financial advantages in its costs and reputation, which are not available to purely domestic competitors.</p> <p>b) A Multi National Company Views the world as one market, minimises the importance of national boundaries, and raises its capital and markets its products, wherever it can do the job best.</p>	<p>a) A multi-domestic strategy focuses on competition within each country in which the firm operates.</p> <p>b) This Strategy is adopted when a company tries to achieve a high level of local responsiveness by matching their products and services offerings to national conditions prevailing in the countries they operate in.</p> <p>c) The organization attempts to extensively customize their products and services according to the local conditions of different countries.</p>
15. Kieretsu (RTP- M13, N14, MTP- M14)	16. Porter's Five Forces Model of Competition Analysis (RTP- M12)
<p>a) Large co-operative networks of businesses are known as Kieretsus.</p> <p>b) They are formed by companies in related industries, in order to enhance the abilities of individual member businesses and to compete in their respective industries.</p> <p>c) The primary purpose of a Kieretsu is not to share information or agree industry standards but to share purchasing, distribution or any other function.</p>	<p>a) It is a powerful and widely used tool for systematically diagnosing the principal competitive pressures in a market and assessing the strength and importance of each.</p> <p>b) The five forces together determine industry attractiveness / profitability.</p> <p>c) These 5 forces are Existing Rivalry, Threat of New Entrants, Threat of Substitutes, Bargaining Power of Suppliers and Bargaining Power of Buyers</p>
B CATEGORY	
17. Licensing	18. Direct Investment
<p>a) Licensing permits a company in the target country to use the property of the licensor. Usually such property is intangible, such as trademarks, patents and production techniques.</p> <p>b) The licensee pays a fee in exchange for the rights to use the intangible property and possible for technical assistance.</p> <p>c) Licensing can provide very large ROI since this mode of foreign entry does not require additional investment.</p> <p>d) Since the licensee produces and markets the product, potential returns from manufacturing and marketing activities may be lost</p>	<p>a) Direct investment is the ownership of facilities in the target country. It involves the transfer of resources including capital, technology and personnel.</p> <p>b) Direct investment may be made through the acquisition of an existing entity or the establishment of a new enterprise.</p> <p>c) Direct ownership provides a high degree of control in the operations and the ability to know the consumers and competitive environment in a better way</p>

19. Regional Blocks	20. Social Stratification
<p>a) Strategic alliances (e.g. SAARC, European Union, etc.), are formed in the process of globalisation, to protect against economic and technological threats and influence the comparative and competitive advantages.</p> <p>d) They strive for Social progress and cultural development in the region, promotion of active collaboration and mutual assistance in the economic, social, cultural, technical and scientific fields and strengthening of co-operation among the member states in International forums, on matters of common interest</p>	<p>a) It refers to the division of total population into different groups based on factors such as, religion, caste, region, etc.</p> <p>b) When the number of strata in a region or a market is high, business organisations find it difficult to customize their products/ services making them acceptable to different social strata.</p>
C CATEGORY	
21. Existing Rivalry/ Competition Proper	22. Supplier Bargaining Power
<p>a) It refers to competition among existing firms in an industry.</p> <p>b) The rivalry among existing players is quite obvious. This is what is normally understood as competition.</p> <p>c) For any player, the competitors influence strategic decisions at different strategic levels. The impact is evident more at functional level in the prices being changed, advertising, and pressures on costs, product and so on.</p>	<p>a) Suppliers exercise considerable bargaining power over companies.</p> <p>b) The more specialised the offering from the supplier, greater is his clout. And, if the suppliers are also limited in number they stand a still better chance to exhibit their bargaining power.</p> <p>c) The bargaining power of suppliers determines the cost of raw materials and other inputs of the industry and, therefore, industry attractiveness and profitability.</p>
23. Customer Bargaining Power	24. Exporting
<p>a) This force will become heavier depending on the possibilities of the buyers forming groups or cartels.</p> <p>b) Quite often, users of industrial products come together formally or informally and exert pressure on the producer.</p> <p>c) The bargaining power of the buyers influences the prices that the producer can charge and costs and investments of the producer because powerful buyers usually bargain for better services which involve costs and investment on the part of the producer.</p>	<p>d) Exporting is marketing of domestically produced goods in a foreign country.</p> <p>e) It is a traditional and well established method of entering foreign markets.</p> <p>f) Exporting does not require separate production facilities. So, it does not require new investment. Most of the costs incurred for exporting products are marketing expenses</p>

2. BUSINESS POLICY & STRATEGIC MANAGEMENT

A CATEGORY	
1. Strategy	2. Objective
<p>a) A company's strategy consists of the combination of competitive moves and business approaches that managers employ to please customers, compete successfully and achieve organizational objectives.</p> <p>b) According to William F. Glueck "A unified, comprehensive and integrated plan designed to assure that the basic objectives of the enterprise are achieved."</p> <p>c) In general, corporate strategies have distinct characteristics such as they are long-range, action oriented, multipronged and integrated. They are also flexible and dynamic to cope up with uncertainty. Formulated at the top management level, they flow out of the goals and objectives of the enterprise.</p>	<p>a) Objectives are organizations performance targets—the results and outcomes it wants to achieve.</p> <p>b) They function as yardsticks for tracking an organizations performance and progress.</p>
3. Strategic Management	4. Strategic Decision Making (PM, RTP- M12)
<p>a) Strategic Management refers to the Managerial process of forming a strategic vision, setting objectives, crafting a strategy, implementing and executing the strategy, and making necessary corrective adjustments in the vision, objectives, strategy and execution, which are deemed appropriate, over a period of time.</p> <p>b) Strategic Management is not a one- time activity, it is an ongoing process.</p>	<p>a) Decision making is a managerial process and function of choosing a particular course of action out of several alternative courses for the purpose of accomplishment of the organizational goals. Decisions are routine, tactical or strategic in nature.</p> <p>b) Strategic decisions are different from other decisions that are taken at various levels of the organization during day-to-day working of the organizations.</p> <p>c) They have long term implications, steer organisation to its future path, and have organisation wide implications and so on. These decisions are taken considering different internal and external factors. They are also taken with partial or no definite knowledge of different factors affecting the decision situation.</p>
5. Strategic Vision (RTP- M12, N14, N15, PM, MTP - M16)	6. Mission (RTP- M12,M17, PM)
<p>a) A Strategic vision is a road map of a company's future – providing specifics about technology and customer focus, the geographic and product markets to be pursued, the capabilities it plans to develop, and the kind of company that management is trying to create.</p> <p>b) A strategic vision delineates organisation's aspirations for the business, providing a panoramic view of the position where the organisation is going.</p> <p>c) It points an organization in a particular direction, charts a strategic path for it to follow in preparing for the future, and moulds organizational identity.</p>	<p>a) Mission statement is an answer to the question "Who we are and what we do" and hence has to focus on the organisation's present capabilities, focus activities and business makeup.</p> <p>b) An organisation's mission states what customers it serves, what need it satisfies, and what type of product it offers.</p> <p>c) A company's mission statement is typically focused on its present business scope—"who we are and what we do".</p>

7. Strategic Management Process	8. Corporate Strategy (PM, M11, MTP N16)
<p>The term strategic management refers to the managerial process of forming a strategic vision, setting objectives, crafting a strategy, implementing and executing the strategy, and then subsequently initiating whatever corrective adjustments in the vision, objectives, strategy, and execution are deemed appropriate.</p>	<p>a) Corporate strategy is basically the growth design of the firm.</p> <p>b) It spells out the growth objective - the direction, extent, pace and timing of the firm's growth.</p> <p>c) It also spells out the strategy for achieving the growth. It serves as the design for filling the strategic planning gap. It also helps build the relevant competitive advantages.</p>
9. Shared Vision	11. Goal
<p>a) When the individuals in an organization are able to bring organisational vision close to their hearts and minds they have "shared vision".</p> <p>b) Shared vision is a force that creates a sense of commonality that permeates the organization and gives coherence to diverse activities.</p> <p>c) For success of organisations having shared vision is better than vision shared.</p>	<p>a) A Goal is a broad statement what an organisation wants to achieve in the long run.</p> <p>b) It is broader in nature and is often a generalized and qualitative statement. For e.g., the goal of a company is 'to increase sales', which is an open ended statement.</p>
12. Corporate Level Strategies	13. Vision Shared <p>'Vision shared' shows imposition of vision from the top management.</p> <p>b) It may demand compliance rather than commitment.</p>
B CATEGORY	
14. Purpose	
<p>a) Purpose refers to anything which an organisation is striving for. It relates to what the organisation strives to achieve in order to fulfill its mission to the society.</p> <p>b) Purpose is internal reasoning and relates to internal environment and is for its own employees.</p>	
C CATEGORY	
15. Corporate Level Management	16. Business Level Managers
<p>a) Corporate level of management consists of Chief Executive Officer (CEO), other Senior Executives, the Board of Directors and Corporate Staff.</p> <p>b) These individuals occupy the apex of decision-making within the organization, with the CEO as the principal General Manager.</p> <p>c) Their role is to oversee the development of strategies for the whole organization in consultation with other Senior Executives</p>	<p>a) The Principal General Manager at the Business Level or the Business-Level Manager is the Head of the concerned division</p> <p>b) The strategic role of these managers is to translate the general statements of direction and intent that come from the corporate level into concrete strategies for individual businesses.</p>

17. Functional Level Managers	
<p>a) Functional-Level Managers are responsible for the specific business functions/ tasks/ operations (e.g. Human Resources, Purchasing, Product Development, Customer Service, etc.) that constitute a Company or one of its divisions.</p> <p>b) They have a major strategic role to develop functional strategies in their area that help to fulfill the strategic objectives set by Business-Level and Corporate-Level General Managers.</p>	

3. STRATEGIC ANALYSIS

A Category	
1. Product Development (MTP - N16)	2. SWOT Analysis
<p>a) Customers and suppliers must work together in the product development process. Right from the start the partners will have knowledge of all. Involving all partners will help in shortening the life cycles.</p> <p>b) Products are developed and launched in shorter time and help organizations to remain competitive.</p>	<p>The comparison of strengths, weaknesses, opportunities, and threats is normally referred to as a SWOT analysis.</p> <p>Strength: It is an inherent capability of the organization which it can be used to gain strategic advantage over its competitors.</p> <p>Weakness: It is an inherent limitation or constraint of the organization which creates strategic disadvantage to it.</p> <p>Opportunity: It is a favourable condition in the organization's environment which enables it to strengthen its position.</p> <p>Threat: It is an unfavourable condition in the organization's environment which causes a risk for, or damage to, the organization's position.</p>
3. Industry (PM, MTP - M15)	4. Driving forces
<p>a) Industry is a consortium of firms whose products or services have homogenous attributes or are close substitutes such that they compete for the same buyer.</p> <p>b) For example, all paper manufacturers constitute the paper industry.</p>	<p>a) The dominant forces that have the biggest influence on what kind of changes will take place in the industry's structure and competitive environment and the economy are called Driving Forces of industry's change (or Drivers or Triggers).</p> <p>b) They differ from industry to industry and they are responsible for massive or drastic changes in an industry.</p>
5. Strategic Group Mapping (M11, 12 - 1M, PM, RTP - M16, MTP - N15, MTP - M17, M17 - 4M)	6. Opportunity (PM, RTP - N13, MTP - M14, MTP - M17)
<p>a) Strategic group mapping is a technique for displaying the different markets or competitive positions that rival firms occupy in the industry.</p> <p>b) A strategic group is a cluster of firms in an industry with similar competitive approaches and market positions. An industry contains only one strategic group when all sellers pursue essentially identical strategies and have comparable market positions.</p> <p>c) It involves plotting firms on a two-variable map using pairs of differentiating characteristics such as price/quality range; geographic coverage and so on.</p>	<p>a) An opportunity is a favourable condition in the firm's environment which enables it to strengthen its position.</p> <p>b) A firm should formulate a strategy that helps it in exploiting its opportunities and strengths.</p>

<p>7. Strategic Group (RTP- N11, M15)</p> <p>a) A strategic group consists of those rival firms that have similar competitive approaches and positions in the market.</p> <p>b) Organisations in the same strategic group can resemble one another in any of the several ways: they may have comparable product-line breadth, sell in the same price/quality range, emphasize the same distribution channels, use essentially the same product attributes to appeal to similar types of buyers, depend on identical technological approaches, or offer buyers similar services and technical assistance.</p>	<p>8. Competitive Intelligence</p> <p>a) Competitive Intelligence is the knowledge about the strategies that rivals are developing, their latest moves, their resource strengths and weaknesses, and the plans they have announced.</p> <p>b) Competitive intelligence can help a company determine whether it needs to defend against specific moves taken by rivals or whether those moves provide an opening for a new offensive thrust.</p>
<p>9. Dogs (PM, RTP- M13)</p> <p>a) According to BCG Matrix, Dogs are low-growth, low-share businesses and products.</p> <p>b) They may generate enough cash to maintain themselves, but do not have much future. Sometimes they may need cash to survive.</p> <p>c) Dogs should be minimised by means of divestment or liquidation.</p>	<p>10. Market Penetration (M12 - 1M, RTP- M12, PM, MTP- M14)</p> <p>a) Market penetration is a growth strategy where the business focuses on selling existing products into existing markets.</p> <p>b) It is achieved by making more sales to present customers without changing products in any major way.</p> <p>c) It might require greater spending on advertising or personal selling.</p>
<p>11. Market Development (RTP- M13)</p> <p>a) Market development refers to a growth strategy where the business seeks to sell its existing products into new markets. It is a strategy for company growth by identifying and developing new markets for the existing products of the company.</p> <p>b) This strategy may be achieved through entering into new geographical markets, new product dimensions or packaging, new distribution channels, different pricing policies to attract different customers, creating new market segments.</p>	<p>12. Key Success Factors (PM, MTP- M15, M17)</p> <p>a) Key Success Factors (KSFs) are those things that most affect industry members' ability to prosper in the marketplace –</p> <p>b) The particular strategy elements, product attributes, resources, competencies, competitive capabilities, and favourable business outcomes that spell the difference between profit and loss and, ultimately, between competitive success or failure.</p>
<p>13. Strategic Business Unit (SBU) (N 12 - 1M, RTP- M12)</p> <p>a) An SBU is a unit of the company that has separate mission and objectives, and which can be planned independently from other businesses of the company.</p> <p>b) SBU can be a company division, a product line within a division or even a single product/brand, specific group of customers or geographical location.</p> <p>c) The SBU is given the authority to make its own strategic decisions within corporate guidelines as long as it meets corporate objectives.</p>	<p>14. Experience Curve (RTP- N15)</p> <p>a) 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.</p> <p>b) The implication is that larger firms in an industry would tend to have lower unit costs as compared to those of smaller organizations, thereby gaining a competitive cost advantage.</p> <p>c) Experience curve results from a variety of factors such as learning effects, economies of scale, product redesign and technological improvements in production.</p>

<p>15. Product Life Cycle (PLC)</p> <p>a) Product Life Cycle is a useful concept for guiding strategic choice.</p> <p>b) It is an S-shaped curve which exhibits the relationship of sales with respect of time for a product that passes through the four successive stages of introduction (slow sales growth), growth (rapid market acceptance) maturity (slowdown in growth rate) and decline (sharp downward drift).</p>	<p>16. Portfolio Analysis (RTP- M12, M15)</p> <p>a) Portfolio analysis can be defined as a set of techniques that help strategists in taking strategic decisions with regard to individual products or businesses in a firm's portfolio.</p> <p>b) It is primarily used for competitive analysis and corporate strategic planning in multi product and multi business firms.</p>
<p>17. Stars (N 07 -2M, RTP - M12, MTP- N14)</p> <p>a) BCG growth-share matrix is a simple way to portray an organisation's portfolio of investments.</p> <p>b) The matrix is based on combinations of relative market share of the products or SBUs and their market growth rate.</p> <p>c) Stars, a position in the matrix, are characterised by high market share and high growth rate. They are products or SBUs that are growing rapidly. They also need heavy investment to maintain their position and finance their rapid growth potential. Business organisations that enjoy star positions have best opportunities for expansion and growth.</p>	<p>18. ADL Matrix (PM, RTP- M14)</p> <p>a) The ADL matrix which has derived its name from Arthur D. Little is a portfolio analysis method that is based on product life cycle.</p> <p>b) 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.</p>
B CATEGORY	
<p>19. Intensity of Competition</p> <p>a) Intensity of competition refers to the extent or severity of competition prevailing in an industry.</p> <p>b) Intensity of competition arises on account of Rival Sellers, New Entrants, Substitute Products, Supplier Bargaining power, and Customer Bargaining Power.</p> <p>c) These five forces together determine the intensity of competition prevailing in an industry.</p>	<p>20. Cash Cows</p> <p>a) According to BCG Matrix, Cash Cows are low-growth, high market share businesses or products.</p> <p>b) They generate cash and have low costs. They are established, successful, and need less investment to maintain their market share.</p> <p>c) In long run when the growth rate slows down, stars become cash cows.</p>
<p>21. Question Marks</p> <p>a) According to BCG Matrix, Question Marks, sometimes called problem children or wildcats, are low market share business in high-growth markets.</p> <p>b) They require a lot of cash to hold their share. They need heavy investments with low potential to generate cash. Question marks if left unattended are capable of becoming cash traps.</p> <p>c) Since growth rate is high, increasing it should be relatively easier. It is for business organisations to turn them stars and then to cash cows when the growth rate reduces.</p>	

C CATEGORY

23. Key Industry Traits	24. Portfolio
<p>a) Industry is a group of firms/ business enterprises whose products and services have similar attributes such that they compete for the same buyers.</p> <p>b) Every industry has certain characteristics or traits in terms of nature of distribution, methods of selling/ advertising, etc. They are the practices in the industry that are established over a period of time.</p> <p>c) These are also known as dominant economic features of an industry.</p>	<p>a) A business portfolio is a collection of businesses and products that make up the organisation.</p> <p>b) The best business portfolio is the one that best fits its strengths and weaknesses to the opportunities and threats in the environment.</p>

4. STRATEGIC PLANNING

A CATEGORY

1. Cost Leadership Strategy (PM, MTP – N16)	2. Turnaround Strategy
<p>a) Cost leadership emphasizes producing standardized products at a very low per-unit cost for consumers who are price-sensitive.</p> <p>b) It frequently results from productivity increases and aggressive pursuit of cost reduction throughout the development, production, marketing, and distribution processes.</p> <p>c) It allows a firm to earn higher profits than its competitors.</p>	<p>a) Retrenchment may be done either internally or externally. For internal retrenchment to take place, emphasis is laid on improving internal efficiency, known as turnaround strategy.</p> <p>b) It is used when both threats and weaknesses adversely affect the health of an organization so much that its basic survival is difficult.</p> <p>c) The overall goal of turnaround strategy is to return an underperforming or distressed company to normalcy in terms of acceptable levels of profitability, solvency, liquidity and cash flow.</p>
3. Divestment Strategy	4. Liquidation Strategy
<p>a) Divestment Strategy involves the sale or liquidation of portion of business, or a major division, profit centre or SBU.</p> <p>b) Divestment is usually a part of rehabilitation or restructuring plan.</p> <p>c) Sometimes the option of a turnaround may even be ignored if divestment is the only answer.</p>	<p>a) Liquidation Strategy involves closing down a firm and selling off all its assets and paying off its liabilities.</p> <p>b) It is considered to be the most extreme and unattractive retrenchment strategy.</p> <p>c) It is considered as the last resort because it leads to serious consequences such as loss of employment for workers and other employees, termination of opportunities where a firm could pursue any future activities and the stigma of failure.</p>
5. Differentiation Strategy	6. Focus Strategy
<p>a) This strategy involves producing unique products and services and charging a premium price, targeting consumers who are relatively price-insensitive.</p> <p>b) Successful differentiation can mean greater product flexibility, greater compatibility, lower costs, improved service, less maintenance, greater convenience, or more features.</p>	<p>a) Focus strategy involves producing products and services that fulfill the needs of a narrow market that consists of consumers whose needs and preferences are distinctively different from the rest of the market.</p> <p>b) It involves selecting or focusing a market or customer segment in which to operate.</p>

7. Backward Integrated Diversification Strategy (N 10 - 1M, MTP-M17)	8. Forward Integrated Diversification Strategy (N 10 - 1M, PM)
a) Backward integration involves entering into business of input providers. b) It is employed to expand profits and gain greater control over production of a product by starting/ acquiring a business that will increase its own supply capability or lessen its cost of production.	a) Forward integration is moving forward in the value chain and entering business lines that use existing products. b) Forward integration will also take place where organizations enter into businesses of distribution channels.
9. Horizontally Integrated Diversification Strategy (N10 - 1M, MTP- FEB16)	10. Concentric/ Related Diversification Strategy (N 07 - 2M, N 10 - 1M)
a) This involves adding/acquisition of one or more similar businesses at the same stage of the production – marketing chain. b) This can be achieved by taking over Competitor's products, production of Complementary products, sale of by-products, entering into Repairs and servicing of products etc.	a) Concentric diversification comes under related diversification. b) 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. c) Even in concentric diversification, there are will be synergy benefits with the current operations.
11. Retrenchment Strategy (RTP – N15)	12. Conglomerate/ Unrelated Diversification Strategy (N 10 - 1M, RTP- N11, MTP- N15)
a) Retrenchment strategy implies substantial reduction in the scope of organization's activity. b) Retrenchment becomes necessary for coping with hostile and adverse situations in the environment and when any other strategy is likely to be suicidal or hopeless. c) The nature, extent and timing of retrenchment are carefully decided by the management, depending upon each situation.	a) When an organization adopts a strategy which requires taking up activities which are unrelated to the existing businesses, either in terms of their respective customer groups, customer functions or alternative technologies, it is called conglomerate diversification. b) Conglomerate diversification has no common thread at all with the firm's present position. In process/technology/function, there is no connection between the new products and the existing ones. It is a totally unrelated diversification.
B CATEGORY	
13. Strategic Uncertainty	14. Co- generic Merger (RTP- M14)
a) Strategic uncertainty refers to the future trend or event that has inherent unpredictability. Uncertainty has strategic implications and is a key concept in strategy formulation. b) Strategic uncertainties should be identified based on external environment analysis. a) They should be grouped into logical clusters or themes. The importance of each cluster is then determined, so as to set priorities in information gathering and additional analysis.	a) In co-generic merger two or more merging organizations are associated in some way or the other related to the production processes, business markets, or basic required technologies. b) For example, an organization manufacturing refrigerators can diversify by merging with another organization having business in kitchen appliances.
C CATEGORY	
15. Strategic Intent (RTP - N16)	
a) A company exhibits strategic intent when it vigourously pursues an ambitious strategic objective and b) Concentrates on allocation of all resources and take competitive actions on achieving that objective. c) Strategic Intent is also known as BHAG (Big Hairy Audacious Goal) of a company.	

5. FORMULATION OF FUNCTIONAL STRATEGIES

A CATEGORY	
1. Production System Strategy (PM, M12)	2. Supply Chain Management (PM, M11)
<p>a) It is concerned with the capacity, location, layout, product or service design, work systems, degree of automation, extent of vertical integration, and such factors.</p> <p>b) Strategies related to production system are significant as they deal with vital issues affecting the capability of the organisation to achieve its objectives.</p>	<p>a) SCM refers to the linkages between suppliers, manufacturers and customers.</p> <p>b) SCM is defined as the process of planning, implementing, and controlling the supply chain operations.</p> <p>c) It encompasses all movement and storage of raw materials, work-in-process inventory, and finished goods from point-of-origin to point-of-consumption.</p>
3. Skimming	4. Marketing Mix
<p>a) Skimming refers to a pricing strategy for new products that are generating significant interest. In skimming, prices of a new product are kept at a very high level in the initial stage.</p> <p>b) The idea is to take advantage of the initial interest that a new product generates amongst the buyers who are relatively price insensitive. They are ready to pay more.</p>	<p>a) It is a set of <u>controllable</u> marketing variables that the firm blends to <u>influence</u> the demand for its products and to produce the desired response it wants, in the target market.</p> <p>b) It <u>consists of</u> everything that the firm can do to influence the demand for its product.</p> <p>c) These variables are often referred to as "4Ps." When translated to the perspective of buyers, they may be termed as "4Cs" also.</p>
5. Logistics Strategy (PM, N 08 - 2M, RTP - M12, MTP - N15, MTP – N16)	
<p>a) Management of logistics is a process which integrates the flow of supplies into, through and out of an organization to achieve a level of service which ensures that the right materials are available at the right place, at the right time, of the right quality, and at the right cost.</p> <p>b) Supply chain management helps in logistics and enables a company to have constant contact with its distribution team.</p>	
B CATEGORY	
6. Financial Strategy (M13)	7. Marketing (PM)
<p>The financial strategies of an organization are related to several finance/ accounting concepts considered to be central to strategy implementation. These are: acquiring needed capital/sources of fund, developing projected financial statements/budgets, management/ usage of funds, and evaluating the worth of a business.</p>	<p>a) Marketing is an activity performed by business organizations.</p> <p>b) It is considered to be the activities related to identifying the needs of customers and taking such actions to satisfy them in return of some consideration.</p> <p>c) The term marketing constitutes different processes, functions, exchanges and activities that create perceived value by satisfying needs of individuals.</p>

C CATEGORY	
8. Strategic Human Resource Management <ul style="list-style-type: none"> a) Strategic Human Resource Management is the linking of HR management with Firm strategic goals and objectives, to improve business performance and develop organizational culture that fosters innovation and flexibility. b) The success of an organization depends on its human resources. This means how they are acquired, developed, motivated and retained in the organization play an important role in organizational success. This presupposes an integrated approach towards human resource functions and overall business functions of an organization. 	

6. STRATEGY IMPLEMENTATION & CONTROL

A CATEGORY	
1. Strategy Implementation <ul style="list-style-type: none"> a) Strategy implementation is the managerial exercise of putting a chosen strategy into place. Strategy execution deals with supervising the ongoing pursuit of strategy, making it work, improving the competence with which it is executed and showing measurable progress in achieving the targeted results. b) Strategic implementation is concerned with translating a decision into action. c) It involves allocation of resources to new courses of action that need to be undertaken. There may be a need for adapting the organization's structure to handle new activities as well as training personnel and devising appropriate system. 	2. Strategic Change (MTP- N16) <ul style="list-style-type: none"> a) The changes in the environmental forces often require businesses to make modifications in their existing strategies and bring out new strategies. b) Strategic change is a complex process and it involves a corporate strategy focused on new markets, products, services and new ways of doing business.
3. Functional Structure <ul style="list-style-type: none"> a) Functional structure is widely used because of its simplicity and low cost. b) A functional structure groups tasks and activities by business function. The functional structure consists of a chief executive officer or a managing director and limited corporate staff with functional line managers in dominant functions such as production, accounting, marketing, R&D, engineering and human resources. c) Disadvantages of a functional structure are that it forces accountability to the top, minimizes career development opportunities, etc. 	4. Multi Divisional Structure or M - Form Structure <ul style="list-style-type: none"> a) The multi-divisional (M-Form) structure consists of operating divisions where each division represents a separate business, to which the top management <u>delegates</u> responsibility for day-to-day operations and business unit strategy to division managers. b) The divisional structure can be organized in one of four ways: by geographic area, by product or service, by customer, or by process. With a divisional structure, functional activities are performed both centrally and in each separate division.

5. SBU Structure (PM, RTP- N16)	6. Matrix Organizational Structure
<p>a) The SBU structure is composed of operating units where each unit represents a separate business to which the top corporate officer delegates responsibility for day-to-day operations and business unit strategy to its managers.</p> <p>b) By such delegation, the corporate office is responsible for formulating and implementing overall corporate strategy and manages SBUs through strategic and financial controls.</p> <p>c) This change in structure can facilitate strategy implementation by improving coordination between similar divisions and channeling accountability to distinct business units.</p>	<p>d) A Matrix Structure is a combination of vertical and horizontal flows of authority and communication (hence the term Matrix)</p> <p>e) Employees are attached to the 'Home' Department (i.e. a functional department, which has personnel on permanent basis) who report to their respective functional managers.</p> <p>f) These employees are assigned to one or more projects or project units that are temporary. They report to the project manager, during the period of completion of the project.</p>
7. Network Structure (PM, RTP – M17, RTP- N15, M16)	8. Strategic Business Unit (SBU) (PM, N12, RTP – N16)
<p>a) Network structure is a newer and somewhat more radical organizational design.</p> <p>b) The network structure could be termed as 'non-structure' as it virtually eliminates in-house business functions and outsource many of them.</p> <p>c) A corporation organized in this manner is a virtual organization because it is composed of a series of project groups or collaborations linked by constantly changing non-hierarchical, cobweb-like networks.</p>	<p>a) SBU is a unit of the company that has a separate mission and objectives and which can be planned independently from other businesses of the organisation.</p> <p>The three most important characteristics of SBU are:</p> <ul style="list-style-type: none"> • It is a single business or a collection of related businesses which offer scope for independent planning. • Has its own set of competitors • Has a manager who has responsibility for strategic planning and profit performance.
9. Corporate culture (RTP- M14)	10. Competitive Advantage (PM, RTP- M12, N15)
<p>a) The phenomenon which often distinguishes good organizations from bad ones could be summed up as 'corporate culture'.</p> <p>b) Corporate culture refers to a company's values, beliefs, business principles, traditions, ways of operating and internal work environment.</p> <p>c) Culture affects not only the way managers behave within an organization but also the decisions they make about the organization's relationships with its environment and its strategy.</p>	<p>a) It is the position of a firm to maintain and sustain a favorable market position when compared to the competitors. It is ability to offer buyers something different and thereby providing more value for the money.</p> <p>b) This position gets translated into higher market share, higher profits when compared to those that are obtained by competitors operating in the same industry.</p> <p>c) It may be in the form of low cost relationship in the industry or being unique in the industry along dimensions that are widely valued by the customers in particular and the society at large.</p>
11. Value Chain Analysis (PM, N11, RTP- M14, MTP- M16)	12. Core Competence (PM, RTP- M13)
<p>a) Value chain analysis refers to separate activities which are necessary to underpin an organization's strategies and are linked together both within and around the organization.</p> <p>b) Organizations are much more than a random collection of machines, money and people. Value chain of a manufacturing organization comprises of primary and supportive activities.</p>	<p>a) A core competence is a unique strength of an organization which may not be shared by others.</p> <p>b) Core competencies are those capabilities that are critical to a business achieving competitive advantage. In order to qualify as a core competence, the competency should differentiate the business from any other similar businesses.</p>

13. Strategic Leadership	14. Premise Control (PM, RTP - N11, M13, M16)
<p>a) Strategic leadership is the ability of influencing others to voluntarily make decisions that enhance prospects for the organisation's long-term success while maintaining short-term financial stability.</p> <p>b) It includes determining the firm's strategic direction, aligning the firm's strategy with its culture, modeling and communicating high ethical standards, and initiating changes in the firm's strategy, when necessary.</p> <p>c) Strategic leadership sets the firm's direction by developing and communicating a vision of future and inspires organization members to move in that direction.</p> <p>d) Unlike strategic leadership, managerial leadership is generally concerned with the short-term, day – to – day activities.</p>	<p>a) A strategy is formed on the basis of certain assumptions or premises about environment. Over a period of time these premises may change.</p> <p>b) Premise control is a tool for systematic and continuous monitoring of the environment to verify the validity and accuracy of the premises on which the strategy has been built.</p> <p>c) It primarily involves monitoring two types of factors: (i) Environmental factors such as economic (inflation, liquidity, interest rates), technology, social and regulatory. (ii) Industry factors such as competitors, suppliers, substitutes.</p>
15. Unfreezing for change (RTP- N11)	16. Transformational Leadership (RTP- N11, N14)
<p>a) The process of unfreezing simply makes the individuals or organizations aware of the necessity for change and prepares them for such a change.</p> <p>b) Lewin proposes that the changes should not come as a surprise to the members of the organization. Sudden and unannounced change would be socially destructive and morale lowering. The management must pave the way for the change by first "unfreezing the situation", so that members would be willing and ready to accept the change.</p> <p>c) This can be achieved by making announcements, holding meetings and promoting the ideas throughout the organization.</p>	<p>a) It uses charisma and enthusiasm to inspire people to exert them for the good of the organization.</p> <p>b) This style is appropriate in turbulent environments, in industries at the very start or end of their life-cycles, in poorly performing organizations when there is a need to inspire a company to embrace major changes.</p> <p>c) Transformational leaders offer excitement, vision, intellectual stimulation and personal satisfaction. They inspire involvement in a mission, giving followers a 'dream' or 'vision' of a higher calling so as to elicit more dramatic changes in organizational performance.</p> <p>d) Such a leadership motivates followers to do more than originally affected to do by stretching their abilities and increasing their self-confidence, and also promote innovation throughout the organization.</p>
B CATEGORY	
17. Organisation Structure	18. Leadership
<p>a) Organisation Structure refers to the network of relationships among individuals and positions in an organisation.</p> <p>b) It is primarily concerned with the allocation of tasks and delegation of authority; structure is essential for achievement of organisational goals.</p>	<p>a) Leadership is the capacity to frame plans which will succeed and faculty to persuade others to carry them out in the face of all difficulties.</p> <p>b) Leadership is the capability coupled with effectiveness.</p> <p>c) It is all about knowing what to do and getting the things done.</p>

19. Simple Organisation Structure	
<ul style="list-style-type: none"> a) A simple structure is an organisational structure in which the owner-manager makes all major decisions directly and monitors all activities. b) Company's staffs merely serve as executors of decisions taken by the owner-manager. c) There will be a direct involvement of owner-manager in all phases of day-to-day operations. 	
C CATEGORY	
20. Low-Cost Advantage	21. Differentiation Advantage
<ul style="list-style-type: none"> a) A Firm enjoys low-cost advantage if its total costs are lower than the market average. b) This is gained by access to low-cost raw materials, innovative process technology, low-cost access to distribution channels, economies of scale, Superior operating management, etc. c) A firm that enjoys a low- cost competitive advantage can charge a low price for its product than all of its competitors in the market. 	<ul style="list-style-type: none"> a) It occurs when customers perceive that a firm's product is of higher quality, involves less risk and / or outperforms competing products offered by competitors. b) Thus customers will be willing to pay a premium price for this product. c) This is gained by ability to deliver goods in a timely manner, better qualities, provision of after-sales support services, offer a wider range of goods and services etc.

7. REACHING STRATEGIC EDGE

A CATEGORY	
1. Business Process	2. Core or Generic Business Processes
<ul style="list-style-type: none"> a) A Business Process is a set of logically related tasks or activities oriented towards achieving a specified outcome. b) It is a collection of activities which creates some value to the customer. c) It is a set of activities that transform a set of inputs into set outputs for another person or process and it often surpasses departmental or functional boundaries 	<ul style="list-style-type: none"> a) Core or Generic Business Processes are those which are highly critical for the success and survival of the firm. b) Core business processes are also known as key success factors and they differ from industry to industry. c) Within the same industry, core business processes change from time to time due to driving forces.
3. Business Process Re-engineering (BPR) (M 07 - 2.5M)	4. Benchmarking (M 07 - 2.5M, RTP- M13)
<ul style="list-style-type: none"> a) BPR stands for business process reengineering. b) It refers to the analysis and redesign of workflows both within and between the organisation and the external entities. c) Its objective is to improve performance in terms of time, cost, quality, and responsiveness to customers. d) It implies giving up old practices and adopting the improved ones. It is an effective tool of realising new strategies. 	<ul style="list-style-type: none"> a) It is a process of finding the best practices within and outside the industry to which an organisation belongs. b) Knowledge of the best helps in standards setting and finding ways to match or even surpass own performances with the best performances.

5. Total Quality Management (TQM) (N07 - 2M, PM)	6. Six Sigma (N12 - 1M, PM, RTP- M15)
<p>a) TQM is a people-focused management system that aims at continual increase in customer satisfaction at continually lower real cost. There is a sustained management commitment to quality and everyone in the organisation and the supply chain is responsible for preventing rather than detecting defects.</p> <p>b) TQM is a total system approach (not a separate area or program) and an integral part of high-level strategy. It works horizontally across functions and departments, involves all employees, top to bottom, and extends backward and forward to include the supply chain and the customer chain.</p> <p>c) TQM stresses learning and adaptation to continual change as keys to organizational success.</p>	<p>a) It means maintenance of the desired quality in processes and end products. It means taking systemic and integrated efforts toward improving quality and reducing cost.</p> <p>b) It is a highly disciplined process that helps in developing and delivering near-perfect products and services.</p> <p>c) It strives to meet and improve organizational goals on quality, cost, scheduling, manpower, new products and so on. It works continuously towards revising the current standards and establishing higher ones.</p> <p>d) Six sigma has its base in the concept of probability and normal distribution in statistics. Six sigma strives that 99.99966% of products manufactured are defect free.</p>
7. Enterprise Resource Planning (ERP) (M 07 – 2.5M)	8. Not-for Profit Organizations (MTP- N14)
B CATEGORY	
9. Intra- group Benchmarking	10. Functional Benchmarking
<p>a) Intra- group or internal benchmarking is performed within an organisation.</p> <p>b) It involves benchmarking against the best within the company; it may be a plant- to- plant comparison or department- to- department comparison or division- to division comparison.</p>	<p>a) It is one of the forms of inter- group or external benchmarking, which is narrow in its nature.</p> <p>b) It involves benchmarking done in a particular functional area, i.e., in marketing or finance or distribution, etc. against the best competitor in the same industry.</p>
11. Competitive Benchmarking	
<p>a) It is one of the forms of inter- group or external benchmarking, which is broader in its nature than functional benchmarking.</p> <p>b) It involves benchmarking done in all areas of the business against the best competitor in the same industry.</p>	

C CATEGORY

12. Generic Benchmarking

- a) It is an advanced form of inter-group or external benchmarking, which is very broader in nature than all other forms of benchmarking.
- b) It involves benchmarking done across the industries or across the countries, in fact at the universal level. Here the company tries to learn from the best wherever it is in the world.

13. Just- In- Time

- a) Just - In - Time is the Japanese Inventory Management System which aims at reducing the inventory in manufacturing; also known as ensuring 'zero inventory'.
- b) The Japanese JIT inventory management philosophy was mainly intended for cost reduction but the interesting effect out of this method is quality improvement.

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1. BUSINESS ENVIRONMENT

Distinguish between the following:

1. Micro Vs. Macro Environment

(N11, RTP- N14, PM, N15, M17, RTP-M17)

No.	Micro Environment	Macro Environment
1.	It refers to the forces that are very close to the company and affect its ability to do routine functions.	It refers to all forces that are part of the larger periphery and distantly affect organization and micro environment.
2.	It includes the company itself, its suppliers, marketing intermediaries, customer markets and competitors.	It includes demography, economy, natural forces, technology, politics, legal and socio-cultural.
3.	The elements of micro environment are specific to the business and affect its working on short term basis.	The elements of macro environment are general environment and affect the working of all the firms in an industry.
4.	The elements of micro environment are within the organization / business / firm and can be controlled by it.	Firm / organization has little control over the elements of macro environment.

2. Consumers vs. Customers

No.	Customer	Consumer
1.	A customer is the one who purchases the product or service but need not be its user.	A Consumer is the one who ultimately consumes/ uses the product.
2.	A Customer may be a consumer.	A Consumer need not be a customer.
3.	In majority of cases, customers are the decision makers or deciders of a product or service.	Repeat purchase for a product/ service depends on the satisfaction level of the consumer.
4.	Customer is also known as the buyer.	Consumer is also known as the user.

3. Multi- National Enterprise Vs. Super- National Enterprise

No.	Multi- National Enterprise or Multi- National Company	Super- National Enterprise
1.	A Multinational Company or Enterprise (MNC or MNE) or a Transnational Company (TNC) is one that by operating in more than one country, gains R&D, production, marketing and financial advantages in its costs and reputation, that are not available to purely domestic competitors.	A Super-National Enterprise is a worldwide enterprise chartered by a substantially non-political international body such as IMF or World Bank. It operates as a private business without direct obligations.
2.	MNCs are established primarily to earn profits.	Their function is to provide international business service to countries which permit their entry.
3.	The outcome of an MNC are products or services	A super- national enterprise does not engage in any commercial production of goods or services.
4.	MNCs have ownership pattern.	There is no ownership pattern in a super-national enterprise; individual countries will join as members in it.

4. Multi- domestic Vs. Global Approach

No.	Multi - domestic Approach	Global Approach
1.	The organisation following multi- domestic approach decentralizes operational decisions and activities to each country in which it is operating	The organisation following global approach follows integrated or centralized operations.
2.	The organisation following multi- domestic approach customizes or modifies its products and services to each market/ country in which it is operating.	The organisation following global approach offers standardized products or services to all markets or countries in which it is operating
3.	Under this approach, there is more scope for innovation as the company as the company focuses on launching customised products / services in different markets	No such possibility exists here, as the company offers a standardized product to all markets.
4.	High success rate as the organisation follows many- to- many approach.	As the company follows One- to- all approach here and a product that is successful in one particular market need not be successful in other markets, and hence the success rate is low.
5.	Individual units in different markets or countries have autonomy in taking decisions and the pressure on the company's headquarters is low	As it is a headquarters driven control system, the pressure on the company's headquarters is high.

5. Entry Barriers vs. Exit Barriers

No.	Entry Barriers	Exit Barriers
1.	Entry barriers are applicable to new entrants in an industry.	Exit barriers are applicable to existing companies in an industry.
2.	Entry barriers prevent the entry of new entrants or make their entry tough in an industry.	Exit barriers of an industry prevent the existing firms from leaving or exiting the industry.
3.	Some of the entry barriers include, lack of economies of scale benefit, initial heavy investment, brand image of the existing firms, switching cost to customers, etc.	Some of the exit barriers include, specific nature of the investment, prior strategic inter-relationships among the various businesses of the company, emotional barriers, etc.
4.	Some of the entry barriers are created purposefully by existing firms in an industry.	Exit barriers are formed on their own and are present in every industry.
5.	They normally affect smaller new entrant firms in industry.	These are common to all business firms in an industry, whether small or big.

6. Economic Environment & Socio- Cultural Environment

(RTP- N15)

No.	Economic Environment	Socio- Cultural Environment
1.	The economic environment refers to the nature and direction of the economy in which a company competes or may compete. It includes general economic situation in the region and the nation, conditions in resource markets which influence the supply of inputs to the enterprise, their costs, quality, availability and reliability of supplies.	It is a combination of factors like social traditions, values and beliefs, level and standards of literacy and education, ethical standards and state of society, extent of social stratification, conflict and cohesiveness, etc. which determine the functioning of an organisation.

2.	Economic environment determines the strength and size of the market for goods/ services of a company.	Socio- cultural environment primarily affects a firm's strategic management process in the areas of mission & objectives setting and decisions related to products & markets.
3.	Key economic factors to be studied include, Rates (interest rates, text rates, exchange rates etc.), GDP aspects, customer related such as income differences, disposable income etc., external trade, and other general factors.	Important socio-cultural factors to be studied include social concerns, social attitudes & values, family structure, role of women, & educational levels.

2. STRATEGIC MANAGEMENT PROCESS

1. Functional Managers vs. General Managers

No.	Functional Managers	General Managers
1.	Functional Managers themselves may generate important ideas that subsequently may become major strategies for the Company.	It is not the case with the General Managers.
2.	The responsibility of functional managers is confined to one organizational activity	General Managers look after the operations of the whole Company or Division.
3.	Functional Managers can be referred to as 'Specialists' because they develop expertise in their respective areas of activity.	They are more of 'Generalists' as they oversee the operations of an entire division or the whole company.
4.	Functional Managers work in the third level of the organisational hierarchy and includes such managers as Marketing, Finance, Production, HR, Production, etc.	General Managers may be found at the Divisional Level (Divisional Managers) or at the Corporate Level (Corporate General Managers)

2. Mission vs. Purpose: General Mission and Purpose are used together in the context of Business policy. But the following differences can be identified:

No.	Mission	Purpose
1.	It refers to a statement which defines the role that an organisation plays in the society.	It refers to anything which an organisation is striving for.
2.	It strictly refers to the particular needs of the society e.g. quality products/ services.	It relates to what the organisation strives to achieve in order to fulfill its mission to the society.
3.	Mission is the societal reasoning.	Purpose is the overall reasoning.
4.	Mission is external reasoning and is related to external environment.	Purpose is internal reasoning and relates to internal environment.
5.	Mission is for outsiders.	Purpose is for its own employees.

Example:

- Mission:** Satisfying the information needs of the society.
- Purpose:** A Book Publisher may produce good books and materials to meet the above Mission, but a News Magazine may strive to present balanced and unbiased news.

Here the Mission is identical, but Purposes are different.

3. Vision vs. Mission

(RTP- M12, M17 – 4M, M16, M13, PM, M15- 3M)

No.	Vision	Mission
1.	The vision describes a future identity.	Mission serves as an ongoing and time-independent guide.
2.	The vision statement can galvanize the people to achieve defined objectives, provided the vision is specific, measurable, achievable, relevant and time bound.	A mission statement provides a path to realize the vision in line with its values. Vision statement will have a direct bearing on the bottom line and success of the organization.
3.	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.	A mission statement defines the purpose or broader goal for being in existence or in the business and can remain the same for decades.

4. Objectives vs. Goals

No.	Objectives	Goals
1.	Objectives are the specific performance targets of an organisation i.e., the results and outcomes it wants to achieve	Goals are broad statements of what an organisation wants to achieve in the future.
2.	They are quantifiable or measurable.	They are qualitative in nature.
3.	They are precise or concrete and specific in nature.	They are broader in nature and are often generalized.
4.	Objectives are defined in order to implement goals or defining the type of business the company is in.	Goals are broad statements what an organisation wants to achieve in the long run.
5.	Closed ended.	Open ended.

5. Shared Vision vs. Vision Shared

(M10 – 2M, RTP- M13, PM)

No.	Shared Vision	Vision Shared
1.	A Shared Vision comes from employees in an organization.	Here, the vision of the organization comes directly from its CEO or top management.
2	Employees actively involve in preparing the vision for their organization with the encouragement of the CEO / top management.	As it is an imposition of vision from top management, employees almost have no role to play in its formulation.
3.	It is a bottom- up approach.	It is top- down approach.
4.	A shared vision of an organization is close to its employees' hearts and minds as they personally involve in its preparation.	It is not so with a vision shared.
5.	High employee motivation.	Low employee motivation.

6. Routine Decisions Vs. Strategic Decisions.

(MTP M15)

No.	Routine Decisions	Strategic Decisions
1.	Generally taken by lower, middle management within the framework set by top management.	Taken by Top management.
2.	Relates to routine day to day activities and generally impacts a part of the organisation.	Future oriented involves predicting the future environmental conditions. Affects / influences the entire organisation. Usually have major multifunctional or multi-business consequences.

3.	Involves limited utilisation of organisational resources.	Involves the allocation of large amounts of organizational resources.
4.	Impacts short term outcomes in the organisation.	Likely to have significant impact on the long term prosperity of the organisation.
5.	The examples of routine decisions include decisions on leave application or shutting down plant for general maintenance.	The examples of strategic decisions may include decisions on mergers, acquisitions, and diversification and so on.

3. STRATEGIC ANALYSIS

1. Decisions based on Industry Attractiveness / Unattractiveness

No.	Decisions if the industry is “Attractive”	Decisions if the industry is “Unattractive”
1.	Strengthen the long-term competitive positions in the business.	Diversification into more attractive businesses.
2.	Expand sales efforts.	Sales efforts will be no longer useful as the industry itself is unattractive.
3.	Invest in additional facilities and equipment as needed.	Invest cautiously.
4.	Focus more on the present business as it is attractive.	Begin to look outside the industry for attractive diversification opportunities.
2.	Strengths and Weaknesses vs. Opportunities and Threats	

No.	Strengths and Weaknesses	Opportunities and Threats
1.	They are internal to a firm	They are external to an organization.
2.	They can be known with the help of self-analysis or internal environmental analysis.	They can be known through external environmental analysis.
3.	An organization has control over its strengths and weakness and can modify them at any point of time.	They can't be altered or modified as they are external to an organization.

3. Market Development Strategy vs. Product Development Strategy

(M16- 3M)

No.	Market Development Strategy	Product Development Strategy
1.	Market development refers to a growth strategy where the business seeks to sell its existing products into new markets.	Product development refers to a growth strategy where business aims to introduce new products into existing markets.
2.	It is a strategy for company growth by identifying and developing new markets for current company products.	It is a strategy for company growth by offering modified or new products to current markets.
3.	Market development strategy may be achieved through new geographical markets, new product dimensions or packaging, new distribution channels or different pricing policies to attract different customers or create new market segments.	Product development strategy may require the development of new competencies and requires the business to develop modified products which can appeal to existing markets.

4. SWOT Analysis vs. TOWS Matrix

(RTP- M12, M14)

No.	SWOT Analysis	TOWS Matrix
1.	It emphasizes on internal environment	It emphasizes on external environment.
2.	It is about S, W, O, and T.	It is about the combinations of SO, ST, WO and WT.
3.	It is a planning tool.	It is an action tool.
4.	It is usually employed in evaluating a company's business plan.	It is particularly useful in evaluating the potential impact of sudden events or developments.

4. STRATEGIC PLANNING

1. Stability Strategy vs. Expansion Strategy

No.	Stability	Expansion
1.	Low rewards/ returns	High rewards/ returns
2.	Low risk	High risk
3.	There is no re-definition of business scope.	It involves venturing into new areas of activity.
4.	Fresh investment is not required.	Requires fresh investment for new products/ process/markets.
5.	The nature of growth of the firm employing this strategy is modest.	The nature of growth of the firm employing this strategy is high.

2. Expansion Strategy vs. Retrenchment Strategy

(M 12 - 3M, PM)

No.	Expansion Strategy	Retrenchment Strategy
1.	Expansion strategy is implemented by redefining the business by adding the scope of business substantially increasing the efforts of the current business.	Retrenchment Strategy involves redefinition of business by divesting a major product line or market.
2.	Expansion is a promising and popular strategy that tends to be equated with dynamism, vigour, promise and success.	Retrenchment or retreat becomes necessary or expedient for coping with particularly hostile and adverse situations in the environment and when any other strategy is likely to be suicidal.
3.	Expansion may take the enterprise along relatively unknown and risky paths, full of promises and pitfalls.	Retrenchment involves regrouping and recouping of the resources.

3. Concentric Diversification vs. Conglomerate Diversification

(N11, N13, RTP- M13, N14, PM, M16- 4M)

No.	Concentric Diversification	Conglomerate Diversification
1.	Concentric diversification occurs when a firm adds related products or markets.	Conglomerate diversification occurs when a firm diversifies into areas that are unrelated to its current line of business.
2.	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.

3.	The most common reasons for pursuing a concentric diversification are that opportunities in a firm's existing line of business are available.	Common reasons for pursuing a conglomerate growth strategy is that opportunities in a firm's current line of business are limited or opportunities outside are highly lucrative.
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4. **Backward Integrated Diversification Vs. Forward Integrated Diversification**
(J 09 – 2M, RTP- M12, N14, M13, PM)

No.	Backward Integrated Diversification	Forward Integrated Diversification
1.	This involves entry into activities which are in the pre- production stage.	This strategy involves entry into activities which are in the post- production stage.
2.	Here, a company takes up manufacturing of raw materials or components as its new business	Here, a company takes up distribution or retailing as its new business.
3.	Activities in the pre- production of stage of the firm's product- process chain become new businesses for it.	Activities in the post- production stage of the firm's product- process chain become new businesses for it.
4.	Nirma is the best example for backward integration.	Raymond is the best example for forward integration.

5. **Vertically Integrated Diversification vs. Horizontally Integrated Diversification**
(N 12 – 3M, PM, RTP- M16)

No.	Vertically Integrated Diversification	Horizontally Integrated Diversification
1.	In vertically integrated diversification, the firm remains vertically within the same product- process chain.	This involves adding / acquisition of one or more similar businesses at the same stage of the production – marketing chain
2.	The firm moves either forward or backward in the chain, and enters specific product/ process steps with the intention of making them into new business for the Firm.	The firm doesn't move across the stages in the product- process chain, but it remains in the same stage.
3.	It involves either forward integration or forward integration or both.	It involves taking over Competitor's products, or production of Complementary products, or sale of By- products, or entering into repairs and servicing of products.
4.	In this strategy there is a vertical linkage between the company's existing business and the newly diversified business.	There is a horizontal linkage between the company's existing and new business.

6. **Vertically Integrated Diversification vs. Concentric Diversification** (PM)

No.	Vertically Integrated Diversification	Concentric Diversification
1.	This involves adding/ diversifying into new businesses which are in different stages of the same Product- Process Chain.	This involves starting new businesses which are outside the company's existing Product- Process Chain
2.	There will be vertical linkage between the company's existing business and the newly diversified business.	There will be loop- like linkage between the new business and the existing process/ technology/ product of the firm.
3.	Intermediary/ support services/ activities become new businesses to the company here.	No such thing exists here.

7. Divestment Strategy vs. Liquidation Strategy

(PM, N14- 4M, RTP- N15, M17)

No.	Divestment Strategy	Liquidation Strategy
1.	Divestment strategy involves the sale or liquidation of a portion of the business, or a major division, profit centre or SBU of the company.	Liquidation Strategy involves closing down a Firm and selling off all its assets and paying off its liabilities.
2.	Divestment is a part of rehabilitation or restructuring plan, and is adopted when a turnaround has been attempted but has proved to be unsuccessful.	It is a form of retrenchment strategy is considered as the most extreme and unattractive.
3.	Sometimes the option of a turnaround may even be ignored if it is obvious that divestment is the only answer.	It is considered as the last resort because it leads to serious consequences such as loss of employment for workers and other employees, termination of opportunities a firm could pursue, and the stigma of failure.

8. Cost Leadership & Differentiation Strategies

(PM, M14- 4M, MTP- Feb16)

No.	Cost Leadership	Differentiation
1.	Cost leadership emphasizes producing standardized products at a very low per-unit cost for consumers who are price-sensitive.	Differentiation is a strategy aimed at producing products and services considered unique industry wide and directed at consumers who are relatively price-insensitive.
2.	A primary reason for pursuing forward, backward, and horizontal integration strategies is to gain cost leadership benefits.	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.
3.	Successful cost leadership strategy enables a firm to lower cost and under price competitors thereby gaining substantial cost advantage.	Successful differentiation strategy allows a firm to charge a higher price for its product and to gain customer loyalty.

9. Mergers & Acquisitions

(RTP- N16)

No.	Mergers	Acquisitions
1.	Merger is a process when two or more companies come together to expand their business operations.	When one organization takes over the other organization and controls all its business operations, it is known as acquisition.
2.	Here the deal gets finalized on friendly terms and both the organizations share profits in the newly created entity.	A deal in case of an acquisition is often done in an unfriendly manner; it is more or less a forced association.
3.	In a merger two organizations combine to increase their strength and financial gains.	In acquisition one that is financially stronger and bigger establishes its power. The combined operations then run under the name of the powerful entity.

10.

Top- Down vs. Bottom- Up Strategic Planning

(N10 - 2M, M13 -3M, RTP- M13, M15, N16, PM)

No.	Top- Down Strategic Planning	Bottom- Up Strategic Planning
1.	It is a Centralised Approach to Strategy Formulation.	It is a Decentralised Approach to Strategy Formulation.
2.	The Corporate Centre or head office determines mission, strategic intent, objectives and strategies for the organization as whole and for all parts.	Corporate centre does not conceptualise its strategic role as being directly responsible for determining the mission, objectives or strategies of its operational character.
3.	Divisional Managers role is limited to mere implementation of pre- specified corporate strategies.	corporate level may prefer to act as a catalyst and facilitator, keeping things reasonably simple and confining itself to perspective and broader strategic intent.

5. FORMULATION OF FUNCTIONAL STRATEGIES**1. Selling vs. Marketing**

No.	Selling	Marketing
1.	Selling focuses on the needs of the seller.	Marketing focuses on the needs of the customers.
2.	Focus is on increasing sales.	Focus is on ensuring customer satisfaction.
3.	Starts with manufacturing and ends with sales.	Starts with identification of customers' needs and ends with mutually beneficial relationship.
4.	Transaction oriented	Relationship oriented.
5.	Selling is an old and outdated concept.	Marketing is a new concept, which is apt to the present day context.
6.	It is a narrow and short- term activity.	Marketing is long- term oriented and is a broader concept, which includes all the 4 Ps, namely, product, price, place and promotion.

2. Logistics Management vs. Supply Chain Management (PM, N16, N 12 – 4M, RTP- N15, M17)

No.	Logistics Management	Supply Chain Management
1.	Logistical activities typically include management of inbound and outbound goods, transportation, warehousing, handling of material, fulfillment of orders, inventory management, supply / demand planning.	Although these activities also form part of Supply chain management, it has different other components.
2.	It is a narrower concept.	It is a broader concept.
3.	It is one of the parts of Supply Chain Management and is related to planning, implementing, and controlling the movement and storage of goods, services and related information between the point of origin and the point of consumption.	It includes more aspects apart from the logistics function. It is a tool of business transformation and involves delivering the right product at the right time to the right place and at the right price.

3. Social Marketing & Services Marketing

(PM, M14- 3M)

No.	Social Marketing	Services Marketing
1.	It refers to the design, implementation, and control of programs seeking to increase the acceptability of social idea, cause, or practice among a target group. For instance, the publicity campaign for prohibition of smoking or encouraging girl child, etc.	It involves applying the concepts, tools and techniques, of marketing to services. Service refers to any activity or benefit that one party can offer to another, and is essentially intangible, e.g. Banking, Retailing, Educational or other utilities. These may be from business to consumer and from business to business.
2.	It is non-profit motive.	It is profit motive.
3.	It is usually undertaken by charitable trusts, NGOs, and Government.	It is usually undertaken by commercial establishments both in private and public sectors.

4. Synchro Marketing & De- Marketing

(RTP- N15)

No.	Synchro Marketing	De- Marketing
1.	Synchro-marketing can be used to regularize the pattern of demand for a product/ service through flexible pricing, promotion, and other incentives.	De- Marketing is used to reduce demand temporarily or permanently for a product/ service, the aim is not to destroy demand, but only to reduce or shift it.
2.	Followed in case of products whose demand is irregular due to season, some parts of the day, or on hour basis, causing idle capacity or overworked capacities,	Followed in case of products for which there is overfull demand.
3.	For example, products such as movie tickets can be sold at lower price over week days to generate demand.	For example, buses are overloaded in the morning and evening, roads are busy for most of times, zoological parks are over-crowded on Saturdays, Sundays and holidays. Here de-marketing can be applied to regulate demand.

5. Advertising & Publicity

(N16 - 3M)

Basis	Advertising	Publicity
Meaning	Advertising is a non-personal, highly flexible and dynamic promotional method. It is a paid form of communicating the message.	Publicity is communication of a product, brand or business by placing information about it in the media without paying for the time or media space directly.
Methods	The media for advertising are several such as brochures, newspapers, magazines, display boards, radio, television and internet. Choice of appropriate media is important for effectiveness of the message. The media may be local, regional, national or international.	Basic tools for publicity are press releases, press conferences, reports, stories, blogs and internet releases. These releases must be of interest to the public. Thus, it is way of reaching customers with negligible cost.

6. STRATEGY IMPLEMENTATION & CONTROL

1. Efficiency vs. Effectiveness

No.	Efficiency	Effectiveness
1.	To be efficient means "to do the things right".	To be effective means, "to do the right things".
2.	Focus on relationship between inputs & outputs.	Focus on relationship between means & ends.
3.	Short-run in nature.	Long-run in nature.
4.	Introspective effect i.e. within the firm.	Highlights linkages between firm and its external environment.
5.	Operational in nature.	Strategic in nature.
6.	Strategy implementation viewpoint.	Strategy formulation viewpoint.

2. Strategy Formulation vs. Strategy Implementation

(PM, N16, N08 – 2M, M11 – 4M, M12 – 3M, M15- 4M, RTP- M12, M15, M17)

No.	Strategy Formulation	Strategy Implementation
1.	It involves the design and choice of appropriate organizational strategies.	It is the process of putting the various strategies into action of organizations.
2.	It is positioning forces before the action.	It is managing forces during the action
3.	It focuses on effectiveness.	It focuses on efficiency.
4.	It is primarily an intellectual process.	It is primarily an operational process.
5.	It requires good intuitive and analytical skills.	It requires special motivation and leadership skills.
6.	It requires coordination among a few individuals.	It requires coordination among many individuals.

3. Competitive Advantage vs. Core Competence

No.	Competitive Advantage	Core Competence
1.	It refers to the position of superiority that firm enjoys in any of its functions over its rival firms.	A core competence is the one which is competitively unique, specific to a firm which can't be imitated.
2.	A company's competitive advantage may be its strength in low cost of production or differentiation.	Core competencies are created by superior integration of technological, physical, and human resources, which may be in tangible or intangible forms.
3.	A company's competitive advantage may be imitated by its competitors in the long- run.	A firm's core competence can't be imitated by its competitors or they might do it with the greatest difficulty.
4.	A firm's competitive advantage is not durable/sustainable.	The core competency of a firm is more durable and from which newer and stronger competitive advantages can keep emerging for the firm.

4.

Transformational Leadership vs. Transactional Leadership

(PM, RTP- M12, M14, M 13- 4M, MTP- N15, N16, N15)

No	Transformational Leadership	Transactional Leadership
1.	It uses charisma and enthusiasm to inspire people to exert them for the good of the organization.	It uses the authority of its office to exchange rewards, such as pay and status.
2.	Appropriate in turbulent environments, in industries at the very start or end of their life-cycles, in poorly performing organizations when there is a need to inspire a company to embrace major changes.	Appropriate in settled environment, in growing or mature industries, and in organizations that are performing well.
3.	Transformational leaders inspire employees by offering excitement, vision, intellectual stimulation and personal satisfaction.	Transactional leaders prefer a more formalized approach to motivation, setting clear goals with explicit rewards or penalties for achievement or non-achievement. Transactional leaders focus mainly to build on existing culture and enhance current practices.
4.	This style is suited to motivate employees to stretch their abilities and increase their self-confidence, and to promote innovation throughout the firm.	The style is better suited in persuading people to work efficiently and run operations smoothly.
5.	Informal Leadership Style.	Informal Leadership Style.

5.

Strategic Control vs. Budgetary Control

No.	Strategic Control	Budgetary Control
1.	Time period is lengthy- ranging from a few years to over ten years.	Time period is usually one year or less.
2.	Measurements are quantitative and qualitative.	Measurements are quantitative.
3.	Concentration is internal and external.	Concentration is internal
4.	Corrective action is on- going.	Corrective action may be taken after budget period has elapsed.

6.

Strategic Control vs. Operational Control

No.	Attribute	Strategic Control	Operational Control
1.	Basic Question	'Are we moving in the right direction?'	'How are we performing?'
2.	Aim	Proactive, continuous questioning of the basic direction of strategy.	Allocation and use of organisational resources.
3.	Main Concern	'Steering the organisation's future direction.'	Action Control
4.	Focus	External environment	Internal organization
5.	Time Horizon	Long- term	Short- term
6.	Exercise of Control	Exclusively by top management through lower level support.	Mainly by executive or middle- level management on the direction of the top management.
7.	Main Techniques	Environmental Scanning, information gathering, questioning and review.	Budgets, schedules and Management By Objectives.

7. Inbound Logistics vs. Outbound Logistics

(RTP- M13, N14, M17)

	Inbound Logistics	Outbound Logistics
1.	These are the activities concerned with receiving, storing and distributing inputs to the product/ service.	They refer to the collection, storage and distribution of the product to customers.
2.	It includes all activities such as materials handling, stock control, transport etc.	It includes all activities such as storage/ warehousing of finished goods, order processing, scheduling deliveries, operation of delivery vehicles, etc.
3.	It is one of pre- production activities.	It is one of the post- production activities.

8. Operational Control vs. Management Control

(N13, RTP- M15, N16)

	Operational Control	Management Control
1.	The thrust of operational control is on individual tasks or transactions.	The thrust of Management Control is on total or more aggregative management functions.
2.	It is narrow in nature.	It is more inclusive and more aggregative.
3.	The basic purpose of operational control is ensure that the organisation's day-to-day activities are performed efficiently.	The basic purpose of Management Control is the achievement of enterprise goals- short range and long range- in an effective and efficient manner.
4.	Example: Procuring specific items for inventory.	Example: Inventory Management as a whole is management control.

7. REACHING STRATEGIC EDGE

1. BPR vs. Conventional Methods of improving organizational efficiency

No.	Business Process Re-engineering	Conventional Methods of improving operational efficiency
1.	Total re-designing of business processes.	Partial modification of processes.
2.	Dramatic improvement in performance.	Marginal improvement in performance.
3.	Existing processes, procedures, ways of doing things, etc. are questioned and challenged.	Existing processes and procedures are not challenged. They are just modified & improvised.
4.	Altogether new processes are identified.	New processes may not be identified.
5.	BPR is a cross-functional and multi-dimensional approach. It affects all functions, departments and sub-systems.	It may be restricted to a certain function (e.g. purchase or production or marketing) or a certain geographical area.
6.	Leads to massive organisational change.	May not involve substantial change, as seen in BPR.

2. TQM vs. Traditional Management Practices

(M 11 - 3M, RTP- M16,MTP-M17)

No.	Total Quality Management	Traditional Management Practices
1.	In TQM, Quality Planning and Strategic Planning go hand-in-hand.	It is not the case in traditional management practices, as strategic planning and quality planning are viewed differently.
2.	Universal quality responsibility, i.e., everyone in the organization takes responsibility for quality.	Traditionally quality is the responsibility of quality control department in the organization.
3.	In TQM, customer satisfaction is the top priority and customer is viewed as an integral part of the organization.	Though customer satisfaction is given due importance here also, but customer is perceived as an outsider to the business firm.
4.	There are cross-functional teams in TQM	There are only independent functional teams.
5.	In TQM there is process orientation.	There is only functional orientation and each department tries to optimize its own performance without bothering about the total process.

3. Traditional Business Processes vs. Re-engineered Business Processes

No.	Traditional Business Processes	Re-engineered Business Processes
1.	In traditional Business Processes there was sub-system view, i.e., individual departments or divisions of a firm try to optimize their own performance, without considering the effect on other areas of operation.	Here a firm has process orientation and every department or division in it focuses on the process improvement.
2.	Traditional business processes are lengthy, time-consuming, costly, inefficient, obsolete and irrational.	Re-engineered business processes are faster, efficient, economical, modern and are more rational and logical.
3.	There is no use of Information Technology in traditional business processes as they were developed based on a series of unplanned decisions during the pre-internet era.	Re-engineered business processes are Information Technology supported and hence they help in increasing customer satisfaction.
4.	A firm cannot achieve operational excellence with the help of traditional business processes.	A firm can achieve operational excellence with the help of its re-engineered business processes.

4. Intra-group Benchmarking vs. Inter-group Benchmarking

No.	Intra-group Benchmarking	Inter-group Benchmarking
1.	It means performing benchmarking within the company itself.	It involves benchmarking done external to the company.
2.	It is also known as internal benchmarking.	It is also known as external benchmarking.
3.	Here the company identifies the best processes or practices within the company.	Here the company identifies the best processes or practices outside the company.
4.	It may be plant-to-plant or department-to-department, or division-to-division comparison within in the same company.	It may be functional, or competitive, or generic benchmarking done against the best in the industry or in the world.
5.	It is undertaken when a firm identifies the best practices within the company.	It is resorted to when the firm realizes that there are no best practices or processes prevailing in the company.

5. TQM vs. Six Sigma

No.	Total Quality Management	Six Sigma
1.	It means continual increase in customer satisfaction at continually lower real cost.	It is a standard of excellence which aims at maintenance of desired quality in end products and processes by ensuring zero defects.
2.	This concept was originated in Japanese organizations.	This concept was originated in the US organizations.
3.	The focus of TQM is on ensuring quality in all activities/actions of the firm.	The focus of Six Sigma is on prevention of defects in products or processes.
4.	An organization that is implementing TQM is said to be successful if it achieves a greater level of customer satisfaction at lower real cost.	An organization achieves Six sigma status if its defect rate is 3.4 in every 1 million products produced or services rendered.

THE END

MASTER MINDS

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PART D – TRUE OR FALSE STATEMENTS



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1. BUSINESS ENVIRONMENT

A CATEGORY		
1.	Enterprises pursue multiple objectives rather than a single objective.	(RTP- M15)
A.	True: Enterprises pursue multiple objectives rather than a single objective. In general, we may identify a set of business objectives pursued by a large cross- section of enterprises. These relate to profitability, productive efficiency, growth, technological dynamism, stability, self-reliance, survival, competitive strength, customer service, financial solvency, product quality, diversification, employee satisfaction and welfare, and so on. Enterprises seek to balance these objectives in some appropriate manner.	
2.	Diversity in environment makes it difficult to understand.	(RTP - N14)
A.	True: The environment encapsulates many different influences; the difficulty is in making sense of this diversity in a way which can contribute to strategic decision making. Listing all conceivable environmental influences may be possible, but it may not be of much use because no overall picture emerges of really important influences on the organization.	
3.	An organization with intense competition is unlucky.	(RTP - N14)
A.	False: Although competition makes organizational working difficult, intense competition is neither a coincidence nor bad luck. All organizations have competition. Multinationals and large organizations clash directly on every level of product and service. Mid-sized and small businesses also chase same customers and find that prices and product quality are bounded by the moves of their competitors. The benefits of competition are also enjoyed by the society and the markets in which organisations operate.	
4.	Technology and business are highly interrelated and interdependent.	(RTP - N14)
A.	True: The fruits of technological research and development are available to society through business only and this also improves the quality of life of the society. Hence, technology is patronized by business. Technology also drives business and makes a total change on how it is carried out.	
5.	Profit may not be a universal objective but business efficiency is definitely an objective common to all businesses.	(M 08 – 2M, PM)
A.	True: Efficiency means designing and achieving suitable input output ratios of funds, resources, facilities and efforts. Efficiency is an universal objective common to all business firms. Every company would like to utilize its available resources in an optimum manner in order to achieve the highest productivity. Both profit and non- profit oriented firms would like to achieve efficiency. But non- profit making firms like charitable trusts do not work with profit objective.	
6.	A business organization is detached from the environment (or) businesses function in an isolated manner.	(PM)
A.	False. Business environment consists of all those factors, events, trends and conditions that influence the decision making of business firms. Every business firm operates as a sub-system of the environment. Business depends on environment for various inputs and it is in the environment, that a firm can dispose its output. Any change in the environment will impact the business organizations in some way or the other.	
7.	The environment is constantly changing.	
A.	True: Business environment consists of all those factors, events, trends and conditions that influence the decision making of business firms. Dynamism is one of the important characteristics of business environment. Business environment is ever-changing in nature. As environment is completely dynamic in nature it causes continuous change in shape, nature and character.	

8.	A business, even if it continuously remains passive to the relevant changes in the environment, would still grow and flourish. (N 09 - 2M, PM)
A.	False: Environment has a far reaching impact on business. The growth and profitability of a firm depends critically on the environment. Every environmental change will influence the firm in several ways. Business firms must continuously look at various changes taking place in the environment and adopt themselves as per those changes; otherwise their survival becomes very difficult.
9.	Managers must list and analyse all environmental influences for proper strategic understanding. (PM)
A.	False: The environment encapsulates many different influences. The difficulty is in making sense of this diversity in a way which can contribute to strategic decision-making. Listing all conceivable environmental influences may be possible, but it may not be of much use.
10.	Environmental analysis leads to strategic thinking.
A.	True: Environment analysis can lead to a rich source of ideas and understanding of the context within which a firm operates. An organisation must make it a point to conduct environmental analysis on a continuous basis and should challenge its current knowledge by injecting fresh ideas into the firm. Hence, environmental analysis will enable a firm to develop strategic thinking.
11.	Environmental constituents exist in isolation and do not interact with each other. (N 07 - 2M, PM)
A.	False: A firm's business environment consists of all those factors, events, trends and conditions that influence its decision making. The environment consists of a number of factors, events, conditions and influences arising from different sources. They do not exist in isolation but interact with each other to create entirely new sets of influences.
12.	An industry is a group of dissimilar firms. (M 08 – 2M)
A.	False: An industry is a group of similar firms engaged in the same line of activity or business. Firms in an industry produce more or less similar products and compete with one another for same buyers. For eg., the automobile industry is the composition of all automobile manufacturing companies like Maruthi Suzuki, Honda, General Motors, Ford etc.
13.	Customers and consumers represent the same group of people. (MTP - 1, 3)
A.	False: Customers and consumers are two different groups when speaking in actual terms. Customer is the one who actually purchases the product / service, whereas, a customer is the one who ultimately consumes/ uses the product. For eg., A mother may purchase Junior Horlicks from Reliance Fresh store. Here, mother is the customer and her baby or child is the consumer.
14.	The basic objective of a business enterprise is to monitor the environment. (M 07 - 2M, PM)
A.	False: Monitoring of environment is not the basic objective of a business. The basic objectives of a business are survival, stability, growth, efficiency, profitability etc. However, every business firm should monitor its environment in order to know the present and potential changes and to design appropriate strategies to cope with them.
15.	Competition is bad for organizations. (PM)
A.	False: Competition is not at all bad for organizations but it serves as a stimulator for their growth. Competition leads to newer products, processes, better quality in products and improved customer service. All these activities may increase the cost structure of business firms in the short run but they only enable them to be in a better position in the long run.
16.	Under Porter's 5 forces model new entrants are insignificant source of competition.
A.	False: In many industries, new entrants act as a major threat to existing firms. New entrants may give a tough competition to the existing firms by way of more capacity, new product version / range and lower prices or better services by changing the rules of the game in the industry. For eg., Docomo, a new entrant in the Indian mobile services market has become a major threat to several existing companies in the sector.

17.	There is both opportunity and challenge in changes happening in environment.
A.	True: It is said that change is inevitable, especially in the context of business environment. Changes in the business environment from time to time throw up new issues before businesses. A right perspective of such new issues is to view them both as challenges and opportunities - challenge because appropriate action is called for and, opportunity because it opens up new potentials for the future plans that would lead to prosperous business.
18.	"Changes of any type are always disquieting, sometimes they may be threatening." (PM, M08)
A.	False: Favourable changes either in the external environment or internal environment are not threatening and/or disquieting. Changes that are initiated by the management to bring improvements in its working are not always disquieting. However, sometimes changes can be threatening especially for old and weak organizations with risk averse and stodgy managers.
19.	The rate and magnitude of changes that can affect organisations are decreasing dramatically. (PM, J09)
A.	False: No, the reality is just the other way round. Business environment especially after globalisation and liberalisation is witnessing changes that are fast paced and have far-reaching implications for businesses. This is true for economic, political, technological, legal, and socio-cultural factors. This has created strong pressures on organization for proactive adaptation to environmental changes for survival growth and competitive edge.
20.	Strategic actions are always in reaction to the changes in environment.
A.	False: Strategic actions are typically a blend of (1) proactive actions on the part of managers to improve the company's market position and financial performance and (2) as needed reactions to unanticipated developments and fresh market conditions and developments.
21.	Successful businesses have to recognize different elements of environment. (PM)
A.	True: To be successful businesses have to recognise different elements of the environment. They have to also respect, adapt to or have to manage and influence them. Businesses must continuously monitor and adapt to the environment to survive and prosper.
22.	Socio-cultural environment consists of factors related to government and politics. (PM)
A.	False: Socio-cultural environment consist of factors related to human relationships and the impact of social attitudes and cultural values which has bearing on the business of the organization. The beliefs, values and norms and general fabric of society determine how individuals and organizations should be interrelated.
23.	The benefit of competition is also enjoyed by the customers. (PM)
A.	True: The benefits of competition are enjoyed by the society and the markets in which organisations operate. The customers are able to get products at lower costs and of better quality. They are able to get better value of their money because of competition.
24.	Porter's five forces model considers new entrants as a significant source of competition.
A.	True: Porter's five forces model considers new entrants as major source of competition. The new capacity and product range that the new entrants bring in throw up 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.
25.	The process of strategy avoids matching potential of the organization with the environment opportunities.
A.	False: In the process of strategic management an organization continuously scans its relevant environment to identify various opportunities and threats. Organizations keen to grow and expand often look for promising opportunities that match their potential. Such opportunities become a good stepping stone for achieving the goals of the organisation.

26.	Substitute products are latent source of competition.	(RTP - M15)
A.	True: Substitute products are a latent source of competition in an industry. In many cases, they become a major constituent of competition. Substitute products offering a price advantage and/or performance improvement to the consumer can drastically alter the competitive character of an industry. For example, coir suffered at the hands of synthetic fibre. Wherever, substantial investment in R & D is taking place, threats from substitute products can be expected. Substitutes, too, usually limit the prices and profits in an industry.	
27.	Stability is not an objective of an organisation.	
A.	False: One of the most important objectives of business enterprises is stability. It is a cautious, conservative objective. In a sense, stability is an inexpensive and less risky objective in terms of managerial time and talent and other resources. A stable and steady enterprise minimizes managerial tensions and demands less dynamism from managers. It is a strategy of least resistance to the hostile external environment.	
28.	Environment is static in nature.	
A.	False: the environment of business consists of a number of factors, events, conditions and influences arising from different sources. All these do not exist in isolation but interact with each other to create entirely new sets of influences. Different factors such as economic conditions, technology, laws, tastes & preferences keep on changing. All in all, environment is complex and is highly dynamic.	
29.	Globalisation means different things to different people.	(PM, M10 – 2M)
A.	True: Globalisation means several things to several people. For some it is a new paradigm shift – a change that involves substantially different skills, knowledge and different ways of doing things. For developing countries, globalization means opening up of their domestic economies to the global markets. For some, it means integrating the domestic economy with the world economy. Globalisation refers to the process of integration of the world into one huge market. This unification leads to the removal of all trade barriers among countries, including the political and geographical barriers.	
30.	The term PESTLE analysis is used to describe a frame work for analyzing the micro – environmental factors.	(M11 – 2M, PM, RTP- M14, M15)
A.	False: PESTLE Analysis is used in analysis of macro environmental factors and not micro environment. It involves identification of political, economic, socio-cultural, technological, legal and environmental influences on an organization and providing a way of scanning the environmental influences that have affected or are likely to affect an organization or its policy. The advantage of this tool is that it encourages management into proactive and structured thinking in its decision making.	
31.	Cooperation is generated automatically in businesses owned by members of same family. (RTP- M16, MTP – M17)	
A.	False: Although, cooperation should generate automatically in businesses owned by members of a same family, many times internal strifes and tussles lead to challenges in cooperation. Sometimes, quarrels and conflicts among the managing members of the family on family matters tend to distort their behaviour in management of business and thereby damage its functioning. Family owned organisations often face succession and ownership issues that are tough to resolve and lead fights and divisions.	
32.	Competition adversely hits the organizational growth.	(RTP- M16)
A.	False: All organizations have competition. Multinationals and large organizations clash directly on every level of product and service. Mid-sized and small business also chases same customers and finds that prices and product quality are bounded by the moves of their competitors. Competition can challenge organizations to work better, improve and grow. Lack of competition can make organizations complacent with their present positions.	

33.	Kieretsus is a loosely-coupled group of companies, usually in related industries. (RTP- M16)
A.	True: Kieretsus is a loosely-coupled group of companies, usually in related industries. It is a Japanese term which is used for large cooperative networks of businesses. Kieretsus members are peers and may own significant amounts of each other's stock and have many board members in common.
34.	Businesses function in isolation. (PM)
A.	False: Businesses do not function in an isolated manner. They function within a whole gambit of relevant environment and have to negotiate their way through it. The extent to which the business thrives depends on the manner in which it interacts with the environment. A business which continuously remains passive to the relevant changes in the environment is destined to gradually decline.
35.	Managers simplify complexity by focusing on limited aspects of the environment. (RTP - M17)
A.	True: Often managers simplify environmental complexities by focusing on those aspects that are historically important, or confirm to their prior views. These are not perverse managerial behaviours; they are the natural behaviour of everyone faced with complexity.
36.	External environment must be scanned to identify strengths and weaknesses. (RTP - M17)
A.	False: An organisation possesses certain internal strengths and weaknesses. External environment needs to be scanned to identify external opportunities and threats.
37.	Businesses aim to create and retain customer. (RTP - M17)
A.	True: According to Peter Drucker the aim of business is to create and retain customer. Customers are the people who pay money to acquire an organization's products. Organizations cannot survive without customers.

B CATEGORY

38.	According to Peter F Drucker business exists for making profits.
A.	True: There is nothing wrong in saying that a business exists for making profits. But besides the profitability objective, businesses have various other objectives namely, survival, stability, growth, efficiency, social responsibility, etc. Profit maximisation has a long-term perspective and includes development of wealth, increased goodwill and benefits to all shareholders. Note: If the above statement is "a business exists for making profit only", then the answer is 'false', and give relevant explanation to substantiate your answer.
39.	An important objective of environmental analysis is to list out the opportunities and threats that affect the business.
A.	True: Both opportunities and threats are present in a firm's external environment. A firm by way of conducting environmental analysis can gather the information about the various favourable and unfavourable conditions that exist for it in the environment. Hence, environmental analysis is mandatory if a firm wants to know its opportunities and threats.
40.	Joint ventures are favored when the partner's strategic goals diverge while their competitive goals converge.
A.	False: In a Joint venture the partner's strategic goals converge while their competitive goals diverge. For eg., Hero Honda, a 50:50 joint venture between Hero group of India and Honda of Japan. The two partners shared the same strategic goals. But Honda would never give up its competitive goals and introduced various bike models in India like Shine, Unicorn, Activa as competition to Hero Honda.

C CATEGORY

41.	A change in the elected government affects the business environment.
A.	True: The type of government running a country is a powerful influence on business. Businesses are highly guided and influenced by government actions. Businesses are affected by the factors such as political stability, the political ideology and practices of the ruling party, the purposefulness and efficiency of governmental agencies, the extent and nature of governmental intervention in the economy and the industry, Government policies (fiscal, monetary, industrial, labour and export-import policies), specified legal enactments and framework and so on.
42.	Firms with a confident approach treat external environmental forces as partially manageable and controllable by their actions and they try to convert the threats into opportunities.
A.	True: A firm with a confident approach will have feedback systems which are highly dynamic and powerful that can generate a contingent set of alternative courses of action to be picked up as per the changing environment and is confident of shaping part of its external environment in its favour on a reciprocal basis.

2. BUSINESS POLICY & STRATEGIC MANAGEMENT

A CATEGORY

1.	Strategic management is a bundle of tricks and magic. (M09 - 2M, PM, RTP - N15, MTP - M14, M17 -2M)
A.	False: Strategic management is not a bundle of tricks and magic. It is much more serious affair. It involves systematic and analytical thinking and action. Although, the success or failure of a strategy is dependent on several extraneous factors, it can't be stated that a strategy is a trick or magic. Formation of a strategy requires careful planning and requires conceptual, analytical and visionary skills.
2.	Functional level constitutes the lowest hierarchical level of strategic management. (M 07 – 2M, MTP- M16)
A.	True: Functional-level managers and strategies operate at the lowest hierarchical level of strategic management. Functional level is responsible for the specific business functions or operations (human resources, purchasing, product development, customer service, and so on) that constitute a company or one of its divisions. Although they are not responsible for the overall performance of the organisation, functional managers have a major strategic role to develop functional strategies in their area that help to fulfill the strategic objectives set by business and corporate-level managers.
3.	The first step of strategy formulation in strategic management model is to undertake internal analysis. (M 07 - 2M, N - 11)
A.	False: The first step of strategy formulation in strategic management model is defining vision and mission statements of the organization. Forming a strategic vision of where the organisation is headed, so as to provide long-term direction, identify what kind of enterprise the company is trying to become and introduce a sense of purposeful action in the organization is the first step in strategy formulation.
4.	Strategies provide an integral framework for management to negotiate its way through a complex and turbulent external environment. (RTP- M13, PM)
A.	True: Strategies are meant to fill in the need of enterprises for a sense of direction, focus and coherent functioning. They provide a systematic basis for the enterprise to stand its ground in the face of challenge and change as also quickly adjust to them. They obviate the occasions for impulsive and crisis decisions, false starts, misdirected moves, wasted resource uses and the like.

5.	Strategy is a substitute for sound, alert and responsible management. (N 08 – 2M, PM)
A.	False: Strategy is not substitute for sound, alert and responsible management. Strategy can never be perfect, flawless and optimal. Strategies are goal-directed decision and actions in which capabilities and resources are matched with the opportunities and threats in the environment. A good management at the top can steer the organizations by adjusting its path on the basis of the changes in the environment.
6.	Strategies are perfect, flawless and optimal organisational plans. (PM, MTP- FEB15)
A.	False: Strategy can never be perfect, flawless and optimal. It is in the very nature of strategy that it is flexible and pragmatic; it is art of the possible; it does not preclude second-best choices, trade-offs, sudden emergencies, pervasive pressures, failures and frustrations. However, in a sound strategy, allowances are made for possible miscalculations and unanticipated external events.
7.	A sound strategy does not leave any scope for miscalculations. (RTP- N14)
A.	False: In a sound strategy, allowances are made for possible miscalculations and unanticipated events. Strategy is no substitute for sound, alert and responsible management. Strategy can never be perfect, flawless and optimal. It is in the very nature of strategy that it is flexible and pragmatic; it is art of the possible; it does not discard second-best choices, trade-offs, sudden emergencies, pervasive pressures, failures and frustrations.
8.	The strategic management process ends with implementation. (RTP- N14)
A.	False: Strategy formulation, implementation, and evaluation activities are performed on a continual basis, not just at the end of the year or semi-annually. The strategic management process is dynamic and continuous. It never really ends. Any significant extraneous factor can trigger a change in the process.
9.	Strategic planning always flows from top to bottom. (RTP- N14)
A.	False: Although strategic planning is a top level management function, the flow of planning can be from corporate to divisional level or vice-versa. There are two approaches for strategic planning - top down or bottom up. Top down strategic planning describes a centralized approach to strategy formulation in which the corporate centre determines mission, strategic intent, objectives and strategies for the organization as a whole and for all parts. Unit managers are seen as implementers of pre-specified corporate strategies. Bottom up strategic planning is the characteristic of autonomous or semi-autonomous divisions or subsidiary companies in which the corporate centre does not conceptualize its strategic role as being directly responsible. It may prefer to act as a catalyst and facilitator.
10.	Corporate strategy is basically the growth design of the firm. (PM)
A.	True: Corporate strategy in the first place ensures the growth of the firm and ensures the correct alignment of the firm with its environment. It serves as the design for filling the strategic planning gap. It also helps to build the relevant competitive advantages.
11.	For a small entrepreneur vision and mission are irrelevant. (PM, N16, RTP- M14, N14)
A.	False: Every organization whether it is large or small requires strategic vision and mission statements. Organisations irrespective of their size face similar business environment and have to work through competition. Small organizations have to plan strategies for their survival in the market where large organizations are also present. Note: The above question was asked in Nov 2014 exam in the following way. Strategic Vision and Mission statements are needed only by large business houses.
12.	Control systems run parallel with strategic levels. (N 10 - 2M, PM, RTP- N16, MTP- Aug16)
A.	True: There are three strategic levels – corporate, business and functional. Control systems are required at all the three levels. At the top level, strategic controls are built to check whether the strategy is being implemented as planned and the results produced by the strategy are those intended. Down the hierarchy management controls and operational controls are built in the systems. Operational controls are required for day-to-day management of business.

13.	Objectives are open- ended and goals are closed- ended.	(MTP - 2)
A.	<p>False: Objectives are closed ended and are specific, time bound, concrete and measurable or quantifiable. Whereas goals are open ended broad statements of what an organization wants to achieve at a future date. They don't convey a direct meaning.</p> <p>For Eg: The goal of a company is to increase its sales. This goal when converted into an objective may look like this. The objective of the company is to increase sales by 5% by June 30 through sales representatives.</p> <p>Note: In ICAI Study material, the answer is given opposite to our answer. Students are required to follow the answer given by ICAI.</p>	
14.	The terms 'efficiency' and 'effectiveness' mean one and the same in Strategic Management.	
A.	<p>False: Efficiency of an organization is an input-output measure, related to productivity. Effectiveness is about achieving the goal of the company. Efficiency is an operational objective whereas effectiveness is strategic in nature. To be successful, an organization should be both efficient and effective.</p>	
15.	All strategies emerge from corporate vision.	(N08 – 2M, PM)
A.	<p>True: Vision serves as the reference point while setting the objectives and formulating strategies. The ultimate purpose of formulating any strategy in the company is to achieve its vision. A vision can be achieved only when it is converted into workable & specific objectives.</p>	
16.	Vision and Mission are translated into objectives	
A.	<p>True: Vision and mission cannot be achieved on their own. They have to be converted into specific performance targets known as objectives. The accomplishment of mission of an organisation requires the formulation of objectives. Objectives help an organisation to pursue its vision and mission. Objectives are the performance targets of an organisation i.e. the results and outcomes it wants to achieve.</p>	
17.	The first step in strategic management model is developing a strategic vision and mission.	(RTP - M11)
A.	<p>True: Identifying an organisation's existing vision, mission, objectives are the starting point for any strategic management process. Determining vision and mission provides long- term direction, describe what kind of enterprise the company is trying to become and infuse the organisation with a sense of purposeful action.</p>	
18.	Corporate- level managers can be viewed as the guardians of stakeholders.	(RTP - M12)
A.	<p>True: Corporate- level managers provide a link between the people who oversee the strategic development of a firm and those who own it (the shareholders). Corporate- level managers, and particularly the CEO, can be viewed as the guardians of shareholder welfare. It is their responsibility to ensure that the corporate and business strategies that the company pursues are consistent with maximizing shareholder wealth. If they are not, then ultimately the CEO is likely to be called to account by the shareholders.</p>	
19.	Strategic Management helps organisations to be more reactive in shaping their future.	(RTP - M12)
A.	<p>False: Strategic Management helps organisations to be more proactive instead of reactive in shaping its future. Organisations are able to analyse and take actions instead of being mere spectators. Thereby they are able to control their own destiny in a better manner. It helps them in working within vagaries of environment and shaping it, instead of getting carried away by its turbulence or uncertainties.</p>	
20.	Strategic planning is an attempt to improve operational efficiency.	(PM, RTP – N16)
A.	<p>False: Strategic planning, an important component of strategic management, involves developing a strategy to meet competition and ensure long- term survival and growth. They relate to the top level in the organisation and relate the organisation with its environment. Operational efficiency is not a direct outcome of strategic planning.</p>	

21.	Developing annual objectives & short-term strategies that are compatible with the selected set of long-term objectives are one of the major tasks of strategic management. (PM, M12)
A.	True: A strategic manager has to set the long term objectives, future oriented plans by appreciating the competitive environment. Without bifurcating grand strategies and long-term objectives into annual objectives and short-term strategies, implementation of the strategies is not possible. Dividing objectives, into annual plans help to move forward in a systematic manner.
22.	Strategic planning gives direction to the organization. (RTP- M16, MTP - N15)
A.	True: Strategic planning is process of determining organizational strategy. It gives direction to the organization and involves making decisions and allocating resources to pursue the strategy. It is the formal consideration of future course of an organization. It determines where an organization is going over the next year or more and the ways for going there.
23.	The characteristics of strategic management decisions differ depending upon the levels of management of an organisation. (RTP- M16)
A.	True: There are three main strategic levels of management - corporate, business and functional. The characteristics of strategic management decisions vary in terms of type, measurability, frequency, relation to present activities, risk, profit potential, cost, time horizon, flexibility, co-operation required differ depending upon the levels of management in an organisation. Functional decisions are taken to bifurcate and implement business strategies that are created within the ambit of corporate strategies.
24.	A strategic vision delineates organisation's aspirations for the business. (RTP - M16)
A.	True: A strategic vision delineates organisation's aspirations for the business, providing a panoramic view of the position where the organisation is going. A strategic vision points an organization in a particular direction, charts a strategic path for it to follow in preparing for the future, and moulds organizational identity.
25.	Strategy evolves over a period of time. (RTP - N16)
A.	True: Strategy of a business, at a particular point of time, is result of a series of small decisions taken over an extended period of time. A manager who makes an effort to increase the growth momentum of an organization is materially changing strategy. A company's strategy evolves over time as a consequence of changing environmental conditions and need to keep strategy in tune with the changes that have a bearing on the functioning of organizations.
26.	In strategic process organizational potential is not matched with the environmental opportunities. (RTP - N16)
A.	False: In the process of strategic management an organisation continuously scan its relevant environment to identify various opportunities and threats. Organisations keen to grow and expand often look for promising opportunities that match their potential. Such opportunities become a good stepping stone for achieving the goals of the organisation.
B CATEGORY	
27.	Functional level managers are very important to an organisation.
A.	True: Functional managers have a major strategic role to develop functional strategies in their areas that help to fulfill the strategies and objectives set by business level & Corporate level managers. Functional managers help business level and corporate -level managers to formulate realistic and achievable strategies because they are closer to the customer.
28.	The mission of a company is always static and it will never change.
A.	True: As the mission denotes the purpose or reason for an organization's existence, it will never change. A mission is an enduring statement of purpose that distinguishes an organization from other organizations.
29.	"Without a strategy an organization is like a ship without a rudder".
A.	True: The rudder of a ship provides it with the direction and it makes it move forward. In the same way, the strategy serves as a route map which provides a long term direction to a company. In absence of the strategy, a company cannot survive in the long run as it lacks a direction.

C CATEGORY	
30.	A business firm would still grow even if it defines its business narrowly.
A.	False: To ensure continued evolution of growth, an organisation must define their business in a broader sense to take advantage of the growth opportunities that emerge over time. Organisations that define their businesses too narrowly dig their own graves. They develop short sightedness over a period of time and get unrecognised in the market in the long run.
31.	Strategic management in an organization is a one- time activity.
A.	False: Strategic management of an organization is not a one- time activity. It is an ongoing and continuous process. It is a journey not a destination. Even after implementing a strategy, the firm should continue its efforts in making the strategy workable. Hence, the process of formulating a strategy, implementing it and taking a corrective action as and when necessary (control) is a continuous one in every organization.
32.	Strategic management is the other name for forecasting.
A.	False: Strategic management is not mere forecasting; it is concerned with ensuring a good future for the firm. It tries to prepare the firm to face the future and even shape the future in its favor. Strategic management unlike forecasting will never accept the environment as it is, rather, it tries to influence the environmental forces in its favor.
33.	Strategic decision making involves commitment of resources
A.	True: Strategic issues involve commitment of resources i.e. large amounts of company's financial investment, to venture into new areas of business, employing more people with new set of skills in them, take-over of another enterprise, business expansion, etc. All these decisions involve substantial amount of organization's resources.
34.	The Strategy is a short term oriented plan.
A.	False: A Strategy is not a short-term oriented plan. Strategy is a broad based long range plan of a company. However, a strategy will also have some short-term implications for an organization. Strategy is a unified, comprehensive and integrated plan designed to assure that the basic objectives of an organization are achieved.
35.	Strategy is all about matching or balancing an organization's resources with that of opportunities in the external world.
A.	True: A firm through its strategy tries to bring about a perfect fit or match between its internal environment (strengths and weaknesses) the external environment (opportunities and threats). Strategy helps a firm in striking a balance between an organization's resources and the opportunities present in the external environment.
36.	The values, ethics, and beliefs of the founders of an organization will influence to a greater extent the selection of a strategy or business.
A.	True: The selection of a strategy depends to a greater extent on the values, ethics and beliefs of the founder of the company. Strategies must ensure that the strategy they formulate is not against to the company's values. For eg., Tata will never into manufacturing or marketing of alcoholic drinks as it is against the values and ethics of its founder Jamsetji Tata.

3. STRATEGIC ANALYSIS

A CATEGORY	
1.	The process of strategy avoids matching potential of the organization with the environmental opportunities. (N11, RTP- M15)
A.	False. In the process of strategic management an organisation continuously scan its relevant environment to identify various opportunities and threats. Organisations keen to grow and expand often look for promising opportunities that match their potential. Such opportunities become a good stepping stone for achieving the goals of the organisation.

2.	PLC is an S-Shaped Curve.	(J 09 – 2M)
A.	True: Product life cycle (PLC) is an S-shaped curve. It is a graphical representation of sales overtime with 4 stages-introduction, growth, maturity and decline. These stages are common to all types of products though the duration of each phase is different in each case. Identification of PLC stage for a product / service offers useful insights for marketing management.	
3.	BCG Growth- Share Matrix classifies businesses on two dimensional scales. (RTP- N11)	
A.	True: The BCG Growth- Share Matrix represents businesses on a two dimensional scale. The vertical axis represents market growth rate and provides a measure of market attractiveness. The horizontal axis represents relative market share and serves as a measure of company strength in the market. On the basis of different positions of the businesses on the matrix they are classified as stars, cash cows, question marks and dogs.	
4.	Key Success factors are constant for all industries.	(RTP- M12)
A.	False: Key Success Factors vary from industry to industry and even from time to time within the same industry as driving forces and competitive conditions change. Rarely an industry has more than three or four key success factors at any point of time. And even among these three or four, one or two usually outrank the others in importance.	
5.	In BCG Matrix, “Question Marks” represent low growth and high market share businesses or products.	(RTP - M12, M17)
A.	False: Question Marks, sometimes called problem children or wildcats, are low market share businesses in high- growth markets. They require a lot of cash to hold their share. They need heavy investments with low potential to generate cash. Question marks if left unattended are capable of becoming cash traps. Since growth rate is high, increasing it should be relatively easier. It is for business organisations to turn them into stars and then to cash cows when the growth rate reduces.	
6.	A SBU is a group of unrelated businesses.	(RTP- M12)
A.	False: An SBU is a grouping of related businesses, which is amenable to composite planning treatment. As per this concept, a multi- business enterprise groups its multitude of businesses into a few distinct business units in a scientific way. The purpose is to provide effective strategic planning treatment to each one of its products/ businesses.	
7.	A strategic Group is a cluster of firms with dissimilar competitive approaches. (RTP- M13)	
A.	False: Strategic groups are clusters of competitors that share similar strategies and therefore compete more directly with one another than with other firms in the same industry. Any industry contains only one strategic group when all firms essentially have identical strategies and have comparable market positions. At the other extreme, there are as many strategic groups as there are competitors when each rival pursues a distinctively different competitive approach.	
8.	Portfolio analysis helps the strategists in identifying and evaluating various businesses of a company.	(PM, N12, N15)
A.	True: A business portfolio is a collection of businesses and products that make up the organisation. Portfolio analysis is a tool by which management identifies and evaluates its various businesses. In portfolio analysis top management views its product lines and business units as a series of investments from which it expects returns. The best business portfolio is the one that best fits its strengths and weaknesses to the opportunities and threats in the environment. Through portfolio analysis, organisations are able to compare its various businesses and categorize them in various strata as promising, growing, without good future and so on.	

9.	A strategic group consists of rival firms with similar competitive approaches and positions in the market.	(M13, RTP - N15, N16)
A.	True: A strategic group consists of those rival firms that have similar competitive approaches and positions in the market. Organisations in the same strategic group can resemble one another in any of the several ways: they may have comparable product-line breadth, sell in the same price/quality range, emphasize the same distribution channels; use essentially the same product attributes to appeal to similar types of buyers, depend on identical technological approaches, or offer buyers similar services and technical assistance.	
10.	An industry can have more than one strategic group.	(N14, PM)
A.	True: An industry contains only one strategic group when all sellers pursue essentially identical strategies and have comparable market positions. At the other extreme, there are as many strategic groups as there are competitors when each rival pursues a distinctively different competitive approach and occupies substantially different competitive position in the marketplace.	
11.	The purpose of SWOT analysis is to rank organizations.	(PM, J 09 - 2M)
A.	False: SWOT analysis stands for the analysis of strengths, weaknesses opportunities, and threats. It is not used for ranking of organizations. It is a tool for organizational and environmental appraisal necessary for formulating effective strategies.	
12.	SWOT analysis merely examines internal environment of an organization.	(PM)
A.	False: SWOT analysis presents the information about both external and internal environment in a structured form to compare external opportunities and threats with internal strengths and weaknesses. This helps in matching external and internal environments so that strategic decision makers in an organisation can come out with suitable strategies by identifying patterns of relationship and develop suitable strategies.	
13.	“B” in BCG Matrix stands for balance.	(PM)
A.	False: The acronym BCG stands for Boston Consulting Group, an organization that developed a matrix to portray an organizational corporate portfolio of investment. This matrix depicts growth of business and the business share enjoyed by an organization. The matrix is also known for its cow and dog metaphors and is popularly used for resource allocation in a diversified company.	
14.	Growth share matrix is popularly used for resource allocation.	(PM, M16, RTP - M14)
A.	True: Growth share matrix also known for its cow and dog metaphors is popularly used for resource allocation in a diversified company. Primarily it categorises organisations / products on the basis two factors consisting of the growth opportunities and the market share enjoyed.	
15.	One or two key success factors may outrank others.	(RTP - N14)
A.	True: Key success factors vary from industry to industry and even from time to time within the same industry as driving forces and competitive conditions change. Only rarely does an industry have more than three or four key success factors at any one time. And even among these three or four, one or two usually outrank the others in importance. Managers, therefore, have to resist the temptation to include factors that have only minor importance.	
16.	“Industry is a grouping of dissimilar firms”.	(M – 08, PM)
A.	False: Industry is a consortium of firms whose products or services have homogenous attributes or are close substitutes such that they compete for the same buyer. For example, all paper manufacturers constitute the paper industry.	
17.	Strength is an inherent capacity of an organization.	(PM, MTP - M15)
A.	True: Strength is an inherent capacity which an organization can use to gain strategic advantage over its competitors. An example of strength is superior research and development skill which can be used for continuous product innovation or for new product development so that the company gains competitive advantage.	

18.	A 'Strategic Group' consists of rival firms with different competitive approaches and positions in the market. (M 13 - 2M)
A.	False: A strategic group consists of rival firms with similar competitive approaches and positions in the market. Companies in the same strategic group have similarity in any one or more of the aspects like, product lines, product attributes, price/ Quality range, distribution and marketing channels, etc.
19.	Portfolio analysis involves comparison of various functional areas of business. (RTP- N15)
A.	False: Portfolio analysis can be defined as a set of techniques that help strategists in taking strategic decisions with regard to individual products or businesses in a firm's portfolio. It is primarily used for competitive analysis and corporate strategic planning in a multi-product and multi-business firm.
20.	SWOT analysis presents a comparative account. (RTP- N15)
A.	True: SWOT analysis presents the information about both external and internal environment in a structured form where it is possible to compare external opportunities and threats with internal strengths and weaknesses. This helps in matching external and internal environments so that a strategist can come out with suitable strategy by developing certain patterns of relationship. The patterns are combinations say, high opportunities and high strengths, high opportunities and low strengths, high threats and high strengths, high threats and low strengths.
21.	The concept of experience curve is relevant for a number of areas in strategic Management. (RTP- M16, MTP – M17)
A.	True: Experience curve results from a variety of factors such as learning effects, economies of scale, product redesign and technological improvements in production. The concept of experience curve is relevant for a number of areas in strategic management. For instance, 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.
22.	There are many other reasons for changes in industry other than its position in life cycle. (RTP- M16)
A.	True: There are more causes of industry's changes than its position in the life cycle. All industries are characterized by trends and new developments that gradually produce changes important enough to require a strategic response from participating firms. The life-cycle stages are strongly linked to changes in the overall industry growth rate. Industry and competitive conditions change because forces are dynamic. The most dominant forces are called driving forces because they have the biggest influence on what kinds of changes will take place in the industry's structure and competitive environment.
23.	Market penetration is a growth strategy where the business focuses on selling new products into new markets. (RTP- M16)
A.	False: Market penetration is a growth strategy where the business focuses on selling existing products into existing markets. It is achieved by making more sales to present customers without changing products in any major way. Penetration might require greater spending on advertising or personal selling.
24.	Key success factors vary from industry to industry. (RTP - M16)
A.	True: Key success factors vary from industry to industry and even from time to time within the same industry as driving forces and competitive conditions change. Only rarely does an industry have more than three or four key success factors at any one time. And even among these three or four, one or two usually outrank the others in importance.
25.	BCG Growth Share Matrix is popularly used for resource allocation (M - 16)
A.	True: BCG Growth Share Matrix popularly used for resource allocation to various SBUs by a multi- business or multi- product firm. BCG Matrix was developed on the basis of two parameters namely, 'Relative Market Share' and 'Market Growth Rate' of SBUs.

26.	In BCG matrix, question marks represent low growth, low share businesses. (RTP - M17)
A.	False: Question Marks, also known as problem children or wildcats, are low market share business in high-growth markets. They need heavy investments with low potential to generate cash. On the other hand dogs are low-growth, low-share businesses and products. Dogs generate enough cash to maintain themselves, but do not have much future.
B CATEGORY	
26.	Setting a high price for product is the strategy of penetration pricing.
A.	False: Penetration pricing strategy involves charging a low price for a product or service during the initial stage of its launch to attract customers and increasing it slowly as the firm penetrates into the market. This strategy is followed for products that are already available in the market.
27.	GE matrix is an improvement over BCG matrix.
A.	True: The two parameters (market attractiveness and company's business strength) used in GE matrix are broader when compared to the ones used in BCG matrix. For example, industry growth rate, a parameter used in BCG matrix is one of the indicators of industry attractiveness, a broader term used as a parameter in GE Matrix.
C CATEGORY	
28.	Driving Forces are also known as 'triggers'.
A.	True: The dominant forces that have a great influence on the changes that take place in the competitive environment and the economy are called Driving Forces of industry's change. They are also known as drivers or triggers.
29.	Key success Factors in an industry always remain the same.
A.	False: Key Success Factors (KSFs) are the elements that affect the ability of a firm/industry to prosper in the market place. They constitute the rules that shape whether a company will be financially or competitively successful. As driving forces and competitive conditions change, KSFs vary from industry to industry and even from time to time within the same industry.
30.	Portfolio analysis helps a multi-business or a multi - product firm.
A.	True: Portfolio analysis can be defined as a set of techniques that facilitate in taking strategic decisions with regard to individual products or businesses in a firm's portfolio. Portfolio approach helps a multi-product, multi-business firm to channelise its resources (at the corporate level) to the businesses that have greater potential.
31.	Portfolio analysis is a tool for analyzing the strengths, weaknesses, opportunities, and threats of an organization.
A.	False: portfolio analysis is a tool by which management identifies and evaluates its various business, product-lines, business units and investments of the company and the returns expected / obtained from them. In the context of Strategic Management, Portfolio analysis is defined as a set of techniques that facilitate in taking strategic decisions with regard to individual products or businesses in a firm's portfolio.
32.	An SBU is also known as a profit centre.
A.	True: An SBU is a single business or collection of related businesses that can be planned separately. It has its own set of competitors and has a manager who is responsible for strategic planning and profit. Hence an SBU is also known as a profit centre.

4. STRATEGIC PLANNING

1.	A company's strategy has always to be pro-active in nature. (N 08 - 2M, N13, PM, RTP- M15)
A.	False: A company's Strategy is a blend of proactive actions and reactive actions by the management. Reactive actions are required to deal with unanticipated developments and environmental conditions. Thus, not every strategic move is the result of proactive and deliberate management actions. At times, some kind of strategic reactions or adjustments are also required.

2.	Divestment strategy involves the sale or liquidation of a portion of business.
A.	True: Divestment strategy involves the sale or liquidation of a portion business, or a major division, profit center or SBU. Divestment is usually a part of rehabilitation or restructuring plan and is adopted when a turnaround has been attempted but has proved to be unsuccessful. The option of a turnaround may even be ignored if it is obvious that divestment is the only answer.
3.	The balance scorecard approach requires more emphasis on financial objectives than on strategic objectives.
A.	False: The balanced scorecard approach for measuring company performance requires setting both financial and strategic objectives and tracking their achievement. Unless a company is in deep financial difficulty, such that its very survival is threatened, company managers are well advised to put more emphasis on achieving strategic objectives than on financial objectives whenever a trade- off has to be made.
4.	Balanced scorecard serves both financial and strategic purposes.
A.	True: Balanced scorecard serves a combination of strategic and financial objectives. To measure its performance, the organization has to set both financial and strategic objectives and track their achievements. Unless a company is in deep financial difficulty, such that its very survival is threatened, company managers may like to put more emphasis on achieving strategic objectives than on achieving financial objectives whenever a trade- off has to be made.
5.	Liquidation strategy may be a pleasant strategic alternative. (MTP - N15)
A.	False: Liquidation may be unpleasant as a strategic alternative but when a "dead business is worth more than alive", it is a good proposition. For instance, the real estate owned by a firm may fetch it more than the actual returns of doing business. When liquidation is evident (though it is difficult to say exactly when), an abandonment plan is desirable. Planned liquidation would involve a systematic plan to reap the maximum benefits for the firm and shareholders through the process of liquidation.
6.	Restructuring is a slow process that brings consistent changes.
A.	False: Restructuring is neither slow nor the changes are consistent with the existing structure. An organisation that needs to improve its efficiency and profitability may use restructuring as a strategic tool. It involves careful study of existing structures and identifying focus areas that need to be dismantled and rebuilt within an organization. Strategic restructuring in organisations is often adopted after acquisitions, takeovers or bankruptcy. Restructuring can involve a significant change of an organization's liabilities or assets.
7.	Stability strategies are do- nothing approach to managing. (M14, RTP - N14)
A.	False: Stability strategies are implemented by approaches wherein few functional changes are made in the products or markets. However, it is not a 'do nothing' strategy. It involves keeping track of new developments to ensure that the strategy continues to make sense. This strategy is typical for mature business organizations. Some small organizations will also frequently use stability as a strategic focus to maintain comfortable market or profit position.
8.	Strategic planning is an attempt to improve operational efficiency. (RTP- M13, N16, PM)
A.	False: Strategic planning, an important component of strategic management, involves developing a strategy to meet competition and ensure long-term survival and growth. They relate to the top level in the organisation and relate the organisation with its environment. Operational efficiency is not a direct outcome of strategic planning.
9.	The first step of strategy formulation in strategic management model is to undertake internal analysis. (M 07, PM)
A.	False: Identifying an organisation's existing vision, mission, objectives, and strategies is the starting point for any strategic management process because an organisation's existing situation and condition may preclude certain strategies and may even dictate a particular course of action. Determining vision and mission provides long term direction, delineate what kind of enterprise the company is trying to become and infuse the organisation with a sense of purposeful action.

10.	Balance scorecard is a combination of strategic and marketing objectives. (PM, MTP- M16)
A.	False: Balance scorecard is a combination of strategic and financial objectives. It measures company performance, requires setting both financial and strategic objectives and tracking their achievement. Unless a company is in deep financial difficulty, such that its very survival is threatened, company managers are well advised to put more emphasis on achieving strategic objectives than on achieving financial objectives whenever a trade-off has to be made.
11.	Divesting a major product line or market in an organization can be termed as retrenchment strategy. (PM, MTP - M16)
A.	True: An organization can redefine its business by divesting a major product line or market. The divesting can be termed as retrenchment strategy. The enterprise may withdraw from marginal markets, withdraw some brands or sizes of products. It may also withdraw of some slow moving products. In an extreme manner it may seek retirement either from the production or the marketing activity.
12.	Acquisition is a strategy (N 07, PM)
A.	True: An acquisition is a strategy through which one firm buys a controlling or complete interest in another firm. Acquisition of an existing concern is an instant means of achieving growth through expansion and/or diversification. Ideally, acquisition strategy should be used when the acquiring firm is able to enhance its economic value through ownership and the use of the assets that are acquired.
13.	Diversification only involves entering in new businesses that are related to the existing business of an organization. (PM)
A.	False: Although, organisations can diversify into businesses that are vertically or horizontally related to the existing businesses, the diversification is not limited to the related businesses. In conglomerate diversification, the new businesses/ products are disjointed from the existing businesses/products in every way. There is no connection between the new products and the existing ones in process, technology, function.
14.	Vertical diversification integrates firms forward or backward in the product chain. (PM, RTP- M14)
A.	True: In vertically integrated diversification, firms opt to engage in businesses that are related to the existing business of the firm. It moves forward or backward in the chain and enters specific product with the intention of making them part of new businesses for the firm.
15.	Concentric diversification amounts to unrelated diversification. (PM)
A.	False: Concentric diversification amounts to related diversification. Concentric diversification takes place when the products or services added are in different industry but are similar to the existing product or service line with respect to technology or production or marketing channels or customers.
17.	Focus strategies are most effective with consumers having similar preferences. (RTP- N15)
A.	False: Focus strategies are most effective when consumers have distinctive preferences or requirements and when rival firms are not attempting to specialize in the same target segment. An organization using a focus strategy may concentrate on a particular group of customers, geographic markets, or on particular product line segments in order to serve a well-defined but narrow market better than competitors who serve a broader market.
18.	Balance scorecard is a combination of Human resource and marketing functions. (RTP - N15)
A.	False: Balance scorecard is a combination of strategic and financial objectives. To measure company's performance, it requires setting both financial and strategic objectives and tracking their achievement. Unless a company is in deep financial difficulty, such that its very survival is threatened, company managers are well advised to put more emphasis on achieving strategic objectives than on achieving financial objectives whenever a trade-off has to be made.

19.	To diversify organisations need to enter into businesses that are unrelated to the present business of the organisation. (RTP - M17)
A.	False: Diversification endeavours can be related or unrelated to existing businesses of the firm. A related diversification can be vertically integrated, horizontally integrated or concentric. In conglomerate diversification no linkages with the existing businesses exist.
B CATEGORY	
19.	Retrenchment implies downsizing of business. (M 07 – 2M, PM)
A.	False: In the context of strategic management, retrenchment implies giving up certain products and reducing the level of business as a compulsive measure to cope up with certain adverse developments on which the firm has little control. Downsizing (or rightsizing) is planned elimination of positions or jobs. Retrenchment does not imply downsizing, however, the latter is often used to implement a retrenchment strategy.
C CATEGORY	
20.	Liquidation is the last resort option for a business organisation. (PM)
A.	True: Liquidation as a form of retrenchment strategy is considered as the most extreme and unattractive. It involves closing down a firm and selling its assets. It is considered as the last resort because it leads to serious consequences such as loss of employment for workers and other employees, termination of opportunities a firm could pursue, and the stigma of failure. The company management, government, banks and financial institutions, trade unions, suppliers, creditors, and other agencies are extremely reluctant to take a decision, or ask, for liquidation.

5. FORMULATION OF FUNCTIONAL STRATEGIES

	A CATEGORY
1.	Supply chain management is conceptually wider than logistics management. (Or) Logistics Management is an extension of Supply Chain Management. (N16)
	True: Supply chain management is an extension of logistic management. Logistic management is related to planning, implementing and controlling the storage & movement of goods & services while supply chain management is much more than that. It is a tool of business transformation and involves delivering the right product at the right time to the right place and at the right price.
2.	Publicity is a personal form of promotion.
A.	False: Publicity is also a non- personal form of promotion similar to advertising. However, no payments are made to the media as in case of advertising. Organisations skillfully seek to promote themselves and their product without payment. Publicity is communication of a product, brand or business by placing information about it in the media without paying for the time or media space directly. Basic tools for publicity are press releases, press conferences, reports, stories, and internet releases.
3.	Publicity is a non-personal form of promotion similar to advertising. (MTP- Sept16)
A.	True: Publicity is also a non-personal form of promotion similar to advertising. However, no payments are made to the media as in case of advertising. Organizations skillfully seek to promote themselves and their product without payment. Publicity is communication of a product, brand or business by placing information about it in the media without paying for the time or media space directly. Thus it is a way of reaching customers with negligible cost. Basic tools for publicity are press releases, press conferences, reports, stories, and internet releases. These releases must be of interest to the public.
3.	The management of funds can play a pivotal role in strategy implementation. (RTP - M15)
A.	True: The management of funds can play a pivotal role in strategy implementation as it aims at the conservation and optimum utilization of funds which are central to any strategic action. Organizations that implement strategies of stability, growth or retrenchment cannot escape the rigorous of proper management of funds. In fact, good management of funds often creates the difference between a strategically successful and unsuccessful company.

4.	Cost- plus pricing ensures profits in competition.	(RTP- N14)
A.	False: Theoretically, organizations may adopt cost plus pricing wherein a margin is added to the cost of the product to determine its price. However, in the competitive environment such an approach may not be feasible. More and more companies of today have to accept the market price with minor deviations and work towards their costs. They reduce their cost in order to maintain their profitability.	
5.	Production strategy implements, supports and drives higher strategies.	(PM, M10 - 2M, RTP- M14, M15, N16)
A.	True: For effective implementation of higher level strategies, strategists need to provide direction to functional managers, including production, regarding the plans and policies to be adopted. Production strategy provides a path for transmitting corporate and business level strategy to the production systems and makes it operational. It may relate to production planning, operational system, control and research & development.	
6.	Skimming means keeping price very low	(PM)
A.	False: In skimming, prices of a new product are kept at a very high level. The idea is to take advantage of the initial interest that a new product generates amongst the buyers who are relatively price insensitive.	
7.	De-marketing is used to eliminate the competitors' market share.	(RTP- N15)
A.	False: De-marketing is a marketing strategy to reduce demand temporarily or permanently-the aim is not to destroy demand, but only to reduce or shift it. This happens when the demand is too much to handle. For example, buses are overloaded in the morning and evening, roads are busy for most of times, zoological parks are over-crowded on Saturdays, Sundays and holidays. Here demarketing can be applied to regulate demand.	
8.	Logistics is a process that integrates the flow of supplies into, through and out of an organization.	(RTP- N16)
A.	Logistics is a process that integrates the flow of supplies into, through and out of an organization to achieve a level of service that facilitate movement and availability of materials in a proper manner. When a company creates a logistics strategy, it is defining the service levels at which its logistics is smooth and is cost effective.	
9.	De- marketing strategies may aim to reduce demand temporarily or permanently.	(M15)
A.	De-marketing is a marketing strategy to reduce demand temporarily or permanently – the aim is not to destroy demand, but only to reduce or shift it. This happens when the demand is too much to handle. For example, buses are overloaded in the morning and evening, roads are busy for most of times, zoological parks are over-crowded on Saturdays, Sundays and holidays. Here de-marketing can be applied to regulate demand.	
10.	Strategies need to be segregated into functional level strategies and plans.	(RTP- M17)
A.	True: Functional strategies are made within the higher level strategies and guidelines. Functional managers need guidance from the business strategy in order to take decisions. Strategies need to be segregated into viable functional plans and policies. Operational plans tell the functional managers what has to be done while policies state how the plans are to be implemented.	
11.	Human Resource Management aids in strategic management.	(PM, MTP- N16)
A.	True: The human resource management helps the organization to effectively deal with the external environmental challenges. The function has been accepted as a partner in the formulation of organization's strategies and in the implementation of such strategies through human resource planning, employment, training, appraisal and rewarding of personnel.	
B CATEGORY		
10.	Functional strategies facilitate the implementation corporate strategy.	(M 10)
A.	True: Different functional strategies like marketing, finance, HR, R & D etc. facilitate the implementation of corporate strategy of a firm. Functional strategies though operate at the lowest hierarchy of an organization, they are essential in implementing in an overall corporate strategy and also the business level strategies.	

11.	The role of Human Resource Manager is significant in building up core competency of the firm. A. True. Core Competence is a unique strength of an organisation, which may be in the form of human resources, marketing, capability, or technological capability. Core competence ensures the gainful use of the limited resources of a Firm. This needs creative, courageous and dynamic leadership having faith in the Firm's human resources.
12.	Functional level constitutes the lowest hierarchical level of strategic management. (PM, M 07)
A.	True: Functional-level managers and strategies operate at the lowest hierarchical level of strategic management. Functional level is responsible for the specific business functions or operations (human resources, purchasing, product development, customer service, and so on) that constitute a company or one of its divisions. Although they are not responsible for the overall performance of the organisation, functional managers nevertheless have a major strategic role to develop functional strategies in their area that help to fulfill the strategic objectives set by business and corporate-level managers.
13.	Market penetration ignores competition. A. False: Market penetration refers to a growth strategy where the business focuses on selling existing products into existing markets. Penetration might require greater spending on advertising or personal selling. Overcoming competition in a mature market requires an aggressive promotional campaign, supported by a pricing strategy designed to make the market unattractive for competitors.
14.	Augmented marketing is provision of additional customer services and benefits. (PM) A. True: Augmented marketing refers to deliberate and accelerated efforts to get better marketing returns through additional means. It includes provision of additional customer services and benefits built around the care and assist products that relate to introduction of hi-tech services like movies on demand, on-line computer repair services, secretarial services, etc. Such innovative offerings provide a set of benefits that promise to elevate customer service to unprecedented levels.
15.	Tele-shopping is an instance of direct marketing. (PM, N 07- 2M) A. True: Direct marketing is done through various advertising media that interact directly with customer. Teleshopping is a form of direct marketing which operates without conventional intermediaries and employs television and other IT devices for reaching the customer. The communication between the marketer and the customer is direct through third party interfaces such as telecom or postal systems
C CATEGORY	
16.	Supply chain management is conceptually wider than logistics management. (PM) A. True: Supply chain management is an extension of logistic management. Logistic management is related to planning, implementing and controlling the storage & movement of goods & services while supply chain management is much more than that. It is a tool of business transformation and involves delivering the right product at the right time to the right place and at the right price.

6. STRATEGY IMPLEMENTATION & CONTROL

A CATEGORY	
1.	Efficiency and effectiveness are similar terms and there is no much difference between them. (M08 – 2M, PM, RTP- M15, MTP- Sept16)
A.	False: Efficiency pertains to designing and achieving suitable input output ratios of funds, resources, facilities and efforts whereas effectiveness is concerned with the organization's attainment of goals including that of desired competitive position. While efficiency is essentially introspective, effectiveness highlights the links between the organization and its environment. In general terms, to be effective is to do the right things while to be efficient is to do things rightly.
2.	In every organization, strategy follows structure. (M08 – 2M, PM)
A.	False: An organization's structure is designed to facilitate its strategic pursuit and therefore, structure follows strategy. Without a strategy or reason for being, it will be difficult to design an effective organization structure. Strategic developments may require allocation of resources and there may be a need for adapting the organization's structure to handle new activities as well as training personnel and designing appropriate systems.
3.	The thrust of operational control is on individual tasks or transactions.
A.	True: The thrust of operational control is on individual tasks or transactions as against total or more aggregative management functions. For example, procuring specific items for inventory is a matter of operational control, in contrast to inventory management as a whole. One of the tests that can be applied to identify operational control areas is that there should be a clear-cut and somewhat measurable relationship between inputs and outputs which could be predetermined or estimated with least uncertainty.
4.	Strategy formulation heavily relies on intuition and hunch. (RTP- N14)
A.	False: Strategy formulation is not a task that managers can get by with intuition, opinions, good instincts, and creative thinking. Judgments about what strategies to pursue flow directly from analysis of an organisational external environment and internal situation. It is a pragmatic approach in which strategies are carefully chosen from various alternatives after thorough analysis of micro and macro environment, competition, capabilities, resources, internal strengths, weaknesses and market position.
5.	Network structure creates virtual organisations. (RTP- N14)
A.	True: In a network structure many activities are outsourced. A corporation organized in this manner is often called a virtual organization because it is composed of a series of project groups or collaborations linked by constantly changing non-hierarchical, cobweb-like networks. The network structure becomes most useful when the environment of a firm is unstable and is expected to remain so. Under such conditions, there is usually a strong need for innovation and quick response. Instead of having salaried employees, it may contract with people for a specific project or length of time.
6.	Unfreezing facilitates change. (RTP- N14)
A.	True: Unfreezing makes the individuals or organizations aware of the necessity for change and prepares them for such a change. According to Kurt Lewin changes should not come as a surprise to the members of the organization. Sudden and unannounced change would be socially destructive and morale lowering. The management must pave the way for the change by first "unfreezing the situation", so that members would be willing and ready to accept the change. Unfreezing is the process of breaking down the old attitudes and behaviours, customs and traditions so that they start with a clean slate.
7.	"Resistance to change is an impediment in building of strategic supportive corporate culture." (PM, M 08 - 2M)
A.	True: Corporate culture refers to a company's values, beliefs, business principles, traditions, ways of operating, and internal work environment. In an organizational effort to build strategic supportive corporate culture, employees' resistance to change can impede its successful implementation and execution.

8.	An organization's culture is always an obstacle to successful strategy implementation. (N 08 - 2M)
A.	False: A company's culture is manifested in the values and business principles that management preaches and practices. The beliefs, vision, objectives and business approaches and practices underpinning a company's strategy may be compatible with its culture or may not. When they are compatible the culture becomes a valuable ally (support) in strategy implementation and execution.
9.	Corporate Culture is always identical in all the organisations. (PM, N – 09, MTP- M16,M17-2M)
A.	False: Every company has its own organisational culture. Each has its own business philosophy and principles, its own ways of approaching to the problems and making decisions, its own work climate, work ethics, etc. Therefore, corporate culture need not be identical in all organisations. However, every organisation over a period of time inherits and percolates down its own specific work ethos and approaches.
10.	Primarily, strategy formulation is an operational process and strategy implementation is an intellectual process. (PM)
A.	False: Strategy formulation is primarily an intellectual process and strategy implementation is primarily an operational process. Strategy formulation is based on strategic decision-making which requires analysis and thinking while strategy implementation is based on strategic as well as operational decision-making which requires action and doing.
11.	Strategies may require changes in organizational structure. (PM, RTP - M14)
A.	True: Strategies may require changes in structure as the structure dictates how resources will be allocated. Structure should be designed to facilitate the strategic pursuit of a firm and, therefore, should follow strategy. Without a strategy or reasons for being, companies find it difficult to design an effective structure.
12.	SBU concepts facilitate multi-business operations. (J09 - 2M, RTP- M13, N16, PM, MTP- N14)
A.	True: Organizing business along SBU lines and creating strategic business units has become a common practice for multi-product/service and global organizations. It is a convenient and intelligent grouping of activities along distinct businesses and has replaced the conventional groupings. SBU facilitates strategic planning, gaining product related / market-related specialization, gaining cost-economies and more rational organizational structure.
13.	Culture promotes better strategy execution. (PM, N13)
A.	True: Strong cultures in an organisation promote good strategy execution when there's fit and hurt execution when there's negligible fit. A culture grounded in values, practices, and behavioural norms that match what is needed for good strategy execution helps energize people throughout the company to do their jobs in a strategy-supportive manner, adding significantly to the power and effectiveness of strategy execution.
14.	A core competence is a unique strength of an organization which may not be shared by others. (N07 – 2M, PM)
A.	True: A core competence is a unique strength of an organization which may not be shared by others. If business is organized on the basis of core competence, it is likely to generate competitive advantage. A core competence provides potential access to a wide variety of markets. Core competencies should be such that it is difficult for competitors to imitate them.
15.	An organisation's culture is always an obstacle to successful strategy implementation (N – 08, PM)
A.	False: A company's culture is manifested in the values and business principles that management preaches and practices. The beliefs, vision, objectives and business approaches and practices underpinning a company's strategy may be compatible with its culture or may not. When they are compatible the culture becomes a valuable ally in strategy implementation and execution.

16.	There is both opportunity and challenge in a 'change'	(N 09, RTP- M15)
A.	True: It is said that change is inevitable, especially in the context of business environment. Changes in the business environment from time to time throw up new issues before businesses. A right perspective of such new issues is to view them both as challenges and opportunities - challenge because appropriate action is called for and, opportunity because it opens up new potentials for the future plans that would lead to prosperous business.	
17.	Marketers alone can deliver superior value to customers.	(MTP- FEB14)
A.	False: A marketer alone cannot deliver superior value to customers. It needs to work in coordination with other departments to accomplish this. It is important to be part of organisation chain and marketer needs to work in coordination with other departments in the search for competitive advantages. Organisations need to look at the value chain network along with its own chain of activities and the chain of suppliers, distributors and ultimately customers.	
20.	A corporate culture is always identical in organizations located in same geographical area.	(PM, RTP- N15)
A.	False: Every company has its own organisational culture. Each has its own business philosophy and principles, its own ways of approaching to the problems and making decisions, its own work climate, work ethics, etc. Therefore, corporate culture need not be identical in all organisations in a geographical area. However, every organisation over a period of time inherits and percolates down its own specific work ethos and approaches.	
21.	Changes in strategy may lead to changes in organizational structure.	(RTP- M16)
A.	True: Changes in strategy may require changes in structure as the structure dictates how resources will be allocated. Structure should be designed to facilitate the strategic pursuit of a firm and, therefore, should follow strategy. Without a strategy or reasons for being, companies find it difficult to design an effective structure.	
22.	Good strategy and proper implementation ensures organisational success.	(RTP- M16)
A.	False: Strategic management process does not end when the firm decides what strategies to pursue. There must be a transition of strategic thought into action through the process of implementation. A sound strategy with excellent implementation would lead to organisational success but cannot ensure it. Organisational environment is dynamic and can be hostile jeopardising best of the strategies. It is not feasible to accurately predict the future environmental conditions that have bearing on the success of strategy.	
23.	Core competence is a unique strength of an organization.	(RTP- N16)
A.	True: A core competence is a unique strength of an organization which may not be shared by others. If business is organized on the basis of core competence, it is likely to generate competitive advantage. A core competence provides potential access to a wide variety of markets. Core competencies should be such that it is difficult for competitors to imitate them.	
24.	Judgment about what strategies should be pursued flows from intuition.	(RTP- M17)
A.	False: Strategy formulation is not a task which managers can get by with intuition, opinions, good instincts, and creative thinking. Judgments about what strategy to pursue need to flow directly from analysis of an organisational external environment and internal situation.	
25.	A match between strategy and structure may create competitive advantage.	(RTP- M17)
A.	True: A competitive advantage is created when there is a proper match between strategy and structure. Ineffective strategy/structure matches may result in company rigidity and failure, given the complexity and need for rapid changes in today's competitive landscape. Thus, effective strategic leaders seek to develop an organizational structure and accompanying controls that are superior to those of their competitors.	
26.	In hourglass structure, more personnel are required at middle levels for effective functioning.	(RTP - M17)
A.	False: Hourglass organization structure consists of three layers with constricted middle layer. The structure has a short and narrow middle-management level. Information technology links the top and bottom levels in the organization taking away many tasks that are performed by the middle level managers. A shrunken middle layer coordinates diverse lower level activities.	

B CATEGORY	
24.	Changes of any type are always disquieting, sometimes they may be threatening. (M 08 - 2M)
A.	False: Favorable changes either in the external environment or internal environment are not threatening and/or disquieting. Changes that are initiated by the management to bring improvements in its working are not always disquieting. However, sometimes changes can be threatening especially for a old and weak organization with risk averse and inactive managers.
25.	There must always be a 'good fit' between an organization's culture and strategy.
A.	True: An organization, in order to implement its chosen strategy effectively should have a supporting and relevant culture. This will stimulate the employees to accept the challenge of realizing the company's vision, do their jobs competently and with enthusiasm, and collaborate with others, to effectively implement the strategy.
26.	When there is a 'strategy – culture conflict' in an organization, changes should be made in the strategy only.
A.	False: A Strategy – culture conflict requires the firm to redesign its strategy so that it is culturally fit, or redesign the mismatched cultural features to fit the strategy. If there is compatibility between strategy and culture, the firm can effectively implement its strategies.
27.	Participative process is a pre-requisite for effective strategy implementation.
A.	True: Managers and employees throughout the firm should participate early and directly in strategy-implementation decisions. As much as possible divisional and functional managers should be involved in strategy formulation activities. As much as possible, strategists should also be involved in strategy implementation activities.
C CATEGORY	
28.	Strategy Implementation is a one- time activity.
A.	False: Strategy Implementation / Execution deals with the managerial exercise of supervising the ongoing implementation of strategy, making the strategy to work, improving the competence with which it is executed, and showing good progress in achieving the targeted results. Strategy implementation is a continuous process.
29.	Strategy Formulation is primarily an intellectual process.
A.	True: Strategy Formulation is the responsibility of top level management in an organization. Strategy formulation is nothing but planning. Planning is related to intellect of an individual and is essentially a mental process. Successful strategy formulation requires strong intellectual capabilities on the part of top level management.
30.	Changes in the organisation structure guarantee the successful implementation of a strategy.
A.	False: When a firm changes its strategy, the existing organisational structure may become ineffective. Structural changes are required to make the strategies workable. Changes in structure can only facilitate strategy implementation efforts. But changes in structure can't make a bad strategy to good, bad managers to good or bad products to sell.
31.	Successful formulation of a strategy guarantees successful implementation.
A.	False: Successful formulation does not guarantee successful implementation. Even the most technically perfect strategic plan will serve little if it is not implemented properly. It is always difficult to do something (implementation) than to say it (formulation). Strategy implementation involves allocation of resources to new courses of action, adjusting the firm's structure to handle new activities, training personnel, and developing proper systems to perform work in the firm.

7. REACHING STRATEGIC EDGE

A CATEGORY	
1.	Total Quality Management (TQM) focuses on preventing rather than detecting defects. (PM, M13)
A.	True: TQM is a management philosophy that seeks to prevent poor quality in products and services, rather than simply to detect and sort out defects. A little precaution before a crisis occurs is preferable to a lot of fixing up afterward. This also saves cost and time.
2.	Information Technology has reduced dynamism in the business environment. (MTP- N14)
A.	False: The reality is just the other way round. The fast-paced changes in the information technology have far-reaching implications for businesses. Technology has changed the ways of how business operates now. This is leading to many new business opportunities as well as making obsolete many existing systems.
3.	BPR is an approach to maintain the existing growth of an organization. (PM)
A.	False: BPR is an approach to unusual enhancement in operating effectiveness through the redesigning of critical business processes and supporting business systems. It is revolutionary redesign of key business processes that involve examination of the basic processes.
4.	E-commerce technology opens up a host of opportunities for reconfiguring industry and company value chains. (PM, M16, M12, RTP- M15, N16)
A.	True: The impact of e-commerce technology on industry and company value chains is profound, paving the way for fundamental changes in the ways business is conducted both internally, and with suppliers and customers. Using the network to link the customers and the suppliers enables just-in-time delivery, reducing inventory costs and allowing production to match demand.
5.	E-commerce technology Closes up the opportunities for reconfiguring industry and company value chains. (M16)
A.	False: The impact of e-commerce technology on industry and company value chains is profound, paving the way for fundamental changes in the ways business is conducted both internally, and with suppliers and customers. Using the network to link the customers and the suppliers enables just-in-time delivery, reducing inventory costs and allowing production to match demand.
6.	Benchmarking is a remedy for all problems faced by organizations. (PM, N12)
A.	False: Benchmarking is an approach of setting goals and measuring productivity based on best industry practices and is a process of continuous improvement in search for competitive advantage. However, it is not panacea for all problems. Rather, it studies the circumstances and processes that help in superior performance. Better processes are not merely copied. Efforts are made to learn, improve and evolve them to suit the organizational circumstances.
7.	TQM is a people focused management system.
A.	True: TQM is a people- focused management system that aims at continual increase in customer satisfaction at continually lower real cost. There is a sustained management to quality and everyone in the organization and the supply chain is responsible for preventing defects rather than detecting them.
8.	Benchmarking relates to embossing organizational motif on the furniture. (MTP -1, 3)
A.	False: Benchmarking is the process of identifying and learning from the best industry practices and the processes by which they are achieved. It is an approach of setting goals and measuring the productivity based on best industry practices. It is a process of continuous improvement in search of competitive advantages.
9.	A core competence is a unique opportunity not shared by others. (N - 07)
A.	False: A core competence is a unique strength of a company. It is the one which is competitively unique, specific to the firm, which cannot be imitated by competitors.

10.	Strategic management is not needed in non-profit making organizations. (N 08, 10 – 2M, PM)
A.	False: Strategic management applies equally to profit as well as non-profit organizations. Though non-profit organizations are not working for the profit, they have to have purpose, vision and mission. They also work within the environmental forces and need to manage strategically to stay afloat to accomplish their objectives. For the purpose of continuity and meeting their goals, they also need to have and manage funds and other resources just like any other for profit organization.
11.	TQM involves discrete improvements in the organizational setup.
A.	False: TQM aims at continual increase in customer satisfaction at continually lower real cost. It is a total system approach that works across functions and departments. It involves all employees, top to bottom, and extends backward and forward to include the supply chain. TQM stresses learning and adaptation to continual change as keys to organizational success.
12.	BPR refers to the analysis and redesign of workflows within the organisation and with the external entities. (RTP- M13, PM)
A.	True: BPR stands for business process reengineering. It refers to the analysis and redesign of workflows both within and between the organisation and the external entities. Its objective is to improve performance in terms of time, cost, quality and responsiveness to customers. It implies giving up old practices and adopting the improved ones. It is an effective tool of realizing new strategies.
13.	The main focus of Six Sigma is on the shareholders. (PM, M 07 - 2M)
A.	False: Although any business action may result directly or indirectly in creation/erosion of shareholders wealth, the main focus of six sigma is on delivering value to the customers. Six sigma aims in improving customer satisfaction. Primarily, six sigma means maintenance of the desired quality in processes and end products. It also means taking systematic and integrated efforts toward improving quality and reducing cost.
14.	The focus of Six Sigma is on customers. (PM)
A.	True: Six sigma puts the customer first and uses facts and data to derive better solutions and products. Six sigma focus on three main areas: improving customer satisfaction, reducing cycle time and reducing defects.
15.	Benchmarking and Business process Reengineering are one and the same. (M 10 - 2M, PM)
A.	False: Benchmarking relates to setting goals and measuring productivity based on the best industry practices. The idea is to learn from competitors and others to improve their own performance. On the other hand business process reengineering relates to analysis and redesign of workflows and processes both within and between the organizations.
16.	Not-for-profit organizations are not required to have a strategy. (N10, RTP- M13, M15, PM)
A.	False: Similar to commercial organizations, 'not-for-profit' organizations must also have a strategy. It is required to give it direction, focus and efficient utilization of resources. In many 'not-for-profit' organizations surpluses are important for their survival and growth.
17.	Business Process Reengineering (BPR) means partial modification or marginal improvement in the existing work processes. (PM, N15)
A.	False: Business Process Reengineering does not mean any partial modification or marginal improvement in the existing work processes. On the other hand, it is an approach to unusual enhancement in operating effectiveness through the redesigning of critical business processes and supporting business systems. It is revolutionary redesign of key business processes. It involves forgetting how work has been done so far and deciding how best it can be done now.
17.	TQM is a people-focused management system that aims employees' satisfaction. (RTP- N15)
A.	False: TQM or Total Quality Management is a people-focused management system that aims at continual increase in customer satisfaction at continually lower real cost. There is a sustained management commitment to quality and everyone in the organisation and the supply chain is responsible for preventing rather than detecting defects.

18.	IT can bring efficiency and effectiveness in the functioning of businesses. (RTP- N15)
A.	True: Information technology is playing a significant role in changing the business processes. A reengineered business process, characterized by IT-assisted speed, accuracy, adaptability and integration of data and service points, is focused on meeting the customer needs and expectations quickly and adequately, thereby enhancing his/her satisfaction level. With the help of tools of information technology organizations can modify their processes to make them automatic, simpler, time saving. Thus IT can bring efficiency and effectiveness in the functioning of business.
19.	Benchmarking is a process of one-time improvement in search for competitive advantage. (RTP - M16)
A.	False: Benchmarking is a process of continuous improvement in search for competitive advantage. Firms can use benchmarking process to achieve improvement in diverse range of management function like maintenance operations, assessment of total manufacturing costs, product development, product distribution, customer services, plant utilisation levels and human resource management.
20.	Strategists in governmental organisations have lesser autonomy than their counterparts in private sector. (RTP - M17)
A.	True: Strategists in governmental organizations operate with less strategic autonomy than their counterparts in private firms. Public enterprises generally cannot diversify into unrelated businesses or merge with other firms. Governmental strategists usually enjoy little freedom in altering the organizations' missions or redirecting objectives. There is also scare of public scrutiny.
21.	There are challenges in implementing business process reengineering. (RTP- M17)
A.	True: BPR disturbs established hierarchies and functional structures. It also involve resistance among the work-force. Reengineering takes time and expenditure, at least in the short run. Even there can be loss in revenue during the transition period. Setting of targets is tricky and difficult. If the targets are not properly set or the whole transformation not properly carried out, reengineering efforts may turn-out as a failure.

B CATEGORY

20.	The main focus of TQM is on suppliers.
A.	False: The main focus of TQM is on customers. TQM is a people focused management system that aims at continual increase in 'customer satisfaction' at continually lower costs. It is a customer oriented approach to provide quality.
21.	Total Quantity Management (TQM) focuses on preventing rather than detecting defects.
A.	True: Total Quantity Management focuses on preventing rather than detecting defects. TQM tries to prevent poor quality in products and services rather than simply to detect and sort out defects. 'An ounce of prevention is worth a pound of cure.'
22.	Six sigma efforts target following main areas: (a) Improving customer satisfaction (b) Reducing wastage (c) Reducing defects (M14, PM)
A.	True: Primarily Six Sigma means maintenance of the desired quality in processes and end products. It is a highly disciplined process that helps in developing and delivering near-perfect products and services. Improvements in these areas usually represent dramatic cost savings to businesses, as well as opportunities to retain customers, capture new markets, and build a reputation for top performing products and services.
23.	TQM is the major responsibility of quality department of an organization. (RTP- M11)
A.	False: TQM is the responsibility of each and every individual working in an organization. In TQM, an organization's individuals co-operate in team structures such as quality circles, steering committees and self-directed work teams. Departments work together towards system optimization through cross-functional teamwork.

THE END