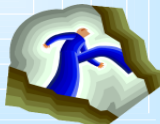



<b>Part A - Answer Any Two Full Questions (20*02=40 Marks)</b>				
1(a)	State the difference between Strategic Vision and Mission.	[03]	CO3	L1
Ans.	<div style="text-align: center; background-color: #cccccc; padding: 5px; margin-bottom: 10px;"> <h3 style="margin: 0;">Strategic Vision vs. Mission</h3> </div> <div style="display: flex; justify-content: space-around;"> <div style="border: 2px solid red; padding: 10px; width: 45%;"> <p>◆ A strategic vision concerns a firm's future business path - "where we are going"</p> <ul style="list-style-type: none"> <li>→ Markets to be pursued</li> <li>→ Future product/market/customer/technology focus</li> <li>→ Kind of company management is trying to create</li> </ul>  </div> <div style="border: 2px solid red; padding: 10px; width: 45%;"> <p>◆ The mission statement of a firm focuses on its present business purpose - "who we are and what we do"</p> <ul style="list-style-type: none"> <li>→ Current product and service offerings</li> <li>→ Customer needs being served</li> <li>→ Technological and business capabilities</li> </ul>  </div> </div>			
(b)	Explain cost leadership strategy and state when does it work best for the companies.	[	CO4	L2
Ans.	<h2 style="text-align: center; margin-bottom: 20px;">When Does a Low-Cost Strategy Work Best?</h2> <hr style="border: 0.5px solid black; margin-bottom: 10px;"/> <ul style="list-style-type: none"> <li>Price competition is vigorous</li> <li>Product is standardized or readily available from many suppliers</li> <li>There are few ways to achieve differentiation that have value to buyers</li> <li>Most buyers use product in same ways</li> <li>Buyers incur low switching costs</li> <li>Buyers are large and have significant bargaining power</li> <li>Industry newcomers use introductory low prices to attract buyers and build customer base</li> </ul>	07]		

# Low-Cost Provider (Cost Leadership) Strategies

## Keys to Success

Make achievement of *meaningful lower costs* than rivals the *theme* of firm's strategy

Include *features and services* in product offering that buyers consider *essential*



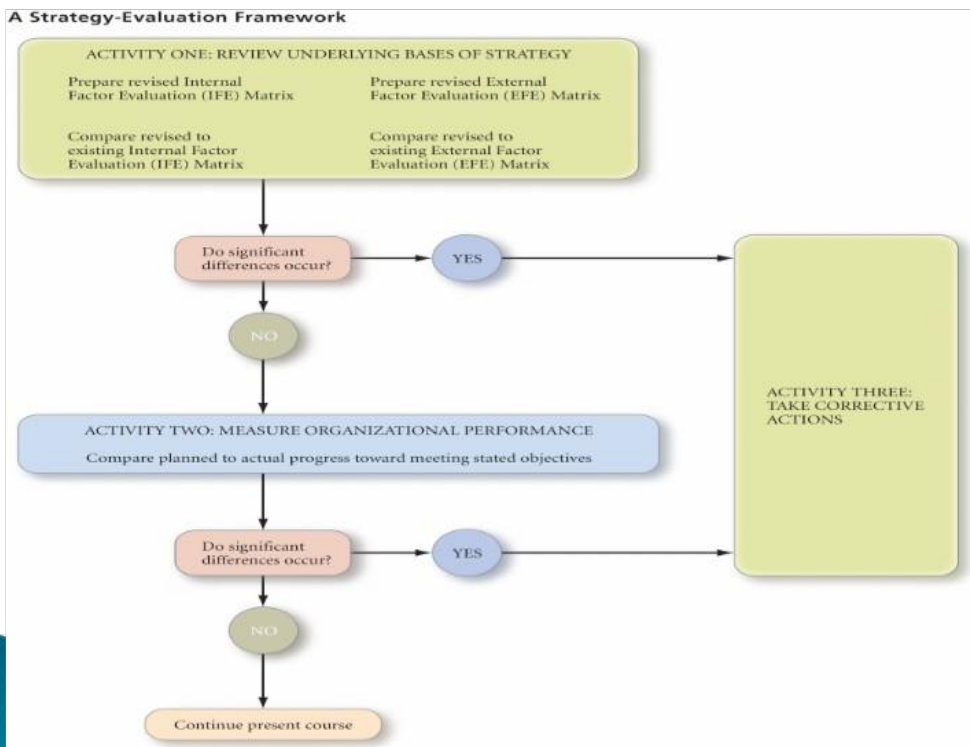
Find approaches to *achieve a cost advantage* in ways *difficult* for rivals to *copy or match*

**Low-cost leadership means low overall costs not just low manufacturing or production costs!**

(c) Illustrate the strategy evaluation framework.

[10] CO4 L4

Ans.



- ▶ Note that corrective actions are needed except when (1) external and internal factors have not changed significantly and (2) the firm is making satisfactory progress toward achieving its objectives.
- ▶ Relationships among strategy evaluation activities are illustrated in the figure.

2(a) What are annual objectives?

[03] CO3 L1

Ans.

## ANNUAL OBJECTIVES

Annual objectives are the desired milestones an organization needs to achieve to ensure successful strategy implementation.

1. Basis for allocating resources
2. Primary mechanism for evaluating managers
3. Major instrument for monitoring progress toward long-term objectives
4. Establish organizational, divisional, and departmental priorities

Annual objectives are often stated in terms of profitability, growth, and market share by business segment, geographic area, customer groups, and product.

(b) Explain in detail restructuring and re-engineering strategies.

[07] CO4 L2

Ans.

### RESTRUCTURING

- It involves reducing the size of the firm in terms of number of employees, divisions, or units, and the number of hierarchical levels in the firm's organizational structure

Also called –

- Downsizing
- Rightsizing
- Delaying

## RE-ENGINEERING

Reengineering is concerned more with employee and customer well-being than shareholder well-being.

Involves reconfiguring or redesigning work, jobs, and processes to improve cost, quality, service and speed.

Also called –

- Process management
- Process innovation
- Process redesign

## RE-ENGINEERING

- Reengineering does not usually affect the organizational structure or chart, nor does it imply job loss or employee layoffs.
- The focus of reengineering is changing the way work is actually carried out.
- Reengineering is characterized by many tactical (short-term, business-function-specific) decisions, whereas restructuring is characterized by strategic (long-term, affecting all business functions) decision

(c) Illustrate the distinguishing features of Porter's Generic strategies.

[10] CO3 L3

Ans.

**Table 5.1: Distinguishing Features of the Five Generic Competitive Strategies**

	Low-Cost Provider	Broad Differentiation	Best-Cost Provider	Focused Low-Cost Provider	Focused Differentiation
<b>Strategic target</b>	• A broad cross-section of the market	• A broad cross-section of the market	• Value-conscious buyers	• A narrow market niche where buyer needs and preferences are distinctively different	• A narrow market niche where buyer needs and preferences are distinctively different
<b>Basis of competitive advantage</b>	• Lower overall costs than competitors	• Ability to offer buyers something attractively different from competitors	• Ability to give customers more value for the money	• Lower overall cost than rivals in serving niche members	• Attributes that appeal specifically to niche members
<b>Product line</b>	• A good basic product with few frills (acceptable quality and limited selection)	• Many product variations, wide selection; emphasis on differentiating features	• Items with appealing attributes; assorted upscale features	• Features and attributes tailored to the tastes and requirements of niche members	• Features and attributes tailored to the tastes and requirements of niche members
<b>Production emphasis</b>	• A continuous search for cost reduction without sacrificing acceptable quality and essential features	• Build in whatever differentiating features buyers are willing to pay for; strive for product superiority	• Build in upscale features and appealing attributes at lower cost than rivals	• A continuous search for cost reduction while incorporating features and attributes matched to niche member preferences	• Custom-made products that match the tastes and requirements of niche members
<b>Marketing emphasis</b>	• Try to make a virtue out of product features that lead to low cost	• Tout differentiating features • Charge a premium price to cover the extra costs of differentiating features	• Tout delivery of best value • Either deliver comparable features at a lower price than rivals or else match rivals on prices and provide better features	• Communicate attractive features of a budget-priced product offering that fits niche buyers' expectations	• Communicate how product offering does the best job of meeting niche buyers' expectations
<b>Keys to sustaining the strategy</b>	• Economical prices/good value • Strive to manage costs down, year after year, in every area of the business	• Stress constant innovation to stay ahead of imitative competitors • Concentrate on a few key differentiating features	• Unique expertise in simultaneously managing costs down while incorporating upscale features and attributes	• Stay committed to serving the niche at lowest overall cost; don't blur the firm's image by entering other market segments or adding other products to widen market appeal	• Stay committed to serving the niche better than rivals; don't blur the firm's image by entering other market segments or adding other products to widen market appeal

3(a) What do you understand by Blue Ocean Strategy?

[03] CO4 L1

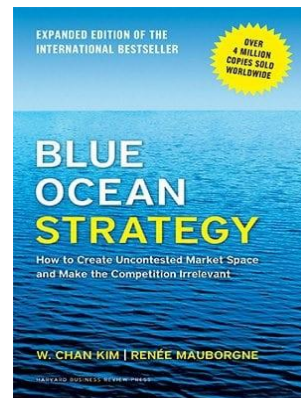
Ans.

## Blue Ocean Strategy

• In their classic book, *Blue Ocean Strategy*, Chan Kim & Renée Mauborgne coined the terms 'red ocean' and 'blue ocean' to describe the market universe.

• **BLUE OCEAN STRATEGY** is the simultaneous pursuit of differentiation and low cost to open up a new market space and create new demand. It is about creating and capturing uncontested market space, thereby making the competition irrelevant.

• It is based on the view that market boundaries and industry structure are not a given and can be reconstructed by the actions and beliefs of industry players.



(b) Discuss the nature of strategy implementation.

[07] CO4 L2

## NATURE OF STRATEGY IMPLEMENTATION

- Action-Oriented
- Require Leadership
- Employee Involvement
- Varied Contexts
- Challenging Management Task

(c) Demonstrate Balance Score Card and its various benefits. What are the different perspectives of balance score card?

[10] CO3 L3

## BALANCE SCORE CARD

- Developed by Robert Kaplan and David Norton.
- It is a widely-used framework for assessment achievement of Financial and Non-Financial objectives.
- The balanced scorecard is anchored on four perspectives, which include **financial, business process, customer, and organizational capacity**
- It enables entities to discover their shortcomings and come up with strategies to overcome them.

### Part B - Compulsory (01\*10=10marks)

4 A source of a natural spring water has been discovered in northern India. Company has been incorporated by a group of business people to distribute this water throughout India. The water will be shipped in tanks to franchises who will bottle the water in their plants for distribution in their region. The company intends to take advantage of the demand for fresh water and to appeal to a growing population that is demanding a variety of refreshing drinks. They believe that the product will be accepted as a lower-priced alternative to Bisleri (the leading brand of bottled water).

[10] CO3 L5

- (a) Recommend a strategy for this new product. Explain how specific objectives of new brand will play to reach customers.

Students are recommended to apply the concepts of strategy formulation and implementation.

Course Outcomes		Blooms Level	PO1	PO2	PO3	PO4	PO5	PSO1	PSO2	PSO3	PSO4	PSO5
CO1	Students should get clear idea about the concept of Strategic Management, its relevance, Characteristics, process nature and purpose.	L1	0	0	0	0	0	0	0	0	0	0
CO2	Student to acquire an understanding of how firms successfully institutionalize a strategy and create an organizational structure for domestic and overseas operations and gain competitive advantage.	L3	0	0	0	0	0	0	0	0	0	0
CO3	To give the students an insight on strategy at different levels of an organization to gain competitive advantage.	L2	1a,2a,2c,3c	0	4	0	0	1a,2a,2c,3c	0	4	0	0
CO4	To help students understand the strategic drive-in multinational firms and their decisions in different markets.	L4	1b,1c,2b,3a,3b	0	0	0	0	1b,1c,2b,3a,3b	0	0	0	0

Cognitive level	KEYWORDS
L1	list, define, tell, describe, recite, recall, identify, show, label, tabulate, quote, name, who, when, where, etc.
L2	describe, explain, paraphrase, restate, associate, contrast, summarize, differentiate interpret, discuss
L3	calculate, predict, apply, solve, illustrate, use, demonstrate, determine, model, experiment, show, examine, modify
L4	classify, outline, break down, categorize, analyze, diagram, illustrate, infer, select
L5	grade, test, measure, defend, recommend, convince, select, judge, support, conclude, argue, justify, compare, summarize, evaluate
L6	design, formulate, build, invent, create, compose, generate, derive, modify, develop, integrate

<i>PO1–Theoretical Knowledge;</i>	<i>PO2–Effective Communication Skills;</i>	<i>PO3–Leadership Qualities;</i>
<i>PO4 –Sustained Research Orientation;</i>	<i>PO5 –Self-Sustaining Entrepreneurship</i>	

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