

Internal Assessment Test – I

Sub:	Strategic Management	Code:	22MBA25
Date:	30.08.2024	Duration:	90 mins
		Max Marks:	50
		Sem:	II
		Branch:	MBA

SET I Solution

		Marks	OBE																																		
			CO	RBT																																	
Part A - Answer Any Two Full Questions (2* 20 = 40 marks)																																					
1 (a)	Define strategy. a plan of action designed to achieve a long-term or overall aim. "time to develop a coherent economic strategy"	[03]	CO1	L1																																	
(b)	Differentiate a ‘Vision’ and a ‘Mission’ statement.	[07]	CO1	L3																																	
<table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr> <th style="width: 15%;">Aspects</th> <th style="width: 35%;">Vision Statement</th> <th style="width: 50%;">Mission Statement</th> </tr> </thead> <tbody> <tr> <td>Focus</td> <td>Future-oriented</td> <td>Present-oriented</td> </tr> <tr> <td>Time Horizon</td> <td>Long-term</td> <td>Short to medium-term</td> </tr> <tr> <td>Purpose</td> <td>Defines the desired future state and ultimate goal</td> <td>States the fundamental purpose and objectives</td> </tr> <tr> <td>Inspiration</td> <td>Provides motivation and inspiration for stakeholders</td> <td>Guides and aligns the actions and decisions of stakeholders</td> </tr> <tr> <td>Scope</td> <td>Broad, encompassing the overall organization's direction</td> <td>Specific, focused on the organization's current operations</td> </tr> <tr> <td>Audience</td> <td>Internal and external stakeholders</td> <td>Internal stakeholders and sometimes external stakeholders</td> </tr> <tr> <td>Content</td> <td>Clear, aspirational, and visionary</td> <td>Concise, action-oriented, and task-focused</td> </tr> <tr> <td>Adaptability</td> <td>Generally remains unchanged over time</td> <td>It may evolve or be revised as the organization evolves</td> </tr> <tr> <td>Positioning</td> <td>Defines the desired position or reputation in the future</td> <td>Identifies the current position or unique selling proposition</td> </tr> <tr> <td>Examples</td> <td>"To be the leading provider of innovative technology."</td> <td>"To deliver high-quality products with exceptional service."</td> </tr> </tbody> </table>					Aspects	Vision Statement	Mission Statement	Focus	Future-oriented	Present-oriented	Time Horizon	Long-term	Short to medium-term	Purpose	Defines the desired future state and ultimate goal	States the fundamental purpose and objectives	Inspiration	Provides motivation and inspiration for stakeholders	Guides and aligns the actions and decisions of stakeholders	Scope	Broad, encompassing the overall organization's direction	Specific, focused on the organization's current operations	Audience	Internal and external stakeholders	Internal stakeholders and sometimes external stakeholders	Content	Clear, aspirational, and visionary	Concise, action-oriented, and task-focused	Adaptability	Generally remains unchanged over time	It may evolve or be revised as the organization evolves	Positioning	Defines the desired position or reputation in the future	Identifies the current position or unique selling proposition	Examples	"To be the leading provider of innovative technology."	"To deliver high-quality products with exceptional service."
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(c)	Discuss in detail the strategy management process. Strategic management is a dynamic process .it is continual, evolving, iterative process. it means that it cannot be a rigid, stepwise collection of few activities arranged in a sequential order rather it is a continually evolving mosaic of relevant activities. Managers perform these activities in any order contingent upon the situation they face at a particular time. And this is to be done again & again over the time as the situation demands. There are four major phases of strategic management process which are as under. A) Establishment of strategic intent. B) Formulation of strategies. C) Implementation of strategies. D) Strategic evaluation.	[10]	CO1	L3																																	

A. Establishment of strategic intent: It is a first step in strategic management Process. It involves the hierarchy of objectives that an organization set for itself. Generally it includes vision, mission, business definition and objectives establishing the hierarchy of strategic intent which includes – 1. Creating and communicating a vision. 2. Designing the mission statement. 3. Defining the business. 4. Adopting the business model. 5. Setting objectives. The hierarchy of strategic intent lays the foundation for strategic management of any organization. The strategic intent makes clear what organization stand for. In the hierarchy, the vision intent serves the purpose of stating what the organization wishes to achieve in the long run. The mission relates the organization to the society. The business definition explains the businesses of the organization in terms of customer needs, customer groups and alternative technologies. The business model clarifies how the organization creates revenue. And the objectives of the organizations state what is to be achieved in a given period of time.

B. Formulation of strategy: Formulation of strategy is relates to strategic planning. It is done at different levels i.e. corporate, business, and operational level. The strategic formulation consists of the following steps. 1. Framing of mission statement : Here the mission states the philosophy and purpose of the organization. And all most all business frames the mission statement to keep its activities in the right direction. 2. Analysis of internal & external environment: The management must conduct an analysis of internal and external environment. Internal environment consists of manpower, machines, and other sources which resides within the organization and easily alterable and adjustable. These sources reveal the strength and weakness of the organization. External environmental factor includes government, competitions, consumers, and technological developments. These are not adjustable and controllable and relates to organizations opportunities and threats. 3. Setting of objectives: After SWOT analysis, the management is able to set objectives in key result areas such as marketing, finance, production, and human resources etc. While setting objectivities in these areas the objectives must be realistic, specific, time bound, measurable, and easy attainable. 4. Performance comparison : By undertaking gap analysis management must compare and analyze its present performance level with the desired future performance. This enables the management to find out exact gap between present and future performance of the organization. If there is adequate gap then, the management must think of strategic measures to bridge the gap. 5. Alternative strategies : After making SWOT analysis and gap analysis management needs to prepare (frame) alternative strategies to accomplish the organizational objectives. It is necessary as some strategies are to be hold and others to be implemented. 6. Evaluation of strategies : The management must evaluate the benefits and costs of each every alternative strategy in term of sales, market share, profit, goodwill and the cost incurred on the part of the strategy in terms of production, administration, and distribution costs. 7. Choice of strategy : It is not possible to any organization to implement all strategies therefore management must be selective. It has to select the best strategy depending on the situation and it has to consider in terms of its costs and benefits etc.

C. Strategy Implementation: Once the strategies are formulated the next step is to implement them. The strategic plan is put into action through six sub processes known as project, procedural, resource allocation, structural, behavioral, and functional implementation. The project implementation deals with the setting up of organization. Procedural implementation deals with the different aspects of the regulatory framework within which organizations have to operate. Resource allocation relates to the procurement and commitment of resources for implementation. The structural aspect of implementation deals with the design of organizational structures and systems and reorganizing so as to match the structure to the needs of strategy. The behavioral aspects consider the leadership style for implementing strategies and other issues like corporate culture, corporate politics, and use of power, personal values and business ethics and social responsibilities. The functional aspects relates to the policies to be formulated in different functional areas. The operational implementation deals with the productivity, processes, people and pace of implementing the strategies For any strategy implementation there are five major steps. Such as 1. Formulation of plans. 2. Identification of activities. 3. Grouping of activities. 4. Organizing resources. 5. Allocation of resources.

D. Strategic Evaluation: Strategic evaluation appraises the implementation of strategies and measures organizational performance. The feedback from strategic evaluation is meant to exercise control over the strategic management process. Here the managers try to assure that strategic choice is properly implemented and is meeting the objectives of the firm. It consists of certain elements which are given below. 1. Setting of standards:- The strategists need to set standards, targets to implement the strategies. it should be in terms of quality, quantity, costs and time. The standard should be definite and acceptable by employees as well as should be achievable. 2. Measurement of Performance:- Here actual performances are measured in terms of quality, quantity, cost and time. 3. Comparison Of Actual Performance With Set Targets:- The actual performance needs to be compared with standards and find out variations, if any. 4. Analyzing Deviation And Taking Corrective Measures:- If any deviation is found then higher authorities tries to find out the causes of it and accordingly as per its nature takes corrective steps. Here some time authority may re-set its goals, objectives or its planning, policies and standards.

2 (a) What are environmental factors?

[03]

Internal Factors

These components ask organizations to look inward. They examine the organization’s strong and weak points based on its mission and vision. These factors also allow businesses to reflect on their direction and plans in a set period—say, in five or ten years.

	CO1	L1

External Factors

On the other hand, external factors refer to high-level considerations that exist outside the organization.

- Industry and market trends
- Competition—their advantages and weak points
- Customers—your customer base and customer service
- Economy—economic activities that can impact the organization
- Technology—technological advancements that can streamline operations
- Labor supply—labor markets in areas of operation
- Political and legal circumstances

(b) How to perform ‘EFE Matrix’?

[07]

CO2

L3

External Factor Evaluation (EFE) Matrix is a strategic analysis tool used to evaluate firm’s external environment and to reveal its strengths as well as weaknesses. The external and internal factor analyses have been introduced by Fred R. David in his book, *Strategic Management*.

When using the EFE matrix we identify the key external opportunities and threats that are affecting or might affect a company. By analysing the external environment with the tools the key external factors can be identified. The general rule is to identify as many key external and internal factors as possible. Each key factor should be assigned a weight ranging from 0.0 (low importance) to 1.0 (high importance). The number indicates how important the factor is if a company wants to succeed in an industry. If there were no weights assigned, all the factors would be equally important, which is an impossible scenario in the real world. The sum of all the weights must equal 1.0. Separate factors should not be given too much emphasis (assigning a weight of 0.30 or more) because the success in an industry is rarely determined by one or few factors.

(c)

[10]

CO2

L3

Demonstrate ‘Porter’s Five Forces Model’ with an example.

The five forces framework developed by Michael Porter is the most widely known tool for analyzing the competitive environment, which helps in explaining how forces in the competitive environment shape strategies and affect performance.

These competitive forces are as follows: 1) The rivalry among competitors in the industry 2) The potential entrants 3) The substitute products 4) The bargaining power of suppliers 5) The bargaining power of buyers

However, these five forces are not independent of each other. Pressures from one direction can trigger off changes in another which is capable of shifting sources of competition. In the following section each of these five forces are discussed in detail as to understand how each of these forces affect an Industry’s environment so that one can identify the most appropriate strategic position within the industry.

1) Threat of New Entrants Entry of a firm in and operating in a market is seen as a threat to the established firms in that market. The competitive position of the established firms is affected because the entrants may add new production capacity

or it may affect their market shares. They may also bring additional resources with them which may force the existing firms to invest more than what was not required before. Altogether the situation becomes difficult for the existing firms if not threatening always and therefore they resort to raising barriers to entry. These barriers are intended to discourage new entrants and this may be done by organisations, be in any one or more ways, as discussed below:

a) Economies of Scale: Firms which operate on a large scale get benefits of lower cost of production because of the economies of scale. Since the new firm normally would start its operation at a smaller scale and therefore will have a relatively higher cost of production, its competitive position in the industry gets adversely affected. This barrier created through large scale of operation is not only applicable for production side but it can be extended to advertising, marketing, distribution, financing, after sales customer service, raw materials, purchasing and Research and Development as well.

For example, in durable industry the kind of investments which players like Samsung and LG do on advertising and promotions normally and specially during events like World Cup cricket match. This makes it nearly impossible for any new third player to launch and sustain such intensive and investment driven marketing attack.

b) Learning or Experience Effect: The theory explaining the experience curve or the learning curve suggests that as firms produce they grow more efficient and this brings them cost benefits. The efficiency levels achieved is an outcome of the experience, which teaches the organization better ways of doing things. This again keeps any new entrant at a disadvantage.

3 (a) What is Balanced Score Card?

[03]

CO1

L1

A balanced scorecard is a strategic planning framework that companies use to assign priority to their products, projects, and services; communicate about their targets or goals; and plan their routine activities. The scorecard enables companies to monitor and measure the success of their strategies to determine how well they have performed.

(b) Explain 'Micro environment Analysis'.

[07]

CO2

L3

The micro-environment of an organization relates to the immediate periphery of a company. This periphery naturally has a strong influence on the organization.

The micro environment is therefore also referred to as the task environment.

Micro doesn't mean it's insignificant. Problems in a company's micro-environment often affect only the company itself, not the entire industry.

It is important for any organization to monitor and analyze all elements of the micro-environment. Examples of elements in a company's micro-environment are:

- Customers
- Competitors
- Staff members

- Suppliers
- Media
- Shareholders
- Other stakeholders

(c) List the steps involved in ‘SWOT’ Analysis.

[10]

CO2

L3

A SWOT Analysis is one of the most commonly used tools to assess the internal and external environments of a company and is part of a company’s strategic planning process.

In addition, a SWOT analysis can be done for a product, place, industry, or person. A SWOT analysis helps with both strategic planning and decision-making, as it introduces opportunities to the company as a forward-looking bridge to generating strategic alternatives.

SWOT is an acronym for Strengths, Weaknesses, Opportunities, and Threats.

SWOT Analysis – Internal and External Factors A SWOT analysis is divided into two main categories: internal factors and external factors.

Internal: Internal factors are the strengths and weaknesses of the company. Strengths are the characteristics that give the business its competitive advantage, while weaknesses are characteristics that a company needs to overcome in order to improve its performance. Examples of internal factors include:

- Company culture
- Company image
- Operational efficiency
 - Operational capacity
- Brand awareness
- Market share
- Financial resources
- Key staff
- Organizational structure

External: External factors are the opportunities and threats to the company. Opportunities are elements that the company sees in the external environment that it could pursue in the future to generate value. Threats are elements in the external environment that could prevent the company from achieving its goal or its mission or creating value. Changes in the external environment may be due to:

Societal changes

- Customers
- Competitors
- Economic environment
- Government regulations
- Suppliers
- Partners
- Market trends

How to conduct a SWOT analysis?

To get the most complete, objective results, a SWOT analysis is best conducted by a group of people with different perspectives and stakes in the company. Management, sales, customer service, and even customers can all contribute valid insight. Moreover, the SWOT analysis process is an opportunity to bring the team together and encourage their participation in and adherence to the company’s

resulting strategy. A SWOT analysis is typically conducted using a four-square SWOT analysis template, but we could also just make lists for each category. Use the method that makes it easiest for we to organize and understand the results. Once we are finished with the brainstorming, we need to create a final, prioritized version of our SWOT analysis, listing the factors in each category in order of highest priority at the top to lowest priority at the bottom.

Strengths (internal, positive factors)

Strengths describe the positive attributes, tangible and intangible, internal to our organization. They are within our control.

- What do we do well?
- What internal resources do we have?

Think about the following: (Positive attributes of people, such as knowledge, background, education, credentials, network, reputation, or skills.)

- Tangible assets of the company, such as capital, credit, existing customers or distribution channels, patents, or technology.
 - What advantages do we have over our competition?
- Do we have strong research and development capabilities? Manufacturing facilities?
 - What other positive aspects, internal to our business, add value or offer we a competitive advantage?

Weaknesses are aspects of our business that detract from the value we offer or place at a competitive disadvantage. We need to enhance these areas in order to compete with our best competitor.

- What factors that are within our control detract from our ability to obtain or maintain a competitive edge?
 - What areas need improvement to accomplish our objectives or compete with our strongest competitor?
 - What does our business lack (for example, expertise or access to skills or technology)?
- Does our business have limited resources?
- Is our business in a poor location?

Opportunities (external, positive factors): Opportunities are external attractive factors that represent reasons our business is likely to prosper.

- What opportunities exist in our market or the environment that we can benefit from?
 - Is the perception of our business positive?
 - Has there been recent market growth or have there been other changes in the market the create an opportunity?
 - Is the opportunity ongoing, or is there just a window for it? In other words, how critical is our timing?
- Threats (external, negative factors): Threats include external factors beyond our control that could place our strategy, or the business itself, at risk. We have no control over these, but we may benefit by having contingency plans to address them if they should occur.
- Who are our existing or potential competitors?
 - What factors beyond our control could place our business at risk?
 - Are there challenges created by an unfavorable trend or development that may lead to deteriorating revenues or profits?

	Management, its relevance, Characteristics, process nature and purpose									
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		1(b), 2(b), 2(c),3(b) 3(c)	-	-	-		1(b), 2(b), 2(c),3(b) 3(c)		
CO3 :	To give the students an insight on strategy at different levels of an organization to gain competitive advantage.									
CO4 :	To help students understand the strategic drive in multinational firms and their decisions in different markets.									

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

PO1–Theoretical Knowledge; PO2–Foster Analytical and Critical Thinking Abilities for data based decision making; PO3– Develop Value Based Leadership; PO4 –Ability to Understand and communicate various business aspects to global; PO5 – Ability to lead themselves and others in the achievement of organizational goals contributing effectively to a team environment;
PSO1- Comprehend Contemporary features of Business Management Science and its administration
PSO2- Analyze and interpret the dynamic situations for making Business Management strategies
PSO3- Handle responsibility with the ethical values for all actions undertaken by them
PSO4- Adapt and focus on achieving the organizational goal and objectives with complete zeal and commitment.

CI

CCI

HOD