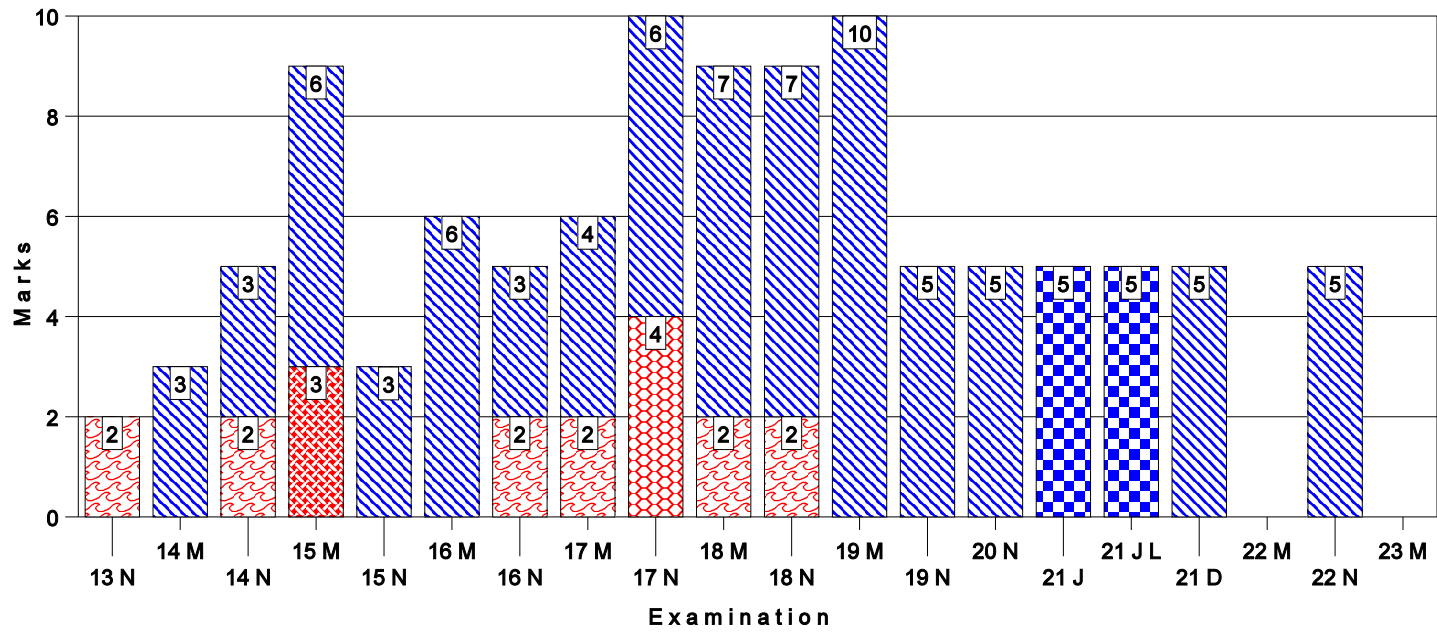
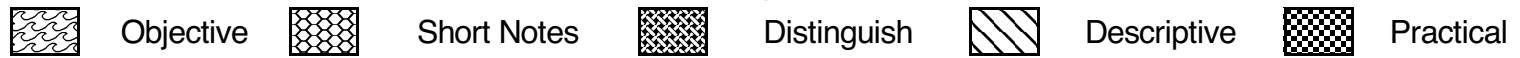


THE GRAPH

Trend Analysis

Marks of Objective, Short Notes, Distinguish Between, Descriptive & Practical Questions

Legend



Examination

6.501

CHAPTER	<h1>Introduction to Strategic Management</h1>
<h1>1</h1>	
This Chapter Covers : Study's Chapter: 1	

Chapter Comprises

- | | |
|--|--|
| <ol style="list-style-type: none"> 1. Meaning and Nature of Strategic Management 2. Concept of Strategy 3. Strategic Management | <ol style="list-style-type: none"> 4. Strategic Intent (Vision Mission Goal and Objective and values) 5. Strategic Levels in Organisations |
|--|--|

TIME MANAGER		<i>Plan and Manage your Time</i>						
Time	First In-depth learning	Instant Revision (in hours)		Periodic Revision (in hours)				
	i.e..... Day 1	Next day i.e.... Day 2	After 7 days i.e. on Day 8	After 30 days i.e. on Day 30	After 60 days i.e. on Day 60	After 90 days i.e. on Day 90	Fix as per your need.	
	1. Budgeted	16	4.00	3.12	2.20	1.35	1.35	
2. Actual								
3. Variance (1-2)								

QUICK LOOK	<i>Weightage Analysis</i>	
Repeatedly Asked Questions	Common Answered Questions	Must Try Question
4.3, 4.4	2.2, 4.7	2.2, 2.3, 2.5, 3.1, 4.1

MULTIPLE CHOICE QUESTIONS

1. _____ allows an organization to be more proactive.
 - (a) Financial management
 - (b) Hr. management
 - (c) Strategic management
 - (d) None of these
2. Which statement should be created first and foremost?
 - (a) Strategy
 - (b) Vision
 - (c) Objectives
 - (d) Mission
3. Reactive strategy can also be termed as:
 - (a) Planned strategy
 - (b) Adoptive strategy
 - (c) Sound strategy
 - (d) Dynamic strategy
4. Which of the following managers role is to translate as the general statements/strategies into concrete strategies of their individual business?
 - (a) Supervisor
 - (b) Functional manager
 - (c) CEO of the company
 - (d) All of the above
5. Which of the following is correct:
 - (a) Strategy is always pragmatic and not flexible optimal
 - (b) Strategy is not always perfect, flawless and
 - (c) Strategy is always perfect, flawless and optimal
 - (d) Strategy is always flexible but not programmatic
6. Strategy is:
 - (a) Proactive in action
 - (b) Reactive in action
 - (c) A blend of proactive and reactive actions
 - (d) None of these

7. Formulation of strategies and their implementation in a strategic management process is undertaken by:
 - (a) Top level executives
 - (b) Middle level executive
 - (c) Lower level executives
 - (d) All of these
8. Strategy is a game plan used for which of the following:
 - (a) To take market position
 - (b) To attract and satisfy customers
 - (c) To respond to dynamic and hostile environment
 - (d) All of these
9. Which of the following are responsible for formulating and developing realistic and attainable strategies?
 - (a) Corporate level managers, business level managers and functional level managers
 - (b) Functional managers and business level managers
 - (c) Corporate level and business level managers
 - (d) None of these
10. Strategic management enables an organisation to _____ instead of companies first responding to threats in their business environment.
 - (a) Determine when the threat will subside
 - (b) Be proactive
 - (c) Avoid the threats
 - (d) Defeat their competitions
11. Which of the following is an important of strategic management?
 - (a) Defines a goal & mission
 - (b) Enhances the longevity of the business
 - (c) Prepares the organisation to face the future
 - (d) All of these
12. Which of the following is not a limitation of strategic management?
 - (a) Complexity and turbulence in environment
 - (b) Time consuming process
 - (c) Costly process
 - (d) Not a good service as a corporate defense mechanism against mistakes and pitfalls

13. _____ are deep rooted principles which guide an organisations decision and actions.
(a) Values (b) Goals
(c) Vision (d) Mission
14. _____ implies the blueprint of the company's future position.
(a) Vision (b) Mission
(c) Goals (d) Value system
15. "We provide various types of safe and cost effective energy." This statement is:
(a) Production oriented (b) Marketing oriented
(c) Both (a) & (b) (d) None of these
16. _____ are responsible for the specific business functions or operations that constitute a company or one of its decisions.
(a) Functional level managers (b) Business level managers
(c) Both (a) & (b) (d) None of these
17. It is a flat structure where everyone is considered at same level.
(a) Matrix relationship
(b) Horizontal relationship
(c) Functional and decisional relationship
(d) Both (a) & (b)
18. This relationship helps manage huge conglomerates with ease where it is nearly impossible to track and manage every single team independently.
(a) Matrix relationship (b) Functional relationship
(c) Divisional relationship (d) Horizontal relationship
19. _____ concept gives all teams across the levels of a void in decision making.
(a) Top down (b) Bottom up
(c) None of these (d) All of these
20. Who is the father of strategic management?
(a) Chandler (b) Iyer ansoff
(c) Micheal porter (d) John Nash
21. What is the starting point of strategic intent?
(a) Goal (b) Objective
(c) Vision (d) Mission

22. Which of the following is not a major elements of the strategic management process?
- (a) Formulation strategy
 - (b) Implementing strategy
 - (c) Evaluating strategy
 - (d) Assigning administrative task
23. The primary focus of strategic management is:
- (a) Strategic analysis
 - (b) The total organisation
 - (c) Strategy formulation
 - (d) None
24. What are the guides to decision making?
- (a) Rules
 - (b) Procedures
 - (c) Goals
 - (d) Policies
25. How many cells are there is SWOT matrix?
- (a) 6
 - (b) 9
 - (c) 5
 - (d) 2
26. Strategic management handles:
- (a) External issues
 - (b) Administrative issues
 - (c) Internal issues
 - (d) Management issues
27. The following are considered grant strategies except/or:
- (a) A retrenchment strategy
 - (b) Strategic business unit
 - (c) A growth strategy
 - (d) Related diversification
28. The corporate level is where top level management directs:
- (a) All employees for orientation
 - (b) Its effort to stabilise recruitment needs
 - (c) Overall strategy for entire organisation
 - (d) Overall sales projectors
29. Selling all of company's assets for their tangible worth is called:
- (a) Divestiture
 - (b) Concentric diversification
 - (c) Liquidation
 - (d) Unrelated integration
30. Low cost, differentiation and focus are examples of:
- (a) Corporate strategy
 - (b) Operational strategy
 - (c) Business strategy
 - (d) Functional strategy

ANSWERS

1	(c)	2	(b)	3	(b)	4	(b)	5	(b)
6	(c)	7	(d)	8	(d)	9	(a)	10	(b)
11	(d)	12	(d)	13	(a)	14	(a)	15	(b)
16	(a)	17	(b)	18	(a)	19	(b)	20	(b)
21	(c)	22	(d)	23	(b)	24	(d)	25	(b)
26	(a)	27	(b)	28	(c)	29	(c)	30	(c)

1	<i>Meaning and Nature of Strategic Management</i>
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Q. 1.1	Practice	Descriptive
	What is the meaning of Strategic Management?	

Answer:

Strategic Management refers to the process of formulating and implementing strategies to achieve an organization's long-term goals and objectives. It involves the analysis of an organization's internal strengths and weaknesses, external opportunities and threats, and the development of plans and actions to align resources, capabilities, and activities in a way that optimally positions the organization in its competitive environment. Strategic management is critical for an organization's success and sustainability, as it helps in making informed decisions and adapting to changes in the business environment. Fred R. David in his well-known book titled 'Strategic Management: Concepts and Cases' defined Strategic Management as "Strategic management is the art and science of formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its objectives. It involves the systematic identification of strengths,

weaknesses, opportunities, and threats in the internal and external environment and the matching of these factors with organizational vision and mission. Strategic management also encompasses continuous adjustments to the strategies in response to changes in the environment, ultimately aiming to sustain a competitive advantage and ensure the long-term success and survival of the organization."

Q. 1.2	Practice	Descriptive
What is the nature of Strategic Management?		

Answer:

The nature of strategic management embodies a proactive, future-oriented, and dynamic process that guides an organization towards its long-term objectives and enhances its competitive position in the market. It can be characterized by several key aspects that define its scope, purpose, and approach. These aspects include:

- **Long-term orientation:** Strategic management is focused on the long-term goals and objectives of an organization. It involves planning and decision-making that extends beyond short-term operational concerns, considering the overall direction and sustainable success of the organization over an extended period.
- **Holistic approach:** Strategic management takes a comprehensive and integrated view of the organization. It considers the entire organization as a single entity, taking into account all its functional areas, resources, capabilities, and external factors that may impact its performance and competitive position.
- **External and internal analysis:** It involves a thorough analysis of both the external environment and internal capabilities. External analysis looks at factors such as industry trends, market dynamics, competition, and regulatory influences. Internal analysis assesses an organization's strengths, weaknesses, core competencies, and available resources.
- **Decision-making under uncertainty:** Strategic management deals with the complexities and uncertainties inherent in business environments.

Managers must make informed decisions based on available information and forecasts, taking calculated risks to adapt to changing circumstances and achieve desired outcomes.

- **Competitive advantage:** A central goal of strategic management is to develop and sustain a competitive advantage. This involves identifying unique strengths and opportunities that allow the organization to outperform competitors and gain a favorable market position.
- **Continuous process:** Strategic management is an ongoing process rather than a one-time event. It requires regular monitoring, evaluation, and adjustments to strategies as internal and external conditions evolve.
- **Participation of top management:** Strategic management is a responsibility that primarily lies with top management, including the board of directors and senior executives. Their involvement is crucial in setting the strategic direction, allocating resources, and fostering a culture of strategic thinking within the organization.
- **Adaptation and flexibility:** Organizations must be adaptable and flexible in their approach to strategic management. As the business landscape evolves, they need to be responsive to new opportunities and challenges, adjusting strategies as necessary to maintain relevance and success.

2

Concept of Strategy

Q. 2.1	2013 - Nov [9] (a) (i)	Objective
State with reasons which of the following statement is correct or incorrect: A company's strategy has always to be proactive in nature. (2 marks)		

Answer:

Incorrect- Strategic analysis seeks to determine alternative course of action that could best enable the firm to achieve its mission and objectives in light of impact and influence of competitive environment.

Q. 2.2	2015 - May [12] (b)	Descriptive
Quite often strategies of most business organizations are a combination of planned strategies and reactive strategies. Explain with reasons. (3 marks)		
OR	2018 - Nov [11] (b)	Descriptive
"Strategy is partly proactive and partly reactive". Elaborate. (5 marks)		

Answer:

Strategy is partly proactive and partly reactive.

- **In proactive strategy**, organizations will analyze possible environmental scenarios and create strategic framework after proper planning and set procedures and work on these strategies in a predetermined manner.
- However, in reality no company can forecast both internal and external environment exactly.
- Everything cannot be planned in advance.
- Strategies need to be attuned or modified in light of possible environmental changes.
- There can be significant or major strategic changes when the environment demands.
- **Reactive strategy is triggered** by the changes in the environment and provides ways and means to cope with the negative factors or take advantage of emerging opportunities.

Reactive actions are the responses to the environmental changes in order to :

1. face unforeseen developments and changes.
2. adjust and adapt to unanticipated risks.

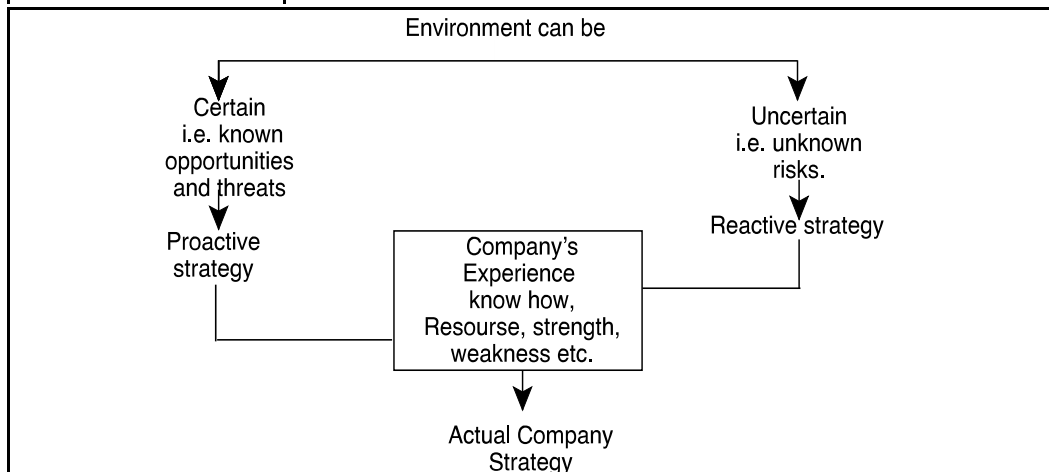
Q. 2.3	2016 - May [14] (Or) (b), RTP	Descriptive
"Strategy is partly proactive and partly reactive." Do you agree? Give reasons for your answer. (3 marks)		

Answer:

A Company's Strategy is basically a combination of

1. Pro-active actions of the managers and
2. Re-active actions.

<p>Proactive Actions</p>	<p>In proactive strategy, organizations will analyze possible environmental scenarios and create strategic framework after proper planning and set procedures and work on these strategies in a predetermined manner.</p> <p>Proactive actions are the efficient planning to :</p> <ol style="list-style-type: none"> 1. improve the company's market position. 2. improve the company's financial performance.
<p>Reactive Actions</p>	<p>Reactive strategy is triggered by the changes in the environment and provides ways and means to cope with the negative factors or take advantage of emerging opportunities.</p> <p>Reactive actions are the responses to the environmental changes in order to :</p> <ol style="list-style-type: none"> 1. face unforeseen developments and changes. 2. adjust and adapt to unanticipated risks. <p>Environment also plays an important role in strategy formulation.</p>



Conclusion:

Thus, we can conclude that strategy is partly proactive and partly reactive. Under proactive strategy organisations will analyse possible environmental scenarios and create strategic framework after proper planning and set procedures and work on these strategies in a predetermined manner. However there can be significant deviations between what was visualised and what actually happens. These deviations are then handled through reactive strategy. Reactive strategy is triggered by the changes in the environment and provides ways and means to cope with the competitive factors or threat factors and take advantage of emerging opportunities.

Q. 2.4	2021 - July [6] {C}	Practical
<p>'ALBELA' Foods and 'JustBE' Foods are successfully competing chain of restaurants in India. ALBELA's are known for their innovative approach, which has resulted in good revenues. On the other hand, JustBE is slow in responding to environmental change. The initial stages of Covid-19 pandemic and the ensuring strict lockdown had an adverse impact on both the companies. Realizing its severity and future consequences. ALBELA foods immediately chalked out its post lockdown strategies, which include initiatives like :</p> <ul style="list-style-type: none"> (a) Contact less dining (b) New category of foods in the menu for boosting immunity (c) Improving safety measures and hygiene standards (d) Introducing online food delivery app <p>Seeing the positive buzz around these measures taken by ALBELA Food, JustBE Foods also thinks to introduce these measures.</p> <ol style="list-style-type: none"> 1. Identify the strategic approach taken by 'ALBELA' Foods and 'JustBE' Foods. 2. Discuss these strategic approach 3. Which strategic approach is better and why ? <p style="text-align: right;">(5 marks)</p>		

Answer:

1. Strategic approach taken by ALBELA Foods - Proactive Approach.
Strategic approach taken by Just BE Foods - Reactive approach.
2. A Company's strategy is a blend of:
 1. Proactive actions on the part of managers to improve the company's market position and financial performance and
 2. Reactions to unanticipated developments and fresh market conditions.
3. Proactive strategy is planned strategy whereas reactive strategy is adaptive reaction to changing circumstances.

When market and competitive conditions take an unexpected turn or company's strategy hits a stone wall, some kind of strategic reaction or adjustment is required. Hence, a portion of a company's strategy is always developed as a response to unforeseen developments.

But apart from adapting strategy to changes in the market there is also a need to adapt strategy as new learning emerges about which pieces of the strategy are working well and which aren't and as management hits upon new ideas for improving the strategy. Crafting a strategy involves stitching together a proactive strategy and adapting it first and then a reactive/ adaptive strategy as circumstances surrounding the company's situation change or better options emerge.

Q. 2.5	RTP	Descriptive
<p>Yummy Foods and Tasty Foods are successfully competing in the business of ready to eat snacks in Patna. Yummy has been pioneer in introducing innovative products. These products will give them good sale. However, Tasty Foods will introduce similar products in reaction to the products introduced by the Yummy Foods taking away the advantage gained by the former.</p> <p>Discuss the strategic approach of the two companies. Which is superior?</p>		

Answer:

Yummy foods is proactive in its approach.

On the other hand **Tasty Food** is reactive.

Proactive strategy is planned strategy whereas reactive strategy is adaptive reaction to changing circumstances. A company's strategy is typically a blend of proactive actions on the part of managers to improve the company's market position and financial performance and reactions to unanticipated developments and fresh market conditions.

If organisational resources permit, it is better to be proactive rather than reactive. Being proactive in aspects such as introducing new products will give you advantage in the mind of customers.

At the same time, crafting a strategy involves stitching together a proactive/intended strategy and then adapting first one piece and then another as circumstances surrounding the company's situation change or better options emerge-a reactive/adaptive strategy. This aspect can be accomplished by Yummy Foods.

3	<i>Strategic Management-Importance and Limitations</i>
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Q. 3.1	2017 - May [9] (a) (ii), RTP	Objective
State with reason which of the following statement is correct or incorrect: Strategic management is a bundle of tricks and magic. (2 marks)		

Answer:

Incorrect: No, 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 cannot be stated that a strategy is a trick or magic. Formation of strategy requires careful planning and requires strong conceptual, analytical and visionary skills.

Q. 3.2	2017 - Nov [14] (a)	Short Notes
Write a Short note on the following : Family Managed Enterprises - Challenges & issues.		(4 marks)

Answer :

Cooperation on account of family ownership:

Theoretically, cooperation generates automatically in businesses owned by a same family. The ownership, groups are engaged in the management of their enterprised in a direct manner. Commonly, the ownership group is nothing but a family and its Kith and Kin. In India, a very large number of business enterprises, big, medium and small are family managed enterprises. These include large business houses such as Tata, Birla, Godrej Reliance, Modi, Escorts and etc. Major decisions and sometimes even minor decisions are made by members of the family who manage the enterprise. The interest of the family largely influence the managerial decisions and activities of the enterprise. There is a total identity between the needs and goals of the family and of the enterprise.

Sometimes, quarrels and conflicts among the managing members of the family on family matters tend to distort their behaviour in managing the enterprise also and thereby damage its functioning. Succession remains a tricky and conflicting issue in businesses. Be it the Ambanis of Reliance Industries, the Bajajs of Bajaj Auto, the Nandas of Escorts, or the Modis of Modi Rubber- each family has, in the recent past, faced succession and ownership issues and found them tough resolve. However, one can count several counter examples of family- run businesses that have resolved these issue amicably. The Muruguppa group in the south, the Burmans of Dabur India and the Thapars have settled succession issues without coming into the public eye.

Q. 3.3	2018 - May [8] (a)	Objective
Which of the following statement is 'correct' and which is 'incorrect'? Give reason, in brief, for your answer: Non-profit organizations do not require Strategic Management. (2 marks)		

Answer:

Incorrect

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 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.

Q. 3.4	2018 - May [10] (a)	Descriptive
Define Strategic Management. Also discuss the limitations of Strategic Management. (5 marks)		

Answer:

Meaning of Strategic Management:

Strategic Management is multi-dimensional function. As a broad overall process it is defined as the set of decisions and actions resulting in formulation and implementation of strategies designed to achieve the objectives of an organisation.

Strategic Management is interpreted in a wider sense as "the process which deals with fundamental organisational renewal and growth with the development of the strategies, structures and systems necessary to achieve such renewal and growth, and with the organisational systems needed to effectively manage the strategy formulation and implementation processes."

Objectives of Strategic Management:

1. To Create a competitive advantage over the other competitor.
2. To Meet the opportunities and threats with challenge.

- **Limitations of Strategic Management :**

- Environment is highly complex and turbulent. It is difficult to understand the complex environment and exactly pinpoint how it will shape-up in future. The organizational estimate about its future shape may awfully go wrong and jeopardise all strategic plans. The environment affects, as the organization has to deal with suppliers, customers, governments and other external factors.
- Strategic management is a time - consuming process. Organizations spend a lot of time in preparing, communicating the strategies that may impede daily operations and negatively impact the routine business.
- Strategic management is a costly process. Strategic management adds a lot of expenses to an organization. Expert strategic planners need to be engaged, efforts are made for analysis of external and internal environments devise strategies and properly implement.

These can be really costly for organizations with limited resources particularly when small and medium organization create strategies to compete.

- In a competitive scenario, where all organizations are trying to move strategically, it is difficult to clearly estimate the competitive responses to a firm's strategies.

Q. 3.5	2019 - May [7] (a)	Descriptive
<p>'Strategic Management is not a panacea for all the corporate ills, it has its own pitfalls which can't counter all hindrances and always achieve success'.</p> <p>Do you agree with this statement? Discuss.</p>		(5 marks)

Answer:

'Strategic Management is not a panacea for all the corporate ills, it has its own pitfalls which can't counter all hindrances and always achieve success' This Statement is correct and can be agreed because there are limitations attached to strategic management and can be explained as follows:

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

Q. 3.6	2021 - Dec [10] (a)	Descriptive
<p>“Each organization must build its competitive advantage keeping in mind the business warfare. This can be done by following the process of strategic management.” Considering this statement, explain major benefits of strategic management.</p>		(5 marks)

Answer :

Strategic Management:

Meaning	<p>Strategic Management is multi-dimensional function. As a broad overall process it is defined as the set of decisions and actions resulting in formulation and implementation of strategies designed to achieve the objectives of an organisation.</p> <p>Strategic Management is interpreted in a wider sense as “the process which deals with fundamental organisational renewal and growth with the development of the strategies, structures and systems necessary to achieve such renewal and growth, and with the organisational systems needed to effectively manage the strategy formulation and implementation processes.</p>
Objectives	<ol style="list-style-type: none"> 1. To Create a competitive advantage over the other competitor. 2. To Meet the opportunities and threats with challenge.
Process	<ol style="list-style-type: none"> 1. Developing mission. 2. Defining objective and goal. 3. Structuring business portfolio. 4. Incorporating functional plans.
Benefits	<ol style="list-style-type: none"> 1. Financial benefits On the basis of empirical studies and logical analysis it may be claimed that the impact of strategic management is primarily that of improved financial performance in terms of profit and growth of firms with a developed strategic management system having major impact on both planning and implementation of strategies. 2. Enhanced capability of problem prevention This is likely to result from encouraging and rewarding subordinate attention to planning considerations, and managers being assisted in their monitoring and forecasting role by employees who are alerted to the needs of strategic planning.

	<p>3. Improved quality strategic decisions through group interaction</p> <p>The process of group interaction for decision-making facilitates generation of alternative strategies and better screening of options due to specialised perspectives of group members. The best alternatives are thus likely to be chosen and acted upon.</p> <p>4. Greater employee motivation</p> <p>Participation of employees or their representatives in strategy formulation leads to a better understanding of the priorities and operation of the reward system. Also there is better appreciation on their part of the productivity-reward linkage inherent in the strategic plan. Hence goal-directed behaviour is likely to follow the incentives.</p> <p>5. Reduction of gaps and overlaps in activities</p> <p>With strategy formulation undertaken through the participative process, there is better understanding of the responsibilities of individuals and groups. Role differentiation which is thereby clarified should reduce the gaps and overlaps in the activities of groups and individuals.</p>
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Q. 3.7	2022 - Nov [7] (a)	Descriptive
<p>“The strategic management cannot counter all hindrances and always achieve success for an organization.” Do you agree with this statement? Give arguments in support of your answer. (5 marks)</p>		

Answer:

Yes, it is true that the presence of strategic management cannot counter all hindrances and always achieve success for an organization. This is on account of complex multiple forces acting on business organization and limiting its success.

These limitations are on account of following factors:

- **Environment is highly complex and turbulent:** It is difficult to understand the complex environment and exactly pinpoint how it will shape-up in future. The organisational estimate about its future shape may awfully go wrong and jeopardise all strategic plans.
- **Strategic management is a time-consuming process:** Organisations spend a lot of time in preparing, communicating the strategies that may impede daily operations and negatively impact the routine business.
- **Strategic management is a costly process:** Strategic management adds a lot of expenses to an organization – particularly to small and medium organisations. Expert strategic planners need to be engaged, efforts are made for analysis of external and internal environments devise strategies and properly implement.
- **Competition is unpredictable:** In a competitive scenario, where all organisations are trying to move strategically, it is difficult to clearly estimate the competitive responses to the strategies.

4

Strategic Intent (Vision, Mission, Goals, Objectives and Values)

Q. 4.1	2014 - May [8] {C} (a), RTP	Descriptive
Mission statement of a company focuses on the question: 'Who we are' and 'What we do'. Explain briefly.		(3 marks)

Answer:

A Company's mission statement is typically focused on its present business scope – "who we are and what we do";

- This is the starting point of strategic planning and consists of doing a situational analysis of the firm in the environmental context. Here the firm must find out its relative market position, corporate image, its strength and weakness and also environmental threats and opportunities.

- This is a process of goal setting for the organisation after it has finalised its vision and mission. A strategic vision is a roadmap of the company's future - providing specifics about technology & 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.

Q. 4.2	2014 - Nov [8] {C} (b), RTP	Descriptive
<p>“A strategic vision is a road map of a company's future”. Comment. Draft a strategic vision statement of any well known national level Educational Institution you are familiar with.</p>		<p>(3 marks)</p>

Answer:

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.

In the process of strategy making, management is expected to look forward to the organisation's future, posing a question, 'What kind of an enterprise is it going to be'? This direction-setting idea underlies the concept of strategic vision. It is said to be a road map of the company's future.

Vision Statement of IIT Mumbai:

The vision of IIT Mumbai is to be the fountainhead of new ideas and of innovators in technology and science. Its mission is to create an ambience in which research and scholarship and leaders and innovators of tomorrow emerge.

Q. 4.3	2014 - Nov [9] (a) (i), 2016 - Nov [9] (a) (i)	Objective
<p>State with reasons which of the following statement is correct or incorrect: Strategic vision and mission statements are needed only by large business houses.</p>		<p>(2 marks each)</p>

Answer:

Incorrect:

Strategic vision and mission statement provides a framework for future and it is core documents prepared for base of formulation of strategy. Therefore, it is required for all business houses.

Q.4.4	2015 - May [13] (b), 2017 - May [13] (a)	Distinguish Between
Distinguish between the "Vision and Mission".		(3, 4 marks)

Answer:

Difference between Vision and Mission:

Basis of Difference	Vision	Mission
Meaning	Vision Statement outlines what the organization wants to be. It concentrates on the future. It is a source of inspiration. It provides clear decision making criteria.	A Mission Statement tells you the fundamental purpose of the organization. It concentrates on the present. It defines the customer & the critical processes. It informs you of the desired level of performance.
Time Period	It concentrates on future.	It concentrates on present.
Focus	The Vision Statement can galvanize the people to achieve defined objectives, even if they are stretch objectives, provide the vision in specific, measurable, achievable, relevant and time bound objectives.	Mission Statement provides a path to realize the vision in line with its values. These statements have a direct bearing on the bottom line and success of organization.

Q. 4.5	2015 - Nov [8] {C} (c)	Descriptive
<p>“A company should focus on external perspective to define its mission.” Support this statement with reasons.</p>		(3 marks)

Answer:

- A Company's mission is a long term view of what the organisation is striving to become in future indicating the basic thrust of the firm including its product, business and market.
Mission as defined by Peter Drucker is the answer to the question, 'what business are we in'? The answer should have marketing or external perceptive and should not be restated to the production or generic activities of business. The mission is a statement which defines the role that the organization plays in the society.
- The organisation relate their existence to satisfy need of society. So we can describe mission as a statement which defines role that an organization plays in the society. The society as whole comes in external perceptive of business so that the company should focus on external perceptive to define its mission.

Q. 4.6	2016 - May [8] {C} (d), RTP	Descriptive
<p>'Objectives' and 'Goals' provide meaning and sense of direction to organizational endeavour. Explain.</p>		(3 marks)

Answer :

Objectives are the organizations performance targets. The results and outcomes it wants to generate. They function as yardstick for tracking an organizations performance and progress. Business objectives translates their vision and mission. As such term objectives is synonymous with goals, however, we all make attempt to distinguish between them. Objectives are open ended attributes and goals are close ended attributes.

All organization have objective. The pursuit of objective is an unending process such as organizations sustain themselves. Objective and goals provide meaning and sense of direction to organizational endeavour.

Q. 4.7	2016 - Nov [8] {C} (b)	Descriptive
You are asked to draft a mission statement of a company. What is a mission statement? Give any two characteristics of a good mission statement. (3 marks)		
OR	2017 - Nov [12] (b)	Descriptive
Explain 'Mission' briefly. Discuss major elements of an effective corporate mission statement. (3 marks)		

Answer:**Mission Statement**

A Company's mission is a long-term view of what the organisation is striving to become in future indicating the basic thrust of the firm including its products, business and markets.

Mission as defined by Glueck and Jauch is the answer to the question 'what business are we in? To choose a mission is to answer the basic question: "What business are we in?" Thus a company may define its mission by stating that it is in the transportation business, which by implication states that the company, depending on its own capabilities and external opportunities, looks forward to engaging in transportation of goods by road and any other means, and include carriage of goods as well as passengers.

Characteristics of good mission statement:**Following points are useful while writing right mission statement of a company:**

1. One of the roles of a mission statement is to give the organization its own special identity, business emphasis and path for development.
2. A company's business is defined by what needs it is trying to satisfy, customer groups it is targeting, technologies and competencies it uses and the activities it performs.
3. Good mission statements are highly personalized—unique to the organization for which they are developed.
4. The mission should not be to make profit.

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5. Technology, competencies and activities are important in defining a company's business because they indicate the boundaries on its operation.

Q. 4.8	2017 - Nov [8] {C} (b)	Descriptive
What are the three elements of a strategic vision?		(3 marks)

Answer:

Strategic Vision

Meaning	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.
Concept	In the process of strategy making, management is expected to look forward to the organisation's future, posing a question, 'What kind of an enterprise is it going to be'? This direction-setting idea underlies the concept of strategic vision. It is said to be a road map of the company's future.
Definition	Strategic Vision is rightly defined as <i>a mental perception of the kind of environment that an organisation aspires to create with a broad timeframe.</i> It may be regarded as a dream in the sense of an ideal.
Example	The Vision Statement of Warner – Lambert, the reputed Pharma Company of USA: <i>“To be the best—that is the compelling vision of Warner–Lambert. To achieve it, we nurture imagination and prize creativity. We move fast to build competitive advantage. We use our global reach to harvest ideas from all sources. We are willing to take well-thought-out risks and reward visionary action, even if results fall short of expectations. We recognize that excellence begins with focusing our resources on our most important opportunities and challenges”.</i>

Advantage	<ol style="list-style-type: none"> 1. A Vision fosters long term thinking . 2. It helps in creating a common identity and a shared sense of purpose which is at once inspiring and exhilarating for managers. 3. It represents a discontinuity, a step function and a jump ahead so that the company knows what it is to be. 4. Well articulated visions are not only original and unique but also prompt risk-taking besides experimentation.
Elements	<p>Conveying ‘who we are’</p> <ol style="list-style-type: none"> 1. Coming up with a vision statement that defines what business the company is presently in. 2. Deciding the long term course of action - where we are going. Using the vision statement as a basis for deciding on a long term course making choices. 3. Communicating the vision statement - The strategic vision should be communicated in clear exciting terms that arouse organisation wide commitment.

Q. 4.9	2018 - May [7] {C} (b)	Descriptive
Describe the term ‘Strategic Vision’.		(2 marks)

Answer:

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.

In the process of strategy making, management is expected to look forward to the organisation's future, posing a question, 'What kind of an enterprise is it going to be'? This direction-setting idea underlies the concept of strategic vision. It is said to be a road map of the company's future.

Q. 4.10	2018 - Nov [8] (a)	Objective
Which of the following statement is correct and which is incorrect ? Give reasons in brief for your answer.		
Vision is one of the key elements of Strategic Intent. (2 marks)		

Answer:

Correct:

Vision implies the blueprint of the company's future position. It describes where the organisation wants to land. Every Sub - System of the organization is required to follow its vision.

Q. 4.11	2019 - May [8] (a)	Descriptive
What are the characteristics which must be possess by objectives, to be meaningful to serve the intended role? (5 marks)		

Answer:

Objectives are the organizations performance targets. The results and outcomes it wants to generate. They function as yardstick for tracking an organizations performance and progress. Business objectives translates their vision and mission.

Characteristics of Objectives to make it meaningful to serve the intended role

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

Q. 4.12	2019 - Nov [8] (a)	Descriptive
Why an organisation should have a mission? What considerations are to be kept in mind while writing a good mission statement of a company? (5 marks)		

Answer:**An organization should have a mission:**

1. To ensure unanimity of purpose within a organization.
2. To develop a basis, or standard, for allocating organizational resources.
3. To provide a basis for motivating the use of the organization's resources.
4. To establish a general tone or organizational climate, for example, to suggest a business like operation.
5. To serve as a focal point for those who can identify with the organization's purpose and direction.
6. To facilitate the translation of objective and goals into a work structure involving the assignment of tasks to responsible elements within the organization.
7. To specify organizational purposes and the translation of these purposes into goals in such a way that cost, time and performance parameters can be assessed and controlled.

The Following considerations are to be kept in mind while writing a good mission statement of a company.

1. One of the roles of a mission statement is to give the organization its own special identity, business emphasis and path for development - one that typically sets it apart from other similarly positioned companies.
2. A Company's business is defined by what needs it is trying to satisfy, which customer groups it is targeting and the technologies and competencies it uses and the activities it performs.
3. Good mission statements are - unique to the organization for which they are developed.

Q. 4.13	2020 - Nov [9] (b)	Descriptive
What is strategic vision? Describe the essentials of strategic vision. (5 marks)		

Answer:**Strategic Vision:**

A strategic vision is a roadmap 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. It helps the company to answer the question "where we are to go" and provides a convincing rationale for why this makes good business sense for the company.

A strategic vision delineates organization's aspirations for the business, providing a panoramic view of the position where the organization 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 molds organizational identity.

Essentials of a strategic vision:

- The entrepreneurial challenge in developing a strategic vision is to think creatively about how to prepare a company for the future.
- Forming a strategic vision is an exercise in intelligent entrepreneurship.
- A well-articulated strategic vision creates enthusiasm among the members of the organization.
- The best-worded vision statement clearly illuminates the direction in which organization is headed.

5***Strategic Levels in Organisation***

Q. 5.1	2015 - May [8] {C} (b)	Descriptive
In your view, what is the role of Corporate level managers in Strategic management?		(3 marks)

Answer:

Corporate level	<ul style="list-style-type: none"> • The corporate level of management consists of the Chief Executive Officer (CEO), other Senior Executives, the Board of Directors and Corporate Staff.
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	<ul style="list-style-type: none"> • These individuals are the main decision making body within the organization.
The Role of Corporate Level Manager includes:	<ul style="list-style-type: none"> • Defining the corporate vision, mission and goals. • Determining what business it should be in. • Allocating resources among the different businesses. • Formulating and implementing strategies that span individual businesses. • Providing leadership for the organization.

Q. 5.2	2018 - Nov [7] {C} (a)	Descriptive
List the different strategic levels in an organization.		(2 marks)

Answer:

Strategic Level in an Organisation :

- In case of multidivisional and multilocal organisation that competes in several different businesses, it has separate self-contained divisions to manage each of these. There are three levels of strategy in management of business - corporate, business, and functional.

Corporate level of management	<ul style="list-style-type: none"> • It consists of the chief executive officer and other top level executives. • These individuals occupy the apex of decision making within the organization. • The role of corporate-level managers is to oversee the development of strategies for the whole organization. • This role includes defining the mission and goals of the organization, determining what businesses it should be in, allocating resources among the different businesses and so on rests at the Corporate Level.
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Business Level	<ul style="list-style-type: none"> • Development of strategies for an individual business areas is the responsibility of the general managers in these different businesses or business level managers. • A business unit is a self-contained division with its own functions - e.g. finance, production, and marketing. • The strategic role of business-level manager, head of the division, is to translate the general statements of direction and intent that come from the corporate level into concrete strategies for individual businesses.
Functional Level	<ul style="list-style-type: none"> • Managers are responsible for the specific functions or operations such as human resources, purchasing, product development, customer service, and so on. • Therefore a functional manager's sphere of responsibility is generally confined to one organizational activity, whereas general managers oversee the operation of a whole company or division.

Q. 5.3	2021 - Jan [8] (a)	Practical
<p>ABC Limited is in a wide range of businesses which include apparels, lifestyle products, furniture, real estate and electrical products. The company is looking to hire a suitable Chief Executive Officer. Consider yourself as the HR consultant for ABC limited. You have been assigned the task to enlist the activities involved with the role of the Chief Executive Officer. Name the strategic level that this role belongs to and enlist the activities associated with it. (5 marks)</p>		

Answer:

The role of Chief Executive Officer pertains to Corporate level:

The corporate level of management consists of the Chief Executive Officer (CEO) and other top-level executives. These individuals occupy the apex of decision making within the organization.

The role of Chief Executive Officer is to:

1. oversee the development of strategies for the whole organization;
2. defining the mission and goals of the organization;
3. determining what businesses, it should be in;
4. allocating resources among the different businesses;
5. formulating, and implementing strategies that span individual businesses;
6. providing leadership for the organization;
7. ensuring that the corporate and business level strategies which company pursues are consistent with maximizing shareholders wealth; and
8. managing the divestment and acquisition process.