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PAPER-9

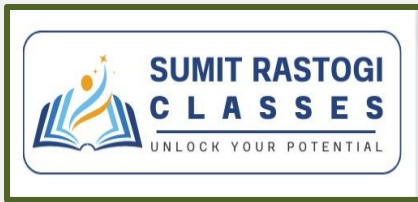
Operation Management & Strategic Management

Previous Year – Theory Questions

(DEC' 22 – JUNE' 26)

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OPERATION MANAGEMENT

Previous Year – Theory Questions

MODULE – 1

OM - INTRODUCTION

Question 1.

Briefly explain the characteristics of the modern production system. (Dec. 22)

OR

Today's production system characterized at least four features, in this context enumerate in tails what are the said features. (July 23)

OR

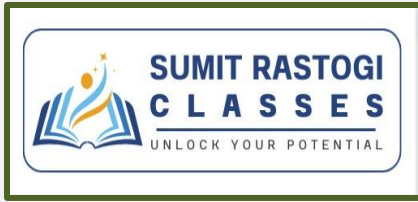
"The Production Management of Today presents certain characteristics which make it look totally different from what it was during the past. Specifically, To-day's production system is characterized by at least Four Features". In this Context Summarize the Said Features.

(June 24)

Answer 1

Characteristics of the modern production system

- 1. Manufacturing as Competitive Advantage:** In the past production was considered to be like any other function in the organisation. When the demand was high and production capacities were inadequate, the concern was to somehow muster all inputs and use 'them to 'Produce goods which would be grabbed by market.
But today's scenario is contrasting. Plants have excess capacities, competition is mounting and firms look and gain competitive advantage to survive and succeed. Production system offers vast scope to gain competitive edge and firms intend to exploit the potential.
Total Quality Management (TQM), Time-Based Competition, Business Process Re-engineering (BPRe), Just-in-Time (JIT), Focused Factory, Flexible Manufacturing Systems (FMS), Computer Integrated Manufacturing (CIM), and the Virtual Corporation are some techniques which the companies are employing to gain competitive advantage.
- 2. Services Orientation:** Service sector is gaining greater relevance these days. The production system, therefore, needs to be organised keeping in mind the peculiar requirements of the service component. The entire manufacturing needs to be geared to serve:
 - (a) intangible and perishable nature of the services,
 - (b) constant interaction with clients or customers,
 - (c) small volumes of production to serve local markets, and
 - (d) need to locate facilities to serve local markets. There is increased presence of professionals on the production, instead of technicians and engineers.



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3. **Disappearance of Smoke stacks:** Protective labour legislation, environmental movement and gradual emergence of knowledge based organizations have brought total transformation in the production system. Today's factories are aesthetically designed and built, environment friendly - in fact, they are homes away from homes. Going to factory every day is no more excruciating experience, it is like holidaying at a scenic spot.
4. **Small has Become Beautiful:** It was E.F. Schumacher who, in his famous book Small is Beautiful, opposed giant organizations and increased specialization. He advocated instead, intermediate technology based on smaller working units, community ownership, and regional workplaces utilising local labour and resources. For him, small was beautiful. Businessmen, all over the world, did not believe in Schumacher's philosophy. Inspired by economies of scale, industrialists went in for huge organisations and mass production systems.

Question 2.

List the recent trends in Production/Operations Management as a result of global competition and the impact on manufacturing firms. Explain in one or two sentences the implication of any four of such trends as listed. (Dec. 22, Dec. 23, Dec 25)

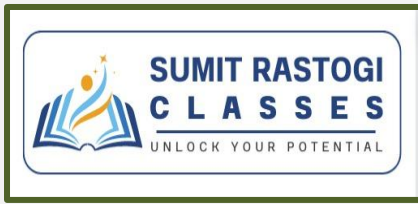
Answer 2

Recent Trends in Production/Operations Management: Recent trends in production/operations management relate to global competition and the impact it has on manufacturing firms. Some of the recent trends are:

- (i) Global Market Place,
- (ii) Production/Operations Strategy,
- (iii) Total Quality Management (TQM),
- (iv) Flexibility,
- (v) Time Reduction,
- (vi) Technology.
- (vii) Worker Involvement,
- (viii) Re-engineering,
- (ix) Environmental Issues,
- (x) Corporate Downsizing (or Right Sizing),
- (xi) Supply-Chain Management,
- (xii) Lean Production.

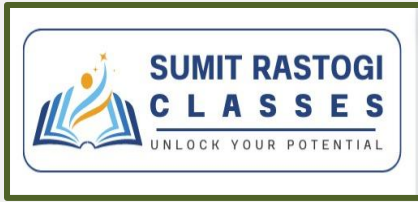
Various aspects of recent trends as follows:

- (i) **Global Market Place:** Globalisation of business has compelled many manufacturing firms to have operations in many countries where they have certain economic advantage. This has resulted in a steep increase in the level of competition among manufacturing firms throughout the world.



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- (ii) **Production/Operations Strategy:** More and more firms are recognising the importance of production/operations strategy for the overall success of the business and the necessity for relating it to their overall business strategy.
- (iii) **Total Quality Management (TQM):** TOM approach has been adopted by many firms to achieve customer satisfaction by a never-ending quest for improving the quality of goods and services.
- (iv) **Flexibility:** The ability to adapt quickly to changes in volume of demand, in the product mix demanded, and in product design or in delivery schedules, has become a major competitive strategy and a competitive advantage to the firms. This is sometimes called as agile manufacturing.
- (v) **Time Reduction:** Reduction of manufacturing cycle time and speed to market for a new product provides competitive edge to a firm over other firms. When companies can provide products at the same price and quality, quicker delivery (short lead times) provide one firm competitive edge over the other.
- (vi) **Technology:** Advances in technology have led to a vast array of new products, new processes and new materials and components. Automation computerization, information and communication technologies have revolutionized the way companies operate. Technological changes in products and processes can have great impact on competitiveness and quality, if the advanced technology is carefully integrated into the existing system.
- (vii) **Worker Involvement:** The recent trend is to assign responsibility for decision making and problem solving to the lower levels in the organisation. This is known as employee involvement and empowerment. Examples of worker involvement are quality circles and use of work teams or quality improvement teams.
- (viii) **Re-engineering:** This involves drastic measures or break-through improvements to improve the performance of a firm. It involves the concept of clean-slate approach or starting from scratch in redesigning the business processes.
- (ix) **Environmental Issues:** Today's production managers are concerned more and more with pollution control and waste disposal which are key issues in protection of environment and social responsibility. There is increasing emphasis on reducing waste, recycling waste, using less-toxic chemicals and using biodegradable materials for packaging.
- (x) **Corporate Downsizing (or Right Sizing):** Downsizing or right sizing has been forced on firms to shed their obesity. This has become necessary due to competition, lowering productivity, need for improved profit and for higher dividend payment to shareholders.
- (xi) **Supply-Chain Management:** Management of supply-chain, from suppliers to final customers reduces the cost of transportation, warehousing and distribution throughout the supply chain.
- (xii) **Lean Production:** Production systems have become lean production systems which use minimal amounts of resources to produce a high volume of high-quality goods with some variety. These systems use flexible manufacturing systems and multi-skilled workforce to have advantages of both mass production and job production (or craft production).



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Question 3.

“Many organisations have embraced strategies based on 'Quality' in Order to attract and retain customers. In this context list the decision areas in strategic operations management. (Dec. 22)

Answer 3

Decision areas in strategic operations management as follows:

1. Product and service design
2. Capacity
3. Process selection and layout
4. Work design
5. Location
6. Quality
7. Inventory
8. Maintenance
9. Scheduling
10. Supply chains
11. Projects

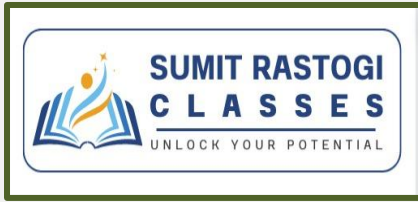
Question 4.

List down various activities lying under Production and Operations Management function. (Dec. 22)

Answer 4

Various activities lying under Production and Operations Management functions:

- (i) Location of facilities.
- (ii) Plant layouts and Material Handling.
- (iii) Product Design.
- (iv) Process Design.
- (v) Production Planning and Control.
- (vi) Quality Control.
- (vii) Materials Management.
- (viii) Maintenance Management



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Question 5.

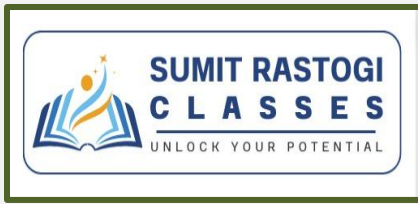
Align the major important decision areas under production and operations management.

(June 25)

Answer 5

The major decision areas under production and operation management are as follows:

1. Product Selection
2. Facility Location Selection
3. Demand Forecasting
4. Process Selection & Layout Decision
5. Capacity Planning
6. Aggregate Planning, Master Production Schedule
7. Materials Requirement Planning (MRP)/Manufacturing Resource Planning (MRPI)/Distribution Resource Planning (DRP)/Enterprise Resource Planning (ERP)
8. Inventory Management
9. Supplier Selection/Sourcing
10. Maintenance
11. Process Management
12. Warehousing/Transportation
13. Quality Management
14. Reverse Logistics



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MODULE – 2

OPERATIONS MANAGEMENT

Question 1.

“The layout selected in the conformity with layout principles should be an ideal one” In this context state what are these principles for plant layout. (July 23, Dec. 24)

Answer 1

The layout selected in conformity with layout principles should be an ideal one. These principles are:-

- **Principle of Minimum Travel:** Men and materials should travel the shortest distance between operations so as to avoid waste of labour and time and minimize the cost of materials handling.
- **Principle of Sequence:** Machinery and operations should be arranged in a sequential order. This principle is best achieved in product layout and efforts should be made to have it adopted in the process layout.
- **Principle of Usage:** Every unit of available space should be effectively utilized. The principle should receive top consideration in towns and cities where land is costly.
- **Principle of Compactness:** There should be a harmonious fusion of all the relevant factors so that the final layout looks well integrated and compact.
- **Principle of Safety and Satisfaction:** The layout should contain built in provisions for safety for the workmen. It should also be planned on the basis of the comfort and convenience of the workmen so that they feel satisfied.
- **Principle of Flexibility:** The layout should permit revisions with the least difficulty and at minimum cost.
- **Principle of Minimum Investment:** The layout should result in savings in fixed capital investment not by avoiding installation of the necessary facilities but by an intensive use of available facilities.

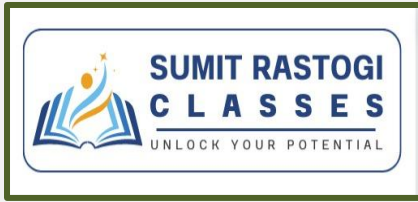
Question 2.

Analyze and summarize the various factors affecting the facility location Selection Decision. (June 26)

Answer 2

Factors affecting location selection decision

The following factors influence the location selection decision:



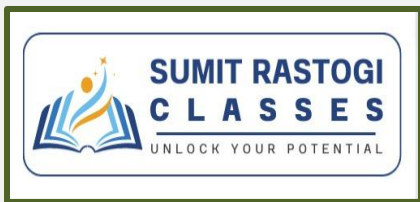
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1. Sourcing

- (i) Availability of raw materials
- (ii) Availability of natural resources, energy and waters
- (iii) Availability of Internet connectivity
- (iv) Proximity to the key suppliers
- (v) Connectivity to alternate vendors
- (vi) Opportunity to cross-docking and utilizing milk vans

2. Markets

- (i) Proximity to market
- (ii) Coverage of wide geographical area (with close proximity to target customers) keeping the facility at focal point
- (iii) Connectivity with a large customer base
- (iv) Lesser time to market
- (v) Connectivity



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MODULE – 3

DESIGNING OF OPERATIONAL SYSTEM AND CONTROL

Question 1.

“The design of product is crucial to success in to-day’s global completion”. Justify the statement by providing the feature of an excellent product design.

Answer 1

A Good Product Design can improve the marketability of a product by making it easier to operate or use, upgrading its quality, improving its appearance, and/or reducing manufacturing costs.

A Distinctive Design may be the only feature that significantly differentiates a product. An excellent design includes usability, aesthetics, reliability, functionality, innovation, and appropriateness.

An **Excellent Design** provides competitive advantage to the manufacturer, by ensuring appropriate quality, reasonable cost and the expected product features. Firms of tomorrow will definitely compete not on price and quality, but on product design.

The activities and responsibilities of product design include the following:

- (i) Define customer needs and Requirement of product and service requirements.
- (ii) Redesigning existing products.
- (iii) Developing new products (NEW product design and production)
- (iv) Setting quality goals (quality assurance, production).
- (v) Determination of cost targets.
- (vi) Constructing and testing prototype.
- (vii) Describe the specifications (product design).

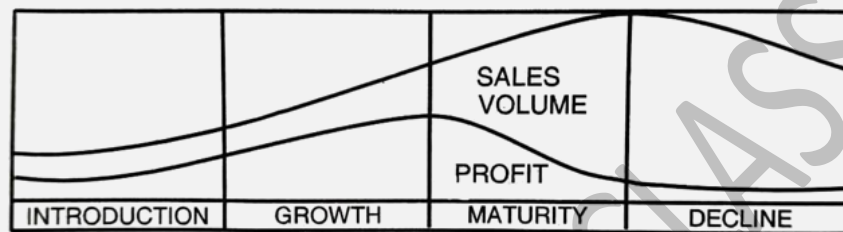
Objectives of Product Design:

- (i) The overall objective is profit generation in the long run.
- (ii) To achieve the desired product quality.
- (iii) To reduce the development time and cost to the minimum.
- (iv) To reduce the cost of the product.
- (v) To ensure Productibility or manufacturability (design for manufacturing and assembly).

Question 2.

“Likewise, the Business Organisations and Human Beings, each product has a life that goes through various phases or cycles” – In this Context, Analyze and Align the Prospective Phases of Product Life Cycle. (Dec. 25)

Answer 2

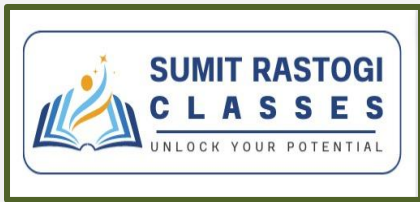


The **introduction stage** is preceded by "production planning and development". This period requires greater investment. This investment should be gradually recouped as the sales pick up. The concept of life cycle would give the management an idea to the time within which the original investment could be recouped. After testing, a product enters the introduction stage and the product will then become available in the national market. Sales would begin gradually as potential buyers learn of the product through advertising and other selling techniques. But the profits will be low as part of the investment is to be recouped besides heavy expenditure on selling.

In the **growth stage**, both sales and profits will begin to increase. It is here that similar other new products begin to appear in the market as substitutes and offer competition. The management, therefore, should try to change its approach by changing its strategy from "buy my product" to "try my product". At the end of this stage, the distribution arrangement is likely to get completed and the prices, if necessary, are reduced a little.

The **third stage** is the maturity stage. During this stage the manufacturers introduce new models or adopt methods such as trading-in, etc., to promote the sale of their brands with a view to retaining their position in the market. The number of buyers will continue to grow, but more slowly. In economic terms this is the stage where supply exceeds demand. Some of the promotional efforts may lengthen the span of this stage but they will not offer a permanent solution.

At the **final stage** of decline, profit margins touch a low level, competition becomes severe and customers start using newer and better products. It is here that the story of a product ends-a natural but hard end.



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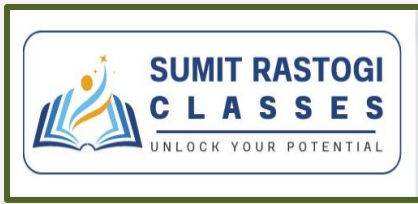
Question 3.

Enumerate what are the factors influencing the product design of a product. (June 23)

Answer 3

Factors affecting Product Design:

- (i) **Customer requirements:** The designers must find out the exact requirements of the customers to ensure that the products suit the convenience of customers for use.
- (ii) **Convenience of the operator or user:** The industrial products such as machines and tools should be so designed that they are convenient and comfortable to operate or use.
- (iii) **Trade-off between function and form:** The design should combine both performance and aesthetics or appearance with a proper balance between the two.
- (iv) **Types of materials used:** Discovery of new and better materials can improve the product design.
- (v) **Work methods and equipment's:** Designers must keep abreast of improvements in work methods, processes and equipment's and design the products to make use of the latest technology and manufacturing processes to achieve reduction in costs.
- (vi) **Cost/Price ratio:** In a competitive market, there is lot of pressure on designers to design products which are cost effective because cost and quality are built in the design.
- (vii) **Product quality:** The product quality partly depends on quality of design and partly on quality of conformance. The quality policy of the firm provides the necessary guide lines for the designers regarding the extent to which quality should be built in the design stage itself by deciding the appropriate design specifications and tolerances.
- (viii) **Process capability:** The product design should take into consideration the quality of conformance, i.e., the degree to which quality of design is achieved in manufacturing. This depends on the process capability of the machines and equipment's.
- (ix) **Effect on existing products:** New product designs while replacing existing product designs, must take into consideration the use of standard parts and components, existing manufacturing and distribution strategies and blending of new manufacturing technology with the existing one so that the costs of implementing the changes are kept to the minimum.
- (x) **Packaging:** Packaging is an essential part of a product and packaging design and product design go hand in hand with equal importance. Packaging design must take into account the objectives of packaging such as protection and promotion of the product. Attractive packaging enhances the sales appeal of products in case of consumer products.



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Question 4.

You are working as a Production Manager in a Manufacturing unit. You are required to determine whether resources are to be organized around products or process in order to implement the flow strategy. In this context, describe in brief the basic process types to be chosen. (Dec. 23)

Answer 4

A process is a sequence of activities that is intended to achieve some result, typically to create added value for the customers.

A process converts inputs outputs in a production system. It involves the use of organisation's resources to provide something of value. No product can be made no service can be provided without a process and no process can exist without a product or service.

Types of Process: basically process can be categorised as:

1. **Conversion processes**, ie., converting the raw materials into furnished product (for example, converting iron ore into iron and then to steel). The conversion process could be metallurgical or chemical or manufacturing or construction process.
2. **Manufacturing processes** can be categorised into (a) Forming process, (b) Machine process and (c) Assembly process.
3. **Testing processes** which involve inspection and testing of products (some-times considered as part of the manufacturing process).

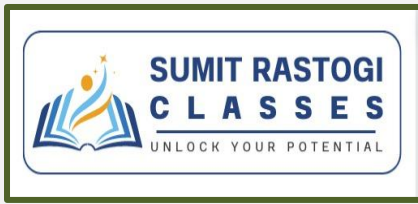
Forming processes include foundry process (to produce casting) and other process such as forging, stamping, embossing and spinning. These processes change the shape of the raw material (a metal) into the shape of the work-place without removing or adding material.

Machine processes comprise metal removal operations such as turning, milling, drilling, grinding, shaping, planning, boring etc.

Assembly processes comprise involve joining of parts or components to produce assemblies having specific functions. Examples of assembly processes are welding, brazing, soldering, riveting, fastening with bolts and nuts joining using adhesives.

The production manager has to choose from basic process types-

- (a) **Job shop process:** It is used in job shops when a low volume of high-variety goods are needed. Processing is intermittent, each job requires somewhat different processing requirements. A job shop is characterised by high customisation (made to order), high flexibility of equipment and skilled labour and low volume.
- (b) **Batch process:** Batch processing is used when a moderate volume of goods or service is required and also a moderate variety in product or services. A batch process differs from the job process with respect to volume and variety In batch processing volumes are higher because in batches include paint, ice cream, soft drinks, books and magazines.



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- (c) **Repetitive process:** This is used when higher volumes of more standardized goods or services are needed. This type of process is characterised by slight flexibility of equipment (as products are Standardised) and generally low labours skills. Products produced include automobiles, home appliances toys etc. Repetitive process is also referred to as line process as it include production lines and assembly lines in mass production.
- (d) **Continuous process:** This is used when a very high Standardised product is desired in high volumes. These systems have almost no variety in output and hence there is no need for equipment flexibility. A continuous process is the extreme end high volume, Standardised production with rigid line flows.
- (e) **Project process:** It is characterised by high degree of job customisation the large scope for each project and need for substantial resources to complete the project. Examples of projects are building a shopping centre, a dam, a bridge. construction of factory, hospital, developing a new product, publishing a new book etc.

Question 5.

"Customers pay for the products that best fulfil their requirements and provide them the desired value". In this Context append the Characteristic of a good product design.

(June 24)

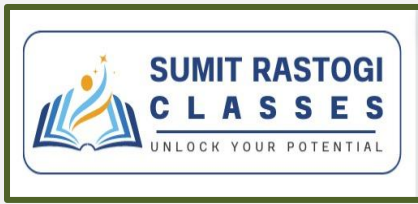
Answer 5

Product is an important part of the fundamental marketing mix. Customers pay for the products that best fulfill their requirement and provide them the desired value. The attributes and quality of the product triggers the demand which in turn is a reason for the existence of the value chains and hence organizations. There-fore, designing a product is an important strategic decision. Product design is a collection of interdependent directional activities that are planned and executed in a structured and planned way to develop the value propositions to be offered to the end customers for fulfilling their needs.

Characteristics of Good Product Design

A good product design must ensure the following:

- (a) **Product quality:** The product must satisfy the needs of the end customers while providing optimum value. The performance should be at par with the expectations.
- (b) The product must be reliable and worthy for paying for the same.
- (c) The product must be designed at an optimum cost to be offered at an afford-able price to the target customers.
- (d) The product must be having a shorter design to market lead time.
- (e) The aesthetics/looks of the product must create an immediate impression in the minds of the customers.
- (f) The product must be compatible, user-friendly and upgradable with availability of after sales support (e.g., spare parts)
- (g) The product must be easily maintainable and reproducible.
- (h) The product should balance between standardized basic features and customized augmented features.



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Question 6.

What is Design Thinking? Briefly discuss the five stages of design thinking.

(Dec. 24, June 26)

Answer 6

Define Design Thinking:

Design thinking is a non-linear, iterative process that seeks to understand user's needs, challenge assumptions, redefine problems and create innovative solutions to prototype and test. This is involving five phases—Empathize, Define, Ideate, Prototype and Test—it is most useful to tackle problems that are ill-defined or unknown.

Five stages of Design Thinking are discussed as follows:

Stage 1: Empathize — Research Your Users Needs

Here, you should gain an empathetic understanding of the problem you're trying to solve, typically through user research. Empathy is crucial to a human-centered design process such as design thinking because it allows you to set aside your own assumptions about the world and gain real insight into users and their needs.

Stage 2: Define — State Your Users' Needs and Problems

It's time to accumulate the information gathered during the Empathize stage. You then analyze your observations and synthesize them to define the core problems you and your team have identified. These definitions are called problem statements. You can create personas to help keep your efforts human-centered before proceeding to ideation.

Stage 3: Ideate—Challenge Assumptions and Create Ideas

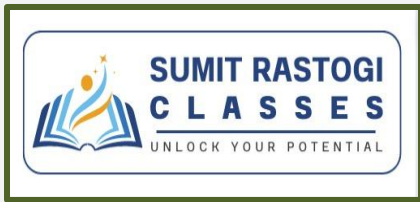
Now, you're ready to generate ideas. The solid background of knowledge from the first two phases means you can start to — “think outside the box”, look for alternative ways to view the problem and identify innovative solutions to the problem statement you've created. Brainstorming is particularly useful here.

Stage 4: Prototype — Start to Create Solutions

This is an experimental phase. The aim is to identify the best possible solution for each problem found. Your team should produce some inexpensive, scaled-down versions of the product (or specific features found within the product) to investigate the ideas you've generated. This could involve simply paper prototyping.

Stage 5: Test — Try Your Solutions Out

Evaluators rigorously test the prototypes. Although this is the final phase, design thinking is iterative: Teams often use the results to redefine one or more further problems. So, you can return to previous stages to make further iterations, alterations and refinements - to find or rule out alternative solutions.



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MODULE – 4

PRODUCTION PLANNING & CONTROL

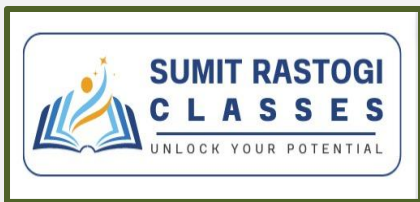
Question 1.

“Production Planning and Control fulfills its various objectives by focusing on the several important points/issues.” With reference to this statement, append those said important point/issues. (Any Ten) (Dec. 24)

Answer 1

Objectives of Production Planning and Control:

1. Analysing the orders to determine the raw materials and parts that will be required for their completion,
2. Answering questions from customers and salesmen concerning the status of their orders,
3. Assisting the costing department in making cost estimates of orders,
4. Assisting the human resource departments in the manpower planning and assignment of men to particular jobs,
5. Controlling the stock of finished parts and products,
6. Determining the necessary tools required for manufacturing,
7. Direction and control of the movement of materials through production process,
8. Initiating changes in orders as requested by customers while orders are in process,
9. Issuing requisitions for the purchase of necessary materials,
10. Issuing requisitions for the purchase or manufacture of necessary tools and parts,



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Question 2.

Describe the different types of Production Control.

(June 19, Dec. 23)

Answer 2

Production control can be of six types

(i)	Block control	This type of control is most prominent in textiles and book and magazine printing. In these industries it is necessary to keep things separated and this is the fundamental reason why industries resort to block control
(ii)	Flow control	This type of control is commonly applied in industries like chemicals, petroleum, glass, and some areas of food manufacturing and processing. Once the production system is thoroughly designed, the production planning and control department controls the rate of flow of work into the system and checks it as it comes out of the system. But, under this method, routing and scheduling are done when the plant is laid out. That is to say, the production line which is established is well balanced and sequenced before production operations begin; this type of control is more prevalent in continuous production systems.
(iii)	Load control	Load control is typically found wherever a particular bottleneck machine exists in the process of manufacturing
(iv)	Order control	The most, common type of production control is called order control. This type of control is commonly employed in companies with intermittent production systems, the so-called job-lot shops. Under this method, orders come into the shop for different quantities for different products. Therefore, production planning and control must be based, on the individual orders.
(v)	Special project control	Special production control is necessary in certain projects like the construction of bridges, office buildings, schools, colleges, universities, hospitals and any other construction industries. Under this type of control, instead of having sets of elaborate forms for tooling and scheduling, a man or a group of men keeps in close contact with the work.
(vi)	Batch control	Batch control is another important, type of production control which is frequently found in the food processing industries

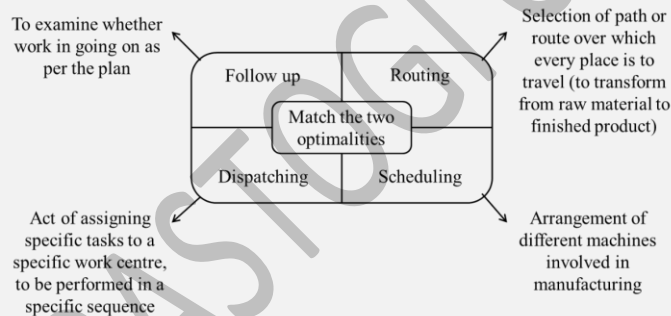
Question 3.

“Production Control involves the various function”. In accordance with this align these said functions. (June 24)

Answer 3

Production control involves the following functions:

- (i) Planning the production operations in detail.
- (ii) Routing, i.e., laying down the path for the work to follow and the order in which the various operations will be carried out,
- (iii) Scheduling, i.e., establishing the quantity of work to be done, and fixing the time table for performing the operations,
- (iv) Dispatching, i.e., issuing the necessary orders, and taking necessary steps to ensure that the time targets set in the schedules are effectively achieved,
- (v) Follow-up, taking necessary steps to check up whether work proceeds according to predetermined plans and how far there are variances from the standards set earlier,
- (vi) Inspection, i.e., conducting occasional check-ups of the products manufactured or assembled to ensure high quality of the production.



Question 4.

"Production planning and Control is a very important aspect of Production Management" In this context, append the basic six types of production control. (June 25)

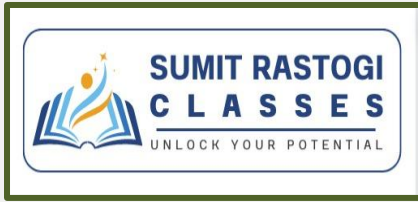
Answer 4

Production Planning and Control is nervous system of Production and Operation Management.

Basic types of Production Control:

Production Control can be of six types:

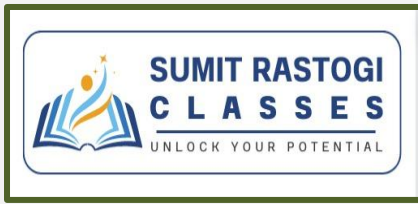
- (i) **Block Control:** This type of control is most prominent in textiles, book and magazine printing. In these industries it is necessary to keep things separated and this is the fundamental reason why industries resort to block control.
- (ii) **Flow Control:** This type of control is commonly applied in industries like chemicals, petroleum, glass, and some areas of food manufacturing and processing. Once the production system is thoroughly designed, the production planning and control department controls the rate of flow of work into the system and checks it as it comes out of the system.



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But, under this method, routing and scheduling are done when the plant is laid out. It means, the production line which is established is well balanced and sequenced before production operations begin; this type of control is more prevalent in continuous production systems.

- (iii) **Load Control:** Load control is typically found wherever a particular bottleneck machine exists in the process of manufacturing.
- (iv) **Order Control:** The most, common type of production control is called order control. This type of control is commonly employed in companies with intermittent production systems, the so-called job-lot shops. Under this method, orders come into the shop for different quantities for different products. Therefore, production planning and control must be based, on the individual orders.
- (v) **Special Project Control:** Special production control is necessary in certain projects like the construction of bridges, office buildings, schools, colleges, universities, hospitals and any other construction industries. Under this type of control, instead of having sets of elaborate forms for tooling and scheduling, a man or a group of men keeps in close contact with the work.
- (vi) **Batch Control:** Batch control is another important, type of production control which is frequently found in the food processing industries. Thus, production control in batch-system of control operates with a set of batch or lots. This type of control used in Pharma Company.



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MODULE – 5

PRODUCTIVITY MANAGEMENT & QUALITY MANAGEMENT

Question 1.

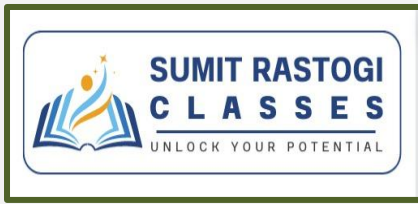
Analyze the three important tools which are used for increasing productivity in industry.

(June 25)

Answer 1

The productivity of an enterprise can be improved by improving the performance of various inputs and other factors affecting productivity. For this purpose, use of following tools can be recommended.

1. **Human Aspects:** Under this, cooperation of workers is sought in the following ways:
 - (i) More workers participation in management or in decision making through joint consultation.
 - (ii) Improving communication services.
 - (iii) Improving mutual trust and cooperation through improved job procedures, better training of employees, more workers incentives by implementing various incentive schemes, and labour welfare programmes.
 - (iv) Better planning of work, more effective management, more democracy in administration, improved human relations and selection and training of personnel at various levels of management are some human efforts from the side of management in order to improve the productivity.
2. **Supply of Inputs:**
 - (i) Improvement in the nature and quality of raw materials and their supplies to work.
 - (ii) Proper provision of plant, equipment and their maintenance.
 - (iii) Introduction of more and more machines and equipment in place of physical work.
 - (iv) Full utilisation of manpower and efficiency or capacity of plant and equipment employed.
3. **Technological Aspects:** Certain methodological and technological developments are also necessary to improve the productivity of the concern.
These are:
 - (i) Work, time and motion studies to determine better ways and means of doing a job.
 - (ii) Implementing various simplification, specialisation and standardisation programmes.
 - (iii) Applying control techniques comprising of production, planning and control, cost control and quality control techniques.
 - (iv) Improving layout of plants, shops and machine tools, and material handling and internal transportation system.
 - (v) Improving inspection techniques so as to minimise the wastage and defective work.



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STRATEGIC MANAGEMENT

Previous Year – Theory Questions

MODULE – 8

STRATEGIC MANAGEMENT - INTRODUCTION

Question 1.

According to Parikh and Neubauer (1993), a well-constructed Vision can provide the benefits. In this context enumerate what are their said benefits. (July 23)

Answer 1

Vision is a statement of the future. It articulates the basic characteristic that shape organisations strategy. It indicates where the organisation is headed and what it intends to be.

Vision, Mission and Objectives in Business:

Strategy Formulation' i.e. developing vision, mission, objectives and goals is the most important step of strategic management model. This step is considered as a path forming step, and provides the direction to organisation for movement in future. Vision: There is a quote that 'great visionary can foresee the future in advance and take steps accordingly to be at forefront'.

So, we can conclude that:

1. Vision provide a road map to Company's future.
2. Vision indicates the kind of company management is trying to create for future.
3. Vision specifies about company intention and capabilities to adapt to new technologies.
4. Vision also specifies management policies towards customers and societies.

The benefits of having a Vision

According to Parikh and Neubauer (1993), a Well-Constructed Vision can provide the following benefits:

- Good visions are inspiring and exhilarating.
- Vision represents a discontinuity, a step function and a jump ahead so that the company knows what it is to be.
- Good vision helps in the creation of a common identity and a shared sense of purpose.
- Good visions are competitive, original and unique. The make sense in the market place as they are practical.
- Good visions foster risk taking and experimentation.
- Good visions foster long term thinking
- Good visions represent integrity: they are truly genuine and can be used to the benefit of the people.

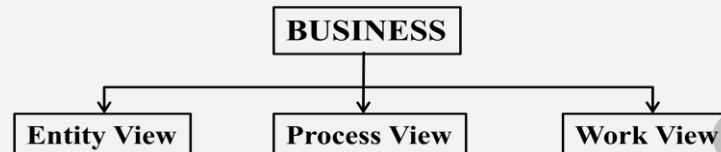
Question 2.

State what are the characteristics of objective in Business.

(July 23)

Answer 2

Business & its objectives:



- **Entity View:** It refers to any entity, company or corporation created and managed by people.
- **Process View:** It refers to state of being busy, i.e., one's regular occupation or profession.
- **Work View:** It refers to any activity consisting of purchase, sale, and manufacture, processing and marketing of products or services.

The important objectives of a business are:

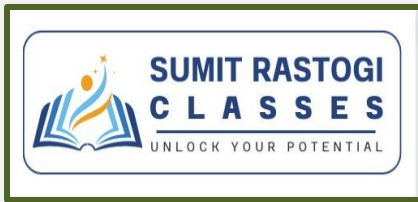
1. SURVIVAL:

- ◆ Survival is considered as a basic objective of every business.
- ◆ Survival represents the will to remain in business as long as possible, i.e. as a going concern.
- ◆ The ability to survive depends on
 - Nature of ownership,
 - Nature of business,
 - Competence (abilities) of management,
 - Financial strength of the enterprise, etc.

However, business and other enterprises are interested in more than mere survival.

2. STABILITY:

- ◆ It is a cautious (careful), traditional objective.
- ◆ Stability is a least expensive and risky objective in terms of managerial time and other resources.
- ◆ A stable enterprise minimizes managerial tensions.
- ◆ It is a strategy of least resistance (struggle) in a hostile (unfriendly) external environment.
- ◆ Thus stable enterprise ensures
 - Smooth work flow
 - Better efficiency



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3. GROWTH:

- ◆ This objective is associated with dynamism, promise and success.
- ◆ Enterprise growth may be measured in terms of
 - Increase in assets,
 - Manufacturing facilities,
 - Increase in sales volume in existing or through new products,
 - Improvement in profits and market share,
 - Increase in manpower employment,
 - Acquisition of other enterprises and so on.
- ◆ Growth may take the enterprise towards
 - Unknown and risky paths,
 - Full of promises and
 - Uncertainties.

4. EFFICIENCY:

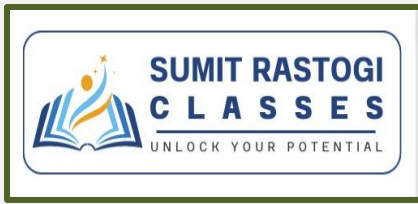
- ◆ Efficiency is an operational objective
- ◆ Efficiency is related to carrying out production at minimum cost.
- ◆ Business enterprise looks for efficiency
- ◆ In choosing appropriate means to achieve their goals.
- ◆ Doing things in the best possible manner and
- ◆ Utilizing resources in a most suitable manner to get highest productivity.

5. PROFITABILITY:

- ◆ It is generally declared that private enterprises are primarily motivated by the objective of profit.
- ◆ Profit is the overall measure of performance. Thus, it is the main objective of business
- ◆ Profit Maximization has a long-term viewpoint and includes
 - Development of wealth,
 - Increased goodwill,
 - Benefits to all shareholders.

Other objectives of a business include-

- Technological dynamism,
- Self-reliance,
- Competitive strength,
- Customer service and product quality,
- Employee satisfaction and welfare,
- Contribution to societal welfare.



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Question 3.

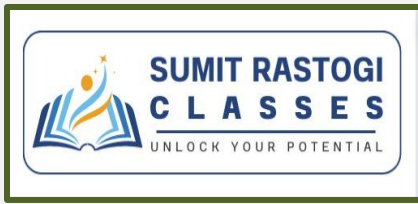
Explain in brief the various important issues that need to be kept in mind while setting up objectives of an organisation.

Answer 3

Objectives: Objectives form the basis of the functioning of an organisation. It is the setting of strategic objectives that the strategic vision of a firm into a specific performance target. Objectives play a very important role in the organisation. They define the organisation's relationship with the environment, help an organisation pursue its vision and mission, provide the basis for strategic decision making and provide the standards for performance appraisal. Objectives are defined as the ends that state specifically how the goals shall be achieved. They are concrete and much specific compared to goals and are open ended attributes that denote the future states or outcomes. Objectives should possess certain desirable characteristics in order to be effective.

The important issues that need to be kept in mind while setting objectives are as follows:

- (i) **Specificity:** Specificity is related to the organisational level for which a set of objectives have been stated. Objectives may be stated at different levels of specificity. At one extreme they might be very broadly stated goals and on the other extreme it may be translated into performance targets.
- (ii) **Multiplicity:** The issue of multiplicity arise from the fact that it is rare for an organisation to work on a single objective or a few objectives. Since objectives deal with a large number of functional areas, a large number of them have to be formulated to cover the diverse aspects of the organisation's functioning.
- (iii) **Periodicity:** Objectives may be set for different time frame. It is possible to set long term, medium term and short-term objectives. Normally organisations determine objectives for the long term and the short term. These different time frame of objectives need to be integrated with each other in order to achieve the desired result.
- (iv) **Verifiability:** The issue of verifiability revolves around the question of deciding whether an objective has been met or not. Moreover, linked to verifiability is the concept of quantification. A definite way to measure an objective is to quantify it. In cases where objectives cannot be quantified, qualitative objectives may be set.
- (v) **Reality:** It is often found that organisations have two set of objectives namely, official and operative. While the official objectives are those which the organisation professes to attain, the operative objectives are those which they seek to attain in reality. For example, developing human resource is the official objective of most of the organisations.
- (vi) **Quality:** The capability of an objective to provide a specific direction and a tangible basis for evaluating performance determines the quality of an objective. For example, stating that "to increase revenue" is considered to be a bad objective as it lacks the element of measurability.



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Question 4.

“Strategic Management involves a greater Scope than that of any one area of operational Management.” In this Context align the objectives of Strategic Management. (June 24)

Answer 4

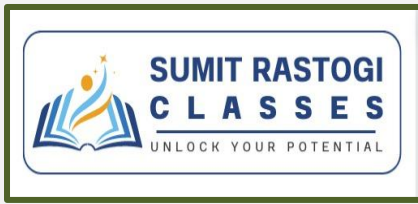
Objectives of Strategic Management

Strategic management is concerned with complexity arising out of ambiguous and non-routine situations with organisation wide rather than operation-specific implications. This is a major challenge for managers who are used to managing on a day-to-day basis the resources they control.

It can be a particular problem because of the background of managers who may typically have been trained, perhaps over many years, to undertake operational tasks and to take operational responsibility.

The objectives of strategic management may be listed as under:

- (i) To identify opportunities and adapt resources to exploit the opportunities created.
- (ii) To create opportunities by stretching the resources and competences of the organisation and capitalise them.
- (iii) To help managers to understand the key relationships among actions, context, and performance by providing the conceptual frameworks.
- (iv) To help an organisation enjoy competitive advantage.
- (v) To sustain and improve the competitive position by the deployment and acquisition of appropriate resources and by monitoring and responding to environmental changes.
- (vi) To monitor and remain responsive to the demands of key stakeholders.
- (vii) To identify the critical success factors and meet the needs and wants of the customers.
- (viii) To avoid failure by focusing on the building blocks of competitive advantage (superior efficiency, superior quality, superior innovation and superior responsiveness to customers), instituting continuous improvement and learning, tracking the best industrial practices and using benchmarking.
- (ix) To overcome inertia and accept the changes in the ever-changing environment to remain competitive and at times to survive.
- (x) To develop a creative and innovative attitude and to think strategically.



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Question 5.

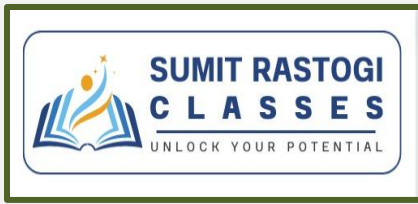
“Strategic Management was associated with increasing focus on competition as the central characteristic of the business environment” – In this context, append the basic elements of Strategic Management.

(June 25, June 26)

Answer 5

Strategic Management: It refers to a set of managerial decisions and actions that determines the long term performance of an organisation. Originally called ‘Corporate Planning’, the shift from ‘Corporate Planning’ to what became termed as ‘Strategic Management’ was associated with increasing focus on competition as the central characteristic of the business environment and competitive advantage as the primary goal of strategy.

- (a) Environmental scanning:** It refers to the monitoring, evaluating and disseminating of information from the external and internal environments to key people within the organisation. The purpose is to identify the strategic factors both internal and external elements that will shape the future of the organisation. The range of methods and techniques available for environmental scanning is wide. There are formal and systematic techniques as well as intuitive methods available. The techniques are single variable extrapolation, theoretical limit envelopes, dynamic modes, mapping, multivariate interaction analysis, unstructured expert opinion, structured expert opinion, structured inexpert opinion and unstructured inexpert speculation.
- (b) Strategy Formulation:** It refers to the development of long range plans for the effective management of environmental opportunities and threats, in the light of corporate strengths and weaknesses (SWOT). It includes defining the mission, setting objectives, developing strategies and setting policy guidelines.
- (c) Strategy Implementation:** It is the process by which strategies and policies are put into practice through the development of programs, budgets and procedures. This includes day to day decisions in resource allocation and is typically conducted by the middle and lower level managers with review by the top management. It involves taking actions at the functional, business and corporate levels to execute a strategic plan. Implementation includes, for example, putting quality improvement programs, changing the way product is designed, positioning the product differently, market segmentation, expanding through mergers and acquisitions and downsizing the company.
- (d) Evaluation and control:** It involves the process through which organisational activities and performances are monitored. The actual performances are compared to the desired performances and corrective actions are taken to resolve problems. The process of evaluation and control helps to identify the weakness and lacunae of the previously implemented strategic plan and thereby, stimulates the entire process to begin again.



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Question 6.

"The goal is to achieve quantity and quality of effort between individuals and the team" - In this context, analyze and append the details regarding the SMART goal framework to create organizational objectives. (Dec. 25)

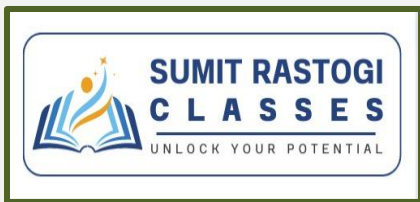
Answer 6

Goals: Well construed goals denote what an organisation hopes to accomplish in a future period of time. They represent future state of outcome of effort put in now. The set of goals that an organisation sets addresses a wide range of financial and non-financial issues. Goals are close-ended attributes which are precise and expressed in specific terms.

Objectives: Objectives form the basis of the functioning of an organization. It is the setting of strategic objectives that the strategic vision of a firm into a specific performance target. Objectives play a very important role in the organisation. They define the organization's relationship with the environment, help an organisation pursue its vision and mission, provide the basis for strategic decision making and provide the standards for performance appraisal.

Objectives are defined as the ends that state specifically how the goals shall be achieved. They are concrete and much specific compared to goals and are open ended attributes that denote the future states or outcomes. Objectives should possess certain desirable characteristics in order to be effective. **They are as follows:**

- (a) **Specific:** The first step towards setting objectives is to specify what the company wants to achieve. This involves answer to five specific set of questions namely, what the organisation wants to achieve? Why the company wants to achieve? Who are being involved in the process? Where it wants to achieve and which are the resources and constraints that needs to be identified? Specific objectives are more likely to lead and motivate the managers.
- (b) **Understandable:** The objectives should be such that they are understandable to those who are expected to achieve them. Clarity in objectives helps to avoid ambiguity which in turn helps to achieve the desired results.
- (c) **Measurable:** Objectives should be precise and measurable. There has to be a standard against which they can judge their performance. It is often considered to be a good practice to quantify objectives rather than to state them in qualitative terms. It helps to measure and control the achievement of the objectives with respect to comparable companies in a particular industry and in general.
- (d) **Attainable:** Objectives must be challenging but realistic or attainable. They give all employees an incentive to look for ways of improving the operations of an organisation. If an objective is unrealistic in the challenges it poses, employees may give up; an objective that is too easy may fail to motivate managers and other employees.
- (e) **Relevant:** Objectives must be linked to the overall vision and mission of the organisation. There should not be any conflict between the objectives that the management has set with the goals of the organisation. This is a very important task as misalignment between the two can lead to failure in achieving the corporate vision.
- (f) **Time Bound:** Objectives should specify a time period. Time constraints tell employees that success requires an objective to be attained by a given date, not after that date. Deadlines can inject a sense of urgency into objective attainment and act as a motivator. However, not all objectives require time constraints.



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MODULE – 9

STRATEGIC ANALYSIS & STRATEGIC PLANNING

Question 1.

Short note on Strategic Management and Strategic Planning.

(July 23)

Answer 1

Strategic Management	Strategic Planning
1) It is focused on producing strategic results; new markets; new product; new technologies etc.	1) It is focused on making optimal strategic decisions.
2) It is management by results.	2) It is management by plans
3) It is an organizational action process	3) It is an analytical process.
4) It broadens focus to include psychological, sociological and political variables	4) It is focused on business, economic and technological variables.
5) It is about choosing things to do and also about the people who will do them.	5) It is about choosing things to do.

Question 2.

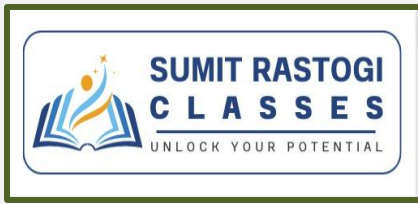
Enumerates What are the benefits of contingency planning.

(July 23)

Answer 2

Benefits of Contingency Planning.

- 1) It will make the future through their proactive planning and advanced preparation.
- 2) It will introduce original action by removing present difficulties.
- 3) It enables to anticipate future problems.
- 4) It will change the goals to suit internal and external changes.
- 5) It experiments with creative ideas and take initiative.
- 6) It will attempt to shape the future and create a more desirable environment.
- 7) It permits quick response to change.
- 8) It prevents panic in crisis situations.
- 9) It makes managers more adaptable to unforeseen changes.



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Question 3.

Examine Various Mechanisms that may be employed for identifying Strategic alternatives in the medium and large organisations. (Dec. 23)

Answer 3

Strategic alternatives are the different courses of action available to a firm to pursue its objectives at a given point of time. Generation of feasible alternatives is crucial for formulating and selecting appropriate strategies. But this is by no means an easy task, because there may be different strategic options available for accomplishing a particular objective.

The practice of generating strategic alternatives depends upon the size, style of management, characteristics of the industry and such other factors.

In a small organisation, all decisions are made by the owner or chief executive himself. These decisions deal with what an organization should do under alternative situations, what new businesses should be added, what existing businesses should be divested, whether to integrate forward or backward and such other strategic options are decided by the owner or chief executive of the organization.

In medium and large organizations, the following mechanisms may be employed for identifying strategic alternatives:

Brainstorming Sessions: In most organizations, strategic alternatives are identified during brainstorming sessions of top management and key executives. In such meetings, participants generate a number of alternatives. At this stage, no importance is given to the relative merits and demerits of the options. In the next stage, each alternative is reviewed and subjected to close scrutiny. The alternatives which are considered fairly appealing are further examined and analyzed for final selection.

Special Meetings: Some large organizations may hold special meetings of top executives away from their work, in a hotel or a holiday resort. This is to ensure that the process of thinking is not disturbed by interruptions during the course of deliberations. The participants present different alternative scenarios along with their recommended courses of action. Depending on the assumptions and future trends, each course of action is discussed and attempts are made to finalize the best options for further analysis.

Outside Consultants: Some organizations may engage the services of an outside consultant to handle the process of generating alternative strategies. The premise is that an outsider can observe the phenomenon objectively and dispassionately, and bring in his own expertise into the process. The outside viewpoint is expected to be new and fresh, and thus can show up many new opportunities to the organization.

Joint Meetings: Another useful way of generating alternatives is to hire the services of a consultant and also associate some internal members in the process. This method has the advantage of blending the new ideas contributed by the outside consultants with workable solutions from within the organization.

Question 4.

"The value chain describes the categories of activities within and around an organization which create a product or service". In this context, demonstrate the activities involved in value chain of an organization. (Dec. 23, June 25, June 26)

Answer 4

The value chain describes the categories of activities within and around an organisation, which together create a product or service. The concept was developed in relation to competitive strategy by Michael Porter. The term value chain refers to the idea that a company is a chain of activities that transforms inputs into outputs that customer's value. The transformation process involves both primary activities and support activities that add value to the product. Activities can be broadly divided into two types namely, primary activities and secondary or support activities.



Primary activities are directly concerned with the creation or delivery of a product or service. For example, for a manufacturing business the primary activists are as follows:

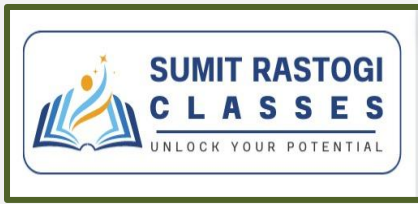
Inbound logistics are activities concerned with receiving; storing and distributing inputs to the product or service including materials handling, stock control, transport, etc.

Operations transform these inputs into the final product or service. Operations include machining, packaging, assembly, testing, etc. 10

Outbound logistics collect, store and distribute the product to customers, for example warehousing, materials handling, distribution, etc.

Marketing and sales provide the means whereby consumers/users are made aware of the product or service and are able to purchase it. This includes sales administration, advertising and selling.

Service includes those activities that enhance or maintain the value of product or service, such as installation, repair, training and spares.



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Support activities help to improve the effectiveness or efficiency of primary activities. The following are the support or secondary activities:

Procurement: It refers to the processes that occur in many parts of the organisation for acquiring the various resource inputs to the primary activities.

Technology development: All value activities have a 'technology', even if it is just know-how. Technologies may be concerned directly with a product or with processes or with a particular resource.

Human resource management: This transcends all primary activities. It is concerned with those activities involved in recruiting, managing, training, developing and rewarding people within the organisation.

Infrastructure: The formal systems of planning, finance, quality control, information management, and the structures and routines that are part of an organisation's culture.

In the value chain process the value can be added early in the value chain, i.e. upstream and later in the value chain, i.e. downstream.

Question 5.

"Identifying key drives for change helps managers to focus on the PESTEL factors that are most important and which must be addressed as the highest priority" -Justify the statement with the help of PESTEL Framework. (June 24)

OR

Summarize, in brief, a detailed explanation of the PESTEL Framework. (Dec. 25)

Answer 5

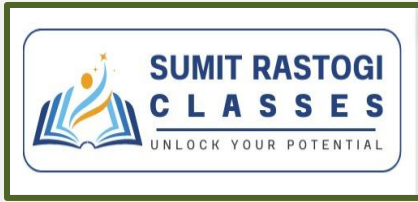
The PESTEL framework categorises environmental influences into six main types: political, economic, social, technological, environmental and legal. Politics highlights the role of governments.

(a) Political processes shape a society's laws, which constrain the operations of organisations and managers and thus create both opportunities and threats.

Political instability creates adverse conditions for the businesses to function, Investors rarely want to invest in countries where there is political turmoil and this in turn can be detrimental to the businesses in those regions. On the other hand, political stability and favourable government attitude towards businesses can create a lot of opportunities and is considered to be a favourable business environment.

(b) Macroeconomic forces affect the general health and well-being of a nation or the regional economy of an organisation which in turn affect companies' and industries' ability to earn an adequate rate of return. The four most important macroeconomic forces are the growth rate of the economy, interest rates, currency exchange rates, and inflation (or deflation) rates.

(c) Social influences include changing cultures and demographics. Demographic forces are outcomes of changes in the characteristics of a population, such as age, gender, ethnic origin, race, sexual orientation, and social class. Like the other forces in the general environment, demographic forces present managers with opportunities and threats and can have major implications for organisations.



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- (d) **Technological** influences refer to innovations such as artificial intelligence, internet, nano-technology, or the rise of new composite materials.
- (e) **Environmental** stands specifically for 'green' issues, such as pollution and waste. The environmental factors have now become extremely important for organisations as countries across the globe are increasingly concerned with the environmental changes and are striving towards clean, green and renewable sources of energy. The disposal of e-waste and global warming are also very important causes of concern. Organisations need to be more environment friendly.
- (f) Finally **legal** embraces legislative constraints or changes, such as health and safety legislation or restrictions on company mergers and acquisitions.
- For managers, it is important to analyse how these factors are changing now and how they are likely to change in the future, drawing out implications for the organisation.

Question 6.

Analyze the Techniques that can help to improve Strategic decision making. (June 24)

Answer 6

Techniques for Improving Decision Making

Devil's advocacy

It requires the generation of a plan, and a critical analysis of that plan. One member of the decision-making group acts as the devil's advocate, emphasizing all the reasons that might make the proposal unacceptable. In this way, decision makers can become aware of the possible perils of recommended courses of action.

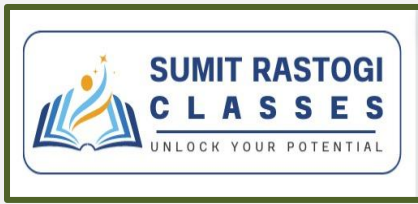
Dialectic inquiry

It is more complex because it requires the generation of a plan (a thesis) and a counter-plan (an antithesis) that reflect plausible but conflicting courses of action. Strategic managers listen to a debate between advocates of the plan and counter-plan and then decide which plan will lead to higher performance.

The purpose of the debate is to reveal the problems with the definitions, recommended courses of action, and assumptions of both plans. As a result of this exercise, strategic managers are able to form a new and more encompassing conceptualization of the problem, which then becomes the final plan (a synthesis). Dialectic inquiry can promote strategic thinking.

The outside view

It requires planners to identify a reference class of analogous past strategic initiatives, determine whether those initiatives succeeded or failed, and evaluate the project at hand against those prior initiatives.



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Group Think

- Concept was given by psychologist Irvin Janis.
- It occurs when a group of decision makers embarks upon a course of action without questioning underlying assumptions.
- Typically, a group coalesces (unites) around a person or policy.
- It ignores or filter out information that can be used to question the policy and develops after the fact rationalizations for its decision.
- Commitment to the mission or goals becomes based on an emotional rather than an objective assessment of the correct course of action.
- The consequences can be poor decisions.

Question 7.

Identify and analyze the five main steps involved in the Formal Strategic Planning Process. (Dec. 24)

OR

“The Formal Strategic Planning process has five main steps” – In accordance to this statement, Examine and Align the respective steps of Strategic Planning Process. (Dec. 25)

Answer 7

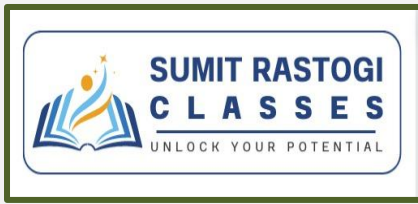
The formal strategic planning process has five main steps:

(i) Select the corporate mission and major corporate goals

The first component of the strategic planning process is crafting the organisation's mission statement, which provides the framework or context within which strategies are formulated. A mission statement has four main components: a statement of its reason for existence which is normally referred to as the mission; a statement of some desired future state, usually referred to as the vision; a statement of the key values that the organisation is committed to; and a statement of major goals.

(ii) Analyse the organisation's external competitive environment to identify opportunities and threats

The second component of the strategic planning process is an analysis of the organisation's external operating environment. The essential purpose of the external analysis is to identify strategic opportunities and threats within the organisation's operating environment that will affect how it pursues its mission. Three interrelated environments should be examined when undertaking an external analysis: the industry environment in which the company operates, the country or national environment and the wider socioeconomic or macro environment.



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(iii) Analyse the organisation's internal operating environment to identify the organisation's strengths and weaknesses

Internal analysis, the third component of the strategic planning process, focuses on reviewing the resources, capabilities, and competencies of a company. The goal is to identify the strengths and weaknesses of the company. The next component of strategic thinking requires the generation of a series of strategic alternatives, or choices of future strategies to pursue, given the company's internal strengths and weaknesses and its external opportunities and threats. The comparison of strengths, weaknesses, opportunities, and threats is normally referred to as a SWOT analysis. More generally, the goal of a SWOT analysis is to create, affirm, or fine-tune a company-specific business model that will best align, fit, or match a company's resources and capabilities to the demands of the environment in which it operates.

(iv) Select strategies

Managers select strategies that build on the organisation's strengths and correct its weaknesses in order to take advantage of external opportunities and counter external threats. In order to select the right strategies managers compare and contrast the various alternative possible strategies against each other and then identify the set of strategies that will create and sustain a competitive advantage. It is very important for the strategic managers to keep in mind that the strategies selected should be consistent with the mission and major goals of the organisation. They should be congruent and constitute a viable business model.

(v) Implement the strategies

In order to achieve a competitive advantage and increase profitability managers must put those strategies selected into action. Strategy implementation involves taking actions at the functional, business, and corporate levels to execute a strategic plan.

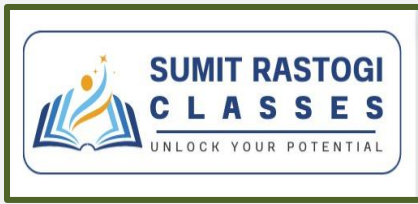
Question 8.

"Business Environment exhibits many characteristics". In this event, demonstrate in brief the said important characteristics of Business Environment. (Dec. 24)

Answer 8

Business environment exhibits many characteristics. Some of the important characteristics are as follows:

- (a) Environment is complex:** The business environment happens to be very complex as it comprises of a number of factors namely, events, conditions and influences arising from different sources interacting with each other to create entirely new sets of influences. It is indeed difficult to instantly say what factors constitute a given environment. Environment is a complex phenomenon and it is easier to understand it in segments or compartments rather than grasp in totality.



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- (b) **Environment is dynamic:** The changing nature of environment is a constant. The dynamism of the environment is largely due to large number of factors that continuously influences its character and shape.
- (c) **Environment is Multi-faceted:** The perception of the observer is very important to determine the shape and character of the environment. Changes in the environment may be perceived differently by different individual. The changes and developments may be considered to be an opportunity to one and a threat to others.
- (d) **Environment has a far reaching impact:** The impact of environment on an organisation is huge. It critically underpins the growth and profitability of an organisation. Any changes in the environment affect the organisation in more ways than one. The very survival and existence of an organisation is critically dependent on its environment

Question 9.

“Rockart has identified four major sources of Critical Success Factors” – In this Context examine, the said four sources of critical success factors citing examples. (June 25)

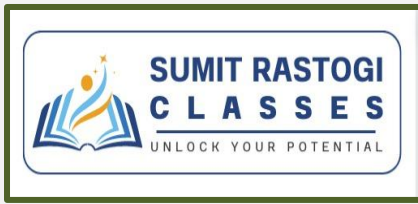
Answer 9

Critical Success Factors

Critical success Factors are those product features that are particularly valued by a group of customers, and, therefore, where the organisation must excel to outperform competition.

Rockart has identified four major sources of Critical Success Factors (CSFs)

- (a) **Structure of the Industry:** Some CSFs are specific to the structure of the industry for e.g., the extent of service support expected by the customers. Auto-mobile companies have to invest in building a national network of authorized service stations to ensure service delivery to their customers.
- (b) **Competitive strategy, industry position and geographic location:** CSFs also arise from the above factors for e.g. the large pool of English-speaking manpower makes India an attractive location for outsourcing the BPO needs of American and British firms.
- (c) **Environmental Factors:** CSFs may also arise out of general/business environment of a firm, like the deregulation of Indian industry. With the deregulation of telecommunication industry, many private companies had opportunities of growth.
- (d) **Temporal factors:** Certain short-term organisational developments like sudden loss of critical manpower (like the charismatic CEO) or break-up of the family owned business, may necessitate CSFs like 'appointment of a new CEO' or 'rebuilding the company image'. Temporarily such CSFs would remain CSFs till the time they are achieved.



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Question 10.

The BCG Matrix has several advantages, however, there are at least three potential problems with the BCG Matrix." - In this context, append the said three potential problems of BCG Matrix. (June 26)

Answer 10

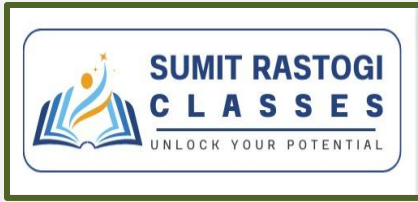
One of the most common and long-standing ways of conceiving of the balance of a portfolio of businesses is the Boston Consulting Group (BCG) matrix.

Here market share and market growth are critical variables for determining attractiveness and balance. High market share and high growth are, of course, attractive. However, the BCG matrix also warns that high growth demands heavy investment, for instance to expand capacity or develop brands. There needs to be a balance within the portfolio, so that there are some low growth businesses that are making sufficient surplus to fund the investment needs of higher growth businesses. The market growth/market share axes of the BCG matrix define four sorts of business:

- (a) A star is a business unit which has a high market share in a growing market. The business unit may be spending heavily to keep up with growth, but high market share should yield sufficient profits to make it more or less self sufficient in terms of investment needs.
- (b) A question mark (or problem child) is a business unit in a growing market, but not yet with high market share. Developing question marks into stars, with high market share, takes heavy investment. Many question marks fail to develop, so the BCG advises corporate parents to nurture several at a time. It is important to make sure that some question marks develop into stars, as existing stars eventually become cash cows and cash cows may decline into dogs.
- (c) A cash cow is a business unit with a high market share in a mature market. However, because growth is low, investment needs are less, while high market share means that the business unit should be profitable. The cash cow should then be a cash provider, helping to fund investments in question marks.
- (d) Dogs are business units with a low share in static or declining markets and are thus the worst of all combinations. They may be a cash drain and use up a disproportionate amount of company time and resources. The BCG usually recommends divestment or closure.

However, there are at least three potential problems with the BCG matrix:

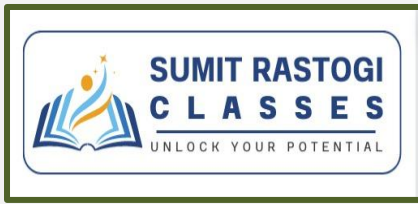
- 1. Definitional vagueness:** It can be hard to decide what high and low growth or share mean in particular situations. Managers are often keen to define themselves as 'high share' by defining their market in a particularly narrow way (for example, ignoring relevant international markets)
- 2. Capital market assumptions:** The notion that a corporate parent needs a balanced portfolio to finance investment from internal sources (cash cows) assumes that capital cannot be raised in external markets, for instance by issuing shares or raising loans.
The notion of a balanced portfolio may be more relevant in countries where capital markets are underdeveloped or in private companies that wish to minimise dependence on external shareholders or banks.



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3. Unkind to animals:

- Both cash cows and dogs receive ungenerous treatment, the first being simply milked, the second terminated or cast out of the corporate home. This treatment can cause motivation problems, as managers in these units see little point in working hard for the sake of other businesses.
- There is also the danger of the self-fulfilling prophecy. Cash cows will become dogs even more quickly than the model expects if they are simply milked and denied adequate investment.
- Finally, the notion that a dog can be simply sold or closed down also assumes that there are no ties to other business units in the portfolio, whose performance might depend in part on keeping the dog alive. This portfolio approach to dogs works better for conglomerate strategies, where divestments or closures are unlikely to have knock-on effects on other parts of the portfolio.



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MODULE – 10

FORMULATION & IMPLEMENTATION OF STRATEGY

Question 1.

What are the three most important characteristics of SBU? List down major reasons of using SBU approach. (July 23)

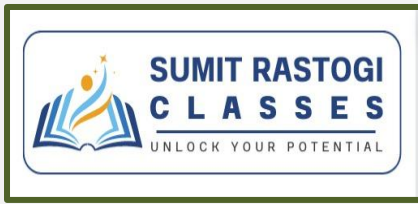
Answer 1

Three most important characteristics of SBU:

- 1) It is a single business or a collection of related businesses which offer scope for independent planning and which might feasibly stand-alone from the rest of the organisation.
- 2) Has its own set of competitors.
- 3) Has a manager who has responsibility for strategic planning and profit performance, and who has control of profit-influencing factors.

Major Reasons of using SBU approach:

- (a) A scientific method of grouping the businesses of a multi-business corporation which helps the firm in strategic planning.
- (b) An improvement over the geographical grouping of businesses and strategic planning based on locational units.
- (c) An SBU is a grouping of related businesses that can be taken up for strategic planning distinct from the rest of the businesses.
- (d) Grouping the businesses on SBU lines helps the firm in strategic planning by removing the ambiguity and confusion generally seen in grouping businesses.
- (e) Each SBU is a separate business from the strategic planning standpoint. In the basic factors, viz., mission, objectives, competition and strategy-one SBU will be distinct from another.
- (f) Each SBU will have its own distinct set of competitors and its own distinct strategy.
- (g) Each SBU will have a CEO. He will be responsible for strategic planning for the SBU and its profit performance; he will also have control over most of the factors affecting the profit of the SBU.



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Question 2

Briefly state what are the reasons of using strategic Business Unit.

(July 23)

Answer 2

Some of major reasons of using SBU approach are as follow:

- A scientific method of grouping the businesses of a multi-business corporation which helps the firm in strategic planning.
- An improvement over the geographical grouping of businesses and strategic planning based on locational units.
- An SBU is a grouping of related businesses that can be taken up for strategic planning distinct from the rest of the businesses.
- Grouping the businesses on SBU lines helps the firm in strategic planning by removing the ambiguity and confusion generally seen in grouping businesses.
- Each SBU is a separate business from the strategic planning standpoint. In the basic factors, viz., mission, objectives, competition and strategy-one SBU will be distinct from another.
- Each SBU will have it's own distinct set of competitors and it's own distinct strategy.
- Each SBU will have a CEO. He will be responsible for strategic planning for the SBU and it's profit performance; he will also have control over most of the factors affecting the profit of the SBU.

Question 3.

"In order to identify Critical Success Factor (CSF) in the industry there are three important areas that need to be analysed. They are known as Ohmae's three Cs." In this context enumerate what are the said three Cs.

(July 23)

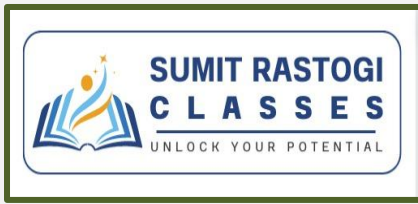
Answer 3

The 3C Model by Ohmae was developed by the Japanese organizational theorist Kenichi Ohmae, by the successful and optimum integration of these 3 factors (Customers, Competitors, and Corporation), the aim of sustained competitive advantage can be accomplished.

It offers a strategic look at the factors needed for success. These are the customer, the competitors, and the corporation. The primary goal of the 3C model should be the interest of the customer and not those of the shareholders because a company that is genuinely interested in its customers will automatically takes care of share- holder interests.

The Factor of 3 C's Model

The primary goal should be the interest of the customer and not those of the shareholders because a company that is genuinely interested in its customers will automatically take care of shareholder interests, as well as they need a full under- standing of who the competition is, and what that competition is capable of doing. If a company can bring together those 3 C's successfully in the strategy, they should be able to find the way into the right part of the market. Rather than focusing on what it is that they do best, they might feel the pull of going in several different directions while hoping to hit it big.



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Customers - The customers have needs and want and the company understands the requirements of the customers. The company should be able to understand, meet, and cater to the needs and demands of the customers rather than of the shareholders of the company.

Competitors - The business needs to conduct a thorough competitive analysis in the market figuring out that who are the direct competitors and who are the indirect competitors. Finding out their core strengths, business strategies, values, objectives, sales strategies, marketing strategies, and other such crucial facets is important to work out the plan to beat the competition and gain the advantage.

Corporation / Company - The company should be genuinely interested in the customers as doing the same will automatically take care of the shareholders, profits, sales, and other crucial objectives of the business. The customer should always be at the focal point of every business aspect.

Question 4.

Short note on the Marketing Concept and the Selling Concept.

(July 23)

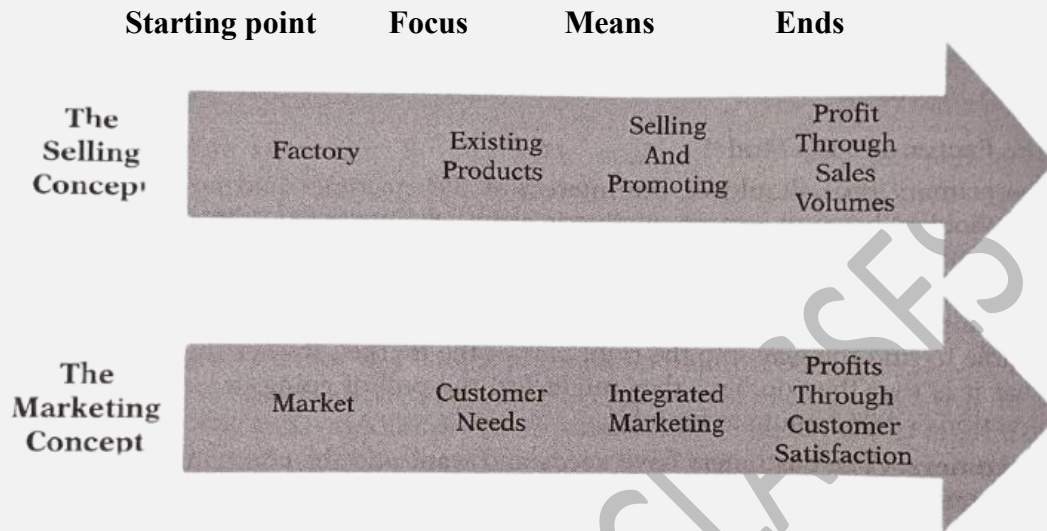
Answer 4

The Marketing Concept and the Selling Concept: The marketing concept is a business philosophy that challenges previous concepts. The marketing concept holds that the key to achieve organisational goals consists in determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors.

The marketing concept has been expressed in many colorful ways:

- (a) Meeting needs profitably
- (b) Find wants and fill them
- (c) Love the customer, not the product
- (d) Have it your way
- (e) You're the boss
- (f) To do all in our power to pack the customer's rupee full of value, quality and satisfaction.

The marketing concept rests on four main pillars, namely target market, customer needs, coordinated marketing and profitability. These are shown in the figure below, where they are constructed with a selling orientation. The selling concept takes an inside-out perspective.



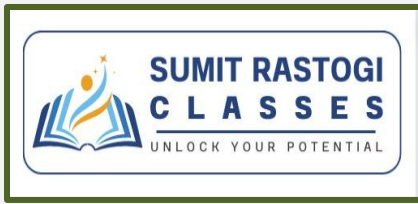
The selling and marketing concepts contrasted

It starts with the factory, focuses on the company's existing products, and calls for heavy selling and promoting to produce profitable sales. The marketing concept takes an outside-in perspective. It starts with a well-defined market, focuses on customer needs, co-ordinates all the activities that will affect customers and produces profit through customer satisfaction.

Most companies do not really grasp or embrace the marketing concept until driven to it by circumstances. Any of the following developments might produce them:

- 1) Sales decline
- 2) Slow growth
- 3) Changing buying patterns
- 4) Increasing competition
- 5) Increasing marketing expenditure.

In the course of converting to a market oriented company, a company will face three hurdles-organised resistance, slow learning and fast forgetting. But, since the marketing concept is concerned with how the business conduct itself, the application of the marketing concept to management decisions should begin at the strategic planning stage, and continue through product development and testing to its eventual sale in the market, and after sales services, in other words, throughout the value chain.



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Question 5.

“While designing a Control System, top management should remember that controls should follow strategy”. In this context enumerate the recommended guidelines for proper control. (Dec. 23, June 25)

Answer 5

Guidelines for Proper Control

In designing a control system, top management should remember that controls should follow strategy. Unless controls ensure the use of the proper strategy to achieve objectives, there is a strong likelihood that dysfunctional side effects will completely undermine the implementation of the objectives. **The following guide-lines are recommended:**

- Control should involve only the minimum amount of information needed to give a reliable picture of events: Too many controls create confusion. Focus on the strategic factors by following Pareto's 80/20 rule: Monitor those 20% of the factors determines 80% of the results.
- Control must be reasonable. Frequent reporting and rapid reporting may frustrate control.
- Controls do not work unless they are acceptable to those who apply them.
- Controls should monitor only meaningful activities and results, regardless of measurement difficulty: If cooperation between divisions is important to corporate performance, some form of qualitative or quantitative measure should be established to monitor cooperation.
- Controls must be flexible to take care of changing circumstances.
- Controls should be timely so that corrective action can be taken before it is too late: Steering controls, controls that monitor or measure the factors influencing performance, should be stressed so that advance notice of problems is given.
- Long-term and short-term controls should be used: If only short-term measures are emphasized, a short-term managerial orientation is likely.
- Controls should aim at pinpointing exceptions: Only activities or results that fall outside a predetermined tolerance range should call for action.
- Emphasize the reward of meeting or exceeding standards rather than punishment for failing to meet standards: Heavy punishment of failure typically results in goal displacement. Managers will fudge reports and lobby for lower standards.

Question 6.

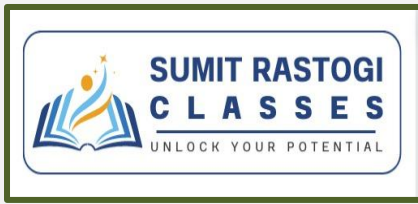
Demonstrate in brief some of the areas that have the ability to create goal congruence.

(Dec. 23, Dec. 24, June 26)

Answer 6

Goal congruence is the term that is used to describe the situation when the goals of different interest groups coincide.

The achievement of goal congruence is essential in order to increase the profitability of the organisation and to achieve its goals.



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It is very important that the individual goals are consistent with the organisational goals. It may be said that in a perfect organisation individual goals and organisational goals should correspond perfectly.

Aspects of Goal Congruence

The following are some of the areas that have the ability to create goal congruence:

a. Communication and Understanding

Channels of communication and how goals are perceived are important to achieve goal congruence. Operational managers have a responsibility of being aware as to what actions are desirable and what goals are to be achieved. It should be understood that the communication of different goals can occur through informal channels, which involves meetings and face to face inter-actions, or through formal channels including budgets or other financial documents. There is an inherent risk that even if the communication is well executed, it might be perceived in different ways. Organisations, therefore, should internalise the goals in a good manner to avoid that employees feel inability to achieve them.

b. Create direction

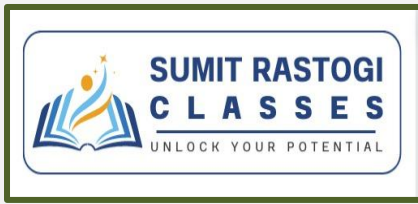
One of the reasons for lack of goal congruence is the absence of direction related to employees' behaviour. Performance management and goals facilitate efficient communication about what managers want their subordinates to focus on. It needs no mention that providing clear information and direction, employees can better understand what is expected from them, how to perform adequately, and how to contribute effectively to the achievement of the organisational goals. There is a need to increase the employees' understanding of the strategic objectives as well as the organisation's value drivers.

c. Motivation

The problem of motivation can exist even though employees have knowledge about how to perform adequately because employees can act in their own self interest instead of in the organisation's best interest. The employees can make their own performance report better by allocating resources without befitting the organisation as a whole. One of the strongest reasons for demotivation among employees and managers is dislike for the work allocated. The reason for motivation varies among employees. While some employees feel motivated for some recognition and appraisals others may feel motivated because of commitment and responsibility without any required pay off. The more motivated the employees of the organisation the better will be the goal congruence.

d. Incentives

In order to increase the likelihood of employees working to achieve their individual goals, organisation's aim to influence motivation by providing incentives. Research suggests that individuals tend to perform better when they are rewarded. Rewards and compensations should create goal congruence between individual goals and organisational goals by stimulating individuals to perform by providing incentives, as rewards are related to increased effort.



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e. Connection

It is very important to create a connection between goals, performance measures and incentives. In order to align the employees' self interest and overall organisational objectives it is necessary to relate incentives with performance. By linking incentives to certain goals, individuals tend to pay more attention to what is important.

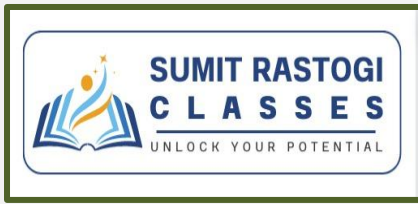
Question 7.

"Michael Goold and Andrew Campbell provide Nine design tests against which to check specific tailor-made structural Solutions “- in this Context, Analyze any seven of these nine test. (June 24)

Answer 7

Structural choice depends on the strategic challenges the organisation faces. Structures often blend different types and have to be tailor-made to the particular mix of challenges facing the organisation. Michael Goold and Andrew Campbell provide nine design tests against which to check specific tailor-made structural solutions. The first four tests stress fit with the key objectives and constraints of the organisation:

- (a) **The Market-Advantage Test:** This test of fit with market strategy is fundamental, following Alfred Chandler's classic principle that 'structure follows strategy. For example, if coordination between two steps in a production process is important to market advantage, then they should probably be placed in the same structural unit.
- (b) **The Parenting Advantage Test:** The structural design should fit the 'parenting' role of the corporate centre. For example, if the corporate centre aims to add value as a synergy manager, then it should design a structure that places important integrative specialisms, such as marketing or research, at the centre.
- (c) **The People Test:** The structural design must fit the people available. It is dangerous to switch completely from a functional structure to a multidivisional structure if, as is likely, the organisation lacks managers with competence in running decentralised business units.
- (d) **The Feasibility Test:** This is a catch-all category, indicating that the structure must fit legal, stakeholder, trade union or similar constraints. For example, after scandals involving biased research, investment banks are now required by financial regulators to separate their research and analysis departments from their deal-making departments. Goold and Campbell then propose five tests based on good general design principles.
- (e) **The Specialised Cultures Test:** This test reflects the value of bringing together specialists so that they can develop their expertise in close collaboration with each other. A structure fails if it breaks up important specialist cultures.
- (f) **The Difficult Links Test:** This test asks whether a proposed structure will set up links between parts of the organisations that are important but bound to be strained. For example, extreme decentralisation to profit-accountable business units is likely to strain relationships with a central research and development department. Unless compensating mechanisms are put in place, this kind of structure is likely to fail.



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- (g) **The Redundant Hierarchy Test:** Any structural design should be checked in case it has too many layers of management, causing undue blockages and expense. Delaying in response to redundant hierarchies has been an important structural trend in recent years.
- (h) **The Accountability Test:** This test stresses the importance of clear lines of accountability, ensuring the control and commitment of managers throughout the structure. Because of their dual lines of reporting, matrix structures are often accused of lacking clear accountability.
- (i) **The Flexibility Test:** In a fast-moving world, an important test is the extent to which a design will allow for change in the future. For instance, divisional domains should be specified broadly enough to allow divisional managers to follow new opportunities as they emerge.

Question 8.

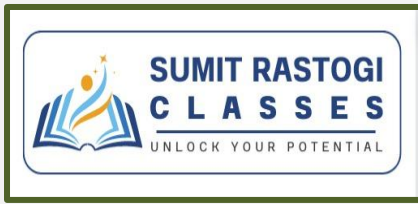
"Hammer and Champy (1993) point to the existence of a set of 'commonalities, recurring themes or characteristics' that can guide Business Process Re-engineering (BPR)". In accordance with this, align the said Commonalities or characteristics that guide BPR.

(June 24)

Answer 8

BPR recognises that production and commercial processes involve complex interactions among many individuals and evolve over time with little conscious or consistent direction. Hammer and Champy (1993) point to the existence of a set of 'commonalities, recurring themes, or characteristics' that can guide BPR. **These include:**

- (a) Combining several jobs into one.
- (b) Allowing workers to make decisions.
- (c) Performing the steps of a process in a natural order.
- (d) Recognition that processes have multiple versions and designing processes to take account of different situations.
- (e) Performing processes where it makes the most sense, e.g., if the accounting department needs pencils, it is probably cheaper for such a small order to be purchased directly from the office equipment store along the block than to be ordered via the firm's purchasing department.
- (f) Reducing checks and controls to the point where they make economic sense.
- (g) Minimizing reconciliation.
- (h) Appointing a case manager to provide a single point of contact at the interface between processes.
- (i) Reconciling centralization with decentralization in process design - e.g., via a shared database, decentralized decisions can be made while permitting overall coordination simply through information sharing.



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Question 9.

The Transnational Structure seeks to obtain the best form of the two extreme International Strategies, the Multi-Domestic Strategy and the Global Strategy". In this context, identify and discuss the characteristics of Transnational Structure. (Dec. 24)

Answer 9

The transnational structure

A transnational structure combines the local responsiveness of the international subsidiary with the coordination advantages found in global product companies.

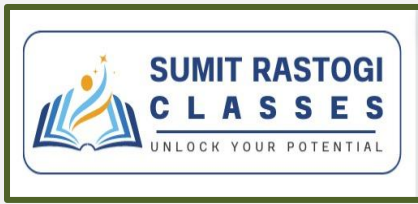
The transnational structure seeks to obtain the best from the two extreme international strategies, the multi-Domestic strategy and the global strategy.

A global strategy would typically be supported by global product divisions; a multi domestic strategy would be supported by local subsidiaries with a great deal of design, manufacturing and marketing autonomy for all products.

The transnational structure, however, attempts to achieve both high local responsiveness and high global coordination. The transnational is like a matrix but has two specific features: first, it responds specifically to the challenge of internationalisation; second, it tends to have more fixed responsibilities within its crosscutting dimensions.

The transnational has the following detailed characteristics:

- (a) Each national unit operates independently, but is a source of ideas and capabilities for the whole corporation. For example, in Unilever, the centre for innovation in hair-care products worldwide is in France.
- (b) National units achieve greater scale economies through specialisation on behalf of the Whole Corporation, or at least large regions. Unilever in Europe has replaced its web of small national food manufacturing units with a few specialised larger factories that export its products to other European countries.
- (c) The corporate centre manages this global network by first establishing the role of each business unit, then sustaining the systems, relationships and culture to make the network of business units operate effectively. Unilever has established a system of 'forums' bringing managers together internationally to help them swap experience and coordinate their needs. The success of a transnational corporation is dependent on the ability simultaneously to achieve global competences, local responsiveness and organisation wide innovation and learning. This requires clarity as to boundaries, relationships and the roles that the various managers need to perform.
- (d) Global business managers have the overriding responsibility to further the company's global competitiveness, which will cross both national and functional boundaries. They must be the product/market strategist, the architect of the business resources and competences, the driver of product innovation and the coordinator of transnational transactions.



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- (e) Country or area managers have potentially a dual responsibility to other parts of the transnational. First, they must act as a sensor of local needs and feed these back to those responsible internationally for new products or services. Second, they should seek to build unique competences: that is, becomes a centre of excellence which allows them to be a contributor to the company as a whole, in manufacturing or research and development, for instance.
- (f) Functional managers such as finance or IT have a major responsibility for ensuring worldwide innovation and learning across the various parts of the organisation. This requires the skill to recognise and spread best practice across the organisation. So they must be able to scan the organisation for best practice, cross-pollinate this best practice and be the champion of innovations.
- (g) Corporate (head office) managers integrate these other roles and responsibilities. Not only are they the leaders, but they are also the talent spotters among business, country and functional managers, facilitating the interplay between them. For example, they must foster the processes of innovation and knowledge creation. They are responsible for the development of a strong management centre in the organisation.

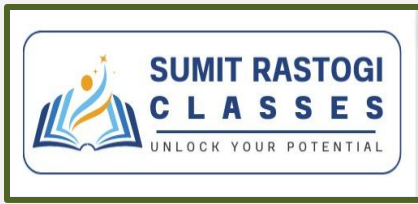
Question 10.

Analyze the differences between Strategy Formulation and Strategy Implementation according to David (2005). (June 25)

Answer 10

According to David the following are the differences between the strategy formulation and strategy implementation

Strategy Formulation	Strategy Implementation
It involves positioning forces before the action.	It involves managing forces during the action.
The focus is on effectiveness.	The focus is on efficiency.
It is primarily an intellectual process.	It is primarily an operational process.
It requires good intuitive and analytical skills.	It requires motivation and leadership skills.
Requires coordination among few individuals.	Requires coordination among many individuals.



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Question 11.

What do you infer from Project-based Structures? Align the advantages and disadvantages of project based structures. (Dec. 25)

Answer 11

Project-based structures

A project-based structure is one where teams are created, undertake the work and are then dissolved. This can be particularly appropriate for organisations that deliver large and expensive goods or services (civil engineering, information systems, films) or those delivering time-limited events (conferences, sporting events or consulting engagements). The organisation structure is a constantly changing collection of project teams created, steered and glued together loosely by a small corporate the 'main' structure. For example, taskforces are set up to make progress on new group. Many organisations use such teams in a more ad hoc way to complement elements of strategy or to provide momentum where the regular structure of the organisation is not effective.

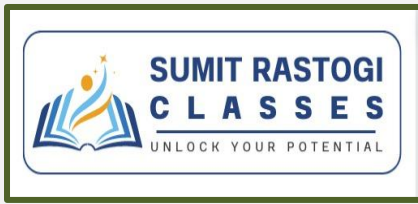
Advantages of Project-based structures

- (a) The project-based structure can be highly flexible, with projects being set up and dissolved as required.
- (b) Accountability and control are good because project teams should have clear tasks to achieve within a defined life.
- (c) Projects can be effective at knowledge exchange as project team members will typically be drawn from different departments within the firm.
- (d) Projects can also draw members internationally and, because project life spans are typically short, project teams may be more willing to work temporarily around the world.

Disadvantages of Project-based structures

- (a) Without strong programme management providing overarching strategic control, organisations are prone to proliferate projects in an ill-coordinated fashion.
- (b) The constant breaking up of project teams can also hinder the accumulation of knowledge over time or within specialisms.

Overall, project-based structures have been growing in importance because of their inherent flexibility. Such flexibility can be vital in a fast-moving world where individual knowledge and competences need to be redeployed and integrated quickly and in novel ways.



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Question 12.

Critically assess the important reasons that lead an organization to under-take Business Process Re-engineering. (Dec. 25)

Answer 12

Business Process Engineering may be considered to be a radical redesign of business processes often used by companies to cut costs and return to profitability. During the 1990s, recognition that the re-design of operational processes could achieve substantial efficiency gains stimulated a surge of interest in a new management tool called business process reengineering (BPR). It may be mentioned that BPR is not in itself a type of structure, but it is an effective program to implement a turnaround strategy. Hammer and Champy (1993) defined BPR as 'the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical contemporary measures of performance such as cost, quality, service, and speed. There are primarily three important reasons that lead an organisation to undertake re-engineering:

- (i) An organisation needs dramatic improvements to sustain itself and is already in deep trouble. High failure rates of products and repetitive customer complaints can be a one of the reasons that can cause huge disruption in the functioning of the organisation.
- (ii) The need for re-engineering can be felt by the management keeping in mind the imminent problems that the organisation is expected to face in the future due to some dramatic changes in the environment, both internal and external.
- (iii) There can be situations when reengineering can help organisations to be in better position than they are currently in.

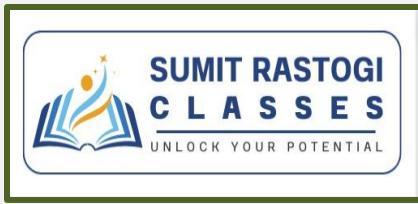
Question 13.

Discuss four concerns while implementing the Business Process Re-engineering program. (Dec. 25)

Answer 13

Concerns in BPR

- (a) One of the major realizations to emerge from BPR is that most business processes are complex. To redesign a process one must first understand it.
- (b) Process mapping exercises reveal that even seemingly simple business processes, such as the procurement of office supplies, involve complex and sophisticated systems of interactions among a number of organizational members.
- (c) Many organizational routines operate without any single person fully understanding the mechanism.
- (d) Hammer and Champy's (1993) recommendation to 'obliterate existing processes and start with a 'clean sheet of paper runs the risk of destroying organizational capabilities that have been nurtured over a long period of time.



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Question 14.

The Human Resources Strategy plays a vital role in the business environment. The management of human resources involves a lot of issues called 'harder' issues and softer' issues. With reference to these statements, analyse and align the softer issues (people and behavior). (Dec. 25)

Answer 14

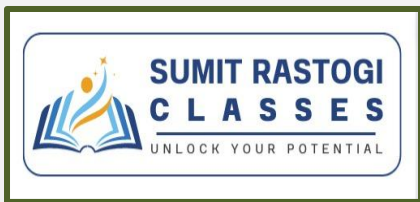
Human Resource Strategy: Employee productivity is one of the key determinants of an enterprise's efficiency, cost structure, and profitability. Productive manufacturing employees can lower the cost of goods sold as a percentage of revenues, a productive sales force can increase sales revenues for a given level of expenses, and productive employees in the company's R&D function can boost the percentage of revenues generated from new products for a given level of R&D expenses. Thus, productive employees lower the costs of generating revenues, increase the return on sales, and, by extension, boost the company's return on invested capital. The challenge for a company's human resource function is to devise ways to increase employee productivity. Among its choices are using certain hiring strategies, training employees, organizing the workforce into self-managing teams, and linking pay to performance.

The importance of human resource cannot be undermined. The management of this resource is not similar to the other resources of the organisation. There a lot of issues with respect to managing human resource. Some are called the 'harder' issues and the some are 'softer' ones.

People and behaviour

People are not like other resources. They influence strategy both through their competence and through their collective behaviour (culture). It may be emphasised that many of the problems of managing change result from a failure to understand, address and change culture. This 'soft' side of HR management is concerned with the behaviour of people - both individually and collectively. The softer issues include the following:

- (a) Understanding how they may need to change the paradigm of the organisation. This is particularly important when the business environment is changing quickly.
- (b) Seeing their own role as people-oriented 'shapers of context' and not just as 'business analysts'. This will require an understanding of how these 'softer' aspects of strategy help or hinder strategic success.
- (c) Understanding the relationship between behaviours and strategic choices. This is crucial if managers are properly to prioritise their efforts in managing organisational behaviours. For example, there may be some strategies where an organisation's current culture gives unique advantage over other organisations. Culture is a core competence.
- (d) Being realistic about the difficulty and time-scales in achieving behaviour changes. Culture change is a long process of changing behaviors. The hard change tools (structures and systems) if used alone are unlikely to deliver.
- (e) Being able to vary their style of managing change with different circumstances. So a manager's relationship and leadership skills with both internal and external stakeholders are important. Also, teams in organisations must be capable of operating different styles simultaneously. Therefore, a manager's ability to build and maintain teams of different personality types is just as important as the mix of competences in those teams.



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MODULE - 11

DIGITAL STRATEGY

Question 1.

List down the steps that an organisation should take for digital transformation.

Answer 1

Digital Transformation: One has to embark upon the journey with strategically planned tasks for managing changes and applying digital technology to stay ahead of competition with an agile mindset. Taking all the possible measures for training up skilling of workforce and inculcating digital agility.

Steps of Digital Transformation:

1. **Data Aggregation** - Aggregation of business relevant data from reliable sources, including conversion of analogue data to digital form and store for easy retrieval.
2. **Data Management** - Categorizing and organizing the digitized data and making it ready for application of further processes.
3. **Workflow Automation** - Application of algorithms and utilizing the data for the business process to be envisioned.
4. **Process Component** - Application of algorithms and start utilizing the data for the business process.
5. **Platform Interface Integration** - Integrating the digital system with the core systems for smoother operations.
6. **End to end Processing-** Conducting end to end processing and ensure error free transformation.
7. **Front End Software** - Integrating with the front end of stakeholders' devices so that she/he can get seamless services in a technologically collaborated mode.

Question 2.

What is Cloud Computing? Explain the merits and demerits of Cloud Computing.(Dec. 23)

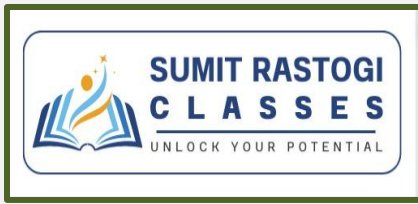
Answer 2

Cloud Computing

Cloud computing is a general term for anything that involves delivering hosted services over the internet.

Cloud can be private or public.

- A public cloud sells services to anyone on the internet.
- A private cloud is a proprietary network or a data center that supplies hosted services to a limited number of people, with certain access and permissions settings.



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Examples of cloud computing

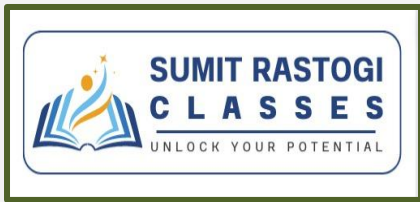
Google Docs, Microsoft 365, Email services, Google Calendar, Skype, WhatsApp, etc.

Three main types of cloud computing

1. **Infrastructure as a Service (IaaS)** provider, such as Amazon Web Services (AWS), supply a virtual server instance and storage, as well as Application Programming Interfaces (APIs) that let users migrate workloads to a Virtual Machine (VM). Users have an allocated storage capacity and can start, stop, access and configure the VM and storage as desired.
2. In the **Platform as a Service (PaaS)** model, cloud providers host development tools on their infrastructures. Users access these tools over the internet using APIs, web portals or gateway software. PaaS is used for general software development, and many PaaS providers host the software after it's developed.
3. **Software as a Service (SaaS)** is a distribution model that delivers software applications over the internet; these applications are often called web services. Users can access SaaS applications and services from any location using a computer or mobile device that has internet access. In the SaaS model, users gain access to application software and databases.

Merits of cloud computing

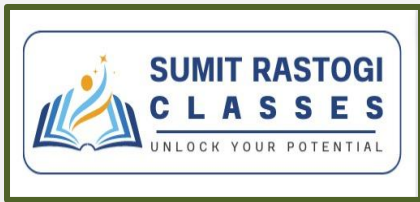
- ❖ **Cost Management:** Cloud infrastructure can reduce capital costs, as organizations don't have to spend massive amounts of money buying and maintaining equipment. Moreover, companies don't need large IT teams to handle cloud data center operations because they can rely on the expertise of their cloud providers' teams. Cloud computing also cuts costs related to downtime.
- ❖ **Data and Workload Mobility:** Cloud computing allows users to access data from anywhere with any device with just an internet connection. That means users don't have to carry around USB drives, an external hard drive or multiple CDs to access their data. Users can access corporate data through Smart phones and other mobile devices, enabling remote employees to stay up to date with co-workers and customers. End users can easily process, store, retrieve and recover resources in the cloud. In addition, cloud vendors provide all the upgrades and updates automatically, saving time and effort.
- ❖ **Business Continuity and Disaster Recovery (BCDR):** The biggest worry for organizations in the present digital landscape is data loss. Storing data in the cloud guarantees that users can always access their data even if their devices, e.g., laptops or smart phones, are inoperable. With cloud-based services, organizations can quickly recover their data in the event of emergencies, such as natural disasters or power outages. This benefits BCDR and helps ensure that workloads and data are available even if the business suffers damage or disruption.



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Demerits of Cloud Computing

1. **Cloud Security:** There is a clear lack of transparency regarding how and where sensitive information entrusted to the cloud provider is handled. When relying on the cloud, organizations risk data breaches, hacking of APIs and interfaces, compromised credentials and authentication issues.
2. **Cost Unpredictability:** The concept Pay-as-you-go subscription plans for cloud use, along with scaling resources to accommodate fluctuating workload demands, can make it tough to define and predict final costs.
3. **Lack of Capability and Expertise:** With cloud-supporting technologies rapidly advancing, organizations are struggling to keep up with the growing demand for tools and employees with the proper skill sets and knowledge needed to architect, deploy, and manage workloads and data in a cloud.
4. **IT Governance:** The emphasis on do-it-yourself capability in cloud computing can make difficult, as there is no control over provisioning, DE provisioning and management of infrastructure operations.
5. **Compliance with Industry Laws:** When transferring data from on-premises local storage into cloud storage, it can be difficult to manage compliance with industry regulations through a third party.
6. **Management of Multiple Clouds:** Every cloud is different, so multi-cloud deployments can disjoint efforts to address more general cloud computing challenges.
7. **Cloud Performance:** Network and provider outages can interfere with productivity and disrupt business processes if organizations are not prepared with contingency plans.
8. **Building a Private Cloud:** Architecting, building and managing private clouds whether for its own Cloud migration: purpose or for a hybrid cloud goal can be a daunting task for IT departments and staff.
9. **Vendor Lock-in:** The process of moving applications and other data to cloud infrastructure often causes complications. Migration projects frequently take longer than anticipated and go over budget.



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Question 3.

What is robotic automation Process?

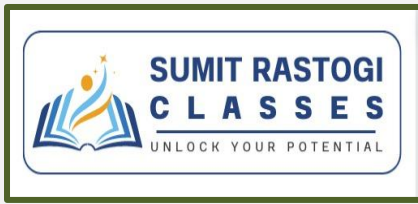
Answer 3

Robotic Process Automation (RPA) is a form of business process automation that allows anyone to define a set of instructions for a robot or 'bot' to perform. RPA bots are capable of mimicking most human-computer interactions to carry out a ton of error-free tasks, at high volume and speed. Robotic process automation is not a physical or mechanical robot. RPA is the process by which a software bot uses a combination of automation, computer vision, and machine learning to automate repetitive, high-volume tasks that are rule-based and trigger-driven. Robotic process automation tools are best suited for processes with repeatable, predictable interactions with IT applications.

These processes typically lack the scale or value to warrant automation via IT transformation. RPA tools can improve the efficiency of these processes and the effectiveness of services without fundamental Process redesign. Robotic process automation software "robots" perform routine business processes by mimicking the way that people interact with applications through a user interface and following simple rules to make decisions. Entire end-to-end processes can be performed by software robots with very little human interaction, typically to manage exceptions.

Benefits of Robotic Process Automation (RPA)

- Decreased Cycle Times
- Flexibility And Scalability
- Improved Accuracy
- Improved Employee Morale
- Detailed Data Capture
- Reduce Cost



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Question 4.

Demonstrate the different types of Digital Marketing Strategies (Any Seven). (June 24)

Answer 4

The different types of digital marketing strategies are as follows:

(i) Social Media Marketing Platforms

Today's consumers are highly reliant on social media platforms such as Instagram, Facebook, LinkedIn and Snapchat. Social media platforms allow marketers to reach their prospects in a myriad of ways. First, marketing teams can use these channels to distribute paid ads and sponsored content. Each platform has a way for marketing teams to create paid ad campaigns and segment users so these ads appear on the feeds of target audience members. Social media is also a great way to promote products or resources organically to your followers, and engage with consumers. Chances are, people that follow your brand on social media have likely purchased from you in the past. Interacting with them on social media or answering customer service-oriented questions is a great way to ensure continued engagement with the brand and cultivate positive experiences and customer loyalty.

(ii) Influencer Marketing

Another effective way to harness digital channels to reach target audiences is with influencer marketing. Brands can partner with celebrities, sites, or others that are considered, experts in their field, that share similar values. Brands can then reach these influencers' followers with branded content and offers.

(iii) Email Marketing

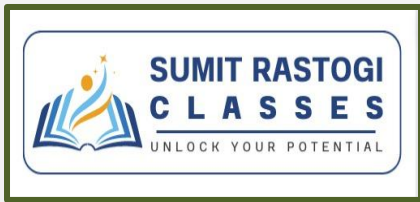
Email marketing campaigns allow organizations to stay connected with prospects and customers, sending them customized newsletters or offers based on past shopping history or brand engagements. If an individual has interacted with a few of your branded touch points—like an email offer for 10 per cent off the items they have been considering, or free shipping—that may be what ultimately brings about a conversion.

(iv) Content Marketing

Content marketing allows marketing teams to be proactive in answering their users' questions. Marketing teams create content, videos, and other assets to answer questions or provide context to consumers throughout the three stages of the buyer's journey:

- i. The awareness stage: Buyer realizes they have a need
- ii. The consideration stage: Buyer determines a course of action to meet this need
- iii. The decision stage: Buyer decides on a product/service to purchase to meet the need

For example, a consumer might realize they need new shoes to wear to the gym. The marketing team for an active wear company may produce a piece about what features you need from a running shoe, as opposed to what you need if you focus on strength training. Looking at this content, the buyer determines they need a pair of running shoes that meets that criterion. Content marketing is often less expensive than other forms of marketing, while producing many leads.



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(v) Search Engine Optimization (SEO) Marketing

Search engine optimization often goes hand in hand with content marketing. When the customer from the above example is conducting research for which gym shoes to buy, they will probably click on one of the first three results that appear on Google. With this in mind, the athletic shoes' marketing team wants to ensure their article appears in those top results. This is done by optimizing content for user experience and ensuring the technical elements are in place to enable search engine crawlers to easily find and index this content.

(vi) Pay-Per-Click (PPC)

Pay-per-click is a form of paid advertising that allows marketing teams to essentially purchase traffic to their website. Marketers place ads on websites or search engines such as Google and Microsoft Bing, and pay a fee each time the ad is clicked on. These ads often appear at the top of the search results page, and are typically determined by bids on specific keywords, while banner ads on websites usually have set prices.

(vii) Affiliate Marketing

Affiliate marketing is similar to referral programs; it involves working with outside individuals or companies under the agreement that they promote your product in exchange for a commission from each sale that can be attributed to their efforts. This is a way to cut down on costs and outsource some of the heavy lifting of promotion.

(viii) Mobile Marketing

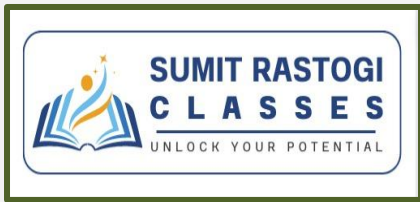
Mobile marketing initiatives can include many of the digital marketing strategies mentioned above, and typically will leverage a combination of text messages, social media, email, push notifications, and mobile applications. The importance of mobile marketing is rising, as it is expected that by 2024, the number of mobile shoppers will rise to approximately 187.5 million users.

Question 5.

"Big data is a collection of data that is huge in volume and growing exponentially with time". In this Context identify the different types of big data and briefly explain the main characteristics of big data. (Dec. 24)

Answer 5

- **Big data** is a collection of data that is huge in volume and is growing exponentially with time.
- It is a data with so large size and complexity that none of traditional data management tools can store it or process it efficiently.
- Big data is also a data but with huge size. Examples of Big Data include stock exchange, social networking site, jet engine, etc.



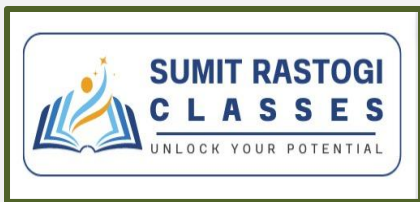
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There are three types of Big Data namely,-

- (a) structured,
 - (b) unstructured and
 - (c) semi-structured.
- A 'structured data' is any data that can be stored, accessed and processed in the form of fixed format. A lot of success has been achieved over a period of time in developing techniques for working with such kind of data (where the format is well known in advance) and also deriving value out of it.
 - An unstructured data is one with unknown form or structure. In addition to the size being huge, unstructured data poses multiple challenges in terms of its processing for deriving value out of it.
 - A semi-structured data can contain both the forms of data. Example of semi-structured data is a data represented in an XML file.

Big Data can be described by the following characteristics:

- (a) **Volume:** Size of data plays a very crucial role in determining value out of data. Also, whether a particular data can actually be considered as a Big Data or not, is dependent upon the volume of data. The name Big Data itself is related to a size which is enormous. Hence, 'Volume' is one characteristic which needs to be considered while dealing with Big Data solutions.
- (b) **Variety:** Variety refers to heterogeneous sources and the nature of data, both structured, unstructured and semi structured. During earlier days, spread-sheets and databases were the only sources of data considered by most of the applications however, in recent period data can be in the form of emails, photos, videos, monitoring devices, PDFs, audio, etc.. These data also need to be analysed.
- (c) **Velocity:** The term 'velocity' refers to the speed of generation of data and processing of data to be responsive to the needs of the customers. Big Data velocity deals with the speed at which data flows in from sources like business processes, application logs, networks, and social media sites, sensors, mobile devices, etc. The flow of data is massive and continuous.
- (d) **Variability:** This refers to the inconsistency which can be shown by the data at times, thus hampering the process of being able to handle and manage the data effectively.



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Question 6.

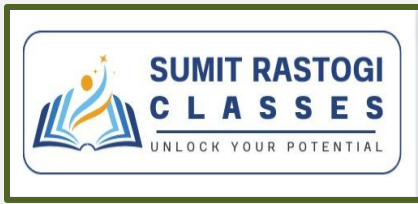
"Artificial Intelligence (AI) is intelligence exhibited by machines and systems" - In this context, enumerate the three levels of Artificial Intelligence (AI) and analyze the various contemporary concepts, namely, Machine Learning (ML), Deep Learning & Block chain.

(June 25, June 26)

Answer 6

Artificial Intelligence:

- Artificial intelligence (AI) is intelligence exhibited by machines and systems, with machines imitating functions which are mostly related with human cognition.
- There are three levels of AI namely; Narrow AI, General AI/human-level and Super AI.
- Narrow AI refers to the current state-of-the-art with existing software that automates a traditionally human activity and often outperforms humans in efficiency and endurance in one specialized area, e.g., forecasting the weather, autonomous driving, etc.
- General AI/human-level AI describes the capacity of machines to understand their environment and reason and act accordingly, just as a human would in all activities across all dimensions, including scientific creativity, general knowledge, and social skills.
- Super AI, the highest level of AI, is reached when AI becomes much smarter than the best human brains in practically every field.
- Super AI systems can make deductions about unknown environments.
- Machine learning (ML) describes automated learning of implicit properties of, or underlying rules for data. It is a major component for implementing
- AI since its output is used as the basis for recommendations, decisions, and feedback mechanisms with regards to a previously unknown situation.
- ML is an approach to creating AI. As most AI systems today are ML-based, the terms are often used interchangeably-particularly in a business context.
- ML involves training algorithms on sample input data to optimize its performance on a specific task so that the machine gains a new capability.
- Deep learning is a branch of AI. It mainly deals with neural networks that consist of many layers, hence the name "deep." In the last years, deep neural networks have been the most successful AI approach in many areas.
- AI is required for analyzing previously unavailable or indecipherable data (e.g., video or sound which previously could only be interpreted by humans), in order to detect quality issues.
- AI also has the ability to help detection and analysis mechanisms, improve its own accuracy by continuously learning from the issues detected, and optimize manufacturing processes by incorporating feedback and adjusting the control parameters accordingly.
- It is amazing to note how much friendly a technology AI is emerging to help people in quest for solving problems for society.



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According to Basu, versatility of AI is transcending all areas of solution building. The most encouraging is that AI is emerging as a friend of all for keeping cyber criminals away. It is also acquiring self-propelling energies.

More and more corporate, who were observing peers attaining competitive advantage using digital technologies, are now plunging into the act of digital transformation, particularly using AI with IoTs and Blockchain

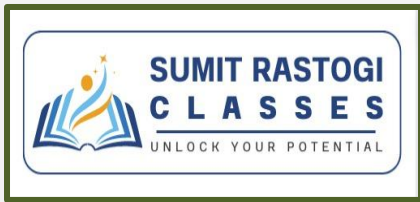
Blockchain: Blockchain is a shared, immutable ledger that facilitates the process of recording transactions and tracking assets in a business network. An asset can be tangible (house, car, cash, land, etc.) or intangible (intellectual property, patents, copyrights, branding). Virtually anything of value can be tracked and traded on a blockchain network, reducing risk and cutting costs for all involved. The importance of block chain network stems from the fact that business runs on information. The information should be accurate and received fast. Blockchain is ideal for delivering that information because it provides immediate, shared and completely transparent information stored on an immutable ledger that can be accessed only by permissioned network members. A blockchain network can track orders, payments, accounts, production and much more. As members share a single view of the truth, one can see all details of a transaction end to end, giving greater confidence, as well as new efficiencies and opportunities.

Question 7.

"BLOCKCHAIN is a shared, immutable ledger that facilitates the process of recording transactions and tracking assets in a business network"- In this context, Examine and Align the important components of a BlockChain. (Dec. 25)

Answer 7

Blockchain: Blockchain is a shared, immutable ledger that facilitates the process of recording transactions and tracking assets in a business network. An asset can be tangible (house, car, cash, land, etc.) or intangible (intellectual property, patents, copyrights, branding). Virtually anything of value can be tracked and traded on a blockchain network, reducing risk and cutting costs for all involved. The importance of block chain network stems from the fact that business runs on information. The information should be accurate and received fast. Blockchain is ideal for delivering that information because it provides immediate, shared and completely transparent information stored on an immutable ledger that can be accessed only by permissioned network members. A blockchain network can track orders, payments, accounts, production and much more. As members share a single view of the truth, one can see all details of a transaction end to end, giving greater confidence, as well as new efficiencies and opportunities.



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The Important Component of Block Chain

- (a) **Distributed Ledger Technology:** All network participants have access to the distributed ledger and its immutable record of transactions. With this shared ledger, transactions are recorded only once, eliminating the duplication of effort that's typical of traditional business networks.
- (b) **Immutable records:** No participant can change or tamper with a transaction after it's been recorded to the shared ledger. If a transaction record includes an error, a new transaction must be added to reverse the error, and both transactions are then visible.
- (c) **Smart contracts:** A smart contract is stored on the blockchain and executed automatically. A smart contract can define conditions for corporate bond transfers; include terms for travel insurance to be paid and much more. A smart contract acts as a set of rules and allows fastest transactions.

The benefits of blockchain network

- (d) **Increased trust:** As block chain is used by only the members who are within a defined network. This assures the members that the data being received by them is accurate and timely data. Moreover, the confidential blockchain records will be shared only with network members to whom one has specifically granted access.
- (e) **Greater security:** The increase security in blockchain network arises from the fact that consensus on data accuracy is required from all network members, and all validated transactions are immutable because they are recorded permanently. No one, not even a system administrator, can delete a transaction.
- (f) **Increased efficiencies:** With a distributed ledger that is shared among members of a network, time-wasting record reconciliations are eliminated. The smart contract enables automated transactions thereby saving on time.