Study Material

For

M.B.A.

Based on Latest Syllabus of MBA prescribed By
Maharshi Dayanand University, Rohtak (DDE)

3rd Semester

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I welcome you all with a promise to transform your future.

With best wishes

Chander Garg
(Managing Director)

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SYLLABUS
BUSINESS POLICY AND STRATEGIC ANALYSIS

MBA–3rd SEMESTER, M.D.U., ROHTAK

External Marks : 70 Internal Marks : 30
Time : 3 hrs.

Unit - I

Business policy as a field of study : Nature and objectives of business policy; strategic management process-vision, mission, establishment of organisational direction, corporate strategy, strategic activation.

Unit - II

Top management : Constituents-board of directors, sub-commite, chief executive officer; task, responsibilities and skills of top management.

UNIT - III

Formation of strategy : Nature of company's environment and its analysis; SWOT analysis; evaluating multinational environment; identifying corporate competence and resources; principles and rules of corporate strategy : strategic excellence positions.

UNIT - IV

Strategic analysis and choice : BCG matrix; stop light strategic model; directional policy matrix model; grand strategy selection matrix; model of grand strategy clusters; behavioural considerations affecting strategic choice; contingency approach to strategic choice.

BUSINESS POLICY AND STRATEGIC ANALYSIS

MBA 3rd Semester (DDE)

UNIT – I

Q. What is Business Policy? How does Business Policy make the study of Management more meaningful?

Ans. Business Policy : Business Policy means the general guidelines, which are meaningful for the management to make their task easy and to solve the crucial problem that affects the success of an enterprise. It includes study of functions and responsibilities of management related to organizational objectives. The senior management consists of:-

- Chief Executive Officer
- President
- General Manager
- Executive Director.

The term Business Policy may be used interchangeably with Strategic Management, Corporate Planning etc.

Primarily the term Business Policy means a long-term planning for the total business-"as a whole"

Business Policy → **BUSINESS-Corporate/Overall functioning**

Business Policy → **POLICY- Planning/Formulation of Strategies**

Thus Business Policy means a long-term planning of any organization for the purpose of its-

GROWTH

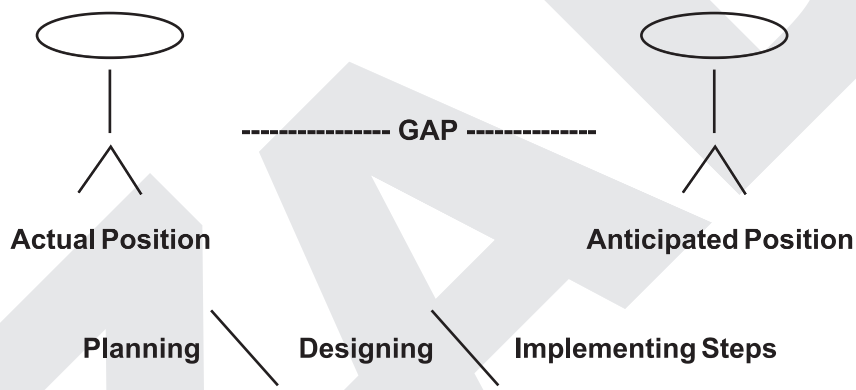
SURVIVAL

EXPANSION

Definition of Business Policy:-
According to Christensen:

"Business Policy is the study of the functions and responsibilities of Senior Management, the crucial problems that affect success in the total enterprise, and the decision that determine the direction of the organization and shape its future".

From the above definition it may be understood that Business Policy attempts to study what path the Organization is going to take in future.



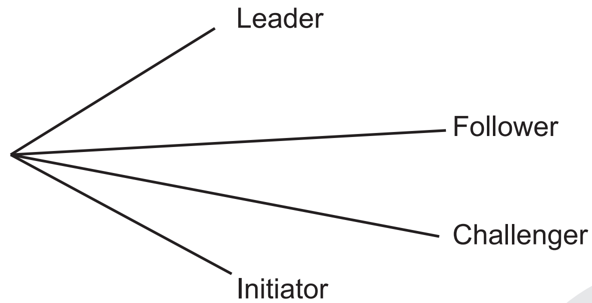
Nature of Business Policy:-

1. **Business Policy is a Study :–** It is a study what the top level Managers do and what guides their activities.

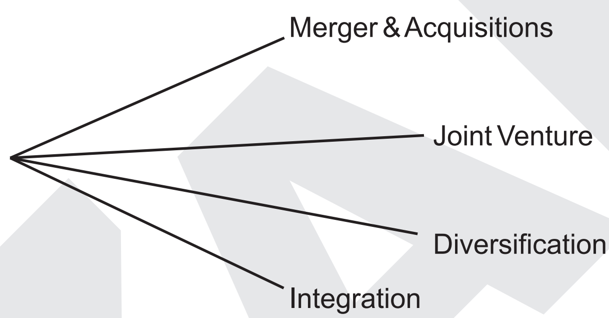
2. **Top-Management :–** Business policy deals with the long term perspective of the Organization. These decisions are taken by the managers at the senior level of management.Therefore, Business policy attempts to study the functions and responsibilities of the senior management which primarily concerns itself to the crucial problems or decisions of the organization.

3. **Future-Oriented :–** Business Policy if future-oriented. The senior level managers anticipate and predict the future and take a policy decision in the present.

4. **Choice of a Position :–** The study of a Business Policy involves evaluating various course of action and various desired future positions and ultimately choosing one of the best suitable future positions.



5. **Choice of a Strategy :–** It also involves an evaluation and choice of a strategy to reach up to the desired future position.



6. **Mobilization of Resources :–** The study of Business Policy is also concerned with the optimum and mobilization of the available and the required resources in an organization for the achievement of the organizational goals.

Q. Explain the objectives and Importance of Business Policy.

Ans. Objectives of Business Policy :– The objectives of Business Policy have been stated by authors such as Christensen and Steiner and others in terms of Knowledge, skills and attitudes.

(A) In Terms of Knowledge :–

1. The learners of business policy have to understand the various concepts involved. Many of these concepts, like, strategy, policies, plans and programmes are encountered in the functional area courses too.
2. Knowledge of the external and internal environment and how it affects the functioning of an organization is vital to an understanding of business policy. Through the tools of analysis a learner can understand the environment in which a firm operates.
3. Information about the environment helps in the determination of the mission and objectives.

(B) In Terms of Skills :–

1. The attainment of knowledge should lead to the development of skills so as to be able to apply that which has been learnt.
2. The study of business policy should enable a student to develop analytical ability.
3. Business policy increases the mental ability of the learners and enables them to link theory with practice.

(C) In Terms of Attitude :–

1. The attainment of the knowledge and skill objectives should lead to the inculcation of an appropriate attitude among the learners.
2. For a general manager information and suggestions are important to possess a liberal attitude and be receptive to new ideas.

(D) Other Objectives:- Some other objectives are :–

1. Determination of mission and objectives.
2. To face the practical difficulty of issue.

Importance Of Business Policy : Business policy is important as a course in the management curriculum and as a component of executive development programmes for middle-level managers who are preparing to move up to the senior management level. To highlight the importance of business policy, we shall consider four areas where this course proves to be beneficial.

(1) For Learning the Course :

(i) Business policy seeks to integrate the knowledge and experience gained in various functional areas of management. It enables the learner to understand and make sense of the complex interaction that takes place between different functional areas.

(ii) Business policy deals with the constraints and complexities of real-life businesses.

(iii) Business policy makes the study and practice of management more meaningful.

(2) For Understanding the Business Environment :

(i) Business policy helps in create an understanding of how policies are formulated. This helps in creating an appreciation of the complexities of the environment that the senior management faces in policy formulation.

(ii) By gaining an understanding of the business environment, managers become more receptive to the ideas and suggestions of the senior management. Such an attitude on the part of the management makes the task of policy implementation simpler.

(iii) When they become capable of relating environmental changes to policy changes within on organization Managers feel themselves to be a part of a greater design. This helps to reduce their feeling of isolation.

(3) For Understanding the Organization:

(i) Business policy presents a basic framework for understanding strategic decision-making while a person is at the middle level of management. Such a framework combined with the experience gained while working in a specialized functional area, enables a person to make preparations for handling general management responsibilities. This benefits the organization in a variety of ways.

(ii) Business policy, like most other areas of management, brings the benefit of years of distilled experience in strategic decision-making to the organization and also to its managers.

(iii) An understanding of business policy may also lead to an improvement in job performance. As a middle-level manager, a person is enabled to understand the linkage between the different subunits of an organization and how a particular subunit fits into the overall picture.

(4) For Personal Development:

(i) A study of business policy offers considerable scope for personal development. It is a fact or organizational life that the different subunits within an organization have a varying value and importance at different time. It often happens that a company which has followed a production-orientation as a matter of policy gradually shifts emphasis to marketing, maybe due to increasing competition.

(ii) While making a career choice a study of business policy provides an adequate grounding for understanding the macro factors and their impact at the micro level, By gaining an understanding of such an impact, an executive is better placed to identify the growth areas.

(iii) Business policy offers a unique perspective to executives to understand the senior management's viewpoint. With such an understanding the chances that a proposal made by or an action taken by an executive will be appreciated by senior managers is decidedly better.

Q. What is Strategy? What are the different levels of strategy?

Ans. Definition of strategy : Johnson and Scholes (Exploring Corporate Strategy) define strategy as follows:

"Strategy is the direction and scope of an organization over the long-term: which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholder expectations".

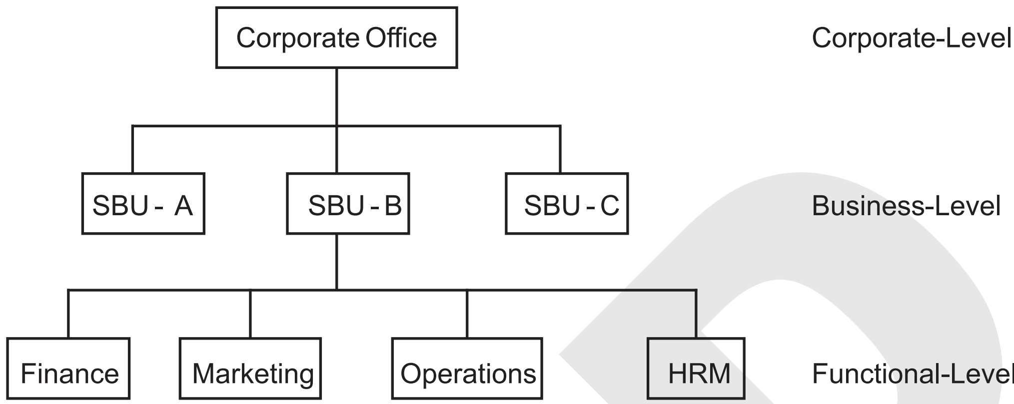
In other words, strategy is about:

- Where is the business trying to get to in the long-term (direction)
- Which markets should a business compete in and what kind of activities are involved in such markets? (markets; scope)
- How can the business perform better than the competitors in those markets? (advantage)?
- What resources (skills, assets, finance, relationships, technical competence, facilities) are required in order to be able to compete? (resources)?
- What external, environmental factors affect the businesses' ability to compete? (environment)?
- What are the values and expectations of those who have power in and around the business? (stakeholders)

Different levels of strategy : Strategy at Different Levels of a Business

Strategies exist at several levels in any organization - ranging from the overall business (or group of businesses) through to individuals working in it.

Levels of Strategy :



1. **Corporate Strategy –** Corporate strategy is concerned with the overall purpose and scope of the business to meet stakeholder expectations. This is a crucial level since it is heavily influenced by investors in the business and acts to guide strategic decision-making throughout the business. Corporate strategy is often stated explicitly in a "mission statement".

2. **Business Unit Strategy –** Business unit strategy is concerned more with how a business competes successfully in a particular market. It concerns strategic decisions about choice of products, meeting needs of customers, gaining advantage over competitors, exploiting or creating new opportunities etc.

3. **Operational OR Functional Strategy –** Operatonal or functional strategyis concerned with how each part of the business is organized to deliver the corporate and business-unit level strategic direction. Operational strategy therefore focuses on issues of resources, processes, people etc.

Q- Describe the Process of Strategic Management?

Ans. Strategic Management :–

Strategic management is about taking strategic decisions. It starts where strategic thinking ends. It applies strategic thinking to lead the organization to its vision.

Definitions of Strategic Management
According to Glueck

"Strategic Management as a stream of decisions and actions which leads to the development of an effective strategy or strategies to help achieve corporate objectives."

"Strategic management is defined as the dynamic process of formulation, implementation, evaluation and control of strategies to realize the organization's strategic intent."

According to Sharplin

"Strategic Management as the formulation and implementation of plans and carrying out of activities relating to the matters which are of vital, pervasive or continuing importance to the total organization".

Features of Strategic Management :–

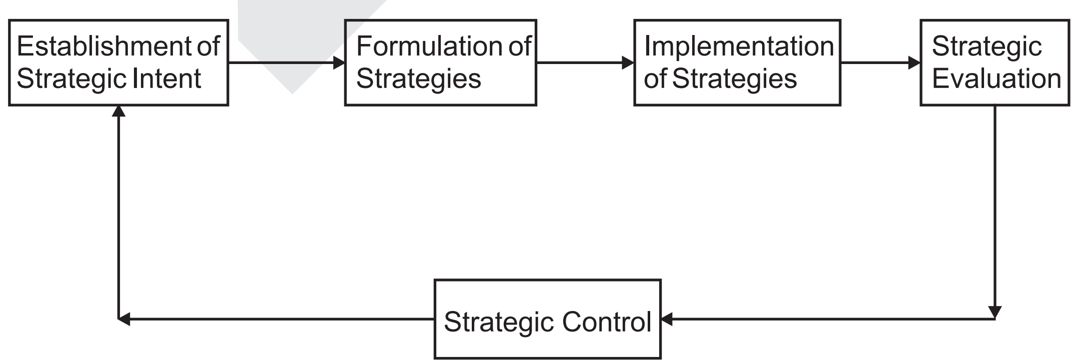
1. Strategic management is a dynamic process. By being dynamic, strategic management is a continual, evolving process.
2. Strategic Management coordinates and integrates business activities.
3. Strategic Management satisfies customers.
4. Strategic Management strengthens the competitive position.
5. Strategic Management works toward achieving performance Target.

Phases in Strategic Management Process : The strategic management as a process of different phases which are sequential in nature. Most authors agree that there are four essential phases in the strategic management process, though it may differ with regard to its sequence, emphasis. These four phases are:

A. Establishing Strategic Intent
B. Formulation of Strategies
C. Implementation of Strategies
D. Performing Strategic Evaluation and Control.

These phases in strategic management are depicted in the following exhibit:

Phases in the Strategic Management Process :



(A) Establishing of Strategic Intent : It includes the following elements:

1) Creating and communicating a Vision
2) Designing a mission statement
3) Defining the Business
4) Setting objectives.

(B) Formulation of Strategies: (It includes the following elements :)

1) Performing Environmental appraisal
2) Doing Organizational Appraisal
3) Considering Corporate-level strategies
4) Considering business -level strategies
5) Undertaking strategic Analysis
6) Exercising strategic choice
7) Formulating Strategies
8) Preparing a strategic plan.

(C) Implementation of Strategies : (It includes the following elements :)

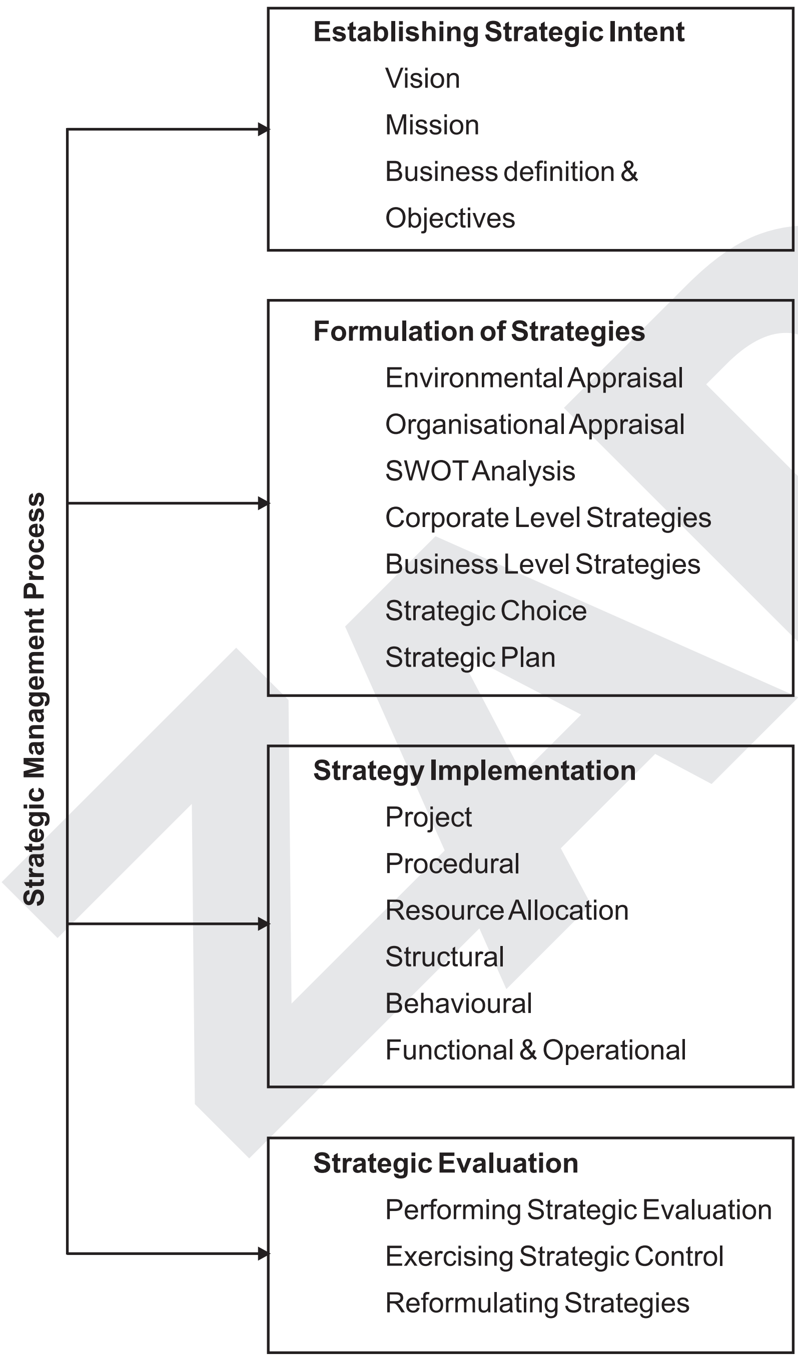
1) Activating strategies
2) Designing structures and systems
3) Managing behavioural implementation
4) Managing functional implementation
5) Operating strategies

(D) Performing strategic evaluation and control : (It includes the following elements :)

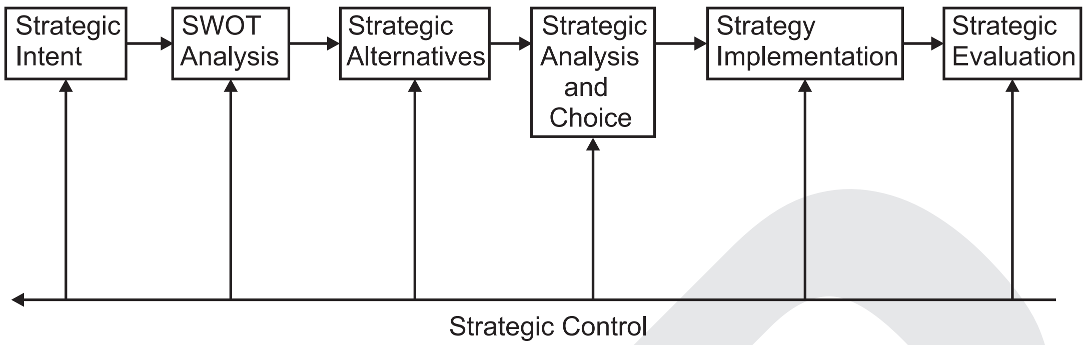
1) Performing strategic evaluation
2) Exercising strategic control
3) Reformulating strategies.

<u>Models of the Strategic Management Process</u> : The process of strategic management is depicted through a model which consists of different phases, each phase having a number of elements. There are two models of strategic management process:

(A) Comprehensive Model of Strategic Management Process : This model is depicted in the following exhibit:


Strategic Management Process
Establishing Strategic Intent
Vision
Mission
Business definition &
Objectives
Formulation of Strategies
Environmental Appraisal
Organisational Appraisal
SWOT Analysis
Corporate Level Strategies
Business Level Strategies
Strategic Choice
Strategic Plan
Strategy Implementation
Project
Procedural
Resource Allocation
Structural
Behavioural
Functional & Operational
Strategic Evaluation
Performing Strategic Evaluation
Exercising Strategic Control
Reformulating Strategies

(B) Working Model of Strategic Management Process :



Q. Write a Short Note on Vision?

Ans. Meaning of Vision : The promoters of an organization normally have some aspirations which guide them in the structuring and functioning off the organization. These aspirations are expressed in strategic intent means intention. A strategic intent should lead to an end. That end is the vision of an organization. It is what the firm or person would ultimately like to become in the future. Vision acts as a strong motivating factor for the senior level managers as it provides a direction to the organizational efforts.

Vision is what keeps the organization moving forward. Vision is the motivator in an organization. When you begin the process of strategic planning, visioning comes first. A vision is a guide to implement strategy. Visions are about beliefs, feelings, emotions and pictures.

Definitions of Vision :
According to Kotler

"Vision is a description of something in the future.

According to Miller and Dass :

"Vision is the category of intensions that are broad, all-inclusive and forward thinking".

The Benefits of Having a Vision :–

1. Good visions are inspiring
2. Good visions help in the creation of a common identity and a shared sense of purpose.
3. Good visions are competitive, original and unique. They give a sense of identity to all the employees in an organization.
4. Good visions foster long-term thinking.

5. Good visions foster risk-taking and experimentation.
6. Good visions represent integrity and may be useful for the benefit of people.

Thus a good vision may be inspiring & motivating to the management. A vision articulates the position that a firm would like to attain in the distant future.

Vision Killers :–

The visioning process is meant to encourage initiative at all levels in the organization. Therefore be alert to the following vision killers:-

(i) Traditional
(ii) Fear of ridicule
(iii) Fatigued Leaders
(iv) Short-term thinking
(v) "Naysayer"

Q. Define the essential characteristics of a mission statement?

Ans. Meaning of Mission :– A mission is a statement which defines the role that an organization plays in a society. It refers to the particular needs of that society, for instance, its information needs.

While the essence of vision is a forward-looking view of what an organization wishes to become, mission is what an organization is and why it exists.

Definitions of Mission :–
According to Thomson

"Mission is the essential purpose of the organization concerning particularly why it is in existence, the nature of the business it is in, and the customer it seeks to serve and satisfy".

According to Hunger

"Mission is the purpose or reason for the organization's existence".

Essential Characteristics of a Mission Statement :– A mission statement defines the basic reason for the existence of the organization. A mission statement should possess the following characteristics:-

1. **It should be feasible :–** A mission should always aim high but it should not be an impossible Statement. It should be realistic and achievable-its followers must find it to be credible. But feasibility depends on the resources available to work towards a mission
2. **It should be precise :–** A mission statement should not be so narrow as to restrict the Organization's activities nor should it be too broad to make itself Meaning-less.

3. **It should be clear :–** A mission should be clear enough to lead to action. It should not just be a high-sounding set of platitudes meant for publicity purposes
4. **It should be motivating :–** A mission statement should be motivating for members of the organization and of society and they should feel it worthwhile working for such an organization or being its customers. A bank which lays great emphasis on customer service
5. **It should indicate major components of strategy :–** A mission statement along with the organizational purpose should Indicate the major components of the strategy to be adopted.
6. **It should indicate how objectives are to be accomplished :–** Besides indicating the broad strategies to be adopted a mission Statement should also provide clues regarding the manner in which the Objectives are to be accomplished.
7. It should be future oriented
8. It should be specific to the organization
9. It should focus on one common purpose.

Formulation of Mission statement :–

1. Proper discussion among different department
2. Distribution of task among department
3. Consultants Appointment-CEO plays a major role in this work.

Q. What is meant by corporate-level strategy? What are the four alternative strategies? What are the basic reasons for adopting different grand strategies?

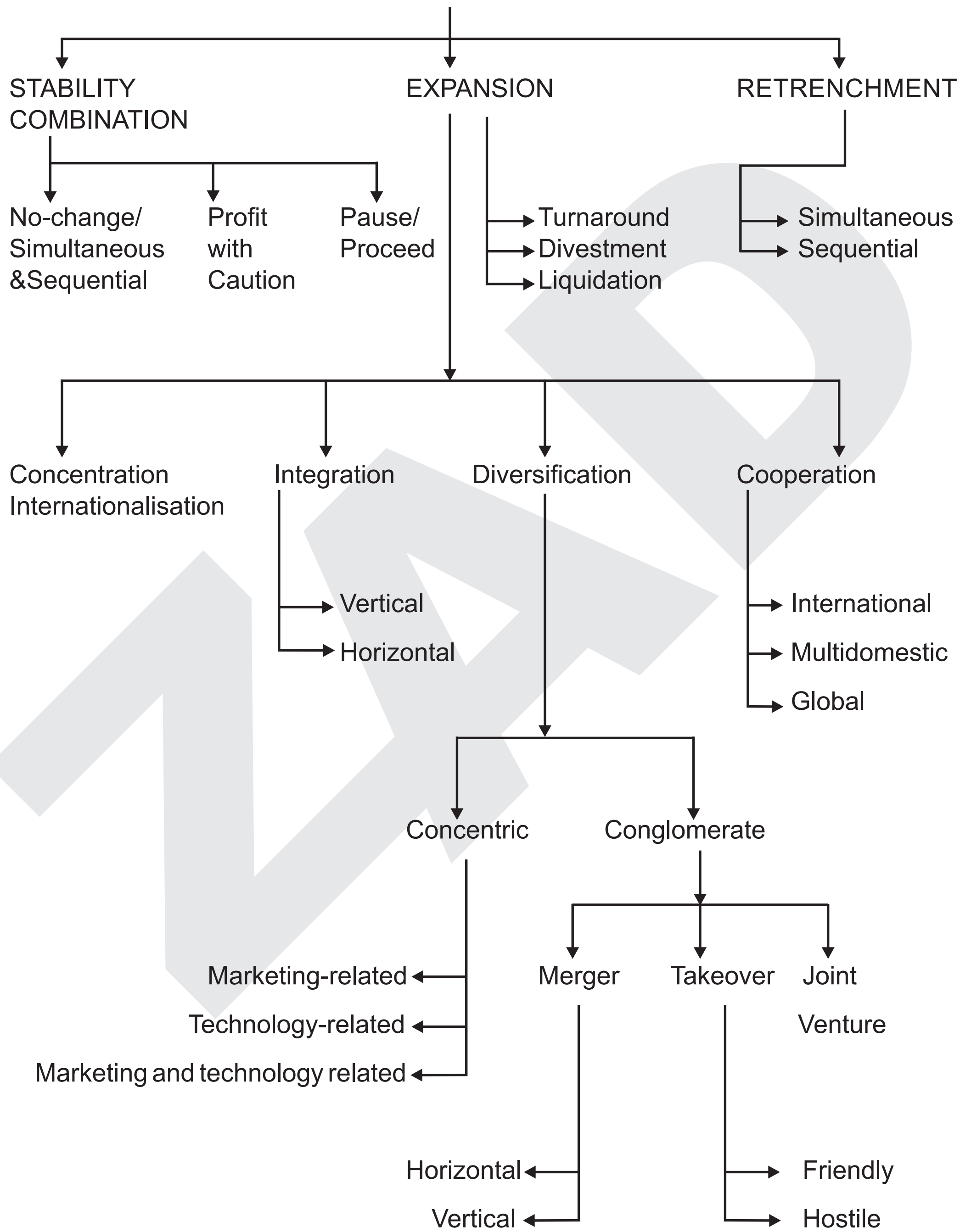
Ans. Corporate-level Strategies :– Corporate-level strategies are basically about the choice of direction that a firm adopts in order to achieve its objectives. There could be a small business firm involved in a single business, or a large, complex and diversified conglomerate with several different businesses. The corporate strategy in both these cases is about the basic direction of the firm as a whole. In the case of small firm it could mean the adoption of courses of action that would yield a better profit for the firm. In the case of the large firm the corporate-level strategy is about managing the various businesses to maximize their contribution to the overall corporate objectives.

Corporate-level strategies are basically about decisions related to allocating resources among the different businesses of a firm, transferring resources from one set of businesses to others, and managing a portfolio of businesses in such a way that the overall corporate objectives are achieved.

Types of Strategies : There are four alternative strategies :–

A. Stability Strategies
B. Expansion Strategies
C. Retrenchment Strategies
D. Combination strategies

CORPORATE-LEVEL STRATEGIES



A. Stability Strategies :– The stability strategy is adopted by an organization when it attempts at an incremental improvement of its functional performance by marginally changing one or more of its businesses in terms of their respective customer groups, customer functions, and alternative technologies-either singly or collectively. These strategies are usually followed by small and medium-sized firms. Stability strategies can be used in short run when such firms are satisfied with their current performance.

Types of Stability Strategies : Stability Strategies could be of three types all of which are discussed below:-

(1) No-change Strategy or do-nothing

(2) Profit Strategy

(3) Pause/Proceed with caution strategy.

Major Reasons for adopting Stability Strategies:-

- It is less risky, involves fewer changes and people feel more comfortable with things as they are.
- The environment faced is relatively stable.
- Expansion may be perceived as being threatening.

B. **Expansion Strategies :–** Growth is a way of life. Almost all organization plans to expand. So expansion strategies are most popular corporate strategies. Companies aim for substantial growth. The expansion grand strategy is followed when an organization aim at high growth by substantially broadening the scope of one or more of its businesses in terms of their respective customer groups, customer functions, and alternative technologies- singly or jointly-in order to improve its overall performance.

Types of Expansion Strategies : There may be five types of expansion strategies :–

1. Expansion through Concentration
2. Expansion through Integration
3. Expansion through Diversification
4. Expansion through Cooperation
5. Expansion through Internationalization

Major reasons for adopting expansion strategies :–

(i) It may become imperative when environment demands increases in pace of activity.

(ii) Psychologically, strategists may feel more satisfied with the prospects of growth from expansion.

(iii) Increasing size may lead to more control over the market.

C. Retrenchment Strategies :– A retrenchment grand strategy is followed when an organization aims at a contraction of its activities through substantial reduction or elimination of the scope of one or more of its businesses, in terms of their respective customer groups, customer functions or alternative technologies-either singly or jointly- in order to improve its overall performance.

Types of Retrenchment Strategies : There may be two types of retrenchment strategies:-

1. **Divestment Strategies :–** A Divestment strategy involves the sale or liquidation of a portion of business, or a major division, profit centre or SBU.
2. **Liquidation Strategies :–** A retrenchment strategy which is considered the most extreme and unattractive is the liquidation strategy, which involves closing down a firm and selling its assets.

Liquidation or winding-up according to the Companies Act, 1956 may be done in three ways:-

- Compulsory winding-up under an order of court.
- Voluntary winding-up.
- Voluntary winding-up under the supervision of the court.

Major reasons for adopting retrenchment strategies:-

(i) The management no longer wishes to remain in business either partly or wholly due to continuous losses

(ii) The environment faced is threatening.

D. Combination Strategies :– The combination strategy is followed when an organization adopts a mixture of stability, expansion, and retrenchment, either at the same time in its different businesses, or at different times in the same business with the aim of improving its performance.

Types of Combination Strategies : There may be two types of Combination strategies:-

1. Simultaneous
2. Sequential
3. Simultaneous and sequential.

Major reasons for adopting combination strategies :–

(i) The organization is large and faces a complex environment.

(ii) The organization is composed of different businesses, each of which lies in a different industry requiring a different response.

Q. Explain these stability corporate -level strategies (a) No-change or do-nothing (b) profit, and (c) pause/proceed with caution.

Ans. Stability Strategies :– The stability strategy is adopted by an organization when it attempts at an incremental improvement of its functional performance by marginally changing one or more of its businesses in terms of their respective customer groups, customer functions, and alternative technologies-either singly or collectively. These strategies are usually followed by small and medium-sized firms. Stability strategies can be used in short run when such firms are satisfied with their current performance.

Major Reasons for adopting Stability Strategies :–

(a) It is less risky, involves fewer changes and people feel more comfortable with things as they are.

(b) The environment faced is relatively stable.

(c) Expansion may be perceived as being threatening.

Types of Stability Strategies : Stability Strategies could be of three types all of which are discussed below:-

(1) No-change Strategy :– As the term indicates, the stability strategy is a conscious decision to do nothing new, that is, to continue with the present business definition. This could be characterized as an absence of strategy though in really it is not so. Taking no decision is sometimes a decision too.

Features :–

- There are no significant opportunities or threats operating in the environment.
- There are no new competitors and no obvious threat of substitute products.
- There are no major new strength and weak-nesses within the organization.

(2) Profit Strategy :– No firm can indefinitely continue with a no-change strategy. Sometimes things do change and the firm is faced with a situation where it has to do something. A firm may assess the situation and assume that their problems are short-lived and will go away with time.

(3) Pause/Proceed-with-caution Strategy :– This strategy is employed by firms that wish to test the ground before moving ahead with a full-fledged grand strategy.

Q. Explain these expansion corporate-level strategies: (a) Concentration (b) integration (c) diversification (d) cooperation (e) internationalization.

Ans Expansion Strategies : Growth is a way of life. Almost all organization plans to expand. So expansion strategies are most popular corporate strategies. Companies aim for substantial growth. The expansion grand strategy is followed when an organization aim at high growth by substantially broadening the scope of one or more of its businesses in terms of their respective customer groups, customer functions, and alternative technologies- singly or jointly-in order to improve its overall performance.

Major reasons for adopting expansion strategies :–

(i) It may become imperative when environment demands increases in pace of activity.

(ii) Psychologically, strategists may feel more satisfied with the prospects of growth from expansion.

(iii) Increasing size may lead to more control over the market.

Types of Expansion Strategies : There may be five types of expansion strategies:-

1. Expansion through Concentration
2. Expansion through Integration
3. Expansion through Diversification
4. Expansion through Cooperation
5. Expansion through Internationalization

1. Expansion through Concentration :– Concentration is a simple, first-level type of expansion grand strategy. It involves converging resources in one or more of a firm's business in terms their respective customer needs, customer functions, or alternative technologies, either singly or jointly, in such a manner that it results in expansion.

For Example :– Development of Existing Market, Attracting new users, introduce newer products etc.

Merits :–

(i) It is less threatening

(ii) The managers of a firm are more comfortable staying with present businesses.

(iii) To develop a competitive advantage

Demerits :–

(i) Concentration strategies are heavily dependent on the industry. So adverse conditions in an industry can and do affect firms.

(ii) Factors such as product obsolescence, emergence of newer technologies are threats to concentrated firms.

(iii) Concentration strategies may lead to cash flow problems. For expansion through concentration large cash inflows are required for building up assets while businesses are growing.

2. Expansion through Integration :– Integration is an expansion strategy as its adoption results in a widening of the scope of the business definition of a firm. Integration is also a subset of diversification strategies as it involves doing something different from what the firm has been doing previously. Several process-based industries, such as, petrochemicals, steel, textiles, have integrated firms.

Integration strategies could be of two types :–

(a) **Vertical Integration :–** When an organization starts making new products that serve its own needs, vertical integration takes place. In other words, any new activity undertaken with the purpose of either supplying inputs (such as, raw materials) or serving as a customer for outputs is vertical integration.

(b) **Horizontal Integration :–** When an organization takes up the same type of products at the same level of production or marketing process, it is said to follow a strategy of horizontal integration. When a luggage company takes over its rival luggage company, it is horizontal integration.

3. **Expansion through Diversification :–** Diversification is a much-used and much-talked about set of strategies. Diversification may involve related or unrelated, horizontal or vertical. Diversification involves a substantial change in the business definition-singly or jointly-in terms of customer functions, customer groups, or alternative technologies of one or more of a firm's businesses.

Diversification strategies could be of two types :–

(a) **Concentric diversification :–** When an organization take up an activity in such a manner that it is related to the existing business definition of one or more of a firm's businesses, either in terms of customer groups, customers functions or alternative technologies, it is called concentric diversification.

Concentric diversification may be of three types :–

- **Marketing-related concentric diversification :–** When a similar type of product is offered with the help of unrelated technology. For example, a company in the sewing machine business diversifies into kitchenware and household appliances, which are sold to housewives through a chain of retail stores.
- **Technology-related concentric diversification :–** When a new type of product or service is provided with the help of related technology, for example, a leasing firm offering hire-purchase service to institutional customers also starts consumer financing for the purchase of durable to individual customers.
- **Marketing-and technology-related concentric diversification :–** When a similar type of product or service is provided with the help of related technology, for example, a raincoat manufacturer makes other rubber-based items, such as, waterproof shoes and rubber gloves, sold through the same retail outlets.

(b) **Conglomerate diversification :–** When an organization adopts a strategy which requires taking up those activities which are unrelated to the existing business definition of one or more of its businesses, either in terms of their respective customer groups, customer functions, or alternative technologies, it is called conglomerate diversification. For example, a cigarette company diversifying into hotel industry.

4. **Expansion through Cooperation :–** Cooperation strategies could be of the following types:-

   (a) **Mergers :–** A merger is a combination of two or more organizations in which one acquires assets and liabilities of the other in exchange for shares or cash, or both the organization are dissolved, and the assets and liabilities are combined and new stock is issued. For the organization which acquires another, it is an acquisition. For the organization which is acquired, it is a merger. If both organizations dissolve their identity to create a new organization, it is consolidation.

   Types of Mergers :– Horizontal Mergers, Vertical Mergers.

   (b) **Takeover :–** Takeover is a common way of acquisition and may be defined as "the attempt of one firm to acquire ownership or control over another firm". Takeovers are of two types:- Friendly, Hostile.

   (c) **Joint Venture :–** Joint venture are a special case of consolidation where" two or more companies form a temporary partnership for a specified purpose".

   Types of Joint Venture :–

   - Between two firms in one industry.
   - Between two firms across different industries
   - Between an Indian firm and a foreign company in India.
   - Between an Indian firm and a foreign company in that foreign country
   - Between an Indian firm and a foreign company in a third country.

5. **Expansion through Internationalization :–** International strategies are a type of expansion strategies that require firms to market their products or services beyond the domestic or national market. For doing so, a firm would have to assess the international environment, evaluate its own capabilities, and design strategies to enter foreign market.

   Types of Internationalization Strategies:-

   (a) **International Strategy :–** firms adopt an international strategy when they create value by transferring products and services to foreign markets where these products and services are not available.

(b) **Multidomestic Strategy :–** Firms adopt a multidomestic strategy when they try to achieve a high level of local responsiveness by matching their products and services offering in the countries they operate in.

(c) **Global Strategy :–** Firms adopt a global strategy when they rely on a low-cost approach based on reaping the benefits of experience-curve effects and location economies and offering standardized products and services across different countries.

(d) **Transnational Strategy :–** Firms adopt a transnational strategy when they adopt a combined approach of low-cost and high local responsiveness simultaneously for their products and services.

Q. How will the process of strategy implementation work?

Ans. Strategy Implementation :–The implementation tasks put to test the strategists' abilities to allocate resources design structures and systems, formulate functional policies, take into account the leadership styles required and plan for operational effectiveness, besides dealing with various other issues.

Aspects of Strategy Implementation : The different aspects involved in strategy implementation cover practically everything that is included in the discipline of management studies. A strategist, therefore, has to bring to his or her task a wide range of knowledge, skills, attitudes, and abilities.

The implementation tasks put to test the strategists' abilities to allocate resources, design structures and systems, formulate functional policies, take into account the leadership styles required, and plan for operational effectiveness, besides dealing with various other issues.

The strategic plan designed by the organization proposes the manner in which the strategies could be put into action. Strategies, by themselves, do not lead to action. They are, in a sense, a statement of intent: implementation tasks are meant to realize the intent. Strategies, therefore, have to be activated through implementation.

The implementation structure is somewhat like that depicted in the following exhibit.

(1) Strategies lead to several plans.

(2) Each plan leads to several programmes.

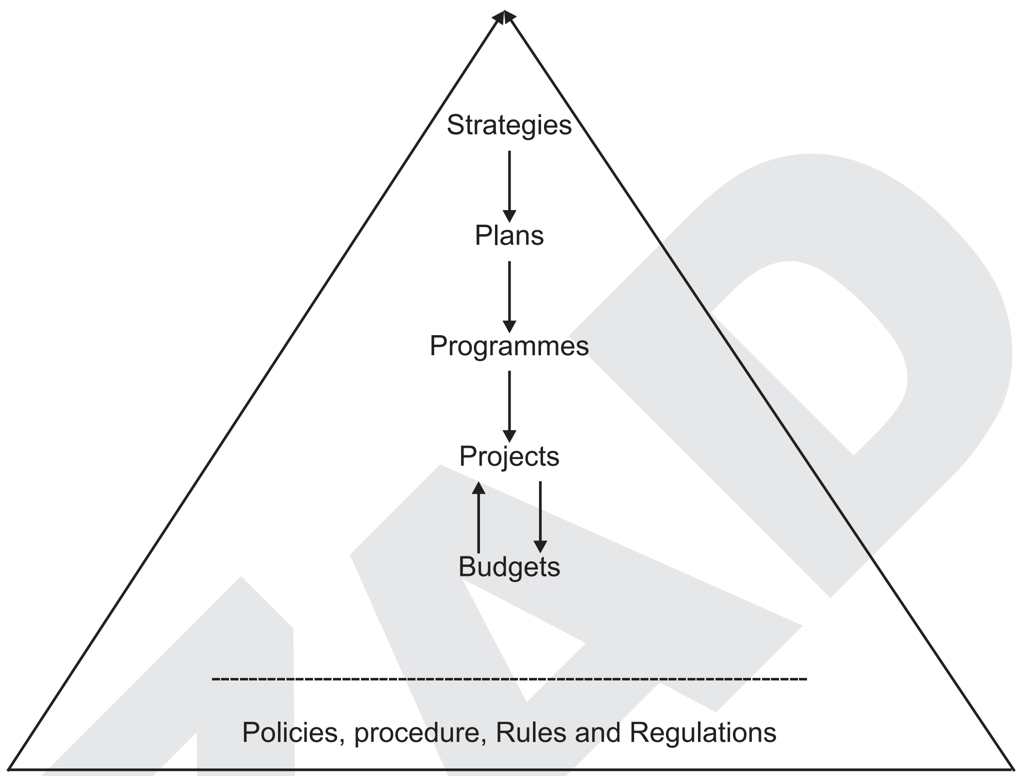
(3) Each programmes results in several projects.

(4) Projects are supported by funds through budgets

(5) The administrative mechanism of policies, procedures, rules and regulations support the working of the organization while it implements the projects, programmes, plans and strategies.

In this manner, strategy sits at the top of a pyramid that has projects as its base.

Pyramid of Strategy Implementation :



For the implementation of a strategy, the strategic plan is put into action through six processes :

1. Project Implementation
2. Procedural Implementation
3. Resource Allocation
4. Structural Implementation
5. Behavioral Implementation
6. Functional and Operational Implementation

1) **Project Implementation :–** Strategies lead to plans, programmes, and projects. The Project Management Institute of the US defines a project as "a one-shot, time limited, goal -directed, major undertaking, requiring the commitment of varied skills and resources". A project passes through various phases which are:-

a. Conception Phase.

b. Definition Phase.

c. Planning and organizing Phase.

d. Implementation Phase.

f. Clean-up Phase.

2) Procedural Implementation :– Any organization which is planning to implement strategies must be aware of the procedural framework within which the plans, programmes, and projects have to be approved by the government at the central, state and local levels. The regulatory elements to be reviewed are as below:-

(i) Formation of a company

(ii) Licensing Procedures

(iii) Securities and Exchange Board of India Requirements

(iv) Monopolies and Restrictive Trade Practices Requirements.

(v) Import and Export Requirements.

(vi) Environmental Protection and pollution control Requirements

(vii) Consumer Protection Requirements.

(viii) Foreign Exchange management Act Requirements

3. Resource Allocation :– A strategic plan is the representation of the hopes and aspirations of strategies. Project Implementation is meant for the creation of an infrastructure to enable them to put such a plan into action. Procedural implementation provides the 'go-ahead' signal. But nothing really happens until resources are procured and allocated to tasks for the accomplishment of objectives.

Resource allocation deals with the procurement and commitment of financial, physical and human resources to strategic tasks for the achievement of organizational objectives.

4. Structural Implementation :– An organization structure is the way in which the tasks and subtasks required to implement a strategy are arranged. It includes:-

(i) Defining the major tasks required to implement a strategy.

(ii) Grouping tasks on the basis of common skill requirements.

(iii) Subdivision of responsibility and delegation of authority to perform task.

(iv) Coordination of divided responsibility.

(v) Design and administration of information system

(vi) Design and administration of control system

(vii) Design and administration of appraisal system

(viii) Design and administration of motivation system
(ix) Design and administration of development system
(x) Design and administration of planning system

5. **Behavioral Implementation :–** It deals with those aspects of strategy implementation that have an impact on the behaviour of strategists in implementing the chosen strategies. Thus we shall deal with five major issues:-
   (i) Leadership
   (ii) Corporate Culture
   (iii) Corporate Politics and use of power
   (iv) Personal values and business ethics
   (v) Social Responsibility.

6. **Functional and Operational Implementation :–** Functional Implementation is carried through functional plans and policies in five different functional areas. These five areas are: - Functional strategies, Functional plan and policies, Financial plan and policies, Marketing plan and policies, Operational Plan and policies.

Q. Discuss the interrelationship that exists between the formulation and implementation of strategies?

Ans. Strategy Formulation : Formulation of strategies involves the following elements:

1. Performing environmental appraisal,
2. Doing organizational appraisal
3. Considering corporate level strategies
4. Considering business level strategies
5. Undertaking strategic analysis
6. Exercising strategic choice
7. Formulating strategies
8. Preparing a strategic plan.

Strategy Implementation : In simple words strategy implementation is the process of chosen to strategy to action. Strategy implementation involves the design and management of systems to achieve the best integration of people, structure, processes and resources in an efficient and most optimum use. Strategy implementation involves the following elements:

1. Activating Strategies
2. Designing structures and systems
3. Managing behavioral implementation
4. Managing functional implementation
5. Operationalising strategies.

Interrelationship between Strategy Formulation and Strategy Implementation : The task of strategic management is far from complete after strategies have been formulated and a concrete strategies plan has been prepared. Then it is the job of strategists to put the plan into action. It is important to consider the interrelationship between the formulation and implementation of strategies.

It is to be noted that the division of strategic management into different phases is only for the purpose of orderly study. In real life, the formulation and implementation process are intertwined. Two types of linkages exist between these two phases of strategic management. The forward linkages deal with the impact of the formulation on implementation while the backward linkages are concerned with the impact in the opposite direction.

(1) **Forward Linkages :** The forward linkages deal with the impact of the strategy formulation on strategy implementation. The different elements in strategy formulation starting with the various constituents of strategic intent through environmental and organizational appraisal, strategic alternatives, Strategic Analysis and choice and ending with the strategic plan, determine the course that an organization adopts for itself. With the formulation of new strategies, or reformulation leading to modified strategies, many changes have to be effected within the organization.

Example : For instance, the organizational structure has to undergo a change in light of the requirements of a modified or new strategy. The style of leadership has to be adapted to the formulation of strategies. A whole lot of changes have to be undertaken in operationalising the formulated strategies. Clearly, the strategies formulated provide the direction to implementation. In this way, the formulation of strategies has forward linkages with their implementation.

(2) **Backward Linkages :** Just as implementation is determined by the formulation of strategies, the formulation process is also affected by factors related with implementation. While dealing with strategic choice we observed that past strategic actions also determine the choice of strategy. Organizations tend to adopt those strategies which can be implemented with the help of the present structure of resources combined with some additional efforts. Such incremental changes, over a period of time, take the organization from where it is to where it wishes to be.

It is to be noted that while strategy formulation is primarily an entrepreneurial activity, based on strategic decision-making, the implementation of strategy is mainly an administrative task based on strategic as well as operational decision-making. Looked at from another angle, formulation is a managerial task requiring analysis and thinking, implementation primarily rests on action and doing.

BUSINESS POLICY AND STRATEGIC ANALYSIS

MBA 3rd Semester (DDE)

UNIT – II

Q. What are the roles of Board of Directors?

Ans. Introduction : Board of Directors is the top level management which lays down the objectives and policies which are implemented by middle level management. They are responsible for the appointment of Chief Executive Officer. The ultimate legal authority of an organization vests in the board of directors. As directors, the members of the board are responsible for providing guidance and establishing the directives according to which the management of the organization can operate.

Who Appoint Board of Directors :–

(i) The owner of the organization-Shareholders

(ii) Controlling Agencies

(iii) The Government

(iv) Financial Institutions

(v) The holding company or parent company

Authorities of Board of Directors :–

(i) The board exercises authority according to the memorandum of association and articles of association.

(ii) Legally, they have to conform to the various provisions of the Companies Act, 1956.

(iii) The board has to act according to the policies, rules, procedures, and conventions of the organization.

Roles of Board of Directors :–

In practice, however, there is a wide difference between the role played by the board in various types of organizations. These differences may arise due to the ownership patterns in public and private sector companies. Even within these sectors there might be variations. The roles are:-

1. **Determining the objectives of the enterprise :–** Board of Directors formulate the main objectives of the organization. They form long term objectives as well as short term objectives.
2. **Framing of plans and Policies :–** The Board of Directors also frame the plans and policies to achieve the set objectives.
3. **Organizing activities to be performed by persons working at middle level :–** The Board of Directors assign jobs to different individuals at middle level.
4. **Assembling all the resources such as finance, fixed assets etc. :–** Board of Directors arranges all the finance, required to carry on day to day activities. They buy fixed assets to carry on activities in the organization.
5. **Controlling the performance of Employees :–** Board of Directors keeps a check on employees and their performance. They make sure that plans are implemented in the right direction.
6. **To Guide the senior management :–** In strategic management the role of board is to guide the senior management in setting and accomplishing objectives, reviewing and evaluating organizational performance.
7. **Setting the strategic direction :–** The function of the board is usually seen in terms of setting the strategic direction, which involves establishing objectives and strategy, and subsequently monitoring and reviewing achievement.
8. Helpful in managing the affairs of an organization
9. Making new product effective
10. Appointment of Senior Management.
11. Helpful in operational matters.
12. To achieve long term stability of the business.
13. To distribute income.
14. To act as trustees of the enterprise.
15. To select Chief Executive Officer.
16. To approve the Budgets.
17. To discuss the important matters related to the organization.

Q. Identify the roles that CEOs play in strategic Management?

Ans.

Chief Executive Officer

Or

Managing Director

Or

Executive Directors

Or

Strategist

Or

President or General Manager

CEO: The CEO is the most important strategist who is responsible for all aspects of strategic management, from, the formulation to the evaluation of strategy The CEO is the person who is overall incharge of the management.

CEO is a person who is to shoulder responsibility in respect of strategic management Stated strictly he is the architect of organizational purpose, strategist or a planner. He is a leader, organizer or builder of organization He is the chief administrator, implementer and coordinator. He is a communicator, motivator and a mentor He is a decision-maker for the organization as a whole. He is expected to perform the following functions:

(1) **Formulating Long-Term Plans :** Chief executive is the brain behind the design of long-term plans and decision-making. He is said to involve himself in long range planning by making decisions about these plans and presenting the higher authorities the relevant information in arriving at strategic decisions He is assisted by planning staff and other personnel he thinks appropriate.

(2) **Formulation of Strategy :** As the chef strategist, the CEO plays a major role n strategic decision-making. CEOs formulate the strategies in strategic management process.

(3) **Guiding and Directing :** He provides his valuable guidance and direction to different functionaries in the organization in the areas of :

(a) Explaining and interpreting the policies, programs formulated by the Board of Directors.

(b) Executing plans by giving necessary orders to his subordinates and

(c) Correcting the programmes of on gong departmental managers to attain organizational goals.

(4) **Integrating :** Integration is an essential part of coordination as it deals with integration of interest, timing the operating and balancing of efforts. His integration functions are:

(a) Bringing together all departmental heads prescribing organizational relationships

(b) Defining and refining the departmental authorities and responsibilities.

(c) Generating very conductive environment in the organization for efficient and effective functioning

(d) Providing able and effective leadership for the entire organization.

(5) Staffing : He contributes a good deal in staffing the organization. He appoints senior cadre. He is all in all for fixing the pay-packet, transfer, promotion, demotions and discharge of personnel at higher levels.

(6) Reviewing and Controlling : Reviewing becomes very important task of his in seeing whether every thing is going according to his plans. In case of any variations, he takes a corrective action if need, there be. Review and control function together are performed by him by:

(a) Holding meetings of different functionaries to have consultation and review.

(b) Suggesting corrective action

(c) Preparing and presenting progress and control reports for the persue of the Board

(d) Informing the Board about the functioning of the organization in border perspective and his seniors managers so that necessary action can be taken to have smooth sailing.

(7) Public Relations : He s not only responsible for internal management, but has to maintain good rapport with the publics of the society in which he works. The most important publics are:

(a) Government

(b) Trade Associations

(c) Trade Unions

(d) Financial Institutions.

(8) Coordinating Activities : Chief Executive acts as a coordinator among different departments. He helps various departments n reconciling their objectives with one another.

(9) To maintain a link between the Board of Directors and the entire organization.

(10) The role of CEO s basically to manage the external environment relationship in order to create conditions for growth.

(11) To present the objectives and define the policies :– Chief executive officer is responsible for presenting and defining objectives.

(12) Helpful in Execution :– The plans and policies decided by the Board of Directors are executed through the chief executive. He/she explains various policies and plans to departmental managers and gives proper directions for their proper execution. He/she also monitors the progress of various plans and takes corrective actions, if needed.

(13) Coordinating Activities :– Chief Executive acts as a coordinator among different departments. He/she helps various departments in reconciling their objectives with one another.

(14) Ensuring Proper Performance :– Chief Executive is responsible for overall performance of the organization. He/she regularly reviews the performance of various departments and reports the performance to Board of Directors. In case performance is not as per the plans then necessary corrective actions are taken. He/she regularly holds meetings with department heads and keeps himself abreast with their working.

(15) Provide Directions :– CEO performs the strategic tasks which are necessary to provide a direction to the organization so that it achieves its purpose.

(16) Defining the role of middle management.

(17) Provide suggestions in decision-making.

(18) Setting the company's mission :– He/she plays a important role in setting the mission of the organization.

(19) The role of CEO is basically to manage the external environment relationship in order to create conditions for growth.

(20) To maintain a link between the Board of Directors and the entire organization.

(21) To present the economic report of the activities of the organization.

(22) To give adequate and appropriate orders and directions for the efficient working of the organization.

Q. What are the roles or Functions of Sub-Committee?

Ans. In Sub-Committee we includes :–

(1) Consultants :– Many organization which don't have a corporate planning department owing to reason like small size, financial constraints, take the help of external consultants in strategic management. These consultants may be individual or consultancy companies specializing in strategic management activities.

According to the Management Consultants Association of India :–

Management consultancy is a professional service performed by specially trained and experienced persons to advise and assist managers and administrators to improve their performance and effectiveness and that of their organization.

Roles :–

(i) Helpful in effective decision-making.
(ii) Make policies & Strategies on time.
(iii) Effective Planning.
(iv) Better Services to the users of organization.
(v) Work as an advisor who advise and assist manager & administrator to improve their performance and effectiveness of their organization.

Note :–

It should be noted that consultants do not perform strategic management, they only assist the organizations and their managers in strategic management by working on specific, time-bound consultancy assignments.

(2) Middle-level Managers :–

Middle level management is basically concerned with the task of implementing the policies and plans laid down by the top management. It works as a necessary link between the top management and the lower level management. It helps in communication between both levels.

Role :–

(i) It makes operational matters convenient.
(ii) They considered as implementers of the decision.
(iii) Helpful in effective following of policy guidelines.
(iv) It also plays a major role as a passive receiver of communication about functional strategic plans.
(v) Making recommendation to top management for the better implementation of plan and policies.
(vi) Interpreting the policies framed by top management.
(vii) Selecting suitable operative and supervisory personnel.
(viii) Assigning duties and responsibilities for timely execution of the plans.
(ix) Motivating Personnel to achieve higher productivity.

(3) Executive Assistant :–

An executive assistant is a person who assists the Chief Executive Officer in the performance of his duties in various ways:-

(i) To assist the Chief Executive in Data Collection and Analysis.
(ii) Suggests alternatives where decisions are required.
(iii) Preparing briefs of various proposals, projects and reports.
(iv) Helpful in maintenance of Public Relations.
(v) Helpful in coordinating activities with the internal staff & outsiders.
(vi) It acts as a filter for the information coming from different sources.

Q. What are the roles of Senior Management?

Ans. Senior Management :–

The senior management consists of managers at the highest level. These managers are involved in various aspects of strategic management. Some of the members of the senior management act as directors on the board usually on a rotational basis.

Role:-

(i) This management serves on different top-level committees set up by the board.

(ii) It looks after matters of strategic importance and other policy issues.

(iii) The senior managers which are in senior management are responsible for implementing strategies and plans.

(iv) It also looks after modernization, technology up-gradation, diversification, expansion and new product development.

(v) Senior Managers perform a variety of roles by assisting the board and the chief executive in the formulation, implementation and evaluation of strategy.

Q. What are the roles of Entrepreneur?

Ans. Entrepreneur :–

The entrepreneur has been usually considered as the persons who starts a new business, is a venture capitalized, has a high level of achievement-motivation and is naturally endowed with the qualities of enthusiasm, idealism, sense of purpose, and independence of though and action.

Role :–

(i) It provides a sense of direction to the organization.

(ii) It sets objectives & formulates strategies to achieve them.

(iii) It plays a proactive role in strategic management.

(iv) It is considered as implementers and evaluators.

(v) It play all strategic roles which is helpful in decision-making which generate a sense of purpose among their sub-ordinates

Q. Discuss the roles that major strategists play in strategic management?

Ans. Strategists :– Strategists are individual or groups who are primarily involved in the formulation, implementation, and evaluation of strategy. In a limited sense all managers are strategists. There are persons outside the organization who are also involved in various aspects of strategic management. They too are referred to as strategists. There are seven type of strategists and these are:-

(1) Board of Directors

(2) Chief Executive Officer

(3) Entrepreneur.

(4) Senior Management.

(5) Sub-Committee.

(6) Middle level managers.

(7) Executive Assistant.

UNIT – III

Q. What is the concept of Environment in Strategic Management?

Ans. Strategic management is about taking strategic decisions. It starts where strategic thinking ends. It applies strategic thinking to lead the organization to its vision.

Features of Strategic Management :–

- Strategic Management coordinates and integrates business activities.
- Strategic Management satisfies customers.
- Strategic Management strengthens the competitive position.
- Strategic Management works toward achieving performance Target.

Definitions of Strategic Management

According to Glueck

"Strategic Management as a stream of decisions and actions which leads to the development of an effective strategy or strategies to help achieve corporate objectives."

According to Sharplin

"Strategic Management as the formulation and implementation of plans and carrying out of activities relating to the matters which are of vital, pervasive or continuing importance to the total organization".

Formulation of Strategies:- It includes environmental and organizational appraisal to find out the opportunities & threats operating in the environment & the strength & weakness of an organization.

Concept of Environment :– Environment literally means the surroundings, external objects, influences or circumstances under which someone or something exists. The environment of any organization is "the aggregate of all conditions, events and influence that surrounds and affect it". The concept of environment can be understood by looking at some of its characteristics.

Characteristics of Environment :–

(1) **Environment is complex :–** The environment consists of a number of factors, events, conditions and influences arising from different sources.

(2) **Environment is dynamic :–** The environment is constantly changing in nature.

(3) **Environment is multi-faceted :–** What shape and character an environment will assume depends on the perception of the observer. A particular change in the environment, or a new development, may be viewed differently by different observers. This is seen frequently when the same development is welcomes as opportunity by one firm while another company perceives it as a threat.

(4) **Environment has a far - reaching impact :–** The environment has a far - reaching impact on organization. The growth and profitability of an organization depends critically on the environment in which it exists.

Q. What aspects does environmental Appraisal deal with?

Ans. Environment : Environment literally means the surroundings, external objects, influences or circumstances under which someone or something exists. The environment of any organization is "the aggregate of all conditions, events and influence that surrounds and affect it".

Classification of environment :–

1. External and internal environment
2. General versus relevant environment
3. Industry environment
4. Competitive environment

1 External and internal environment :–

(i) **External environment :–** The external environment includes all the factors outside the organization which provide opportunities or poser threats to the organization.

- Opportunities
- Threats

Classification of external environment :–

a **Market environment :–** In market following factors are include :

- Customer or client factors, such as, the needs, preferences, attitudes, bargaining power, buying behavior and satisfaction of customers.
- Product factors, such as, the demand, life cycle, price, promotion, distribution and the availability of substitutes of products or services.
- Competitor related factors, such as, entry and exit of major competitors.

b **Technological environment :–** Some of the important factors are as follows :

- Sources of technology
- Technological development
- Impact of technology on human beings

c **Supplier environment :–** Some of important factors are :

- Cost, availability and continuity of supply of raw materials.
- Cost & availability of energy used in production
- Cost & availability of finance for implementing plans and projects.

d **Economic Environment :–** Some of important factors are :

- The economic Structure:- A Capitalistic, Socialistic, or mixed economy.
- Economic Policies:- Industrial policy, monetary policy and fiscal policy.
- Economic Planning:- Five year plans, annual budgets etc.

e **Regulatory Environment :–** Some of important factors are :

- Policies relating to licensing, foreign investment etc.
- Policies relating to imports and exports.
- Policies relating to public sector, small scale industries etc.

f **International Environment :–** Some of important factors are :

- Globalization, its process, content and direction.
- Global financial system, source of financing.
- Global market and competitiveness.

(ii) Internal Environment :– The internal Environment refers to all factors within an organization which impart strengths or cause weaknesses of a strategic nature:-

- Strength
- Weakness

It includes:-

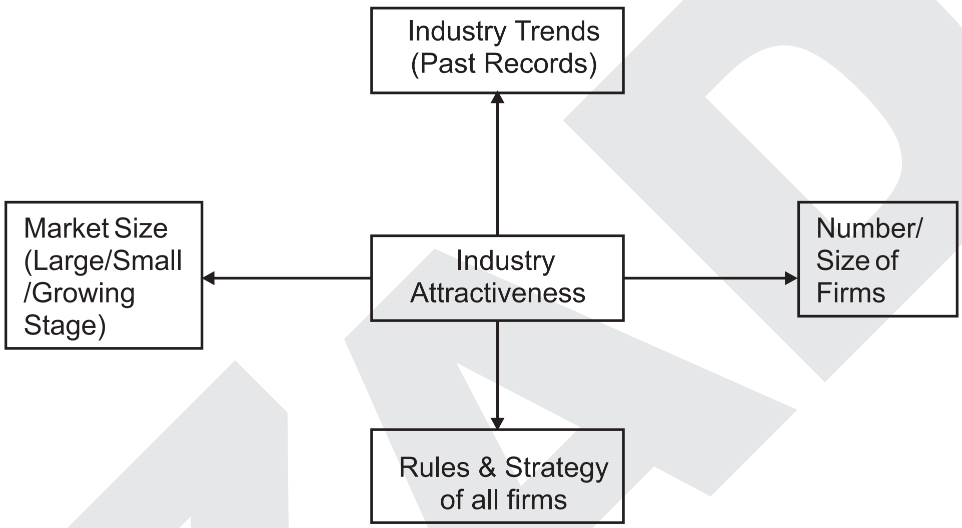
a. Employees & their skill base
b. Level of technology available
c. Organizational Design and structure.

2. General Versus Relevant Environment :–

(i) General Environment :– The external environment consists all those factors which provide opportunities or pose threats to an organization. In a wider sense, the external environment encompasses a variety of factor, like: international, social changes, political system and many other macro level factors. Such a wider perception of the environment could be designated as the general environment.

(ii) Relevant Environment :– Every business organization is concerned with a set of environment aspects, which have a direct, or an immediate affect on the business. This part of the general environment which is of an immediate concern to the business is termed as relevant environment.

3. Industry Environment :– To analyze the industry environment we should understand the purpose of all the firms related to that industry. It includes industry trends, market size & the factors which affect industry attractiveness.



4. Competitive Environment :– In this type of environment an organization has to study their competitors i.e. their profitability, their position and their chance of growth in the economy. For this purpose SWOT analysis can be done.

Q. Define SWOT Analysis.

Ans. SWOT : SWOT is an abbreviation for Strengths, Weaknesses, Opportunities and Threats. SWOT analysis is an important tool for auditing the overall strategic position of a business and its environment. It is popular tool for audit and analysis of the overall strategic position of a business and its environment. The acronym "SWOT" represents

S- Strength

W- Weaknesses

O- Opportunities

T- Threats

SWOT / TOWS Matrix

	Strengths	Weaknesses
Opportunities	S-O strategies	W-O strategies
Threats	S-T strategies	W-T strategies

- **S-O strategies** pursue opportunities that are a good fit to the company's strengths.
- **W-O strategies** overcome weaknesses to pursue opportunities.
- **S-T strategies** identify ways that the firm can use its strengths to reduce its vulnerability to external threats.
- **W-T strategies** establish a defensive plan to prevent the firm's weaknesses from making it highly susceptible to external threats.

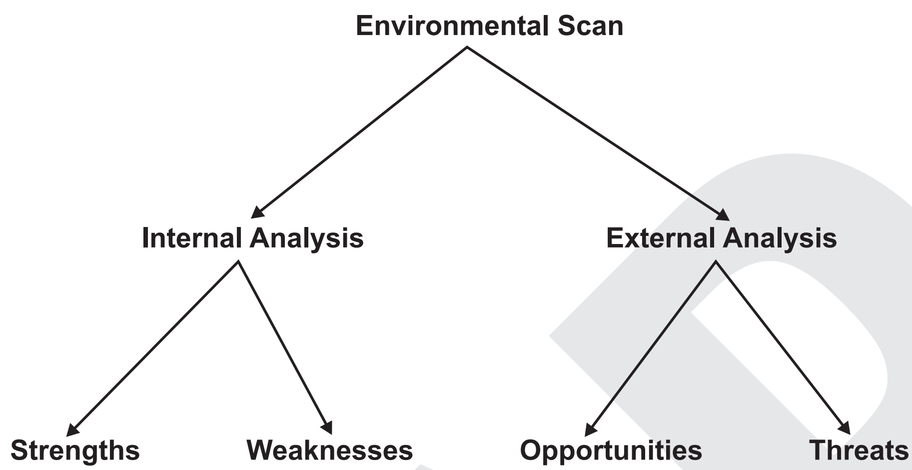
The environmental factors internal to the firm usually can be classified as strength(S) or Weaknesses (W), and those external to the firm can be classified as opportunities (O) or threats (T).

Business firm undertake SWOT analysis to understand their external and internal environments. In looking at the various aspects of external & internal environment we have to look at the strength & weakness of the company & as also to an extent opportunities & threats. We can't ignore even a single aspect of SWOT analysis. There are several ways to understand such analysis:-

(i) One approach is to look the corporate identity & view the strength, weakness, opportunities & threats from there.

(ii) The second way is to scrutinize all aspects of the company activity & resources and look at the strength & shortfalls.

SWOT analysis Framework:



The strength & opportunities are both positive considerations. Weaknesses and Threats are both negative considerations.

In general, the company should attempt to:

- Build its strength.
- Reverse its Weakness.
- Maximize its response to opportunities.
- Overcome its threats.

(1) Strength :– Strength is a resource, skill or other advantage in relation to the competition, strength is a distinctive competence that affords the firm a comparative advantage in the market place.

For Example :–

(i) Patents

(ii) Strong Brand Names

(iii) Good reputation among customers.

(iv) Better financial resources.

(v) Raw material at least cost.

(vi) Buyer-Supplier Relationship

(vii) Image of the Firm.

(2) Weaknesses :– A weakness is a limitation or deficiency in resources, skills or capabilities that seriously impedes effective performance.

For Example :–

(i) Lack of Patent Protection

(ii) A weak brand name.

(iii) Poor reputation among customers.

(iv) High Cost Structure.

(v) Expensive Technology or Outdated Technology.

(vi) Lack of Facilities.

(vii) High cost of capital.

(viii) Unreliable Suppliers

(3) Opportunities :– AN opportunity is a major favorable situation in a firm's environment. It primarily depends upon the perception as well as the resources of the organization that whether any occurrence is considered as opportunity or not.

For Example :–

(i) Removal of International trade Barriers.

(ii) Some favourable law passed by the legislature of the country.

(iii) Change of the consumer behaviour.

(iv) Possibility of joint venture or takes over.

(v) Change in competitor's strategy.

(vi) Arrival of new technologies.

(4) Threats :– A threat is a major favourable situation in the firm's environment. Opportunity for one firm could be a strategic threat to another.

For Example :–

(i) The entrance of new competitors.

(ii) Slow market growth.

(iii) Increased Bargaining power of buyer.

(iv) Major technology change and changing regulation.

SWOT Analysis can be presented with the help of following:

Positive	Negative
Strengths : ➢ Technological Skills ➢ Leading Brands ➢ Distribution Channels ➢ Customer Loyalty/Relationship ➢ Product Quality ➢ Management	**Weaknesses:** ➢ Absence of Important skills ➢ Weak Brands ➢ Poor access to distribution ➢ Low customer Retention ➢ Unreliable Product/Service ➢ Management
Opportunities: ➢ Changing customer tastes ➢ Liberalization of geographic Market ➢ Technological advances ➢ Change in Government Policies ➢ Lower Personal Taxes ➢ Change in Population age structure ➢ New Distribution Channel	**Threats:** ➢ Changing customer tastes ➢ Closing of geographic market ➢ Technological advances ➢ Change in Government Policies ➢ Tax Increases ➢ Change in Population age structure ➢ New Distribution Channel

Uses of SWOT analysis :–

(1) Resource Allocation

(2) What danger can be in future?

Q. What are the rules and principles of corporate strategy?

Ans. Corporate-level Strategies : Corporate-level strategies are basically about the choice of direction that a firm adopts in order to achieve its objectives. There could be a small business firm involved in a single business, or a large, complex and diversified conglomerate with several different businesses. The corporate strategy in both these cases is about the basic direction of the firm as a whole. In the case of small firm it could mean the adoption of courses of action that would yield a better profit for the firm. In the case of the large firm the corporate-level strategy is about managing the various businesses to maximize their contribution to the overall corporate objectives.

Corporate-level strategies are basically about decisions related to allocating resources among the different businesses of a firm, transferring resources from one set of businesses to others, and managing a portfolio of businesses in such a way that the overall corporate objectives are achieved.

Types of Strategies :– There are four alternative strategies :

E. Stability Strategies

F. Expansion Strategies

G. Retrenchment Strategies

H. Combination strategies

Tactics for Corporate Strategies :– A tactic is a sub-strategy. It is "a specific plan detailing how a strategy is to be implemented in terms of when and where it is to be put into action. By their nature, tactics are narrower in their scope and shorter in their time horizon than are strategies". We shall consider here the two tactics:-

(1) Timing Tactics

(2) Market Location Tactics.

(1) Timing Tactics :– When to make a corporate strategy move is often as important as what move to make. It is here that the timing of the application of a corporate strategy becomes important. A corporate strategy of low-cost or differentiation may be essentially a right move but only if it is made at the right time.

(2) Market Location Tactics :– The second important aspect of corporate tactics is market location. This aspect deal with the issue of where to compete. By this is meant the target market the firm aims at while applying its corporate strategies. Every industry has a number of firms that offer the same or substitute products or services. One firm has the largest market share, some other firms have a relatively larger market share, a few others have a small market share.

Market location could be classified according to the role that firms play in the target market and the types of corporate tactics they adopt to play such a role.

On the basis of the role that firms play in the target market, market location tactics could be of four types: Leader, Challenger, Follower and Nichers.

(i) Market Leaders :– Market leaders are the firms that have the largest market share in the relevant product market and usually lead the industry in factors, such as, technological developments, product and service attributes, or distribution channel design. In order to take up the market leader position and to retain it, Kotler proposes these three strategies:-

a) Expanding the total market through new users, new uses and more usage.

b) Defending the market share through position defense.

c) Expanding the market share through new product development, raising manufacturing efficiency, improving product quality or increasing marketing expenditure.

(ii) Market Challengers :– Market challengers are firms that have the second ranking in the industry. These firms can either challenge the market leaders or choose to follow them. When they seek to challenge the market leader they do so in the hope that they would be able to gain the market share.

(iii) Market Followers :– Market followers are firms that imitate the market leaders. They prefer to avoid direct attack, keep out of the way of other firms, and reap the benefits of the innovations made by the market leaders through imitation. The market follower may adopt three broad strategies as under:-

- Counterfeiter Strategy:- This strategy involving duplicating the market leader's product and packaging.
- Imitator Strategy:- This strategy involving copying some things from the market leader while retaining some other features, such as, pricing, packaging or advertising.
- Adapter Strategy:- This strategy involves adapting one's own products to those of the market leader and selling them in different market.

(iv) Market Nichers :–Market nichers are firms that carve out a distinct niche for themselves, which has been left uncovered by the other firms in the industry.

Q. Write a note on Competitive Advantage?

Ans. Competitive Advantage : When a firm sustains profits that exceed the average for its industry, the firm is said to possess a competitive advantage over its rivals. The goal of much of business strategy is to achieve a sustainable competitive advantage.

Michael Porter identified two basic types of competitive advantage:

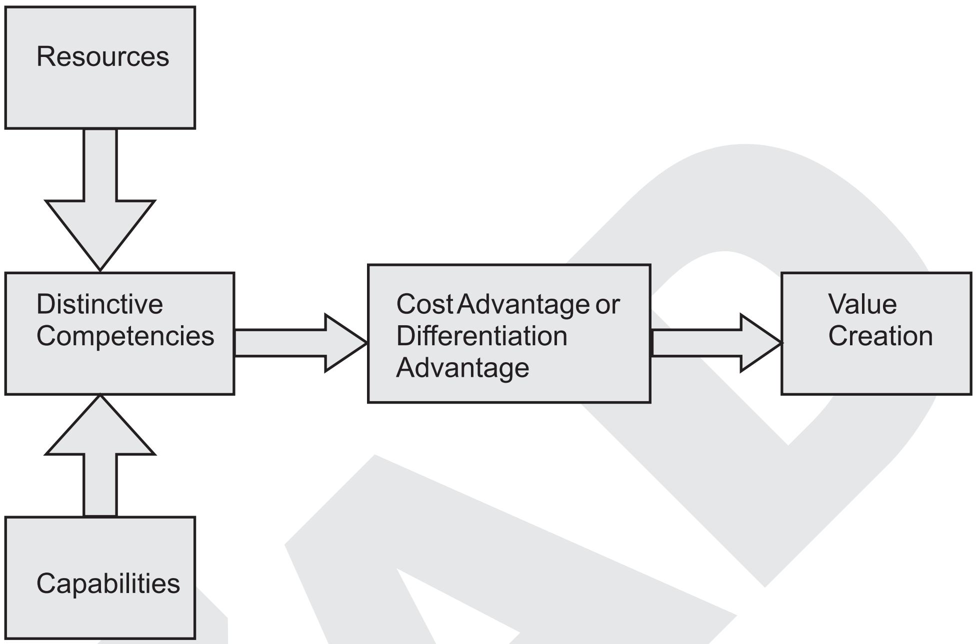
- cost advantage
- differentiation advantage

A competitive advantage exists when the firm is able to deliver the same benefits as competitors but at a lower cost (cost advantage), or deliver benefits that exceed those of competing products (differentiation advantage). Thus, a competitive advantage enables the firm to create superior value for its customers and superior profits for itself.

Cost and differentiation advantages are known as positional advantages since they describe the firm's position in the industry as a leader in either cost or differentiation.

A resource-based view emphasizes that a firm utilizes its resources and capabilities to create a competitive advantage that ultimately results in superior value creation. The following diagram combines the resource-based and positioning views to illustrate the concept of competitive advantage:

A Model of Competitive Advantage



Resources and Capabilities:

According to the resource-based view, in order to develop a competitive advantage the firm must have resources and capabilities that are superior to those of its competitors. Without this superiority, the competitors simply could replicate what the firm was doing and any advantage quickly would disappear.

Resources are the firm-specific assets useful for creating a cost or differentiation advantage and that few competitors can acquire easily. The following are some examples of such resources:

- Patents and trademarks
- Proprietary know-how
- Installed customer base
- Reputation of the firm
- Brand equity

Capabilities refer to the firm's ability to utilize its resources effectively. An example of a capability is the ability to bring a product to market faster than competitors. Such capabilities are embedded in the routines of the organization and are not easily documented as procedures and thus are difficult for competitors to replicate.

The firm's resources and capabilities together form its distinctive competencies. These competencies enable innovation, efficiency, quality, and customer responsiveness, all of which can be leveraged to create a cost advantage or a differentiation advantage.

Cost Advantage and Differentiation Advantage

Competitive advantage is created by using resources and capabilities to achieve either a lower cost structure or a differentiated product. A firm positions itself in its industry through its choice of low cost or differentiation. This decision is a central component of the firm's competitive strategy.

Another important decision is how broad or narrow a market segment to target. Porter formed a matrix using cost advantage, differentiation advantage, and a broad or narrow focus to identify a set of generic strategies that the firm can pursue to create and sustain a competitive advantage.

Value Creation

The firm creates value by performing a series of activities that Porter identified as the value chain. In addition to the firm's own value-creating activities, the firm operates in a value system of vertical activities including those of upstream suppliers and downstream channel members.

To achieve a competitive advantage, the firm must perform one or more value creating activities in a way that creates more overall value than do competitors. Superior value is created through lower costs or superior benefits to the consumer (differentiation).

BUSINESS POLICY AND STRATEGIC ANALYSIS

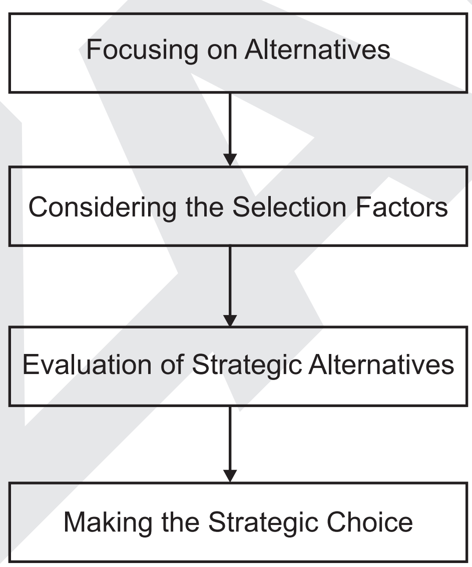
MBA 3rd Semester (DDE)

UNIT – IV

Q. Describe the manner in which the process of strategic choice works.

Ans. Process of Strategic Choice : The process of strategic choice essential a decision-making process. Strategic choice could be defined as "the decision to select from among the grand strategies considered, the strategy which will best meet the enterprise's objectives. The four steps in the process of strategic choice are described below:

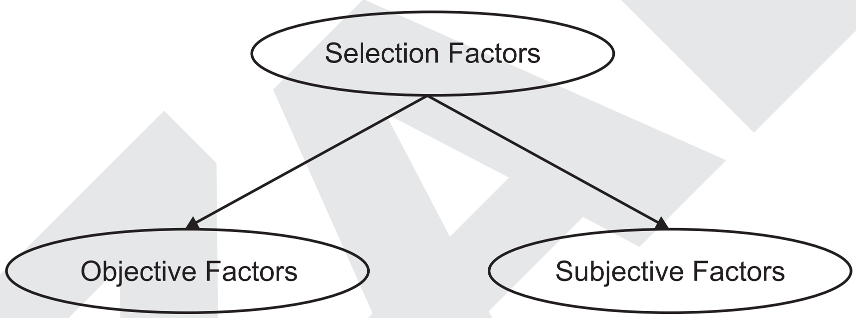
Process of Strategic Choice :



(1) Focussing on Alternatives : The aim of focusing on a few alternatives is to narrow down the choice to a manageable number of feasible strategies. Theoretically, it is possible to consider all the alternatives. On the other hand, a decision-maker would, in practice, limit the choice to a few alternatives. For deciding on what would be a reasonable number of alternatives, it s advisable to start with the business definition. The three dimensions which a business is defined enable a decision-maker to think in a structured fashion and systematically move in one or more dimensions, generating a number of feasible alternatives. The three dimensions are:

- Customer Groups
- Customer Functions
- Alternative technologies

(2) Considering the Selection Factors : Narrowing down the strategic choice to a few feasible alternatives is facilitated by considering the business definition and a thorough gap analysis. These alternatives have to be subjected to further analysis. Such an analysis has to rely on certain factors. These factors are termed as selection factors. They determine the criteria on which the evaluation of strategic alternatives can be based.



(i) Objective Factors : Objective factors are based on analytical techniques and are hard facts or data to facilitate a strategic choice. They could be termed as

- Rational
- Normative
- Prescriptive Factors

(ii) Subjective Factors : Subjective factors on the other hand are based on one's personal judgement and collective or descriptive factors.

(3) Evaluation of Strategic Alternatives : Selection factors are the criteria on which a final choice of strategy has to be based. Narrowing the choice leads to a few alternatives, each one of which has to be evaluated for its capability to help the organization achieve its objectives. Evaluation of strategic alternatives basically involves bringing together the results of the analysis carried out on the basis of the objective and subjective factors.

(4) Making the Strategic Choice : An evaluation of strategic choice should lead to a clear assessment of which alternative is the most suitable under the existing conditions. The final step, therefore, is to make the strategic choice. One or more strategies have to be chosen for implementation.

Q. Define BCG Matrix OR PRODUCT PORTFOLIO MATRIX?

Ans. Corporate Portfolio Analysis : Corporate portfolio analysis could be defined as a set of techniques that help strategists in taking strategic decisions with regard to individual products or businesses in a firm's portfolio. It is primarily used for competitive analysis and corporate strategic planning in multiproduct and multi-business firms.

There are a number of techniques that could be considered as corporate portfolio analysis techniques. The most popular is the **Boston Consulting Group (BCG) Matrix or Product Portfolio Matrix.**

BOSTON CONSULTING GROUP :– The Boston Consulting Group Matrix, provides a graphic presentation for an organization to examine the different businesses in its portfolio on the basis of their relative market shares and industry growth rates. Business could be classified on the BCG Matrix as either low or high according to their industry growth rate and relative market share. There are two axis:-

(iii) Vertical Axis :– The vertical axis denotes the rate of growth in sales in percentage for a particular industry.

(iv) Horizontal Axis :– The horizontal axis represents the relative market share, which is the ratio of a company's sales to the sales of the industry's largest competitor or market leader.

The four cells of the BCG Matrix have been termed as

(1) Stars (2) Cash Cows

(3) Question Marks or problem children. (4) Dogs

BOSTON CONSULTING GROUP :–

HIGH	STARS	QUESTION MARKS
LOW	CASH COWS	DOGS
	HIGH	LOW

RELATIVE MARKET SHARE

(1) **Stars :–** Stars are high-growth-high market share businesses which may or may not be self-sufficient in terms of Cash flow. This cell corresponds closely to the growth phase of the product life cycle. A company generally pursues an expansion strategy to establish a strong competitive position with regard to a 'star' business. In the current Indian context, there are many businesses which could be considered as 'stars'.

For Example :– Petrochemicals, Electronics, Telecommunication and Fast foods etc.

(2) **Cash Cows :–** Cash Cows are businesses which generate large amount of cash but their rate of growth is slow. In terms of product life cycle, these are generally mature businesses. These businesses can adopt mainly stability strategy. The cash generated by cash cows is reinvested in 'stars' and 'question marks'.

For Example :– Scooters for Baja Auto, Toothpaste for Colgate, Decorative Paints for Asian Paints etc.

(3) **Question Marks :–** Businesses with high industry growth but low market share for a company are 'question marks' or 'problem children'. They required large amounts of cash to maintain or gain market share. 'Question Marks' are usually new products or services which have a good commercial potential. No single set of strategies can be recommended here. If the company feels that it can obtain a dominant market share, it may select expansion strategies, otherwise retrenchment may be a more realistic alternative. 'Question Marks' therefore, may become 'stars' if enough investment is made or they may become 'dog' if ignored.

For Example :– Holiday Resorts, Light Commercial Viechle, Home Improvement Products.

(4) **Dogs :–** Those businesses which are related to slow growth industries and where a company has a low relative market share are termed as 'dogs'. They neither generate nor require large amounts of cash. In terms of PLC, the 'dogs' are usually products in a declining stage. So retrenchment strategies are normally suggested.

For Example :– Cotton textiles, shipping, leasing etc.

Advantage of BCG Matrix :– As seen from the above description of the BCG Matrix, it is clear that its major advantage is that it offers a facility for a visual examination of the portfolio of the business of a company.

Limitations of BCG Matrix :– There are some limitations of this matrix which arise from the assumption on which the BCG Matrix is based. For example, the growth rate of an industry is taken as an indicator of its attractiveness and its market share for profitability. Both these assumptions might not always be true.

Q. Define GeNnine- cell matrix or stoplight strategy matrix?

Ans. GE Nine-Cell Matrix : Another corporate portfolio analysis technique is based on the pioneering efforts of the General Electric Company of the United States supported by the consulting firm of McKinsey & Company. There are two axis in GE Nine-Cell Matrix :

➢ **Vertical Axis :–** The vertical axis represents industry attractiveness, which is a weighted composite rating based on eight different factors. These factors are:-

(ii) Market Size and Growth rate.
(iii) Industry Profit Margin
(iv) Competitive Intensity
(v) Seasonality
(vi) Cyclicality
(vii) Economies of Scales
(viii) Technology
(ix) Social, Environmental, legal and human impacts.

➢ **Horizontal Axis :–**The horizontal axis represents business strength/competitive position, which is again a weighted composite rating based on seven factors. These factors are:-

(i) Relative Market Share
(ii) Profit Margin
(iii) Ability to compete on price and quality
(iv) Knowledge of customer and market.
(v) Competitive strengths and weaknesses.
(vi) Technological capability
(vii) Caliber of Management.

The two composite values for industry attractiveness and business strength/competitive position are plotted for each business in a company's portfolio.

The nine cells of the GE matrix are grouped on the basis of low to high industry attractiveness, and weak to strong business strength. Three zones of three cells each are made, denoting different combinations represented by:

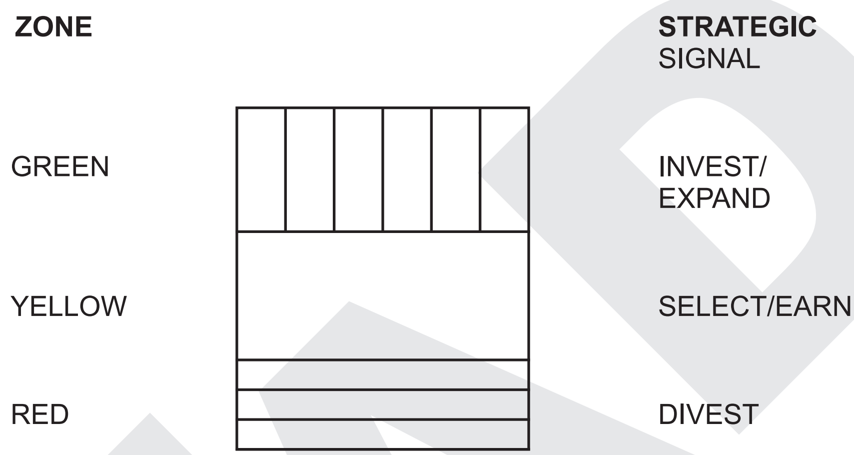
Green Zone :- 'Go Ahead'
Yellow Zone:- 'Wait and See'
Red Zone:- 'Stop'

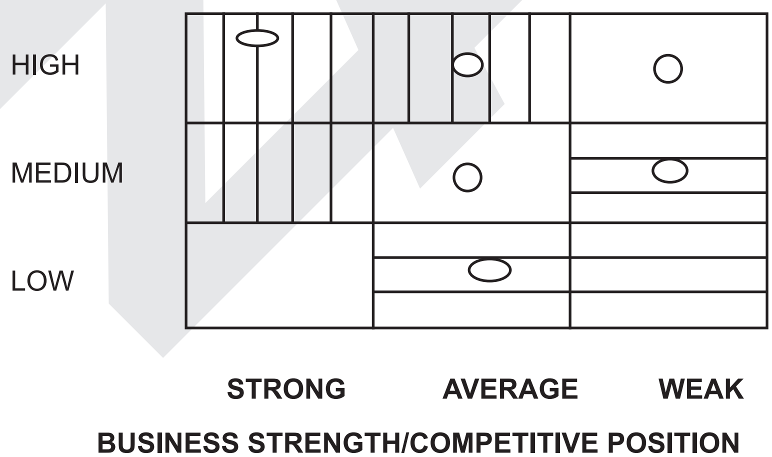
1. **Green Zone :–** Based on the green zone the signal is 'go ahead' to grow and build, indicating expansion strategies. Businesses in the green zone attract major investment.

2. **Yellow Zone :–** For the yellow zone, the signal is 'wait and see' indicating hold and maintain type of strategies aimed at stability.

3. **Red Zone :–** For the Red zone, the signals is 'stop' indicating the retrenchment strategies of divestment and liquidation.

GENERAL ELECTRIC NINE-CELL MATRIX





Conclusion :– The GE nine-cell matrix offers some distinct advantages. Compared to BCG Matrix, it offers an intermediate classification of medium and average ratings. It incorporates a larger variety of strategic variables like the market share and industry size. The GE matrix is also a powerful analytical tool to channel corporate resources to businesses that combine to high industry attractiveness with an average to strong business strength/competitive position. On the other hand, the major drawback of the GE Matrix is that it only provides broad strategic prescriptions rather than the specifics of business strategy.

Q. Why is a directional policy matrix named as such?

Ans. Directional Policy Matrix :– The directional policy matrix (DPM) developed by Shell Chemicals, UK, uses the two parameters :-

(i) Business Sector Prospects :– A number of factor such as market growth, market quality, market supply, and so on, are used to rate the business sector prospects as unattractive, average, or attractive.

(ii) Company's Competitive Abilities :– A company's competitive abilities are similarly judged as weak, average, or strong on the basis of several factors.

BUSINESS SECTOR PROSPECTS

	Unattractive	Average	Attractive
Weak	Divestment	Imitation	Cash Generation
Average	Merger	Maintenance of position	Expansion / Product Differentiation
Strong	Diversification / Cash Generation	Growth / Market Segmentation	Market Leadership / Innovation

Q. Write a short note on Grand Strategy Matrix?

Ans. Grand Strategy Matrix : In addition to the BCG Matrix, GE-Nine Cell Matrix, the Grand Strategy Matrix has become a popular tool for formulating alternative strategies.

All organizations can be positioned in one of the Grand Strategy Matrix's four strategy quadrants. Grand Strategy is based on two evaluative dimensions:-

(1) Competitive Position

(2) Market Growth.

RAPID MARKET GROWTH

	Quadrant II 1. Market Development. 2. Market Penetration. 3. Product Development. 4. Horizontal Integration 5. Liquidation	**Quadrant I** 1. Market Development 2. Market Penetration 3. Product Development 4.Horizontal Integration 5. Concentric Diversification
WEAK COMPETITIVE POSITION		**STRONG COMPETITIVE POSITION**
	Quadrant III 1. Retrenchment 2. Concentric Diversification 3. Horizontal Diversification 4. Conglomerate Diversification 5. Liquidation	**Quadrant IV** 1. Concentric Diversification 2. Horizontal Diversification 3. Conglomerate Diversification. 4. Joint Venture

SLOW MARKET GROWTH

Quadrant I:

Firms located in Quadrant I of the Grand Strategy matrix are in an excellent strategic position. For these firms, continued concentration on current markets (market penetration and market development) and products (product development) are appropriate strategies. Quadrant I firm can afford to take advantage of external opportunities in many areas. When a Quadrant I organization has excessive resources, then horizontal integration may be effective strategies.

Quadrant II:

Firm positioned in Quadrant II need to evaluate their present approach to the marketplace seriously. Although their industry is growing, they are unable to compete effectively, and they need to determine why the firm's current approach is in effectual and how the company can best change to improve its competitiveness.

Quadrant III:

Quadrant III organizations compete in slow-growth industries and have weak competitive positions. These firms must make some drastic changes quickly to avoid further demise and possible liquidation. Extensive cost and asset reduction (retrenchment) should be pursued first. An alternative strategy is to shift resources away from the current business into divestiture or liquidation.

Quadrant IV:

Finally, Quadrant IV businesses have a strong competitive position but are in a slow-growth industry. Quadrant IV firms have characteristically high cash flow levels and limited internal growth needs and can often pursue concentric, horizontal, or conglomerate diversification successfully. Quadrant IV firms may also pursue joint ventures.

Q. What are the behavioural factors affecting strategic choice?

Ans. Strategic choice is a decision. At both the corporate and the business levels, this decision determines the future strategy of the firm.

After alternative strategies are examined, strategic choice is made. This is a decision to adopt one of the alternatives scrutinized. There are several factors which influence the strategic choice decision. Some of the more important are:

1. **Role of past strategy :–** A review of past strategy is the point at which the process of strategic choice begins.
   As such, past strategy exerts considerable influence on the final strategic choice.
   Current strategies are often the architects of past strategies.

2. **Degree of the Firm's External Dependence :–** A comprehensive strategy is meant to effectively guide a firm's performance in the larger external environment. Owners, suppliers, customers, government, competitors, and unions are a few of the elements in a firm's external environment. A major constraints on strategic choice is the power of environmental elements in supporting this decision. The greater a firm's external dependence, the lower its range and flexibility in strategic choice.

3. **Attitudes toward Risk :–** Attitudes towards risk exerts considerable influence on strategic choice. Where attitudes favour risk, the range and diversity of strategic choice expend. Where management is risk averse, the diversity of choices is limited. Risk oriented managers prefer offensive, opportunistic strategies.

RISK AVERSE	RISK PRONE
Decrease Choices Defensive Strategies Stability Minimize company weaknesses	Expand Choices Offensive Strategies Growth Maximize company strength

4. **Timing Considerations :–** The time element can have considerable influence on strategic choice. A good strategy may be disastrous if it is undertaken at the wrong time.

5. **Competitive Reaction :–** In weighting strategic choices, top management frequently incorporates perceptions of likely competitor reactions to different options.

6. **Internal political Considerations :–** Power/Political factors also influence strategic choice. A major source of power in most of the organizations is the chief executive officer. In small enterprise, the CEO consistently the dominant force in strategic choice, and this is also in large firms, particularly those with a strong or dominant CEO.

BUSINESS POLICY AND STRATEGIC ANALYSIS

Past Year Question Papers

JAN 2009

UNIT - I

1 "A strategy is aunified comprehensive and integrated plan that relates the strategic advantage of the firm to the firm to the challenges of the environment" Explain.

2 Differentiate between 'vision' and 'mission'. Why is it necessary as a starting pointing the process of strategic management?

UNIT - II

1 Describe the role of the board of directors in strategic management.

2 Write short answers of the following :

a) Role of sub committees.

b) Tasks and responsibilities of CEOs.

UNIT - III

1 "A firm which develop slack resoures through distinctive competence will be more effective than the one which does not" Explain the statement.

2 "Effective strategists examine opportunities and threats from areas of the nation and the world other than the ones they are presently doing business in." Discuss.

UNIT - IV

1 "The strategic choice should be in line with the existing managerial philosophy and practices." Explain Behavioral consideration affecting strategic choice.

2 What is grand strategy define all its related strategy?
Horizontal/ vertical
Internal / external
Related/ unrelated
Active/ passive

3 Opportunities and Threat.

JULY 2008

UNIT - I

1 Define Strategy and Strategic Management. Explain in detail all the elements in Strategic Management Process.

2 Distinguish between vision, mission and objectives. What are the features of a good objective setting? Explain the areas in which corporate objective are set?

UNIT - II

1 What is the role of board of director in the process of strategic mgt? What are the various issues related to corporate governance, which the board of directors are, required to comply?

2 Explain the tasks and responsibilities of Chief Executive Officer. Describe the skills required of a CEO for efficient performance.

UNIT - III

1 What is the role of environment in strategic management? Describe various components of the environment, which need analysis. Briefly explain explain various techniques of environmental scanning.

2 "Assessment of internal capabilities of a firm center around the appraisal of performance in different functional areas" Elucidate the statement.

UNIT - IV

1 Explain the following models used for making strategic choice.

(a) GE nine cell matrix.

(b) Directional policy matrix.

2 Write short notes on :

(a) Contingency approach to strategic choice.

(b) Behavioral consideration affecting strategic choice.

JAN 2008

UNIT - I

1 Explain the evolution of business policy and strategic management describe various elements of the process of strategic management?

2 What do you understand by term vision and mission? What are the essential Characteristics of good mission statement how a mission statement is formulated?

UNIT - II

1 What are the tasks and responsibilities of a chief executive officer of a diversified company? Explain the skills required to perform these task and responsibility.

2 What are the functions of board of director of a company? Explain various types of committees which can be formed in a company and their role?

UNIT - III

Q.1 What is the nature of company's environment? How would you proceed to make environment scanning for the company? What is the importance of environment scanning?

2 How would you identify corporate competence and resources? In what way this would help the corporate in attaining strategic excellence position?

UNIT - IV

1 Write short notes on

(a) BCG matrix (b) Directional policy matrix model

2 Write notes on following

1. Behavior consideration effecting strategic choice.
2. Contingency approach to strategic choice.

JAN 2007

UNIT - I

1 Define strategic management? Explain various element of the comprehensive model of strategic management process.

2 Explain various stages of evolutions of business policy as a field of study throw light on nature and objective of business policy.

UNIT - II

1 Describe the function various consitituent of the top management of a corporate house. Is there any scope of conflict in the task of board of director and the CEO of the corporate comment?

2 Explain the tasks and responsibilities of Chief Executive Officer. Describe the skills required of a CEO for efficient performance.

UNIT - III

1 How a corporate can identify its core competence areas? Discuss the way in which a company can attain strategic excellence position?

2 What is the nature and components of company environment? Explain various techniques used for environment analysis?

UNIT - IV

1. What is the process of strategic analysis and choice? Discuss in detail the stop light model of making strategic choice?

2. Write notes on following :

a) Behavior consideration effecting strategic choice.

b) Contingency approach to strategic choice.