Final Term Subjective
MGT603- Strategic Management
SOLVED AND COMPOSED BY
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Question No: (Marks: 3)
Auditors who perform audit can be divided into three groups? Identify and define each of them.
Answer

Auditing is defined by the American Accounting Association (AAA) as "a systematic process of objectively obtaining and evaluating evidence regarding assertions about economic actions and events to ascertain the degree of correspondence between those assertions and established criteria, and communicating the results to interested users." People who perform audits can be divided into three **groups: independent auditors, government auditors, and internal auditors**.
Independent auditors basically are certified public accountants (CPAs) who provide their services to organizations for a fee; they examine the financial statements of an organization to determine whether
they have been prepared according to generally accepted accounting principles (GAAP) and whether they fairly represent the activities of the firm. Independent auditors use a set of standards called generally accepted auditing standards (GAAS). Public accounting firms often have a consulting arm that provides strategy-evaluation services.
Two government agencies—the General Accounting Office (GAO) and the Internal Revenue Service (IRS)—employ government auditors responsible for making sure that organizations comply with federal laws, statutes, and policies. GAO and IRS auditors can audit any public or private organization. The third group of auditors are employees within an organization who are responsible for safeguarding company assets, for assessing the efficiency of company operations, and for ensuring that generally accepted business procedures are practiced**.(Page 156)**

Question No: (Marks: 5)
Positioning is actually the way that a product is introduced to its market audience. What are the five steps required for effective product positioning?
Answer

The following steps are required in product positioning:
1. Select key criteria that effectively differentiate products or services in the industry.
2. Diagram a two-dimensional product-positioning map with specified criteria on each axis.
3. Plot major competitors' products or services in the resultant four-quadrant matrix.
4. Identify areas in the positioning map where the company's products or services could be most
competitive in the given target market. Look for vacant areas (niches).

5. Develop a marketing plan to position the company's products or services appropriately.
Page 134

Question No: (Marks: 3)   page (126)
What is the significance of Production department in an organization?
Answer
Production department plays a crucial role for implementing organization strategy. Production-concerned decisions on plant location, plant size, , product design, choice of equipment, size of inventory, inventory control, quality control, cost control, use of standards, shipping and packaging, and technological innovation, job specialization, employee training, equipment and resource utilization. All these factors place an important impact on success and failure of the strategy.

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Question No: (Marks: 3)
Discuss the activities that can help an organization to reduce cost.
Answer

Organizations invest in R&D because they believe that such investment will lead to superior product or

Services and give them competitive advantages. Research and development expenditures are directed at developing new products before competitors do, improving product quality, or improving
Manufacturing processes to reduce costs.

1. Development of new products before competition
2. Improving product quality
3. Improving manufacturing processes to reduce costs

Question No: (Marks: 5)

QSPM requires intuitive judgments and educated assumptions. Discuss. Page 110 to 11

Answer

(Quantitative Strategic Planning Matrix)

QSPM. Strategists should use good intuitive judgment in
selecting strategies to include in a QSPM.
The last stage of strategy formulation is decision stage. In this stage it is decided that which way is most appropriate or which alternative strategy should be select. This stage contains QSPM that is only tool for objective evaluation of alternative strategies. A quantitative method used to collect data and prepare a matrix for strategic planning. It is based on identified internal and external crucial success factors.
That is only technique designed to determine the relative attractiveness of feasible alternative action. This technique objectively indicates which alternative strategies are best.
The QSPM uses input from
Stage 1 analyses and matching results from Stage 2 analyses to decide objectively among alternative strategies. That is, the EFE Matrix, IFE Matrix, and Competitive Profile Matrix that make up Stage 1, coupled with the TOWS Matrix, SPACE Analysis, BCG Matrix, IE Matrix, and Grand Strategy Matrix that make up Stage 2, provide the needed information for setting up the QSPM (Stage 3). **(page 110)**

Question No: (Marks: 5)

Finance or accounting plays an important role in successful strategy implementation process. You are required to give some of the examples of finance/accounting decisions that may require policies.(page no 135)

Answer

Some examples of
decisions that may require finance/accounting policies are:
1. To raise the amount of capital by issuing shares or obtaining a debt from external parties.
2. To enhance the inventory turn over level
3. To make or buy fixed assets.

4. To extend the time of accounts receivable.
5. To establish a certain percentage discount on accounts within a specified period of time.
6. To determine the amount of cash that should be kept on hand
7. To determine an appropriate dividend payout ratio.
8. To use LIFO, FIFO

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Question No: (Marks: 5)
Explain the benefits and limitations of developing a Boston Consulting Group Matrix. (Page 104)
Answer
The Boston Matrix thus offers a very useful 'map' of the organization's product (or service) strengths and weaknesses (at least in terms of current profitability) as well as the likely cash flows.
The need which prompted this idea was, indeed, that of managing cash-flow. It was reasoned that one of the main indicators of cash generation was relative market share, and one which pointed to cash usage was that of market growth rate.
Limitations
1. Viewing every business as a star, cash cow, dog, or question mark is overly simplistic.
2. Many businesses fall right in the middle of the BCG matrix and thus are not easily classified.
3. The BCG matrix does not reflect whether or not various divisions or their industries are growing over time.
4. Other variables besides relative market share position and industry growth rate in sales are important in making strategic decisions about various divisions.

Why vision and mission are different. Are both necessary for organizations? page 18

Answer

Some organization developed both mission statement and vision statement. Mission statement explains the current and present position and activities of a firm whereas mission statement explains the future objective and goals of the company.
The extent of manager and employee involvement in developing vision and mission statements can make a difference in business success. Each division should involve its own managers and employees in developing a vision and mission statement consistent with and supportive of the corporative mission.

MISSION V/S VISION

1. Many organizations develop both vision and mission statements
2. Profit and vision are necessary to effectively motivate a workforce
3. Shared vision creates a commonality of interest

Question No: (Marks: 3)

What do you understand by the term Product and what can be the possible considerations that you will take into account while making decisions regarding a product or service?
Answer

Product Decisions
The term "product" refers to tangible, physical products as well as services. Here are some examples of the product decisions to be made:

- Quality
- Safety
- Packaging
- Brand name
- Functionality
- Styling

Question No: (Marks: 5)
What is dual bonus system. Elaborate with the help of examples
Answer

A dual bonus system based on both annual objectives and long-term objectives is becoming common. The percentage of a manager's annual bonus attributable to short-term versus long-term results should vary by hierarchical level in the organization. A chief executive officer's annual bonus could, for example, be determined on a 75 percent short-term and 25 percent long-term basis. It is important that bonuses not be based solely on short-term results because such a system ignores long-term company strategies and objectives.

Question No: (Marks: 5)

Discuss similarities and dissimilarities of restructuring and reengineering.
Answer

Restructuring and reengineering are becoming commonplace on the corporate landscape across the United States and Europe. Restructuring—also called downsizing, rightsizing, or delivering involves reducing the size of the firm in terms of number of employees, number of divisions or units, and number of hierarchical levels in the firm's organizational structure. This reduction in size is intended to improve both efficiency and effectiveness. Restructuring is concerned primarily with shareholder well-being rather than employee well-being.
In contrast, reengineering is concerned more with employee and customer well-being than shareholder well-being. Reengineering—also called process management, process innovation, or process redesign—involves reconfiguring or redesigning work, jobs, and processes for the

purpose of improving cost, quality, service, and speed. Reengineering does not usually affect the organizational structure or chart, nor does it
imply job loss or employee layoffs. Whereas restructuring is concerned with eliminating or establishing, shrinking or enlarging, and moving organizational departments and divisions, the focus of reengineering is changing the way work is actually carried out.
Reengineering is characterized by many tactical (short-term, business function-specific) decisions, whereas restructuring is characterized by strategic (long-term, affecting all business functions) decisions. **(page 120)**
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Question no. (Marks 3)

What is the stock ownership of employees?
Answer
Stock ownership plan (ESOP), are Corporations owned in whole or in part by their employees. Employees are usually given a share of the corporation after a certain length of employment or they can buy shares at any time. A corporation owned
Entirely by its employees (a worker cooperative) will not, therefore, have its shares sold on public stock markets. Employee-owned corporations often adopt profit sharing where the profits of the corporation are shared with the employees. These types of corporations also often have boards of directors elected directly by the employees.
Page 128

Question no. (Marks 3)

What is the four ways of Divisional structure? Explain them?
Answer
The divisional structures are
1. A divisional structure by geographic area
2. The divisional structure by product
3. Divisional structure by customer
4. A divisional structure by process

Question no. (Marks 3)
Define contingency plans?
Answer

Contingency plans can be defined as alternative plans that can
be put into effect if certain key events do not occur as expected. Only high-priority areas require the insurance of contingency plans. Strategists cannot and should not try to cover all bases by planning for all possible contingencies. But in any case, contingency plans should be as simple as possible.

Some contingency plans commonly established by firms include the following:
1. If a major competitor withdraws from particular markets as intelligence reports indicate, what

actions should our firm take?
2. If our sales objectives are not reached, what actions should our firm take to avoid profit losses?
3. If demand for our new product exceeds plans, what actions should our firm take to meet the higher demand?
4. If certain disasters occur—such as loss of computer capabilities; a hostile takeover attempt; loss of patent protection; or destruction of manufacturing facilities because of earthquakes, tornados, or hurricanes—what actions should our firm take?
5. If a new technological advancement makes our new product obsolete sooner than expected, what actions should our firm take?

Question no. (Marks 3)
What are the best strategy The firm falling in Quadrant IV of Grand Strategy Matrix?
Answer

Qurdant-4 contains that company's strong competitive situation and slow market growth. Finally, Quadrant IV businesses have a strong competitive position but are in a slow-growth Industry. These firms have the strength to launch diversified programs into more promising growth areas. Quadrant IV firms have characteristically high cash flow levels and limited internal growth needs and often can pursue concentric, horizontal, or conglomerate diversification successfully. Quadrant IV firms also may pursue joint ventures

Quardrant-4
Concentric diversification
Horizontal diversification
Conglomerate diversification
Joint ventures

Question no. (Marks 3)
What is marketing mix? Name the factor components of marketing mix.
Answer

The term "marketing mix" became popularized after Neil H. Borden published his 1964 article, *The Concept of the Marketing Mix*. Borden began using the term in his teaching in the late 1940's after James Culliton had described the marketing manager as a "mixer of ingredients". The ingredients in Borden's marketing mix included product planning, pricing, branding, distribution channels, personal selling, advertising, Promotions, packaging, display, servicing, physical handling, and fact finding and analysis. E. Jerome McCarthy later grouped these ingredients into the four categories that today are known as the 4 P's of marketing

Marketing Mix
Marketing decisions generally fall into the following four controllable categories:
• Product
• Price
• Place (distribution)
• Promotion

Question no. (Marks 3)
What is the stock ownership of employees?
Answer

The responsibilities for human resource managers may include establishing and Administering an employee stock ownership plan (ESOP), are corporations owned in whole or in part by their employees. Employees are usually given a share of the corporation after a certain length of employment or they can buy shares at any time. A corporation owned entirely by its employees (a worker cooperative) will not, therefore, have its shares sold on public stock markets. Employee-owned corporations often adopt profit sharing where the profits of the corporation are shared with the employees. These types of corporations also often have boards of directors elected directly by the employees.

Question no. (Marks 5)
Identify any five questions arises while developing a revised EFE matrix for, Reviewing the underlying bases of an organization's strategy.
Answer
While developing a revised EFE matrix for, Reviewing the underlying bases of an organization's strategy response to key opportunities and threats. This analysis could also address such questions as the following:

- Why are some competitors' strategies more successful than others?
- How far can our major competitors be pushed before retaliating
- How could we more effectively cooperate with our competitors?

- How have competitors reacted to our strategies?
- How have competitors' strategies changed?
- Have major competitors' strengths and weaknesses changed
- Why are competitors making certain strategic changes?

Question no. (Marks 5)
What is the role of financial ratios in internal audit?
Answer

Financial Ratio Analysis:
Financial ratio analysis exemplifies the complexity of relationships among the functional areas of business. A declining return on investment or profit margin ratio could be the result of ineffective marketing, poor management policies, research and development errors, or a weak computer information system. The effectiveness of strategy formulation, implementation, and evaluation activities hinges upon a clear understanding of how major business functions affect one another. For strategies to succeed, a coordinated effort among all the functional areas of business is needed.

Question no. (Marks 3)
What is marketing mix? Name the factor components of marketing mix.

Answer

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Question no. (Marks 5)

Seymour Tilles acknowledged six qualitative questions that are practical in evaluating strategies. You are required to identify any five of them.

Answer

Seymour Tilles identified six qualitative questions that are useful in evaluating strategies:

- Does the strategy have an appropriate time framework?
- is the strategy workable
- is the strategy internally consistent?
- Is the strategy consistent with the environment?
- Is the strategy appropriate in view of available resources?
- Does the strategy involve an acceptable degree of risk?

Question no. (Marks 3) page 97

What is a corporate-level objective? Write two statements exemplifying these objectives.

Answer

Strategists themselves, not analytic tools, are always responsible and accountable for strategic decisions. Lenz emphasized that the shift from a words-oriented to a numbers-oriented planning process can give rise to a false sense of certainty; it can reduce dialogue, discussion, and argument as a means to explore understandings, test assumptions and foster organizational learning. Strategists, therefore, must be wary of this possibility and use analytical tools to facilitate, rather than diminish, communication. Without objective

Information and analysis, personal biases, politics, emotions, personalities, and *halo error* (the tendency to put too much weight on a single factor) unfortunately may play a dominant role in the strategy-formulation process

Question no. 62 (Marks 5)
What is the SMART criterion in annual objectives?
Answer

The SMART criteria
Achievable
The objective should be realistic given the circumstances in which it is set and
The resources available to the business.

Relevant
Objectives should be relevant to the people responsible for achieving them
Time Bound
Objectives should be set with a time-frame in mind. These deadlines also need
To be realistic

Specific
The objective should state exactly what is to be achieved.
Measurable
An objective should be capable of measurement so that it is possible to
Determine whether (or how far) it has been achieved

Question no. (Marks 3)
What is a corporate-level objective?
Answer

Corporate level
These are objectives that concern the business or organization as a whole
Examples of "corporate objectives might include:
• We aim for a return on investment of at least 15%
• We aim to increase earnings per share by at least 10% every year for the foreseeable future

REMEMBERS ME IN YOUR PRAYERS

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