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2010 Question

MGT603 final term subjective

Question (Marks 3)
What are opportunities and threats? explain briefly with the help of two examples of each
Strengths are attributes of the organization that are helpful to the achievement of the objective.
Weaknesses are attributes of the organization that are harmful to the achievement of the objective.
Opportunities are external conditions that are helpful to the achievement of the objective.
Threats are external conditions that are harmful to the achievement of the objective.
Strengths and weaknesses are internal factors. For example, strength could be your specialist marketing expertise. A weakness could be the lack of a new product.
Opportunities and threats are external factors. For example, an opportunity could be a developing distribution channel such as the Internet, or changing consumer lifestyles that potentially increase demand for a company's products. A threat could be a new competitor in an important existing market or a technological change that makes existing products potentially obsolete.

Question no. 58 (Marks 3)
what are the best strategy The firm falling in Quadrant IV of Grand Strategy Matrix?
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. 59 (Marks 3)
What is the stock ownership of employees ?
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. 60 (Marks 3)

Define contingency plans?

Contingency Planning

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.

Question no. 61 (Marks 5)

what is the role of financial ratios in internal audit?

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. 62 (Marks 5)

What is the SMART criteria in annual objectives?

The SMART criteria

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

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 berealistic

.Question no. 64 (Marks 5)

Discuss the activities that can help an organization to reduce cost.

Cost Leadership Strategies

This strategy emphasizes efficiency. By producing high volumes of standardized products, the firm
hopes to take advantage of economies of scale and experience curve effects. The product is often a
basic no-frills product that is produced at a relatively low cost and made available to a very large
customer base. Maintaining this strategy requires a continuous search for cost reductions in all aspects of the business. The associated distribution strategy is to obtain the most extensive distribution possible. Promotional strategy often involves trying to make a virtue out of low cost product features.

To be successful, this strategy usually requires a considerable market share advantage or preferential
access to raw materials, components, labour, or some other important input. Without one or more of
these advantages, the strategy can easily be mimicked by competitors. Successful implementation also
benefits from:

- Process engineering skills
- Products designed for ease of manufacture
- Sustained access to inexpensive capital
- Close supervision of labour
- Tight cost control
- Incentives based on quantitative targets
- Market of many price-sensitive buyers
- Few ways of achieving product differentiation
- Buyers not sensitive to brand differences
- Large number of buyers with bargaining power
- Pursued in conjunction with differentiation
- Economies or diseconomies of scale
- Capacity utilization achieved
- Linkages with suppliers and distributors

Next Paper

Question no. 57 (Marks 3)

In which circumstances, cost- leader producers will bring effectiveness in industry?

- Process engineering skills
- Products designed for ease of manufacture
- Sustained access to inexpensive capital
- Close supervision of labour
- Tight cost control
- Incentives based on quantitative targets
- Market of many price-sensitive buyers
- Few ways of achieving product differentiation
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Question no. 58 (Marks 3)

Define concentric diversification. In what conditions you would suggest an organization to pursue this strategy?

Concentric Diversification

Adding new, but related, products or services

Adding new, but related, products or services is widely called ***concentric diversification.*** An example of this strategy is AT&T recently spending $120 billion acquiring cable television companies in order to wire America with fast Internet service over cable rather than telephone lines. AT&T's concentric diversification strategy has led the firm into talks with America Online (AOL) about a possible joint venture or merger to provide AOL customers cable access to the Internet.

Guidelines for Concentric Diversification

Five guidelines when concentric diversification may be an effective strategy are provided below:

- Competes in no- or slow-growth industry
- Adding new & related products increases sales of current products
- New & related products offered at competitive prices
- Current products are in decline stage of the product life cycle
- Strong management team

Question no. 59 (Marks 3)

What is Marketing mix? Name the factor components of marketing mix.

A selection of products by a company from which a customer can choose. The advantage is that more customers will likely consider one of the options as opposed to purchasing from a competitor.

Four basic marketing strategies, collectively known as the four Ps-product, place, price, and promotion.

Question no. 60

(Marks 3) What is corporate-level objectives? Write two statements exemplifying these objectives.

(1) 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 achieve an operating profit of over £10 million on sales of at least £100 million

• We aim to increase earnings per share by at least 10% every year for the foreseeable future

Question no. 61

(Marks 5)

Write some potential problems associated with using quantitative criteria for evaluating strategies.

But there are some potential problems associated with using quantitative criteria for evaluating strategies.

First, most quantitative criteria are geared to annual objectives rather than long-term objectives.

Also, different accounting methods can provide different results on many quantitative criteria.

Third, intuitive judgments are almost always involved in deriving quantitative criteria. For these and other reasons, qualitative criteria are also important in evaluating strategies.

Human factors such as high absenteeism and turnover rates, poor production quality and quantity rates, or low employee satisfaction can be underlying causes of declining performance. Marketing, finance/accounting, R&D, or computer information systems factors can also cause financial problems.

Question no. 62   (Marks 5)
Identify any five questions arises while developing a revised EFE matrix for, Reviewing the underlying bases of an organization's strategy.

A *revised EFE Matrix* should indicate how effective a firm's strategies have been in response to key opportunities and threats. This analysis could also address such questions as the following:

1. How have competitors reacted to our strategies?
2. How have competitors' strategies changed?
3. Have major competitors' strengths and weaknesses changed?
4. Why are competitors making certain strategic changes?
5. Why are some competitors' strategies more successful than others?
6. How satisfied are our competitors with their present market positions and profitability?
7. How far can our major competitors be pushed before retaliating?
8. How could we more effectively cooperate with our competitors?

Question no. 64
 (Marks 5)
Write some of the advantages of diversified workforce within an organization.

Benefits of Workplace Diversity
An organization's success and competitiveness depends upon its ability to embrace diversity and realize the benefits. When organizations actively assess their handling of workplace diversity issues, develop and implement diversity plans, multiple benefits are reported such asIncreased adaptability
Organizations employing a diverse workforce can supply a greater variety of solutions to problems in service, sourcing, and allocation of resources. Employees from diverse backgrounds bring individual talents and experiences in suggesting ideas that are flexible in adapting to fluctuating markets and customer demands.
Broader service range
A diverse collection of skills and experiences (e.g. languages, cultural understanding) allows a company to provide service to customers on a global basis..
Variety of viewpoints
A diverse workforce that feels comfortable communicating varying points of view provides a larger pool of ideas and experiences. The organization can draw from that pool to meet business strategy needs and the needs of customers more effectively..
More effective execution
Companies that encourage workplace diversity inspire all of their employees to perform to their highest ability. Company-wide strategies can then be executed; resulting in higher productivity, profit, and return on investment..
One More Subjective Part of Final Term paper Feb 2011 .
1. QSPM requires intuitive judgments and educated assumptions. Discuss.?(5 marks)

The QSPM is not without some limitations:
1) It always requires intuitive judgments and educated assumptions,
2) The ratings and attractiveness scores require judgmental decisions, even though they should be based on objective information and
3) it can be only as good as the prerequisite information and matching analyses upon which it is based.

Q.1How would you interpret each of following rating

In IFE matrix one of critical success factor is rating 4
If Financial ratio is 3 in IFE matrix
In IFE matrix the total weightage is 2.85 (3 marks)
Assign a 1-to-4 rating to each factor to indicate whether that factor represents a major weakness
(rating = 1), a minor weakness (rating = 2), a minor strength (rating = 3), or a major strength (rating = 4). Note that strengths must receive a 4 or 3 rating and weaknesses must receive a 1 or 2
Q 2
Describe the strategic position of a firm falling in quadrant 4 in Grand Strategy Matrix (3 marks)
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
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Q 3
Suggest that what would be the best way to overcome the individuals resistance to change while taking corrective actions (3 marks)
Taking corrective actions raises employees' and managers' anxiety. Research suggests that participation in strategy-evaluation activities is one of the best ways to overcome individuals' resistance to change. According to Erez and Kanfer, individuals accept change best when they have a cognitive understanding of the changes, a sense of control over the situation, and an awareness that necessary actions are going to be taken to implement the changes.
Q 4
What can be the consideration of a firm while taking decision regarding the place as a component of marketing mix (3 marks)
Distribution (Place) Decisions
Distribution is about getting the products to the customer. Some examples of distribution decisions
include:
• Distribution channels
• Market coverage (inclusive, selective, or exclusive distribution)
• Specific channel members
• Inventory management
• Warehousing
• Distribution centers
• Order processing

• Transportation
• Reverse logistics
Q 5
In IFE matrix total weightage score is
A = 2.50
B = 1.50
C = 3.24
For above given data how would you interpret the total weighted score of each firm and compare firm B with firm A and firm C (5 marks)

Q 6
Compare and contras Restructuring & Re engineering (5 marks)
Restructuring, Reengineering, and E-Engineering
Restructuring and reengineering are becoming commonplace on the corporate landscape across the United States and Europe. Restructuring—also called downsizing, rightsizing, or delayering—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.
Q7
Differentiate the Bargaining power of supplier & Bargaining power of customers in Porter's Five factors model (5 marks)
The bargaining power of customers
- buyer concentration to firm concentration ratio
- bargaining leverage
- buyer volume
- buyer switching costs relative to firm switching costs
- buyer information availability
- ability to backward integrate
- availability of existing substitute products
- buyer price sensitivity
- price of total purchase

The bargaining power of suppliers
- supplier switching costs relative to firm switching costs
- degree of differentiation of inputs
- presence of substitute inputs

o supplier concentration to firm concentration ratio
o threat of forward integration by suppliers relative to the threat of backward integration by firms
o cost of inputs relative to selling price of the product
o importance of volume to supplier

The threat of new entrants

o the existence of barriers to entry
o economies of product differences
o brand equity
o switching costs
o capital requirements
o access to distribution
o absolute cost advantages
o learning curve advantages
o expected retaliation
o government policies

Q 8

What is dual bonus system.Elaborate with the help of examples (5marks)

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.

1.In which circumstances cost- leader producers will bring effectiveness in industry
2.importance of Market position for organization (5 marks)

3 Suggest that what can be the best way to overcome individuals' resistance to change while taking corrective actions. (3 marks)

Taking corrective actions raises employees' and managers' anxieties. Research suggests that participation in strategy-evaluation activities is one of the best ways to overcome individuals' resistance to change.
According to Erez and Kanfer, individuals accept change best when they have a cognitive understanding
of the changes, a sense of control over the situation, and an awareness that necessary actions are going to
be taken to implement the changes.

4 In IFE matrix if certain factor r assigned to following rating, how would u interpret these rating (3 marks)

Weight =3.2

Ratio = 2.1

Weighted

Score = 4

Subjective:Q1.What is the four ways of Divisional structure? Explain them?? 3marks

1. A divisional structure by geographic area
2. The divisional structure by product
3. Divisional structure by customer
4. A divisional structure by process

Q2.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? Marks: 3

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:
• Brand name
• Functionality
• Styling
• Quality
• Safety
• Packaging
Q3.Compare and contrast External opportunity and threat? 3marks

Q4.What is Contingency planning and its advantages? 3marks

1. It permitted quick response to change
2. it prevented panic in crisis situations
3. It made managers more adaptable by encouraging them to appreciate just how variable the future can be.

Q5. Why the worth of the business is important in successful strategy implantation? Marks: 5
Evaluating the Worth of a Business
Evaluating the worth of a business is central to strategy implementation because integrative, intensive, and diversification strategies are often implemented by acquiring other firms. Other strategies, such as retrenchment and divestiture, may result in the sale of a division of an organization or of the firm itself.
Q6.Describe 2 types of Integrative strategy with example? 5marks
Q7.Seymour Tilles acknowledged six qualitative questions that are practical in evaluating strategies. You are required to identify any five of them. Marks: 5

Seymour Tilles identified six qualitative questions that are useful in evaluating strategies:
1. is the strategy internally consistent?
2. Is the strategy consistent with the environment?

3. Is the strategy appropriate in view of available resources?
4. Does the strategy involve an acceptable degree of risk?
5. Does the strategy have an appropriate time framework?
6. is the strategy workable?

What are appropriate strategies for Quadrant II? 5marks

Market development

- Market penetration
- Product development
- Horizontal integration
- Divestiture
- Liquidation