

INTERMEDIATE COURSE

PAPER : 7B

Strategic Management

**BOOKLET ON MCQs &
CASE SCENARIOS**



BOARD OF STUDIES

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

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Preface

Chartered Accountants as Strategists: Bridging the Competence Gap

The role of a Chartered Accountant is evolving continually to assume new responsibilities in a dynamic environment. There has been a notable shift towards strategic decision making and entrepreneurial roles that add value beyond traditional accounting and auditing. Unlike the latter that take a simple view of the firm, the former roles necessitate greater awareness of and engagement with business environment, competition and the organisational capabilities beyond accounting numbers. The strategic acumen lies in deciphering strategic issues and developing organisational responses. Thus, there is a perceptible competence gap of business orientedness that must be addressed.

Strategic Management: Dynamic and Business Oriented

Strategic Management is an important business-oriented subjects of the Chartered Accountancy course. This subject at the Intermediate level is developed as Part B of Paper 7 with a weightage of 50 marks. Whereas Part A of Paper 7, Enterprise Information Systems also holds 50 marks, making Paper 7 as a 100 marks paper. It would be useful to reiterate the blue print of the question paper on strategic management and elaborate its import for case based questions.

Paper 7 Part B: Strategic Management

The paper shall test students in two question formats: subjective questions (35 marks) and objective questions (15 marks). Objective questions shall further be divided into MCQs based on Integrated Case Scenarios (ICS) and Application based independent MCQs.

The MCQs shall test a student's concept acumen with respect to various topics from chapters and demand application of a business mind while solving them.

Like Independent MCQs, the case based MCQs shall also be application based. This means, concepts from various chapters would be jumbled and stitched together in a business case, and students are expected to identify them, make

sense of the case problem and answer the questions that follow. For example, the case might state, “the marketing team of a real estate company decided to shift their architectural designs to attract rich old couples” and the question might be asked around the generic strategy used here. Clearly, the team proposed a focused strategy. This is how students are expected to make sense of statements and problems given in the cases.

Approach to Attempting Case Based Questions

The learners might follow the below approach to solve case based MCQs:

- Read the case very carefully to identify keywords that give hints to a major concept.
- Try to step into the shoes of a business owner/business team and understand the problem areas mentioned therein.
- Read MCQs carefully, as the questions shall be based on the case.
- Focus on conceptual understanding rather than set formulae answering.
- Remember that logical thinking clubbed with concept identification is the key to answering case questions.

Practice – Key to Learning

The idea underlying presenting this booklet is to provide the learners with an opportunity to practice answering the case-based questions. Just as “statement based questions” in mathematics, practice is the key here. Practice not with the mechanical iterations but in terms of training of the eye to discern the “strategic” issues embedded in the case, articulate these correctly and sharpening of the wit to identify the right answer from among the alternatives given.

The case scenarios presented here are inspired from real cases. However, given the institute’s policy of confidentiality of the corporate identity, the real cases have been repurposed and new identities have been substituted. This provides another important learning cue. And that is, keep reading and watching business news and stories – you do not know it might attract the examiner’s imagination for an exam question!

We wish you great learning. Best of luck!

MULTIPLE CHOICE QUESTIONS

1. Dee Limited is an international clothing retailer. The company is making the following decisions:
 - i. Should another range of shops be established?
 - ii. Should the company float more share capital?
 - iii. How will the premises be fitted out for the new range of shops?Which of the above decisions will be taken by corporate level managers?
 - (a) Only (i)
 - (b) Only (ii)
 - (c) (i) & (ii)
 - (d) (ii) & (iii)

2. Ever Grand Group is a diversified company active in a wide range of business lines, including Financial Services, Fertilizers, Information Technology enabled Services (ITeS), FMCG and Real Estate. The Board of Directors understand the need of the hour and are determined to further develop the ITeS business, whereby they want better allocation of human resources and provision of industry-best customer services. To achieve the same, they have suggested implementation of specific business strategies but the managers are facing difficulties in allocating the responsibility for implementation of the business strategy amongst them. You being a management expert, indicate the appropriate persons responsible for translating general statements and business strategies pertaining to the ITeS strategic business unit (SBU) and ensure a smooth implantation.
 - (a) Corporate level managers
 - (b) Functional level managers
 - (c) General level managers
 - (d) Business level managers

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3. Velvet Limited is a full-service airline. The company is making the following decisions:

- i. Should a 'no-frills', 'low-fare' subsidiary be set-up?
- ii. If it is set-up, how should the cabin staff be recruited?

Which of the above decisions will be taken by corporate level managers?

- (a) Only (i)
 - (b) Only (ii)
 - (c) (i) & (ii)
 - (d) Neither (i) nor (ii)
4. Catalyst Polymers, a textile producing firm, has witnessed unprecedented sales growth in the last few years due to favorable market conditions abroad. As a result, the company diversified its activities to Chemical Manufacturing, Steel Forging and Metal Dye Manufacturing. The investment in steel forging in particular has not been successful due to strict environmental laws enacted by the Government. The said strategic business unit (SBU) though generates enough cash to sustain but does not have much future and sometimes requires cash for survival. Consequently, the management has engaged an expert in the field to help them classify the SBUs. Employing the Boston Consulting Group (BCG) Growth-Share Matrix, the expert advised the company to disinvest or liquidate Steel Forging SBU. Classify the Steel Forging SBU into the most appropriate matrix.
- (a) Star
 - (b) Cash cow
 - (c) Question mark
 - (d) Dog
5. Spark Pvt. Ltd., an automobile seat manufacturing company has been witnessing superior growth compared to its competitors due to management's greater emphasis on quality of production. In the previous Board Meeting, the management has decided to expand the

existing business. The CEO will be travelling to south-east Asia and Africa for identifying new geographical places and new product dimensions and will try to establish new distribution channels to attract new customers abroad. Based on the Igor Ansoff's product market growth matrix, identify which of the growth strategy the company is employing in the current case.

- (a) Market penetration
 - (b) Product development
 - (c) Market development
 - (d) Diversification
6. Training Co. operates a network of accounting training centres throughout Europe, the US and Australia. The business intends to enter developing markets in order to drive growth and has now decided to enter India which is 7,500 kilometres from the Training Co.'s UK headquarters. The Board has suggested that it will require externally focused management information to move into India. Which of the following is an external factor(s) that the Board should consider while implementing its strategy?
- (a) Key local rivals and their strengths and weaknesses
 - (b) Courses are suitable for this market
 - (c) Timing of the courses (Public holidays, religious festivals, etc to be avoided)
 - (d) All of the above
7. The Specialist Clothing Company (SCC) is a manufacturer of a wide range of clothing. Fashion is one of the five divisions of SCC. Fashion is operating in a market with high growth and is a market leader. By the next year, it is predicted to have 10% of the market share in a growing market. Fashion should be classified as which of the following according to the BCG matrix.
- (a) Star
 - (b) Dog

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- (c) Cash cow
- (d) Question mark

8. NS is the market leader in sportswear in Beeland, selling a variety of sportswear products. The board has recently instituted a review of the competitive position of NS by commissioning a SWOT analysis.

Match the columns in respect of the following elements of SWOT analysis:

Column A	Column B
(1) Excellent brand awareness of NS	(i) Strength
(2) New product to be introduced by NS in the market for new sport at the world championship	(ii) Weakness
(3) Child labour scandal in the sportswear industry which may cause a negative impact on the image of NS due to growth of social media	(iii) Opportunities
(4) Loss of key brand ambassador of NS	(iv) Threats

- (a) (1)-(iii), (2)-(i), (3)-(ii), (4)-(iv)
 - (b) (1)-(i), (2)-(ii), (3)-(iii), (4)-(iv)
 - (c) (1)-(i), (2)-(iii), (3)-(iv), (4)-(ii)
 - (d) (1)-(i), (2)-(iii), (3)-(ii), (4)-(iv)
9. Freshy Drinks provides fruit juices to a number of super market chains that sell them under their own label. Its marketing manager explains, 'We' have got a large number of products. Our freshly squeezed orange juice is doing fine (high market share). The market for orange juice appears to be matured (low growth). We've got advanced production and bottling equipment and long-term contracts with some of major growers.

Which position best fits the "orange juice product" as per BCG matrix?

- (a) Cash cow

- (b) Question mark
- (c) Star
- (d) Dog

10. An advertising company has 12 staff – 4 of whom are joint owners. It has a strong client base across many industries such as healthcare, training, publishing and sports. However, it has never taken working capital management and the financial side of the business seriously even to the extent that it can never be sure that the clients are billed properly. It now has a chance to bid for a new large, national contract from a major company.

Match the columns in respect of the following elements of SWOT analysis:

Column A	Column B
1. Tender for a major contract	a. Strength
2. Rival companies in the industry trying to pitch for and recruit the key staff	b. Weakness
3. Well diversified client portfolio	c. Opportunities
4. High level of receivables	d. Threats

- (a) 1-a, 2-b, 3-c, 4-d
 - (b) 1-c, 2-d, 3-a, 4-b
 - (c) 1-c, 2-b, 3-a, 4-b
 - (d) 1-a, 2-d, 3-c, 4-b
11. We have heard countless, heart breaking stories from companies that are facing immense pressure on their cash flow due to the economic crisis brought on by the COVID-19 pandemic. To adapt to the changing environment, companies should undertake SWOT analysis. Which of the following is a “Threat” affecting the companies?
- (a) Customer are likely to cut back on discretion any expenditure and may move to lower cost rivals

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- (b) Loss of key staff
- (c) Tender for new client
- (d) Both a & b

12. Match the core competencies for the following industry:

1. Automobile Industry	A. Styling, efficient dealer network performance
2. Food Processing Industry	B. Reputation, innovative new policies
3. Life Insurance Industry	C. Right mix available in each store, pricing
4. Super Market Industry	D. Health Aspects, New Product development, good distribution channel

- (a) 1-A, 2-D, 3-B, 4-C
- (b) 1-D, 2-A, 3-C, 4-B
- (c) 1-A, 2-B, 3-C, 4-D
- (d) 1-B, 2-C, 3-D, 4-A

13. Nicole has inherited a restaurant from her uncle. The restaurant had been under-performing and was closed six months ago. Nicole wants to begin a new restaurant in the premises with a new name and new cuisine.

The following are primary activities of the value chain that Nicole should consider except:

- (a) In bound logistics: side of local, high quality produce for ingredients
- (b) Outbound logistics: consider delivery of the bound to table
- (c) Marketing: Presentation of meals
- (d) Technology: Advanced cooking equipment

14. AB is a supermarket chain operating in North India. Currently, AB is seeking to enhance its shareholder value as its main objective. Therefore, the SWOT analysis can be used to identify how the business can build on its strengths and take corrective action for its weakness.

Match the columns in respect of the following elements of SWOT analysis:

(i) Well established in the North	(A) Strength
(ii) Not much opportunity for further organic growth in the North	(B) Weakness
(iii) Reduction in competitiveness as well as losing market share due to recent merge of two rivals	(C) Opportunities
(iv) Possibility of increasing the use of debt, in turn resulting in lower costs as debt is cheaper than equity	(D) Threats

- (a) (i) – A, (ii) – B, (iii) – D, (iv) – C
- (b) (i) – C, (ii) – D, (iii) – A, (iv) - B
- (c) (i) – A, (ii) – C (iii), - B (iv), – D
- (d) (i) – C, (ii) – D, (iii) – B (iv), - A
15. Adolf Play Sportswear sells a variety of sportswear under its own well-known brand name. In order to have detailed strategies for the company’s objectives, which of the following cannot be considered as a “Strength” as per SWOT analysis?
- (a) High market share
- (b) Excellent brand awareness
- (c) Strong revenue growth (compared to industry average of 10%)
- (d) Possibility of new product to be introduced in the market for new sport at the world championship

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16. A newspaper is planning for the next five years. Which of the following demographic influence(s) should it consider as part of its external environment analysis?
- (i) Tax on newspapers
 - (ii) Import of raw materials will suffer if domestic currency weakens
 - (iii) Increased mobility around the world requires different language version
 - (iv) Carbon emissions from the use and products of paper – newspaper
- (a) (iii) & (iv)
(b) Only (iii)
(c) Only (iv)
(d) (ii), (iii), (iv)
17. T Ltd. is a Delhi based super market, which has grown from a position where 30 years ago it had a revenue of around ₹ 50 crores p.a. to a position today where revenue exceeds ₹ 5000 crores p.a. and profit exceed ₹ 1000 crores p.a. It has achieved this growth through a combination of strategies many of which can be plotted on to the Ansoff matrix?

	Existing products	New products
Existing markets	A	C
New markets	B	D

- (i) Expansion into clothing and electrical sales
 - (ii) 24-hour opening
 - (iii) Selling its products on internet
 - (iv) Overseas expansion
- (a) A-(ii) D-(ii) B-(iii) C-(iv)
(b) B-(i) C-(ii) A-(iii) D-(iv)

- (c) C-(i), A-(ii) D-(iii) B-(iv)
- (d) D-(i) B-(ii) C-(iii) A-(iv)
18. Y Mart super market is planning for the next five years. Which of the following economic influences should it consider?
- (i) Unemployment rate
- (ii) Internet ordering
- (iii) Animal welfare
- (iv) Consumer legislation
- (v) Population size
- (vi) Interest rates
- (a) (i) & (vi)
- (b) (i), (iv) & (vi)
- (c) (iv) & (vi)
- (d) (i), (iii), (iv), (vi)
19. Members of Infinite Care, an NGO, have met and determined that they need to formulate a philosophical basis for their activities. Thereby they have come up with a statement:-
- “Provide children till age 12, living in homeless or low-income situations, with the essential items they need to thrive – at home, at school and at play”*
- Identify the area of strategic intent, which the members have stated?
- (a) Vision
- (b) Business definition
- (c) Goal and Objective
- (d) Mission
20. The following is the message of a CEO to all his divisional heads: *It is significant to understand the persisting need for developing new vistas of work, and that, of course, is preceded by the acute need for*

the ability to adapt the everchanging external world. We, at Krom Limited, have identified that embracing to digital technology is where our future lies, and we shall all pledge to make this transition a successful choice which will definitely entail a few organizational changes."

The underlying message of the CEO in your opinion is that of a:

- (a) Business mission statement
 - (b) Business definition statement
 - (c) Strategic objective statement
 - (d) Strategic transformational leadership statement
21. General public is discerning from buying air conditioning units based on the Health Ministry guidelines regarding emergence of a contagious viral pandemic. Consequently, Nebula Pvt Ltd, a manufacturer of evaporation coils used in air conditioning units has faced significant loss in working capital due to sharp fall in demand. The company conducted financial assessment and developed a workable action plan based on short and long term financial needs. But for immediate needs, an emergency plan has been implemented. It includes selling scrap, asset liquidation and overheads cost reduction. Further, to avoid any such untoward event in future, they plan to diversify into newer business areas along with its core business. Identify the strategy opted by M/s. Nebula Pvt Ltd?
- (a) Retrenchment strategy
 - (b) Liquidation strategy
 - (c) Turnaround strategy
 - (d) Divestment strategy
22. Stylish Fabric Ltd., a clothes manufacturer is buying up a chain of retail outlets to differentiate its clothes from those of its competitors through branding. This gives an opportunity for higher margins. Stylish Fabric Ltd. will also be able to produce clothes as the shop demands them (JIT) leading to reductions in inventory levels.

Which strategy has Stylish Fabric Ltd. adopted?

- (a) Backward integration
- (b) Forward integration
- (c) Conglomerate diversification
- (d) Horizontal integrated diversification

23. Beta Company, a car manufacturer is buying up a supplier so that it gets a dedicated supplier with both guaranteed quality and price. The material could be manufactured when required by Beta Company leading to lower inventory levels.

Which strategy has Beta Company adopted?

- (a) Backward integration
- (b) Forward integration
- (c) Conglomerate diversification
- (d) Horizontal integrated diversification

24. X-Olympus is a gaming software company specializing in developing games for ZBox and GameStation-4. The company is facing stiff competition due to saturation of market and price wars, which excessively favor and highlight their dependence on gaming console manufacturers. Thereby, the company desires to establish a competitive advantage over industry rivals by enhancing the gaming experience by expanding into Edge-Cloud Gaming Service on a monthly subscription basis. This service offering does not require dedicated gaming consoles yet provide customers game streaming in 4K resolution with an ample range of games to select from. This move is expected to insulate X-Olympus from price wars and provide a competitive advantage. Kindly identify which of the Michael Porter's forces and generic strategies perfectly suits X-Olympus?

- (a) Threat of new entrants, Focus strategy
- (b) Rivalry amongst existing players, Differentiation strategy

- (c) Bargaining power of suppliers, Focus strategy
 - (d) Threat from substitutes, Cost leadership strategy
25. The directors of Blaina Packaging Co. (BPC), a well-established manufacturer of cardboard boxes is considering whether to enter the cardboard tube market. Cardboard tubes are purchased by customers and these products are of various sizes, ranging from large tubes which are used for carpets to small tubes which are used for films and paper. Another company, Plastic tubes Co. (PTC), produces narrow, but increasing, range of plastic tubes which are capable of housing small products such as film and paper-based products. This is considered as which of the following Porter's force for BPC?
- (a) Threat of new entrant
 - (b) Threat of substitutes
 - (c) Bargaining power of customers
 - (d) Bargaining power of suppliers
26. Perscopter, a manufacturer of private helicopter offers unique features that fulfill the demands of a narrow market. It competes in market based on its uniqueness and custom-oriented private helicopters. Perscopter provides limited number of high-end helicopters with ultimate features. Which business strategy is being followed by Perscopter?
- (a) Differentiation
 - (b) Focused cost leadership
 - (c) Cost leadership
 - (d) Focused differentiation
27. Mr. Vicky Verma, a Gwalior based entrepreneur, has entered into an exclusive-retail deal with an Italian company selling 'Fantasy-3D', a Hologram LED Fan, which is being used for advertising at public places. Mr. Verma has procured a total of 500 units of the product and paid upfront as per the seller's policy. This resulted in blocking of his working capital significantly and the shipment is expected in a month. Meanwhile his continued efforts of establishing relations with

the marketing heads of corporates resulted in a series of meetings, where he demonstrated his specialist product knowledge by changing the hologram images on personalised basis and as per the specifications of the customer. The management of a big automotive company was impressed with the quality and adaptability of the product, and awarded a contract of 125 units to be displayed in the auto-maker's showrooms. Identify and mark the product promotion strategy adopted by Mr. Verma.

- (a) Personal selling
 - (b) Sales promotion
 - (c) Advertising
 - (d) Publicity
28. Sport Spirit (SS) is a medium sized sports retailer. It currently operates three shops in the city at centre locations. The management of Sport Spirit (SS) has a very careful recruitment policy; any applicant must have a 'passion for sport'. Which one of the following functional strategies would best describe by SS?
- (a) Human resource strategy
 - (b) Financial strategy
 - (c) Operation strategy
 - (d) Marketing strategy
29. Delta is an organisation specializing in Information Technology enabled Services (ITeS) and Communications business. Last year, the organisation had successfully integrated an Artificial Intelligence (AI) tool named 'Zeus' into the existing ERP system. The AI tool, using Deep Learning technique provided a digital leap transformation in various business processes and operations. It has significantly diminished the role played by specialist managers of the middle management. This technological tool in addition to saving organisational costs by replacing many tasks of the middle management has also served as a link between top and bottom levels in the organisation and assists in quick decision making. The skewed

middle level managers now perform cross-functional duties. Which type of organisational structure is the company transitioning into?

- (a) Strategic business unit structure
 - (b) Matrix structure
 - (c) Network structure
 - (d) Hourglass structure
30. Abhishek a freelancer writes promotional materials. He decided to collaborate without requiring physical presence of employee, and hired virtual assistants to transcribe voice mail, update his website, and design PowerPoint graphics. What kind of structure is he using for his business?
- (a) Functional structure
 - (b) Divisional structure
 - (c) Network structure
 - (d) Multi-divisional structure
31. Last year, as a part of the organisational change process, Project Zeta was implemented by the CTO of Omega Private Limited. Zeta being an Artificial Intelligence enabled tool uses machine learning technology to speed up operations by transformation of various business processes and operations across finance, sales, delivery, human resources and other departments. Likewise, the unfreezing phase of the change process has been successfully completed by the company and the employees wholly recognize and accept the need for change. The company now wishes to reassign new patterns of behavior based on the three processes of compliance, identification and internalization. Kindly identify and mark the correct person who propounded this model.
- (a) Kurt Lewin
 - (b) Richard Rumelt
 - (c) H.C. Kellman
 - (d) William F Glueck

32. The Audit Committee of Theta Ltd on observing a sluggish growth has advised a radical internal digital transformation. A strategy audit was proposed to identify problem areas and correct the strategic approaches that have not been effective so far. The strategy auditor while measuring organisational performance has identified gaps in flow between order booking by the sales department and the dispatch of product by the delivery department, which amounts to success of one department means failure for another. With reference to Richard Rumelt's criteria for strategy audit, kindly identify and mark the correct evaluation criteria to be adopted.
- (a) Advantage
 - (b) Consistency
 - (c) Consonance
 - (d) Feasibility
33. Dr. Raman has been running a nursing home for about twenty two years now, and has gained enormous name for his benevolence in Balram district of Chhattisgarh. Recently, his daughter, Dr. Radhika completed her medicine degree from the United States of America and returned to her hometown to be a part of her father's practice. She has been given the baton to promote modern medicine and retain the local skilled youth in their practice. However, their nursing home's skilled youth has been more inclined to E-Commerce employment opportunities. Dr. Radhika has taken it as a challenge to imbibe the very essence of service in them, by being employed as nurses and caretakers of the ill. This shall be very crucial in growing the practice as desired. Which of the following phases of Kurt Lewin's Model of Change will be most challenging for Dr. Radhika to strategically positioning her father's nursing home?
- (a) Compliance
 - (b) Identification
 - (c) Internalization
 - (d) Transition

34. The management of Vadakara Limited, hitherto a successful ball valves maker headquartered in Mumbai, is looking to launch a new SBU for its future forward integration plans abroad in Sudan. The CEO is now faced with the opportunity-cum-challenge to make this foray into Sudan a successful but time-bound business enterprise. The CEO has already asked his India Operations Head to make a study of Sudan's present market conditions and territory specific laws to enable the setup of a local branch office for the proposed SBU. Meantime, the HR manager has come across a promising resume of a person on LinkedIn, a social networking platform on internet, who is currently engaged in a similar Deputy CEO position with another entity. The management is also in touch with a couple of NRI angel investors based out of Singapore, to arrange for venture capital that would be required for this venture.

From a strategic management perspective, Vadakara Limited is currently represented by which strategic time phase:

- (a) Strategy formulation phase
 - (b) Strategy change phase
 - (c) Strategy implementation phase
 - (d) Strategy internalization phase
35. GetWellSoon Limited is a health provider and has only large, edge of town hospitals. It is considering setting-up additional small city centre clinics capable of treating less-serious day cases. Which of the following will fall under "Strategy Implementation"?
- (1) Acquiring and fitting out clinics
 - (2) Hiring and/or transferring staff
 - (3) Publicity, so that patients know where and when to go
 - (4) Liaison with general practitioners and the main hospitals
- (a) Only (d)
 - (b) (b) & (d)

- (c) (a), (b) & (d)
- (d) (a), (b), (c) & (d)
36. Aditya Swaroop is the head of operations of Bindal & Sons private limited. He is focussing on total or aggregate management functions in the sense of embracing the integrated activities of a complete department. He assures the resources are obtained and used effectively and efficiently in the accomplishment of the organisation's objectives. He is practicing as: -
- (a) Strategic control
- (b) Management control
- (c) Administrative control
- (d) Operations control
37. You are working as a senior manager of a company. You are entrusted with the task of putting a strategy in place and see that it is implemented properly. Out of the following, what is the most important thing that you will have to prepare your organization for?
- (i) Strategic audit
- (ii) Business process reengineering
- (iii) Strategic change
- (iv) Strategic control
- (a) i & iii
- (b) iii & ii
- (c) i & iv
- (d) i & ii
38. You are the operations manager and your top management wants to adopt a strategy that you don't endorse, what problems would this lead to in implementation of the strategy?
- (a) No problem
- (b) Coordination problem

- (c) Technical problem
 - (d) Behavioural problem
39. After an earnest attempt to bring in a strategic change in your organization, you the operational head of XYZ Ltd, succeeded but still your organization couldn't achieve the desired competitive position in the market. Out of the following what could be the reason?
- (a) Strategy formulation
 - (b) Strategy model
 - (c) Strategy implementation
 - (d) Strategy decision
40. As a strategist, what is your understanding of how strategies are put into action?
- (a) Strategies are statements of Intent realized through Implementation.
 - (b) Strategies are statements of Intent that are automatically activated.
 - (c) Strategies, by themselves, lead into action.
 - (d) By strategy formulation and not through implementation.
41. The employees of XYZ Ltd have been facing problems regarding the difference between the understanding of strategy formulation and strategy implementation. In order to address this problem, you, the president operations, made four groups and asked each group to write in points their understanding of the same. The following points were compiled from their knowing of strategy formulation and implementation.
- (1) Strategy formulation focuses on efficiency while strategy implementation focuses on effectiveness.
 - (2) Strategy formulation requires motivation and leadership skills while strategic implementation require conceptual intuitive and analytical skills.

- (3) Strategy formulation is an intellectual process while strategy implementation is primarily an operational process.
- (4) Strategy formulation requires coordination between executives at middle and lower level while strategy implementation requires coordination among the executives at the top levels.

Out of the following views, what all needs to be corrected?

- (a) 1,3 & 4
 - (b) 1 & 2 & 3
 - (c) 1,2 & 4
 - (d) 1,2,3 & 4
42. You being the core strategist of your company, entrusted with bringing about strategic change in your company, how will you initiate "unfreezing of the situation"?
- (a) Promoting new ideas throughout the organization
 - (b) Promoting compliance throughout the organization
 - (c) Promoting change in process throughout the organization
 - (d) None of the above
43. You are the head of operations of a company. When you focus on total or aggregate management functions in the sense of embracing the integrated activities of a complete department et al, you are practicing:
- (a) Strategic control
 - (b) Management control
 - (c) Administrative control
 - (d) Operations control
44. Which of the following would be chosen by the core strategist to implement operational control: -
- (a) Premise control
 - (b) Special alert control

- (c) Implementation control
 - (d) Budgetary control
45. In which of the following circumstances would you initiate a strategic audit in your company?
- I. When top management feels the need.
 - II. When the goals and objectives of the strategy are not being accomplished.
 - III. When a major change takes place in the external environment of the organization.
 - IV. When the performance indicators reflect that a strategy is not working properly or is not producing the desired outcome.
- (a) I, II, IV
 - (b) II, III, IV
 - (c) I, II, III
 - (d) All of the above
46. When it comes to identifying problem areas and correct the strategic approaches that have not been effective so far, what should a strategic manager choose to do out of the following:
- (a) BPR
 - (b) Benchmarking
 - (c) Strategic change
 - (d) Strategic audit
47. With reference to Richard Rumelt's criteria for Strategic Audit, what out of the following is the first limitation against which strategy is audited?
- (a) Financial resource
 - (b) Human resource

- (c) Physical resource
 - (d) All of the above
48. Compliance, Identification and Internalization are the three processes involved in:
- (a) Refreezing
 - (b) Defreezing
 - (c) Changing behavior patterns
 - (d) Breaking down old attitudes
49. As the head of an MNC, you have been asked to bring in radical changes in your organisation through BPR. Which of these is the thrust area you would focus on reducing:
- (a) Total cycle time
 - (b) Total order time
 - (c) Total inventory time
 - (d) None
50. Business Process Reengineering involves:
- (a) Partial modification
 - (b) Replacing engineers
 - (c) Massive improvement
 - (d) None of the above
51. Strategy evaluation is more difficult today due to the following trends except:
- (a) A dramatic increase in the environment's complexity.
 - (b) The increasing difficulty of predicting the future with accuracy.
 - (c) The increasing number of variables in the environment.
 - (d) Firms have unlimited resources.

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52. With reference to benchmarking, select the correct statement out of the following:
- (a) The focus of benchmarking is to study existing processes and eliminate the ones that are redundant.
 - (b) Traditional controlling has been rephrased as benchmarking.
 - (c) Benchmarking helps in setting goals and measuring productivity based on best industry practices.
 - (d) Benchmarking solves all business problems.
53. BPR is an unusual improvement in operating effectiveness through the redesigning of _____ business process and supporting business systems.
- (a) usual
 - (b) common
 - (c) critical
 - (d) none of these
54. The purpose of strategy evaluation is to:
- (a) increase the budget annually.
 - (b) alert management to problems or potential problems.
 - (c) make budget changes.
 - (d) evaluate employees' performance.
55. Which one is not the basic activity of Strategy Audit?
- (a) Examining the underlying bases of a firm's strategy.
 - (b) Setting the goals and objectives of the firm.
 - (c) Comparing expected results with actual results.
 - (d) Taking corrective actions to ensure that performance conforms to plans.
56. Which one is not a type of strategic control?
- (a) Operational control

- (b) Strategic surveillance
 - (c) Special alert control
 - (d) Premise control
57. The responsibility of efficiency and effectiveness lies with:
- (a) Middle management and operational management
 - (b) Top management and operational management
 - (c) Operational management and top management
 - (d) Operational management and middle management
58. Which of the following is not true for strategy formulation and implementation matrix?
- (a) Company in square A would focus on implementing the strategy successfully.
 - (b) Company in Square B is the idle situation
 - (c) Company in square D would focus on readjusting the implementation.
 - (d) Company in square D would focus on redesigning their strategy.
59. Which of the following is not one of the issues in strategy implementation?
- (a) Resource allocation
 - (b) Project implementation
 - (c) Structural implementation
 - (d) Market implementation
60. Which of the following is correct?
- (a) Strategy is always pragmatic and not flexible
 - (b) Strategy is not always perfect, flawless and optimal
 - (c) Strategy is always perfect, flawless and optimal
 - (d) Strategy is always flexible but not pragmatic

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61. Reactive strategy can also be termed as-
- (a) Planned strategy
 - (b) Adaptive strategy
 - (c) Sound strategy
 - (d) Dynamic strategy
62. Formulation of strategies and their implementation in a strategic management process is undertaken by-
- (a) Top level executives
 - (b) Middle level executives
 - (c) Lower-level executives
 - (d) All of the above
63. Which of the following are responsible for formulating and developing realistic and attainable strategies?
- (a) Corporate level and business level managers
 - (b) Corporate level and functional level managers
 - (c) Functional managers and business level managers
 - (d) Corporate level managers, business level managers and functional level managers
64. Strategic management enables an organization to _____, instead of companies just responding to threats in their business environment.
- (a) be proactive
 - (b) determine when the threat will subside
 - (c) avoid the threats
 - (d) defeat their competitors
65. Read the following three statements:
- (i) Strategies have short-range implications.
 - (ii) Strategies are action oriented.

(iii) Strategies are rigidly defined.

From the combinations given below select an alternative that represent statements that are true:

- (a) (i) and (ii)
 - (b) (i) and (iii)
 - (c) (ii) and (iii)
 - (d) (i), (ii) and (iii)
66. What involves formulating, implementing and evaluating cross-functional decisions that enable an organization to achieve its objectives?
- (a) Strategy formulation
 - (b) Strategy evaluation
 - (c) Strategy implementation
 - (d) Strategic management
67. Strategic management allows an organization to be more
- (a) Authoritative
 - (b) Participative
 - (c) Commanding
 - (d) Proactive
68. A good business strategy is formulated based on an organisations'
- (a) Weaknesses and Strengths
 - (b) Opportunities and Threats
 - (c) Both (a) and (b)
 - (d) Top Management's decisions
69. Which of the following statement's is true?
- (a) Business policy is for small companies and strategy is for big companies.

- (b) Policy is a subset of strategy.
 - (c) Policy is made by corporate managers and strategy is made by business level managers.
 - (d) Policy talks about what do, and strategy talks about how to do.
70. 'Strategic group mapping' helps in-
- (a) Identifying the strongest rival companies
 - (b) Identifying weakest rival companies
 - (c) Identifying weakest and strongest rival companies
 - (d) None of the above
71. 'Attractiveness of firms' while conducting industry analysis should be seen in-
- (a) Relative terms
 - (b) Absolute terms
 - (c) Comparative terms
 - (d) All of the above
72. "Competitor's Differentiation', Customer Value' and 'Application of Competitiveness' are the three important areas of:
- (a) Value chain analysis
 - (b) Business process re-engineering
 - (c) Competitor analysis
 - (d) Core competencies
73. A tool by which management identifies and evaluates the various businesses that make up a company is termed as:
- (a) Value chain analysis
 - (b) Portfolio analysis
 - (c) Competition analysis
 - (d) Strategic analysis

74. An advertisement says, 'Have Roohafza with milk and lassi too'. Which strategy is the company trying to use:
- (a) Market development
 - (b) Product development
 - (c) Market penetration
 - (d) All of the above
75. The goal of SWOT analysis is to _____ the organization's opportunities and strengths while _____ its threats and _____ its weaknesses.
- (a) avoid; neutralizing; correcting
 - (b) exploit; neutralizing; correcting
 - (c) avoid; capitalizing; neutralizing
 - (d) exploit; avoiding; ignoring
76. External opportunities and threats are usually:
- (a) the minor cause of organizational demise or success
 - (b) least important for CEOs and the board of directors
 - (c) not as important as internal strengths and weaknesses
 - (d) largely uncontrollable activities outside the organization
77. The sustainability of competitive advantage and a firm's ability to earn profits from its competitive advantage depends upon:
- (a) Durability, reliability, transferability, approximately
 - (b) Appropriability, durability, transferability, imitability
 - (c) Transferability, imitability, reliability, approximately
 - (d) Imitability, durability, reliability, appropriability
78. Anything that a firm does especially well compared to rival firms is referred to as _____.
- (a) Competitive advantage
 - (b) Comparative advantage

- (c) Opportunity cost
 - (d) Sustainable advantage
79. The emphasis on product design is very high, the intensity of competition is low, and the market growth rate is low in the _____ stage of the industry life cycle.
- (a) Maturity
 - (b) Introduction
 - (c) Growth
 - (d) Decline
80. GE Nine-cell matrix is based on:
- (a) Market attractiveness and business strength
 - (b) Market growth rate and business strength
 - (c) Market attractiveness and relative market share
 - (d) Market growth rate and relative market share
81. In which phase of strategic management are annual objectives especially important?
- (a) Formulation
 - (b) Control
 - (c) Evaluation
 - (d) Implementation
82. Specific results an organisation seeks to achieve in pursuing its basic mission are:
- (a) Strategies
 - (b) Rules
 - (c) Objectives
 - (d) Policies

83. Which one is not the element of strategic intent?
- (a) Business model
 - (b) Vision
 - (c) Business definition
 - (d) Business standard
84. During what stage of strategic management are a firm's specific internal strengths and weaknesses determined?
- (a) Formulation
 - (b) Implementation
 - (c) Evaluation
 - (d) Feedback
85. Which of these basic questions should a vision statement answer?
- (a) What is business of firm's?
 - (b) Who are competitors?
 - (c) Where we are to go?
 - (d) What are organisational capabilities?
86. What are the means by which long term objectives will be achieved?
- (a) Policies
 - (b) Opportunities
 - (c) Vision
 - (d) Strategies
87. What is the first step in the comprehensive strategic-management model?
- (a) Developing vision and mission statements
 - (b) Performing external audits
 - (c) Measuring and evaluating performance
 - (d) Establishing long-term objectives

88. Developing vision and mission, identifying an organisation's external opportunities and threats, and determining internal strengths and weaknesses are:
- (a) SBU planning
 - (b) Strategy formulation
 - (c) Strategy implementation
 - (d) Business process reengineering
89. Questions such as "What is our business?" and "who are our customers?" are required to be answered in company's:
- (a) Objectives
 - (b) Plan
 - (c) Policy document
 - (d) Mission statement
90. Strategic Planning is the responsibility of:-
- (a) Corporate level managers
 - (b) Operational managers
 - (c) Functional managers
 - (d) Business level managers
91. Acquisition of IT company by a steel manufacturer is:
- (a) Business level strategy
 - (b) Corporate strategy
 - (c) Business decision
 - (d) Functional diversification
92. Which strategy is implemented after the failure of turnaround strategy?
- (a) Expansion strategy
 - (b) Diversification strategy

- (c) Divestment strategy
 - (d) Growth strategy
93. Retrenchment strategy in the organization can be explained as:
- (a) Reducing trenches (gaps) created between individuals.
 - (b) Divesting a major product line or market.
 - (c) Removal of employees from job through the process of reorganization.
 - (d) Removal of employees from job in one business to relocate them in other business.
94. Select the correct statement:
- (a) In general, corporate level decisions are costly to take, involve high risk and have large profit potential.
 - (b) In general, corporate level decisions are costly to take, involve low risk and have large profit potential.
 - (c) In general, corporate level decisions are costly to take, involve high risk and have low profit potential.
 - (d) In general, corporate level decisions are cheaper to take, involve low risk and have large profit potential.
95. An organisation diversifies in backward sequence in the product chain and enters specific product/process to be used in existing products. It is:
- (a) Forward diversification
 - (b) Vertical diversification
 - (c) Horizontal diversification
 - (d) Reactive diversification
96. Corporate strategy includes:
- (i) expansion and growth, diversification, takeovers and mergers
 - (ii) Vertical and horizontal integration, new investment and divestment areas

(iii) determination of the business lines

From the combinations given below select a correct alternative:

- (a) (i), and (ii)
- (b) (i) and (iii)
- (c) (ii) and (iii)
- (d) (i) (ii) and (iii)

97. Vertical integration may be beneficial when:

- (a) Lower transaction costs and improved coordination are vital and achievable through vertical integration.
- (b) Flexibility is reduced, providing a more stationary position in the competitive environment.
- (c) Various segregated specializations will be combined.
- (d) The minimum efficient scales of two corporations are different.

98. Conglomerate diversification is another name for which of the following?

- (a) Related diversification
- (b) Unrelated diversification
- (c) Portfolio diversification
- (d) Acquisition diversification

99. When to organisations combine to increase their strength and financial gains along with reducing competition is called-----

- (a) Hostile takeover
- (b) Liquidation
- (c) Merger
- (d) Acquisition

100. The reasons for acquisition are:
- (a) Increased market power
 - (b) Increased diversification
 - (c) Seizing growth opportunities
 - (d) All of the these
101. If suppliers are unreliable or too costly, which of these strategies may be appropriate?
- (a) Horizontal integration
 - (b) Backward integration
 - (c) Market penetration
 - (d) Forward integration
102. Which of the following is not Michael Porter's five competitive forces?
- (a) New entrants
 - (b) Rivalry among existing firms
 - (c) Bargaining power of unions
 - (d) Bargaining power of suppliers
103. In Michael Porter's generic strategy _____ emphasizes on producing standardized products at a very low per unit-cost for consumers who are price sensitive.
- (a) Cheap leadership
 - (b) Inferior product leadership
 - (c) Cost leadership
 - (d) Cost benefit
104. Differentiation Strategy can be achieved by following:
- 1. Match products with tastes and preferences of customers
 - 2. Elevate the performance of the product
 - 3. Rapid product innovation.

Which of the above is true:

- (a) (1) and (2)
 - (b) (1) and (3)
 - (c) (2) and (3)
 - (d) (1), (2) and (3)
105. What are the three different bases of consideration given by Michael Porter's Generic Strategies to gain competitive advantage?
- (a) differentiation, integration and compensation
 - (b) integration, focus and differentiation
 - (c) compensation, integration and focus
 - (d) cost leadership, differentiation and focus
106. A firm successfully implementing a differentiation strategy would expect:
- (a) Customers to be sensitive to price increases
 - (b) To charge premium prices
 - (c) Customers to perceive the product as standard
 - (d) To automatically have high levels of power over suppliers
107. Suppliers can command bargaining power over a firm when:
1. The products are crucial to the buyer
 2. Large number of substitutes are available
 3. Suppliers erect high switching costs
 4. Suppliers are more concentrated than their buyers.
- All above explain the reasons except:
- (a) (1)
 - (b) (2)
 - (c) (3)
 - (d) (4)

108. Best-cost provider strategy involves providing customers more value for the money by emphasizing on:
- (a) Low cost and low quality difference
 - (b) Low cost and better quality difference
 - (c) High cost and low quality difference
 - (d) High cost and better quality difference
109. The Niche strategy is the best way to enter a:
- (a) New market
 - (b) Growing market
 - (c) Matured market
 - (d) None of the above
110. The process of creating, maintaining, and enhancing strong, value-laden relationships with customers and other stakeholder is:
- (a) Social marketing
 - (b) Augmented marketing
 - (c) Direct marketing
 - (d) Relationship marketing
111. For a new product, an organization may choose:
- (a) Skimming pricing strategy
 - (b) Penetration pricing strategy
 - (c) Both (a) and (b)
 - (d) None of these
112. The marketing strategy which is used to reduce or shift the demand is:
- (a) Enlightened marketing
 - (b) Synchro-marketing

- (c) Place marketing
- (d) Demarketing

113. Read the following statements:

- (i) Functional-level managers are responsible for the specific business functions.
- (ii) Functional-level managers take decisions related to human resources, purchasing, product development, customer service, and so on.

Select the correct alternative:

- (a) Both (i) and (ii) truly explain features of functional-level manager.
- (b) Only (i) truly explains features of functional-level manager.
- (c) Only (ii) truly explains features of functional-level manager.
- (d) None of (i) and (ii) truly explain features of functional-level manager.

114. Evaluating the worth of a business is determining its-

- (a) Fixed assets
- (b) Net worth
- (c) Goodwill
- (d) None of these

115. Which of the following variables are not directly affected by marketing mix?

- (a) Product
- (b) Place
- (c) Process
- (d) Promotion

116. _____ leadership style may be appropriate in turbulent environment.
- (a) Transactional
 - (b) Transformational
 - (c) Autocratic
 - (d) None of these
117. A strategic business unit is a grouping of _____ businesses.
- (a) unrelated
 - (b) differentiated
 - (c) related
 - (d) None of these.
118. Change in company's _____ requires re allocation of resources necessitating need for changes in _____
- (a) structure, strategy
 - (b) strategy, structure
 - (c) structure, structure
 - (d) strategy, strategy
119. In strategic management, there are two main styles of leadership. These are transformational and:
- (a) Transparent
 - (b) Transitional
 - (c) Translational
 - (d) Transactional
120. A person who searched for business opportunity and starts a new enterprise to make use of that opportunity called
- (a) Employee
 - (b) Entrepreneur

- (c) Intrapreneur
 - (d) Investor
121. Select a distinguishing feature between divisional and functional structure?
- (a) Both functional departments and divisional process departments are accountable for profits or revenues.
 - (b) Functional departments are not accountable for profits or revenues, whereas divisional process departments are evaluated on these criteria.
 - (c) None of functional departments and divisional process departments are accountable for profits or revenues.
 - (d) Both the structures are same.
122. Which of the following situation will most likely suit a transformational leader?
- (a) An organization that is in trouble
 - (b) A growing organization
 - (c) An organization in a stable environment
 - (d) An organization at maturity stage of product life cycle
123. Corporate culture refers to:
- (a) Company's values and beliefs
 - (b) Company's business principles
 - (c) Internal work environment
 - (d) All the above
124. A corporation organized in network structure is often called
- (a) Virtual organization
 - (b) Hierarchical organization
 - (c) Structured organization
 - (d) Simple organization

125. What is the second phase of Matrix structure proposed by Davis and Lawrence?
- (a) Cross functional task forces
 - (b) Product/brand management
 - (c) Cross fertilized projects
 - (d) Mature matrix

Answer Key

Question No.	Answer
1	(c) (i) & (ii)
2	(b) Functional level managers
3	(a) Only (i)
4	(d) Dog
5	(c) Market development
6	(d) All of the above
7	(a) Star
8	(c) (1)-(i), (2)-(iii), (3)-(iv), (4)-(ii)
9	(a) Cash cow
10	(b) 1-c, 2-d, 3-a, 4-b
11	(d) Both a & b
12	(a) 1-A, 2-D, 3-B, 4-C
13	(d) Technology: Advanced cooking equipment
14	(a) (i) – A (ii) – B (iii) – D (iv) – C
15	(d) Possibility of new product to be introduced in the market for new sport at the world championship
16	(b) Only (iii)

17	(c) C-(i), A-(ii) D-(iii) B (iv)
18	(a) (i) & (vi)
19	(d) Mission
20	(b) Business definition statement
21	(c) Turnaround strategy
22	(b) Forward integration
23	(a) Backward integration
24	(b) Rivalry amongst existing players, Differentiation strategy
25	(b) Threat of substitutes
26	(d) Focused differentiation
27	(d) Personal selling
28	(a) Human resource strategy
29	(d) Hourglass structure
30	(c) Network structure
31	(c) H.C. Kellman
32	(b) Consistency
33	(c) Internalization
34	(a) Strategy formulation phase
35	(d) (a), (b), (c) & (d)
36	(b) Management control
37	(c) i & iv
38	(b) Coordination problem
39	(c) Strategy implementation
40	(a) Strategies are statements of intent realized through implementation

41	(c) 1,2 &4
42	(a) Promoting new ideas throughout the organization
43	(b) Management control
44	(d) Budgetary control
45	(d) All of the above
46	(d) Strategic audit
47	(a) Financial resource
48	(c) Changing behavior patterns
49	(a) Total cycle time
50	(c) Massive improvement
51	(d) Firms have unlimited resources
52	(c) Benchmarking helps in setting goals and measuring productivity based on best industry practices.
53	(c) critical
54	(b) alert management to problems or potential problems.
55	(b) Setting the goals and objectives of the firm
56	(a) Operational control
57	(c) Operational management and top management
58	(d) Company in square D would focus on redesigning their strategy
59	(d) Market implementation
60	(b) Strategy is not always perfect, flawless and optimal
61	(b) Adaptive strategy
62	(d) All of the above

63	(d) Corporate level managers, business level managers and functional level managers
64	(a) be proactive
65	(a) (i) and (ii)
66	(d) Strategic management
67	(d) Proactive
68	(c) Both (a) and (b)
69	(d) Policy talks about what do, and Strategy talks about how to do
70	(c) Identifying weakest and strongest rival companies
71	(a) Relative terms
72	(d) Core competencies
73	(b) Portfolio analysis
74	(c) Market penetration
75	(b) exploit; neutralizing; correcting
76	(d) largely uncontrollable activities outside the organization
77	(b) Appropriability, durability, transferability, imitability
78	(a) Competitive advantage
79	(b) Introduction
80	(a) Market attractiveness and business strength
81	(d) Implementation
82	(c) Objectives
83	(d) Business standard
84	(a) Formulation
85	(c) Where we are to go?

86	(d) Strategies
87	(a) Developing vision and mission statements
88	(b) Strategy formulation
89	(d) Mission statement
90	(a) Corporate level managers
91	(b) Corporate strategy
92	(c) Divestment strategy
93	(b) Divesting a major product line or market
94	(a) In general, corporate level decisions are costly to take, involve high risk and have large profit potential.
95	(b) Vertical diversification
96	(d) (i) (ii) and (iii)
97	(a) Lower transaction costs and improved coordination are vital and achievable through vertical integration.
98	(b) Unrelated diversification
99	(c) Merger
100	(d) All of the these
101	(b) Backward integration
102	(c) Bargaining power of unions
103	(c) Cost leadership
104	(d) (1), (2) and (3)
105	(d) cost leadership, differentiation and focus
106	(b) To charge premium prices
107	(b) (2)
108	(b) Low cost and better-quality difference

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109	(c) Matured market
110	(d) Relationship marketing
111	(c) Both (a) and (b)
112	(d) Demarketing
113	(a) Both (i) and (ii) truly explain features of functional-level manager
114	(b) Net worth
115	(c) Process
116	(b) Transformational
117	(c) Related
118	(b) strategy, structure
119	(d) Transactional
120	(b) Entrepreneur
121	(b) Functional departments are not accountable for profits or revenues, whereas divisional process departments are evaluated on these criteria.
122	(a) An organization that is in trouble
123	(d) All the above
124	(a) Virtual organization
125	(b) Product/brand management

CASE SCENARIOS

1. Connect Private Limited, a Mumbai based company is launching a smartphone, under the brand name of Poppy. The company recognizes plethora of options that customers have from Chinese manufacturers flooding the smartphone landscape. With recent COVID-19 pandemic hurting the global sentiment towards Chinese products, the company plans to play on the patriotic card and advertise Poppy as the “Desi” smartphone of India.

Strategic Arm of the company undertook an industry analysis and reported, that, budget phone segment was overtaken by the Chinese brands completely, however, the low segment of smartphones was still open for exploration. Thus, the company planned to enter the market with two models, Poppy A and Poppy B, priced at ₹ 4,499 and ₹ 5,499.

The company is also aware that their product can easily be imitated at same costing as well as pricing, and thus the very essence of their product can be lost. A team of marketing professionals was hired to tackle this issue. The solution they suggested was to take the first mover advantage by spending huge sums in advertising and promotion.

Based on sound consciousness of the competition from huge money backed international players, the company decided to manufacture smartphone covers and accessories with the same “desi” tag, along with Poppy Smartphones. This shall help them mitigate the risk of being completely thrown out of business. Consequently, they invested a fairly good amount in manufacturing of these accessories.

The investors made it an objective for the team to reach an annual sales volume of 15,000 handsets and 70,000 pieces of accessories. The accessories sales surpassed the expectations by a fairly good margin. However, Poppy A and Poppy B did not receive the much anticipated response and the leadership decided to reduce the scope and focus purely on accessories business going forward.

With a new focus on accessories production, the “Desi” tag will still play an important part in the success. However, they need to ensure

creation of strong barriers to entry for other domestic players, and for that, they have plans to augment the production to enormous levels. This shall reduce their unit cost, thus, enable volume driven cost leadership.

Based on the above case scenario, answer the multiple choice questions.

- 1.1 Connect Private Limited, entered a saturated market of smartphones, after a due market study of understanding the competitive landscape. Put the below steps in correct sequence of understanding the competitive landscape.
- (I) Understanding the competitors
 - (II) Determining strengths and weaknesses of the competitors
 - (III) Identify the competitors
 - (IV) Put all information gathered together
- (a) (I),(III),(II),(IV)
 - (b) (III),(I),(II),(IV)
 - (c) (II),(III),(IV),(I)
 - (d) (I),(III),(II),(IV)
- 1.2 Annual sales volume as an objective by the investors was crucial to establish the company in the market. In which stage of strategic management are such annual objectives especially important?
- (a) Formulation
 - (b) Control
 - (c) Evaluation
 - (d) Implementation
- 1.3 Following the sales numbers reported at the end of year, the leadership took a serious strategic stand point to move forward and shift to a new core business which was more

profitable. Under which of the following category of business strategy can this decision be categorized?

- (a) Retrenchment strategy
- (b) Strategic alliance
- (c) Diversification strategy
- (d) Market development

1.4 After getting results from the market, accessories business of the company can be classified under which category of BCG's growth share matrix?

- (a) Star
- (b) Question mark
- (c) Cash cow
- (d) Dog

1.5 The phase two of shifting the business focus to peripheral accessories production, Connect Private Limited has planned setting up entries to barrier for its potential competitors. Which of the following barrier have they planned to implement?

- (a) Capital requirement
- (b) Product differentiation
- (c) Access to distribution channels
- (d) Economies of scale

Answer Key

Question No.	Answer
1.1	(b) Correct Sequence is (III),(I),(II),(IV)
1.2	(d) Implementation is an operations-oriented activity aimed at shaping the performance of the core businesses of a company. Thus, short term

	and long term objectives are majorly crucial part of Implementation Phase.
1.3	(a) Retrenchment strategy , is where the organisation reduces the scope of activity to focus on more profitable/suitable businesses.
1.4	(c) Cash cow is the correct answer, as accessories business has low market growth rate but a greater market share. Also, the investment required is low, but it generates cash for the company.
1.5	(d) Economies of scale , as they plan to reduce their per unit cost of production.

2. KingLike WLL, is a construction company based in Dubai, which specializes in residential complexes. It has developed a new concept for the market, Private Vila cum Apartments called "Vilartment". These spaces are designed to suit the increasing demand of married couples wanting to stay with their parents, thus offering more space in a single residential unit.

The company has huge land purchasing power which gives them a competitive advantage over its rivals. Also, the designs are developed by the best in class Italian designers and the same have been patented. Thus, it is very tough to replicate KingLike's properties.

This project is positioned as a separate business unit to capture maximum potential of the management. Personnel at different levels have been employed to look after the respective functions of the unit. It is estimated that around 15,000 Vilartments will be constructed within next three years, and, 50% of the total units shall be ready to move into with immediate effect once the construction is completed.

The marketing team has roped in major Bollywood and Hollywood celebrities to perform at the foundation stone ceremony of the Vilartment, scheduled next month. The ceremony will be covered by major global media houses and channels via print and social media, thus, attracting potential buyers from all over the world.

With everything planned and efficient teams ready to execute, the management is confident of the project's success. The Vilartment

shall position KingLike WLL as a leading real estate company in the global market.

Based on the above case scenario, answer the multiple choice questions.

- 2.1 Igor Ansoff gave a framework which describes the intensification options available to a firm. Which of them did KingLike use for its intensification strategy?
- (a) Market penetration
 - (b) Product development
 - (c) Market development
 - (d) Diversification into new products
- 2.2 Core competency is built on multiple know-hows and is an integration of many resources. As per C.K. Prahalad and Gary Hamel. KingLike has expert teams and huge buying capacity. Which amongst the following is not an areas where core competency is identified?
- (a) Customer value
 - (b) Application of competencies
 - (c) Market development
 - (d) Competitor differentiation
- 2.3 Different personnel have been deployed at respective levels in the project working as a business unit. Answer, Divisional managers and staff are a part of which of the following strategic levels in the organization?
- (a) Corporate level
 - (b) Functional level
 - (c) Business level
 - (d) Consultant level
- 2.4. _____ is the answer to basic question "what business we are and what we do". Many businesses fail to conceptualize

this and it requires clarity. The company however has clarity on the same. Fill in the blank with the correct option.

- (a) Vision
- (b) Mission
- (c) Strategy
- (d) Planning

2.5 Vilartment shall function as a strategic business unit (SBU), being one of the key businesses of the company. Which of the following is not a characteristic of a strategic business unit?

- (a) It is a combination of two or more independent businesses.
- (b) The planning for the business is done separately.
- (c) It has its own set of competitors.
- (d) It has its own manager responsible for strategy and profits.

Answer Key

Question No.	Answer
2.1	(b) Product development, Vilartment is a new product in the existing market
2.2	(c) Market development is not an area where core competency is identified
2.3	(c) Divisional managers and staff are a part of business level of an organization
2.4	(b) Mission statement
2.5	(a) It is a combination of two or more independent businesses.

3. Hareeyali Pvt. Ltd. is a company working towards making corporates spaces greener with their innovative infrastructural designs and

products. The company is newly found and has six founders. It works with a team of just four people in middle management and around fifty plus on ground, working at various roles like client relationship management and delivery management.

The industry is fairly new but already dominated by GreenZone Pvt. Ltd., which produces around 800 designs for its fifty clients. GreenZone has a facility that produces the designed structures at a massive scale of 3000 pieces per day. It has been the sole player for a few years but as the corporates plan to go green, the industry is expecting a rise.

Hareeyali has begun decent operations but is struggling for a production facility. A proper strategy to build around the gaps and new areas of the industry shall take its business to another level. The founders' have mission of reaching every single corporate in India.

They plan to spread in three phases. The first phase is to tap Delhi NCR and Mumbai.

Strategy team understands one important thing about these cities that, the working class needs something they can personalize. Hence, the company decided to go for company focused designing that shall give them an advantage over the standardized products from its rivals.

Hareeyali has also introduced Green Card Points System, wherein the employees who chose to use their products earn points and can further spend them to buy herbal and organic products from leading online platforms.

The company has been doing good business since last year and plans to expand via online as and offline modes.

Based on the above case scenario, answer the multiple choice questions.

- 3.1 GreenZone has been the leader in the industry and has deployed some barriers to entry on new players wanting to tap into this new growing industry. Apparently, Hareeyali has been struggling on the very same front and thus, the barrier's

magnitude increases. Which of the following is barrier to entry used by GreenZone?

- (a) Product differentiation
- (b) Switching costs
- (c) Economies of scale
- (d) Brand identity

3.2 Hareeyali's Green points system falls under which strategic marketing technique?

- (a) Service marketing
- (b) Person marketing
- (c) Direct marketing
- (d) Augmented marketing

3.3 If Hareeyali has to compete with GreenZone, it ought to have strategy in place. And not just strategy but a relevant strategy audit from time to time is necessary to accomplish results. As per Richard Rumelt, there are a few criterions to be considered in strategy audit. Which of the following is not one of the criterions as per Richard Rumelt?

- (a) Consistency
- (b) Position
- (c) Consonance
- (d) Feasibility

3.4 The management structure of Hareeyali is apparently like any other company with a lot of founders/top management, as the middle office work is undertaken by business automation. It does reduce costs but the lower management has less opportunities to grow. Based on that, which if the following is the organizational structure of Hareeyali?

- (a) Network structure
- (b) Matrix structure

- (c) Divisional structure
 - (d) Hourglass structure
- 3.5 Intensity of rivalry determines attractiveness and profitability of an Industry. The rivalry between the two companies is furious and the profitability shall be low because of all the below factors, except:
- (a) Variable costs of business
 - (b) GreenZone is currently the industry leader
 - (c) The industry's growth is slow
 - (d) Companies are planning product differentiation

Answer Key

Question No.	Answer
3.1	(c) Economies of scale by producing massive number of items from its production facility.
3.2	(d) Augmented marketing.
3.3	(b) Position is not a criteria for strategy audit as per Richard Rumelt.
3.4	(d) Hourglass structure.
3.5	(a) Variable costs of business are not the determinant if Intensity of Rivalry, rather fixed costs are, wherein the company can drop prices by increasing capacity.

4. LUXHEAL is a new age healthcare equipment designing and manufacturing company, with its founders being top Indian medical academicians. The company has been backed by a Pune based venture capital firm, that has invested approximately 115 crores as capital requirement fund.

The company has recently developed an automated mind mapped wheelchair called WHEELIX, which has been awarded at various forums around the world and even won the Industry Differentiator Award at an international conclave.

Dr. Budhiraja, was appointed as the CEO last year, when the company was unable to make a mark for itself in the industry. Under his leadership, the company turned around to be a leader in innovation. He has been instrumental in bringing about a culture of oneness and inspiration amongst the employees. Recently, he introduced a company-wide competition for the best innovation.

One of the key highlights of the company's strategies has been, that they use very advanced benchmarking processes. However, in eagerness to hit the markets and showcase their product range to the world, the company missed on implementing the inferences and conclusions.

WHEELIX, on the other hand would make them a niche player in the market for elderly rich. The company has already been approached by WeGO, the world leader in wheelchair production, to let them use its branding and facilities for a share in profit. The Board is willing to accept the offer.

However, WeGO is stuck in a legal litigation with its distribution channel partners and thus, LUXHEAL will have to work immensely of stacking its own channels.

With the increasing number of elderly rich and the ever increasing demand for luxury medical equipment, LUXHEAL has a clear winning path in its vision and just needs to focus on implementing its ideas.

Based on the above case scenario, answer the multiple choice questions.

- 4.1 LUXHEAL envisages to be the most admired and responsible healthcare equipment company with international footprint. Is this a vision or a mission? If this is LUXHEAL's vision, then which of the following is not essential while drafting the strategic vision?
- (a) It should clearly illuminate the direction in which the organisation is headed.
 - (b) It should create enthusiasm among members of the organization.

- (c) It should be rigidly defined to prepare the organisation for the future.
 - (d) This is a mission statement and not a vision statement
- 4.2 Which of the following steps in benchmarking did LUXHEAL skip, which eventually lead to the failure of the benchmarking process?
- (a) Identifying the need for benchmarking.
 - (b) Comparing the own process and performance with that of others.
 - (c) Identifying best process.
 - (d) Reporting and implementing the steps to bridge the gaps identified.
- 4.3 Dr. Budhiraja has been instrumental in bringing about monumental changes in the company's structure and working culture. He has been very approachable yet feared by employees at all levels. What kind of leadership style can his style be termed as?
- (a) Transactional leadership style
 - (b) Autocratic leadership style
 - (c) Diplomatic leadership style
 - (d) Transformational leadership style
- 4.4 The recent international recognition that the company has got for WHEELIX, has turned around its strategy all together. Which of the following Michael Porter's generic strategies should LUXHEAL follow?
- (a) Cost leadership
 - (b) Focused differentiation
 - (c) Differentiation
 - (d) Focused cost leadership

- 4.5 Which of the following is a key entry barrier for LUXHEAL?
- (a) Brand identity
 - (b) Capital requirement
 - (c) Access to distribution channels
 - (d) Product differentiation

Answer Key

Question No.	Answer
4.1	(c) This is LUXHEAL's vision and a vision should be creatively defined to prepare the organisation for the future. Hence, defining rigidly is not essential for drafting the vision.
4.2	(d) Reporting and implementing the steps to bridge the gaps identified.
4.3	(d) Transformational style, he inspires people and has been instrumental in the early stages of the company during its turbulent times.
4.4	(b) Focused differentiation, as it aims to fulfill the demands of a narrow market with its differentiated product.
4.5	(c) Rest all are amply covered for LUXHEAL except access to distribution channels.

5. Strong Girls Private Limited, is an all female-led early stage health drink company, operating out of Bangalore. The company is aware of the two important things with respect to their business; first, the youth is really conscious about health, and second, there are plethora of options available in the market to cater their demands.

With these pointers in mind, they launched their flagship product, Avajoice, a health drink made with Amla, Papaya, Aloe Vera and Neem, targeted at increasing immunity of young teenage girls. The unique selling proposition has been to make these drinks taste good with added organic flavours.

To achieve advantage in market segment the production process has been standardised. The benefit has reflected in improved margins and better negotiating power. This product has been identified by the strategy team, as a Star, as per BCGs growth matrix, for its rapid growth and immense fund needs.

The marketing team has been one of the most influential in mapping the success of Avajuce. The existing health drink companies have had a very low customer loyalty and retention ratio. The company had to work to win over this shortcoming. For this, they have setup collaborations with major schools of Karnataka as well as got into an agreement with the State Government of Karnataka to provide Avajuce to girls of government schools at subsidised rate at just one rupee each.

This has been instrumental in bringing about free publicity from local as well as national media. With media coverage, the company very smartly placed the tagline, 'We Offer Tasty Health for our Teens', and this was further pushed as a trend on social media to spread awareness of brand.

Effectively, the company has been able to position itself in the niche market domain and has been making really good margins.

Based on the above case scenario, answer the multiple choice questions.

- 5.1 As per Peter Drucker, it is important to have a meaningful answer to the question, 'what business are we in?'. Through Avajuce, the company answered the following as 'We Offer Tasty Health for our Teens'. Among which of the following does this statement fall?
- (a) Vision
 - (b) Mission
 - (c) Business definition
 - (d) Action plan

- 5.2 The processes have been standardised as a strategy to improve margins and gain more negotiation power in the market. Which of the generic strategies by Michael Porter has the company deployed to create a favourable scenarios for itself?
- (a) Differentiation
 - (b) Focussed differentiation
 - (c) Cost leadership
 - (d) Focussed cost leadership
- 5.3 Igor Ansoff developed a framework which describes the intensification options available to a firm. Which of the following did Strong Girls Private Ltd. use for intensifying Avajoice?
- (a) Market penetration
 - (b) Product development
 - (c) Market development
 - (d) Diversification strategy
- 5.4 Which of the following was used to increase the saleability, based on industry analysis of the existing customer retention success rate? The marketing team could thus, track the open gaps and focus on the niche teenage girls segment to win over competition.
- (a) Triggers of change
 - (b) Benchmarking
 - (c) Business process reengineering
 - (d) Strategy audit
- 5.5 Avajoice can be identified as a Star as per BCG's Growth Matrix, basis the rapid growth it has shown and the enormous funds it demanded to maintain market and fuel the growth

potential. What would Avajuce turn into, as per the matrix, when its growth slows down?

- (a) Dog
- (b) Question mark
- (c) Will remain a star
- (d) Cash cow

Answer Key

Question No.	Answer
5.1	(b) Mission, as per Peter Drucker, when we have to answer, what business are we in, the answer should be marketing oriented and should cater to external perspective, and that forms part of mission statement.
5.2	(d) Focussed cost leadership, as standardisation ensures low cost of production thus making the business more profitable and award more negotiation power to the producer/seller, and the market for Avajuce is niche, this focussed cost leadership.
5.3	(c) Market development, as Avajuce is an existing product that are targeted to be sold in a new market of young girls.
5.4	(b) Benchmarking, it is point of reference against which one can compare and grow over the competition by being more productive/effective/efficient.
5.5	(d) Cash cow, as per BCG's growth matrix, a star turns into a cash cow when the growth slows down.

6. MidoriTech, a Japanese information technology giant recently got into a multi-million dollar deal with Dezyner Pvt. Ltd. of Bangalore, a user interface designing company. MidoriTech is a leader in developing firewall for cloud security services and this deal would help it leverage

the latest user-friendly designs of Dezyner Pvt. Ltd. to be incorporated in its own systems. The major motive of both the companies is to capture the budding segments of the market, which is very difficult to do given one's own isolated operations.

The second important aspect of the deal is a shared Research and Development Centre in Bangalore with 70:30 investments in R&D over the period of next five years. The advancements in cloud computing are to be matched with other global giants, and this Centre will provide world class excellence for the requisite. Mr. B. K. Suman, the erstwhile head of Dezyner Pvt. Ltd., has been appointed as the General Manager of the R&D Centre, and would report directly to the CEO of MidoriTech.

MidoriTech has been in the industry for over thirty years and has over five hundred clients. For better control and ease of business, it has divided its business segments as per the clients' industry. Thus, it has four major segments; Robotics, E-Commerce, Energy and Others.

The company had been eyeing five probable Indian companies for a design oriented deal. Over the course of one year, they ran multiple financial models to find the most suitable synergy and finally zeroed in with Dezyner Pvt. Ltd. This was covered by all major media houses, as this is one of the biggest Indo-Japan Deal in the last decade.

The future is uncertain, but the companies through combined synergies have a stable market standing and growth oriented future in purview.

Based on the above case scenario, answer the multiple choice questions.

- 6.1 Robotics, E-Commerce, Energy and Others, are separate units of MidoriTech, that have been devised for easy of control. Which of the following is not a characteristic that would have helped them identify and separate units for better strategic management?
- (a) Distinct markets
 - (b) Customer's preference

- (c) Similar technologies
 - (d) Identical competitive advantage
- 6.2 Dezyner Pvt. Ltd. and MidoriTech's deal falls under which type of Expansion Strategy?
- (a) Conglomerate merger
 - (b) Concentric diversification
 - (c) Horizontal merger
 - (d) Strategic alliance
- 6.3 The R&D centre at Bangalore will be a game changer for both the companies. Which of the following is not an approach for implementation that Mr. Suman can deploy?
- (a) First firm to market new technology
 - (b) Innovative imitator of successful products
 - (c) Being a mediator in trading of new technology
 - (d) Low cost mass producer of tested products
- 6.4 Mr. B. K. Suman shall work as general manager to the R&D centre for the two companies. At which strategic level will he working as a General Manager?
- (a) Corporate level
 - (b) Corporate and business level
 - (c) Functional and business level
 - (d) Functional level
- 6.5 MidoriTech used financial models to strategise its setup in India. Which of the following methods is not a viable model of valuation that is effective in this case?
- (a) Future earnings/synergy benefit model
 - (b) Value of similar firms in the industry

- (c) Net worth method
- (d) Price-earning ratio based valuation

Answer Key

Question No.	Answer
6.1	(b) The four segments of MidoriTEch works as SBUs. Customer preference is not a characteristic of division as the mater is based on internal strategic decisions and does not relate to customer influence.
6.2	(d) Strategic alliance is the right answer, as the companies would maintain independent status and they plan to benefit from each other what they could not get in isolated operations
6.3	(c) Being a mediator for trading of new technology does not qualify as an implementation strategy of R&D. It is a business strategy not R&D strategy
6.4	(b) General Managers deliver their responsibilities at both corporate and business levels, however, their responsibilities depend on size of organisation
6.5	(d) Dezyner pvt. ltd. is a private company, thus does not have marketable shares. Hence, Price earning based valuation is not viable.

7. Sukh Pvt. Ltd. has been importing Italian crockery under the brand name of 'Facile' since 2017. The company was amongst the first ones in India to introduce the innovative unbreakable crockery. Their affiliate, an Italian company, which owns Facile, had entered into a progressive deal, wherein, products would be sourced to India via their logistics and all marketing spend would be covered by them. However, customer management and nation-wide distribution would be taken care of by Sukh Pvt. Ltd. This required English speaking skilled workforce, which has been a constant challenge for the company in India.

The owners of Sukh Pvt. Ltd. have been regular at attending industry relevant conclaves, both national and international. Leaders of the company are avid readers of business magazines. Following that, it was observed that the recent sentiment of the country towards 'Vocal for Local' could disrupt their Italian brand's marketability. An extraordinary meeting was setup and the steps ahead were planned.

The outcome of the meeting was to partner with local producers of earthen utensils in phase one of the change strategy. For this, seven state governments were approached. The team was successful in bagging contracts from all the government departments of these seven states, and could position themselves fairly in the market. To fund this new investment, they have planned to slowly sell off their Italian business assets as well as the brand, to probable buyers.

This timely shift is proving to be a game changer for the company and the leadership is quite happy with better than before earnings and a much greater response from the customers. They find it easier to operate with domestic producers and vendors, and a sense of patriotism is instilled in the consumers' mind.

Based on the above case scenario, answer the multiple choice questions.

- 7.1 The shift of the company to earthen home grown utensils was based on a trigger of change. Which of the following trigger is most relevant in the case of Sukh Pvt. Ltd.?
- (a) Product innovation
 - (b) Consumer sentiment
 - (c) Statutory changes
 - (d) Globalisation
- 7.2 Which of the following type of strategic control did the owners and leadership of Sukh pvt. ltd. Deploy, that eventually turned out to be one of the most effective strategic decisions for the company?
- (a) Premise control

- (b) Special alert control
 - (c) Implementation control
 - (d) Strategic surveillance
- 7.3 'Vocal for Local' is a market sentiment that changed customer's preferences for majority of products of all industries. Basis that, Sukh pvt. Ltd. gauged the competition it might face in coming months and provisioned to change its own product. Which of the following force, as per Michael Porter's five forces of competitive analysis, is most relevant in this case?
- (a) Threat of new entrants
 - (b) Nature of rivalry in the industry
 - (c) Threat of substitutes
 - (d) Bargaining power of the buyer
- 7.4 Which of the following aspects of supply chain management was the most challenging for Sukh pvt. Ltd. at the time of selling Facile brand crockery?
- (a) Manufacturing
 - (b) Outsourcing
 - (c) Customer service
 - (d) Procurement
- 7.5 To strategically revamp their business, partnerships were done with Indian local producers from seven states and to fund it, the existing arm of business was to be sold off. Which of the following strategy has Sukh pvt. Ltd. opted for?
- (a) Turnaround strategy
 - (b) Divestment strategy
 - (c) Liquidation strategy
 - (d) Intensification strategy

Answer Key

Question No.	Answer
7.1	(b) Consumer sentiment is the right answer. statutory change is not correct as there have been no changes to statute, there has only been a push for home grown products with no legal/political changes
7.2	(d) Strategic surveillance is the right answer, as this type of control is unfocussed and involves casual industry environment browsing. The conclaves attendance and magazine reviews are a part of strategic surveillance
7.3	(c) Threat of substitutes is the most relevant for Sukh pvt. ltd., as they were dealing in Italian crockery and the same is hit by locally produced earthen utensil, thus a substitute of their product
7.4	(c) Customer service, as the skilled english speaking workforce is not readily available in India
7.5	(b) Divestment strategy, as a major part of business and SBU is sold off in divestment. Here Facile was sold off to fund the new business

8. Dr. Mikesh Gupta, Agriculture Management Guru at a leading management school in Patna, has been driving the business of E-Bandhu with seven of his students since 2017. This business has two core objectives; first, sustainable farming awareness and second, seasonal availability of agricultural inputs. It is a technology driven business wherein they have a one stop shop for all agricultural products available to farmers at competitive prices. The business is quite challenging, given the fact that farmers' of the region are not well aware of the use of technology.

The team sat down in summer of 2019 to reengineer the entire business and they were very clear about making changes to entire business processes without any emphasis on existing processes. A

new definition was formulated to be successful in the agricultural sector.

First and foremost, the target was moved from directly serving the farmers to onboarding wholesalers and retailers into the system and selling products to them. This was done based on the study that wholesalers and retailers could be great influencers of technology adaptability and use.

Secondly, logistics were outsourced to MaalGaadi, a rural supply chain management company, which eased off the balance sheet of E-Bandhu in terms of asset procurement and the corresponding debt.

Third and the most important was inclusion of a new service-based product in their application, ChaaraVidya, which educates farmers about the latest sustainable farming practices being implemented around the world. This could be a game changer for E-Bandhu in the agro startup circle.

The team is excited about the newness that Dr. Mikesh has brought in through the strategic changes and they foresee a better sustainable future of their idea.

Based on the above case scenario, answer the multiple choice questions.

- 8.1 Switching from direct selling to marketing through wholesalers and retailers was a strategic decision taken by the management. Such decisions help an organization to be more of which of the following?
- (a) Authoritative
 - (b) Futuristic
 - (c) Proactive
 - (d) Regularised
- 8.2 ChaaraVidya was brought into the market to increase farmer awareness of soil quality and the latest sustainable farm

practices from around the world? What kind of a growth strategy will it fall under?

- (a) Market penetration
- (b) Market development
- (c) Product development
- (d) Diversification of business

8.3 One of the most strategically advantageous decisions for E-Bandhu was to get into a contract with MaalGaadi. Which of the following could not be an advantage for E-Bandhu from this alliance?

- (a) Cost savings
- (b) Reduced delivery time
- (c) Improved customer satisfaction
- (d) Increased inventory of products

8.4 E-Bandhu spent a good amount of money on Reengineering its business. Which of the following steps in BPR, business process reengineering did they skip?

- (a) Determining Objectives
- (b) Study of existing processes
- (c) Formulating the redesign process plan
- (d) Implementing the redesigned process

8.5 Revamping the business to cater to wholesalers and retailers than to direct farmers is change in what?

- (a) Mission
- (b) Goals and Objectives
- (c) Business definition
- (d) Business model

Answer Key

Question No.	Answer
8.1	(c) Strategic management decisions makes an organisation more proactive.
8.2	(c) Product development as a new product is developed for the existing consumers of the company with added features.
8.3	(d) MaalGaadi is a rural logistics solutions company that would ease off E-Bandhu's supply chain management. Inventory would thus reduce and not increase
8.4	(b) Study of existing processes, as they laid no emphasis of past processes and went into a new setup with fresh proactive perspective
8.5	(d) Business model is changed

9. LactoQalci is a family run company engaged in the business of manufacturing packaged sweetened pro-biotic milk beverage. The management envisions a potential future in health and fitness industry. It thereby, adopted a new statement "Ensuring Health for Everyone" to uplift company's business makeup and market position.

LactoQalci introduced a new product for its existing customers, a range of sugar-free milkshakes. The company initiated an advertisement campaign with the tag line "Now enjoy the goodness of LactoQalci in sugar-free milkshakes". It is anticipated to become the most selling product of the company.

Further, to make the product unique, they adopted a distinctive product packaging design. The milkshake tetra packs came with a 'calories saved' scale printed on them. It was designed to motivate the consumers to a healthier life. As a result, the company was able to sell these milkshakes at a higher price.

The company saw decent response from the market and were planning to scale up operations, when suddenly, political disturbance

in the state pulled down their sales to rock bottom. Several warehouses of the company had to be temporarily shut down.

However, Mr. Rohatgi, the passionate operations head of the company, responded swiftly, and reengineered the business processes. He automated inventory management and outsourced logistical support. Small investments in IT infrastructure in troubled times reaped higher returns. The company was able to achieve better than before efficiency at all levels of operations and ensured regular sales.

Based on the above case scenario, answer the multiple choice questions.

- 9.1. Introducing Sugar-Free milkshakes by LactoQalci, falls under which Product-Market strategy as given by Ansoff?
 - (a) Product development
 - (b) Market penetration
 - (c) Market development
 - (d) Diversification

- 9.2. Which of the Michael Porter's Generic Strategies was adopted by LactoQalci to gain competitive advantage?
 - (a) Cost leadership strategy
 - (b) Differentiation strategy
 - (c) Focussed cost leadership strategy
 - (d) Focussed differentiation strategy

- 9.3. Which strategic intent is expressed in the statement "Ensuring Health for Everyone" by LactoQalci?
 - (a) Vision
 - (b) Mission
 - (c) Goals and Objectives
 - (d) Business definition

- 9.4. What kind of leadership did Mr. Rohatgi portray to pull out LactoQalci from the sudden disruption?
- (a) Transactional leadership
 - (b) Transformational leadership
 - (c) Transparent leadership
 - (d) Translational leadership
- 9.5 Which central thrust area was at the focus of LactoQalci's management while implementing business Process reengineering (BPR)?
- (a) Total distribution time
 - (b) Total order time
 - (c) Total inventory time
 - (d) Total cycle time

Answer Key

Question No.	Answer
9.1	(a) The company desires to introduce new products into existing markets which is covered under Product development.
9.2	(b) To make the product unique the company also adopted a distinctive product packaging design. As a result of which, the company was able to charge a premium for its product. Thus, Differentiation strategy.
9.3	(a) Strategic vision points out management's aspirations for the business and implies the blueprint of the company's future position.
9.4	(b) Transformational leadership is most suitable in turbulent environments, in industries at very start

	or end of life cycles. Mr.Rohatgi portrayed Transformational leadership
9.5	(d) The management responded swiftly and reengineered its business processes by introducing technology for inventory management and logistical support. This reduced the overall time taken by business to reach out to its customers. By reducing the total cycle time damage significantly and ensured healthy development of the business.

10. After graduating from IIT in computer science, sisters, Shakti and Stuti, following their passion for computers, started “Code Consulting”. They faced innumerable survival challenges in a highly dynamic IT market. But with combined efforts of a highly dedicated team of data scientists, their core business of big data analytics gained a prominent market presence.

From inception, Code Consulting has been a women-centric organization. The sisters ensured that women were provided with ample opportunities in the organization. Given the option of Work From Home as mandated by recent legal regulations, majority of the female workforce availed the option. To avoid drop in sales, the sisters expeditiously lead a crisis management team to accommodate adoption of the required technology to meet the changes of time.

Code Consulting, having reached a reputable market standing, was now observing cut-throat competition from foreign giants in its niche. The sisters resolved to make an effort into their long aspired dream to diversify into the innovative market space of 3D printing. Code Consulting, lacking the requisite experience, went for a merger with a startup named “CreatyVT” known for its technical know how. They have a strong skill-based team, but the long-standing startup had relatively small market share in 3D printing arena.

Early on, the management observed that the businesses of big data analytics and 3D printing had distinct markets. So, they split the company into different business units to independently identify their performance. Separation into business units helped in simplifying the

control related problems too. Whereas, the challenge to grow the company's market share was successfully met by introducing ingenious 3D printers with easily refillable cartridges. The new product was supported by an aggressive online advertisement campaign. The customers pleased by the products helped reach the desired sales targets in no time.

Having shown a never giving up attitude coupled with wise leadership skills, the business of Code Consulting sustained a turbulent patch and placed itself as a renowned brand in the Indian IT.

Based on the above case scenario, answer the multiple choice questions.

- 10.1 Applying BCG matrix, identify the correct investment category for the new "3D printing" business of Code Consulting, at the time of merger?
- (a) Star
 - (b) Cash cow
 - (c) Dog
 - (d) Question mark
- 10.2 Which strategy has been adopted by Code Consulting to overcome the difficulties of low-market share for its "3D printing" business?
- (a) Dynamic strategy
 - (b) Adaptive strategy
 - (c) Intended strategy
 - (d) Sound strategy
- 10.3 Mark the correct growth and expansion strategy employed by Code Consulting in merging with the startup named "CreatyVT"?
- (a) Horizontal merger
 - (b) Vertical merger

- (c) Co-generic merger
 - (d) Conglomerate merger
- 10.4 What has been the rationale behind Code Consulting’s management for treating big data business and 3D printing business amenable to separate strategic treatment?
- (a) The businesses were unrelated
 - (b) The businesses were unmanageable
 - (c) The businesses were related
 - (d) The businesses were identical
- 10.5 Which type of strategic control was adopted by Code Consulting when a new legal regulation proposed that women workers shall have the option to work from home?
- (a) Premise control
 - (b) Special alert control
 - (c) Strategic surveillance
 - (d) Implementation control

Answer Keys

Question No.	Answer
10.1	(d) Question mark
10.2	(c) Intended strategy
10.3	(c) Co-generic merger
10.4	(a) Unrelated business
10.5	(b) Special alert control

11. Samadhan Pvt. Ltd, a recyclable plastic bags manufacturing and trading company, currently operating only in Maharashtra, the management has seen a potential in the growing awareness around hazards of plastics and the positive outlook of the society towards

recycling and reusing plastics. Following this, they want to spread their business to major metro cities of the country.

The company has mobilised funds to set up multiple manufacturing units across different metro cities, introducing advance technologies and standardising their existing product line. They project to multiply the production by ten times to 25,000 units per day from existing 2,500 units.

A major concern for the company are paper bags and old cloth bags. Even though they are costlier than recyclable plastic bags, irrespective, they are being welcomed positively by the consumers. Kaagaz LLP, an NGO operating from Kolkata, has been offering lucrative personalisation offers through its art partners, for use of cloth and paper bags. This has hurt Samadhan's market share.

To fight off competition, the core team internally took an ambitious target, to reach seventy cities in the next five years with a very strong implementation plan. This was backed by a positive environment study on recyclable plastics, published in a national daily. Further, to compete with personalisation of bags strategy, they decided to acquire the art partners of Kaagaz LLP, and operate it as a separate SBU (Strategic Business Unit), giving outwards services back to Kaagaz, their competitor.

Based on the above case scenario, answer the multiple choice questions

- 11.1 While benchmarking its products against those of Samadhan Pvt. Ltd, what would be the core factor of consideration for Kaagaz LLP?
- (a) Product distribution
 - (b) Product development
 - (c) Product production cost
 - (d) Customer service
- 11.2. Samadhan Pvt. Ltd. has focused on achieving cost leadership in the market through which of the following actions?

- (i) Economies of scale
 - (ii) Invest in cost saving technologies
 - (iii) Forecast demand of product promptly
 - (iv) Standardization of products for mass production
 - (a) (i),(iii) and (iv)
 - (b) Only (i) and (ii)
 - (c) (i), (ii) and (iii)
 - (d) Only (i) and (iv)
- 11.3. Recyclable plastics are a game changer for Samadhan Pvt. Ltd. Which very important aspect of strategic management model has been overlooked completely?
- (a) Development of mission
 - (b) Implementation modules
 - (c) Feedback and communication
 - (d) Environmental analysis
- 11.4 Acquisition of art partners of Kaagaz LLP and operating them as a separate SBU, can be classified as?
- (a) Backward integration
 - (b) Forward integration
 - (c) Concentric diversification
 - (d) Conglomerate diversification
- 11.5 The factor that most aptly defines the competition amongst Samadhan and Kaagaz LLP is?
- (a) Economies of scale
 - (b) Substitute products

- (c) New entrant in the market
- (d) Brand identity

Answer Key

Question No.	Answer
11.1	(c) Cost of production, as the cost of producing Cloth and paper bags is much higher than recyclable plastic bags, so benchmarking its products in the Carry Bag Market, this would be the core factor of consideration.
11.2	(a) As they have gauged the changing demand of customers, invested in economies of scale via multiple production facilities, and also worked on standardization of products and production, except investing in cost saving technologies. They have rather invested in advance technologies, not specifically cost saving in nature.
11.3	(c) There has been no communication and feedback from the other departments and teams. The core team has taken the decisions by itself.
11.4	(b) Forward integration, as it took over the after sales services firms, which worked on the product after it is produced. It is not concentric as the art firms and Samadhan fall in the same chain of services and are related.
11.5	(b) Substitute products defines it most aptly.

12. In 2018, Mr. Kumar Venkat, known as KV by his peers, started a career mentoring company under the name of FreeDum Pvt. Ltd., which aimed to provide world class career mentoring to students on global opportunities in the field of their interest.

The company was started with just twelve people initially, of which; two educationists closely worked with KV in the top management, three subject experts were in the middle management independently looking after three main streams of Commerce, Science and Humanities, while the rest of the team worked under the middle managers.

The company targeted affluent schools and the response was quite enormous. They expanded their offices in five major cities within a span of 18 months. But as the company grew, so did the challenges. A lot many new people started entering the education mentoring business. The market was getting skewed and only a few new enrolments were being made by FreeDum.

To set out a plan and strategize a win over competition, the top management headed by KV appointed Miss Angela Michael to research the competition and bring out the best and the worst of each of them. Even though the two experts wanted stream level middle managers to be a part of the decision making, KV was of the view that they shall anyway have to follow what was decided at the top level.

Post analysis from Miss Michael, FreeDum developed a service that was unique and valuable. They offered free student-parent question answer sessions, and as expected, it uplifted their market position to become the most trusted educational guidance company. Parents started accepting and acknowledging the expert advice from FreeDum and even recommended them to their friends. This acceptance brought about a wave of growth for the company. Also, they do not mention a price for any of their services, they devised a scheme wherein, they assured that the user gets the best price available amongst all competitors. This was also highly appreciated by students and their parents.

The company now plans to open their office in six more cities in the next 6 months and is also looking for overseas offices to partner with world class institutes and universities. KV's vision and leadership has been a driving force for their 200 plus strong team of experts.

Based on the above case scenario, answer the multiple choice questions.

- 12.1. Which of the following dimensions of strategic decision making does not match with KV's decision making?
- (a) Future oriented
 - (b) Commitment of organisational resources
 - (c) Require management involvement
 - (d) Multi functional consequences
- 12.2 Which of the following tasks of strategy formulation and review was entrusted with Miss Angela Michael?
- (a) Benchmarking
 - (b) Strategy audit
 - (c) Operational control
 - (d) Resource allocation
- 12.3. Parents accepted and appreciated FreeDum's services and their vision. Which inherent benefit did FreeDum enjoy from such acknowledgement to safeguard itself from competition?
- (a) Capital requirement
 - (b) Brand identity
 - (c) Differentiation
 - (d) Barriers to entry
- 12.4 Pricing decision of FreeDum can be categorized as?
- (a) Price leader
 - (b) Price indifferent
 - (c) Price differentiator
 - (d) Price follower

12.5. Which of the following structures has KV and his team adopted?

- (a) Hourglass structure
- (b) Matrix structure
- (c) Strategic business unit structure
- (d) Network structure

Answer Key

Question No.	Answer
12.1	(c) Require Management Involvement, KV ignored the involvement of management and took decisions independently.
12.2	(a) Benchmarking, as she had to research competition.
12.3	(b) Brand identity, as parents valued their services and would be loyal to the brand.
12.4	(d) Price follower, as it would not set up prices but would follow market trend.
12.5	(c) Strategic business unit structure, as respective experts would head their unit.

13. The teenage fashion industry has been speculated to reach \$14 Trillion by 2021 with a profitability index of over 25%. Riding on this wave of assumed growth in the industry, Miss Sumita Ahuja, started a clothing label named Hens of Fashion (HoF) in 2017. She began with a pop range of clothing for teenage girls and diversified her way to boys clothing. Her brand clocked revenue of over fifty lacs in the very first year, and to her excitement, she got an investment from a big brand label to expand pan India.

She along with her core team found a niche consumer base, studied the industry in depth, strategized to fight off competition and even implemented these strategies to win. Her instincts and belief have been too strong for the clothing segment and her brand per se.

Mr. Ramit Arora, who began as a consultant with Miss Ahuja, was made the Head of Boys clothing segment and was given full freedom to think like an owner of the business segment and experiment for expansion. He took up the challenge and partnered with major foreign labels to bring Hens of Fashion (HoF) to mainstream consumers.

The brand was doing great until a Japanese clothing brand by the name of Kimachee disrupted the low cost teenage clothing and apparel industry with its global fame and pocket friendly pricing. Hens of Fashion saw its revenues drop to at least half of what they were expecting.

An emergency strategy meeting amongst the leaders was called upon but Miss Ahuja was adamant on sticking to the idea of selling the brand as India's homegrown brand while other leaders including Mr. Ramit wanted to partner with Kimachee to sustain the business. The team eventually resorted to sticking with Miss Ahuja's ideas and marketed the brand as the desi brand for teenagers.

Like every business faces a challenge when the environment changes and throws opportunities or threats to the management, Hens of Fashion has had its own set of principles and leadership styles to sustain the business in these challenging times.

Based on the above case scenario, answer the multiple choice questions.

- 13.1 Miss Ahuja took a decision to enter teenage clothing industry based on which of the following important industry attractiveness considerations?
- (a) Less uncertainty in industry
 - (b) Growth potential of the industry
 - (c) Instinct and entrepreneurial belief
 - (d) Potential to capitalize weaker existing businesses
- 13.2 Mr. Ramit Arora is an/a _____, while Miss Sumita Ahuja is an/a _____?
- (a) Entrepreneur and Intrapreneur

- (b) Manager and Senior leader
 - (c) Intrapreneur and Entrepreneur
 - (d) Visionary and Incompetent leader
- 13.3 Which step of Strategic Management is skipped by Hens of Fashion?
- (a) Environmental analysis
 - (b) Formulation of strategy
 - (c) Evaluation and control
 - (d) Implementation of strategy
- 13.4 Kimachee blocked the industry with its global branding and disrupted Hens of Fashion. What kind of strategy control could have saved the brand from such a big impact?
- (a) Premise control
 - (b) Special alert control
 - (c) Milestone reviews
 - (d) Monitoring strategic thrusts
- 13.5 In times of distress, the core of organisational structure helps an organisation to think holistically. Which of the following principles was highly ignored by Hens of Fashion?
- (a) Ideal organisational structure is one where leaders take final decision
 - (b) Ideal organisational structure is one where executive order is valued over participation
 - (c) Ideal organisational structure is one where source of idea carries more weight than the merit
 - (d) Ideal organisational structure is one where ideas filter up as well down.

Question No.	Answer
13.1	(b) Growth potential of the industry
13.2	(c) Intrapreneur and Entrepreneur
13.3	(c) Evaluation and Control
13.4	(a) Premise control, as owner's instincts/beliefs were not checked and as per global competitive movement disrupted the business.
13.5	(d) Ideal organisational structure is one where ideas filter up as well down

14. Flash Co is a well-known sport goods manufacturer established in Deeland, sells its branded products widely. The Company's objective is to maximise shareholder wealth. Due to the slowdown in the Deeland economy, the Company's recent performance has been weak. The Strategic Manager has applied Porter's five forces and reached the following conclusions:

Threat of new entrants: Low, as Flash Co's size presents a large entry barrier.

Bargaining power of buyers: Significant, as customers worldwide have much choice from different competitors.

Bargaining power of suppliers: Little threat. Most of Flash Co's material suppliers are small and Flash could easily find alternative sources of these. Labour is relatively cheap as most of Flash's production facilities are based in developing countries.

Threat of substitutes: Low, as there is little scope of substitute products for sports goods.

Rivalry among competitors: A major threat due to the constant launch of new products in this competitive industry.

The CEO directed the Strategic Manager to commission a benchmarking exercise to improve Flash's performance. This exercise will involve comparison of a range of financial and other operational performance indicators against Fennel, a similar business in Veeland.

Fennel agreed to share some recently available performance data with Flash as they operate in different countries.

The Veeland economy is growing strongly. There have been several tax incentives for businesses like Fennel in the last two years. The Veeland government has also underwritten loans taken out by businesses to support them. This has enabled Fennel to borrow funds for the significant capital investment required in IT systems. The automation has improved performance by increasing the availability of goods at stores, and reducing inventories.

Flash uses the benchmarking process to achieve improvements in diverse range of management functions like – assessment of manufacturing cost, production development, product distribution and plant utilisation levels

Based on the above case scenario, answer the multiple choice questions.

- 14.1 State the issues that Flash can face in the benchmarking exercise with Fennel?
- (a) There is no indication that Fennel is best in class
 - (b) Fennel has taken tax incentives which is not available to Flash in Deeland.
 - (c) Fennel operates in a different country where the economy is much stronger.
 - (d) All of the above
- 14.2 The benchmarking exercise undertaken by Flash will help achieve improvement in the following except:
- (a) Plant utilisation levels
 - (b) Product development
 - (c) Mergers & Acquisitions
 - (d) Product distribution

- 14.3 Which of the following correctly indicates less threat from Power of Suppliers?
- (a) Flash uses few suppliers
 - (b) Difficulty in switching suppliers
 - (c) The amount Flash spends with a supplier is low as a proportion of total cost
 - (d) All of the above
- 14.4 The customers are loyal to Flash" implies which of the following of Porter's Five Forces?
- (a) Less threat of substitutes
 - (b) High threat of substitutes
 - (c) Less threat of suppliers
 - (d) High threat of suppliers
- 14.5 The following can be cited as indicators of competitive rivalry, except:
- (a) Level of differentiation in sport goods
 - (b) Launch of new products in the market
 - (c) Bargaining power of customers of Flash
 - (d) Market share of Flash

Answer Key

Question No.	Answer
14.1	(d) All of the above – Benchmarking helps in improving performance by learning from best practices and the processes by which they are achieved.
14.2	(c) Mergers & Acquisitions – Plant utilisation levels, Product development, Product distribution are diverse management functions where improvement is sought through benchmarking.

14.3	(c) The amount Flash spends with a supplier is low as a proportion of total cost – The amount Flash spends with a supplier as a proportion of total cost could indicate the importance of that supplier and therefore their potential bargaining power
14.4	(a) Less threat of substitutes Customer loyalty – if customers are loyal to Flash, then this should reduce the risk of them switching to substitute products
14.5	(c) Bargaining power of customers of Flash 1. Little differentiation indicates high competitive rivalry 2. Launching new products provides an opportunity for growth (for company making the launch) 3. Market share indicates how effectively Flash is maintaining its position in the market

15. In the seventh decade of last century the *Banerjee Tasty Teas Ltd (BTTL)*, engaged in tea plantations in Assam and Darjeeling for more than two decades, began selling packaged tea under the brand name “Mitra” and “Dost”. At the time they had around 32 per cent of market share in the packaged tea segment that was growing rapidly. Their next competitor had 18 per cent share. In the middle of eighth decade the company launched a chain of eateries selling teas and branded it as “Prakriti”. They brewed tea in these eateries by adding goodness of adrak, tulsi and other natural ingredients. Their products were positioned as natural Indian tea with ayurvedic ingredients having health benefit. They positioned it as *masala chai* clinically proven to enhance immunity and gave a tag line, “Dadi Maa Ke Gharelu Nuskhe”. It soon became the favourite chain of eateries, selling India’s popular beverage, tea.

In early nineties when liberalization favoured entry of Multinationals in diverse sectors, two companies with their headquarters in USA - Galaxly and Foodtle, leading consumer goods company entered Indian market. The two companies respectively held two major global brands of teas Krypton Breakfast Tea and Argon Grey Tea. Both the

global players with their vast pool of financial and other resources, knowledge of multiple markets and experienced professionals were expected to rewrite the history of the Indian Tea business.

BTTL concerned about their future engaged a leading management consultant to take advice on the future course of action. The management consultants after a thorough study and survey in four largest metropolitan cities advised BTTL to exit the market and encash their goodwill. The consultants felt that it would be difficult for BTTL to survive in the tea business in India with the might of new competitors having abundant resources. The BTTL engaged with the two global companies and sold their packaged tea business to Galaxly in the year 1995 with a non-compete clause for 20 years. The brands "Mitra" and "Dost" became property of Galaxly. BTTP retained the eateries and "Prakriti" brand. Galaxly got an edge over Foodtle in Indian Market with instant access to the distribution network. In late 1990's Galaxly reduced production of "Mitra" and "Dost" and focussed to sell their own brands. However, both the new entrants struggled to sell their products in India. Galaxly changed back its focus to "Mitra" and "Dost" in the middle of last decade of the previous century and started gaining edge over Foodtle. In the beginning of new century Galaxly had a market share of 21 per cent and Foodtle had a market share of 13 per cent. There were many other big and small brands that controlled the remaining share.

When the Indian tea market was witnessing a high-profile tussle between the global giants, Prakriti gained popularity among domestic consumers and increased the number of outlets to 163 located in 78 cities. BTTL riding high on the success of their Prakriti outlets, diversified into the fruit-flavoured beverages segment, with aims to garner significant share in the Indian fruit beverages market. The company launched the brand ' Asli Bursts', and started selling packaged juices in three flavours – mixed fruit, green apple and tangy orange. In the year 2010 the business expanded with the launch of 100% natural Tender Coconut Water. As a result, it became the country's largest health and nutritious drink brand with variety of products under its umbrella. Over time the management of BTTL also changed and is now controlled by the next generation. The new

generation, nostalgic about their first product re-entered packaged tea business in the year 2015 with the brand 'swad'. They pursued to cater to broad markets by reducing costs in the areas of procurement, storage and distribution of teas and selling it at attractive prices. However, five years have passed; the brand 'swad' is not able to garner any significant foothold in Indian packaged Tea Market.

Based on the above case scenario, answer the multiple choice questions.

- 15.1 In the 1970's what was the position of BTTL in BCG matrix?
- (a) Stars
 - (b) Cash cows
 - (c) Question marks
 - (d) Dogs
- 15.2. Which of the following are not strength of Galaxly in India in the year 1994?
- i. Financial resources
 - ii. Krypton breakfast tea brand
 - iii. Strong distribution channel
- (a) ii
 - (b) iii
 - (c) ii and iii
 - (d) i, ii and iii
- 15.3 What is the Micheal Porter business level strategy for the brand `Swad'?
- (a) Cost leadership
 - (b) Differentiation
 - (c) Focussed cost leadership
 - (d) Focussed differentiation

15.4 Entry of BTTL in coconut water is:

- (a) Market entry
- (b) Market development
- (c) Market penetration
- (d) Product development

15.5 Entry of BTTL in eateries with brand name Prakriti is:

- (a) Vertically integrated diversification
- (b) Horizontally integrated diversification
- (c) Concentric diversification
- (d) Conglomerate diversification

Question No.	Answer
15.1	(a) Stars – Good market share in growing market
15.2	(c) ii and iii Neither brand was established in India nor they had distribution channel
15.3	(a) Cost leadership – Low cost competitive strategy with aim at broad mass market and cost reduction.
15.4	(d) Product development – Product development involves substantial modification of existing products or creation of new but related items that can be marketed to current customers through establish channels.
15.5	(a) Vertically integrated diversification – The company is moving forward in the chain by selling teas at eateries.

16. With rising incomes of salaried class individuals and the percentage of second-generation kids pushing the economic consumption to an all time high, Anant Khanna, a 23 year old graduate of IIT Mumbai, betting on this new market segment, started a digital credit payback platform under the name of Money Mox.

The company began its operations last year and has already accumulated a customer base of around two million active users. One of the reasons to enter this market was the disruptive technology already in place because of earlier FinTech startups. It was easy to mold the available infrastructure and build a platform. The idea of the company is simple; make a gated community of high income - high spending individuals and reward them for their purchases via credit and debit cards.

The company made news recently with global investors finding it attractive to bet on. Following which, Josh Kattings, an early investor, met with the team and advised them to not just copy what Batuya, the key competitor with a different business model was doing, but to learn, improve and better the process for customers.

Surprisingly, Josh also offered Batuya to work along with Money Mox for better penetration, but Anant and team did not agree to the same so early on. They had issues with their current infrastructure and rather wanted to outshine the competition, than to shake hands and grow together.

The company last month shared their revenue projections publicly and it attracted a lot of old players in banking to take note of the new technology. The leader in this sentiment was CBZ Bank which offered to buy Money Mox for 50 crores against a 100% equity deal.

Anant and team are yet to respond to the enormous offer from a well established bank, but this surely speaks volume about how unique ideas are valued in the developing economies like India.

Based on the above case scenario, answer the multiple choice questions.

- 16.1 Which model has been thoughtfully considered while taking the decision to dive into FinTech market?
- (a) BCG growth share matrix
 - (b) ADL matrix
 - (c) Stop-Light strategy model
 - (d) SWOT analysis

- 16.2 Money Mox's market strategy falls under which of Michael Porter's generic strategies?
- (a) Cost leadership strategy
 - (b) Focused differentiation strategy
 - (c) Focused cost leadership
 - (d) Differentiation strategy
- 16.3 Which of the following may be true about the downsides of the plan to work along with Batuya, that Anant and team might have considered?
- (a) Trade secrets can be spilled out
 - (b) Ally may become a competitor
 - (c) There may be good sharing of skills and technology and thus the costs will rise
 - (d) Only A and B
- 16.4 Which procedural approach was brought out in the investor meeting by Josh Kattings for a better market standing of Money Mox?
- (a) Business process re-engineering (BPR)
 - (b) Benchmarking
 - (c) Change management
 - (d) Strategy control
- 16.5 CBZ Bank's offer to buy 100% equity of Money Mox is an example of?
- (a) Horizontal merger
 - (b) Concentric diversification
 - (c) Strategic alliance
 - (d) Co-generic merger

Answer Key

Question No.	Answer
16.1	(c) Stop-Light Model, GE Matrix – Attractiveness (Availability of Technology) and Strength (Market Share growth rate), Business attractiveness due to technology available and business strength due to high market growth rate.
16.2	(b) Focused differentiation strategy as it focuses on premium high net worth salaried class people to give the exclusive benefits.
16.3	(d) Disadvantages of strategic alliance
16.4	(b) Benchmarking - not just copy better processes but efforts made to learn, improve and evolve them
16.5	(d) Co-generic merger, as somewhat same line of business and merger could help them get into new areas of banking

17. Jalsa Group is a family amusement park developer, based out of Ahmedabad. They have four prime properties in Gujarat; Snake Land, Water World, Ride Road and Habitat Universe.

Amongst above, Ride Road is the newest. The concept of Ride Road is that people can bring in their vehicles (of all sizes) and race against each other/in teams under expert guidance. The idea is fairly new to Indian market and the group is betting big money on it. Another bet that turned quite well for Jalsa is the Snake Land. The park has an integral design of a jungle with various rides based on snakes and reptiles. It has attracted locals in huge numbers and recently an influx of national tourists has been observed.

The owners liked a concept they saw on their visit to Indonesia, where people could visit an amusement park and plant vegetables and trees of their liking, and apparently own that particular tree/plant with all its produce being their property. This could have a major environmental benefit vis a vis governmental support to set up the business. The owners'

proposed that this could even be made part of the Water World to revive it back to its glory.

Noting from above, Water World has seen tremendous competition at a national level, and the quality of rides has also deteriorated with new technological designs coming up. To meet the losses being made at Water World, management of Jalsa built Habitat Universe in a close spot, which has been awarded at international level and is seeing slight competition with increasing tourism, as the ticket sales figures are quite high.

The management team in their annual meeting presented the below matrix to the owners, based on which further plans were thought through;

Stars: Snake Land	Question Marks: Ride Road
Cash Cows: Water World	Dogs: Habitat Universe

The owners and team have realised that their differentiating factor at a national level is their ability to observe international trends and implement the same in India. Following which, Jalsa has planned to form an international vigilance committee to find such international trends and give them an Indianess for their business. The Group plans to develop two more properties near Goa in the coming years.

Based on the above case scenario, answer the multiple choice questions.

- 17.1 Mark the statement(s) that are most appropriate.
- (a) Snake Land is in growth stage and Habitat Universe is in maturity stage.
 - (b) Snake Land is in growth stage and Water World is in maturity stage.
 - (c) Ride Road is in introduction stage and Habitat Universe is in maturity stage.
 - (d) Ride Road is in introduction stage and Water World is in declining stage.

- 17.2 Formation of International Vigilance Committee is an incidental product of _____ of Jalsa Group?
- (a) Core competency
 - (b) Differentiation strategy
 - (c) Cost leadership
 - (d) Strategy audit
- 17.3 Developing Habitat Universe is what kind of an expansion strategy?
- (a) Vertical diversification
 - (b) Concentric diversification
 - (c) Conglomerate diversification
 - (d) Horizontal diversification
- 17.4 Which of the following is true in the matrix presented at annual meeting with the owners?
- (a) Stars: Snake Land and Question Marks: Ride Road
 - (b) Cash Cow: Water World and Stars: Snake Land
 - (c) Dogs: Habitat Universe and Question Marks: Ride Road
 - (d) Question Marks: Ride Road and Cash Cow: Water World
- 17.5 Clearly SWOT analysis helped the owners' understand their differentiating factor of success, but which factor amongst the below can disrupt their differentiation factor in the long term?
- (a) Highly complex environment
 - (b) Competitive scenario
 - (c) Both (a) and (b)
 - (d) SWOT analysis is a fool proof technique, thus nothing would affect

Answer Key

Question No.	Answer
17.1	(a) Product life cycle, SL is in growth, WW is declining, RR is intro, HU growth
17.2	(a) Core competency
17.3	(b) Concentric diversification
17.4	(a) Stars: Snake Land and Question Marks: Ride Road
17.5	(c) Both a and b

18. Bhartiya Cricket Premier League (BCPL) is one of the most valued sports events which is held every year. Started in 2007 by Board of Indian Cricket, the cricket tournament became a model for success with strong revenue flows both for the parent company i.e. Board, team owners, broadcasters and players. According to an estimate valuation of the prestigious sports brand was approximately Rs 50000 crore. Approximately 60 % of the revenue comes from sponsorship rights, 10 percent from ticket sales, 5 % from merchandise sale and balance 25% from selling broadcast rights. The sponsorship rights sold for 5 years had jumped from Rs 40 cr annually in 2007 to Rs 400 crores in 2019 and the Broadcast rights for five years were sold at staggering Rs 16000 crore. The annual event held so much attention when held in India that almost all the major companies wanted to associate with it in some or the other way. In fact TV broadcasters started charging astronomical amounts for 10 second spot advertisements and the viewership was enhanced in quantum proportions. The event was organized in multiple cities in India where paying capacity was there, good infrastructure existed like hotels, sports complexes, gymnasiums, shopping malls etc.
- In March 2020, Government of India looking at the growth of Covid 19 virus announced lock down aimed to curb movement and gathering of people. All flights were cancelled and sports, cultural events were banned. There was border tension with neighboring countries as well.
- The management of Board of Indian Cricket were in fix as to cancellation of the event. There was immense pressure from politicians and media to

cancel the event in view of global pandemic and border tensions. According to prevailing opinion safety of players and spectators would have been compromised in case the event is held. Cancellation meant loss of annual revenue from sponsorships, broadcast rights and gate collections. Many members of the Board wondered that in case spectators are not allowed for whom the event should be held? An emergency Board meeting was held to take crucial decisions and the CEO was asked to present to the Board various options. The CEO, a bright student with Management and CA background quickly did number crunching, studied various processes and prepared different options.

Based on the above case scenario, answer the multiple choice questions.

- 18.1 The Premier League, in the current situation has to undertake what kind of analysis to arrive at one of the choices provided by the CEO ?
- (a) Risk analysis
 - (b) Competitive analysis
 - (c) Industry analysis
 - (d) Business analysis
- 18.2 Choose the appropriate options provided by the CEO on behalf of the board:
- (a) Cancel the event in the absence of scope of spectators.
 - (b) Hold the event in India at an isolated location despite inadequate facilities.
 - (c) Hold the event outside India to enhance earning through broadcast and sponsorships.
 - (d) Postpone for the current period of pandemic.
- 18.3 Critical Business Processes that should be the first priority for the board to enhance revenue incase the event is physically held-
- (a) Information technology enabled processes involving audience and sponsors.

- (b) Cost -effective hotel accommodation and travel.
 - (c) Reduced revenue share to stakeholders.
 - (d) Downsizing the composition of delegations.
- 18.4 The decisions that are going to be considered by the board for overcoming the situation can be strategic only if :
- (a) No reliance on external environment as they change and cannot be predicted.
 - (b) The league should generate revenue to meet its operational costs.
 - (c) The stakeholders are duly compensated in the short run.
 - (d) Significantly impact on the long-term prosperity of the league.
- 18.5 According to the case, who are the chief customers in this scenario?
- (a) Sponsors
 - (b) Spectators
 - (c) Channel partners
 - (d) Sports retailers

Answer Key

Question No.	Answer
18.1	(a) Risk analysis involves identifying outcomes based on current risk in environment or internally
18.2	(c) Strategic decision based on the analysis
18.3	(a) Business process reengineering
18.4	(d) Long term strategic decision making
18.5	(c) Channel partners

19. HearU, a home-grown millennial brand providing on demand services for clinical depression and unmodulated anxiety, recently launched a pan India

application to serve individuals with early stage to severe levels of mental instability. The brand was launched last year by a group of middle aged corporate executives, eyeing the growing mental health care sector.

Their services have had good organic reach where people of all ages are using their promotional free services. The most active age group on their application has been 28 to 35.

One of the biggest consumer goods brands, Palto, recently invested heavily in the mental health segment, and this gave the management of HearU much anticipated confidence in the industry's viability. It is important to note that Palto's leadership team has been infamous for entering a market, infusing huge funds on developing the market, advertising on all media forms, and churning out money from the customers due to its established brand name. This has been their strategy for the mental health segment as well.

The thought behind starting HearU was to spread awareness and serve the individuals in need; to set up a dialogue between those who might need consultation and those who are going through it, while being a mediator in finding mental calmness. HearU is content with its organic reach and plans to infuse more on their quality of service than advertising and to do so affordably.

This core thought of serving people is a top down responsibility within the company as well. Each employee takes ownership of delivering selfless and utmost quality help. Teams are interactive, adjusting and the sense of competition is replaced by collaboration. The company leaders take pride in being able to find and retain such talent.

HearU has been making nil profits since inception, and plans to monetise soon. Palto on other hand, has been disrupting the market by engaging with customers and making decent profits. They have lined up celebrities urging youngsters to use the application. HearU feels this is building the industry and would eventually benefit them as well. Nonetheless, they must be aware of the dynamic nature of huge companies and how they may make it tough for competitors to survive.

Based on the above case scenario, answer the multiple choice questions.

- 19.1 Funds infusion by Palto in the mental health segment can be defined as which of the following methods of industry and competitive analysis?
- (a) Dominant economic features of industry
 - (b) Strength of competition
 - (c) Triggers of change
 - (d) Strategic moves of rivals
- 19.2 What kind of strategy is HearU pursuing while Palto is spending so much on promotion?
- (a) Expansion strategy
 - (b) Combination strategy
 - (c) Stability strategy
 - (d) Retrenchment strategy
- 19.3 Which of the following is false about HearU's corporate culture?
- (a) Constructive environment
 - (b) Cross-functional teams
 - (c) Healthy competition
 - (d) Leadership accessibility
- 19.4 Which of the following Ps of Marketing Mix are core strengths of HearU?
- (a) Product and Place
 - (b) Price and Promotion
 - (c) Product and Price
 - (d) Place and Price
- 19.5 Which of the following is flawed in Palto Brand's strategic intent?
- (a) Vision

- (b) Mission
- (c) Goals
- (d) Objectives

Answer Key

Question No.	Answer
19.1	(c) Triggers of change
19.2	(c) Stability strategy
19.3	(b) Cross-functional team insulation
19.4	(c) Product and Price
19.5	(a) Vision

20. Medline patient care limited (MPCL) began its business as a small family-run business supplying custom-made hospital furniture and patient care equipment. The company started its operations with meager capital and work force in the year 1990, now having 20 years of experience and expertise, it has grown into a thriving hub of experts specializing in either custom-made, locally sourced or quality imported commercial grade hospital furniture. The company has made a significant name in the field of “patient care equipment” by providing high quality products to its customers.

Medline patient care limited (MPCL) has a wide business network throughout India and supply its products to various hospitals, nursing homes and medical colleges. It is well-known for manufacturing Hospital Furniture and Operation Theatre Equipment (Tables and Lights). Due to sudden plunge in the sales volume, margin of profits and declining market share, the company’s CEO called a meeting with Board of Directors and other senior executives. They decided to appoint Mrs. Puri as a new strategy manager.

As a newly appointed strategy manager, Mrs. Puri has to assess and analyse the business environment and work out on the reasons of declining trends. Mrs. Puri conducted SWOT analysis and observed that the reason of these decreasing trends is increased competition that has emerged over the last three years. For many years, Medline (MPCL) has

been known for high quality but now this quality is being matched by the competitors who are able to sell at lower prices.

After analysing the business environment, Mrs. Puri submitted her report to the top level management with the following proposals:

- Focus on technology, innovation, and quality: The expert technology, quality and innovates can earn the confidence of Doctors and the trust of consumers in developing latest Medical Equipments.
- Employee training & development: She advised to train and experts technical staff in our company to produce trouble free products.
- Cost rationalization: Reduction in the cost of production is required.
- Client service, support, and feedback: MPCL understands the importance of "After Sale-Service" to customers and always concentrate on this point.
- Product testing: All products are thoroughly tested before dispatch.

Based on the above case scenario, answer the multiple choice questions.

- 20.1 After conducting the SWOT analysis by Mrs. Puri in MPCL, she identifies that high quality, custom-made hospital furniture has made a significant name in the field of "patient care equipment" by MPCL. For MPCL, these features of its products are its:
- (a) Strength
 - (b) Opportunity
 - (c) Weakness
 - (d) Threat
- 20.2 MPCL recruits and appoints various employees at their respective levels in the organisation. Identify, the CEO, Board of Directors

and other senior executives are a part of which of the following Strategic Levels in the organization?

- (a) Business level
 - (b) Functional level
 - (c) Corporate level
 - (d) Consultant level
- 20.3 According to Michael Porter's five forces model, which force came into existence for declining the growth and profits of MPCL?
- (a) Threat of new entrant
 - (b) Threat of substitutes
 - (c) Bargaining power of customers
 - (d) Bargaining power of suppliers
- 20.4 MPCL's market share is declining due to equivalent products being sold by competitors at lower prices. What does this statement reflect?
- (a) It reflects that the cost of production of competitors is lower than MPCL
 - (b) It reflects that the competitors are providing cheap products
 - (c) It reflects that MPCL has declined the quality of its products
 - (d) All of the above.
- 20.5 Competitive advantage leads to superior profitability. Mrs. Puri's report indicates the factors for value creation. Identify the factors by which MPCL can achieve competitive advantage by value creation.
- (a) The expert technology, quality and innovates can earn the confidence.
 - (b) Reduction in the cost of production is required.

- (c) After Sale-Service to customers and welcome the valuable suggestions from their customers.
- (d) All of the above

Answer Key

Question No.	Answer
20.1	(a) Strength
20.2	(c) Corporate level
20.3	(b) Threat of substitutes
20.4	(a) It reflects that the cost of production of competitors is lower than MPCL
20.5	(d) All of the above

21. *Trepsico Trito Company* is one of the most famous brands in food and beverages industry in the world. It has seventeen food and beverage brands worth more than 100 crores. *Trepsico Trito*, Crisppy Chips (subsidiary), *Tasty Chips* (acquisition), *Tangy* (joint venture), *Twisters* (acquisition), and *Threshold drink* are just some of the household names that *Trepsico Trito Company* manages.

Trepsico Trito's mission is to provide consumers around the world with delicious, affordable, convenient and complementary foods and beverages from wholesome breakfasts to healthy and fun daytime snacks and beverages to evening treats. Convenient F&B defines *Trepsico Trito's* business. *Trepsico Trito's* vision is articulated as achieving business and financial success while leaving a positive imprint on society – delivering what it calls Performance with Purpose. For example, *Trepsico Trito* India's Agri program presently benefits over 24,000 farmers across 14 states through various Agri and sourcing initiatives. All the potato used in Crisppy Chips and *Tasty Chips* is grown in India and sourced from Indian farmers. Through its 360-degree farmer connect initiatives for potato cultivation, *Trepsico Trito* provides training and seed support, advanced plant protection programs, and assured buy-back with reasonable returns. Besides backward integration with farmers it has invested in cold storages along its supply chain. Since 2009 it has been

Water Positive by conserving, utilising and managing this important resource in a sustainable manner.

The company is geographically diverse too. *Trepsico Trito* operates all around the world- only 50 per cent of its sales come from the United States and Canada.

Given this breadth of business and market scope, *Trepsico Trito* faces a variety of strategic scenarios: capitalizing on scale advantage in its core brand where it is a global leader; building businesses in fast-developing and unpredictable markets, categories, and products more so on account of shifts in consumer behaviour such as a greater focus on healthy living away from its “star” carbonated beverages and “cash cow” fried snacks businesses; the need for greater experimentation and innovation, for example in new flavours of chips to create and capitalize on newer sources of growth.

It is not inconceivable that *Trepsico Trito's* different businesses at different times go through different stages of strategy thus necessitating a portfolio approach to strategy formulation with reference to market /business growth and market share such as BCG Matrix. While it competes fiercely with *Chilled drink* in different countries, it proactively fosters strategic partnerships with quick service restaurants and multiplex players.

Based on the above case scenario, answer the multiple choice questions.

21.1 Match the columns in respect of the following elements of the strategic intent and their descriptions:

Column A		Column B	
(i)	Vision	(a)	Product-Market Configuration
(ii)	Business Model	(b)	The way business is conducted
(iii)	Business Definition	(c)	Aspiration for a desired future
(iv)	Mission	(d)	The scope of Business

- (a) (i)-(a); (ii)-(b); (iii)-(c); (iv)-(d)
 - (b) (i)-(b); (ii)-(c); (iii)-(d); (iv)-(a)
 - (c) (i)-(c); (ii)-(b); (iii)-(d); (iv)-(a)
 - (d) (i)-(d); (ii)-(c); (iii)-(b); (iv)-(a)
- 21.2 State the two dimensions implied by portfolio approach to strategy formulation in Trepico Trito's experiences are:
- (a) Vision and Mission
 - (b) Food business and Beverages business
 - (c) Market growth and Relative market share
 - (d) Performance and Purpose
- 21.3 The business/ product portfolio classification implied by BCG Matrix comprises which of the following combinations?
- (a) Growth; Stability; Retrenchment; Turnaround
 - (b) Weakness-Threat; Weakness-Opportunity; Strength-Opportunity; Strength-Threat
 - (c) Cash-cows; Stars; Question marks; Dogs
 - (d) Market penetration; Product development; Market development; Diversification
- 21.4 Which of the following may be cited as instances of collaborative approach/ strategic alliance Trepico Trito follows in its strategy?
- (a) Diversification from carbonated drinks to fruit juices
 - (b) Diversification from fried to baked chips
 - (c) Partnerships with quick service restaurants and multiplexes
 - (d) Diversification into breakfast cereals
- 21.5 Which of the following is the most correct corporate level strategic alternative by the overall strategic direction evident from Trepico Trito's corporate strategy?
- (a) Growth/Expansion strategy

- (b) Stability strategy
- (c) Retrenchment strategy
- (d) Turnaround strategy

Answer Key

Question No.	Answer
21.1	(c) (i)-(c); (ii)-(b); (iii)-(d); (iv)-(a)
21.2	(c) Market Growth and Relative Market Share
21.3	(c) Cash-cows; Stars; Question marks; Dogs
21.4	(c) Partnerships with quick service restaurants and multiplexes
21.5	(a) Growth/Expansion strategy

22. Aero Mind Bridge Technologies Ltd (AMBTL) is a software development company work as a solution provider to airlines industry. The company was established more than a decade ago by Mr. Pranshu Gupta having experience of working in the United States of America (USA). His entrepreneurial desires brought him back to India to promote Aero Mind Bridge Technologies Ltd (AMBTL). The company started its operations with a meager capital of Rs. 10 lakhs with limited workforce. Currently, it enjoys a valuation of more than Rs. 50 crores. Almost everybody acknowledged the competency of AMBTL in developing customised software for the airlines industry.

The high growth of the company was mainly on account of the heavy inflows of the funds in the airlines industry from various big business houses that have diversified into airlines industry. Currently, these business houses were in the manufacturing of FMCG, textiles, packaging etc. and having good expertise and uniqueness in these industries.

However, AMBTL saw stagnation in last three years. The order position was shrinking day by day. The margins were also reducing. Last year was particularly bad for the AMBTL and its annual sales reduced by 20 % for the first time since its inception.

Most of the business houses that had entered in the airlines industry had less knowledge and experience in the industry. However, their desire to diversify and seeing new opportunity in the airlines industry prompted them to invest heavily into the industry.

However, things did not turn out to be as expected. The tough competition between several players, reduction in the fare by railways and high prices of aviation fuel created problems for the industry. The sector was not able to generate reasonable profits thus resulting difficulty in maintaining operations. They were in need for hard to come by capital. Lately, the airlines industry is witnessing some consolidation with companies planning for mergers or even contemplating closures.

The general global recession also resulted in the reduction of travel expenditure of corporates resulting in decrease in the order position of AMBTL.

Based on the above case scenario, answer the multiple choice questions.

- 22.1 Identify the nature of diversification by the business houses entering into airlines industry.
- (a) Concentric diversification
 - (b) Conglomerate diversification
 - (c) Vertically integrated diversification
 - (d) Horizontal integrated diversification
- 22.2 The big business houses were in the manufacturing of FMCG, textiles, packaging etc. and having good expertise and uniqueness in these industries. But they are not performing well in airlines industry because of
- (a) Non availability of funds
 - (b) Incompetent workforce
 - (c) Rapid technological changes
 - (d) Lacking core competence

- 22.3 According to Michael Porter's model, identify the competitive pressures faced by airlines industry as per the given scenario.
1. Competitive pressure among rival sellers
 2. Competitive pressure from suppliers
 3. Competitive pressure from substitute products
 4. Competitive pressure from buyers
 5. Competitive pressure from new entrants
- Select the correct combination in the above scenario:
- (a) 1, 2 & 3
 - (b) 1, 3 & 4
 - (c) 2, 3 & 5
 - (d) 1, 4 & 5
- 22.4 AMBTL could be easily marked as a Star as per BCG's Growth Matrix in its early years. However, the last three years have not been good for AMBTL. Where would you put it on the BCG Matrix?
- (a) Dog
 - (b) Question mark
 - (c) Will remain a star
 - (d) Cash cow
- 22.5 Mr. Pranshu Gupta as a core strategist of AMBTL has been authorised to bring about strategic change in his company, how he will initiate "unfreezing of the situation"?
- (a) Promoting new ideas throughout the organization
 - (b) Promoting compliance throughout the organization
 - (c) Promoting change in process throughout the organization
 - (d) None of the above

Answer Keys

Question No.	Answer
22.1	(b) Conglomerate diversification
22.2	(d) Lacking core competence
22.3	(a) 1, 2 & 3
22.4	(d) Cash cow
22.5	(a) Promoting new ideas throughout the organization

23. Cosmetrix was awarded as the fastest growing cosmetics brand with over 50 stores in various parts of the country. The brand had been doing fairly well until the advent of e-commerce in India. Huge flocks of consumers shifted to online buying and the business of Cosmetrix started to slow down.

The management had a staunch belief that brick and mortar businesses shall prevail even if consumers opted to buy online, and thus, to turn around the brand, they added a new segment of branded watches to their existing stores under the name of Rize.

The new segment involved spending huge funds in inventory, distribution and promotion, more so, it ate up 80% of the companies working capital. It can only be termed unfortunate that even Rize was a flop show strategy for the company. The management saw one of the biggest losses in a decade and were skeptical of continuing the business.

There came a Japanese clothing brand called Amixo offered Cosmetrix to lease their stores and distribution channels, as they wanted to set up 500 plus stores in South-East Asia, with over 100 stores in India alone. They also brought in Ms. Amrita Ahuja to lead the India operations. Cosmetrix accepted the offering and exited cosmetics business to foray into real estate leasing.

Amixo has been a huge success in East Asian with influence on developing nations of Indonesia, Bangladesh, India and Pakistan. As they began into Indian market with Cosmetrix's existing skeleton of business, they wanted Amrita to deep dive into the existing work culture of Cosmetrix and enhance it while changing the basics of business that

matched Amixo's processes. They wanted the Indianness in distribution channels and stores which would allow customers to feel trusted while shopping.

The shift of business for Cosmetrix and a new market for Amixo, have so far been a good strategy, but how sustainable it is for both parties is yet to be seen.

Based on the above case scenario, answer the multiple choice questions.

- 23.1 Which of the following aspects do you find missing from Cosmetrix's early business policy?
- (a) Functions and responsibilities of senior management
 - (b) Defining crucial problems that affect success
 - (c) Decisions that determine direction
 - (d) Decisions that shape its future
- 23.2 Rize was a well thought strategy but it failed enormously, leading to a major cash crunch. Which of the following statements fits Rize?
- (a) It was an intensification strategy which focussed on penetrating market.
 - (b) It was a diversification strategy, concentric in nature.
 - (c) It was a combination of intensification and diversification strategies.
 - (d) It was a diversification strategy, conglomerative in nature.
- 23.3 What amongst the following can be said about Cosmetrix's business till Amixo partnered with them?
- (a) It was in a SO (Maxi-Maxi) segment
 - (b) It was in a ST (Maxi-Mini) segment
 - (c) It was in a WT (Mini-Mini) segment
 - (d) It was in a WO (Mini-Maxi) segment

- 23.4 Amixo from Japan has been expanding in South-East Asia because of which of the following two advantages over its competitors?
- (a) Capital inducement
 - (b) Switching cost
 - (c) Brand identity
 - (d) Economies of scale
- 23.5 What kind of leadership did the management of Amixo expect from Ms. Amrita Ahuja?
- (a) Transactional leadership
 - (b) Transformational leadership
 - (c) Focussed leadership
 - (d) Differentiating leadership

Answer Key

Question No.	Answer
23.1	(b) Defining crucial problems that affect success and hence all strategies were flopping
23.2	(b) It was a diversification strategy, concentric in nature
23.3	(d) It was in a WO (Mini-Maxi) segment
24.4	(c) Brand identity
24.5	(b) Transformational leadership

24. Over 3 billion people worldwide drink coffee every day, and about 18% of Indians prefer coffee over tea. These numbers are growing at a CAGR of 11% and HotKopi wants to lead the way ahead in budget coffee stores in the Indian subcontinent. With many new brands mushrooming out to make money from the growing industry, HotKopi's unique selling proposition (USP) is its hand blended coffee, roasted on cow dung.

The business is not easy, getting quality cow dung, training individuals, packing organically and maintaining hygiene has been a constant issue. However, their customer reach and relationship management has been

a winner in the market. This has helped them grow slow and steady even with enormous competition in the coffee segment.

In their annual finance meeting, the CFO of the company targeted to achieve 30% growth in customers and 7% increase in net profits as soon as possible. On these lines, the company planned to expand its operations and team size to nearly thrice of what they were in the beginning of the year.

The business of HotKopi seemed sustainable but as the environment is dynamic and competition is fierce, the management had been keeping an eye on competition very closely. The promotions from competitors were flocking between being organic to dropping prices, offering free corporate parties, student discounts and souvenirs for high purchasers. The team knew these were costly promotions and were denting their competition economically but getting them business and a big share of the market.

More so, ChocoJoe, the biggest coffee brand in North America, was due to enter India in the coming months. They had already partnered with one of HotKopi's competitors and the business sustainability of HotKopi seemed weak. The team sat down for a round table meeting and decided to offer their entire business to ChocoJoe for a 120% premium and exit the business.

ChocoJoe recently accepted their offering and the deal shall finalise by year end.

HotKopi has been a short success story which shall now hide behind the mega branding of ChocoJoe. Nonetheless, businesses are meant to be practical at times rather than being emotional. Whether the decision to sell off and exit was a wise one or not, only time would tell.

Based on the above case scenario, answer the multiple choice questions.

- 24.1 Which of the following aspects of Value Chain Analysis has been a crisis area for HotKopi?
- (a) Inbound logistics and Transformational operations
 - (b) Outbound logistics and Transformational operations

- (c) Marketing and Sales
 - (d) Service and Inbound logistics
- 24.2 Differentiation has been core to HotKopi's business, but it has its own weaknesses. Which of the following could be the weakest of them all for HotKopi?
- (a) Price point war
 - (b) Sustainability of uniqueness
 - (c) Inevitability of offering proposition
 - (d) Switching costs for customers
- 24.3 Which core characteristic in CFO's objective of achieving 30% growth in customers and 7% increase in net profits is missing?
- (a) Being concrete and specific
 - (b) Providing standard for performance appraisal
 - (c) Challenging in nature
 - (d) Time frame specific
- 24.4 Had they not offered their business to ChocoJoe, HotKopi would have to pursue their plans of expansion. Which of the following would best suit their organizational structure?
- (a) Divisional structure
 - (b) Multidivisional structure
 - (c) Functional structure
 - (d) Strategic business unit structure
- 24.5 HotKopi opted for liquidation. What kind of strategic control helped them get money out of the business at the right time?
- (a) Strategic surveillance
 - (b) Special alert control
 - (c) Premise control
 - (d) Management control

Answer Key

Question No.	Answer
24.1	(a) Inbound Logistics and Transformational Operations
24.2	(b) Sustainability of uniqueness as cow dung can be used easily by any other competitor
24.3	(d) Time frame is missing in his objective
24.4	(c) Functional as low level of diversification
24.5	(b) Special alert control where M&A by competitors was accessed and worked on

25. There is a wave of interest from around the globe for an upcoming one of its kind three-day fitness event called DRIPP, organised by Monolith Events LLP. The event is due next year, and the tickets are already sold out.

Major attractions are that only organic foods and health drinks shall be available throughout the three-day event, free consultations with athletes, training tips and tricks. Competitions with prize money are also up for grabs. A lot of Bollywood Stars and International Celebrities have also shown interest and pledged to visit the event in Goa.

Rishi Bhalla, the Chief Logistics Officer has formed a team of 30 persons to get the right products, from the right place, to the right place at the best possible prices. They have been in conversation with many local vendors for organic products and have an inclination towards local businesses than going for big brand names. The idea is to give maximum profits to the vendors and in doing so the vendors would also have to bear costs of setup and share risks of organising DRIPP. It seems a fair win-win proposition.

Further, Elina Ray, Director of Operations has divided her team into middle managers looking after finance, customer service, supplies, community engagement and IT. They would all report to Elina directly and would be independent in taking decisions for their respective responsibilities. This would ensure an autonomous decentralised management to speed up operations.

The team had been working long hours till January and the business was struck by the pandemic. They have been fortunate enough to keep the ticket buyers, vendors and celebrities on board and even though the preparations have been a challenge in Covid19 times, the team has worked hard to keep things intact and on track.

Assuming the global and domestic travel to normalise by next year, the team at Monolith anticipates many more such events like DRIPP with big event companies joining the party to imitate their concept.

Based on the above case scenario, answer the multiple choice questions.

- 25.1 Which of the following is untrue about Elina Ray's team?
- (a) They are group of Functional level managers.
 - (b) They are aimed at facilitating the business level strategies.
 - (c) They would work isolated but work towards core business strategies.
 - (d) They would be responsible for control of their respective function.
- 25.2 Which of the following best describes the vendor engagement for DRIPP?
- (a) Organizational alliance
 - (b) Economic alliance
 - (c) Strategic alliance
 - (d) Political alliance
- 25.3 Which of the following is a focal weak point for DRIPP's success if the pandemic allows more time for competitors to conceptualise something similar?
- (a) Minimum capital requirement
 - (b) Inadequate barriers to entry
 - (c) Easy access to distribution channels
 - (d) Low switching costs

- 25.4 Rishi Bhalla's team is formed for which of the following?
- (a) Logistics management
 - (b) Vendor management
 - (c) Overall operations
 - (d) Supply chain management
- 25.5. For an Events Management firm such as Monolith Events LLP the ideal form of organisaitonal structure would be
- (a) Hourglass
 - (b) Matrix
 - (c) Functional
 - (d) Divisional

Answer Key

Question No.	Answer
25.1	(c) They would work isolated but work towards core business strategies, as the teams coordinate and work in harmony not isolated
25.2	(b) Economic Alliance
25.3	(b) Inadequate barriers to entry
25.4	(d) Supply Chain Management
25.5	(b) Matrix