Solutions of CA-IPCC Strategic Management MAY 2013 Paper

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8. (a) The relationship between the organization and its environment may be discussed in terms of interaction between them in several major areas which are outlined below:

- **Exchange of Information:** The organization scans the external environmental variables, their behaviour and changes, generates important information and uses it for its planning, decision-making and control purposes. Information generation is one way to get over the problems of uncertainty and complexity of the external environment. Information is to be generated on economic activity and market conditions, technological developments, social and demographic factors political governmental policies and postures, the activities of other organizations and so on. Both current are projected information is important for the organization.

  A part from gathering information, the organization itself transmits information to external agencies either voluntarily, inadvertently. Also the organization may be legally or otherwise bound to supply information on its activities to governmental agencies , investors, employees, unions professional bodies and the like.

- **Exchange of Resources:** The organization receives inputs-finance, materials manpower, equipment etc., from the external environment through contractual and other arrangements. It sustains itself by employing the above inputs for involving or producing output of products and services. The organization is dependent on the external environment for disposal of its output of products and services to a wide range of clientele. This is also an interaction process perceiving the needs of the external environment and catering to them , satisfying the expectations and demands of the clientele groups , such as customers, employees, shareholders, creditors, suppliers, local community , general public and so on .

- **Exchange of influence and power:** Another area of organizational-environmental interaction is in the exchange of power and influence. The external environment holds considerable power over the organization both the virtue of its being more inclusive as also by virtue of its command over resources, information and other inputs. It offers a range of opportunities, incentives and rewards on the one hand and a set of constraints, threats and restrictions on the other.

In delineating the relationship between the organization and the environment, on has bo be clear on the diversity of both these entities. On the one hand, the nature of relationship depends on the size of the organization, it age, the nature of business , the nature of ownership degree of professionalization of management etc. On the other hand, the relationship depends on the fact whether the external environmental elements behave in a random or structured manner (uncertainty v. predictability), whether such elements are placid or turbulent whether they are slow changing or facts changing whether they are simple or complex, and so forth.

8. (b) Evaluating the worth of a business is central to strategy implementation because integrative, intensive, and diversification strategies are often implemented by acquiring other firms. Strategies, such as retrenchment may result in the sale of a division of an organiztion or the firm itself. Thousands of transactions occur each year in which businesses are bough or sold in the united Sates.

- The first approach in evaluating the worth of a business is determining its net worth or stockholders equity. The sum of common stock + additional earnings. After calculating net worth add or subtract an appropriate amount for goodwill and overvalued or undervalued assets. This total provides a reasonable estimate of a firm's monetary value. If a firm has goodwill , it will be listed on the balance sheet, perhaps as "intangibles".
- The second approach to measuring the value of a firm grows out of the belief that the worth of any business should be based largely on the future benefits its owner may derive through net profits conservative rule of thumb is to establish a business's worth as five time as the firms's current annual profit. A five-year average profit level could also be used.

- The third approach letting the market determine a business' worth involves three methods.
  - **(i)** First base the firm's worth on the selling price of a similar company. A potential problem, however, is that sometimes comparable figures are not easy to locate even through substantial information on firms that buy or sell to other firm is available in major libraries.
  - **(ii)** The second approach is called the price-earnings ratio method. Divided the market price of the firm's common stock by the annual earnings per share multiply this number by the firm's average net income for the past five years.
  - **(iii)** The third approach can be called the outstanding shares method . This method simply multiply the number of shares outstanding by the market price per share and add a premium. The premium is simply a per-share amount that a person or firm is willing to pay to control (acquires) the other company. As indicated in the Global perspective, European firm aggressively are acquiring American firms, using these and perhaps other methods for evaluating the worth of their target companies.

8. **(c)** **Porter's Five Forces Model- Competitive Analysis:** To gain a deep understanding of a company's industry and competitive environment, manages do not need to gather all the information they can find and waste a lot of time digesting it. Rather, the task is much more focused.

The character, mix, and subtleties of competitive of competitive forces are never the same from one industry to another. A powerful and widely used tool for systematically diagnosing the significant competitive pressures in a market and assessing the strength and importance of each is the five-forces model of competition. This model holds that the state of competition in an industry is a composite of competitive pressures operating in five area os the overall market :

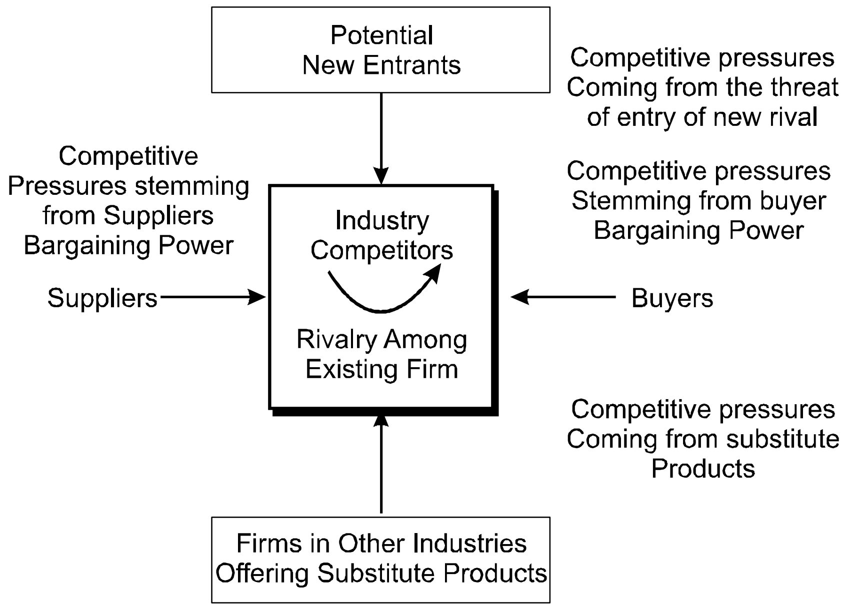
- Competitive pressures associated with the market manoeuvring and jockeying for buyer patronage that goes on among rival sellers in the industry.
- Competitive pressures associated with the threat of new entrants into the market.
- Competitive pressures coming from the attempts of companies in other industries to win buyers over to thier own substitute products.
- Competitive pressures stemming from suppliers bargaining power and supplier and supplier-seller collaboration.
- Completive pressure stemming from buyer bargaining power and seller-buy Collaboration.

The way one users the five-force model to determine what competition is like in a given industry is to build the picture of competition in three steps.

Step 1. Identify the specific competitive pressures associated with each of the five forces.

Step 2. Evaluate how strong the pressures comprising each of the five forces are (fierce, strong, moderate to normal, or weak).

Step 3. Determine whether the collective strength of the five competitive forces is conducive to earning attractive profits.



8. (d) The Ansoff's product market growth matrix (proposed by Igor Ansoff) is a useful tool that helps businesses decide thier product and market growth strategy. With the use of this matrix a business can get a fair idea about how its growth depends upon it markets in new or existing products in both new and existing markets. Companies should always be looking to the future. One useful device for identifying growth opportunities for the future is the product/market expansion grid. The product/ market growth matrix is a portfolio-planning tool for identifying company growth opportunities.

Market Penetration: market penetration refers to a growth strategy where the business focuses on selling existing products into existing markets. Penetration might require greater spending on advertising or personal selling. Overcoming competition in mature market requires an aggressive promotional campaign, supported by a pricing strategy designed to make the market unattractive for competitors .

Market Development: Market development refers to a growth strategy where the business seeks to sell its existing products into new markets. This strategy may be achieved through new geographical market, new product dimensions or packaging new distribution channels or different pricing policies to attract different customers or create new market segments.

Product Development : Product development is refers to a growth strategy where business aims to introduce new products into existing markets. It is a strategy for company growth by offering modified or new products to current markets.

Diversification : Diversification refers to a growth strategy where business markets new products into existing markets. It is a strategy for company growth by offering modified or new products to current marekts. This strategy is risky because it does not rely one either the company's successful product or its position in established markets.

As market conditions change overtime, a company may shift product- market growth strategies.

	Existing Products	**New Products**
Existing Market	Market Penetration	Product Development
New Market	Market Development	Diversification

8. (e) Three key characteristic separate Six Sigma from other quality programs of the past.

1. Six Sigma is customer focused. It's almost an obsession to keep external customer needs in plain sight, driving the improvement effort. (External customers are mostly those who by business's products and services.
2. Six Sigma projects produce major returns on investment. GE's Jack Welch, worth in the annual report that in just three year, Six Sigma had saved the company more than $2 billion.
3. Six Sigma changes how management operates .Six Sigma is much more than improvement projects. Senior executives and leaders throughout a business are learning the tools and concepts of Six Sigma : new approaches to thinking , planning and executing to achieve results. In a lot of ways, Six Sigma is about practice the notions of working smarter not harder.

Six Sigma has produce some impressive numbers. But reaching them require a great deal of organizational teamwork. It means having the systems to provide customers what the want when they want. It means having the system to provide customers what they want when they want it. Is means providing employees with the time and training to tackle work changers with some basic , and some sophisticated analytical tools.

When a business violates importance customers requirements, it generating defects complaints, and cost. The greater the number of defects that occur, the greater the cost of correcting them , as the risk of losing the customers . Ideally your company wants to avoid an defects and the resulting cost in money and customers satisfaction.

But if a company have lots of customers , some defects are bound to slip through , right? The problem is that even a seemingly low percentage of defects can means a log of unhappy customers.

9. (a) (i) One technique for revealing the competitive positions of industry participants is strategic group mapping, which is useful analytical tool for comparing the market positions of each firm separately or for grouping them into like positions when an industry has so many competitors that it is not practical to examine each one in depth

A strategic group consists of those rival firms with similar competitive approaches and positions in the market. Companies in the same strategic group can resemble one another in any of serval ways. : they may have comparable product-line breadth, sell in the same price/quality range , emphasize the same distribution channels, use essentially the same product attributes to appeal to similar types of buyers depends on identical technological approaches, or offer buyers similar services and technical assistance . An industry contains only one strategic group all sellers purpose essentially identical strategies and have comparable market position. At the other extreme, there are as many strategic groups as there are competitors when each rival pursues a distinctively different competitive approach and occupies a substantially different competitive position in the market place.

- ❑ Identify the competitive characteristics that differentiate firms in the industry typical variables are price/quality range (high, medium, low); geographic coverage (local regional national, global) ; degree of vertical integration (none, partial, full); product-line breadth (wide, narrow); use of distribution channels (one, some all); and degree of service offered (no-frills, limited, full).
- ❑ Plot the firms on a two-variable map using pairs of these differentiating characteristics.
- ❑ Assign firms that fall in about the same strategy space to the same strategic group.
- ❑ Draw circles around each strategic group making the circles proportional to the size of the group's respective share of total industry sales revenues.

(ii) (1) Preventing rather than detecting defects: TQM is a management philosophy that seeks to prevent poor quality in products and services, rather than simply to detect and sort out defects. " An ounce of prevention is worth a pound of cure. "A little precaution before a crisis occurs is preferable to a lot of fixing up after ward. This also saves cost and time.

(2) Focusing on the Customer : According to Lee lacocca had only three rules ; Satisfy the customer, satisfy the customer, and satisfy the customer. This sums up the importance of customer focus in the TQM philosophy. Ultimately it the satisfaction of the customers that determines the success of an organization

(3) Quality measurement : The quality measurement aspect of TQM asks the question: Where are we and where are we going? A basic TQM concept is that quality is a measurable commodity , and in order to improve, we need to know where we are (or stated differently , what the current quality levels are), and we needs to have some idea where we are going (or what quality levels we aspire to). This is an extremely important concept.

Continuous improvement and learning : TQM espouses a philosophy of continuous improvement in all areas of an organization. This philosophy ties in closely with the quality measurement and universal quality responsibility concepts mentioned above. Quality measurement is needed in order to focus improvement efforts appropriately.

(4) "Continuous improvement" refers to both incremental and " breakthrough" improvement. Improvements may be of several types.

- ❑ Enhancing value to the customer through new and improved products and services;
- ❑ Developing new business opportunities;
- ❑ Reducing errors, defects, and waste
- ❑ Improving responsiveness and cycle time performance; and
- ❑ Improving productivity and effectiveness in the use of all resources.

"Learning" refers to adaptation to change, leading to new goals or approaches. Improvement and learning needs to be embedded in the way an organization operates.

(5) **Root Cause corrective Action :** Most of use have experienced instances in which problems we through were corrected continued to occurs. TQM seeks to prevent this by identifying the roots causes of problems, and by implementing corrective actions that address problmes at the roots cause level.

(6) **Value improvement :** The linkage between continues and value improvement is simultaneously obvious and suitable. This linkage becomes apparent when one considers to definition of quality, which is the ability to meet or exceed customers requirements and expectations.

9. **(b)** A Strategic vision is a road map of a company's futures-providing specifics about technology and customers focus, the geographies and product markets to be pursued, the capabilities it plans to develop, and the kind of company that management is trying to create.

The Three elements of strategic vision:

(1) Coming up with a mission statement that defines what business the company is presently in and conveys the essence of "Who we are and where we are now?"

(2) Using the mission statement as basis for deciding on a long-term course making choices about " Where we are going"?

(3) Communicating the strategic vision in clear, exciting terms that arouse organization wide commitment.

How to develop a strategic vision

- The entrepreneurial challenge in developing a strategic vision is to think creatively about how to prepare a company for the future.
- Forming a strategic vision is an exercise in intelligent entrepreneurship.
- Many successful organizations needs to change direction not in order to survive but the order to maintain their success.
- a well- articulated strategic vision creates enthusiasm for the course management has charted and engages members of the organization.
- the best-worded vision statement clearly and crisply illuminate the direction in which organization is headed.

10. **Micro Environment :** Consist of suppliers, consumes , marketing intermediaries, etc. These are specific to the said business or firm and affects it's working on short term basis:

elements of Micro Environment : This is also known as the task environment and affects business and marketing in the daily operating level. When the changes in the macro environment affect business in the long run the effect micro environmental changes are noticed immediately. Organizations have to closely analyses and monitor all the elements of micro environment in order to stay competitive.

Consumers/ Customers : According to Peter Drucker the aim of business is to create and retain customers. Customers are the people who pay money to acquire an organization's products. The products may both in form of goods or services organizations cannot survive without customers. The marketer has to closely monitor and analyses changes in consumer tastes and preferences and their buying habits.

- Who are the customers/ consumers?
- What benefits are they looking for?
- What are thier buying patterns.

Competitors : Competitors are the other business entities that complete for resources as well as markets. Competition shapes business. A study of the competitive scenario is essential for the marketer, particularly threats from competition. Following are a few of major questions that may be addressed for analyzing competitions:

- Who are the competitors
- What are their present strategy and business objective?
- Who are the most aggressive and powerful competitors?

Organization : Individuals occupying different positions or working in different capacities in organizations consists of individuals who come from outside. They have different and varies interests. In micro environment analysis noting is important as self analysis by the organization itself.

An organization has several non -specific elements of the organization's surroundings that may affect its activities. These consists of specific organizations or groups that are likely to influence an organization. These are

- **Owners :** They are individuals, shareholders , groups or organizations who have a major stake in the organization. They have a vested interest in the well-being of the company.
- **Board of directors:** Board of directors are found in companies formed under the companies Act, 1956. The board of directors is elected by the shareholders and charged with overseeing the general management of the organization to ensure that it is being run in a way that best serves the shareholders' interests.
- **Employees:** Employees are the people who actually do the work in an organization.
- **Market :** The market is larger that customers. The market is to be studied in terms of its acutely and potential size, its growth prospect and also its attractiveness. The marketer should study the trends and development and they key success factors of the market he is operating . Important issues are :
  - Cost structure of the market.
  - The price sensitivity of the market.
  - Technological structure of the market.
  - The existing distribution system of the market.
  - It is the market mature.

Suppliers: Suppliers from an important component of the micro environment. The supplies provide raw material , equipment, services and so on. They constitute a major force, which shapes competition in the industry. Also organizations have to take a major decision on "outsourcing" or in-house" production depending on this supplier environment.

Intermediaries: Intermediaries exert a considerable exert a considerable influence on the business organization. They can also be considered as the major determining force in the business . They buy product from the local retailers or gig departmental stores such as Big Bazaars, Subhiksha and Vishal Mega Mart that are increasingly becoming popular in some big cities.

11. **(a)** **TOWS Matrix :** Heinz Weihrich has developed a matrix called TOWS matrix by comparing strengths and weaknesses of organization with that of market opportunities and threats. It has been criticized that after conducting the SWOT Analysis managers frequently fail to come to terms with the strategic choices that the outcomes demand. In order to overcome this, Piercy argues for the TOWS Matrix, which using the same inputs (Threats, Opportunities, Weakness and Strengths) reorganizes them and integrates them more fully into the strategic planning process. The matrix is outlined below :

Internal / **External Elements**	**Organizational Strength**	**Organizational Weakness**
	Strategic Options	
Environmental opportunities (and risk)	**SO:** Strength can be used to capitalize or build upon existing or emerging opportunities	WO : the strategies developed need to overcome organizational weaknesses if existing or merging
Environmental threats	**ST :** strengths in the organization can be used to minimize existing or emerging treats	**WT :** the strategies pursued must minimize or overcome weaknesses and as far as possible , cope with treats existing or emerging threats

11. (b) Strategic management in non-profit and government organization : A commercial organization has profit as its main aim. We can find organizations around us, which do not have any commercial objective of making profits. Their genesis may be for social, charitable, or educational purposes.

The strategic-management process is being used effectively by countless non-profit governmental organization. Many non-profit and governmental organizations outperform private firms and corporations oninnovativeness, motivation, productivity and strategic management.

Compared to for -profit firms, non-profit and governmental organizations often function as monopoly, produce a product or service that offers little or no measurability of performance, and are totally dependent on outside financing. Especially for these organization, strategic management provides an excellent vehicle for developing and justifying request for needed financial support.

Educational Institutions: Education institutions are using strategic-management techniques and concepts more frequently.

The educational delivery system has also undergone considerable change with the introduction of computes and internet technologies.

Online college degrees are becoming common and represent a threat to traditional colleges and universities.

Medical organizations : Hospitals are creating new strategies today as advances in the diagnosis and treatment chronic diseases are under cutting that earlier mission. Hospitals are beginning to bring services to the patient as much as bringing the patient to the hospital. Pathological laboratories have started collecting door-to-door samples. Chronic care will require day treatment facilities, electronic monitoring at home, user-friendly ambulatory services, decentralized service network, and laboratory testing.

Backward integration strategies that some hospitals are pursuing include acquiring ambulance services, waste disposal services, and diagnostic services. Millions of person research medical ailments online, which is causing a dramatic shift in the balance of power between doctor, patient and hospital.

The whole strategic landscape of healthcare is changing because of the Internal . Intel recently began offering a new secure medical service whereby doctors and patients can conduct sensitive business on the Internet such as sharing results of medical test and precribing medicine. The ten most successful hospital strategies today are providing free-standing outpatient surgery centers, outpatient surgery and diagnostics centers, physical rehabilitation centers , home health services , cardiac rehabilitation centers, preferred provider services, industrial medicine services women's medicine services, skilled nursing units and psychiatric services.

Governmental agencies and departments: Central, state municipal agencies, Public Sector units, departments are responsible for formulating implementing and evaluating strategies that use taxpayers money in the most cost-effective way to provide services and program. Strategies-management concepts increasingly are being used to enable some organizations to be more effective and efficient.

But strategists in governmental organization operate with less strategic autonomy that their counterparts in private firms. Public enterprises generally cannot diversify into unrelated business or merge with other firm. Governmental strategists usually enjoy little freedom in altering the organizations missions or redirecting objectives. Strategic issue get discussed and debated in the media and legislatures. Issues become politicized resulting in fewer strategic choice alternatives.

But in government agencies and departments are finding that their employees get excited about the opportunity to participate in the strategic management process and thereby have an effect on the organization's mission objectives, strategies , and policies . In addition, government agencies are using a strategic management approach to develop and stustantitate formal requests for additional funding.

12. **(a)** **Strategic Change :** The changes in the environmental forces often require business to make modifications in their existing strategies and bring out new strategies. Strategic change is a complex process and it involves a corporate strategy focused on new markets, products, services and new ways of doing business .

Steps to initiate strategic change

For initiating strategic change, three steps can be identified as under:

(i) **Recognize the need change :** The first step is to diagnose which facets of the present corporate culture are strategy supportive and which are not. This basically means going for environmental scanning involving appraisal of both internal and external capabilities may it be through SWOT analysis and then determine where the lacuna lies and scope for change exists.

(ii) **Create a share vision to manage change :** Objectives and vision of both individuals and organization should coincide. There should be no conflict between them. Senior managers need to constantly and consistently communicate the vision not only to inform but also to overcome resistance through proper communication. Strategy implementers have to convince all those concerned that the change in business culture is not superficial or cosmetic. The actions taken have to be credible, highly visible and unmistakably indicative of management's seriousness to new strategic initiatives and associated changes.

(iii) **Institutionalise the change :** This is basically an action stage which requires implementation of changed strategy. Creating and sustaining a different attitude towards change is essential to ensure that the firm does not slip back into old way of thinking or doing things. Capacity for self -renewal should be a fundamental anchor of the new culture of the firm Besides, change process must be regularly monitored and reviewed to analysis the after effects of change. Any discrepancy or deviation should be brought to the notice of person concerned so that the necessary corrective action are taken. It takes time for the change culture to prevail.

Kurt Lewin change Process : To make the change lasting , Jurt Lewin proposed three phases of the change process for moving the organization from the present to the future. These stages are unfreezing , changing and refreezing.

(a) **Unfreezing the situation :** The process of unfreezing simply makes the individuals or organizations aware of the necessity for change and prepare them for such a change. Lewin proposes that the changes should not come as a surprise to the members of the organization. Sudden unannounced change would be socially destructive and morale lowering. The management must pave the way for the change by first " unfreezing the situation", so that members would be willing and ready to accept the change.

Unfreezing is the process of breaking down the old attitudes and behavious, customs and tradition so that they start with a clean slate. This can be achieved by making annouccements, holding meeting and promoting the ideas throughout the organization.

(b) **Changing to New situation :** Once the unfreezing process has been completed and the members of the organization recognize the need for change and have been fully prepare to accept such change, their behaviours patterns needs to be redefined. HC kellaman has proposed three methods for reassigning new patterns of behvaiour. These are compliance , identification and internalisation.

Compliance: It is achieved by strictly enforcing the reward and punishment strategy for goods or bad behaviour. Fear of punishment , actual punishment or actual reward seems to change behviour for the better.

Identification : Identification occurs when members are psychologically impressed upon to identify themselves with some given role models whose behavious they would like to adopt and try to become like them.

Internalization : Internalization involves some internal changing of the individuals's through processes in order to adjust to a new environment.

(c) **Fefrrezing :** Refreezing occurs when the new behavour becomes a normal way of life. The new behavious must replace the former behaviour completely for successful and permanent change to take place.

Change process is not a one time application but a continuous process due to dynamism and ever changing environment. The process of unfreezing changing and refreezing is a cycllcal one and remains continuously in action.

12.(b) E-commerce has affected fallowing manner to the market :

- The internet makes it feasible for companies everywhere to complete in global markets.
- Competition is an industry is greatly intensified by the new-ecommerce strategic infinitives of existing rivals and by the entry of new, enterprising e-commerce rivals.
- Entry barriers into the e-commerce world are relatively low: Many of the activities comprising the value chains of e-commerce businesses can be outsourced.
- Online buyers gain bargaining power because they confront far fewer obstacles to comparing the products, prices, and shipping time of rival vendors.
- The Internet makes it feasible for companies to reach beyond thier borders to find the best suppliers and, further to collaborate closely with them to achieve efficiency gains and cost savings.
- Internet and PC technologies are advancing rapidly, often in uncertain and unexpected directions.
- The interne results in much faster diffusion of new technology and new idea across the world.
- The e-commerce environment demands that companies move swiftly : In the exploding e-commerce would speed is a condition of survival. New developments on first one from and than another occurs daily. Market and competitive conditions change very quickly. Late movers are doomed.
- Enterprise resources planning (ERRP) software and manufacturing execution system (MES) software, can make custom manufacturing just as cheap as mass production and sometimes cheaper. The impact of e-commerce technology on industry and company value chains is profound paving the way for fundamental changes in the ways business is conducted both internally and with suppliers and customers.
- The Internet can be an economical means of delivering customers service : The internet provides innovative opportunities for handing customers service activities. Companies are discovering ways to deliver service online, thus curtailing the need to keep personal at the facilities of major costumers.
- The capital for funding potentially profitable e-commerce business is readily available : In the internet age, e-commerce businesses have found it relatively easy to raise hundreds of millions, even billions, of dollars to fund a promising new venture. Venture capitalists are quite willing to fund start-up enterprises provided they have a promising technology or idea, an attractive business mode, and a well throughout strategic plane.
- The needed e-commerce resource in short supply is human talent- in the form of both technological expertise and managerial known- how . Two of the most valuable competitive assets a company can have dominating depth in a particular technology and a work force with exceptional known how and experience that gives a firm uniquely strong skills competitive capabilities. E-commerce firms are thus competing aggressively for talent and intellectual capital; individuals with attractive qualifications and known how can command premium compression including equity ownership or lucrative stock options in start-up enterprises.

It is the growing use of e-commerce technology and produce important shift in an industry competitive force - intensified rivalry great entry threats a blurring of traditional industry's and geographic boundaries, shifts in the balance of bargaining power both between sellers and thier supplies ad between sellers and thier customers, and incentives for all kinds of seller- supplier and seller-customers collaboration.

13. (a)

- **Transformation leadership style :** Use charisma end enthusiasm to inspire people to exert them for the goods of the organization. Transformation leadership style may be appropriate in turbulent environment, in industries at the very start or end of their life-cycles, in poorly performing organizations when there is a need to inspire a company to embrace major change. Transformational leaders offer excitement, vision, intellectual stimulation and personal satisfaction. They inspire involvement in a mission, giving followers a ' dream' or 'vision' of a higher calling so as to elicit more dramatic change in organizational performance. Such a leadership motivates followers to do more than originally affected to do by stretching their abilities and increasing their self-confidence, and also promote innovation throughout the organization.

- **Whereas, transactional leadership style :** Focus more on designing system and controlling the organization's activities and are more likely to be associated with improving the current situation. Transactional leaders try to build on the existing culture and enhance current practices. Transactional leadership style uses the authority of tis office to exchange rewards, such as pay and status. They prepare a more formalized approach to motivation, setting clear goals with explicit rewards or penalties for achievements or non-achievement.

  Transactional leadership style may be appropriate in settled environment, in growing or nature industries, and in organizations that are performing well. The style is better suited in persuading people to work efficiently and run operations smoothly.

14. **(a)** **Marketing Mix :** The marketing mix consists of everything that the firm can do to influence the demand for its product. These variables are. often referred to as the Ps." Tne 4 Ps stand for product, prig, pi ce and romotion, n effective marketing program blends all of the marketing mix elements into a coordinat`ed-_proram designed to achieve the companys marketing objectives by delivering value to consumers. The 4 Ps are from a marketer's angle..When translated to buyers angle they may be termed as 4 Cs.

- **Product** stands for the Goods-and-service" combination the company offers to the target market. Stratigies ies are needed for managing existing product over time adding new ones and aropping failed products.

  Products can be differentiated on the basis of size, shape colour, packaging, brand name, after-salt s'servica-and so on. Organizations seek to hammer into customers' minds that their product are different from others1. Quite often the differentiation is psychological rather than physical. It is enough if customers are persuaded to believe that the marketer product is different from others. Customers tend to develop strong brand lyalty for a particular product over a period of time

- **Price** stands for the amount of money customers have to pay to obtain the product. Necessary strategies pertain to the location of the customers, price flexibility, related me Items within a product line and terms of sale.,-The rice ofi a roduc i its composite expression of its value and utility to the customer, its demand, quality, reliability, safety, the competition it faces, the desired profit and so on.

  For a new product pricing.-strategies for entering a market needs to be designed. In princing a a really new product at least three objectives must be kept in mind

  (a) leaking the product acceptable to the customers.

  (b) Producing a reasonable margin over cost.

  (c) Achieving a market that helps in developing market share.

- **Place** stands for company activities that make the product available to target consumers. One of the most basic marketing decision is choosing the most appropriate marketing channel. Strategies should be taken for the management of channels}y ` which ownership of product is transferred from producers to customers and in many,cases, the system(s) by which goods are moved from where they are produced from they are purchases by the final customers. Strategies applicable to the middleman such as wholesalers and retails must be designed.

  The distribution policies of a company are important determinants of the functions of marketing. The decision to utilize a particular marketing channel or channels sets the pattern of oerations of aels force.

- **Promotion** stands for activities that communicate the merits of the product and persuade target consumers to buy it. Strategies are needed to combine e individual methods such as advertising, personal selling, and sales promotion into a coordinated sampan. In addd tion promotional strategies must be adjusted as a product move from an earlier stages from a later stage of its life. There are at least four major direct promotional methods or tools - personal selling, advertising publicity and sales promotionl They are briefly explaried as follows:

Expanded Marketing mix : Typically, all organizations use a combination of 4 Ps in some form or the other. However, the above elements of mar eting mix are not exhaustive. A few new Ps are as follows:

- **People:** all human actors who play a part in delivery of the market offeringarid thus influencelhe-buyers perception, namely the firm's personnel and the customer.
- **Physical Evidence :** the environment in which the market offering is delivered and where the firm and customer interact.
- **Process:** the actual procedures, mechanisms and flow of activities by which the proms duct-1 service is delivered.

14. (b) 'Survival of fittest 'as propagated by Darwin is the only principle of survival for organization where fittest' are not the largest or strongest organization but those who can change and adapt successfully to the changes in business environment. Many organization giants have also followed the path of extinction failing to manage drastic changes in the business environment. Also business follows the war principle of win or lose and not necessarily wit-win situation arises in business would. Hence the organization has to build its competitive advantage over the competitors in the business warfare in order to win. This can be done only by following process of strategic management- Strategic analyses, formulation and implementation. The major benefits of strategic management are.

- Strategic management helps organizations to be more proactive instead of reactive in shaping its future. Organizations are able to analyses and take actions instead of being mere spectators.
- Strategic management provides framework for all the major business decisions of an enterprise such as decisions on business , products, markets manufacturing facilities, investments and organizational structure.
- Strategic management is concerned with ensuring a goods future for the firm. It seeks to prepare the corporation to face the future and act as pathfinder to various business opportunities.
- Strategic management serves as a corporate defence mechanism against mistakes and itfalls. It helps organizations to avoid costly mistakes in product market choices or investments.
- Over a period of time strategic management helps organization to evolve certain core competencies and competitive advantages that assist in its fight for survival and growth.