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MGT603 Finalterm Papers Subjective Solved...

By Dua Waqar

MGT603 Final term papers

Subjective

Solved by Dua Waqar

Question No: 49 (Marks: 3)

What is the significance of Production department in an organization?

Production department mainly concern with the achievement of organization goals and targets. Production processes typically constitute more than 70 percent of a firm's total assets. Production department plays a crucial role for implementing organization strategy. Production-concerned decisions on plant location, plant size, , product design, choice of equipment, size of inventory, inventory control, quality control, cost control, use of standards, shipping and packaging, and technological innovation, job specialization, employee training, equipment and resource utilization. All these factors place an important impact on success and failure of the strategy.

Question No: 50 (Marks: 3)

Auditors who perform audit can be divided into three groups? Identify and define each of them.

People who perform audits can be divided into three groups: independent auditors, government auditors, and internal auditors.

<https://sites.google.com/site/auditingregulation/auditopedia-1/different-types-of-auditors> & handouts page 155 and 156

Question No: 51 (Marks: 5)

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

Cost leadership emphasizes producing standardized products at very low per-unit cost for consumers who are price-sensitive

A successful cost leadership strategy usually permeates the entire firm, as evidenced by high efficiency, low overhead, limited perks, intolerance of waste, intensive screening of budget requests, wide spans of control, rewards linked to cost containment, and broad employee participation in cost control efforts.

More detail page 86 and 87

Question No: 52 (Marks: 5)

QSPM requires intuitive judgments and educated assumptions. Discuss.

Requires intuitive judgments and educated assumptions is one of the limitations of QSPM.

The ratings and attractiveness scores require judgmental decisions, even though they should be based on objective information. Discussion among strategists, managers, and employees throughout the strategy formulation process, including development of a

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QSPM, is constructive and improves strategic decisions. Constructive discussion during strategy analysis and choice may arise because of genuine differences of interpretation of information and varying opinions

Question No: 53 (Marks: 5)

Finance or accounting plays an important role in successful strategy implementation process. You are required to give some of the examples of finance/accounting decisions that may require policies.

Some examples of decisions that may require finance/accounting policies are:

1. To raise the amount of capital by issuing shares or obtaining a debt from external parties.
2. To enhance the inventory turn over level
3. To make or buy fixed assets.
4. To extend the time of accounts receivable.
5. To establish a certain percentage discount on accounts within a specified period of time.
6. To determine the amount of cash that should be kept on hand
7. To determine an appropriate dividend payout ratio.
8. To use LIFO, FIFO

**FINAL TERM EXAMINATION
FALL 2007**

MGT603 - STRATEGIC MANAGEMENT (Session - 6)

Question No: 26 (Marks: 5)

“QSPM (Quantitative Strategic Planning Matrix) is not without limitations”

Discuss.

The QSPM is not without some limitations. First, it always requires intuitive judgments and educated assumptions. The ratings and attractiveness scores require judgmental decisions, even though they should be based on objective information. Discussion among strategists, managers, and employees throughout the strategy formulation process, including development of a QSPM, is constructive and improves strategic decisions. Constructive discussion during strategy analysis and choice may arise because of genuine differences of interpretation of information and varying opinions. Another limitation of the QSPM is that it can be only as good as the prerequisite information and matching analyses upon which it is based.

Question No: 27 (Marks: 5)

A company has changed its strategy to compete on low cost to high quality provider of goods and services. What positive and negative points it may have?

Compete as low-cost provider of goods or services

Discourages competition

Broadens market

Requires longer production runs and fewer product changes

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Requires special-purpose equipment and facilities

Compete as high-quality provider

Often possible to obtain more profit per unit, and perhaps more total profit from a smaller volume of sales

Requires more quality-assurance effort and higher operating cost

Requires more precise equipment, which is more expensive

Requires highly skilled workers, necessitating higher wages and greater training efforts

Question No: 28 (Marks: 5)

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

Vision Statements and Mission Statements are the inspiring words chosen by successful leaders to clearly and concisely convey the direction of the organization. By crafting a clear mission statement and vision statement, you can powerfully communicate your intentions and motivate your team or organization to realize an attractive and inspiring common vision of the future.

"Mission Statements" and "Vision Statements" do two distinctly different jobs.

A Mission Statement defines the organization's purpose and primary objectives. Its prime function is internal – to define the key measure or measures of the organization's success – and its prime audience is the leadership team and stockholders.

Vision Statements also define the organizations purpose, but this time they do so in terms of the organization's values rather than bottom line measures (values are guiding beliefs about how things should be done.) The vision statement communicates both the purpose and values of the organization. For employees, it gives direction about how they are expected to behave and inspires them to give their best. Shared with customers, it shapes customers' understanding of why they should work with the organization.

Question No: 29 (Marks: 10)

Using a Grand Strategy Matrix approach, what strategies are recommended for a firm that is a strong competitor in a rapid-growing market? Elaborate on what these strategies could mean for an electronics company.

Following Strategies are recommended for a firm that is a strong competitor in a rapid-growing market:

- Market development
- Market penetration
- Product development
- Forward integration
- Backward integration
- Horizontal integration
- Concentric diversification

Question No: 30 (Marks: 10)

Discuss similarities and dissimilarities of restructuring and reengineering.

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Restructuring—also called downsizing, rightsizing, or delayering—involves reducing the size of the firm in terms of number of employees, number of divisions or units, and number of hierarchical levels in the firm's organizational structure. This reduction in size is intended to improve both efficiency and effectiveness. Restructuring is concerned primarily with shareholder well-being rather than employee well-being.

In contrast, reengineering is concerned more with employee and customer well-being than shareholder well-being. Reengineering—also called process management, process innovation, or process redesign—involves reconfiguring or redesigning work, jobs, and processes for the purpose of improving cost, quality, service, and speed. Reengineering does not usually affect the organizational structure or chart, nor does it imply job loss or employee layoffs. Whereas restructuring is concerned with eliminating or establishing, shrinking or enlarging, and moving organizational departments and divisions, the focus of reengineering is changing the way work is actually carried out.

Reengineering is characterized by many tactical (short-term, business function-specific) decisions, whereas restructuring is characterized by strategic (long-term, affecting all business functions) decisions.

FINAL TERM EXAMINATION

Fall 2009

Question No: 61 (Marks: 5)

Identify any five variables relating to Competitive Advantage (CA) that are useful in determining Internal Strategic Position of a company.

Competitive Advantage (CA)

- Access to the market share
- Quality of product and services
- Product life cycle
- Customer loyalty
- Capacity, location and layout
- Technological know-how
- Backward and forward integration

OR

<http://it.toolbox.com/blogs/enterprise-solutions/analyzing-your-organizations-competitive-advantage-22937>

Question No: 62 (Marks: 5)

How can a firm create a “cost advantage”? Discuss it by keeping in mind value chain activities.

Creating a cost advantage based on the value chain

A firm may create a cost advantage:

- By reducing the cost of individual value chain activities, or
- By reconfiguring the value chain.

Porter identified **10 cost drivers** related to value chain activities:

1. Economies of scale.

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2. Learning.
3. Capacity utilization.
4. Linkages among activities.
5. Interrelationships among business units.
6. Degree of vertical integration.
7. Timing of market entry.
8. Firm's policy of cost or differentiation
9. Geographic location.
10. Institutional factors (regulation, union activity, taxes, etc.).

A firm develops a cost advantage by controlling these drivers better than its competitors do.

Page 147 and 148

Question No: 63 (Marks: 10)

Describe the types of organizational structures managers can design. Also explain why they choose one structure over another.

Type of organizational structures

- **Functional Structure**
- **Divisional Structure**
 - **Divisional structure by geographic area**
 - **Divisional structure by product**
 - **Divisional structure by customer**
 - **Divisional structure by process**
- **The Strategic Business Unit (SBU) Structure**
- **The Matrix Structure**

The most widely used structure is the functional or centralized type because this structure is the simplest and least expensive of the seven alternatives

Page 118,119,120 Lecture#33

Question No: 64 (Marks: 10)

Strategy can neither be formulated nor be adjusted to changing circumstances without a process of strategy evaluation. But in order to be effective, this process must meet several basic requirements. You are required to discuss those requirements.

A Good evaluation system must possess various qualities. It must meet several basic requirements to be effective.

- First, strategy-evaluation activities must be economical; too much information can be just as bad as too little information; and too many controls can do more harm than good.
- Strategy-evaluation activities also should be meaningful; they should specifically relate to a firm's objectives. They should provide managers with useful information about tasks over which they have control and influence.

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- Strategy-evaluation activities should provide timely information; on occasion and in some areas, managers may need information daily.
- Strategy evaluation should be designed to provide a true picture of what is happening.
- Information derived from the strategy-evaluation process should facilitate action and should be directed to those individuals in the organization who need to take action based on it.
- Controls need to be action-oriented rather than information-oriented.
- The strategy-evaluation process should not dominate decisions; it should foster mutual understanding, trust, and common sense! No department should fail to cooperate with another in evaluating strategies.
- Strategy evaluations should be simple, not too cumbersome, and not too restrictive. Complex strategy evaluation systems often confuse people and accomplish little. The test of an effective evaluation system is its usefulness, not its complexity

FINAL TERM EXAMINATION

Fall 2008

MGT603- Strategic Management (Session - 2)

Question No: 43 (Marks: 3)

Formulation framework is considered to be the input stage of a Comprehensive Strategy-Formulation Framework. You are required to identify the strategy formulation tools included in this stage.

Stage-1 (Formulation Framework)

1. External factor evaluation
2. Competitive matrix profile
3. Internal factor evaluation

Stage 1 of the formulation framework consists of the EFE Matrix, the IFE Matrix, and the Competitive Profile Matrix. Called the *Input Stage*, Stage 1 summarizes the basic input information needed to formulate strategies.

Question No: 44 (Marks: 3)

One of the approaches to implement change says: "People are basically compliant and will generally do what they are told or can be made to do and change is based on the exercise of authority and the imposition of sanctions." Identify that approach and explain. The power-coercive approach relies on influencing individuals and systems to change through legislation and external leverage where power of various types is the dominant factor. Power-coercive strategies emphasize political, economic, and moral sanctions, with the focus on using power of some type to "force" individuals to adopt the change.

Question No: 45 (Marks: 3)

Net worth can be used to determine credit worthiness because it gives a snapshot of the company's investment history. Identify three approaches for determining the worth of a

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business.

All the various methods for determining a business's worth can be grouped into three main approaches

1. What a firm owns
2. What a firm earns
3. What a firm will bring in the market.

The first approach in evaluating the worth of a business is determining its net worth or stockholders' equity. Net worth represents the sum of common stock, additional paid-in capital, and retained earnings.

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 owners may derive through net profits.

The third approach, letting the market determine a business's worth, involves three methods.

1. First, base the firm's worth on the selling price of a similar company..
2. The second approach is called the price-earnings ratio method. To use this method, divide the market price of the firm's common stock by the annual earnings per share and multiply this number by the firm's average net income for the past five years.
3. The third approach can be called the outstanding shares method. To use 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 dollar amount that a person or firm is willing to pay to control (acquire) the other company.

Question No: 46 (Marks: 5)

Explain the benefits and limitations of developing a Boston Consulting Group Matrix. The BCG Matrix has one major benefit: draws attention to the cash flow, investment characteristics and needs of an organization's various divisions.

The BCG Matrix has some limitations: 1) Viewing every business as either a star, cash cow, dog, or question mark is an oversimplification; many businesses fall right in the middle of the BCG Matrix and thus are not easily classified, 2) the BCG Matrix does not reflect whether or not various divisions or their industries are growing over time; that is, the matrix has no temporal qualities, but rather it is a snapshot of an organization as any given point in time and 3) other variables besides relative market share position and industry growth rate in sales are important in making strategic decisions about various divisions.

Question No: 47 (Marks: 5)

Describe the kind of strategy-evaluation system, a large and a small organization require? Large organizations require a more elaborate and detailed strategy-evaluation system because it is more difficult to coordinate efforts among different divisions and functional areas. Managers in small companies often communicate with each other and their

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employees daily and do not need extensive evaluative reporting systems. Familiarity with local environments usually makes gathering and evaluating information much easier for small organizations than for large businesses. But the key to an effective strategy evaluation

System may be the ability to convince participants that failure to accomplish certain objectives within a prescribed time is not necessarily a reflection of their performance.

Question No: 48 (Marks: 10)

Suppose you are a strategist in a company and you want to evaluate the effectiveness of your contingency planning? How will you do it?

Contingency plans can be defined as alternative plans that can be put into effect if certain key events do not occur as expected.

Effective contingency planning involves a seven-step process as follows:

1. Identify both beneficial and unfavorable events that could possibly derail the strategy or strategies.
2. Specify trigger points. Calculate about when contingent events are likely to occur.
3. Assess the impact of each contingent event. Estimate the potential benefit or harm of each contingent event.
4. Develop contingency plans. Be sure that contingency plans are compatible with current strategy and are economically feasible.
5. Assess the counter impact of each contingency plan. That is, estimate how much each contingency plan will capitalize on or cancel out its associated contingent event. Doing this will quantify the potential value of each contingency plan.
6. Determine early warning signals for key contingent events. Monitor the early warning signals.
7. For contingent events with reliable early warning signals, develop advance action plans to take advantage of the available lead time.

Question No: 49 (Marks: 10)

The Management of Voyager Pvt.Ltd. has been facing a decline in sales and profits since 9 months due to strong competitors. Now the management has decided to restructure the company. You being a management consultant are required to guide them in the following areas:

Process of restructuring (2)

Restructuring is the corporate management term for the act of partially dismantling and reorganizing a company for the purpose of making it more efficient and therefore more profitable. It generally involves selling off portions of the company and making severe staff reductions.

In which cases they should use this option? (2)

When company division is no longer profitable or which has distracted management from its core business

What would be the benefits of restructuring to the organization? (3)

The primary benefit sought from restructuring is cost reduction. For some highly

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bureaucratic firms, restructuring can actually rescue the firm from global competition and demise.

What possible actions the management should take while restructuring the company? (3)

The selling of portions of the company, such as a division that is no longer profitable or which has distracted management from its core business, can greatly improve the company's balance sheet. Staff reductions are often accomplished partly through the selling or closing of unprofitable portions of the company and partly by consolidating or outsourcing parts of the company that perform redundant functions (such as payroll, human resources, and training) left over from old acquisitions that were never fully integrated into the parent organization.

FINAL TERM EXAMINATION

Fall 2008

MGT603- Strategic Management (Session - 1)

Question No: 43 (Marks: 3)

If you construct a SPACE Matrix and the directional vector points to the lower left quadrant, what type of strategies would you recommend?

Lower left quadrant mean defensive

The firms fall in this quadrant compete in slow-growth industries and have weak competitive positions. These firms must make some drastic changes quickly to avoid further demise and possible liquidation. Extensive cost and asset reduction (retrenchment) should be pursued first. An alternative strategy is to shift resources away from the current business into different areas. If all else fails, the final options for Quadrant III businesses are divestiture or liquidation.

Retrenchment

Concentric diversification

Horizontal diversification

Conglomerate diversification

Liquidation

Question No: 44 (Marks: 3)

Define Functional level objectives. Provide at least two statements exemplifying such objectives.

Functional level objectives specific objectives for marketing activities

Examples of functional marketing objectives" might include:

- We aim to build customer database of at least 250,000 households within the next 12 months
- We aim to achieve a market share of 10%
- We aim to achieve 75% customer awareness of our brand in our target markets

Question No: 45 (Marks: 3)

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Auditors who perform audit can be divided into three groups? Identify and define each of them.

People who perform audits can be divided into three groups: independent auditors, government auditors, and internal auditors.

<https://sites.google.com/site/auditingregulation/auditopedia-1/different-types-of-auditors> & handouts page 155 and 156

Question No: 46 (Marks: 5)

Identify the five steps that must be followed while developing an IE Matrix.

Steps for the development of IE matrix

1. Based on two key dimensions IFE and EFE.
2. Plot IFE total weighted scores on the *x*-axis and the EFE total weighted scores on the *y* axis
3. On the *x*-axis of the IE Matrix, an IFE total weighted score of 1.0 to 1.99 represents a weak internal position; a score of 2.0 to 2.99 is considered average; and a score of 3.0 to 4.0 is strong.
4. On the *y*-axis, an EFE total weighted score of 1.0 to 1.99 is considered low; a score of 2.0 to 2.99 is medium; and a score of 3.0 to 4.0 is high.
5. IE Matrix divided into three major regions.
Grow and build – Cells I, II, or IV
Hold and maintain – Cells III, V, or VII
Harvest or divest – Cells VI, VIII, or IX

Question No: 47 (Marks: 5)

Positioning is actually the way that a product is introduced to its market audience. What are the five steps required for effective product positioning?

The following steps are required in product positioning:

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

Question No: 48 (Marks: 10)

You are the business executive of Omar textiles Mills. You are asked to evaluate the strengths, weaknesses, opportunities and threats of the firm and develop altogether different strategies by using different combinations of any two of these.

Question No: 49 (Marks: 10)

Quantitative Strategic Planning Matrix (QSPM) is a high-level strategic management approach for evaluating possible strategies. You are required to prepare a (QSPM) of

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XYZ Manufacturing Company for evaluating any two strategies?

Steps in preparation of QSPM

1. List of the firm's key external opportunities/threats and internal strengths/weaknesses in the left column of the QSPM.
2. Assign weights to each key external and internal factor
3. Examine the Stage 2 (matching) matrices and identify alternative strategies that the organization should consider implementing
4. Determine the Attractiveness Scores (AS)
5. Compute the Total Attractiveness Scores
6. Compute the Sum Total Attractiveness Score

FINAL TERM EXAMINATION

Spring 2010

Question No: 49 (Marks: 3)

One of the approaches to implement change says: "People are basically compliant and will generally do what they are told or can be made to do and change is based on the exercise of authority and the imposition of sanctions." Identify that approach and explain.

Power-coercive strategy

This policy is based on the request of power, with the belief that most people are compliant to those who have superior authority. A possible issue with this process is that once the power is removed, individuals may revert to previous behaviors. People are basically compliant and will generally do what they are told or can be made to do. Change is based on the exercise of authority and the obligation of pass.

Question No: 50 (Marks: 3)

Auditors who perform audit can be divided into three groups? Identify and define each of them.

There are three groups: independent auditors, government auditors, and internal auditors. Independent auditors essentially are certified public accountants who supply their services to organizations for a fee. They inspect the financial statements of an organization to determine whether they have been prepared according to generally accepted accounting principles and whether they quite represent the activities of the firm. Government auditors responsible for making sure that organization comply with federal laws, ruling, and strategy.

Third group of auditors are employees inside an organization who are answerable for safeguarding company assets, for evaluate the efficiency of company operations, and for ensuring that generally accepted business events are skillful.

Question No: 51 (Marks: 5)

An organization can be structured in many ways. What is the most complex form of organizational structure? Discuss its characteristics?

The Matrix Structure

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A matrix structure is the most complex of all designs because it depends upon both vertical and horizontal flows of authority and communication (hence, the term matrix). In contrast, functional and divisional structures depend primarily on vertical flows of authority and communication. A matrix structure can result in higher overhead because it creates more management positions. Other characteristics of a matrix structure that contribute to overall complexity include dual lines of budget authority (a violation of the unity-of-command principle), dual sources of reward and punishment, shared authority, dual reporting channels, and a need for an extensive and effective communication system. Despite its complexity, the matrix structure is widely used in many industries, including construction, healthcare, research, and defense. Some advantages of a matrix structure are that project objectives are clear, there are many channels of communication, workers can see visible results of their work, and shutting down a project can be accomplished relatively easily.

Question No: 52 (Marks: 5)

Positioning is actually the way that a product is introduced to its market audience.

What are the five steps required for effective product positioning?

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4. Identify areas in the positioning map where the company's products or services could be most competitive in the given target market. Look for vacant areas (niches).
5. Develop a marketing plan to position the company's products or services appropriately.

Question No: 53 (Marks: 5)

The goal of value chain activities is to offer the customer a level of value that exceeds the cost of the activities which results in a profit margin. You are required to discuss some of the primary value chain activities.

There are the following primary value chain activities.

1. Inbound Logistics:

Inbound Logistics is the receiving and warehousing of unprocessed materials and their distribution to industrialize when they are required.

2. Operations:

This is the processes of transforming inputs into finished products and services.

3. Outbound Logistics:

Outbound Logistics are the warehousing and distribution of completed goods.

4. Marketing & Sales:

This is the activity of identification of customer needs and the production of sales.

5. Service:

Services are supports of consumers after the products and services are sold to them.

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FINAL TERM EXAMINATION
Spring 2010

Question No: 49 (Marks: 3)

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

Resistance may be based on such feelings as loss of status, implied criticism of present competence, fear of failure in the new situation, annoyance at not being consulted, lack of understanding of the need for change, or insecurity in changing from well-known and fixed methods. It is necessary, therefore, to overcome such resistance by creating situations of participation and full explanation when changes are envisaged. Corrective actions should place an organization in a better position to capitalize upon internal strengths; to take advantage of key external opportunities; to avoid, reduce, or mitigate external threats; and to improve internal weaknesses. Corrective actions should have a proper time horizon and an appropriate amount of risk. They should be internally consistent and socially responsible. Perhaps most importantly, corrective actions strengthen an organization's competitive position in its basic industry.

Question No: 50 (Marks: 3)

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

A product is anything that can be offered to a market for attention, acquisition, use, or consumption and that might satisfy a want or need.

Product and service planning includes activities such as test marketing; product and brand positioning; devising warranties; packaging; determining product options, product features, product style, and product quality; deleting old products; and providing for customer service. Product and service planning is particularly important when a company is pursuing product development or diversification.

Question No: 51 (Marks: 5)

Parties to conflict can conceptualize responses according to a two-dimensional scheme; what are the hypotheses of this scheme?

Theorists have claimed that parties can conceptualize responses to conflict according to a two-dimensional scheme; concern for one's own outcomes and concern for the outcomes of the other party. This scheme leads to the following hypotheses:

- High concern for both one's own and the other party's outcomes leads to attempts to find mutually beneficial solutions.
- High concern for one's own outcomes only leads to attempts to "win" the conflict.
- High concern for the other party's outcomes only leads to allowing the other to "win" the conflict.
- No concern for either side's outcomes leads to attempts to avoid the conflict.

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Question No: 52 (Marks: 5)

Product positioning allows the firms to fulfill the gaps between what customers and producers see as good service. What can be the potential benefits that product positioning can offer to a firm?

Many firms have become successful by filling the gap between what customers and producers see as good service. What the customer believes is good service is paramount, not what the producer believes service should be.

Market positioning is arranging for a product to occupy a clear distinctive and desirable place relative to competing products in the minds of target consumers. In positioning a product, a company first needs to identify possible competitive advantages upon which to build the position. To gain competitive advantage, the company must offer greater competitive advantage to the target segment. The company's entire marketing program should support the chosen positioning strategy. Effective positioning begins with actually differentiating the company's marketing offer so that it gives consumers more value than they are offered by the competition.

Question No: 53 (Marks: 5)

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

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

1. Is the strategy internally consistent?
2. Is the strategy consistent with the environment?
3. Is the strategy appropriate in view of available resources?
4. Does the strategy involve an acceptable degree of risk?
5. Does the strategy have an appropriate time framework?
6. Is the strategy workable?

Mgt_603 current paper 2010

Total questions 53

Mcqs 48

1. Contingency strategy 3

To minimize the impact of potential threats, organizations should develop contingency plans as part of the strategy-evaluation process. *Contingency plans* can be defined as alternative plans that can be put into effect if certain key events do not occur as expected. Contingency strategies are a result of the contingency plan. These strategies are devised for a specific situation where things could go wrong. These strategies prepare the organization or the person for anything that could happen in future. They are the back up plans that support the organization when the actual plan fails.

These strategies deal with specific variances to assumptions that result in a specific problem, emergency or state of affairs.

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2. Difference between target marketing and mass marketing 3

Market targeting is the process of evaluating each market segment's attractiveness and selecting one or more segments to enter. A company should target segments in which it can generate the greatest customer value and sustain it over time.

Mass marketing refers to treatment of the market as a homogenous group and offering the same marketing mix to all customers. Mass marketing allows economies of scale to be realized through mass production, mass distribution, and mass communication.

Policies for marketing decision (5)

Pages 144 & 145

4. QSPM requires intuitive judgments and educated assumptions. Discuss 5

Requires intuitive judgments and educated assumptions is one of the limitations of QSPM.

The ratings and attractiveness scores require judgmental decisions, even though they should be based on objective information. Discussion among strategists, managers, and employees throughout the strategy formulation process, including development of a QSPM, is constructive and improves strategic decisions. Constructive discussion during strategy analysis and choice may arise because of genuine differences of interpretation of information and varying opinions

5. A frequently used tool in strategy evaluation is the audit. Discuss auditing according American Accounting Association (AAA) 5

A frequently used tool in strategy evaluation is the audit. Auditing is defined by the American Accounting Association (AAA) as "a systematic process of objectively obtaining and evaluating evidence regarding assertions about economic actions and events to ascertain the degree of correspondence between those assertions and established criteria, and communicating the results to interested users." People who perform audits can be divided into three groups: independent auditors, government auditors, and internal auditors.

Q) Auditors who perform audit can be divided into three groups? Identify and define each of them.

Repeat

Q) Define 10 natural environment factors

The natural environment, encompasses all living and non-living things occurring naturally on Earth or some region thereof. It is an environment that encompasses the interaction of all living species. The concept of the natural environment can be distinguished by components:

- Complete ecological units that function as natural systems without massive human intervention, including all vegetation, microorganisms, soil, rocks, atmosphere and natural phenomena that occur within their boundaries.

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- Universal natural resources and physical phenomena that lack clear-cut boundaries, such as air, water, and climate, as well as energy, radiation, electric charge, and magnetism, not originating from human activity.

Q) EPS / EBIT definition.

Earning Per share: A company's profit divided by its number of outstanding shares
EPS/EBIT analysis is a valuable tool for making capital financing decisions needed to implement strategies, but several considerations should be made whenever using this technique. First, profit levels may be higher for stock or debt alternatives when EPS levels are lower. Another consideration when using EPS/EBIT analysis is flexibility. As an organization's capital structure changes, so does its flexibility for considering future capital needs. Using all debt or all stock to raise capital in the present may impose fixed obligations, restrictive covenants, or other constraints that could severely reduce a firm's ability to raise additional capital in the future.

Q) IE matrix

The Internal-External (IE) matrix is another strategic management tool used to analyze working conditions and strategic position of a business. The Internal External Matrix or short IE matrix is based on an analysis of internal and external business factors which are combined into one suggestive model.

**Today's Strategic management's paper comprised of total 53 questions.
48 MCQ'S**

Long questions were:

1: Why the worth of the business is important in successful strategy implementation? 5

Evaluating the Worth of a Business

Evaluating the worth of a business is central to strategy implementation because integrative, intensive, and diversification strategies are often implemented by acquiring other firms. Other strategies, such as retrenchment and divestiture, may result in the sale of a division of an organization or of the firm itself.

All the various methods for determining a business's worth can be grouped into three main approaches

1. What a firm owns
2. What a firm earns
3. What a firm will bring in the market.

2: Diff. b/w strategy formulation and strategy implementation? 5

- o Strategy formulation is positioning forces before the action.
- o Strategy implementation is managing forces during the action.

- o Strategy formulation focuses on effectiveness.

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- o Strategy implementation focuses on efficiency.
- o Strategy formulation is primarily an intellectual process.
- o Strategy implementation is primarily an operational process.
- o Strategy formulation requires good intuitive and analytical skills.
- o Strategy implementation requires special motivation and leadership skills.
- o Strategy formulation requires coordination among a few individuals.
- o Strategy implementation requires coordination among many persons.

3: Why the strategy evaluation is important on continuous rather than periodic basis? 5

Evaluating strategies on continuous rather than a periodic basis allows benchmark of progress to establish and more effectively monitored Managers and employees of the firm should be continually aware of progress being made towards achieving the firm's objectives.

Continuous strategy evaluation keeps strategists close to the pulse of an organization and provides information needed for an effective strategic-management system.

The real key to effective strategic management is to accept the premise that the planning process is more important than the written plan, that the manager is continuously planning and does not stop planning when the written plan is finished. The written plan is only a snapshot as of the moment it is approved. If the manager is not planning on a continuous basis—planning, measuring, and revising—the written plan can become obsolete the day it is finished. This obsolescence becomes more of a certainty as the increasingly rapid rate of change makes the business environment more uncertain.

4: define contingency planning. 3

Repeat

5: explain product. 3

Repeat

Today Paper:-

48 mcq and 53 question

Difference b/w BCG and the ie evolution matrix

First, the IE matrix measures different values on its axes. The BCG matrix measures market growth and market share. The IE matrix measures a calculated value that captures a group of external and internal factors. This means that the IE matrix requires more information about the business than the BCG matrix. While values for each axis in the BCG matrix are single-factor, values for each axis in the IE matrix are multi-factor figures. Because the IE matrix is broader in its definition, strategists often develop both the BCG Matrix and the IE Matrix when assessing their conditions and formulating

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strategies.

OR

There are few difference in BCG and IE matrix, firstly the IE axis are different x- axis represent IFE weighted score and Y-axis represent total EFE weighted score. IE matrix requires more information about the division than BCG matrix in which only relative market share and industry growth figures are required.

Benefits of the EFE matrix

External Factor Evaluation (EFE) matrix method is a strategic-management tool often used for assessment of current business conditions. The EFE matrix is a good tool to visualize and prioritize the opportunities and threats that a business is facing.

External factors can be grouped into the following groups:

- Social, cultural, demographic, and environmental variables:
- Economic variables
- Political, government, business trends, and legal variables

Advantage of the contingency planning

A well developed contingency plan has enormous value for the organization beyond the obvious – the ability to speedily, smoothly and cost effectively respond to significant changes in the environment. The development of a comprehensive contingency plan will:

Focus the company on identifying what risks exist and the levels of that risk;

Enable the company to review the overall objectives of the existing plan in the light of the risks identified, (especially their impact on company KPIs);

Assist in creating strategies to manage and mitigate risk (prevention being far cheaper than cure);

Review the existing information system to clarify whether it can both identify failure early (early correction is far cheaper and easier than late), correctly (taking the right action for the right reasons rather than the wrong actions for the wrong reasons), and has the ability to forecast significant changes in the risk environment (controlling change rather than reacting to it is always more cost effective);

Establish a set of actions/ policies which are in line with the problem (this is the concept of graduated response – as problems grow worse, more severe actions need to be considered, but it is often early and small changes that prevent larger difficulties occurring in the future);

Formalise contingency plan actions into standard operating procedures (SOP);

Provide for the integration of contingency plan actions into company wide induction and maintenance training to ensure rapid and effective response, and link with outside agencies where necessary;

Create a framework which can be continuously reviewed and updated, with post event analysis incorporated into best practice.

1- Strategy evaluation should be done on a continuous basis rather than on a periodic basis. Why? 5 Marks

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Repeat

2- Why is it important to evaluate the worth of a business in successful strategy implementation process? 5Marks

Repeat

3- Suppose as a manager of a company you find after analysis that your company is located in Quadrant 2 in Grand strategy matrix. What types of strategies should it adopt and why? 5Marks

Quadrant II

Market development

Market penetration

Product development

Horizontal integration

Divestiture

Liquidation

Quadrant-2 contains that company's having weak competitive situation and rapid market growth. Firms positioned in Quadrant II need to evaluate their present approach to the marketplace seriously.

Although their industry is growing, they are unable to compete effectively, and they need to determine why the firm's current approach is ineffectual and how the company can best change to improve its competitiveness. Because Quadrant II firms are in a rapid-market-growth industry, an intensive strategy (as opposed to integrative or diversification) is usually the first option that should be considered.

4- Explain the concept of "Feasibility" as Richard Rumelt's Criteria for evaluating strategies? 3Marks

Feasibility

Neither overtaxes resources nor creates unsolvable sub problems

- Organizations must demonstrate the abilities, competencies, skills and talents to carry out a given strategy

5- What is the significant of production department in an organization? 3 Marks

Production department mainly concern with the achievement of organization goals and targets. Production processes typically constitute more than 70 percent of a firm's total assets. Production department plays a crucial role for implementing organization strategy. Production-concerned decisions on plant location, plant size, , product design, choice of equipment, size of inventory, inventory control, quality control, cost control, use of standards, shipping and packaging, and technological innovation, job specialization, employee training, equipment and resource utilization. All these factors place an important impact on success and failure of the strategy.

1-Discuss any three guidelines that can be used to determine whether a firm should

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conduct R&D internally or externally.(3)

Many firms wrestle with the decision to acquire R&D expertise from external firms or to develop R&D expertise internally. The following guidelines can be used to help make this decision:

1. If the rate of technical progress is slow, the rate of market growth is moderate, and there are significant barriers to possible new entrants, then in-house R&D is the preferred solution. The reason is that R&D, if successful, will result in a temporary product or process monopoly that the company can exploit.
2. If technology is changing rapidly and the market is growing slowly, then a major effort in R&D may be very risky, because it may lead to development of an ultimately obsolete technology or one for which there is no market.
3. If technology is changing slowly but the market is growing fast, there generally is not enough time for in-house development. The prescribed approach is to obtain R&D expertise on an exclusive or nonexclusive basis from an outside firm.
4. If both technical progress and market growth are fast, R&D expertise should be obtained through acquisition of a well-established firm in the industry.

2-Write down three activities in value chain by porter supply chain model.(3)

Support activities (Staff functions, overhead)

- o **Procurement:** Procurement of raw materials, servicing, spare parts, buildings, machines, etc.
- o **Technology Development:** Includes technology development to support the value chain activities. Such as: Research and Development, Process automation, design, redesign.
- o **Human Resource Management:** The activities associated with recruiting, development (education), retention and compensation of employees and managers.
- o **Firm Infrastructure.** Includes general management, planning management, legal, finance, accounting, public affairs, quality management, etc.

3-Explain the nature and role of employee stock ownership plans (ESOP s) in strategic management.(5)

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

4-What strategies should be considered by the firms falling under the quadrant three? (5)

The firms fall in this quadrant compete in slow-growth industries and have weak competitive positions. These firms must make some drastic changes quickly to avoid

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further demise and possible liquidation. Extensive cost and asset reduction (retrenchment) should be pursued first. An alternative strategy is to shift resources away from the current business into different areas. If all else fails, the final options for Quadrant III businesses are divestiture or liquidation.

Retrenchment

Concentric diversification

Horizontal diversification

Conglomerate diversification

Liquidation

1. Differentiate between the bargaining power of customer and suppliers? (5 marks)

Bargaining Power of Buyers: When competition is intense and number of manufacturer is greater the buyer have more options for product switching over this will increase the buying power of buyer.

Bargaining Power of Suppliers: Greater number of the supplier will provide the stronger buying power to the manufacturer/customer and vice versa

2. What is gain sharing and profit sharing state with examples? (5 marks)

Gain sharing is a corporate incentive plan designed to involve employees with Management to increase productivity by directly linking compensation to specific Productivity increases or cost reductions.”

As an example of how gain sharing works, consider a company producing rigid and steering differential axles for tractors. From its records, the company determined that every \$1,000,000 of good product output required 10,000 worker hours. Under gain sharing, the next \$1,000,000 of axle output and shipment was produced with only 9,000 hours. If the average wage rate is \$10 an hour, the 1,000 hours saved are worth \$10,000. That is a gain to be shared equally between the workforce and company.

Profit sharing is a form of compensation in which a company shares part of its pre-tax profits with employees. This type of compensation can work in a number of different ways, depending on the structure of the company and the decisions made by employees and employers. As a general rule, such plans are designed as an incentive. When employees share in the profits, they have a vested interest in increasing the profits so that they can access more money.

3. Write 3 approach worth of the business? (5 marks)

All the various methods for determining a business's worth can be grouped into three main approaches: what a firm owns, what a firm earns, or what a firm will bring in the market

- A. The first approach in evaluating the worth of a business is determining its net worth or stockholders' equity.

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- B. 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 owners may derive through net profits.
- C. The third approach is to let the market determine a business's worth. First, base the firm's worth on the selling price of a similar company. Second, calculate a price-earnings ratio. To use this method, divide the market price of the firm's common stock by the annual earnings per share and multiply this number by the firm's average net income for the past five years. The third approach can be called the outstanding share method. To use this method, simply multiply the number of shares outstanding by the market price per share and add a premium

Q#1 benefits and limitations of BCG matrix marks 5

The BCG Matrix has one major benefit: draws attention to the cash flow, investment characteristics and needs of an organization's various divisions.

The BCG Matrix has some limitations: 1) Viewing every business as either a star, cash cow, dog, or question mark is an oversimplification; many businesses fall right in the middle of the BCG Matrix and thus are not easily classified, 2) the BCG Matrix does not reflect whether or not various divisions or their industries are growing over time; that is, the matrix has no temporal qualities, but rather it is a snapshot of an organization as any given point in time and 3) other variables besides relative market share position and industry growth rate in sales are important in making strategic decisions about various divisions.

Q#2 what 5 steps are required for effective product positioning marks 5

The following steps are required in product positioning:

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

Q#3 Write down the Michael porter 5 forces model's implementation being a strategist marks 10

<http://www.maxi-pedia.com/Five+Forces+model+by+Michael+Porter>

Q:4 Importance of financial budgeting with the reference to strategic implementation process marks 10

Fundamentally, financial budgeting is a method for specifying what must be done to complete strategy implementation successfully. Financial budgeting should not be thought of as a tool for limiting expenditures but rather as a method for obtaining the

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most productive and profitable use of an organization's resources. Financial budgets can be viewed as the planned allocation of a firm's resources based on forecasts of the future. Financial budgets are financial plans that are structured to detail projections on incomes and expenses on both a long-term and a short-term basis. Budgets of this type normally incorporate aspects of other types of budgeting strategies, including the preparation of a detailed budgeted balance sheet, a section that functions as a cash flow budget and addresses the receipt of income and the flow of expenses on an annual, semi-annual, and a monthly basis. A financial budget typically covers a period of at least one year, although it is not unusual for some organizations to prepare this kind of budget to cover anywhere from two to five years at a time.

Question No: 41 (Marks: 5)

Discuss the internal and external dimensions represented by the axes of SPACE Matrix.

The SPACE Matrix analysis functions upon two internal and two external strategic dimensions in order to determine the organization's strategic posture in the industry. The SPACE matrix is based on four areas of analysis.

1. Internal strategic dimensions:
 - Financial strength (FS)
 - Competitive advantage (CA)
2. External strategic dimensions:
 - Environmental stability (ES)
 - Industry strength (IS)

There are many SPACE matrix factors under the internal strategic dimension. These factors analyze a business internal strategic position. The financial strength factors often come from company accounting. These SPACE matrix factors can include for example return on investment, leverage, turnover, liquidity, working capital, cash flow, and others. Competitive advantage factors include for example the speed of innovation by the company, market niche position, customer loyalty, product quality, market share, product life cycle, and others.

Every business is also affected by the environment in which it operates. SPACE matrix factors related to business external strategic dimension are for example overall economic condition, GDP growth, inflation, price elasticity, technology, barriers to entry, competitive pressures, industry growth potential, and others.

Question No: 42 (Marks: 5)

What is a dual bonus system? Elaborate with the help of example.

A dual bonus system based on both annual objectives and long-term objectives is becoming common. The percentage of a manager's annual bonus attributable to short-term versus long-term results should vary by hierarchical level in the organization. A chief executive officer's annual bonus could, for example, be determined on a 75 percent

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short-term and 25 percent long-term basis. It is important that bonuses not be based solely on short-term results because such a system ignores long-term company strategies and objectives.

Question No: 43 (Marks: 10)

Assume that you want to determine the Internal & External Strategic Position of your company through SPACE Matrix. What factors or variables (any five) will you consider under each of the following?

Internal Strategic Position

a. Financial Strength (FS)

- Risk involved in business
- Debt to equity ratio
- Working capital condition
- Leverage
- Liquidity
- Ease of exit from market
- Cash flow statement
- Return on investment

b. Competitive Advantage (CA)

- Access to the market share
- Quality of product and services
- Product life cycle
- Customer loyalty
- Capacity, location and layout
- Technological know-how
- Backward and forward integration

External Strategic Position

c. Environmental Stability (ES)

- Impact of technology
- Price elasticity of demand
- Political situation
- Demand variability
- Price range of competing products
- Rate of inflation
- Competitive pressure

d. Industry Strength (IS)

- Demand and supply factors
- Resource utilization
- Growth potential
- Profit potential
- Financial stability

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- Technological know-how
- Productivity, capacity utilization
- Capital intensity
- Ease of entry into market

Question No: 44 (Marks: 10)

Suppose you are strategist in a company and you want to develop an IE Matrix for your company, what steps would you follow to execute the process of developing it? Explain.

1. Based on two key dimensions IFE and EFE.
2. Plot IFE total weighted scores on the x -axis and the EFE total weighted scores on the y axis
3. On the x -axis of the IE Matrix, an IFE total weighted score of 1.0 to 1.99 represents a weak internal position; a score of 2.0 to 2.99 is considered average; and a score of 3.0 to 4.0 is strong.
4. On the y -axis, an EFE total weighted score of 1.0 to 1.99 is considered low; a score of 2.0 to 2.99 is medium; and a score of 3.0 to 4.0 is high.
5. IE Matrix divided into three major regions.
Grow and build – Cells I, II, or IV
Hold and maintain – Cells III, V, or VII
Harvest or divest – Cells VI, VIII, or IX

Question No: 45 (Marks: 10)

Is there any optimal organizational structure for a given strategy or type of organization and what can be the possible indicators that reveal that organizational structure is ineffective?

There is no one optimal organizational design or structure for a given strategy or type of organization. What is appropriate for one organization may not be appropriate for a similar firm, although successful firms in a given industry do tend to organize themselves in a similar way.

Symptoms of an ineffective organizational structure include too many levels of management, too many meetings attended by too many people, too much attention being directed toward solving interdepartmental conflicts, too large a span of control, and too many unachieved objectives. Changes in structure can facilitate strategy implementation efforts, but changes in structure should not be expected to make a bad strategy good, to make bad managers good, or to make bad products sell.

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