

ICAI – WIRC – Last Minute Revision for NOV 2020 EXAMINATION

SUBJECT: Strategic Management (Old and new syllabus) – CA Intermediate

Topics to be discussed	
1	Time management before the exams start
2	Time management during exam (after leaving from audit paper)
3	Time management while sitting in the exam hall
4	Integrated case study based mcqs
5	List of important topics

FAILING TO PLAN = PLANNING TO FAIL

1. Time management before the exams start

- ✓ Everyday morning 6.30am – 9.00am to be devoted to EIS / IT
- ✓ Write minimum 2 mock test papers to understand if your able to complete the paper in 1.5 hrs
- ✓ Pay adequate attention to MCQs (MCQs in study material + 30:70 assessment + RTP + MTP)

2. Time management during the exam (For EIS / IT - SM)

Day	Time	Allocation for New Syllabus	Allocation for Old Syllabus
3 Dec 2020	2pm – 5 pm	Audit paper	Audit paper
	6.30pm – 9.00 pm	EIS – Chp 3 - Information System & Controls	IT – Chp 2 - IS and IT fundamentals
	9.00pm – 9.30 pm	Dinner	Dinner
	9.30pm – 12am	EIS – Chp 4 - Ecommerce, Emerging Tech	IT – Chp 4 - Business information systems
4 Dec 2020	6.30am – 8.30am	EIS – Chp 1 - Business process automation	IT – Chp 1 – BPM & IT
	8.30am - 9.00am	Breakfast	Breakfast
	9.00am – 11am	EIS – Chp 2 - Financial & Accounting systems	IT – Chp 5 – BPA through app. software
	11am – 1.30pm	EIS – Chp 5 - Core banking systems	IT – Chp 3 - Telecommunications
	1.30pm – 2pm	Lunch	Lunch
	2pm- 2.30pm	SM Chp 1	SM CHP 1
	2.30pm – 3pm	Short nap	Short nap
	3pm – 5pm	SM Chp 2	SM CHP 3
	5pm-6pm	SM Chp 3	SM CHP 2
	6pm – 6.30pm	Evening break	Evening break
	6.30pm – 7.30 pm	SM Chp 4	SM CHP 4.5
	7.30pm – 8.30 pm	SM Chp 5	
	8.30pm – 9.30pm	SM Chp 6	
	9.30pm – 10pm	Dinner break	Dinner break
10pm – 11pm	SM Chp 7	SM CHP 6	
11pm – 12 am	SM Chp 8	SM CHP 7	
	6.30am – 8am	RTPs	RTPs

5 Dec 2020	8am – 9am	MTP	MTP
	9am – 9.30am	Breakfast	Breakfast
	9.30am – 11am	MCQs	MCQs
	2pm – 5pm	EIS/IT – SM paper	EIS/IT – SM paper

3. *Time management while sitting in the exam hall (For EIS / IT - SM)*

Day	Time	Allocated to
5 Dec 2020	1.45pm – 2pm	Reading and positioning time
	2pm – 2.30pm	EIS MCQs
	2.30pm – 3.15 pm	Attempt EIS answers you know very well
	3.15pm – 3.45pm	SM MCQs
	3.45pm – 4.30pm	Attempt SM answers you know very well
	4.30pm – 5pm	Bonus answers and presentation

Points to be remembered:

- ✓ *Do not waste unnecessary time on one question*
- ✓ *Underline the header & important points/words in the internal point*
- ✓ *Start every sub-question on a new page*

INTEGRATED CASE STUDY BASED MCQs

Q1 – MTP – N20 (New syllabus - SM) [same question is MTP – N20 (Old syllabus)]

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

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

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

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

However, things did not turn out to be as expected. The tough competition between several players, reduction in the fare by railways and high prices of aviation fuel created problems for the industry. The sector was not able to generate reasonable profits thus resulting

difficulty in maintaining operations. They were in need for hard to come by capital. Lately, the airlines industry is witnessing some consolidation with companies planning for mergers or even contemplating closures.

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

Based on the above Case Scenario, answer the Multiple Choice Questions which are as follows:

Multiple Choice Questions (MCQs)

- (i) *Identify the nature of diversification by the business houses entering into airlines industry.*
- (a) *Concentric diversification*
 - (b) *Conglomerate diversification*
 - (c) *Vertically integrated diversification*
 - (d) *Horizontal integrated diversification (1 Mark)***
- (ii) *The big business houses were in the manufacturing of FMCG, textiles, packaging etc. and having good expertise and uniqueness in these industries. But they are not performing well in airlines industry because of*
- (a) *Non availability of funds*
 - (b) *Incompetent workforce*
 - (c) *Rapid technological changes*
 - (d) *Lacking core competence (1 Mark)***
- (iii) *According to Michael Porter's model, identify the competitive pressures faced by airlines industry as per the given scenario.*
1. *Competitive pressure among rival sellers*
 2. *Competitive pressure from suppliers*
 3. *Competitive pressure from substitute products*
 4. *Competitive pressure from buyers*
 5. *Competitive pressure from new entrants*
- Select the correct combination in the above scenario:*
- (a) **1, 2 & 3**
 - (b) 1, 3 & 4
 - (c) 2, 3 & 5
 - (d) 1, 4 & 5 (1 Mark)
- (iv) *AMBTL can be identified as a Star as per BCG's Growth Matrix, basis the rapid growth it has shown to maintain market and fuel the growth potential. For last three years, AMBTL turn into, as per the BCG matrix, when its growth slows down?*
- (a) *Dog*
 - (b) *Question Mark*
 - (c) *Will remain a star*

(d) *Cash Cow (2 Marks)*

(v) *Mr. Pranshu Gupta as a core strategist of AMBTL, authorised for bringing about strategic change in his company, how he will initiate “unfreezing of the situation”?*

(a) *Promoting new ideas throughout the organization*

(b) *Promoting compliance throughout the organization*

(c) *Promoting change in process throughout the organization*

(d) *None of the above*

Ans:

1. (b) *Conglomerate diversification*
2. (d) *Lacking core competence*
3. (a) *1, 2 & 3*
4. (d) *Cash Cow*
5. (a) *Promoting new ideas throughout the organization*

Q2 – RTP – N20 (New syllabus & Old syllabus- SM) – MOST IMPORTANT

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

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

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

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

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

With a new focus on accessories production, the “Desi” tag will still play an important part in the success. However, they need to ensure creation of strong barriers to entry for domestic players, and

for that, they have plans to increase the production to enormous levels. This shall reduce their unit cost, thus, eliminating the new entrants due to extremely competitive pricing.

Based on the above case scenario, answer the multiple choice questions which are as follows:

- (i) Connect Private Limited, entered a saturated market of smartphones, after a due market study of understanding the competitive landscape. Put the below steps in correct sequence of understanding the competitive landscape.
- (I) Understanding the competitors
 - (II) Determining strengths and weaknesses of the competitor
 - (III) Identify the competitors
 - (IV) Put all information gathered together
- (a) (I),(III),(II),(IV)
- (b) (III),(I),(II),(IV)
- (c) (II),(III),(IV),(I)
- (d) (I),(III),(II),(IV)
- (ii) Annual sales volume as an objective by the investors was crucial to establish the company in the market. In which stage of strategic management are such annual objectives especially important?
- (a) Formulation
 - (b) Control
 - (c) Evaluation
 - (d) **Implementation**
- (iii) Following the sales numbers reported at the end of year, the leadership took a serious strategic stand point to move forward and shift to a new core business which was more profitable. Under which of the following category of business strategy can this decision be categorized?
- (a) Retrenchment strategy
 - (b) Strategic alliance
 - (c) Diversification strategy
 - (d) Market development
- (iv) After getting results from the market, accessories business of the company can be classified under which category of BCG's growth share matrix?
- (a) Star
 - (b) Question mark
 - (c) **Cash cow**
 - (d) Dog
- (v) In the second phase of shifting the business focus to peripheral accessories production, Connect Private Limited has planned setting up entries to barrier for its potential competitors. Which of the following barrier have they planned to implement?

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

Ans: (i) b (ii) d (iii) a (iv) c (v) d

CA AAKASH PEDNEKAR

SM – List of important topics
<i>What is SM</i>
<i>Limitations of SM</i>
<i>Strategic levels in an org</i>
<i>Strategy is partly reactive – partly proactive</i>
<i>Strategic management for education institutions</i>
<i>Concept of competitive advantage</i>
<i>Meaning of core-competency</i>
<i>SWOT analysis</i>
<i>Steps to understand competitive landscape</i>
<i>Factors to be considered while profiling an industry's economics features</i>
<i>Strategic vision</i>
<i>Principal aspects in strategy execution process (IMP)</i>
<i>Diagrammatic representation of SM model</i>
<i>Characteristics which must be possess by objectives</i>
<i>Good mission strategy</i>
<i>Explain Directional strategies / Grand strategies</i>
<i>Co-generic merger</i>
<i>Retrenchment strategy</i>
<i>Conglomerate diversification</i>
<i>Diversification</i>
<i>Turnaround strategy</i>
<i>Strategic Alliance</i>
<i>5 competitive forces as per Michael Porter</i>
<i>Generic strategies</i>
<i>Differentiation strategy</i>
<i>Rivalry amongst competitors</i>
<i>Define marketing. Distinguish between social marketing and service marketing</i>
<i>Augmented marketing</i>
<i>Marketing mix</i>
<i>Explain marketing mix in context of modern marketing</i>
<i>Supply chain management - implementation</i>
<i>Prominent areas where HRM plays a strategic role</i>
<i>Approaches for evaluating business worth</i>
<i>Transactional and transformational leadership style</i>
<i>Draw the org structure</i>
<i>Corporate culture</i>
<i>Leadership roles</i>
<i>Hourglass structure</i>
<i>Strategy audit – concept and need</i>
<i>Strategic control – different types</i>
<i>Benchmarking and BPR</i>
<i>Strategic change - process</i>
<i>Key success factors</i>
<i>Strategy formulation and strategy implementation</i>