

## STAGE-6

### S-603 - MANAGEMENT ACCOUNTING - BUSINESS STRATEGY

#### i. Introduction:

This course is designed to identify and apply most suitable tools for strategic planning and analysis, in a variety of area of business management, for evaluation and taking appropriate decisions.

#### ii. Objectives:

To provide the students with an in-depth knowledge of Management Accounting – Business Strategy enabling them to:

- evaluate and interact with the business environment,
- identify options and make strategic planning, and
- implement strategic planning in specific area of business.

#### iii. Outcomes:

On completion of this course, students should be able to:

- develop knowledge in business strategies such as strategies in action, business mission, internal and external assessment, strategies analysis and choice, implementing strategies, strategy evaluation & control and apply in the specific area of decision-making,
- understanding strategic management,
- understanding the types of strategies,
- understanding external and internal assessment, and
- understanding, analysing and implementing the business strategies.

#### INDICATIVE GRID

SYLLABUS CONTENT AREA	WEIGHTAGE
<b>SECTION – A</b> <b>STRATEGIC MANAGEMENT</b> 1 The Nature of Strategic Management 2 Strategies in Action	20%
<b>SECTION - B</b> <b>ASSESSING THE ENVIRONMENT</b> 3 The Business Mission 4 The External Assessment 5 The Internal Assessment 6 Strategy Analysis and Choice	30%
<b>SECTION-C</b> <b>IMPLEMENTATION AND REVIEW</b> 7. Implementing Strategies 8. Strategy Review, Evaluation and Control	30%
<b>SECTION-D</b> <b>CASE STUDY</b> 9. Selected Case Studies	20%
<b>TOTAL</b>	<b>100%</b>

**Note:** The weightage shown against each section indicates, study time required for the topics in that section. This weightage does not necessarily specify the number of marks to be allocated to that section in the examination.

#### CONTENTS

##### SECTION-A

##### STRATEGIC MANAGEMENT

##### 1. The Nature of Strategic Management

What is strategic management? Stages of strategic management, Integrating intuition and analysis, Adapting to change, Key term in strategic management, Strategists Mission statements, SWOT, External opportunities; and threats, Internal strength and weaknesses, Long term objectives, Strategies Short-term(annual) objectives, Policies Market regulations and laws e.g.. WTO, Country analysis and political risks, the strategic management model, Importance of I.T. in strategy formulation.

##### 2. Strategies in Action

Types of strategies, Integration strategies, Forward integration, Backward integration, Horizontal integration, Intensive strategies, Market penetration, Market development, Product development, Diversification strategies, Concentric diversification, Horizontal diversification, Conglomerate diversification, Defensive strategies, Joint venture retrenchment, Divestiture, Liquidation, Combination, Guideline for pursuing strategies, Mergers and leveraged buy-outs, Leveraged buy-outs (LBOs), Michel Porter's generic strategies, Cost leadership strategies, Differentiation strategies, Focus strategies, The value chain,

The competitive advantage of nations, Strategic management in non-profit governmental organisations, educational institutions, medical organisations, government agencies and departments and in small firms.

## **SECTION - B**

### **ASSESSING THE ENVIRONMENT**

#### **3. The Business Mission**

What is our business? The importance of clear mission, Vision versus mission, The process of developing a mission statement, The nature of a business mission, A declaration of attitude, A resolution of divergent views, A customer orientation, A declaration of social policy, Component of mission statement, Writing and evaluating mission statements.

#### **4. The External Assessment**

The nature of external audit, Key external forces, The process of performing an external audit, Information technology, Economic forces, Social, cultural, demographic and environmental forces, Political, governmental and legal forces, Technological forces, Competitive forces, Competitive intelligence programmes, Cooperation among competitors, Sources of external information, Indexes, Internet, Forecasting tools and techniques, Making assumptions, Competitive analysis, Porter's five forces model, Rivalry among competing firms, Potential entry of new competitors, Potential development of substitute products, Bargaining power of suppliers, Bargaining power of consumers, Industry analysis, The external factor evaluation (EFE) matrix, The competitive profile matrix (CPM), Credit rating.

#### **5. The Internal Assessment**

The nature of an internal audit, Key internal forces, The process of performing an internal audit, Relationship among the functional areas of business, Integrating strategy and culture, Operating as if the nature environment matters, Selling product or services, Product and service planning, Pricing distribution, Marketing research, Opportunity analysis, Social responsibility, Finance and accounting functions, Basic types of financial ratios, Production and operation, Research and development, Internal and external R & D, Computer information systems, Strategic planning software, Internal audit checklists, the internal factor evaluation (IFE) matrix.

#### **6. Strategy Analysis and Choice**

The nature of strategy analysis and choice, The process of generating and selecting strategies, Long term objectives, The nature of long term

objectives, Managing by Objectives, A comprehensive strategy formulation framework, The input stage, The matching stage, The threats-opportunities-weakness-strengths (SWOT) matrix, The strategic position and action evaluation (SPACE) matrix, The Boston consulting group (BCG) matrix, The internal-external (IE) matrix, The grand strategy matrix, The decision stage, The quantitative strategic planning matrix (QSPM), Positive features and limitations of the QSPM, Cultural aspects of strategy choice, The role of a board of directors.

## **SECTION-C**

### **IMPLEMENTATION AND REVIEW**

#### **7. Implementing Strategies**

The nature of strategy implementation; Management perspective; Annual objectives; Policies; Resource allocation; Managing conflicts; Matching organizational structure with strategy; The functional structure; The divisional structure; The strategic business unit (SBU) structure; The matrix structure; Restructuring and reengineering; Linking performance and pay to strategies; Managing resistance to change; Managing the natural environment; Creating a strategy-supportive culture; Production and operation concerns when implementing strategies; Human resource concerns when implementing strategies; Employee stock ownership plans (ESOPs); Balancing work life and home life; Corporate fitness programmes.

#### **8. Strategy Review, Evaluation and Control**

The nature of strategy evaluation; The process of evaluating strategies; The strategy-evaluation framework; Reviewing bases of strategy; Measuring organisational performance; Taking corrective action; Published sources of strategy-evaluation information; Characteristics of an effective evaluation

### **Recommended Books**

system; Contingency planning; Auditing; The environmental audit; Using computers to evaluate strategies; Guidelines for effective strategies.

## **SECTION-D**

### **CASE STUDIES**

#### **9. Selected Case Studies**

<b>CORE READINGS</b>		
<b>TITLE</b>	<b>AUTHOR</b>	<b>PUBLISHER</b>
"Strategies Management" Concepts & Cases,	Fred R. David	Prentice Hall, Pearson Education , One Lake Street, Upper Saddle River, New Jersey 07458
Management and Cost Accounting	Colin Drury	Thomson Learning, High Holborn Ouse, 50-51 Bedford Row, London
Strategic Management	Leslie W. Rue Phyllis G. Hollan	McGraw-Hill
Organisational Behaviour	Fred Luthans	McGraw-Hill Companies, Inc. 1221 Avenue of the Americas, New York, NY 10020
Management Accounting Business Strategy	PBP	Professional Business Publications, Suite # 3, 5 Third Floor, Taj Arcade 73-Jail Road Lahore
<b>ADDITIONAL READINGS</b>		
Management	James A.F. Stoner A. Edward Freeman Daniel A. Gilbert, Jr.	Prentice Hall of India New Delhi
Organisational Behaviour	Greory Moorhead Ricky W. Griffin	Houghton Mifflin Company Boston, USA