

**Q.2 (a)**

Planning is a particular kind of decision making that addresses the specific future that managers desire for their organizations. Planning is not a single event, with a clear beginning and end. It is an ongoing process that reflects and adapts to changes in the environment surrounding each organization. One of the most important results of the planning process is a *strategy* for the organization through which we set specific, measurable goals with realistic, achievable deadlines. Goals are important for at least four reasons:

**1. GOALS PROVIDE A SENSE OF DIRECTION:**

Without a goal, individuals and their organizations tend to muddle along, reacting to environmental changes without a clear sense of what they really want to achieve. By setting goals, people and their organizations bolster their motivation and gain a source of inspiration that helps them overcome the invertible obstacles they encounter.

**2. GOALS FOCUS OUR EFFORTS:**

Every person and every organization has limited resources and a wide range of possible ways to use them. In selecting a single goal or a set of related goals, we establish priorities and make a commitment about the way we will use our scarce resources. This is especially important at an organization, where managers must coordinate the actions of many individuals.

**3. GOALS GUIDE OUR PLANS AND DECISIONS:**

Do you want to become a chess champion? Or a champion gymnast? The answers to such questions will shape both your short-term and long-term plans and help you make many key decisions. People at organizations face similar decisions, which are clarified by asking, What is our goal? Will this action move us toward or away from our organizational goal?

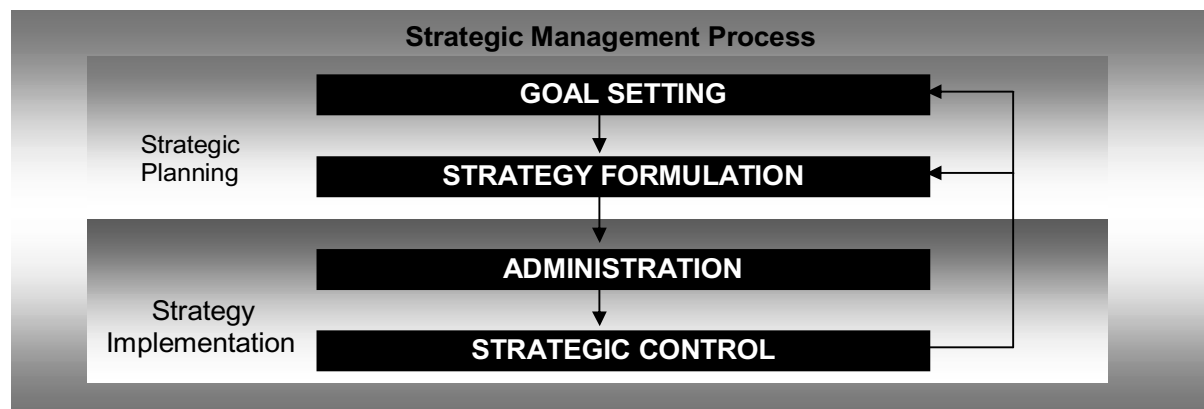
**4. GOALS HELP US EVALUATE OUR PROGRESS:**

A clearly stated, measurable goal with a specific deadline becomes a standard of performance that lets individuals and managers alike evaluate their progress. Thus, goals are an essential part of *controlling* – the process of making sure that actions are in keeping with goals and the plans created to achieve them. If we find we are straying off course or if we encounter unforeseen contingencies, we can take corrective action by modifying our plan.

**Q.2 (b)****THE STRATEGIC MANAGEMENT PROCESS:**

Strategic management provides a disciplined way for managers to make sense of the environment in which their organizations operate, and then to act. In broad terms, two phases are involved:

- *Strategic planning* is the name we customarily give to the sense-making activity. This includes both the goal-setting and the strategy-formulation processes that Hofer and Schendel distinguished.
- *Strategy implementation* is the name we customarily give to actions based on that kind of planning. This stage includes Hofer and Schendel's administration and strategic control stages.



## Q.2 (c)

**THE HIERARCHY OF ORGANIZATION PLANS:**

Organizations are typically managed according to two types of plans. **Strategic plans** are designed by high-ranking managers and define the broad goals for the organization. **Operational plans** contain details for carrying out, or implementing, those strategic plans in day-to-day activities. Both strategic and operational plans deal with the key relationships in which organizational goals are pursued. Strategic plans deal with relationships between people at an organization and people acting at other organizations. Operational plans deal with people within one organization.



Both strategic and operational plans are devised and carried out in a hierarchical manner, as shown in Figure. At the top is the **mission statement**, a broad goal based on managers' assumptions about the organization's purpose, competencies, and place in the world.

## Q.2 (d)

**DISTINGUISH BETWEEN STRATEGIC AND OPERATIONAL PLANS:**

Managers at organizations use two main types of plans. Strategic plans are designed to meet the organization's broad goals, while operational plans show how strategic plans will be implemented in day-to-day endeavours. Strategic plans and operational plans are linked to the organization's mission statement, the broad goal that justifies the organization's existence. Mission statements are based on planning premises, basic assumptions about the organization's place in the world. Strategic plans and operational plans differ in their time horizons, their scope, and their degree of detail.

**STRATEGIC AND OPERATIONAL PLANS DIFFER IN THREE MAJOR WAYS:**

**Time Horizon:** Strategic plans tend to look ahead several years or even decades. For operational plans, a year is often the relevant time period. At Federal Express, a strategic plan for new information delivery services could cover, say, five years of actions. A good example of an operational plan, on the other hand, is Wal-Mart's "cross-docking" technique for inventory replenishment, which addresses what happens today and tomorrow and next week. In cross-docking, goods are continuously delivered to Wal-Mart warehouses where they are selected, repacked and sent to individual stores, all within 48 hours. This operational plan allows Wal-Mart employees to achieve economies of scale for large purchases without suffering the usual higher inventory carrying costs.

**Scope:** Strategic plans affect a wide range of organizational activities, whereas operational plans have a narrow and more limited scope. The number of relationships involved is the key difference. For this reason, some management writers distinguish between strategic *goals* and operational *objectives*. At Federal Express, a strategic plan would address the company's presence in selected global marketplaces, its financial goals, and the necessary size of the work force.

**Degree of Detail:** Often strategic goals are stated in terms that look simplistic and generic. But this breadth is necessary to direct people at organizations to think of the whole of their organization's operations. On the other hand, operational plans, as derivatives of strategic plans, are stated in relatively finer detail. This difference is clear in the case of Federal Express. "Information delivery" is the level of generality we might expect in a strategic plan.

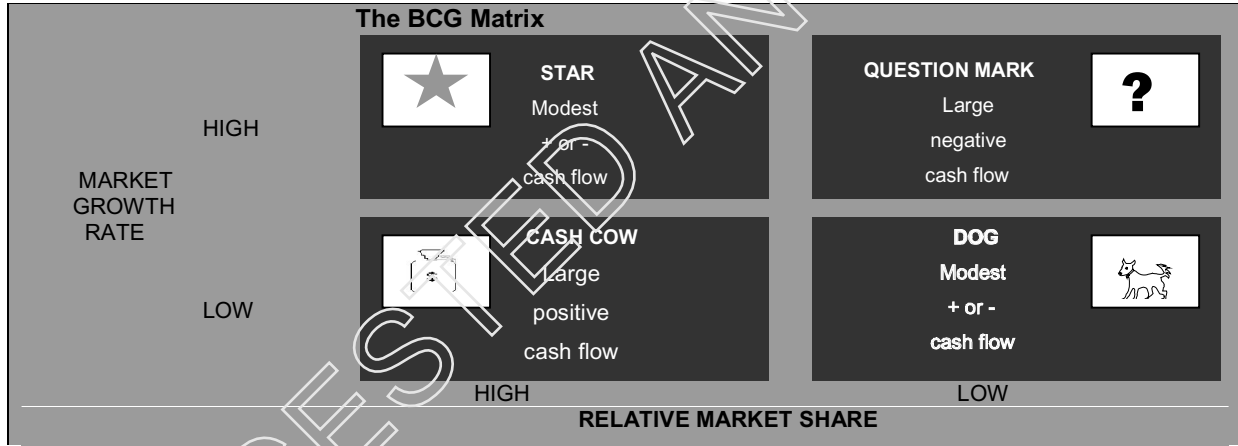
**Q.2 (e)**

**THE CORPORATE PORTFOLIO APPROACH:**

In this approach, top management evaluates each of the corporation's various business units with respect to the marketplace and the corporation's internal makeup. When all business units have been evaluated, an appropriate strategic role is developed for each unit with the goal of improving the overall performance of the organization. The corporate portfolio approach is rational and analytical, is guided primarily by market opportunities, and tends to be initiated and controlled by top management only.

One of the best-known examples of the corporate portfolio approach is the **portfolio framework** advocated by the Boston Consulting Group. This framework is also known as the *BCG Matrix*.

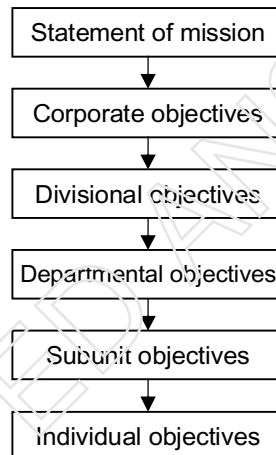
The BCG approach to analyzing a corporate portfolio of businesses focuses on three aspects of each particular business unit: its sales, the growth of its market, and whether it *absorbs* or *produces* cash in its operations. Its goal is to develop a balance among business units that use up cash and those that supply cash.



## Q.3 (a)

**HIERARCHIES OF OBJECTIVES:**

Hierarchies of objectives exist in almost all organizations. One hierarchy is based upon the *breadth of influence* of the objectives. An organization's mission is in one sense the broadest and highest-level objective. The next level is composed of objectives that affect the entire organization; these are called *corporate*, or *organizational objectives*. *Divisional objectives* are those derived from the corporate objectives, *departmental objectives* are derived from the divisional objectives, and so forth, right down to the individual level.

**Hierarchy of objectives based on breadth of influence**

## Q.3 (b)

The most difficult and critical stage of objective formulation process is identifying the areas that are vital to the success of the organization. These areas are referred to as *key result areas*. In general, each key result area should be covered by an objective. Key result areas exist for the organization as a whole and for the difficult subunits of the organization.

The potential key success or the result areas for the corporations or corporate are:

1. Financial
2. customer relation
3. business processes
4. learning and growth

Company key success or factors of the key results areas are always portrayed in the financial terms which is resulted from the other three business areas narrated above. For examination financial results cannot be achieved unless the customer is satisfied. Customer is always satisfied with the quality, price, availability, and customer services. Hence without getting all these parameters in line with the customer requirement, customer cannot be satisfied. Further customer satisfaction cannot be achieved if the company did not bring a change in its process management which comprise, of the improvement in quality of the products, procurement policy, order fulfilment policies, reducing the time cycle results in low overheads and lower customer which ultimately depicted in the competitive pricing. Further all this improvement cannot be achieved without learning from the past and bringing the required changes through learning and improvement in business and protocol management. As a result of all the above factors company portrayed a healthy and good financial results which containing,

1. Improvement in revenue through increase in sales, and market shares.
2. Improvement in gross margin by reducing the cost of sales.
3. Improvement the operating margin, operating cash flow.
4. Improving the earning per shares.
5. Improving the market capitalization.
6. Improving the dividend yield.

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 Integrated Management (Stage-4)
 

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**Q.4 (a)**

The mentioned narration clearly justifies the importance of the project management and its role in translation of the strategic to real delivery. Now none of the strategic activities in the corporation can be translated in to the real milestone unless it is adopted in accordance with the project cycle management. All the great deeds and achievement specified in the world and are described as wonders of the world could not have been possible without having the tool of project management behind it. Operation management is the action derived from the corporate strategy and strategically milestone cannot be derived unless project management is behind it.

Strategic plans are implemented primarily through projects e.g., a new product, a new information system, a new plant for a new product. The project manager is the key person responsible for completing the project on time, on budget, and within specifications so the project's customer is satisfied. If the project is not linked to the strategic plan of the organization, resources devoted to the project are wasted, and a customer need is not met. This lack of connectivity occurs more in practice than most would believe.

**Q.4 (b)**

All the captioned headings depict that these were the projects carried out. If you see the definition of the project management summarizing that a unique activities undertaken for the first time, entailing resources and time with beginning and ending time so all the captioned items represent projects.

**Q.4 (c)**

A project is a complex, non routine, one-time effort limited by time, budget, resource, and specifications. Differentiating characteristics of projects form routine, repetitive daily work are below:

- (a) a defined life span
- (b) a well-defined objective
- (c) people involved from several disciplines, typically
- (d) a project life cycle
- (e) specific time, cost, and performance requirements

Organizations perform work. Work generally involves either operations or projects, although the two may overlap. Operations and projects share many characteristics; for example, they are:

- Performed by people.
- Constrained by limited resources.
- Planned, executed, and controlled.

Operations and projects are temporary and unique. A project can thus be defined in terms of its distinctive characteristics – a project is a temporary endeavour undertaken to create a unique product or service. Temporary means that every project has a definite beginning and a definite end. Unique means that the product or services is different in some distinguishing way from all similar products or services.

Projects are undertaken at all levels of the organization. They may involve a single person or many thousands. They may require less than 100 hours to compete or over 10,000,000. Projects may involve a single unit on one organization or may cross organizational boundaries as in joint ventures and partnering. Projects are often critical components of the performing organization's business strategy. Examples of projects include:

- Developing a new product or service.
- Effecting a change in structure, staffing, or style of an organization.
- Designing a new transportation vehicle.
- Developing or acquiring a new or modified information system.
- Constructing a building or facility.
- Running a campaign for political office.
- Implementing a new business procedure or process.

**Q.4 (d)**

Project life cycle depict end to end lock of the project comprising of many activities before the project is closed. Project life cycle comprise of:

**1. Definition of the project:**

This contain the goals/ objectives of the project being initiated. It contains charter which contains specification of the end delivery and task to perform that end delivery. Further this also defined the project leader steering committee and responsibilities of group leaders and individual to complete the project.

**2. Planning:**

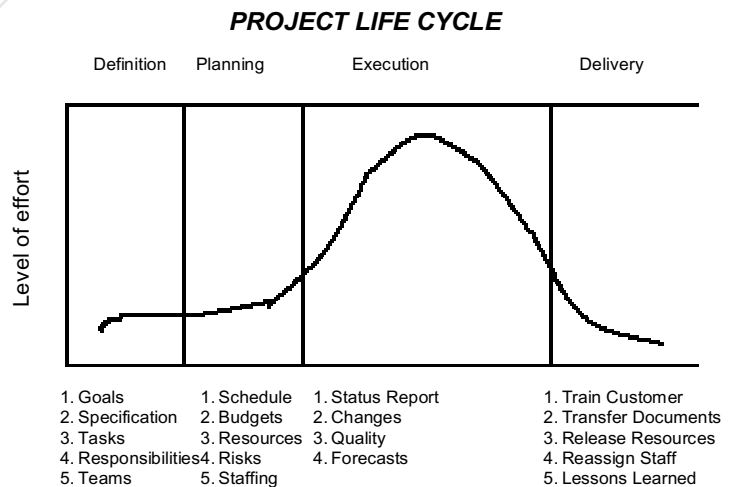
This is the most important element in the entire life cycle of the project. As proper planning phase really carry through the purpose of the project and subsequently control the end to end lock where deployment of the resources takes place. Wrong planning results in to over running of the project and in many cases cost of the project surpasses. Planning element is managed through Scheduling, Budgeting of financing, human resources, and machines and equipment allocated to the projects. This also specifies the risk of the deviation from the planning phase of the project.

**3. Execution:**

This is the real time operation of the project according to the planning phase. In order to complete the project in time status reports on daily basis and all the changes according to the panning of designing phase is noted and recorded. Based on this quality is continuously maintained and forward to looks reports are prepared.

**4. Delivery:**

This is the phase which is the outcome of all the previous segment of the life cycle of the project management. Before handing over of the project training dossier, transfer documents, are prepared and then all the deployed resources are released.



**Q.4 (e)**

Project Scope Management includes the processes required to ensure that the project includes all the work required, and only the work required, to complete the project successfully. Project scope management is primarily concerned with defining and controlling what is and is not included in the project.

Project scope statement contains the following key areas and each areas has following checklist of the activities which includes:

1. Scope Planning
2. Scope Definition
3. WBS
4. Scope Verification
5. Scope Control

These processes interact with each other and with processes in the other sphere of areas as well. Each process can involve effort from one or more persons or groups of persons, based on the needs of the project. Each process occurs at least one in every project and occurs in one or more project phases, if the project is divided into phases.

**Q.5 (a)**

Project Risk Management includes the processes concerned with identifying, analyzing, and responding to project risk. It includes maximizing the results of positive events and minimizing the consequences of adverse events. Following are major processes:

1. Risk Identification – determining which risks are likely to affect the project and documenting the characteristics of each.
2. Risk Quantification – evaluating risks and risk interactions to assess the range of possible project outcomes.
3. Risk Response Development – defining enhancement steps for opportunities and responses to threats.
4. Risk Response Control – responding to changes in risk over the course of the project.

These processes interact with each other and with the processes in the other knowledge areas as well. Each process may involve effort from one or more individuals or groups of individuals based on the needs of the project. Each process generally occurs at least once in every project phase.

Project risks cannot be eliminated. It is impossible to be aware of all things that might happen when a project is being implemented. Undesirable events identified before the project begins can be transferred, retained/reduced, or shared. Contingency plans with trigger points and responsibility should be established before the project begins.

**Identifying and assessing project risk:**

- A. Identifying sources of risk
- B. Risk analysis and assessment approaches
  - 1) Scenario analysis (A) non-quantitative
  - 2) Ratio/ range analysis
  - 3) Hybrid analysis
  - 4) Probability analysis
  - 5) Scenario analysis (B) semi quantitative
  - 6) Sensitivity analysis

**Responding to risks:**

- A. Reducing or retaining risk
- B. Transferring risk
- C. Sharing risk

**Contingency plans:**

- A. Unplanned risk events – go-on/ go situation

**Schedule risks:**

- A. Use of slack
- B. Imposed duration dates
- C. Compression of project schedules

**Cost risks:**

- A. Time/ cost dependency
- B. Cash flow decisions
- C. Final cost forecasts
- D. Price protection risks

**Technical risks:**

Contingency reserves

**Q.5 (b)**

The WBS is a deliverable-oriented hierarchical decomposition of the work to be executed by the project team, to accomplish the project objectives and create the required deliverables. The WBS organizes and defines the total scope of the project. The WBS subdivides the project work into smaller, more manageable pieces of work, with each descending level of the WBS representing an increasingly detailed definition of the project work. The planned work contained within the lowest-level WBS components, which are called work packages, can be scheduled, cost estimated, monitored, and controlled. The WBS represents the work specified in the current approved project statement.

Whereas the project network is the tool used for planning, scheduling, and monitoring project progress. The network is developed from the information collected for the WBS and is a graphic flow chart of the project job plan. The network depicts the project activities that must be completed, the logical sequences, the interdependencies of the activities to be completed and in most cases the times for the activities to start and finish the framework for the project information system that will be used by the project managers to make decisions concerning project time, cost and performance. So if sequentially if we see the project network is made from the WBS which comprise of the deliverable and just making the WBS planning and scheduling of the activities cannot be achieved. Further there are other reasons project networks are worth their weight in gold.

Basically, project networks minimize surprises by getting the plan out early and allowing corrective feedback. A commonly heard statement from practitioners is that the project network represents three quarters of the planning process. Perhaps this is an exaggeration but it signals the perceived importance of the network which cannot be replaced by just making WBS.

**Q.6 (a)**

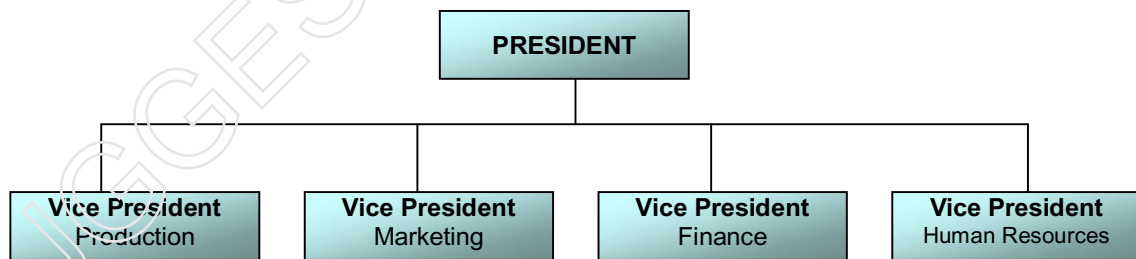
*Organizational design* is the decision-making process by which managers choose an organizational structure appropriate to the strategy for the organization and the environment in which members of the organization carry out that strategy. Organizational design thus has managers looking in two directions simultaneously: inside their organization and outside their organization. Knowledge about organizational design has evolved over the past century. Initially, organizational design processes were concentrated on the internal workings of an organization. The four building blocks of organizational design — division of labor, departmentalization, hierarchy, and coordination — all have rich traditions in the history of management practice. This should not be surprising. In the era that we call the Industrial Revolution, it was no small task just to arrange large-scale organizations that had no precedents.

Gradually, the "outside world" part of the organizational design equation has been given more and more managerial attention. Keep two things in mind here. First, because both strategies and environments change over time, organizational design is an ongoing process. Second, changes in structure usually involve trial and error.

**Q.6 (b)**

**Functional organization** is perhaps the most logical and basic form of departmentalization. It is used mainly by smaller firms that offer a limited line of products because it makes efficient use of specialized resources. Another major advantage of a functional structure is that it makes supervision easier, since each manager must be expert in only a narrow range of skills. In addition, a functional structure makes it easier to mobilize specialized skills and bring them to bear where they are most needed.

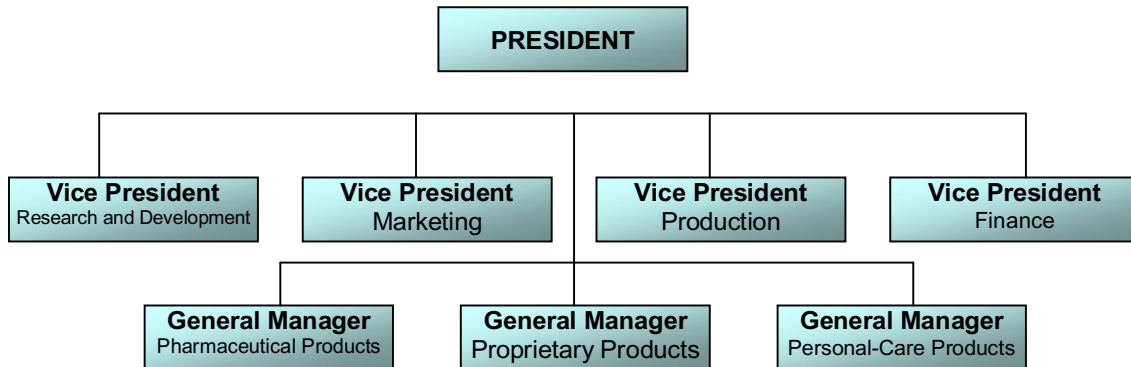
**Functional Organization Chart for a Manufacturing Company**



**PRODUCT / MARKET ORGANIZATION:**

**Product or market organization**, often referred to as organization by **division**, brings together in one work unit all those involved in the production and marketing of a product or a related group of products, all those in a certain geographic area, or all those dealing with a certain type of customer.

**Product / Marketing Organization Chart for a Manufacturing Company: Division by Product**



**MATRIX ORGANIZATION:**

The **matrix structure**, sometimes referred to as a "multiple command system," is a hybrid that attempts to combine the benefits of both types of designs while avoiding their drawbacks. An organization with a matrix structure has two types of structure existing simultaneously.

**Q.6 (c)****POWER:**

**POWER** is the ability to exert influence on other people. Power can be present in any relationship. In organizations, managers exert power.

**THE SOURCES OF POWER:**

Power does not derive simply from an individual's level in the organizational hierarchy. John French and Bertram Raven have identified five sources or bases of power. These aspects of power may be present in a variety of human relationships. In an organization, each may occur at all levels.

**Reward power** is based on one person (the influencer) having the ability to reward another person (the influencee) for carrying out orders or meeting performance requirements. One example is the power of a supervisor to assign work tasks to employees.

**Coercive power**, based on the influencer's ability to punish the influencee for not meeting requirements, is the negative side of reward power. Punishment may range from a reprimand to loss of a job.

**Legitimate power** (formal authority) exists when an employee or influencee acknowledges that the influencer is entitled to exert influence — within certain bounds. It is also implied that the influencee has an obligation to accept this power. The right of a manager to establish reasonable work schedules is an example of "downward" legitimate power. A plant guard may have the "upward" authority to require even the company president to present an identification card before being allowed onto premises.

**Expert power** is based on the perception or belief that the influencer has some relevant expertise or special knowledge that the influencee does not. When we do what our doctors tell us, we are acknowledging their expert power.

**Referent power**, which may be held by a person or a group, is based on the influencee's desire to identify with or imitate the influencer. For example, popular, conscientious managers will have referent power if employees are motivated to emulate their work habits. Referent power also functions at the peer level — charismatic colleagues may sway us to their viewpoints in department meetings.

**AUTHORITY:**

**AUTHORITY** is a form of power. Specifically, formal authority is legitimate power. But we often use the term more broadly in speaking of other kinds of power as well. When we say that someone is "an authority" in a certain field, we mean that he or she knows a great deal about the subject — and thus has expert power.

*Formal authority* is the type of power that we associate with organizational structure and management. It is based on the recognition of the legitimacy of manager's attempts to exert influence.

**Q.7 (a)**

The mentioned items are the mission statement as it carries the direction. Where the other items are not the mission statements as they are in general. Principle applied to make a decision that the specified statement as a mission or otherwise, the professional specify that any mission statement apply to your own situation without having any concern can not be called as a mission statement.

**Q.7 (b)****FIVE FORCES OF COMPETITION AND THEIR EFFECTS ON AVERAGE INDUSTRY PROFITABILITY:**

| (All other things being equal) |  | <b>Forces</b>            | <b>Effect on</b>        |
|--------------------------------|--|--------------------------|-------------------------|
|                                |  | Rivalry ↑                | Average profitability ↓ |
|                                |  | Power of suppliers ↑     | Average profitability ↓ |
|                                |  | Power of buyers ↑        | Average profitability ↓ |
|                                |  | Threat of new entrants ↑ | Average profitability ↓ |
|                                |  | Threat of substitutes ↑  | Average profitability ↓ |

**THE END**