

CONTENTS

	<i>Page</i>
<i>Preface to Second Edition</i>	<i>v</i>
<i>Acknowledgement</i>	<i>vii</i>
<i>Chapter Heads</i>	<i>ix</i>
CHAPTER 1 INTRODUCTION TO STRATEGIC MANAGEMENT	1
CASE: Growth in the Face of Challenges: <i>Indian Oil Corporation Ltd.</i>	2
1.1 Introduction to Management and Strategy	4
1.2 Strategic Management	5
1.3 Evolution of Strategic Management	6
1.4 Schools of Thought	8
1.5 Relevance of Strategic Management for an Organization	10
1.6 Challenges to Strategic Management	11
1.7 The Strategic Management Process	12
1.7.1 Deliberate and Emergent Strategies	13
1.8 Strategic Management in India	13
Summary	14
Keywords	14
Concept Review Questions	15
Critical Thinking Questions	15
Project Assignments	15
References	15
CASE: Bharti Airtel's Growth and Holding to a Competitive Position Over the Decades	16
CHAPTER 2 VISION, MISSION, GOALS, AND OBJECTIVES	21
CASE: National Thermal Power Corporation—Globalization Initiatives in Power and Related Products	22

	<i>Page</i>
2.1 Developing a Vision Statement	25
2.1.1 Characteristics of a Good Vision Statement	26
2.1.2 Defining a Shared Vision	27
2.2 Developing a Mission Statement	27
2.3 Developing Core Values	30
2.4 Situational Analysis	31
2.4.1 Situational Analysis through SWOT	31
2.4.2 Situational Analysis Using TOWS Matrix	31
2.5 Defining Organizational Goals and Objectives	32
2.5.1 Advantages in Structuring Objectives	34
2.5.2 Objectives	34
2.6 Conflicting Objectives Resolved	35
2.6.1 Ranking and Comprehensiveness	35
2.6.2 Critical Success Factors	36
Summary	36
Keywords	37
Concept Review Questions	37
Critical Thinking Questions	38
Project Assignments	38
References	38
CASE: Procter & Gamble Hygiene and Health Care Limited	39

CHAPTER 3 ENVIRONMENT AND STRATEGY 43

CASE: EID Parry India Ltd—Management of the Environment	44
3.1 Concept of Organizational Environment, Its Characteristics, and Dimensions	49
3.2 External Environment	50
3.2.1 Environmental Sustainability	50
3.2.2 Climatic Determinism	51
3.2.3 Climate-Related Strategy	53
3.2.4 Impact of Pollution on a Firm's Strategy	55
3.3 Political Environment	55
3.3.1 Communism	55
3.3.2 Capitalism	56
3.3.3 Democracy	57
3.3.4 Socialism	58
3.3.5 Impact of Political Environmental Factors on Firms' Strategy	58
3.4 Economic Environment	59
3.4.1 Business Cycles: Meaning and Nature	59
3.4.2 Types of Cycles	59

	<i>Page</i>
3.4.3 Phases of a Business Cycle	60
3.4.3.1 Recovery	60
3.4.3.2 Prosperity	60
3.4.3.3 Recession	61
3.4.3.4 Depression	61
3.4.4 Impact of Economic Factors on Strategy	62
3.4.5 Economic Downturn in 2008 and the Pandemic Later in 2020	62
3.5 Technological Environment	63
3.5.1 Impact of Technological Factors on Strategy	65
3.6 Sociocultural Environment	65
3.6.1 Impact of Sociocultural Factors on Strategy	66
3.7 List of External Factors	67
3.7.1 Natural Factors	67
3.7.2 Political Factors	67
3.7.3 Economic Factors	67
3.7.4 Technological Factors	68
3.7.5 Sociocultural Factors	68
3.8 Environmental Scanning	68
3.8.1 External Environment Scanning	68
3.8.2 Internal Environment Scanning	70
3.9 Synthesis of External Factors (EFAS)	70
3.10 Synthesis of Internal Factors (IFAS)	72
Summary	73
Keywords	74
Concept Review Questions	75
Critical Thinking Questions	75
Project Assignments	76
References	76
CASE: Ashok Leyland—Successful Management of the Environment During the Period 2020-22	77
CHAPTER 4 STRATEGIC ANALYSIS: MODELS AND TECHNIQUES	85
CASE: ABC Consumer Products Ltd: Need for Tools and Techniques for Investing to Grow	86
4.1 Introduction	88
4.2 Forecasting Models	88
4.3 Strategic Models	90
4.4 Financial Models	91
4.4.1 Break-even Analysis	91
4.4.2 Budget Model	91

	<i>Page</i>
4.4.3 Pro Forma Financial Projections	91
4.4.4 Ratio Analysis	92
4.5 Econometric Models	92
4.6 Simulation Models	92
4.6.1 Types of Simulation Models	93
4.6.2 Applications and Limitations	93
4.7 Decision Support Models	93
4.7.1 Decision Trees or Multi-Attribute Utility Analysis Models (MAUA)	94
4.7.2 Analytical Hierarchy Process (AHP)	94
4.7.3 Influence Diagrams	94
4.8 Sensitivity Analysis	95
4.9 Porter’s Five Forces Theory	95
4.10 Current Product Portfolio–Outputs	98
4.10.1 The Product Life Cycle	98
4.10.1.1 Introduction phase	99
4.10.1.2 Growth phase	99
4.10.1.3 Maturity phase	99
4.10.1.4 Decline phase	99
4.10.2 Experience Curves	101
4.10.3 Product Portfolio Planning	102
4.10.3.1 The BCG Matrix	103
4.10.3.2 Directional Policy Matrix/Nine-Cell Ge Matrix	105
4.10.3.3 The Product/Market Evolution Matrix (Hofer Matrix)	108
4.10.3.4 Strategic Position and Action Evaluation (SPACE)	108
4.11 Mckinsey’s 7S Framework	110
4.12 Strategic Choice	112
4.12.1 Competitive Strategy and Competitive Advantage	112
4.12.1.1 Porter’s Model of Generic Strategy	112
4.12.1.2 Profit Impact of Market Strategy (PIMS)	115
4.12.1.3 Competitive Warfare	116
4.12.2 Product-Market Strategies	117
4.12.2.1 Ansoff’s Matrix	117
4.12.2.2 Product-Market Planning	119
4.12.3 Institutional Strategies and Methods of Growth	119
4.13 Contemporary Strategic Thinking and Concepts: An Indicative Analysis	120
4.13.1 Blue Ocean and Red Ocean Strategies	120
4.13.2 Regenerating Strategies	121
4.13.3 Confrontation Strategies	122

	<i>Page</i>
Summary	123
Keywords	124
Concept Review Questions	125
Critical Thinking Questions	125
Project Assignments	126
References	126
CASE: Sachin's Dilemma—Call for an Analyst to Help with Tools	127
CHAPTER 5 CORPORATE STRATEGY	131
CASE: Berger Paints in India: Growth through Expansion	132
5.1 Importance of Corporate Strategy	135
5.2 Four Levels of Corporate Strategy	135
5.2.1 Functional-Level Strategy	135
5.2.1.1 Quality	137
5.2.1.2 Efficiency	137
5.2.1.3 Consumer Feedback	141
5.2.1.4 Innovation	143
5.2.2 Business-Level Strategy	146
5.2.3 Global-level Strategy	150
5.2.3.1 International strategy	152
5.2.3.2 Multi-domestic strategy	152
5.2.3.3 Global strategy	152
5.2.3.4 Transnational strategy	153
5.2.4 Corporate-Level Strategy	154
5.2.4.1 Intensive strategies	154
5.2.4.2 Integration strategies	157
5.2.4.3 Diversification strategies	158
5.2.4.4 Defensive strategies	160
5.3 Performance Strategy	161
Summary	163
Keywords	164
Concept Review Questions	166
Critical Thinking Questions	167
Project Assignments	167
References	167
CASE: RBI's Role in Oriental Bank of Commerce's Merger with Global Trust Bank	168

	<i>Page</i>
CHAPTER 6 FUSION OF STRATEGIC OPTIONS	173
CASE: Tata Starbucks Ltd: A JV	174
6.1 Corporate Parenting	176
6.1.1 The Parenting Matrix	177
6.1.2 Business Units and Corporate Structure	178
6.2 Corporate Restructuring	179
6.2.1 Motives for Restructuring	180
6.3 Business Process Reengineering	184
6.3.1 BPR and Process Improvements	185
6.3.2 BPR and Inter-Disciplinary Linkages	185
6.3.3 Key Characteristics of BPR	186
6.3.4 BPR Methodology	186
6.3.5 Criticisms of BPR	187
6.4 Joint Ventures	189
6.4.1 Motives of the Joint Venture/Strategic Alliances	189
6.4.2 Rationale of Joint Ventures	190
6.4.3 Reasons for Failure of Joint Ventures	190
6.5 Strategic Alliances	191
6.5.1 Forms of Strategic Alliances	191
6.6 Outsourcing	194
6.6.1 Need for Outsourcing	195
6.6.2 Problems in Outsourcing	196
6.6.3 Changing Perspective Towards Outsourcing	197
6.7 Mergers and Acquisitions	197
6.7.1 Mergers	199
6.7.1.1 Purpose of Mergers	199
6.7.1.2 Forms of Merger	200
6.7.2 Acquisition	201
6.7.2.1 Steps in the Acquisition Process	201
6.7.2.2 Takeover	203
6.7.3 Causes for Merger/takeover Failures	207
6.8 Demergers and Divestitures	207
6.9 New Business Models with Technology and Digitalization	209
6.9.1 E-business Models	212
6.9.2 Pure Technology Applications in Business	213
6.9.3 People-led New Business Models	213
6.9.4 Challenges and Learning Process	214

	<i>Page</i>
6.9.5 Industry 4.0 and Digital Transformation Including Use of AI	214
6.9.5.1 AI and Industry 4.0	215
6.9.5.2 Benefits of AI in Industry 4.0	215
6.9.5.3 Challenges of AI in Industry 4.0	215
Summary	217
Keywords	218
Concept Review Questions	219
Critical Thinking Questions	220
Project Assignments	220
References	221
CASE: The Merger of Sony and Zee: Scope to be a Media Powerhouse	222
CHAPTER 7 STRATEGY FORMULATION: CHOICE AND ANALYSIS	225
CASE: Tata Chemicals – Strategy and Performance in the Early 2020s	226
7.1 Introduction	229
7.2 Steps for Making Strategic Choice	231
7.2.1 Relating Intent to Mission and Vision	231
7.2.2 Generation of Available Options	234
7.2.3 Strategic Assessment	234
7.2.4 Selection of the Strategic Option	235
7.3 Strategy Formulation and Choice	236
7.4 Tools and Techniques	241
7.4.1 SWOT analysis and TOWS matrix	241
7.4.2 Product Life Cycle (PLC)	241
7.4.3 Portfolio, Market, and Product Strategies	241
7.5 Decision Stages	242
7.6 Subjective Factors In Strategic Choice	242
7.6.1 Cultural Aspects	243
7.6.2 Political Characteristics in Strategy Formulation	244
7.6.3 Role of Directors and CEOs	245
7.6.4 Role of the Chief Executive Officer/Managing Director	247
7.7 Challenges Faced by the Organization	249
7.8 Strategy Formulation for Different Businesses	251
Summary	252
Key Words	252
Concept Review Questions	253
Critical Thinking Questions	254
Project Assignments	254
References	254
CASE: Walmart: Technology Adoption Strategy and Growth	255

	<i>Page</i>
CHAPTER 8 STRATEGY IMPLEMENTATION	259
CASE: Jio Mart Strategy Implementation	260
8.1 Nature of Strategy Implementation	261
8.2 Models of Strategic Implementation	261
8.3 Procedural Implementation	263
8.3.1 Implementing the Formulated Strategy	263
8.3.2 Structural implementation	266
8.4 Business Process Reengineering	266
8.4.1 Preparation for Reengineering	267
8.4.2 Change Design	267
8.4.3 Evaluating the Change	267
8.5 Business Process Management	268
8.5.1 Future of BPM	273
8.5.1.1 Behavioral implementation	273
8.5.1.2 Functional and operational implementation	274
8.5.1.3 Supporting framework	275
8.6 Benchmarking	277
8.6.1 Process of Benchmarking	277
8.7 Reverse Engineering	283
8.8 Adopting International Certifications	285
8.9 Implementing Kaizen	286
8.9.1 Ten Ground Rules of Kaizen	286
8.10 Strategy Implementation in Projects	287
8.11 Resource Allocation	288
8.12 Feedback Control System	290
Summary	291
Keywords	292
Concept Review Questions	292
Critical Thinking Questions	293
Project Assignments	293
References	293
CASE: Achieving Excellence in Quality: Sundaram Clayton	294
CHAPTER 9 ETHICS, SOCIAL RESPONSIBILITY, AND CORPORATE GOVERNANCE	297
CASE: Big Corporate Scandals Across the Globe	298
9.1 Business Ethics: Fundamental to Value Creation	300
9.2 Ethics of Human Resource Management	302
9.2.1 Typical Unethical Issues that an Organization May Encounter	303

	<i>Page</i>
9.3 Ethics of Finance	304
9.4 Ethics of Sales and Marketing	307
9.5 Ethics of Production	309
9.6 Ethics of Property, Property Rights and Intellectual Property Rights	311
9.7 Ethics in International Business	312
9.8 Corporate Social Responsibility (CSR)	313
9.8.1 Definition of Corporate Social Responsibility	313
9.8.2 CSR Implementation Process and Benefits	318
9.8.3 Challenges to CSR Initiatives in India	320
9.8.4 Lack of Consensus on Implementing CSR Issues	320
9.9 Corporate Governance	321
9.9.1 Business History and Evolution of Corporate Governance	324
9.9.2 Development of Corporate Governance in India	324
9.9.3 Critical Appraisal of Corporate Governance in India	327
9.9.4 Corporate Governance Models Across the World	328
Summary	329
Keywords	330
Concept Review Questions	331
Critical Thinking Questions	331
Project Assignments	332
References	332
CASE 1: GNFC Corporate Social Responsibility Strategy and Implementation	333
CASE 2: Corporate Governance and CSR with Marico	336
CHAPTER 10 EVALUATION AND CONTROL	339
CASE: Reliance Natural Resources Limited	340
10.1 Nature and Importance of Evaluation and Control	341
10.2 Barriers to Evaluation	344
10.2.1 Short-termism	345
10.2.2 Efficiency and Effectiveness	345
10.2.3 Impact of Globalization	345
10.3 Measuring Performance, Strategic Information, and Systems	346
10.4 Types of Control	348
10.5 Tools Used for Evaluation and Control	350
10.5.1 Balanced Scorecard	351
10.5.2 Budgets and Budgetary Controls	352
10.5.3 Economic Value Added	353
10.5.4 Ratio Analysis	354
10.5.4.1 Five 'C's analysis	355
10.5.4.2 Company analysis	356

	<i>Page</i>
Summary	358
Keywords	359
Concept Review Questions	360
Critical Thinking Questions	360
Project Assignments	360
References	361
CASE: Shipping Corporation of India Demerger Scheme	361
CHAPTER 11 APPLICATIONS OF STRATEGIC COST MANAGEMENT	363
CASE: Alok Industries Limited: Developing Integrated Textile Business Across the Value Chain	364
11.1 Nature and Importance of Strategic Cost Management	367
11.2 Steps in a Strategic Cost Management Program	367
11.3 Critical Success Factors for Strategic Cost Management	368
11.4 Alignment of Strategic Cost Management to Business Strategy	368
11.4.1 Total Approach Concept	369
11.4.2 Product Strategy	369
11.4.3 Pricing Strategies	370
11.4.4 Human Resources Strategy	370
11.4.5 Business Cycles and Strategic Cost Management	371
11.4.6 Value Chain Strategy	372
11.4.7 Value Reference Model	375
11.5 Tools of Strategic Cost Management	375
11.5.1 Life Cycle Costing	376
11.5.1.1 Developing and collecting the Life Cycle Cost	377
11.5.2 Target Costing	378
11.5.3 Pricing Strategies	380
11.5.4 Kaizen Costing	382
11.5.5 Half Life Model	384
11.5.6 Activity-based Management/Activity-based Costing	385
11.5.7 Total Cost Management/Enterprise Cost Management	389
11.5.7.1 Rationalization of Vendors	390
11.5.7.2 Integration of Vendors	390
11.5.7.3 Reducing Complexity	392
11.5.7.4 World-Class Manufacturing Practices	392
11.5.7.5 Strategic Sourcing	392
11.5.7.6 Cost of Quality	392
11.5.7.7 Network consolidation and customer insight	394
11.5.7.8 Customer Insight	394

	<i>Page</i>
11.5.8 Cost Reduction Program	395
11.6 Time Value of Money	395
11.6.1 Net Present Value method	396
11.6.2 Benefit-Cost Ratio	396
11.6.3 Internal Rate of Return	397
11.7 Money Value of Time	397
11.8 Value Engineering	399
11.9 Value Analysis	401
11.9.1 Value Added	402
Summary	403
Keywords	403
Concept Review Questions	404
Critical Thinking Questions	405
Project Assignments	405
References	405
CASE: ASM Textiles Ltd: Improving Sales Realization Through Application of Money Value of Time	406
CHAPTER 12 RISK MANAGEMENT—PERSPECTIVES AND ISSUES	409
CASE: The COVID-19 Outbreak and Its Impact on Global Business	410
12.1 Introduction	411
12.2 Impact of Uncertainty and Risk	412
12.3 Identification and Classification of Different Types of Risk	413
12.3.1 Physical Risk	413
12.3.2 Country Risk	416
12.3.3 Business Risk	417
12.3.4 Financial Risk	418
12.4 Assessing and Measuring Risk	419
12.4.1 Sensitivity Analysis	420
12.4.2 Scenario Analysis	421
12.4.3 Decision Trees	421
12.4.4 Monte Carlo Simulation	421
12.4.5 Certainty Equivalent	423
12.4.6 Risk-Adjusted Discount Rate Method	423
12.4.7 Asset Liability Management Model	424
12.4.8 Beta Analysis	425
12.4.9 Probability Analysis	426
12.4.10 Value at Risk	427
12.4.11 Black Scholes Model	427

	<i>Page</i>
12.4.12 HAZOP—Hazard and Operability Study	428
12.4.13 Probability of Ruin	429
12.5 Identifying Various Risk Management Techniques	429
Summary	434
Keywords	435
Concept Review Questions	437
Critical Thinking Question	437
Project Assignments	437
References	437
CASE: Amazon: Innovation and Risk Management	439
CHAPTER 13 CORPORATE RISK MANAGEMENT	443
CASE: The Strategies Adopted by Pharmaceutical Companies During Post Pandemic	444
13.1 Relationship Between Risk and Strategy	447
13.2 Types of Corporate Risk	451
13.2.1 Industry Risk	451
13.2.2 Transition Risk	453
13.2.3 Stagnation Risk	453
13.2.4 Unique Competitor Risk	455
13.2.5 Brand Risk	455
13.2.6 Project Risk	457
13.2.7 Operational Risk	458
13.3 Relating Corporate Risk to Management Principles	459
13.3.1 Industry Risk	459
13.3.2 Transition Risk	460
13.3.3 Stagnation Risk	461
13.3.4 Unique Competitor Risk	461
13.3.5 Brand Risk	462
13.3.6 Project Risk	462
13.3.7 Operational Risk	464
Summary	465
Keywords	465
Concept Review Questions	466
Critical Thinking Questions	466
Project Assignments	466
References	467
CASE 1: The Collapse of Lehman Brothers	468
CASE 2: Fall of Lakshmi Vilas Bank (LVB) and its Merger with DBS	470

	<i>Page</i>
CHAPTER 14 A GUIDE TO CASE ANALYSIS	473
14.1 The Case Method of Learning in Strategic Management	473
14.2 Significance of Case Method	474
14.3 Case Description	475
14.4 Procedure for Analysing the Cases	475
14.5 Approaches to Different Formats of Case Solution	476
14.5.1 Financial Analysis	476
14.5.2 Financial Statements	476
14.6 Key Focus Aspects for Designing a Solution to a Strategy Case	481
ADDITIONAL CASES	483
India's Castings and Forging Industry: Issues and Perspectives	485
The Chennai Venus Hotel	491
S&S Inc invests in Core Life Science Technology Ltd	507
Gujarat Engineering Company Ltd	515
The Job Mix Strategy at <i>Golden Machine Works</i>	522
Merger of Allahabad Bank and Indian Bank	526
Goodwill Logistics CEO's Dilemma Over Dedicated Trucks Business	531
Jubilant Food Works: Growth strategy	536
The Collapse of Silicon Valley Bank	541
Challenges in Building a Professional Service Firm	545