



OPERATIONS MANAGEMENT AND STRATEGIC MANAGEMENT

Time Allowed: 3 Hours

Full Marks: 100

The figures in the margin on the right side indicate full marks.

SECTION – A

1. Multiple Choice Questions:

[15 x 2 = 30]

- (i) The starting point of Production cycle is
- (A) Product design
 - (B) Production planning
 - (C) Routing
 - (D) Market Research
- (ii) Which one of the following is NOT the advantage of Preventive Maintenance?
- (A) Better product quality
 - (B) Greater safety of workers
 - (C) Increased breakdowns and downtime
 - (D) Fewer large-scale repairs
- (iii) Consider the following item that is being managed using a fixed time period model with Safety Stock:
Weekly Demand – 50 units;
Review Cycle – 3 weeks;
Safety Stock – 30 units.
What is the average inventory level?
- (A) 100 units
 - (B) 25 units
 - (C) 105 units
 - (D) None of these.
- (iv) The type of production control which is typically found where a particular bottleneck machines exists in the process of manufacturing is
- (A) Block control
 - (B) Load control
 - (C) Flow control
 - (D) Batch control
- (v) Which one of the following ISO standards concerns minimization of harmful effects to the environment caused by the operations by the organization?
- (A) ISO 9001
 - (B) ISO 14000
 - (C) ISO 9002
 - (D) ISO 9004



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- (vi) A Ltd., a large scale industry manufactures Product K of 24 units per shift of 8 hours. The standard time per unit is 15 minutes. What is the productivity of the per shift of 8 hours?
- (A) 50%
 - (B) 60%
 - (C) 75%
 - (D) 80%
- (vii) Arrangement of machine depending on sequence of operations happen in:
- (A) Process Layout
 - (B) Product Layout
 - (C) Hybrid Layout
 - (D) Group Technology Layout
- (viii) Buffer stock is built to cater for
- (A) Fluctuating load
 - (B) Machine breakdown
 - (C) Import substitution
 - (D) Diversification
- (ix) The objective function of a LPP is $Z = 3x_1 + 2x_2$. If $x_1 = 10$ and $x_2 = 5$, then the value of Z is:
- (A) 35
 - (B) 40
 - (C) 45
 - (D) 50
- (x) What describes the categories of activities within and around an organization, which together create a product or service?
- (A) SWOT analysis
 - (B) BCG framework
 - (C) Value chain
 - (D) Brain storming
- (xi) A _____ is a business unit in a growing market, but not yet with high market share.
- (A) cash cow
 - (B) dog
 - (C) question mark
 - (D) star
- (xii) _____ specifies what is to be accomplished by focusing on the end result.
- (A) Output control
 - (B) Behavior control
 - (C) Premise control
 - (D) Implementation control



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- (xiii) The test is a catch-all category, indicating that the structure must fit legal, stakeholder, trade union or similar constraints.
- (A) The Feasibility Test
(B) The People Test
(C) The Parenting Advantage Test
(D) The Specialised Cultures Test
- (xiv) Which among the following is not a characteristic of Big Data?
- (A) Variety
(B) Volume
(C) Velocity
(D) Invariability
- (xv) _____ is similar to referral programs.
- (A) Influencer marketing
(B) Affiliate Marketing
(C) Pay-per-click
(D) Content marketing

Answer:

(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)	(xi)	(xii)	(xiii)	(xiv)	(xv)
D	C	C	B	B	C	B	A	B	C	C	A	A	D	B

SECTION – B

Answer any 3 questions out of 4 questions given. Each question carries 14 marks.

[3 x 14 = 42]

2. (a) Enumerate the characteristics of Modern Operations functions [7]
(b) Define Process Strategy? The Classical way of Categorizations includes 4 types of layouts – Discuss [3 + 4=7]

Answer:

- (a) Today's production system is characterised by the following features:
- Manufacturing as Competitive Advantage:** Unlike the past, today plants have excess capacities, competition is mounting and firms look and competitive edge and firms intend to exploit the potential. Total Quality Management (TQM), Time- Based Competition, Business Process Re-engineering (BPRE), Just-in-Time (JIT), Focused Factory, Flexible Manufacturing Systems (FMS), Computer Integrated Manufacturing (CIM), and The Virtual Corporation are but only some techniques which the companies are employing to gain competitive advantage.
 - Services Orientation:** Service sector is gaining greater relevance these days. The production system, therefore, needs to be organised keeping in mind the peculiar requirements of the service component. The entire manufacturing needs to be geared to serve (i) intangible and perishable nature of the services, (ii) constant interaction with clients or

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customers, (iii) small volumes of production to serve local markets, and (iv) need to locate facilities to serve local markets. There is increased presence of professionals on the production, instead of technicians and engineers.

3. **Disappearance of Smokestacks:** Protective labour legislation, environmental movement and gradual emergence of knowledge based organisations have brought total transformation in the production system. Today's factories are aesthetically designed and built, environment friendly - in fact, they are homes away from homes. Going to factory every day is no more excruciating experience, it is like holidaying at a scenic spot.
4. **Small has Become Beautiful:** E. F. Schumacher, in his famous book Small is Beautiful, opposed giant organisations and increased specialisation. He advocated, instead, intermediate technology based on smaller working units, community ownership, and regional workplaces utilising local labour and resources. Businessmen, all over the world, did not believe in Schumacher's philosophy. Inspired by economies of scale, industrialists went in for huge organisations and mass production systems.

(b) Process Strategy

A process strategy is a decision taken by the organization vis-à-vis selection of the processes for converting the input (i.e., resources) into output (i.e., finished products and services as required by the customers) in line with the product specifications. A typical process strategy depends on long-term efficiency and productivity, resource availability, flexibility, cost and benefits, quality of the products and lead time. Accordingly, the process strategy stands on the following premises:

- (i) Trade-off between Make (in house conversion, fully or partial) or Buy (outsourcing, fully or partial) decisions
- (ii) Degree of capital intensity that decides the optimum balance between level of automation and manual operations
- (iii) The extent of flexibility required in the process (i.e., the flexibility in the positioning and functioning of the machines, work stations and requisite skills for layout decisions)

Process Layout Selection

Process layout aims to identify the necessary arrangement of facilities such as equipment/machines, material, people and work stations

The classical way of categorization includes four types of layouts

- (a) **Process layout or functional layout:** It organizes the work stations in such a way that similar type of machines and services (i.e., facilities) are located together. Therefore, each such sub-facility is specialized in performing a particular activity of the whole conversion process. This type of layout is suitable for low volume, high variety products produced by job shop, batch production and other non-repetitive processes. Examples: Furniture, restaurants etc.
- (b) **Product layout or line layout:** In this type of layout, the facility is organized as per the logical/sequential flow of the activities performed to produce the products. This type of layout is used for high volume and continuous production where level of customization is low. Typical examples include assembly line or mass production used in consumer electronics, automobile sectors etc.

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- (c) **Group (combination) layout:** This combines the features of both the previously mentioned layouts. In this layout the individual processes are replicated at multiple cells wherein each cell is equipped with all facilities to complete the corresponding process. This type of layout is suitable for cellular manufacturing that minimizes the cost of transportation and material handling.
- (d) **Fixed position or Project layout:** In this type of layouts, main facilities are fixed at specified locations while the materials, people and work stations move as per the requirements to those locations. This type of layout is of single use and suitable for highly customized (ETO type) products. Examples: Air Craft, Ships

Each production system is uniquely suited to produce a particular mix and volume of products. Each production system provides different levels and a unique set of the manufacturing outputs: cost, quality, performance, delivery, flexibility and innovativeness. One of the tasks of the manufacturing strategy is to select the best production system for each product or product family.

3. (a) What is Project Management? Project Quality Management consists of four processes – Discuss [2 + 5=7]

- (b) With the help of following data, project the trend of sales for the next 5 years: [7]

Years	2017	2018	2019	2020	2021	2022
Sales in Lakhs of Rupees	120	130	135	140	150	165

Answer:

- (a) A project is defined as a one-time activity with a series of tasks that produces a specific outcome to achieve organizational goals.
- Projects are a set of interdependent tasks that have a common goal. No matter what the project is, each project is broken down into objectives and what needs to be done to achieve them, ensuring that the project stays on track and is completed as per plan.
- Project Management centres on planning and managing everything involved in delivering a project. Project Quality management consists of four main processes:
- Quality Definition
 - Quality Assurance
 - Quality Control
 - Quality Improvements.
- ⊙ **Quality Definition:**
Quality management implies the ability to anticipate situations and prepare actions that will help bring the desired outcomes. The goal is the prevention of defects through the creation of actions that will ensure that the project team understands what is defined as quality.
- ⊙ **Quality Assurance:**
Quality Assurance is a process to provide confirmation based on evidence to ensure to the donor, beneficiaries, organization management and other stakeholders that product meet needs, expectations, and other requirements. It assures the existence and effectiveness of process and procedures tools, and safeguards are in place to make sure that the expected levels of quality will be reached to produce quality outputs.



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- ⊙ **Quality Control**
Quality control is the use of techniques and activities that compare actual quality performance with goals and define appropriate action in response to a shortfall.
- ⊙ **Quality Improvements:**
Quality improvement refers to the application of methods and tools to close the gap between current and expected levels of quality by understanding and addressing system deficiencies and strengths to improve, or in some cases, re-design project processes.

(b) Computation of trend values of sales:

Year	Time deviations from the middle of 2004 and 2005 assuming 5 years = 1	Sales (in lakhs of ₹)	Squares of time deviation	Product of time deviation and sales
	X	Y	X ²	XY
2017	-5	120	25	-600
2018	-3	130	9	-390
2019	-1	135	1	-135
2020	+1	140	1	+140
2021	+3	150	9	+450
2022	+5	165	25	+825
n=6	Σx = 0	Σx = 840	Σx ² = 70	ΣXY = 290

Regression equation of Y on X: $\sum Y = a + bX$

To find the values of a and b:

$$a = \sum Y/n = 840/6 = 140$$

$$b = \sum XY/\sum X^2 = 290/70 = 4.143 \text{ approx.}$$

Sales forecast for the next five years, i.e., 2023 to 2027:

$$Y_{2023} = 140 + [29/7 \times (+7)] = 169 \text{ lacs}$$

$$Y_{2024} = 140 + [29/7 \times (+9)] = 177.28 \text{ lacs}$$

$$Y_{2025} = 140 + [29/7 \times (+11)] = 185.57 \text{ lacs}$$

$$Y_{2026} = 140 + [29/7 \times (+13)] = 193.85 \text{ lacs}$$

$$Y_{2027} = 140 + [29/7 \times (+15)] = 202.14 \text{ lacs}$$

4. (a) A supervisor in his workshop is considering how he should assign the four jobs that are to be performed, to four of the workers under him. He wants to assign the jobs to the workers such that the aggregate time to perform the jobs is the least. Based on previous experience, he has the information on the time taken by the four workers in performing these jobs and the same is given in the table below.

Time Taken (in minutes) by 4 Workers

[7]

Worker	Job			
	A	B	C	D
1	46	40	51	68
2	57	42	63	55
3	49	53	48	64
4	41	45	61	55

Solve the assignment problem for optimal solution using Hungarian Method

[7]



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- (b) A retailer is dealing with FMCG items. The table, as given below, presents the past data of demand per week in hundred kgs with frequency.

Demand / Week	0	5	10	15	20	25
Frequency	3	7	5	11	18	6

Using the following sequence of the random numbers, generate the demand for the next 10 weeks. Also find out the average demand per week.

Random Nos.	27	43	50	11	16	36
	58	64	51	38	18	47

[7]

Answer:

- (a) **Step - 1:**

The minimum value of each row is subtracted from all elements in the row. It is shown in the reduced cost table, also called opportunity cost table, given below:

Table-1: Reduced Cost Table - 1

Worker	Job			
	A	B	C	D
1	6	0	11	28
2	15	0	21	13
3	1	5	0	16
4	0	4	20	14

Step 2:

For each column of this table, the minimum value is subtracted from all the other values. The columns that contain a zero would remain unaffected by this operation.

Hence, only the fourth column values would change. Table-2 shows this.

Table - 2: Reduced Cost Table - 2

Worker	Job			
	A	B	C	D
1	6	0	11	15
2	15	0	21	0
3	1	5	0	3
4	0	4	20	1

Step 3:

Draw the minimum number of lines covering all zeros. As a general rule, we should first cover those rows/columns which contain larger number of zeros. Table 3 shows this.

Worker	Job			
	A	B	C	D
1	6	0	11	15
2	15	0	21	0
3	1	5	0	3
4	0	4	20	1



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Step 4:

Since the number of lines drawn is equal to 4 (= n), the optimal solution is obtained. The assignments are made after scanning the rows and columns for unit zeros. Assignments made are shown with squares as shown in Table 4.

Table - 4: Assignment of Jobs

Worker	Job			
	A	B	C	D
1	6	0	11	15
2	15	∞	21	0
3	1	5	0	3
4	0	4	20	1

Assignments are made in the following order. Rows 1, 3, and 4 contain only one zero each. So assigned 1-B, 3-C, and 4-A. Since worker 1 has been assigned job B, we cross the zero in the second column of the second row. After making these assignments, only worker 2 and job D are left for assignment. The final pattern of assignments is 1-B, 2-D, 3-C, and 4-A, involving a total time of $40 + 55 + 48 + 41 = 184$ minutes. This is the optimal solution to the problem.

(b)

Random No. Range Table for Demand				
Demand per week	Frequency (f)	Probability (p=f/∑f)	Cumulative Probability	Range of Random numbers
0	3	0.06	0.06	0-5
5	7	0.14	0.20	6-19
10	5	0.10	0.30	20-29
15	11	0.22	0.52	30-51
20	18	0.36	0.88	52-87
25	6	0.12	1.00	88-99
	∑f=50	1.00		

Simulated Values for next 10 weeks		
Weeks	Random nos.	Demand
1	27	10
2	43	15
3	50	15
4	11	05
5	16	05
6	36	15
7	58	20
8	64	20
9	51	15
10	38	15
Total:	-	135

Average weekly demand is = $135/10=13.5$



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5. (a) A Cab operations company is experiencing the following number of breakdowns for months over the past 2 years in their new fleet cabs:

Number of Breakdowns	0	1	2	3	4
Number of months this incurred	2	8	10	3	1

Each breakdown costs the firm an average of ₹ 2,800/-. For a cost of ₹ 1,500 per month, preventive maintenance can be carried out to limit the breakdowns to an average of one per month.

Which policy is suitable for the firm?

[7]

- (b) Draw the network for the following activities and find the Critical Path and Total duration of the project.

Activity	Predecessor	Duration (months)
A	-	2
B	-	3
C	-	5
D	A	4
E	B	1
F	B	5
G	C	8
H	D	1
I	E	2
J	F,G	4
K	H,I	3
L	K,J	2

[7]

Answer:

- (a) Converting the frequencies to a probability distribution and determining the expected cost/month of breakdowns we get:

No. of breakdowns (x)	Frequency in months (f)	Probability ($p = f/\Sigma f$)	Expected no. of breakdowns (px)
0	2	0.083	0.000
1	8	0.333	0.333
2	10	0.417	0.834
3	3	0.125	0.375
4	1	0.042	0.168
	$\Sigma f = 24$	$\Sigma p = 1$	Total 1.710 = Σpx

Expected Breakdown cost per month; Expected no. of breakdowns per month \times cost of each breakdown = $1.710 \times ₹ 2800 = ₹ 4788$.

Preventive maintenance cost per month:

Average cost of one breakdown/month = ₹ 2,800

Maintenance contract cost/month = ₹ 1,500

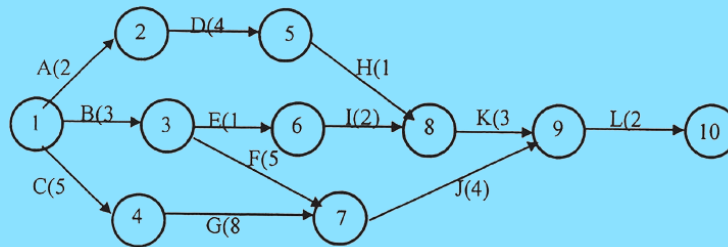
Total = ₹ 4,300

Thus, preventive maintenance policy is suitable for the firm.



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(b)



Calculation of Critical path:

- (i) A-D-H-K-L = $2+4+1+3+2 = 12$
- (ii) B-E-I-K-L = $3+1+2+3+2 = 11$
- (iii) B-F-J-L = $3+5+4+2 = 14$
- (iv) C-G-J-L = $5+8+4+2 = 19 = \text{Critical Path (Project duration)}$

SECTION – C

Answer any 2 questions out of 3 questions given. Each question carries 14 marks.

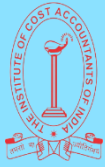
[2 x 14 = 28]

- 6. (a) “A typical business form usually considers three types of Strategy” – Discuss. [7]
- (b) “In spite of the fact that cloud computing has huge benefits yet, it has its own causes of concern”. Discuss. [7]

Answer:

- (a) A typical business firm usually considers three types of strategy: -
 - **Corporate strategy:** It is concerned with the overall purpose and scope of an organisation and how value will be added to the different parts (business units) and product lines of the organisation. Corporate strategies typically fit within the three main categories of stability, growth and retrenchment. Decisions include investment in diversification, vertical integration, acquisitions, new ventures, the allocation of resources between the different businesses of the firm and divestments.
 - **Business strategy:** It is about how to compete successfully in particular markets. It emphasises improvement of the competitive position of an organisation’s products or services in the specified industry or market segments served by that business unit. These strategies fit within the two overall categories namely, competitive and cooperative strategies.
 - **Functional strategy or Operational Level Strategy:** It is concerned with how the component parts of an organisation deliver effectively the corporate and business level strategies in terms of resources, processes and people. It is concerned with developing and nurturing competence to provide a business unit with a competitive advantage. These strategies are taken at the functional level directed towards maximising resource productivity.

It may be mentioned that organisations use all the three types of strategies simultaneously. The term ‘hierarchy of strategy’ is commonly used to explain the nesting of one strategy within another so that they complement and support one another. It also refers to the grouping of strategies by level in the organisation. Functional strategies support business strategies, which in turn support the corporate strategy.

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- (b) In spite of the fact that cloud computing has huge benefits yet, it has its own causes of concern as follows:
- **Cloud security:** There is a clear lack of transparency regarding how and where sensitive information entrusted to the cloud provider is handled. When relying on the cloud, organisations risk data breaches, hacking of APIs and interfaces, compromised credentials and authentication issues.
 - **Cost unpredictability:** The concept Pay-as-you-go subscription plans for cloud use, along with scaling resources to accommodate fluctuating workload demands, can make it tough to define and predict final costs.
 - **Lack of capability and expertise:** With cloud-supporting technologies rapidly advancing, organisations are struggling to keep up with the growing demand for tools and employees with the proper skill sets and knowledge needed to architect, deploy, and manage workloads and data in a cloud.
 - **IT governance:** The emphasis on do-it-yourself capability in cloud computing can make IT governance difficult, as there is no control over provisioning, de provisioning and management of infrastructure operations.
 - **Compliance with industry laws:** When transferring data from on-premises local storage into cloud storage, it can be difficult to manage compliance with industry regulations through a third party.
 - **Management of multiple clouds:** Every cloud is different, so multi-cloud deployments can disjoint efforts to address more general cloud computing challenges.
 - **Cloud performance:** Network and provider outages can interfere with productivity and disrupt business processes if organisations are not prepared with contingency plans.
 - **Building a private cloud:** Architecting, building and managing private clouds whether for its own purpose or for a hybrid cloud goal can be a daunting task for IT departments and staff.
 - **Cloud migration:** The process of moving applications and other data to a cloud infrastructure often causes complications. Migration projects frequently take longer than anticipated and go over budget.
 - **Vendor lock-in:** Switching between cloud providers can cause significant issues. This includes technical incompatibilities, legal and regulatory limitations and substantial costs incurred from sizable data migrations.

7. (a) Explain the four sorts of business as given in the BCG Matrix. Identify the limitation of BCG Matrix. [7]
- (b) Analyze the steps in a formal strategic planning process? [7]

Answer:

- (a) One of the most common and long-standing ways of conceiving of the balance of a portfolio of businesses is the Boston Consulting Group (BCG) matrix.
- The market growth/market share axes of the BCG matrix define four sorts of business:
- A star is a business unit which has a high market share in a growing market. The business unit may be spending heavily to keep up with growth, but high market share should yield sufficient profits to make it more or less self-sufficient in terms of investment needs.

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- A question mark (or problem child) is a business unit in a growing market, but not yet with high market share. Developing question marks into stars, with high market share, takes heavy investment. Many question marks fail to develop, so the BCG advises corporate parents to nurture several at a time. It is important to make sure that some question marks develop into stars, as existing stars eventually become cash cows and cash cows may decline into dogs.
- A cash cow is a business unit with a high market share in a mature market. However, because growth is low, investment needs are less, while high market share means that the business unit should be profitable. The cash cow should then be a cash provider, helping to fund investments in question marks.
- Dogs are business units with a low share in static or declining markets and are thus the worst of all combinations. They may be a cash drain and use up a disproportionate amount of company time and resources. The BCG usually recommends divestment or closure.

Limitation of BCG Matrix

There are at least three potential problems with BCG Matrix

- Definitional Vagueness:** It can hard to decide what high and low growth or share mean in particular situation.
 - Capital Market Assumption:** The notion of a balanced portfolio may be more relevant in countries where capital markets are underdeveloped.
 - Unkind to animals:** Both cash cows and dogs receive ungenerous treatment. This treatment may cause motivation problems.
- (b) The formal strategic planning process has five main steps:
- Select the corporate mission and major corporate goals**

The first component of the strategic planning process is crafting the organisation's mission statement, which provides the framework or context within which strategies are formulated. A mission statement has four main components: a statement of its reason for existence which is normally referred to as the mission; a statement of some desired future state, usually referred to as the vision; a statement of the key values that the organisation is committed to; and a statement of major goals.
 - Analyse the organisation's external competitive environment to identify opportunities and threats**

The second component of the strategic planning process is an analysis of the organisation's external operating environment. The essential purpose of the external analysis is to identify strategic opportunities and threats within the organisation's operating environment that will affect how it pursues its mission. Three interrelated environments should be examined when undertaking an external analysis: the industry environment in which the company operates, the country or national environment and the wider socioeconomic or macro environment.
 - Analyse the organisation's internal operating environment to identify the organisation's strengths and weaknesses**

Internal analysis, the third component of the strategic planning process, focuses on reviewing the resources, capabilities, and competencies of a company. The goal is to identify the strengths and weaknesses of the company. The next component of strategic thinking requires the generation of a series of strategic alternatives, or choices of future strategies to pursue,



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given the company's internal strengths and weaknesses and its external opportunities and threats. The comparison of strengths, weaknesses, opportunities, and threats is normally referred to as a SWOT analysis. More generally, the goal of a SWOT analysis is to create, affirm, or fine-tune a company-specific business model that will best align, fit, or match a company's resources and capabilities to the demands of the environment in which it operates.

(iv) **Select strategies**

Managers select strategies that build on the organisation's strengths and correct its weaknesses in order to take advantage of external opportunities and counter external threats. In order to select the right strategies managers compare and contrast the various alternative possible strategies against each other and then identify the set of strategies that will create and sustain a competitive advantage. It is very important for the strategic managers to keep in mind that the strategies selected should be consistent with the mission and major goals of the organisation. They should be congruent and constitute a viable business model.

(v) **Implement the strategies**

In order to achieve a competitive advantage and increase profitability managers must put those strategies selected into action. Strategy implementation involves taking actions at the functional, business, and corporate levels to execute a strategic plan.

8. (a) Categorize major reasons of SBU approach. [7]
- (b) What do you mean by goal congruence? Discuss five areas that have the ability to create goal congruence. [7]

Answer:

- (a) Some of major reasons of using SBU approach are as follow:
- A scientific method of grouping the businesses of a multi-business corporation which helps the firm in strategic planning.
 - An improvement over the geographical grouping of businesses and strategic planning based on locational units.
 - An SBU is a grouping of related businesses that can be taken up for strategic planning distinct from the rest of the businesses.
 - Grouping the businesses on SBU lines helps the firm in strategic planning by removing the ambiguity and confusion generally seen in grouping businesses.
 - Each SBU is a separate business from the strategic planning standpoint. In the basic factors, viz., mission, objectives, competition and strategy-one SBU will be distinct from another.
 - Each SBU will have its own distinct set of competitors and its own distinct strategy.
 - Each SBU will have a CEO. He will be responsible for strategic planning for the SBU.
- (b) Goal congruence is the term that is used to describe the situation when the goals of different interest groups coincide. The achievement of goal congruence is essential in order to increase the profitability of the organisation and to achieve its goals.

The following are some of the areas that have the ability to create goal congruence:



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a. Communication and Understanding

Channels of communication and how goals are perceived are important to achieve goal congruence. Operational managers have a responsibility of being aware as to what actions are desirable and what goals are to be achieved. It should be understood that the communication of different goals can occur through informal channels, which involves meetings and face to face interactions, or through formal channels including budgets or other financial documents. There is an inherent risk that even if the communication is well executed, it might be perceived in different ways. Organisations, therefore, should internalise the goals in a good manner to avoid that employees feel inability to achieve them.

b. Create direction

One of the reasons for lack of goal congruence is the absence of direction related to employees' behaviour. Performance management and goals facilitate efficient communication about what managers want their subordinates to focus on. It needs no mention that providing clear information and direction, employees can better understand what is expected from them, how to perform adequately, and how to contribute effectively to the achievement of the organisational goals. There is a need to increase the employees' understanding of the strategic objectives as well as the organisation's value drivers.

c. Motivation

The problem of motivation can exist even though employees have knowledge about how to perform adequately because employees can act in their own self-interest instead of in the organisation's best interest. The employees can make their own performance report better by allocating resources without befitting the organisation as a whole. One of the strongest reasons for demotivation among employees and managers is dislike for the work allocated. The reason for motivation varies among employees. While some employees feel motivated for some recognition and appraisals others may feel motivated because of commitment and responsibility without any required pay off. The more motivated the employees of the organisation the better will be the goal congruence.

d. Incentives

In order to increase the likelihood of employees working to achieve their individual goals, organisation's aim to influence motivation by providing incentives. Research suggests that individuals tend to perform better when they are rewarded. Rewards and compensations should create goal congruence between individual goals and organisational goals by stimulating individuals to perform by providing incentives, as rewards are related to increased effort.

e. Connection

It is very important to create a connection between goals, performance measures and incentives. In order to align the employees' self-interest and overall organisational objectives it is necessary to relate incentives with performance. By linking incentives to certain goals, individuals tend to pay more attention to what is important.