INTERMEDIATE EXAMINATION

June 2023

P–9(OMSM)
Syllabus 2016

OPERATIONS MANAGEMENT AND STRATEGIC MANAGEMENT

Time Allowed: 3 hours | Full Marks: 100

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

All Sections are compulsory. Each section contains instructions regarding the number of questions to be answered within the section.

All working notes must form part of the answer.

Wherever necessary, candidates may make appropriate assumptions and clearly state them in the respective answer.

Section-A

Operations Management

PART-I

Part-I contains Question No.1. All parts of this question are compulsory.

Answer the following questions:

1. (a) **Choose the correct answer from the given alternatives (You may write only the Roman numeral and the alphabet chosen for your answer):** 1×10=10

(i) While referring to the customer service objective of Operations Management, primary consideration "Treatment of a given requested or acceptable specification" can be associated with which one of the following principal function?

(A) Service

(B) Supply

(C) Transport

(D) Manufacture

(ii) The type of Plant layout which involves a grouping together of similar machines in one department is called as:

(A) Product Layout

(B) Group Technology Layout

(C) Process Layout

(D) Hybrid Layout

(iii) In which stage of the Product Life Cycle, profit starts declining, even though sales volume tends to increase?

(A) Introduction

(B) Growth

(C) Maturity

(D) Decline

(iv) Which one of the following scheduling systems is used when large number of items of similar type are produced ?

(A) Unit scheduling system

(B) Batch scheduling system

(C) Project scheduling system

(D) Mass scheduling system

(v) Which one of the following ISO standards evaluates the management of the entire manufacturing process, from purchasing to design, to training?

(A) ISO 9000

(B) ISO 9001

(C) ISO 9003

(D) ISO 14000

(vi) A department store has one cashier. The average number of customers handled by the cashier is 30 per hour. If the customers arrive at the store at mean rate of 25 per hour, what will be the average number of customers in the system ?

(A) 2 customers

(B) 3 customers

(C) 5 customers

(D) None of the above

(vii) A principal tool which is used in scheduling and also in some methods of loading is:

(A) Route chart

(B) Material chart

(C) Inspections chart

(D) Grant chart

(viii) The spare parts which are characterized by their lower reliability as well as their lower per unit cost are classified as:

(A) Regular spares

(B) Insurance spares

(C) Capital spares

(D) Rotable spares

(ix) MBT Ltd. is the manufacturer of bearings. The inventory holding cost per bearing per month is 20 paisa. If its economic batch quantity (EBQ) is 4000 units (bearings) then the minimum inventory holding cost at optimum run size will be:

(A) ₹ 4320

(B) ₹ 4510

(C) ₹ 4800

(D) None of the above

(x) Which one of the following characteristics of Good Product design refers to the ease of manufacture with minimum cost (economic production)?

(A) Function or Performance

(B) Maintainability

(C) Productibility

(D) Specification

(b) **Match the following in Column I with the most appropriate in Column-II. (You may opt to write only the Roman numeral and the matched alphabet):** 1×6=6

	Column –I		Column-II
(i)	Operations Management	(A)	Method study
(ii)	Less prone to obsolescence	(B)	Assembly line
(iii)	Capital Intensity	(C)	General purpose machines
(iv)	Television Set	(D)	Product Design
(v)	Motion Economy	(E)	Conversion of inputs into out-puts
(vi)	CAD	(F)	Mix of Equipment and Labour which will be used by the firm

(c) **State whether the following are true or false (you may write only the roman numeral and whether True or False without copying the statements into the answer books):** 1×6=6

(i) Subcontracting refer to off-loading some of the jobs to outside vendors, thus hiring the capacity to meet the requirements of the organization.

(ii) In the Priority Service type of queue structure, customers in the queue are called for the service, according to the order of their arrival.

(iii) Nowadays, the term 'Productivity' has become the synonymous to progress.

(iv) CPM can be analysed statistically whereas PERT not.

(v) The product with the higher mean time between failures is having lower reliability.

(vi) The next important function of production, planning and control after routing is scheduling.

PART-II

Answer any three from the question No. 2 to 5. Each question carries 16 marks 16×3=48

2. (a) "**Today's production** system is characterized by at least four features". **In this** context, enumerate in detail what are the said features. 2×4=8

(b) The following table relates to the tourist arrivals in India during 2016 to 2022.

Year	2016	2017	2019	2021	2022
Tourist arrivals (in Lakh)	36	40	50	56	60

(Present calculation upto three decimal points)

Required:

(i) Fit a straight line trend by method of least squares.

(ii) Estimate the number of tourists (in lakh) in the year 2018 and that would arrive in the year 2026. 6+1+1=8

3. (a) (i) "The layout selected in the conformity with layout Principles should be an ideal one". In this context, state what are these Principles for Plant layout (Any five only). 5

(ii) Enumerate what are the factors influencing the product design of a product (any five). 5

(b) MANU, a departmental stores has an one cashier. During the pick hours, customers arrive at a rate of 24 per hour. The average number of customers that can be handled by the cashier is 30 per hour. Assume the conditions for use of single –channel queuing model.

Required :

i) What is the average number of customers in the system including the customers being served?

ii) What is the average waiting time for the customers who waits?

iii) Find the probability of finding at least one customer in the store. 2×3=6

4. (a) INTOX LTD. (IL), an Engineering organization having 40 operators, works 25 days in a month, with a single shift of 8 hours. The standard production per month is 650 units while the standard man-hours/unit are 10.

In the month of April 2023, 90 mandays were lost due to absenteeism. The company produced 524 units while the idle time logged by operators was 728 man-hours in April 2023.

You are required to ascertain:

(i) Absenteeism (%)

(ii) Labour utilization (%)

(iii) Productive Efficiency of Labour (%)

(iv) The overall productivity of labour in terms of units-produced per man-hour per month. 1+2×3=7

(b) DELTA Construction Company has an opportunity to submit a bid for the construction of a new apartment building. From specifications provided by the developer, Project Manager of the company has listed down the activities with duration (in days) of the project (Construction of apartment building) as are shown below:

Activity and identification		Proceeding Activities	Duration (in Days)
A	1-2	-	4
B	1-3	-	7
C	1-4	-	10
D	2-3	A	3
E	2-4	A	8
F	3-6	B and D	16
G	4-5	C and E	9
H	5-6	G	6
I	5-7	G	11
J	6-7	F & H	8

Required:

(i) Draw the PERT network diagram.

(ii) What are the possible paths with duration of the said project?

(iii) Identify the critical path with duration (in days) of the project.

(iv) Calculate the total float and free-float for the activities, C,D, F and I of the said project. 2+2+1+4=9

5. (a) RANG LTD., a manufacturing company, dealing with a special type of product has three plants F,G and H located throughout the country. Production capacities of these plants are respectively 40,60 and 20 tonnes. Each day the company must furnish to four of its Retail outlets of A,B,C and D with at least 16,16,40 and 48 tonnes of the product. The Transportation cost per tonne (in ₹ "000") between various sets of plants and retail outlets are given below:

From Plants	To Retail Outlets				Supply (Tonnes)
	A	B	C	D	
F	3	5	7	6	40
G	2	5	8	2	60
H	3	6	9	2	20
Demand (Tonnes)	16	16	40	48	

Required:

(i) Find the basic feasible solution for the problem of Transportation using Vogel's Approximation Method (VAM).

(ii) Prepare Transportation schedule with its associated cost and total cost of transportation. 5+2=7

(b) The Management of Green in, Hotel is considered the periodic replacement of light bulbs fitted in its rooms. There are 500 rooms in the hotel and each room has 6 bulbs. The Management of Green In Hotel is now following the policy of replacing the bulbs as they fail at a total cost of ₹ 30/- per bulb. The Management feels that this cost can be reduced to ₹ 10 by adopting the periodic replacement method.

The following mortality rate has been observed for the said light bulbs:

Month of Use	1	2	3	4	5
Prob. of bulbs failing by the end of month	0.10	0.15	0.25	0.30	0.20

Assume that the bulbs that fail during the month are replaced just before the end of that month.

Required:

(i) Compute the costs (in ₹) of Individual Replacement of bulbs per month.

(ii) Present the Optimum Replacement cycle under Group Replacement.

(iii) State best strategy for the Management of Green in Hotel to follow.

(Present calculation to the nearest integer) 2+5+2=9

Section-B

Strategic Management

PART-I

Part-I contains Question No.6 which is compulsory.

6. Choose the correct answer from the given from alternatives (you may write only the roman numerical and alphabet chosen for your answer): 1×6=6

(i) Vision is a statement of the:

(A) Past

(B) Present

(C) Future

(D) Achieve targets

(ii) Which one of the following models analyses 'products and business by market share and market growth'?

(A) The Ansoff Matrix

(B) The BCG Matrix

(C) Arthur D. Little Portfolio Matrix

(D) The PESTEL framework

(iii) Out of the following steps, which one is NOT involved in the formulation of production strategy?

(A) Study the overall corporate plan and define the objectives.

(B) Analyse the present production operations and the present and future environment.

(C) Labour resources forecasting and their acquisition.

(D) Make strategic decisions for production.

(iv) For an entrepreneour

(A) Mission is before the vision

(B) Vision is before the mission

(C) Both are developed simultaneously

(D) Profitability is most crucial

(v) The Product Market Matrix comprising of Strategies of Market Penetration, Market Development. Product development and Diversification was first formulated by

(A) Ansoff

(B) Andrews

(C) Drucker

(D) Porter

(vi) The essential ingredients of Business Process Re-engineering (BPR) are

(A) identification and selection of Layouts most suited for products and processes.

(B) continuous improvements of products, processes and technologies

(C) planning for the technologies, processes and strategic partnerships etc.

(D) fundamental re-thinking and Radical Redesign of business process to achieve dramatic results.

PART-II

Answer any two questions out of three questions. 12×2=24

7. (a) According to Parikh and Neubauer (1993), a well construed Vision can provide the benefits. **In this context**, enumerate what are the said benefits. 5

(b) Describe in brief what are the factors influencing Portfolio Strategy (Any seven). 1×7=7

8. (a) Briefly state what are the reasons of using Strategy Business Unit (SBU) approach. 6

(b) "In order to identify critical success factors (CSFs) in the industry there are three important areas that need to be analysed. They are known as ohmae's three Cs". **In this context** enumerate what are the said three Cs. 6

9. Write short notes on any three out of the following four questions. 4×3=12

(a) State what are the characteristics of Objectives in Business.

(b) The marketing concept and the selling concept.

(c) Differentiate between Strategic Management and Strategic Planning (Any Four).

(d) Enumerate what are the benefits of contingency planning.

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SUGGESTED ANSWERS TO QUESTIONS

SECTION – A

PART - I

1. (a)

(i) (A)
(ii) (C)
(iii) (C)
(iv) (D)
(v) (A)
(vi) (C)
(vii) (D)
(viii) (A)
(ix) (C)
(x) (C)

1. (b)

(i) (E)
(ii) (C)
(iii) (F)
(iv) (B)
(v) (A)
(vi) (D)

1. (c)

(i) True
(ii) False
(iii) True
(iv) False
(v) False
(vi) True

PART - II

2. (a)

Today's production system is characterised by the following features:

(i) <u>Manufacturing as Competitive Advantage:</u>

Unlike the past, today plants have excess capacities, competition is mounting and firms look and gain competitive advantage to survive and succeed. Production system offers vast scope to gain 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.

(ii) <u>Services Orientation :</u>

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 (a) intangible and perishable nature of the services, (b) constant interaction with clients or customers, (c) small volumes of production to serve local markets, and (d) need to locate facilities to serve local markets. There is increased presence of professionals on the production, instead of technicians and engineers.

(iii) 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 arc 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.

(iv) 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.

2. (b)

(i) Equation of Straight Line Trend:
Y = 48.4+4X (Origin 2019, X Unit = 1 Year)

(ii) The number of Tourists in the year 2018 = 44.40 Lakhs
The number of Tourists would arrive in the Year 2026 = ₹ 76.40 Lakhs

3. (a)

(i) The following principles for plant Layour are stated below:

- **Principle of Minimum Travel:**
  Men and materials should travel the shortest distance between operations so as to avoid waste of labour and time and minimise the cost of materials handling.
- **Principle of Sequence:**
  Machinery and operations should be arranged in a sequential order. This principle is best achieved in product layout, and efforts should be made to have it adopted in the process layout.
- **Principle of Usage:**
  Every unit of available space should be effectively utilised.
- **Principle of Compactness:**
  There should be a harmonious fusion of all the relevant factors so that the final layout looks well integrated and compact.
- **Principle of Safety and Satisfaction:**
  The layout should contain built in provisions for safety for the workmen. It should also be planned on the basis of the comfort and convenience of the workmen so that they feel satisfied.
- **Principle of Flexibility:**
  The layout should permit revisions with the least difficulty and at minimum cost.
- **Principle of Minimum Investment:**
  The layout should result in savings in fixed capital investment, not by avoiding installation of the necessary facilities but by an intensive, use of available facilities.

(ii) The factors influencing the Product Design of a Product are enumerated below:

- **Customer requirements:**
  The designers must find out the exact requirements of the customers to ensure that the products suit the convenience of customers for use. The products must be designed to be used in all kinds of conditions.

- **Convenience of the operator or user:**
  The industrial products such as machines and tools should be so designed that they are convenient and comfortable to, operate or use.
- **Trade off between function and form:**
  The design should combine both performance and aesthetics or appearance with a proper balance between the two.
- **Types of materials used:**
  Discovery of new and better materials can improve the product design. Designers keep in touch with the latest developments taking place in the field of materials and components and make use of improved materials and components in their product designs.
- **Work methods and equipments:**
  Designers must keep abreast of improvements in work methods, processes and equipments and design the products to make use of the latest technology and manufacturing processes to achieve reduction in costs.
- **Cost/Price ratio:**
  In a competitive market, there is lot of pressure on designers to design products which are cost effective because cost and quality are inbuilt in the design. With a constraint on the upper limit on cost of producing products, the designer must ensure cost effective designs.
- **Product quality:**
  The product quality partly depends on quality of design and partly on quality of conformance. The quality policy of the firm provides the necessary guidelines for the designers regarding the extent which quality should be built in the design stage itself by deciding the appropriate design specifications and tolerance.
- **Process Capability:**
  The desinger should have the knowledge of the capability of the manufacturing facilities and specify tolerances which can be achived by the available Machines and equipments.
- **Packaging:**
  Packaging is an essential part of a product and packaging design and product design go hand in hand with equal importance. Packaging design must take into account the objectives of packaging such as protection and promotion of the product. Attractive packaging enhances the sales appeal of products in case of consumer products (non durable).

3. (b)

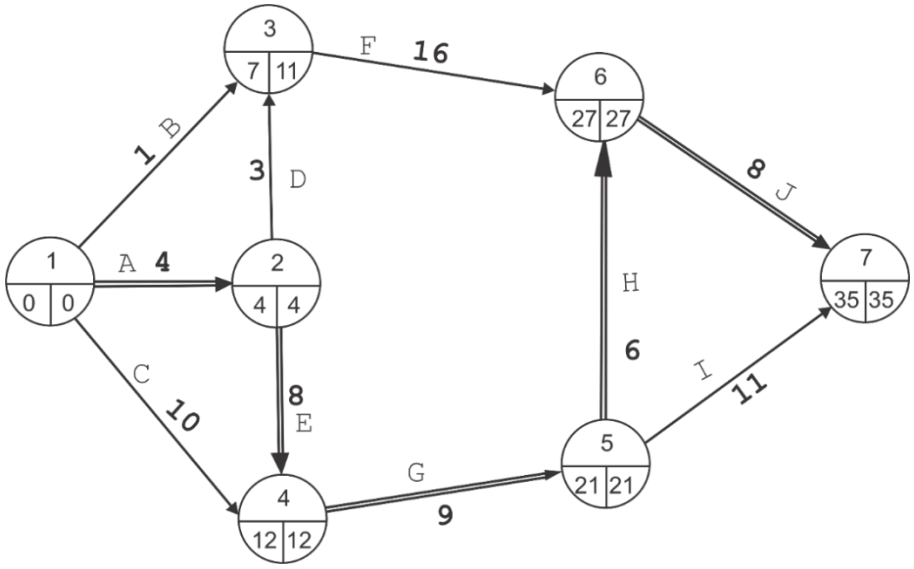
(i) Average number of Customers = 4
(ii) Average waiting time for the Customers who waits = 10 Minutes
(iii) Probability of finding at least on Customer in the Store = 0.80 i.e.80%

4. (a)

(i) Absenteeism = 9%
(ii) Labour Utilisation =90%
(iii) Productive Efficiency of Labour = 80%
(iv) The Overall Productivity of Labour in Term of Units produced per Man – Hour per Month:
Standard Labour Productivity = 16.25 units
In April' 2023, Overall Productivity = 13.10 units

4. (b)

(i) Network:



(ii) Possible Paths with duration are as follows :

1 – 2 – 3 – 6 – 7 = 31 days
1 – 2 – 4 – 5 – 6 – 7 = 35 days
1 – 2 – 4 – 5 – 7 = 32 days
1 – 4 – 5 – 6 – 7 = 33 days
1 – 4 – 5 – 7 = 30 days

(iii) Critical Path with duration:

1 – 2 – 4 – 5 – 6 - 7 with duration 35 Days

(iv) Total and Free Floats:

Activity	Total Float (Days)	Free Float (Days)
C	2	2
D	4	0
F	4	4
I	3	3

5. (a)

(i)

(in Tonne)

From Plants	To Retail Outlets				Supply
	A	B	C	D	
F	3 (16)	5	7 (24)	6	40
G	2	5 (16)	8 (16)	2 (28)	60
H	3	6	9	2 (20)	20
Demand	16	16	40	48	120

(ii) **(Rs. in Thousand) :**

From Plants	To Retail Outlets	Transportation Cost per Tonne (Rs)	Quatity Allocated (Tonne)	Cost
F	A	3	16	48
F	C	7	24	168
G	B	5	16	80
G	C	8	16	128
G	D	2	28	56
H	D	2	20	40
Total Cost				520

Cost of Transporation is Rs 520000.

5. (b)

(i) Cost of Individual Replacement = Rs. 26880

(ii) The Optimum Replacement Cycle under Group Replacement:

End of Month	Cumulative No. of Bulb Replace individualy by month end	Cost of		Total Cost (Rs)	Average Cost per Month (Rs)
		Replacement after failure (Rs 30 per bulb)	All replacement Rs 10 per bulb		
1.	300	9000	30000	39000	39000
2.	780	23400	30000	53400	26700
3.	1623	48690	30000	78690	26230
4.	2754	82620	30000	112620	28155
5.	3804	114120	30000	144120	28824

(iii) Since the average Cost is lowest in 3rd Month, the optimal interval i.e. replacement is 3 months. Also the average cost is less than Rs 26880 of individual replacement. Hence the Cheapest Stategy appears to be a group replacement, (periodic replacement) after every third Month (and individually any that fails before them) at an average Monthly cost of **Rs. 26230.**

SECTION – B
PART – I

6.

(i) (C)

(ii) (B)

(iii) (C)

(iv) (B)

(v) (A)

(vi) (D)

PART – II

7. (a)

The benefits, a well construed vision can provide:

According to Parikh and Neubauer (1993), a well construed vision can provide the following benefits:

- Good visions are inspiring and exhilarating.
- Vision represents a discontinuity, a step function and a jump ahead so that the company knows what it is to be.
- Good vision helps in the creation of a common identity and a shared sense of purpose.
- Good visions are competitive, original and unique. The make sense in the market place as they are practical.
- Good visions foster risk taking and experimentation.
- Good visions foster long term thinking
- Good visions represent integrity: they are truly genuine and can be used to the benefit of the people.

7. (b)

There are number of factors historical, personal, strategic environmental etc., which influence **Portfolio Strategy.**

Important such factors are given below:

(i) Mission / Vision:

The mission of the Company is one of the most important factors which influence the Portfolio Strategy because the mission deifnes the scope and purpose of the Company. Formation of Clear Vison about the future has let to restricting the Portfolio companies like Glaxo.

(ii) Value System:

A factor very much Complimentary to the mission that influence the Protfolio Strategy is the Value System of the prompters or major staock holders.

(iii) Future of Current Business:

The future prospects of the current business are a very important factor influencing the portfolio strategy. If a current business, particularly the most important one, has a bleak future a company would be tempted to divest or diversify into growing business.

(iv) Position on the Portfolio Matrix/PLC:

The position of different business on the product portfolio life cycle also may influence the portfolio strategy of a company. Products in the declining stage may be dropped. Similarly some of the dogs or question marks could also be eligible candidates for divestment.

(v) Government Policy:

Government policy sometimes is an important determinant of portfolio strategy. The pre-1991 regulatory regime did not permit many companies, particularly large ones and foreign firms, to pursue the type of growth and diversification strategies they would have followed in an environment of business freedom, resulting in distorted portfolios.

(vi) Competitive Environment:

The competitive environment too has its influence on the portfolio strategy of many companies. When competition is absent or limited, as in a protected market, even firms which are inefficient may be able to thrive. The protection itself may prompt firms to enter such business.

(vii) Company Resources:

The resources and strengths of the company, undoubtedly, are important factors influencing the 'portfolio strategy'.

(viii) Supply/Demand Conditions:

Problems with input supplies may encourage backward integration. Similarly, problems with marketing the output, or advantages of value addition, may encourage forward integration.

(ix) Competitive Moves:

Some firms have a tendency to imitate the growth pattern of the established popular firms. There are firms which follow almost the same portfolio strategies of competitors.

(x) Portfolio Strategy of Parent:

The portfolio strategy of subsidiaries may be influenced by the portfolio strategy of the parent as has been the case with companies like Glaxo India. ICI and Hindustan Lever.

(xi) Business Environment :

The business environment, in general, is an influencer of the portfolio strategy and, quite obviously, significant changes in business environment have important implications for portfolio strategy.

8. (a)

The reasons of using SBU approach are stated below:

- 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 it's own distinct set of competitors and it's own distinct strategy.
- Each SBU will have a CEO. He will be responsible for strategic planning for the SBU and it's profit performance; he will also have control over most of the factors affecting the profit of the SBU.

8. (b)

The Three Cs are enumerated below:

Customers:

The important questions that should be considered are

- ✓ Who are the customers?
- ✓ Who are the potential customer?
- ✓ Are there any segments?
- ✓ Why customers buy from us?
- ✓ Why they buy from our competitors?

The CSFs in this area may relate to:

Price, Service, Product or Service reliability. Quality, Specifications. Branding

Competition

- ✓ Who are the main competitors?
- ✓ How intense is competition?
- ✓ What is the necessity to achieve market superiority?

The CSFs in this area may relate to:

Cost comparisons. Price comparisons. Quality issues. Market dominance. Service distributors

Corporation

- ✓ What are our key resources and those of our competitors?
- ✓ What do they deliver to customers?
- ✓ How does the company compare costs, technological skills, organisational ability and marketing with its rivals?

9. (a)

Characteristics of Objectives:

The Characteristics of objectives in Business are states below:

- Facilitate to achieve mission and goals
- Set the basis for strategic decision making
- Clear the relationship of organisation with environment
- Should be understandable by each member of organisation
- Should be measurable and controllable
- Should be related to time frame
- Should be challenging
- Should be concrete and specific
- Should be formed within the constraints
- Should motivate people.

9. (b)

The Marketing Concept and the Selling Concept:

The marketing concept is a business philosophy that challenges previous concepts.

The marketing concept holds that the key to achieve organisational goals consists in determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors. The marketing concept has been expressed in many colourfulways :

(i) meeting needs profitably
(ii) find wants and fill them
(iii) love the customer, not the product
(iv) have it your way
(v) you're the boss
(vi) to do all in our power to pack the customer's rupee full of value, quality and satisfaction.

The marketing concept rests on four main pillars, namely target market, customer needs, coordinated marketing and profitability.

The selling concept takes an inside-out perspective. It starts with the factory focuses on the company's existing products, and calls for heavy selling and promoting to produce profitable sales.

9. (c)

Distinction between Strategic Management and Strategic Planning:

The basic difference between Strategic Management and Strategic Planning are as follows:

Strategic Management	Strategic Planning
It is focused on producing strategic results; new markets ; new products ; new technologies etc.	It is focused on marking optimal strategic decisions.
It is management by results.	It is management by plans.
It is an organizational action process.	It is an analytical process.
It broadens focus to include psychological, sociological and political variables.	IT is focused on business, economic and technological variables.
It is about choosing things to do and also about the people who will do them.	It is about choosing things to do.

9. (d)

Benefits of Contingency planning:

The Benefits of Contingency planning are enumerated below:

(i) It will make the future through their proactive planning and advanced preparation.

(ii) It will introduce original action by removing present difficulties.

(iii) It enables to anticipate future problems.

(iv) It will change the goals to suit internal and external changes.

(v) It experiments with creative ideas and take initiative.

(vi) It will attempt to shape the future and create a more desirable environment.

(vii) It permits quick response to change,

(viii) It prevents panic in crisis situations.

(ix) It makes managers more adaptable to unforeseen changes.

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