Roll No. ....

Total No. of Questions : 07] J 2016 [Total No. of Pages : 03

MBA (Sem. - 4th)

STRATEGIC MANAGEMENT

SUBJECT CODE : MB - 401 (2K8 Batch)

Paper ID : [C0176]

[Note : Please fill subject code and paper ID on OMR]

Time : 03 Hours **Maximum Marks : 60**

Instruction to Candidates:

1) Section - A is **Compulsory**.
2) Attempt any **Four** questions from Section - B.

Section - A

Q1) *(10 × 2 = 20)*

a) Differentiate between corporate mission and corporate objectives.

b) Explain the step wise process of strategic decision making.

c) What do you understand by corporate governance? Explain the benefits of good governance.

d) Define Hypercompetition? Give examples of industries in which hypercompetition exists?

e) What are core competencies? Building core competencies helps an organization grow. Justify.

f) What is a Critical Success Factor (CSF)? Explain briefly the benefits of CSF analysis for an organization.

g) Differentiate between corporate strategies, business strategies and functional strategies.

h) Explain the balanced scorecard approach of measuring corporation's performance.

i) What is corporate restructuring? What are the reasons of corporate restructuring and the benefits of it?

j) What are the various pros and cons of strategic piggybacking.

J - 2010

Section - B

(4 × 10 = 40)

Q2) Explain the Porter's five forces model of industry analysis?

Q3) Describe the various growth strategies followed by organizations to grow domestically and internationally.

Q4) Explain the BCG growth share matrix for portfolio analysis of the organizations.

Q5) Discuss the various stages through which a corporation develops in its life.

Q6) Discuss various financial and non financial measures used by organizations for evaluating corporate performance and excercising control.

Q7) Analyze the case of Enron and answer the following questions :

(a) What were the reasons behind the fall of Enron?

(b) Did the Board of Directors and Auditors behaved responsibily towards stake holders?

(c) How could good governance and ethical practices save the fall of Enron?

J-2010

Strategy in Action

Exhibit 3.11

Enron: Running on Empty

The fall of mighty Enron Corp. (ENE)—once one of the most valuable companies in America—was a collapse of mind-boggling proportions. In 2001, Enron had $101 billion in revenues, a stock-market capitalization of $63 billion, and a chairman who was a high-profile confidant of President Bush. Yet in a sickeningly swift spiral, the powerful energy trading company tumbled to the brink of bankruptcy in late November 2001—the victim of a botched expansion attempt, an accounting scandal, and the overweening ambition of its once widely admired top executives.

The end came quickly because Enron had overextended itself—and because investors and customers lost faith in its secretive and complex financial maneuvers. With legions of traders working out of a Houston skyscraper, the company put together trades so exotic that they mystified many Wall Street veterans. Under Chairman Kenneth L. Lay—who pressed the administration to embrace a controversial policy of electricity deregulation—and former CEO Jeffrey K. Skilling, Enron had become largely a trading operation, dubbed by some the Goldman, Sachs & Co. of the energy business.

Enron's success depended on maintaining the trust of customers that it would make good on its dealings in the market. But that trust evaporated in recent weeks as it shocked the market with changes to its nearly incomprehensible financial statements. "If you are running a trading operation, you have to be like Caesar's wife, beyond reproach. Unfortunately, the company didn't realize it," says a senior Enron employee who asked not to be identified.

The fall of Enron—to 61 cents a share on Nov. 28, 2001—has already wiped out more than 99 percent of its stockmarket value. Some $3.5 billion of its bonds are trading at just a quarter of their face value. Banks that lent billions to Enron will have to fight for a share in bankruptcy court. Enron's biggest lenders are J. P. Morgan Chase & Co. and Citigroup, which together have an estimated $1.6 billion in exposure. Of that, $900 million is unsecured, according to sources. Other losers: Enron's customers, who traded everything from electricity, gas, and metals to telecom bandwidth, credit insurance, and weather derivatives.

Already the once-arrogant Enron has become vulture meat. In addition to clamoring creditors, it faces class actions by shareholders and employees, whose pensions were heavily invested in Enron stock. That raises questions about how much value is left in the company, which will probably be dismembered and sold off in parts.

Since creditors had time to shield themselves, it doesn't appear that the implosion of Enron will drag down any other big players. "The Wall Street firms have had plenty of time to unwind whatever exposure they may have had," says Richard Strauss of Goldman Sachs. "What they may still have remaining is either collateralized or hedged."

Who's to blame? Perhaps the biggest culprit was arrogance, which has caused Enron to be compared to past self-proclaimed masters of the universe such as Drexel Burnham Lambert Inc. in the 1980s and Long-Term Capital Management in the 1990s. Many fingers are pointing at Skilling,* the longtime Enron financial engineer who took over as CEO in February and then resigned with little explanation in August, shortly before the company hit the skids. Also facing the music are Lay and Andrew S. Fastow, who was ousted as chief financial officer on Oct. 24, 2001. Fastow put together several partnerships that were intended to streamline Enron's balance sheet by taking on certain assets and liabilities. That created a conflict of interest for Fastow, who made over $30 million from his partnerships.

The most poignant aspect of Enron's failure is the damage to its own employees. "People have had their total savings disappear," says William Miller, business manager of the International Brotherhood of Electrical Workers union local in Portland, Ore., which represents employees of Enron's Portland General Electric Co. subsidiary. "Some lives have been pretty well destroyed." Enron flew high, but when it fell, it fell hard.

Source: Excerpted from Peter Coy, Emily Thornton, Stephanie Anderson Forest, and Christopher Palmeri, "Enron: Running on Empty," *BusinessWeek*, December 10, 2001, p. 80.

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MBA (Sem. - 4th)

STRATEGIC MANAGEMENT

SUBJECT CODE : MB - 401

Paper ID : [C0113]

[Note : Please fill subject code and paper ID on OMR]

Time : 03 Hours **Maximum Marks : 60**

Instruction to Candidates:

1) Section - A is **Compulsory**.
2) Attempt any **Four** questions from Section - B.

Section - A

Q1) *(10 × 2 = 20)*

a) Define strategic Management.

b) Define strategic intent.

c) Define QUEST analysis.

d) What is balanced scorecard?

e) What do you mean by mergers?

f) What is diversification?

g) Draw BCG Matrix.

h) What do you mean by ethics?

i) What do you mean by corporate culture?

j) What is stability strategy?

Section - B

(4 × 10 = 40)

Q2) What is the purpose of a business strategy? Describe the strategic management process.

J2010

Q3) Critically examine the various factors in external environment which must be kept in mind while deciding business strategy? Explain with suitable illustrations.

Q4) What are the various expansion strategies available to an organization? Explain with examples.

Q5) Why is it important to undertake internal capability analysis? Outline important techniques of organizational appraisal.

Q6) a) Outline G.E. 9 Cell Model.

b) Highlight important techniques of strategic evaluation.

Q7) Write notes on:

a) Value chain analysis.

b) Core competence.

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MBA (Sem. - 4th)

STRATEGIC MANAGEMENT

SUBJECT CODE : MB - 401 (2k7 Batch)

Paper ID : [C0113]

[Note : Please fill subject code and paper ID on OMR]

Time : 03 Hours

Maximum Marks : 60

Instruction to Candidates:

1) Section - A is **Compulsory**.
2) Attempt any **Four** questions from Section - B.

Section - A

(10 × 2 = 20)

Q1)

a) Difference between vision and mission.

b) Porter's sixth force of competitive model.

c) What do understand by ETOP?

d) Role of values and ethics.

e) Difference between plan and strategy.

f) What is core competence?

g) What is competitive advantage?

h) Draw GE matrix.

i) What do you understand from social responsibility?

j) What are new product strategies?

Section - B

(4 × 10 = 40)

Q2) "There are five competitive forces that determine an industry's profit potential", Explain.

Q3) What do understand by strategy implementation? What are the important issues involved in it?

Q4) Explain how companies can position their products for maximum competitive advantage in the market place?

Q5) Identify the HR challenges associated with each of the three major business unit strategies (i.e.cost leadership, differentiation and focus).

Q6) "The purpose of strategy is to define the nature of relationship between firm and its environment". Critically examine the statement.

Q7) It is often said that firms should use both qualitative and quantitative measures to evaluate the overall performance. Why?

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M.B.A. (Sem. - 4th)

STRATEGIC MANAGEMENT

SUBJECT CODE : MB-401(2k8 & Onwards)

Paper ID : [C0176]

[Note : Please fill subject code and paper ID on OMR]

Time : 03 Hours

Maximum Marks : 60

1) Section - A is **Compulsory**.
2) Attempt any **Four** questions from Section - B.

Section - A

Q1) *(10 × 2 = 20)*

a) Define strategy? What are the three types of strategies formulated by organizations?

b) Who are the stakeholders in the organization? How do these stakeholder groups influence organizations?

c) What are the responsibilities of Board of directors of an organization?

d) Define Strategic Group? Briefly describe various types of strategic groups?

e) What is a value chain? Describe the benefits of value chain Analysis?

f) What is a strategic alliance? What are the reasons for the companies to form strategic alliances?

g) Differentiate between cost leadership. Differentiation and Focus strategies of competition?

h) Describe the advantages of Portfolio Analysis?

i) Define Benchmarking? Explain the process of Benchmarking?

j) What do you understand by corporate synergy? How does synergy takes place in the organizations?

Section - B

(4 × 10 = 40)

Q2) Describe the external environmental factors that affect an industry.

Q3) Explain the Porter's competitive strategies in detail? Is it possible for a firm to follow cost leadership and differentiation strategies at the same time?

Q4) Discuss various strategies adopted by the organizations to enter international markets?

Q5) What is corporate restructuring and what are its common forms? Also discuss the short and long term outcomes associated with the different restructuring strategies?

Q6) Explain Hofer's product market evolution and shell Directional Policy matrix for corporate analysis?

Q7) Analyze the case of "Indian Auto Industry turns Global" and answer the questions related to the case?

CASE STUDY

Indian Auto Industry Turns Global

ESS BEE Company was established in 1989 in Mumbai to manufacture cycles. Initially the company served few markets of South India. The company due to its higher efficiency emerged as low cost manufacturers within a period of five years from its inception and managed to cover 40 percent market share of the markets it served. The company managed to obtain a licence from the Government of India in 1993 to manufacture mopeds and in the same year it started the manufacturing. In 1995, the company entered a joint venture programme with a Japanese company for the manufacturing of mopeds and scooters. The company is currently manufacturing two brands of scooters, namely 'Lady Bird' and 'Flying Queen'. Both the brands of the company have succeeded in gaining a market share of 21 percent and 26 percent respectively in highly competitive markets. The company's mission is to become industry leader and set trends for the followers.

India being one of the most populated countries in the world is considered the most attractive market for the automobiles industry today. Consequently the competitive structure of the Indian automobile industry is bound to change in the future. Presently there are four major competitors for the company. However, the number of competitors is expected to go up with the arrival of three global players who have already sought permission from the Government of India for the manufacturing of two-wheelers. These global companies enjoy the benefits of having strong international brands and the proven ability to market those brands. Further, the ability to produce more efficiently due to having larger operations and the ability to transfer resources across company areas produce a strong competitive advantage for the global companies.

However, the domestic companies possess in-depth knowledge of the local taste and preference which they can use as a source of competitive advantage. The presence of the global players has led to an increase in capabilities of the existing players in two-wheelers segment. To meet the growing demands of competition, many companies have already redesigned works, jobs and business processes in their organizations. At the same time the Society of Indian Automobile Manufacturers reports that auto-vehicle manufacturers are expected to invest US $ 5.7 billion in Indian market from 2005 to 2010 to meet the challenges of growing competition.

ESS BEE Company has core competencies in resources and the capabilities which it has never used so far as its sources of competitive advantage. However, presently the company is having competitive advantage in a large network of distribution and service across the country. The company is also known for its research and development capabilities in the country and currently its R&D division is working on a new brand which is expected to be a combination of design, outlook and technology. The company intends to launch this brand in the market within a period of six months.

Hero Honda, one of the strong competitors in the industry, with a greater understanding of local taste and preferences has been able to meet the growing expectations and needs of the customers. In fact, this company has been producing least cost and fuel-efficient two-wheelers for the last two decades and has been able to earn a market share of more than 40 percent of the two-wheeler market. Meanwhile, Satum Automobiles, a strong competitor with a highly skilled and trained workforce has recently established a network of dealers, separate from ESS BEE Company dealers, who are committed to provide a level of personalized customer service unmatched in the industry.

The two-wheeler industry of India has turned global and is becoming highly competitive. Consequently, domestic firms have to respond to the changing environment of the industry. In fact, the firms have to leave behind their practice of subsidized inefficiency and have to take necessary measures to transform their way of functioning in order to compete with the strongest firms in the world in their local markets.

DISCUSSION QUESTIONS

1. Identify and discuss the impact of changing environment on the competitive structure of the industry.
2. Discuss the core competencies of major competitors in the industry.
3. What is your perception about Resource-Based View? How could such a view help domestic companies to compete with multinational companies in local market?