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Total No. of Pages: 05
Total No. of Questions: 10

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

STRATEGIC MANAGEMENT

Subject Code: MBA-401
Paper ID: [A2524]

Time: 3 Hrs. **Max. Marks: 60**

INSTRUCTIONS TO CANDIDATE:

1. **Attempt four questions from SECTION-A.**
2. **One question each from each subsection of SECTION-B.**
3. **And a case study from SECTION-C**

SECTION-A

Q.1. **(4x5=20)**

(a) Define Strategy.

(b) Differentiate between a vision and a mission of an organization.

(c) What is historical analysis?

(d) What is corporate restructuring?

(e) How can the CSF in an organization be identified.

(f) What is the difference between strategic and operative control.

Section-B

Unit-1

Q.2. Critically evaluate the nature scope and importance strategy in the long term success of an organization. (8)

Q.3. Discuss the strategic management process in detail. What is the significance of environmental appraisal in strategy formulation? (8)

Unit-2

Q.4. What do you understand by strategic advantage profile of an organization? How can it be done? Explain the methods of conducting an SAP of an organization. (8)

Q.5. What is the significance of conducting an internal environmental appraisal for the organization? Explain with examples. (8)

Unit-3

Q.6. What are the various corporate level strategies that can be followed by organizations for expanding their business at the global level? Discuss. (8)

Q.7. Explain the importance of conducting porter's competitive analysis for formulating strategies at the business level. (8)

Unit-4

Q.8. Critically evaluate the porter's five forces model for industry level analysis. Do you think it will (8)

Give you a comprehensive analysis of the external competition ensuing the organization?

Explain. (8)

Q.9. Discuss the various procedural issues involved in the effective strategy implementation in the organization. (8)

Section-C

CASE STUDY:

Q10. CASE STUDY 1: THE CASE OF THE NICHE BIKE

(Business Today, 29-9-2002)

"A new platform won't come cheap. And then, the bike runs into the danger of losing its retro look", Dev Vyas, the Chief Technical Officer of Marley Simpson, was telling the young new CEO, Sunjay Mallik.

Marley Simpson was 50 years old as a motor cycle company. The bike in question was a classic 350-cc design that, with its V-shaped engine, was once the coolest cruiser on Indian highways, ,but had seen 100-cc utility bike made by Indo-Japanese collaborations zip past its modest sales volumes. Yet, despite its bikes being fuel-guzzlers, Marley Simpson had managed to retain a market niche amongst India's true bikers – for whom the machine was part of their identity, their very being, and not some low-cost transportation device.

The problem was that Marley Simpson, for all the passion it aroused, was not making any money. Selling just 20,000 cruisers a year, in a domestic market of 2.6 million odd mobikes, the company had been losing money for the past four years. Mallik and Vyas had sat for hours, with some other colleagues, to discuss ways in which its bikes could be re-engineered to appeal to a larger market – without losing the core values of the brand. And the brand was the company's biggest asset. The Marley Simpson rider had to remain the very exponent of freedom and individuality, as fiercely resistant to being 'boxed in' as always.

Could something be done? Sure, thought Mallik and his team. Just two years ago, the Chief to Detroit's second largest car-maker had expressed interest in buying the business. To Mallik, this way testimony to its turn-around-ability. "We cannot afford to invest heavily", said Mallik. "Nor can we afford any substantial increase in variable costs". Unit manufacturing costs were already too high. And that too, for products that weren't seen as the best wheels to burn rubber with.

In some ways, Marley Simpson's big problem was that it was an orphan. The firm's original Uk-based parent had shut shop long ago, depriving it of technological inputs. But seen another way, orphanhood was also a big strength. It forced the firm to think hard for itself, and thereby gave it the freedom to reject conventions that the industry seldom questioned.

Marley Simpson prided itself in its ability to see everything from the broadest possible perspective there was no need to reinvent the wheel it knew, nor live in awe of it. Technology no longer defined the core of the business worldwide. Capacity was no big deal either. Almost everything could be outsourced.

"Outsourcing design work from vendors was a smart move", said Vyas. "We have actually saved something like Rs.2 crore in the process". Marley Simpson's own CAD/CAM designing facility was doing some good work too, saving the company money on using European design shops for even minor changes.

Mallik nodded. The 'power train' (comprising the engine and transmission system) was the only thing it needed to make in-house, with vendors supplying the rest.

"That's the only way we can focus on the more critical aspects of business – like product development and marketing", said Vyas. With market a forces coming into play, the game was increasingly about the front-end, the consumer interface. The challenge was to have the right products to offer. “Volumes should increase with the launch of new models. What do you say, Vyas?” asked Mallik.

Vyas signalled his assent. But Deepak Gupta, the marketing Director, who had just entered the room, thought it best to hold up a ‘market reality’ flag, to keep optimism in check. “The last two launches,” he said “have certainly made things better, but only marginally”.

Mallik chose not to respond, knowing that the stronger bets were the two new models that were still to come. The old models had been upgraded, too, with a new gear-box, engine and suspension. Moreover, with modern common-to-all components in place, the company could economise on materials too. Vyas reiterated some of the gains made on these processes.

“That’s good. But how do we increase demand?” asked Mallik, looking for some grand ideas rather than the usual incrementalism. Nobody spoke.

“Exports is another market we should concentrate on”, said the CEO, at length. This was a plan that had been bouncing around the company for many months now. There was evidence that many Asian markets in the region had begun absorbing cruisers in large numbers. The driving force? The openness-seeking, globally-exposed youth culture. But quality expectations in these markets were extremely high. Moreover, the spirit of biking still had to be marketed well, before the incipient trend could become significant enough to warrant top-level attention.

Immediate volumes would have to come from the domestic market. “The other option, of course, is to upgrad our capacity and go mass like all the rest of them”. Said Mallik, knowing full well that this would mean setting aside Marleyism for a new obsession called fuel-efficiency (four stroke engine, low displacement, low weight parts and all the rest of it)

Technically Marley Simpson could easily acquire fuel-saving technology to build an entirely new platform. The Japanese had mastered the technology to survive high fuel costs.

But was this the solution? Did a latecomer have any chance at reaching the 1-million-plus volumes achieved by Halo Handa, the market leader? No. It would be defeatist from the brand perspective, in a way too.

At least the existing niche was its own niche daily Ideally, the niche would widen its appeal, to encompass even those who have no clue what goes on in a biker's head. This could happen if roads improved, fuel sensitivity declined and mass attitudes campaign. It would still be one Herculean task, and that too, requiring extreme patience. But it would at least be the stuff of genuine leadership.

Questions:

(a) Can Marley Simpson reengineer its mobikes to appeal to a larger market while retaining the brand's image?

(b) What Should Marley Simpson do to clarify its strategic direction for the mid and long term?

(c) "Catering to the lower-end commuter would amount to diluting the Marques' associations and brand image". Why and why not?

(d) "One Marley has decided to go the niche way, the company must work hard to own that area and expand the appeal of its bike". Do you agree? Why and why not?

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