Roll No. ☐☐☐☐☐☐☐☐☐☐☐☐ **Total No. of Pages : 04**

Total No. of Questions : 15

MBA (2012 & Onward) (Sem.–4)

STRATEGIC MANAGEMENT

Subject Code : MBA-401

Paper ID : [A2524]

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

INSTRUCTION TO CANDIDATES :

1. **SECTION-A contains SIX questions carrying FIVE marks each and students has to attempt any FOUR questions.**
2. **SECTIONS-B consists of FOUR Subsections : Units-I, II, III & IV. Each Subsection contains TWO questions each carrying EIGHT marks each and student has to attempt any ONE question from each Subsection.**
3. **SECTION-C is COMPULSORY and consists of ONE Case Study carrying EIGHT marks.**

SECTION-A

1. Outline the Scope of Strategic Management.
2. Define and differentiate between vision and the Mission Statement of an organization.
3. What is the significance of SWOT analysis in strategy formulation?
4. What is the role of value chain analysis in internal appraisal?
5. What is Corporate Restructuring?
6. Outline the Significance of Porter's Five Forces Analysis.

SECTION-B

UNIT-I

7. The success of a strategy would depend upon the right environmental analysis. Do you agree? Discuss with examples.
8. Discuss the process of strategic management in detail delineating the levels at which the strategy operates.

UNIT-II

9. Internal appraisal is absolutely essential to determine the organizational strengths and weaknesses. Discuss.

10. Discuss the balanced scorecard approach in measuring the financial and the non financial health of the organization.

UNIT-III

11. Strategic analysis and choice is very important before closing down any unit. Do you agree? Explain with the help of BCG Matrix and GE nine cell matrixes.

12. Discuss the business level strategies of differentiation, low cost and focus. What according to you are the risks and benefits of cost leadership?

UNIT-IV

13. What is the role of top leadership in building up organizational culture? Explain with examples of some great leaders and their organizations.

14. What is the significance of strategic control and operational control in determining the success of the strategy?

SECTION-C

15. **Case Study**

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 bikes 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 was 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, orphan hood 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 forces coming into play, the game were 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 GEO, 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 upgrade 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 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 towards free-wheeling underwent a shift- which required a sustained convergence 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 brands’ 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 bikes”. Do you agree? Why and why not?