Seat No.: ________ Enrolment No.___________

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA – SEMESTER 3 – • EXAMINATION – SUMMER 2016

Subject Code: 2830001 **Date: 28/04/2016**
Subject Name: Strategic Management (SM)
Time: 10.30 AM TO 01.30 PM **Total Marks: 70**

Instructions:
1. **Attempt all questions.**
2. **Make suitable assumptions wherever necessary.**
3. **Figures to the right indicate full marks.**

Q.1 **(a)** Multiple Choice Questions **06**

1 **Product differentiation refers to the:**
a. ability of the buyers of a product to negotiate a lower price.
b. response of incumbent firms to new entrants.
c. belief by customers that a product is unique.
d. fact that as more of a product is produced the cheaper it becomes per unit.

2 **Which of the following is NOT an entry barrier to an industry?**
a. expected competitor retaliation
b. economies of scale
c. customer product loyalty
d. bargaining power of suppliers

3 **To be a core competency, a capability must satisfy all of the following criteria EXCEPT:**
a. be technologically innovative.
b. be hard for competing firms to duplicate.
c. be without good substitutes.
d. be valuable to customers.

4 **A company pursuing a differentiation or focused differentiation strategy would**
a. have highly efficient systems linking suppliers' products with the firm's production processes.
b. use economies of scale.
c. have strong capabilities in basic research.
d. make investments in easy-to-use manufacturing technologies.

5 **Competitive rivalry has the most effect on the firm's ____ strategies than the firm's other strategies.**
a. business-level
b. corporate-level
c. acquisition
d. international

6 **Which of the following would be an example of a strategic action?**
a. a "two movies for the price of one" campaign by Blockbuster Video
b. use of product coupons by a local grocer
c. entry into the European market by Home Depot
d. fare increases by Southwest Airlines

(b) Explain the following terms **04**

1. Mission 2. Value Chain 3. Strategy 4. Core competency

(c) Write a short note on Balance score card. **04**

Q.2 **(a)** Explain the characteristics of an effectively worded strategic vision. **07**

(b) Explain the Blue Ocean Strategy as a special kind of offensive. **07**

OR

(b) Carry out the SWOT analysis for any industry/company and also explain what are the real values associated with SWOT analysis **07**

Q.3 **(a)** "The five forces determine industry profitability because they influence the prices, costs, and required investments of firms in an industry." Analyze the statement and explain the five-force model for industry analysis. **07**

(b) "A company's overall strategy is a collection of strategic initiatives and actions devised by managers and key employees up and down the hierarchy". Discuss the company's strategy making Hierarchy **07**

OR

Q.3 **(a)** Using PEST framework as a guide, undertake an audit of the microenvironment of a chosen industry or sector. What are the key influences on organizations in that industry? What are the main drivers of change? **07**

(b) What is a strategic alliance? Discuss the six factors that decide what extent company benefits from entering into strategic alliances. **07**

Q.4 **(a)** What is competitive strategy? Discuss in brief five generic competitive strategies. **07**

(b) When a low cost provider strategy works best? **07**

OR

Q.4 **(a)** Discuss the four approaches to manage company's ethical conduct. **07**

(b) Discuss the components of the strategy execution process. **07**

Q.5 DD is the India's premier public service broadcaster with more than 1,000 transmitters covering 90% of the country's population across an estimated 70 million homes. It has more than 20,000 employees managing its metro and regional channels. Recent years have seen growing competition from many private channels numbering more than 65, and the cable and satellite operators (C & S). The C & S network reaches nearly 30 million homes and is growing at a very fast rate. DD's business model is based on selling half-hour slots of commercial time to the programme producers and charging them a minimum guarantee. For instance, the present tariff for the first 20 episodes of a programme is Rs. 30 lakhs plus the cost of production of the programme. In exchange the producers get 780 seconds of commercial time that he can sell to advertisers and can generate revenue. Break-even point for producers, at the present rates, thus is Rs. 75,000 for a 10 second advertising spot. Beyond 20 episodes, the minimum guarantee is Rs. 65 lakhs for which the producer has to charge Rs. 1,15,000 for a 10 second spot in order to break-even. It is at **14**

this point the advertisers face a problem – the competitive rates for a 10 second spot is Rs. 50,000. Producers are possessive about buying commercial time on DD. As a result the DD's projected growth of revenue is only 6-10% as against 50-60% for the private sector channels. Software suppliers, advertisers and audiences are deserting DD owing to its unrealistic pricing policy. DD has three options before it. First, it should privatize, second, it should remain purely public service broadcaster and third, a middle path. The challenge seems to be to exploit DD's immense potential and emerge as a formidable player in the mass media.

Do the SWOT analysis of DD and analyze all three alternatives

OR

Q.5 Airlines industry has always been a very challenging one to operate in. Very few companies are actually earning profit in this industry. Kingfisher Airlines, a dream venture of Vijay Mallya also ventured into this industry to make a difference and to redefine the experience of flying. But Kingfisher Airlines once known for its premium quality and class is in the deep crisis now and is actually struggling for its space in the sky. The Directorate General of Civil Aviation (DGCA) had suspended Kingfisher's SOP on October 19, 2012 till further orders after a lockout and its failure to come up with a viable plan of financial and operational revival. DGCA had said Kingfisher had failed to run a "safe, efficient and reliable operations." State Bank of India (SBI), the lead bank to ailing Kingfisher Airlines, cautioned the carrier that it "will not fly" if it fails to bring in fresh capital by November 30, 2012. India will not renew Kingfisher Airlines' license to fly if the ailing carrier fails to provide a turnaround plan. The government is now concerned about how the cash-strapped carrier would pay the salary dues to employees and the dues to its service providers, including airport operators, and oil companies. 'I am taking things personally,' Vijay Mallya, chairman of Kingfisher Airlines, says when it comes to running his airline. Perhaps this is one reason why the airline is in shambles. Lack of delegation is being talked about as the major move that Mallya did not undertake when running the airline. Unlike his other two major businesses - the spirits and beer segments - which have been running exceptionally smoothly under the helm of managing directors, the airline has been crash landing because of one trouble or another with frequent changes in strategy and direction as well as the absence of no long term CEO or MD. While Mallya is indeed closely associated with strategic decisions at United Breweries (UB-India's largest brewer) and United Spirits (India's largest spirits player), he is understood to have been more than closely associated with day to day operations of the airline. Started as a full-service carrier, Kingfisher Airlines then added a low-cost model, expanded it further, only to fold it up and go back to the initial focus of full service - all this in a period of just six years. When the idea of starting an airline was debated at the UB headquarters, there was strong opposition from his close aides. But Mallya prevailed. 'We had a series of discussions and many of us said that if we have to start a new business, mobile telephony is an option instead of an airline. Leveraging the Kingfisher brand in the mobile telephony space would have worked wonders to expand our empire, but somehow we could not convince Mallya out of the idea of an airline business,' a board level official of UB Group told Business Standard. **14**

Discuss in detail the failure of Kingfisher airline from strategic management point of view

****