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08MBA31

Third Semester MBA Degree Examination, December 2010

Strategic Management

Time: 3 hrs.

Max. Marks:100

**Note: 1. Answer any FOUR full questions from the Q.No.1 to 7.
2. Question No. 8 is compulsory.**

- 1 a. Differentiate between strategy and tactic. (03 Marks)
b. What are the different characteristics of strategic management? (07 Marks)
c. Why strategic management is an ongoing process and not a start-stop event? (10 Marks)
- 2 a. Define the strategic objectives of a firm. (03 Marks)
b. What are the different approaches to strategy making? (07 Marks)
c. Explain Micheal E. Porter's five forces model and its implication on the soft drinks industry. (10 Marks)
- 3 a. Define strategic group mapping. (03 Marks)
b. Explain the balanced score card approach. (07 Marks)
c. Explain the salient features of VISION and MISSION statements. (10 Marks)
- 4 a. What is PEST analysis? (03 Marks)
b. Explain the generic strategies adopted at business level. (07 Marks)
c. Explain the GE nine cell planning grid and describe its improvements over BCG matrix. (10 Marks)
- 5 a. Define value chain. (03 Marks)
b. Explain the turn around strategies. (07 Marks)
c. What are the strategic options for entering and competing in foreign markets? Explain. (10 Marks)
- 6 a. Define core competence. (03 Marks)
b. Explain the factors building the competitive advantage. (07 Marks)
c. Explain the impact of environmental factors on the performance of the company. (10 Marks)
- 7 a. Define strategic audit. (03 Marks)
b. Explain the steps involved in designing effective control systems. (07 Marks)
c. Critically evaluate the different types of organizational structures and their relevance in effective strategy implementation. (10 Marks)

Important Note : 1. On completing your answers, compulsorily draw diagonal cross lines on the remaining blank pages.
2. Any revealing of identification, appeal to evaluator and /or equations written eg, 42+8 = 50, will be treated as malpractice.

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Case study :

Analyze the case and answer the questions given at the end of the case :

By the time Michael Dell enrolled at the university of Texas in 1983, he was already a successful entrepreneur. Although his initial academic interest was not business, he launched a venture, selling random access memory (RAM) chips and disk drives for IBM PCs out of his dorm room. When his business grossed \$80,000 a month the following year, Dell decided to drop out of college and focus on his new enterprise, full time.

Dell began making and selling IBM clones directly to consumers rather than through retail outlets. His direct marketing strategy resulted in price reductions of about 40% off retail. International sales offices were added in 1987, and Dell went public the next year.

When profits declined in 1990, Dell responded with cuts in inventories and assortment of new products. In 1991, Dell began to allow select retailers to sell its PCs at direct mail prices, a strategy it would abandon several years later. In the following years, the firm opened markets in Latin America, Japan and Australia. Dell also began manufacturing servers.

In 1996, Dell began selling PCs through its website. Growth continued, and in 1998 the company increased manufacturing in the Americas and Europe and added a production and customer facility in China. In 1999, Dell launched a \$999 PC. However, declines in the PC market took its toll on Dell. In 2001, the firm eliminated about 5000 jobs to cut costs. Dell acquired Microsoft software support specialist Plural in 2002.

Today Dell has operations primarily in USA, Canada, Latin America, Europe, the Pacific Rim, Japan, Australia and New Zealand. Dell offers PCs, servers, storage devices, and a wide variety of hardware components, as well as integration, training and support. Although Dell has sought to develop a number of new products, desktop PCs account for approximately 50% of revenues, with notebook computers accounting for approximately 25%.

In 2003, founder Michael Dell owned 12% of the firm.

Questions:

- a. How did and does Dell's marketing strategy differ from that of its major competitors such as Compaq and Gateway? (07 Marks)
- b. Sales of personal computers grew rapidly in the 1980s and early 1990s but have leveled off in the 2000s. Is it possible for Dell to continue to grow in such a heavily saturated market? (07 Marks)
- c. Will Dell have significant problems of CEO succession when Michael Dell eventually leaves the firm? (06 Marks)

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