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Third Semester MBA Degree Examination, December 2011
Strategic Management

Time: 3 hrs.

Max. Marks:100

Note: 1. Answer any FOUR full questions from Q1 to Q7.
2. Q8 is compulsory.

1.
 - a. What do you mean by strategy? (03 Marks)
 - b. What are the three levels of strategy? Explain. (07 Marks)
 - c. What are long term objectives? Explain the qualities of long-term objectives. (10 Marks)

2.
 - a. What is strategic control? (03 Marks)
 - b. What is value chain analysis? Explain. (07 Marks)
 - c. What are the ground strategies? Explain in detail, horizontal and vertical integration. (10 Marks)

3.
 - a. What do you mean by environmental scanning? (03 Marks)
 - b. Explain the method of constructing BCG matrix. What are its uses and limitations? (07 Marks)
 - c. Pick up an industry of your choice and identify the critical success factors of a firm in that industry. Formulate the objectives, goals and targets based on the critical success factors you have identified. (10 Marks)

4.
 - a. Differentiate between vision and mission. (03 Marks)
 - b. Critically evaluate types of organizational structures and their relevance in strategy implementation. (07 Marks)
 - c. Explain the different types of strategic control. (10 Marks)

5.
 - a. State any three benefits of benchmarking. (03 Marks)
 - b. What is the resource based view (RBV) of a firm? Give examples of three different types of resources. (07 Marks)
 - c. Explain the McKinsey's 7s framework. (10 Marks)

6.
 - a. What is a competitive advantage? (03 Marks)
 - b. Discuss the role of SWOT analysis as a tool facilitating strategic choice at the business level. (07 Marks)
 - c. Discuss the various components of strategic management model. (10 Marks)

7.
 - a. Define strategic planning. (03 Marks)
 - b. A vision is too abstract to be of any particular value. Why? Why not? (07 Marks)
 - c. Explain the significant differentiation strategies, with examples. (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.

8 CASE STUDY :

Microsoft operates in a hyper competitive industry. It uses its dominance in operating systems to move to a very strong position in application programmes like work and excel. Even though it held 70% of the market for PC operating systems in 1992, it invested millions in developing the next generation – windows 95 and windows NT. Instead of trying to protect its advantage in the profitable DOS segment, Microsoft activity sought to replace DOS with various versions of windows. Before hyper competition, most experts argued against cannibalization of a company's own product line because it destroys a very profitable product, instead of harvesting it like a "cash cow". According to this line of thought, it will be better off defending its older products. New products would only be introduced if it can be proven that they would not take sales away from current cannibalization. Bill Gates, co-founder and chairman and CEO of Microsoft, realized that if his company didn't replace its own product with a better product, someone else would (such as IBM with OS/2 Warp). He knew, the success in the software industry depends not so much on company size but moving aggressively to the next competitive advantage before the competitor does. "This is a hyper competitive market" explained Gates. "Scale is not all positive in this business. Cleverness in the position in this business". By 1997, Microsoft still controlled 90% of the operating system market and had attained a dominant position in application software as well.

Questions :

- a. Was the strategy adopted by Microsoft correct? Discuss. (05 Marks)
- b. The strategy of destroying a very profitable product instead of harvesting it like "cash cow" is not correct. Comment. (05 Marks)
- c. Bill Gates believed an aggressive strategy to get competitive advantages. Explain. (05 Marks)
- d. Identify the theoretical concepts involved in this case. (05 Marks)

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