

**GUJARAT TECHNOLOGICAL UNIVERSITY****MBA - SEMESTER– III EXAMINATION – WINTER 2019****Subject Code: 2830001****Date: 28-11-2019****Subject Name: Strategic Management****Time: 10:30 AM TO 1.30 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) Objective Questions****Marks: 6**

1. **To find out what an organization's strategy is, you should:**
  - a) Read the mission statement
  - b) Look at what the organization actually does
  - c) Read the strategic plan
  - d) Ask the CEO
2. **McDonalds is deciding whether to expand into manufacturing kitchen equipment in India. At what level is this decision likely to be made?**
  - a) Business
  - b) Corporate
  - c) Functional
  - d) International
3. **Typically, profits are highest in which stage of the industry life-cycle?**
  - a) Introduction
  - b) Growth
  - c) Maturity
  - d) Decline
4. **The value chain is subdivided into two main headings. These are primary activities and:**
  - a) Peripheral activities
  - b) Support activities
  - c) Secondary activities
  - d) Outsourced activities
5. **Tacit knowledge is seen as important feature of competitive advantage in which approach to strategy?**
  - a) Resource-based view of the firm
  - b) Competitive positioning approach
  - c) Industrial organization
  - d) Evolutionary approach
6. **In the context of environmental analysis, 'munificence' means:**
  - a) The extent to which resources are freely available to support firms in an industry and enable them to grow
  - b) The extent to which it is diverse
  - c) The extent to which it is stable or turbulent
  - d) The extent to which the industry follows the conventional life-cycle stages

- Q.1 (b)** What are the elements in strategic management process? **04**
- Q.1 (c)** Explain the I/O model of above average return **04**
- Q.2 (a)** What is the external environment analysis process. What does the firm want to learn from external environment analysis? **07**
- Q.2 (b)** Suppose you are the CEO of an organization that has just launched an e-commerce portal to give competition to Amazon and Flipkart. What will be the key considerations while developing your vision statement? **07**
- OR**
- Q.2 (b)** Suppose you are newly appointed CEO of a retail major. How would you perform the internal analysis to identify the resources and capabilities of the firm? **07**
- Q.3 (a)** Discuss Industry analysis using Porter's five forces theory. **07**
- Q.3 (b)** You are the CEO of a footwear manufacturing company. Your company manufactures shoes and sandals for both the sexes. The designs of the shoes and sandals have not changed over the years. Your shoes sold like hot cakes in early 2000s but now the sales have declined heavily. Analyse the situation and suggest appropriate solutions to get the company back on track **07**
- OR**
- Q.3 (a)** What is value? Why is it critical for the firm to create value? How does it do so? **07**
- Q.3 (b)** If a firm succeeds in making the customers to switch from the competitor's brands to the firm's brands, while maintaining its existing customers intact, there will be an increase in the firm's sales. Why/why not? **07**
- Q.4 (a)** What are the risk of International Diversification? What are the challenges of managing multinational firms. **07**
- Q.4 (b)** Suppose you are the business head of a firm which is in deep financial trouble and is losing customers because of lack of proper services. In such a situation, what will you do and how would you justify your actions? **07**
- OR**
- Q.4 (a)** why are merger and acquisition strategies popular in many firms competing in the Global economy? Are the reasons the same in the case of India? **07**
- Q.4 (b)** Suppose you are the manager of a newly established garments company. You have a business strategy ready for you that stresses on competitive positioning and proper stakeholder management. Draft out a proper functional strategy for your company, if the objective is to establish a brand name in the long run **07**
- Q.5. Case study Mission Mind Tree** **14**

M indTree which was founded in 1999 in India by a group of IT professionals who wanted to chart a somewhat distinctive path. Today, it has a topline of \$269 millions and is rated as one of the most promising mid-sized IT services companies. Creditable as that is, MindTree does not want to be just that. There is an element of serendipity about what it has been doing over the last year. In 2008, it

designated one of its founders Subroto Bagchi 'Gardener', a gimmicky signal, intended to declare that he was moving out of the day-to-day running of the company to nurture talent which would run the company in the future. He has now a report card ready on a year as Gardener. During this one year, he has also spent around 45 days travelling round the world talking to clients and prospective ones which has yielded remarkable insights into what firms are doing in these traumatic times. Lastly, MindTree as a whole has spent the last year going through the exercise of redefining its mission statement and vision for the next five years. Quite fortuitously these three processes have come together with a unifying thread, presenting a coherent big picture. MindTree wants to seed the future while still young, and executive chairman Ashok Soota has declared that by 2020, it will be led by a non-founder. So a year ago the Gardener Bagchi set out to "touch" 100 top people in the organisation, with a goal of doing 50 in a year so as to eventually identify the top 20 by 2015. From among them will emerge not just the leader but a team of ten who would eventually, as group heads, deliver \$200 millions of turnover each. That will give a turnover of \$2 billions. To put it in perspective, only one VC-funded company, which has not closed or been bought over, has been able to get to \$2 billions and that is Google. But to get there it has to periodically redefine its mission (why we exist) and its vision - measurable goals for the next five years. Its redefined mission is built around "successful customers, happy people, innovative solutions". Its new vision targets a turnover of \$1 billion by 2014. It wants to be among the globally 20 most profitable IT services companies and also among the 20 globally most admired ones. Admired in terms of customer satisfaction (par for the course), people practices (creditable), knowledge management (exciting) and corporate governance (the Enron-Satyam effect). The really interesting bit about MindTree in the last one year is what Bagchi has been up to. He has been embedding himself in the 50 lives, working in a personal private continuum, making it a rich learning process "which has helped connect so many dots." Of the hundred who will be engaged, maybe 50 will leave, of them 25 may better themselves only marginally, and from the remaining 25 ten will emerge who will carry the company forward.

### Questions

1. What do you analyse as the main reason behind the success of Mindtree?
2. Do you think that redefining the mission statement shows the lacunae on the part of the founder members of an organisation? Why/why not?

**OR**

### **Q.5 Case study Does Sincerity Pay?**

**14**

Rajdhani Tyres Ltd (RTL) was a medium-sized tyre company, manufacturing tyres of various types and grades. It had 6000 workers and 400 executives on its rolls. The manufacturing division was headed by Ramlal. Shekhar was the Chief Engineer reporting to Ramlal directly. The division had 400 workers, 20 executives and 40 supervisors. Baluja joined the manufacturing division four years back as a skilled worker. He was technically sound, hardworking and performed his duties sincerely. He was promoted as a supervisor recently. On Monday, Baluja was taking rounds in the department. It was a routine inspection and he spotted Raghu doing nothing. Baluja advised Raghu to concentrate on the job given to him instead of wasting his time. Raghu shot back saying "You mind your business. I am the senior most in this department. Don't think you have become big after your recent promotion." Other workers witnessed the exchange of words with interest and finally burst into laughter when Baluja tried to retort. Encouraged by the favourable response from his team mates, Raghu retaliated by using unparliamentary words. In frustration, Baluja had to report the matter to the Chief Engineer, Shekhar.

Shekhar took a serious note of the situation and issued a stern warning to Raghu, ignoring the fact that Raghu was quite notorious for such incidents in the past as well. Baluja was able to get along with others in the departments, despite occasional flare-ups over matters relating to discipline and production targets. After a two-year stint, Baluja was in the midst of a crisis again. A worker named Roberts came to duty in a drunken state and was celebrating his birthday with other colleagues, disrupting work. Even after half an hour the noise did not subside and Baluja had to intervene and check Roberts to go back to work and allow others to resume normal duties. Roberts got wild when he was physically forced to go to his workspot. In a fit of anger, Roberts resorted to physical abuse and slapped Baluja in front of others. Not content with this, Roberts reported the matter to the union, alleging verbal as well as physical abuse from the supervisor, Baluja.

Three days afterwards, Baluja got the shock of his life when he came to know about this from another supervisor. After the ugly incident, Baluja had to rush back to his house for admitting his son in the local hospital for viral fever. Since Roberts was drunk and it was his birthday, Baluja never thought of reporting the matter to his boss. The union presented a highly fabricated case to the chief of manufacturing, Ramlal and demanded immediate disciplinary action against Baluja. Ramlal instructed Shekhar to demote Baluja immediately so that he would mend his violent ways of dealing with workers. Shekhar advised restraint since this would send wrong signals to other supervisors and would demoralise them thoroughly. Shekhar however, fearing a revolt from the union, had to demote Baluja. Unable to swallow the insult to his ego, Baluja resigned immediately thereafter, citing personal reasons. Shekhar was quite unhappy with the turn of events and sought advice from the personnel manager, Khurana. Khurana was quick to respond, “Incidents of this nature should help us realise the importance of picking up people with good interpersonal skills as supervisors rather than technical skills. After all, they need to extract work from others, without losing their cool even under provocative situations. You see, we can’t put unions in a spot even when they are on the wrong side.” Shekhar: ‘I know people were after Baluja, since he is sincere and hard-working. He was a race horse. Others were not. With a little bit of tact, Baluja could have managed the situation well.’ Ramlal: “It’s sad to lose people like him. But Shekhar, workers are illiterates and respond negatively when you talk tough language. A supervisor should use his brains rather than hands while dealing with people. This fellow rubbed shoulders with union people on the wrong side previously too. Other supervisors seem to be OK. Be careful in your selections from now on.”

### **Questions**

1. What is the main problem in the case?
2. What would you do, if you were in place of Shekhar?

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