

U.S.N. [] [] [] [] [] []

08MBA31

Third Semester MBA Degree Examination, May/June 2010

Strategic Management

Time: 3 hrs.

Max. Marks: 100

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

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.

- 1 a. Explain the difference between strategy and business model. (03 Marks)
 b. Discuss the characteristics of an effective vision statement. (07 Marks)
 c. Describe the ten commandments for crafting successful business strategies. (10 Marks)

- 2 a. What is the difference between a company's mission statement and its strategic vision? (03 Marks)
 b. Explain the dimensions of general environmental assessment. (07 Marks)
 c. Describe in detail, the strategic management process. (10 Marks)

- 3 a. Explain the three factors to be taken into account while analyzing an industry's key success factors. (03 Marks)
 b. What is strategic group mapping? What benefits can be derived from such maps? (07 Marks)
 c. Explain the Porter five forces model. How can it be assessed whether the collective strength of the five competitive forces promotes profitability? (10 Marks)

- 4 a. What is the difference between core competence and distinctive competence? (03 Marks)
 b. How can SWOT analysis be effectively used to improve a company's strategy? (07 Marks)
 c. Explain the concept of a company's value chain. (10 Marks)

- 5 a. What are the risks of following a best-cost provider strategy? (03 Marks)
 b. In what situations do a low-cost strategy work best? (07 Marks)
 c. What are the options available to a local company trying to fight off global challengers? Give an example, drawn from the Indian context, of each option. (10 Marks)

- 6 a. What is meant by a grand strategy? (03 Marks)
 b. What is strategic outsourcing? What are its advantages? (07 Marks)
 c. Explain the GE 9-cell matrix. How it can be used in practice? (10 Marks)

- 7 a. What are the three components of building a capable organization? (03 Marks)
 b. What are the possible strategic moves a company can make in a maturing industry? (07 Marks)
 c. Explain the dimensions of effective leadership of the strategy execution process. (10 Marks)

- 8 Read the following case carefully and answer all the questions at the end:

During India's freedom struggle, khadi became a potent symbol of self-reliance. However, in the post-independence era, Indian industrialists set up capital-intensive textile mills. Due to mass production, these mills could offer fine cloth at lower prices. Thus, despite all policy incentives to popularize khadi, people bought machine-made textiles. By 2002, khadi formed less than half a percent of India's textile industry.

Earlier in 1957, in order to popularize khadi among the masses, the government set up the Khadi and Village Industries Commission (KVIC), with the broad objective of providing employment at the village level, the economic objectives of producing saleable articles and the wider objective of creating self-reliance amongst the poor and developing a strong rural community spirit. KVIC promoted khadi and associated articles through exclusive outlets, called Khadi-Bhandars. Ever since then, the government has continued to show support to khadi. However, over the years, problems have steadily mounted. According to designers, production of khadi was inconsistent and the cloth was prone to shrinkage and fabric stretch. Fabric colours were also limited. Red tapism and bureaucracy were prevalent throughout KVIC. Corruption was rampant, as there were many middlemen. In addition, there were many bogus khadi units operating in the country, which made verification of rebates to be paid an extremely time-consuming process.

The production of khadi is a labour-intensive process, which involves weaving on handloom from cotton, silk and woolen yarn. To support khadi, KVIC also encouraged village production of toilet soaps and detergents, honey, handmade paper etc. However in spite of all this, public interest in khadi steadily declined in spite of huge governmental subsidies and promotional support.

In order to revive khadi, several initiatives were taken by both the government and private individuals. In 1985, the designer Devika Bhojwani pioneered the "Swadeshi" label of khadi ensembles. These were distributed through nearly 5000 khadi emporia. To display khadi's potential, KVIC organized fashion shows, where dazzling garments created by Bhojwani were showcased. In 1990, the designer Ritu Kumar presented her first khadi collection, called Tree of life. Similarly, the designer Rohit Bal commented "Khadi is the Indian alternative to linen, it is comfortable and now we have proved it is fashionable". With many such initiatives, it began to look as though khadi had a future in fashion.

On the organizational front, the government took steps to restructure the khadi industry. The global consulting firm, Arthur Anderson, were called in to make recommendations. They suggested that KVIC be converted into a policy-making body, and that an independent marketing company be formed to handle sales, distribution and promotion. KVIC also registered Khadi as a brand name.

Technological innovations, such as blending of khadi with ~~with~~ in a 70:30 ratio, were introduced. An Austrian company also proposed to modify and blend the fabric to about 50% more moisture.

The government has also allocated a large advertising and promotional budget to KVIC. It proposes to set up Khadi shops in all international airports. However, Khadi, like any other craft of India would need to face the challenges of quality and producing contemporary designs, that would appeal to the tastes of the present generation.

Questions:

- Analyse the environmental factors affecting the khadi industry. (07 Marks)
- What strategies would you recommend for the revival of khadi? Justify your recommendations by giving three reasons why do you think it will succeed. (07 Marks)
- What are the implementation factors that you feel are critical to the success of khadi in future? (06 Marks)

* * * * *