

**MANAGEMENT PROGRAMME**

**Term-End Examination**

**June, 2011**

**MS-11 : STRATEGIC MANAGEMENT**

Time : 3 hours

Maximum Marks : 100

(Weightage 70%)

**Note :**

- (i) There are two Sections : **Section - A** and **Section - B**.
- (ii) Attempt **any three** questions from **Section - A**, which carries 25 marks each.
- (iii) **Section - B** is **compulsory**.
- (iv) All questions carries **equal** marks.

**SECTION - A**

1. What are the different steps involved in the implementation of strategy ? Discuss each of them in brief giving examples. **25**
2. Explain the concept of Critical Success Factors (CSFs). Take a firm of your choice, which is into consumer durables. Select any two products the firm manufactures and list out the critical success factors that are important for the firm's success. **25**
3. (a) Explain in brief different types of differentiation, giving examples. **12½**  
(b) Explain the difference between a niche - low cost - differentiation strategy and a low-cost differentiation strategy. Support your answer with the help of examples. **12½**
4. Differentiate between Vertical integration and Horizontal integration under which conditions each would be advisable ? Discuss. **25**
5. Write short notes on **any two**. **25**
  - (a) GE's strategic business planning grid
  - (b) Mission and vision
  - (c) Global Product structure
  - (d) Balanced Score Card (BSC)

## SECTION - B

Read the following illustrations and answer the questions given at the end.

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### Culture and strategy

#### Newspapers are about news

The top management team of a newspaper business had spent the morning in small groups analysing the changes in the business environment they faced. They concluded that they faced many major challenges, including changing demographics, electronic media and the growth in free newspapers. Also over 70 percent of their revenue was from the sale of advertising space rather than the newspaper itself. Indeed there seemed to be so many threats that one group decided that 'the end of the world is nigh!'

In the afternoon they turned their attention to the future strategy of the organisation. This quickly became a series of proposals about how they could improve the coverage of news and sport and the physical presentation of the newspaper itself. One of the younger members of the team suggested that they might consider a more fundamental question: '... whether we are really in the news business or if we are an advertising medium?' He was met with astonished silence from his colleagues.

So, in the morning, these managers were quite able to undertake a 'rational' analysis which raised questions about the traditional role of a newspaper. But, in the same afternoon, when it came to what they should do, the paradigm 'newspapers are about news' drove their thinking.

#### IKEA

In the mid - 2000s the Swedish company IKEA was the leader in the European 'flat-pack' householder furniture business. It had a presence in some 30 countries and was famous for its good -quality products marketed at low prices. This had been achieved by the vision of the founder, Ingvar Kamprad, and an almost obsessive attention to every item that would add to cost -so much so that cost reduction became ingrained in the company culture. Kamprad himself drove an old Volvo and bought fruit and vegetables in the afternoons at markets when they were cheap. IKEA staff always travelled economy class and took buses not taxis. There were wall stickers urging staff to turn off lights, taps and computers. There were prizes for the store or office that saved most electricity.

#### Cross-border mergers

French and British companies approach business in different ways -strongly shaped by the different national cultures. This can be an important impediment to successful mergers unless managers are aware of these differences and able to manage their impact within the merged companies. The impact of national culture is seen in the day -to - day ways that companies function. The French are much more committed to rational,

analytical approaches to decision making whereas the British tend to get straight to the point and rely more on 'gut feel'. Meetings in France are held mainly to rubber stamp what has already been decided by 'the boss'. The British expect to go to meetings to influence decisions. The membership of meetings tends to reflect these different purposes. The French have more people involved - since it is part of the education and communication process. In Britain the membership is usually confined to those who have a 'right' to influence the decision.

### Questions

- (a) For each of the three illustrations make lists of advantages and disadvantages of the (four) corporate cultures described.
  - (b) Imagine that you work for a French company that is considering a merger with a British company. Write a short executive report to your CEO listing the cultural clashes that might arise and how they could be handled.
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