

MANAGEMENT PROGRAMME**Term-End Examination****13883****December, 2010****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.*
(iii) *Section - B is compulsory.*
(iv) *All questions carries equal marks.*

SECTION - A

1. Briefly discuss the process of strategy 25
 - (a) for a Single Business Unit (SBU)
 - (b) for a Multiple Business Units. Illustrate your answer with the help of examples.
2. 'Technological factors represent major opportunities and threats which must be taken into account while formulating strategies. Critically comment on the statement keeping in mind the technological advances in the field of agriculture. Also explain how these advances have affected in tapping the opportunities available overseas. 25
3. Explain the relationship between corporate level strategy, business unit strategy and functional strategy. How are these strategies different from each other ? Explain with the help of examples. 25
4. Briefly explain 'Ansoff's Product Market Expansion Grid', as a useful tool in discovering growth opportunities. 25
5. Write short notes on *any two* of the following: 25
 - (a) Shell's Directional Policy Matrix
 - (b) Mother - Daughter Type structure
 - (c) Business Portfolio Analysis
 - (d) Strategic Alliances.

SECTION - B

6. Read the following illustration and answer the questions given at the end :

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Agility through outsourcing with British Telecom

British Telecom (BT) promotes its outsourcing business with the strap-line 'Agility through Outsourcing'.

Many organisations both in the public and private sector have reviewed their internal processes and found that they lack the necessary resources to meet the increasing challenges put on them by changing demands of their customers... They have turned to companies whose core competences fill the gaps in their internal structure. They hand over the running of whole business functions, such as payroll or training, gaining the expertise they need to meet that step change requirement forced on them by the expectations of their customers, but at a predictable cost.

BT offers its clients the opportunity to outsource its information, communication and technology (ICT) functions to provide them with 'freedom from technology' :

Making an investment in technology requires a great deal of expert knowledge to ensure that it becomes an enabler for business rather than a barrier to it. Often organisations find they don't have that expertise in - house. The solution is either buying that expertise in, further raising the level of investment, or handing over the responsibility of managing their ICT systems to a third party like BT that has the relevant skills at its core.

BT has such skills, it argues, because in its own transformation from a public sector organisation to a private company, it placed ICT processes and management at its core, reducing its own cost base and focusing on competitive advantage and customer care by aligning its people, processes and technology. The result is that it believes it can offer a:

Totally integrated approach to IT infrastructure, software systems and applications which enables us to manage more effectively on behalf of our customers... BT can take some or all of the operational responsibility on behalf of the clients' ICT departments. We are able to provide a customised communication service that involves taking over the customer's existing network, including services from other carriers. All solutions are tailored to meet the specialised needs of each customer... our services will go to the extent of transferring assets including staffing resources. We buy the assets from our customers that we need to serve their top technology needs. As a result they get a capital injection by removing those assets from the balance sheet... these organisations can then plough the money they saved into products that benefit their core competences, focused on giving a high quality service to their customers.

BT suggests further benefits to potential clients. Its services :

Greatly benefit organisations that have a specific process or service, which depends greatly on leading edge technology, but for which there is little in-house expertise. The benefits include :

- Achieving costs savings and predictable costs, improving piece of mind through reduced risk.
- Gain access to funds which otherwise would not be available for potential large scale projects.
- Reduce the risk of business change by involving economies of scale from BT.
- Increased agility to reach new markets or new geographies.
- Increased agility to change your business in line with changes in the environment.
- Take advantage of access to resources in expertise not available internally.
- Improve access to technology, innovation and scarce technical skills.
- Reduce management overheads and supplier interfaces.
- Achieve productivity gains leading to lower costs.

Questions :

- (1) Other than ICT, what other areas of business operations might benefit from outsourcing ? Specify some of the benefits that might be gained.
- (2) Given the benefits stated in this illustration why might businesses choose to keep their ICT or other business operations in-house ? Explain.