

MANAGEMENT PROGRAMME

Term-End Examination

02170

December, 2012

MS-91 : ADVANCED STRATEGIC MANAGEMENT

Time : 3 hours

Maximum Marks : 100

(Weightage 70%)

Note :

- (i) There are two Sections : A and B.*
 - (ii) Attempt any three questions from Section-A which carry 20 marks each.*
 - (iii) Section-B is compulsory and carries 40 marks.*
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SECTION - A

1. Discuss in detail the nature and process of corporate planning and the importance of its implementation.
2. Bring out the historical perspective of corporate governance and discuss why has it become necessary for business houses to adopt a good corporate Governance.
3. Discuss the characteristics of dynamic environment and what are the strategic choices available for a firm to compete in such an environment ? Give examples.
4. (a) Explain the role of information technology (IT) in strategy implementation.
(b) "IT is being extensively used by various service organisations to improve service delivery. " In the light of this statement discuss IT in service sector.
5. Write short notes on *any four* of the following:
 - (a) Importance of corporate policy.
 - (b) Cadbury Committee Report on Corporate Governance.
 - (c) Pricing Strategies.
 - (d) Competitive advantage and R and D.
 - (e) Social Audit.

SECTION-B

Analyse the case situations given below and answer the questions at the end.

6. Retailing Success

Changing tastes and preferences of customers, upward mobility, rising disposable income, availability of a variety of products and services, lifting of the quantitative restrictions on imports, and increasing exposure to international standards have led to a retail revolution in India. The Mumbai-based Akbarallys is conscious of these developments.

A pioneer of the concept of shopping under one roof, Akbarally Ebrahimji set up a 300-sq ft drug store in 1897 that today has metamorphosed into a sprawling retail chain. There are five department stores at different locations in Mumbai generating sale of more than Rs 50 crore. The 32 counters stock more than 20,000 products ranging from electronic goods to garments.

The strong points of the retail chain are the range of products offered and convenient locations that are overshadowed by its cramped and shoddy interiors and poor service. But recent make-over in decor and managerial actions at enhancing employee skills and merchandising offer scope for improving the profitability. Focus is on stocking products like garments that have a higher margin as compared to food and drugs that do not. Competition is imminent from local retail brands and international chains contemplating entry into India. A strategic option is to go in for franchisee arrangements in major metropolitan cities. The aim is to establish a mall as an anchor store surrounded by well-known retailers. Another project is to set up the Akbarally Institute of Retailing affiliated to the University of Bombay.

The business is managed wholly by the three Khorakiwala brothers and their children. The second-generation family members are professionally trained in management. The senior positions are manned by professionals. Besides retailing, the family is also into furniture centres in Mumbai. Its other business that is better known is Wockhardt, a leading pharmaceutical company.

The challenge before the family business is to keep changing itself to remain on the top.

Question

Analyse the retailing operation of Akbarallys **from** the viewpoint of strategic management. Do you feel that the organisation is geared to face new challenges?

What needs to be done additionally to secure continued success ?

7. Let There be Light

Traditionally, power plants, being capital-intensive, have been set up by the public sector and state electricity boards (SEBs) in India. Everyone agrees today that the energy sector is the major infrastructure bottleneck holding up economic development. A critical aspect of economic reforms thus is the reform of the energy sector.

The Madhya Pradesh State Electricity Board (MPSEB) is not much different from its counterparts in other states. It faces similar problems and is opting for identical solutions. The common elements in the power sector reforms are: corporatisation by breaking the SEB into generation, transmission and distribution; financial restructuring including debt and interest payment rescheduling; reduction of manpower; and improvements in operational efficiency.

Public utilities, like SEBs, have to be commercially viable in order to survive. Yet, historically, this aspect of SEB as an organisation has been sacrificed at the altar of political expediency. The ruling party, irrespective of whether it is the Congress at present or the Bharatiya Janata Party earlier, have made pre-election promises of supplying free or heavily-subsidised power. Digvijay Singh, the present chief minister of Madhya Pradesh, a populist politician earlier, no longer sees electoral benefit in providing free electricity. "It pays to pay" is his refrain today, whether it is healthcare or electricity.

Bold steps-bold, as they still carry the risk of a political fallout with fiery BJP leader Uma Bharti breathing down Digvijay's neck or the silent schemers of his own party working overtime behind the scenes - have been initiated to reform the energy sector in Madhya Pradesh. MPSEB is to be divided into generation, transmission and distribution (T&D), and supply companies. Financial management and cash flow management is to be improved. The retirement age of MPSEB employees has been reduced from 60 to 58 years. Effective operational control is sought to be exercised by metering power supply at division/district level to fix responsibility for T&D losses and power thefts. A sustained drive is on to identify non-paying consumers, install meters, and make them pay their bills regularly.

MPSEB's annual losses are to the tune of a massive Rs. 1,600 crore; total liabilities are estimated to be Rs. 20,000 crore. Undeniably, these are parameters indicating the rot that has corroded the system.

At one level, the reform of the energy sector is a political action but at another, and perhaps a more fundamental level, it is a question of managing an organisation strategically through strategic actions designed to turn around a vital public utility.

Question

Analyse the problems of the MPSEB from the strategic management perspective. Do you feel that the actions taken or being contemplated are strategic in nature? Propose what else needs to be done to make the MPSEB a viable organisation.