

EASTERN UNIVERSITY, SRI LANKA

Faculty of Commerce and Management

Final Year First & Second Semester Examination in Bachelor of Business

Administration – 2011/2012 (Special Repeat) March/April 2015

MGT 4013 Strategic Management

29 APR 2015

EASTERN UNIVERSITY

Answer all the questions

Time allocated: 03 hours

Read the following and answer the questions given below:

ABC Battery Company was established in Kathmandu about 20 years ago. Its range of main products is Sun Battery, Moon Battery, Light Battery and Long battery brands. Initially, the total investment made was Rs. 30 million out of which 79 percent was foreign direct investment of Indian Batten Company (IBC) and 21 percent was of local shareholders of Nepal. The average annual turnover was Rs. 80 million in 2007, Rs. 110 million in 2009, and is expected to reach 130 million in 2011. It was making 30 % profit on investment in 2010 and the trend shows gradual increment of profit for last 10 years. It was paying corporate and other taxes to the Government of Nepal. Currently 300 operation level staff are working and it is recognized as a reputed manufacturing firm of Nepal. The technology and management are handled by foreign investors as major shareholders. However, participation while making major decisions is common practice in the firm.

In order to face competition, especially with Chinese Products available in cheap rate, the top management of the company, after portfolio analysis, decided to extend its product and market so that per unit cost can be lowered and large share of market can be covered. Consolidation- product development and market penetration strategies are being considered.

The company hired 50 new staff for manufacturing new brand of Batteries: Young Battery, Brave Battery, and Sun light Battery. The company has altogether seven different brands of products and needs aggressive marketing. It published vacancies in national newspapers, the Kathmandu Post and the Himalayan Times, for young and dynamic CEO for effective strategy formulation and

implementation. The company expects that the **new** CEO would craft proper strategy to competitive advantage "to become Leader in the industry.

In light of this scenario, answer the following questions:

- a) What are the major strengths and weaknesses of this firm?
- b) What strategies should the newly appointed CEO craft to achieve strategic advantage?
- c) Suggest the best strategy- for this firm with sufficient logic.

(28 Mar

Q2) a) What are the purpose served by **EFE** and **IFE matrix**?

(06 Mar

b) What are the techniques that could be applied to identify the **acceptability** of strategies? briefly explain those with examples?

(05 Mar

c) Given the information in the following table, develop a **BCG Matrix** and an **IE Matrix**. state the strategies that could be applied for the division 1, 2, and 3.

| Divisions | 1 | 2 | 3 |
|---------------------------|-------|------|-------|
| Profits | \$10 | \$15 | \$25 |
| Sales | \$100 | \$50 | \$100 |
| Relative Market Share | 0.2 | 0.5 | 0.8 |
| Industry Growth Rate | +20 | +10 | -10 |
| IFE Total Weighted Scores | 1.6 | 3.1 | 2.2 |
| EFE Total Weighted Scores | 2.5 | 1.8 | 3.3 |

(07 Mar

(Total 18 Mar

- a) Describe the important **steps** involved in the strategic management process and explain this with a help of a **strategic management model**.
(8 Marks)
- b) How would you differentiate a “**Vision**” from a “**Mission**” of an organization and state the key **elements** in developing a **Mission Statement**.
(6 Marks)
- c) Differentiate the **Horizontal Integration** from **Vertical Integration** with a suitable example.
(4 Marks)
- (Total 18 Marks)

- a) “A business strategy describes how a particular business intends to succeed in its chosen market place against its competitors”. What are the possible **business strategies** that you could identify and specify how those are different from each other?
(7 Marks)
- b) What are the **major activities** that have to be lookout in the **strategy implementation** process?
(7 Marks)
- c) What are the **situations** in which the **rivalries among competitors** are considered to more aggressive?
(4 Marks)
- (Total 18 Marks)

- a) Distinguish between ‘**value chain**’ and ‘**value chain system**’ and specify the importance of these concepts.
(06 Marks)
- b) What are the **corporate strategies** that are available for **growth, stability** and **retrenchment** for an organization?
(06 Marks)
- c) **Interest** and **power** are major contributors in **mapping the stakeholders**. Explain this by taking into consideration the Eastern University.
(06 Marks)
- (Total Marks 18)