

EASTERN UNIVERSITY, SRILANKA
FACULTY OF COMMERCE AND MANAGEMENT
FOURTH YEAR/FIRST SEMESTER EXAMINATION IN BUSINESS
ADMINISTRATION- 2004/2005
MGT 4014 STRATEGIC MANAGEMENT

Answer all the questions

Time: 03 hours

01. Read the case and answer the following questions

In 1982, Ari Weinzweig founded Zingerman's Delicatessen with Paul Saginaw in Ann Arbor, Michigan. Over the next 10 years the deli became world famous with sales of \$5 million per year. But then growth stagnated. The partners faced a choice of growth through franchising but decided on another strategic option. In 1994 they set up Zingerman's Community of Businesses (ZCoB). This is a collection of related businesses, each managed by a partner who has some ownership interest. The table below contains a list of ZcoB's businesses:

Zingerman's Delicatessen	Operates a restaurant specialising in Jewish-style sandwiches serving 500,000 customers per year
ZingNet	Provides central marketing, financial, IT & human resource services for the group
Zingerman's Bakehouse	Operates a bakery with traditionally-baked breads and pastries
ZingTran	Operates consulting services sharing expertise in training, service, merchandising, specialty foods and staff management with the public through seminars and consulting
Zingerman's Catering	Operates catering service for small parties and large events
Zingerman's Creamery	Manufactures fresh cheeses and gelato for dairy lovers
Zingerman's Mail Order	Sends traditionally-made foods across the US & around the world
Zingerman's Food Tours	Conducts tour group for food lovers
Food Gathers	Donates 10% of profits to charity

Ari and Paul have a goal of establishing 15 businesses by 2009. Each will bear the Zingerman name but would have its own specialty and identity.

Within 18 months of setting up ZCoB, 80% of the managers had left, mostly because they were uncomfortable with the level of risk introduced to the new business. A "deli council" was started with the staff voting on almost everything. Amy Emberling, pastry manager at the bakery, said, "I thought it was insane. How could 17-year-olds make decisions for the company?" Accustomed to operating autonomously, Amy and her co-workers worried that the bakery might be expected to follow the deli's lead. "As a manufacturer, we were very into process, rigor, and accuracy," she said. "The deli had a different style. We didn't see the value in being in the ZCoB with them. We just wanted the deli to buy our bread and leave us alone."

Amy admits that by 1996 the strategy had been implemented successfully. A partners' group meets regularly and a decision-making style approaching industrial democracy had been introduced. Most impressively, all the businesses operate with a common culture. The deli is filled with enthusiastic young employees who will cheerfully sell anything from a \$3 cafe latte, to a \$150 bottle of superpremium vinegar. Although it is an informal place, Zingerman's is imbued with a sense of purpose that extends from its management techniques to the unique typeface used on its signs and menus.

Giving 'Great Service!' is defined as meeting three objectives: work out what the customer wants; get it accurately, politely, and enthusiastically; and go the extra mile, such as taking the customer's bags to the car. Handling a complaint is achieved by hitting four specific goals: you need to acknowledge the complaint, apologize, make things right, and finally thank the 'guest' for the chance to correct the complaint in the first place.

All Zingerman's employees are subject to regular written tests on everything from 'the three steps to great service' to how to handle a knife safely and how to discreetly alert other employees that a health inspector is in the building. Weinzweig says, 'If you don't measure results, everyone feels they're falling short. People get demoralized, and they leave.'

Questions:

a) Recommend an organizational structure for ZCoB. (07 Marks)

b) What style of Management is used at ZCoB? Is it appropriate? Explain. (07 Marks)

c) In your opinion has ZCoB's corporate level strategy been implemented successfully? Do you have any advice for the company? Explain the process. (14 Marks)

02. (a) Explain the benefits an organization could get through the use of Strategic Management approach to decision making. (04 marks)

(b) Describe the most important components that should be included when writing a mission statement and explain the reasons for it. (04 Marks)

(c) What are the major forecasting techniques that could be used by organizations and briefly state the importance of these techniques. (06 Marks)

(d) Describe the "Stakeholder Mapping" technique and the usefulness of it in the different stages of Strategic Management Process. (04 Marks)

03. (a) Compare and contrast the defensive strategies and state the situations in which these strategies could be applied.

(04 Marks)

(b) Differentiate among “Concentric, Horizontal and conglomerate” diversification strategies and briefly state the advantages and disadvantages of these strategies.

(05 Marks)

(c) Compare and contrast “**Total Quality Management**” and “**Reengineering**” and specify the importance for an organization.

(05 Marks)

(d) Identify the key corporate social responsibility issues which are of major concern in an industry of your choice and compare the approach of two organizations in that industry and explain how this relates to their competitive standing.

(04 Marks)

04. (a) Explain how changing the way in which relationships in the value system are managed could improve the efficiency or effectiveness or both, of an organization.

(05 Marks)

(b) Compare two industries in terms of the key environmental influences and competitive forces in them. Assess and compare the entry barriers and the extent of competitive rivalry in the two industries.

(05 Marks)

(c) Briefly explain the three broad types of criteria an organization can apply in order to screen out the acceptability of a strategy/ies.

(04 Marks)

(d) What is the “**Benchmarking**”? Explain each step in Benchmarking process?

(04 Marks)

05. (a) Explain briefly the importance of “**building a capable organization**” in the strategy implementation process.

(06 Marks)

(b) Briefly explain each step in the Evaluation and Control process and describe the importance of “**Balanced scorecard**” in evaluating the performance of an organization.

(06 Marks)

(c) Briefly explain the concept of the **cultural web** as a means of understanding the cultural influence on organizational purpose.

(06 Marks)
