

MMS III
SM-03

21.10.2013

Strategic Management

Roll No.

Common Paper
for All Specializations

Total No. of Printed Pages: 4

Total No. of Questions : 5+5

Maximum Marks : 30+30=60

Duration (hrs.) : 3 Hours

Section: A+B

Note :

1. Question 1 (10 marks) is compulsory.
2. Attempt any two from the remaining four questions.

SECTION- A

Q1. Read the following case study and answer the question given below

Happy Drinks Ltd is a drinks company whose core business is manufacturing and selling soft drinks to 90,000 outlets throughout India. The business of the company is good with annual turnover exceeding five billion of rupees. Profits are good and shareholders are often rewarded with lucrative dividends and bonuses. Four years back the company has diversified into the alcoholic drinks industry and has taken over two small breweries located in western India. The company has also diversified into hotels with purchase of twenty-five hotels of three/four star category across the country. To its advantage the company has been able to obtain a monopoly for the sale of its soft drinks in its hotels and is beginning to establish itself as a brand name in the brewery industry. Part of the strategy of the company is to continue to purchase hotels, particular by targeting National Capital Region of Delhi where tourism is likely to pick up with the forthcoming Commonwealth Games. The company also intends to construct a five star hotel in Gurgoan to take tax advantage announced recently by the finance ministers. Everything was going on well until recently, when a Public Interest Litigation from NGO accused the company of indulging in surrogate advertising of its brewery products. In fact the company has similar brand names for its soft drinks and brewery products. This triggered a lot of protests and demonstrations against the company. Newspapers were flooded with

the articles against the company. There were also some demonstrations and some small incidents of stone pelting in a few of its hotels.

Question : Explain the nature of diversification adopted by the company. (10 marks)

Q2. Answer any 2 from the following 3 questions (5*2=10 marks)

- a. Discuss the leadership style of Dr. Arun Sahay.
- b. What is BCG Matrix?
- c. Explain BCG Matrix for ITC

Q3. Answer any 2 from the following 3 questions (5*2=10 marks)

- a. You have recently launched a day care centre in Thane. Frame vision and mission for your new venture.
- b. Explain the following term : Business Level Strategy
- c. What is Management by Objective?

Q4. Answer any 2 from the following 3 questions (5*2=10 marks)

- a. Explain 'brainstorming' as a technique of decision making.
- b. Write a short note on : Goal Setting
- c. What are the phases in Strategic Management Process?

Q5. Answer any 2 from the following 3 questions (5*2=10 marks)

- a. Discuss the strategic management process adopted by Ratan Tata for the launch of Tata Nano.
- b. Discuss the backward integration of HUL in the context of its 'Tea' business.
- c. Discuss the industrial relations problem in Scooters India Ltd.

Section , if any : SECTION B

Note : Question No 1 is compulsory . Attempt any two questions from four

Q 1) A) read the following case given and attempt the following questions

10 MARKS

2) Attempt Any Two

10 MARKS

A) What are various steps required to be taken in the Analysis of strategic planning?

B) Explain the three important Generic Strategies

C) For each of the following decisions, decide whether it is a strategic decision, a tactical decision or an operational decision.

- Should the firm undertake a bid to takeover a competitor?
- Do we need staff to work overtime at the weekend?
- Do we need another supervisor in the department?
- How can we ensure that the order goes out by Friday?
- Should we diversify the company into new markets?

Q 3) Attempt Any Two

10 MARKS

A) Expalin the following concept by quoting two examples

- 1) Conglomerate Merger, Concentric Merger
- 2) Mergers , Acquisitions & Takeovers
- 3) Forward and Backward Integration

Q 4) Attempt Any two

10 MARKS

A) Strategic options for the company that is already diversified

B) What do you mean by a strategic groups and strategic audit and strategic fits?

C) Explain Porters five forces analysis

Q 5) Attempt Any Two

10 MARKS

A) BCG Matrix explain with example

B) Draw Ansoffs Matrix by using an example of a HUL company

C) Why takeover ? Explain the Features of divestitures

Closing Case: Ford Has a New CEO and a New Global Structure

Designing a global business organization to operate across countries is a very critical issue for multinational companies. Ford, is a good example of a company that has experienced these problems. Early on Ford realized there was a major opportunity to increase profitability by taking its skills in car making to countries abroad. Over time it established car making business units in different countries in Europe, Asia, and Australia. Decision making authority was decentralized to each of these units which controlled its own activities and developed cars suited to its local market. The result was that each unit came to operate independently from Ford in the United States. Ford of Europe, for example, became the largest and most profitable carmaker in Europe.

Ford remained a highly profitable enterprise until Japanese carmakers began to flood the world with their small, reliable, low-priced cars in the 1980s. When car buyers began to flock to these imports, Ford tried to draw upon the skills of its European unit to help build smaller, more fuel-efficient, cars for the U.S. market. But, it had never before tried to get its U.S. and European design and manufacturing units to cooperate and this proved very difficult to achieve because of the nature of its global organizational structure. In the 1990s Ford embarked on a massive project to create a new global matrix structure for the company that would solve the decentralized task and authority problems that were preventing it from utilizing its resources effectively. In its Ford 2000, plan for example, it laid out a timetable of how all its global car making units would learn to cooperate with one set of global support functions such as design, purchasing, and so on. However, huge political problems arose with its new structure, the redesign went through one iteration to another and by the mid 2000s Ford was still operating as a collection of different "empires" and its North American, European, and Asia/Pacific units were operating almost autonomously.

So Ford decided to restructure itself. It moved to a "world structure" in which one set of managers were given authority over the whole of a specific global operation such as manufacturing or car design. Then it began to design cars for the global market. Its new structure never worked however, to quicken car design and production it constantly changed global lines of lines of authority and the locations in which it operates to increase profitability. Ford went through multiple reorganizations to try to meet the Japanese challenge but nothing worked, by 2006 it was in deep trouble. Losing billions of dollars, in September 2006 Ford announced a revamped "Way Forward" plan to turnaround its U.S. and global operations, a plan that called for cutting 44,000 jobs, closing 16 plants and freshening 70% of the company's Ford, Mercury and Lincoln car lineup.

In October 2006 Ford also appointed a new CEO, Alan Mulally, an expert in organizational design to help it turnaround its operations. Mulally, a former Boeing executive, had led that company's global reorganization effort. Now he began to work out how to change Ford's global structure to reduce costs and speed product development. In the structure Mulally inherited, while Ford's Americas unit reported to the CEO, its other global and functional operations reported to the next two most senior executives, Mark Fields, president of Ford's Americas operation, and Mark Schulz, president of international operations. Mulally decided that Ford's downsizing should be accompanied by a major reorganization of its hierarchy, he decided to flatten Ford's structure and recentralize control, but at the same time he put the focus on teamwork and adopted a cross-functional approach to handling the enormous value-chain challenges that still confronted the organization.



The position of president of international operations has been eliminated and Mark Fields will continue to report to Mulally but so too will the heads of the other two world regions--Lewis Booth, head of Ford of Europe and John Parker, head of Ford of Asia Pacific and Africa, and Mazda. So, two levels in the hierarchy are gone and Mulally's new organizational design clearly defines each global executive's role in the company's hierarchy so Ford can begin acting like one company instead of separate global units, each with their own interests.ⁱ Mulally's goal is to provide a centralized focus on using the company's global functional strength to better support its car-making business units.ⁱⁱ

So Mulally's goal is to force a cross-functional approach on all his top managers—one that he will personally oversee--to standardize its global car making and allow functional units to continuously improve quality, productivity, and the speed at which new products can be introduced. All Ford's executives understand the company's very survival is at stake, they must work together to accelerate efforts to reduce costs and catch up to more efficient competitors such as Toyota. If Mulally's new global design cannot achieve this it is likely that Ford will be taken over by a competitor in the next decade.

Case Discussion Questions

1) What Kind of Global Strategy did Ford pursue at the beginning? What Kind of global strategy does it pursue now?

2) In what main ways has Ford changed its global structure to allow it to co-ordinate the production and sale of its products more effectively around the world? In Particular , What different forms of organizational structure has it adopted?

ⁱ B. Koenig, "Ford Reorganizes Executives Under New Chief Mulally," www.bloomberg.com, Dec. 14, 2006.

ⁱⁱ www.ford.com, 2006, December 14th