

Internal Assessment Test – I

Sub:	Strategic Management	Code:	18MBA2 5
Date:	29-03-2019	Duration:	90 mins
		Max Marks:	50
		Sem:	I
		Branch:	MBA Sec A&B

		OBE	
		CO	RBT
<b>Part A - Answer Any Two Full Questions (15*02=30 Marks)</b>			
1 (a)	Describe the origin of the term “Strategy” giving its meaning.	[02]	L1
	(b) Discuss any 5 characteristics of Strategic Management.	[05]	L2
	(c) Explain the 4 basic elements of Strategic Management processes.	[08]	L4
2 (a)	Select a business of your choice and write a mission statement for it highlighting the 3 essential components of a mission statement.	[02]	L4
	(b) Classify the three levels of Strategy Planning using (i) a neat diagram and (ii) brief explanation to each level with an example.	[05]	L4
	(c) Apply Balanced Scorecard to an e-commerce company and explain the different perspectives using the template.	[08]	L1,L3
3 (a)	As a student on a business studies course, you have decided to get some practical experience of the business world by running a small venture with a number of colleagues which you hope will also earn you enough income to support you during your time at college or university. Your idea involves printing and selling customized T-shirts throughout the institution and possibly to a wider market. Define your Customer Segment.	[02]	L1
	(b) Explain the elements of relevant Strategy applicable in this T Shirt Business	[05]	L4
	(c) Describe the relationship between the Business Model and the Strategy as applicable.	[08]	L2
<b>Part B - Compulsory (01*20=20 marks)</b>			
4.	<b>Mission Statement Critiqued</b> The numbers in parentheses correspond to the nine mission statement components. Pepsico We aspire to make PepsiCo the world’s (3) premier consumer products company, focused on convenient foods and beverages (2). We seek to produce healthy financial rewards for investors (5) as we provide opportunities for growth and enrichment to our employees (9), our business partners and the communities (8) in which we operate. And in everything we do, we strive to act with honesty, openness, fairness and integrity (6).  (Author comment: Statement lacks three components: Customers (1), Technology (4), and Distinctive Competence (7));		
	a. What is your opinion on Mission Statement of Pepsico.	[05]	L1
	b. Analyze Authors comments on Pepsico’s Mission Statement.	[05]	L4
	c. Discuss about Customers, Technology and Distinctive Competence of Pepsico’s Mission Statement.	[10]	L2

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Course Outcomes		PO1	PO2	PO3	PO4	PO5
CO1:	Develop an ability to assess the impact of the environment on marketing function.	1a 1b 1c 3b 4a			3a 3c	4b 4c
CO2:	To formulate marketing strategies that incorporate psychological and sociological factors which influence buying.		2a		2c	2b
CO3:	Explain how companies identify attractive market segments, differentiate and position their products for maximum competitive advantage in the market place.					
CO4:	Build marketing strategies based on product, price, place and promotion objectives.					
CO5:	Synthesize ideas into a viable marketing plan.					

Cognitive level	KEYWORDS
L1	List, define, tell, describe, identify, show, label, collect, examine, tabulate, quote, name, who, when, where, etc.
L2	Summarize, describe, interpret, contrast, predict, associate, distinguish, estimate, differentiate, discuss, extend
L3	Apply, demonstrate, calculate, complete, illustrate, show, solve, examine, modify, relate, change, classify, experiment, discover.
L4	Analyze, separate, order, explain, connect, classify, arrange, divide, compare, select, explain, infer.
L5	Assess, decide, rank, grade, test, measure, recommend, convince, select, judge, explain, discriminate, support, conclude, compare, summarize.

**PO1 – Theoretical Knowledge; PO2 – Effective Communication Skills; PO3 – Leadership Qualities; PO4 – Sustained Research Orientation; PO5 – Self-Sustaining Entrepreneurship**

## Solution

### **Part A - Answer Any Two Full Questions (15\*02=30 Marks)**

#### **1(a) Describe the origin of the term “Strategy” giving its meaning**

Derived from the Greek word – “Strategia” meaning General or Military Commander

Meaning: Continuous planning, monitoring, analyzing and assessment of all that is necessary for an organization to meet its goals and objectives

#### **1(b) Discuss any 5 characteristics of Strategic Management.**

Any 5 from the below

- 1) Systematic Phenomenon
  - Involve series of action plans
  - Unifies comprehensive & integrated plan of action
- 2) Multidisciplinary
  - Involves marketing, finance, HR, operations
  - Takes a holistic view
- 3) Multi-dimensional
  - Not only sets vision/mission, objectives but also ways to achieve
  - This requires resources & competencies, strong culture, clear accountability and incentives linked to performance
- 4) Hierarchical
  - a) Top level – Corporate Strategy
  - b) Middle level – Business Unit Strategy
  - c) Bottom level - Functional
- 5) Dynamic
  - a) Environment is always subject to change
  - b) Strategies too have to be dynamic
- 6) Create competence, synergy and volume
  - a) Through value creation organizations can create competence

#### **1(c) Explain the 4 basic elements of Strategic Management processes.**

- 1) Environmental Scanning:
  - Monitoring the environment, and evaluating & disseminating information obtained through internal and external environments.
  - Aim is to identify strategic factors that determine the future.
  - SWOT analysis is most commonly used tool.
- 2) Strategy Formulation:
  - Development of long-term plans to deal with S-W-O-T
  - Strategists consider:
    - Company mission
    - Company profile
    - External environment
    - Long-term objectives
    - Grand strategy etc.
    -
- 3) Strategy Implementation:
  - Putting strategies into action
  - Programs, budgets and procedures are developed
  - Calls for changes in overall culture, structure, systems
  - Typically handled by middle-level or lower-level managers
- 4) Evaluation and Control

- Activities and performance results are compared with desired performance
- Identifies weakness of strategic plans implemented
- Must obtain clear, prompt and unbiased information directly from those who execute them
- Feedback is sought to revise or correct decisions

**2(a) Select a business of your choice and write a mission statement for it highlighting the 3 essential components of a mission statement.**

The three components are:

- |      |                          |                |
|------|--------------------------|----------------|
| i.   | firm                     | History of the |
| ii.  | competencies of the firm | Distinct       |
| iii. | environment of the firm  | The            |

A sample mission statement for a computer manufacturer:

We are known as one of the pioneering companies in computers world. We strive to lead in the invention, development and manufacture of the industry's most advanced information technologies, including computer systems, software, storage systems and microelectronics. We translate these advanced technologies into value for our customers through our professional solutions, services and consulting businesses worldwide.

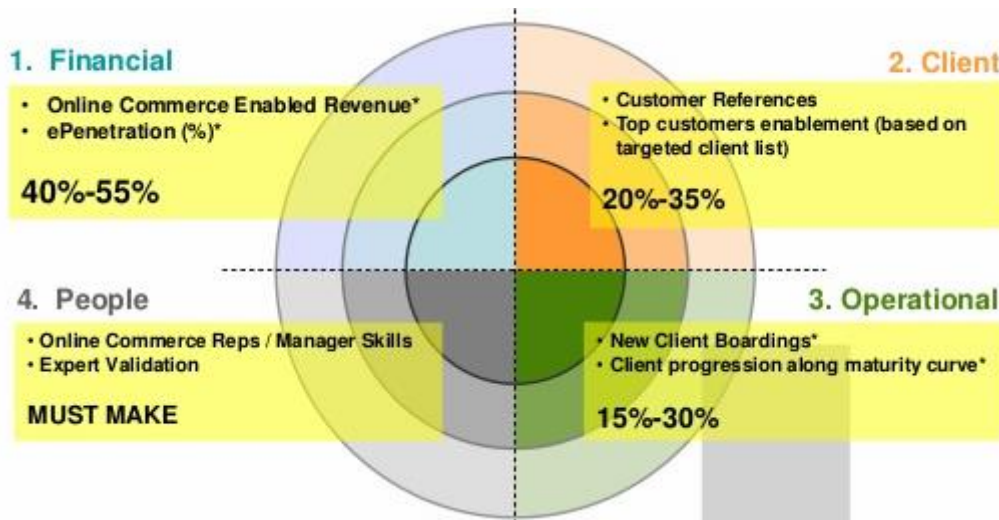
**2(b) Classify the three levels of Strategy Planning using (i) a neat diagram and (ii) brief explanation to each level with an example.**



- **Corporate Level Strategies:**
  - Exploit firm's distinctive competences
  - Deals with selection of business areas
  - Concerned with how to integrate resources and how to make investment across business units
- **Business Level Strategies:**
  - Making decisions about the competitive position
  - Translate the general statement of mission into concrete functional objectives
  - Determines company's competitive advantage based on specific product-market
  - Goal is to select, enter and grow in most profitable market segment with highest potential for growth
  - In short, it deals with "Generic Strategies" called Cost Leadership, Differentiation and Focus
- **Functional Level Strategies:**
  - Consists of geographic, product and functional areas.
  - Sets short-term strategies and annual objectives in different areas such as R&D, Finance and Accounting, Marketing etc.
  - Addresses the problems related to efficiency and effectiveness of operations
  - Quantifiable and operational in nature

2(c) Apply Balanced Scorecard to an e-commerce company and explain the different perspectives using the template.

*Balanced Scorecard for E-Commerce Company*



(Suggested explanation only)

**Financial Dimension:**

The first perspective represents traditional accounting measures that report the financial consequences of actions already taken. This financial perspective highlights how the company appears to shareholders and concentrates on measures relating to profitability and growth, cash flow and gearing. Traditional financial measures include ROS (return on sales) and financing as a percentage of revenue. These measures are applicable to eCommerce companies and therefore, have been included as representing the financial perspective.

**Client/Customer dimension:**

The customer perspective is designed to highlight the factors that really matter to customers such as value for money, time, and performance. Numbers of unique visitors and customers are important performance indicators for eCommerce companies. Marketing expenditures and number of affiliates are used to generate visitors, some of whom will become customers and buy the products and services. Thus, potential inputs such as marketing expenditure and number of affiliates are assumed to generate number of visitors, number of customers, and sales revenues as outputs representing the customer dimension.

**Operational / Internal processes dimension:**

The internal business perspective is designed to focus on those critical business activities that must be performed in order to satisfy the expectations of its customers. These include cycle time, quality, and efficiency of operations. It is argued that number of employees and available financing influences the cycle time, quality, and efficiency of operations and thus represent the internal processes dimension. More efficient use of these resources will impact the conversion factor (i.e. numbers of unique visitors who become customers). Hence, outputs are number of customers and sales revenues.

**People / Innovation and learning dimension:**

The innovation and learning perspective highlights the fact that, in the face of intense competition, firms must make continual improvement and have the ability to introduce new products in the future. Development expenditure and number of employees are measures of the amount of resources that are allocated to develop new products and services and improvements in service quality. Thus, these are

considered the inputs representing the innovation dimension to generate numbers of customers and revenue as outputs

3.a. College Going Students in the Age group of 17 -25 years from various parts of the Country and speaking various languages and English as the common language.

3.b.

1. **Arenas.** Where will we be active?
2. **Differentiators.** How will we get there?
3. **Vehicles.** How will we win in the marketplace?
4. **Staging.** What will be our speed and sequence of moves?
5. **Economic logic.** How will we obtain our returns?

3.c.

A company can change its business model over time as a part of its profit-making strategy. For example, if website does not make enough revenue from advertisements to make profit, managers might decide implement a new business model, such as selling T-shirts and other goods through an online store, as a strategy to boost profit.

4.a.

4.b.

4.c. Answers can be diverse to be backed by concept and facts