

Internal Assessment Test -2

Sub: **Strategic Management**

Code: **20MBA25**

Date: **29-08-2022**

Duration: 90 mins







Max Marks: 50

Sem: I

Branch: MBA

OBE

Marks CO RBT

Part A -Answer Any Two Full Questions (20*02=40 Marks)						
1(a)	<p>What is a vision statement? Give examples.</p> <p>A vision statement is a written declaration clarifying your business’s meaning and purpose for stakeholders, especially employees. It describes the desired long-term results of your company’s efforts. For example, an early Microsoft vision statement was “a computer on every desk and in every home.”</p>	[03]	CO3	L1		
1(b)	<p>State the differences of a vision statement and mission statement. What are the key characteristics of a good vision statement?</p> <div style="border: 1px solid gray; padding: 10px; margin: 10px 0;"> <p style="text-align: center; background-color: #cccccc; padding: 5px;">Strategic Vision vs. Mission</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px; vertical-align: top;"> <ul style="list-style-type: none"> ◆ A strategic vision concerns a firm’s future business path - “where we are going” → Markets to be pursued → Future product/market/customer/technology focus → Kind of company management is trying to create  </td> <td style="width: 50%; padding: 5px; vertical-align: top;"> <ul style="list-style-type: none"> ◆ The mission statement of a firm focuses on its present business purpose - “who we are and what we do” → Current product and service offerings → Customer needs being served → Technological and business capabilities  </td> </tr> </table> </div>	<ul style="list-style-type: none"> ◆ A strategic vision concerns a firm’s future business path - “where we are going” → Markets to be pursued → Future product/market/customer/technology focus → Kind of company management is trying to create 	<ul style="list-style-type: none"> ◆ The mission statement of a firm focuses on its present business purpose - “who we are and what we do” → Current product and service offerings → Customer needs being served → Technological and business capabilities 	[07]	CO3	L2
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Characteristics of an effectively worded Strategic Vision

Graphic	Paints a picture of the kind of company that management is trying to create & the market position(s) the company is striving to stake out.
Directional	Is forward-looking, describes the strategic course that management has charted and the kinds of product/market/customer/technology changes that will help the company prepare for the future.
Focused	Is specific enough to provide management guidance in making decisions & allocating resources.
Flexible	Is not a once and for all time statement - directional course has to be adjusted as product/customer/market/technology changes with time.
Feasible	Is within the realm of what the company can reasonably expect to achieve in due time.
Desirable	Indicates why the chosen path makes good business sense and is in the long term interests of the stakeholders (especially shareholders, employees and customers)
Easy to communicate	Can be expressed in 5-10 minutes and reduced to a memorable slogan.

14

(c) **Elaborate Balance Score Card and its usefulness. Explain the different perspectives of balance score card?**

- ◆ *A balanced scorecard for measuring company performance is optimal; it entails*
 - è *Setting financial and strategic objectives*
 - è *Placing balanced emphasis on achieving both types of objectives*

(However, if a company's financial performance is dismal or if its very survival is in doubt because of poor financial results, then stressing the achievement of the financial objectives and temporarily de-emphasizing the strategic objectives may have merit)

- ◆ *Just tracking financial performance overlooks the importance of measuring whether a company is strengthening its competitiveness and market position.*

The surest path to sustained future profitability year after year is to relentlessly pursue strategic outcomes that strengthen a company's business position and give it a growing competitive advantage over rivals

[10]

CO3

L2

2(a) What are resources and its different types?

[03]

CO3

L1

TABLE 4.2 Types of Company Resources

Tangible resources

- **Physical resources:** land and real estate; manufacturing plants, equipment, or distribution facilities; the locations of stores, plants, or distribution centers, including the overall pattern of their physical locations; ownership of or access rights to natural resources (such as mineral deposits)
- **Financial resources:** cash and cash equivalents; marketable securities; other financial assets such as a company's credit rating and borrowing capacity
- **Technological assets:** patents, copyrights, production technology, innovation technologies, technological processes
- **Organizational resources:** IT and communication systems (satellites, servers, workstations, etc.); other planning, coordination, and control systems; the company's organizational design and reporting structure

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TABLE 4.2 Types of Resources

Intangible resources

- **Human assets and intellectual capital:** the education, experience, knowledge, and talent of the workforce, cumulative learning, and tacit knowledge of employees; collective learning embedded in the organization, the intellectual capital and know-how of specialized teams and work groups; the knowledge of key personnel concerning important business functions; managerial talent and leadership skill; the creativity and innovativeness of certain personnel
- **Brands, company image, and reputational assets:** brand names, trademarks, product or company image, buyer loyalty and goodwill; company reputation for quality, service, and reliability; reputation with suppliers and partners for fair dealing
- **Relationships:** alliances, joint ventures, or partnerships that provide access to technologies, specialized know-how, or geographic markets; networks of dealers or distributors; the trust established with various partners
- **Company culture and incentive system:** the norms of behavior, business principles, and ingrained beliefs within the company; the attachment of personnel to the company's ideals; the compensation system and the motivation level of company personnel

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(b) Explain benchmarking tool and its role in strategic management.

[07]

CO3

L2

USING BENCHMARKING TO ASSESS A FIRM'S VALUE CHAIN ACTIVITIES

- **Benchmarking:**
 - Involves improving a firm's internal activities based on learning from other firms' "best practices"
 - Assesses whether the cost competitiveness and effectiveness of a firm's value chain activities are in line with its competitors' activities
- **Sources of benchmarking information**
 - Reports, trade groups, analysts, and customers
 - Visits to benchmark companies
 - Data from consulting firms

(c) What are resources, capabilities and competencies? What the different types of resources? Explain the Resource Based View strategy.

[10] CO3 L2

CORE CONCEPTS

- A **resource** is a competitive asset that is owned or controlled by a firm.
- A **capability** or **competence** is the capacity of a firm to perform an internal activity competently through deployment of a firm's resources.
- A firm's resources and capabilities represent its **competitive assets** and are determinants of its competitiveness and ability to succeed in the marketplace.

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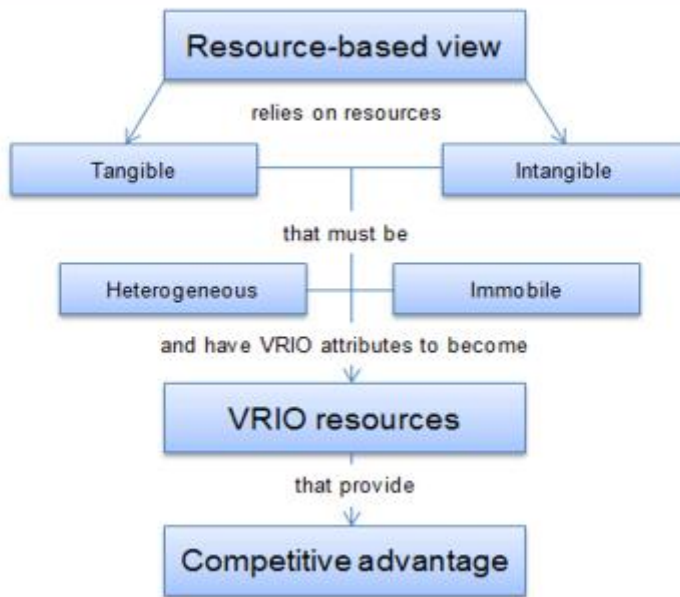
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Resource Based View of the Firm (RBV)

- The **resource-based view or RBV** is a strategy formulated by organizations to understand the elements of the business for a long-term competitive advantage.
- **RBV model** explains that it is significant to accept and fulfill external or new opportunities using existing resources innovatively by acquiring new niche skills.
- Resource-based view strategy aims to gain a **sustainable competitive advantage** through extensive **resource analysis, resource allocation, and cross-functional usage of resources.**

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Resource Based View of the Firm (RBV)



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3(a) What do you understand by differentiation strategy?

[03] CO4 L1

Differentiation Strategies

Objective

- ▶ Incorporate *differentiating features* that cause buyers to *prefer firm's product or service* over brands of rivals

Keys to Success

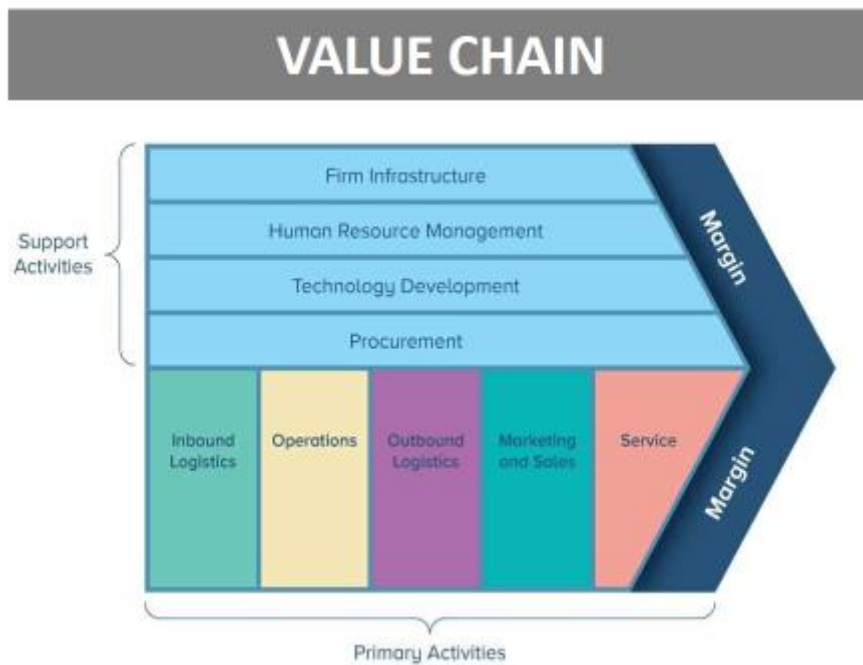
- ▶ Find ways to differentiate that *create value* for buyers and are *not easily matched* or *cheaply copied* by rivals
- ▶ *Not spending more* to achieve differentiation *than the price premium* that can be *charged*

(b) Illustrate the concept of Value Chain analysis with the help of a diagram and suitable examples.

[07] CO3 L4

HOW DO A FIRM'S VALUE CHAIN ACTIVITIES IMPACT ITS COST STRUCTURE AND CUSTOMER VALUE PROPOSITION?

- A company's **value chain** identifies the primary activities and related support activities that create customer value.
- Signs of a firm's competitive strength:
 - Its prices and costs are in line with rivals
 - Its customer-value proposition is competitive and cost effective
 - Its bundled capabilities are yielding a sustainable competitive advantage



(c) Explain Porter's Generic Strategies with relevant examples for each strategy.

[10]

CO4

L2

THE PORTER'S FIVE GENERIC COMPETITIVE STRATEGIES

Low-Cost Provider	Striving to achieve lower overall costs than rivals on products that attract a broad spectrum of buyers.
Broad Differentiation	Differentiating the firm's product offering from rivals' with attributes that appeal to a broad spectrum of buyers.
Focused Low-Cost	Concentrating on a narrow price-sensitive buyer segment and on costs to offer a lower-priced product.
Focused Differentiation	Concentrating on a narrow buyer segment by meeting specific tastes and requirements of niche members
Best-Cost Provider	Giving customers more value for the money by offering upscale product attributes at a lower cost than rivals

Part B - Compulsory (01*10=10marks)

4 McDonald's achieve their goal of providing consumers with affordable food. McDonald's sources raw materials from a selected list of low-cost suppliers for inbound logistics. McDonald's uses franchises for its operations. Its restaurants are focused on counter-services, self-services, and drive-through services. Its marketing is focused on social media, media and print advertising, and billboards, and it provides training for its employees to improve customer service. McDonald's infrastructure includes executives and zonal presidents that oversee the businesses' operations. Its HR practices include salaries and tuition assistance for college-going staff. The restaurant uses a digital procurement firm to manage global suppliers.

- a. You are assigned with the task of conducting value chain analysis for McDonald's. Illustrate what key steps are required for you to conduct the analysis.

Students are expected to apply the concept of value chain analysis.

[10] CO3 L3

Course Outcomes		Bloom's Level	PO1	PO2	PO3	PO4	PO5
CO1	Students should get clear idea about the concept of Strategic Management, its relevance, Characteristics, process nature and purpose.	L1	0	0	0	0	0
CO2	Student to acquire an understanding of how firms successfully institutionalize a strategy and create an organizational structure for domestic and overseas operations and gain competitive advantage.	L2	0	0	0	0	4
CO3	To give the students an insight on strategy at different levels of an organization to gain competitive advantage.	L2	1a,1b,1c,2a,2b,2c,3b,	0	0	0	0
CO4	To help students understand the strategic drive in multinational firms and their decisions in	L3	3a,3c	0	0	0	0

	different markets.						
CO5	To enable the students to gain knowledge of strategy implementation and the control measures for effective decision-making.	L3	0	0	0	0	0

Cognitive level		KEYWORDS					
L1		list, define, tell, describe, recite, recall, identify, show, label, tabulate, quote, name, who, when, where, etc.					
L2		describe, explain, paraphrase, restate, associate, contrast, summarize, differentiate interpret, discuss					
L3		calculate, predict, apply, solve, illustrate, use, demonstrate, determine, model, experiment, show, examine, modify					
L4		classify, outline, break down, categorize, analyze, diagram, illustrate, infer, select					
L5		grade, test, measure, defend, recommend, convince, select, judge, support, conclude, argue, justify, compare, summarize, evaluate					
L6		design, formulate, build, invent, create, compose, generate, derive, modify, develop, integrate					

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

CI

CCI

HOD