

**Internal Assessment Test – II**

Sub:	Strategic Management	Code:	22MBA25
Date:	10.10.2024	Duration:	90 mins
		Max Marks:	50
		Sem:	II
		Branch:	MBA
<b>SET II</b>			

		Marks	OBE	
			CO	RBT
<b>Part A - Answer Any Two Full Questions ( 2* 20 = 40 marks)</b>				
1 (a)	<p>Define the importance of a vision statement.</p> <p>A vision statement is important to a business because it can: Serve as a strategic plan for success. Act as a guide when employees encounter challenges. Help motivate employees to work toward shared goals.</p>	[03]	CO2	L1
(b)	<p>Discuss choices of strategies.</p> <p>Forward integration gaining ownership or increased control over distributors or retailers Forward integration—PayPal is pushing its service off the Web and into stores via an agreement with Discover card. Backward integration Seeking ownership or increased control of a firm’s suppliers</p> <p>Backward integration—Fancy Motels inc. acquiring a furniture manufacturer. Horizontal integration Seeking ownership or increased control over competitors Horizontal integration—Britain’s glaxoSmithKline PLc acquired Human genome Sciences inc. for \$3 billion.</p> <p>Market Penetration Seeking increased market share for present products or services in present markets through greater marketing efforts Market Penetration—Pepsico is heavily advertising its new Diet Pepsi special edition silver cans featuring the blueand-red Pepsi logo in a heart shape.</p> <p>Market Development introducing present products or services into new geographic area Market Development—china Petrochemical purchased three canadian oil companies, Daylight energy, tanganyika Oil, and Syncrude canada. Product Development Seeking increased sales by improving present products or services or developing new ones</p> <p>Product Development—general electric is building new composite material jet engines, whereas rival Pratt &amp; Whitney is developing newly designed jet engines. related Diversification adding new but related products or services related Diversification—the toy retailer, toys ’r’ Us developed a new Wi-Fi tablet computer for children (the tabeo for \$149.99).</p> <p>Unrelated Diversification adding new, unrelated products or services</p>	[07]	CO3	L3

Unrelated Diversification—retailer iKea is opening a chain of motels in europe. retrenchment regrouping through cost and asset reduction to reverse declining sales and profit retrenchment—callaway golf cut 12 percent of its workforce; Deutsche Bank ag cut 1,000 jobs from its investment bank segment. Divestiture Selling a division or part of an organization Divestiture—Dean Foods sold off its WhiteWave-alpro organic dairy business. Liquidation Selling all of a company’s assets, in parts, for their tangible worth Liquidation—Big Sky Farms, one of canada’s biggest hog-producing firms, liquidated.

(c) How Porter’s Generic strategies effective even in today’s world?

[10] CO4 L3

There are many ways to use Porter’s generic strategies in business. Here are some ways :

**1. Choose a strategy**

The most important step to consider when you use Porter’s generic competitive strategies is to select the appropriate strategy for your business. Consider your business’s strengths and goals—beyond just additional revenue. The best way to choose the right strategy for your business is to:

**SWOT analysis**

- ⑩ Create a Strengths, Weakness, Opportunities, Threats (SWOT) analysis for each of the three strategies. This may make it clear which strategy would be most beneficial to your organization.
- ⑩ Analyze businesses within your industry to determine how to position your own strategy. Consider creating a “Competitive Analysis” document regularly—monthly, quarterly or annually depending on your business’s unique production schedule. If you are in a highly volatile industry, it’s important to stay on top of trends even weekly. If your production phase is much longer, you may only need to review the competition quarterly or annually.
- ⑩ Compare your SWOT to the results from your analysis of the industry. SWOT analysis can be extremely insightful as you create your marketing, sales and even production plans (as applicable).

**Ask key questions**

Gather quality information by asking intelligent questions. For example, you could ask:

- ⑩ How does this strategy help manage supplier power?
- ⑩ Does this strategy assist with the reduction of substitution threats?
- ⑩ In what ways does this strategy help reduce customer power?
- ⑩ What challenges may we face in the upcoming year with regards to employee morale or even technology?

No one can predict the future but by conducting as much research as possible—on your competition and industry—you position your company to succeed. And if you don’t have the time, consider outsourcing to a third-party research or marketing firm.

## 2. Prioritize

Make a list of your priorities, reassessing according to the strategy you choose. When you prioritize your company's business dealings based on the chosen strategy, it will assist with the overall success of the plan.

## 3. Consider the five industry forces

The five industry forces are:

- ⑩ Entry barriers
- ⑩ Buyer power
- ⑩ Supplier power
- ⑩ Threat of substitutes
- ⑩ Rivalry

When you use one of Porter's generic strategies, these five industry forces will likely change based on your selection of one of the strategies. Consider your standings in some of the forces—currently or historically—and determine where you want to be and how a strategy will influence your business. Related:

## 4. Remain firm

Whether you choose a cost leadership or differentiation strategy with an industry-wide focus or a specific market segment, it is important to remain firm in your choices throughout your use of the GCS. For instance, if you chose a cost leadership approach, you want to take an assertive stance in all aspects of your company's operational costs. Not only will following through on a strategy provide a quantifiable outcome and a sense of cohesiveness, but it will also support your overall communications strategy. For example, if historically, your brand has never offered discounts or coupons, it may not be in your best interest to start offering them now. Your customer gets the discount and may now expect a discount in future purchases. If you cannot offer regular discounts, you will likely end up alienating your customer.

2 (a) Explain annual objectives.

Annual objectives are desired milestones an organization needs to achieve to ensure successful strategy implementation. Annual objectives are essential for strategy implementation for five primary reasons: They represent the basis for allocating resources. They are a primary mechanism for evaluating managers.

[03]

CO2

L1

(b) What do you understand by 'Restructuring, re-engineering and e-engineering'?

**Restructuring** is the corporate management term for the act of reorganizing the legal, ownership, operational, or other structures of a company for the purpose of making it more profitable or better organized for its present needs. Other reasons for restructuring include a change of ownership or ownership structure, demerger, or a response to a crisis or major change in the business such as bankruptcy, repositioning, or buyout. Restructuring may also be described as corporate restructuring, debt restructuring, and financial restructuring.

[07]

CO3

L3

**Corporate restructuring** entails any fundamental change in a company’s business or financial structure, designed to increase the company’s value to shareholders or creditor. Corporate restructuring is often divided into two parts: financial restructuring and operational restructuring.

**Financial restructuring** relates to improvements in the capital structure of the firm. An example of financial restructuring would be to add debt to lower the corporation’s overall cost of capital. For otherwise viable firms under stress, it may mean debt rescheduling or equity-for-debt swaps based on the strength of the firm. If the firm is in bankruptcy, this financial restructuring is laid out in the plan of reorganization.

The second meaning, **operational restructuring**, is the process of increasing the economic viability of the underlying business model. Examples include mergers, the sale of divisions or abandonment of product lines, or cost-cutting measures such as closing down unprofitable facilities. In most turnarounds and bankruptcy situations, both financial and operational restructuring must occur simultaneously to save the business.

Just because a company needs restructuring — financial or operational — does not mean it will undertake the necessary reforms. Management and controlling shareholders may prevail for an extended period, during which time minority shareholders and/or creditors suffer an erosion of value.

**Rightsizing** is often used as a synonym for downsizing because of its not so negative aftertaste. In fact, the 2 terms are quite different, one is reactive driven by external factors and the other is proactively driven by internal factors.

(c)

Explain linking performance and pay to strategies. Is there a necessity?

Shared Vision. To begin, create a shared understanding of the organization's strategic goals. ...

1. Clear Objectives. ...
2. Performance Metrics. ...
3. Performance Targets. ...
4. Use Software. ...
5. Individual Alignment. ...
6. Regular Monitoring. ...
7. Feedback and Recognition.

Linking performance and pay-to-strategy is a method used by companies to incentivize employees to achieve specific performance goals by linking their pay to the outcomes they achieve. This approach is often used as a way to align employee behavior with organizational objectives and drive performance improvement. This process involves identifying the key performance indicators (KPIs) that directly relate to the strategic objectives of the organization. For

[10]

CO4

L3

instance, if a company's strategy focuses on customer satisfaction, the performance metrics should reflect this.

3 (a) How to find the achievement of objectives?

[03]

CO2

L1

Set clear goals: Use the SMART criteria to ensure your goals are specific, measurable, attainable, relevant, and time-bound. Plan effectively: Set clear priorities, allocate resources, and manage risk. Establish a progress measurement system: Create a timeline to track the progress.

(b) Discuss the strategy evaluation framework.

[07]

CO3

L3

A strategy evaluation framework is a structured process for assessing the effectiveness of a strategic plan. It helps businesses to stay competitive and achieve their goals by: reviewing current strategies, measuring performance, analyzing results, and making necessary adjustments.

Strategic Evaluation Framework functions by enforcing a constant bench marking of the evolving product in development relative to the original characteristics of a therapy that would be both differentiated and solve some as yet unmet market need.

(c) Is fearful competition a challenge in strategic management? Substantiate your answer.

[10]

CO4

L4

Strategic implementation is arguably the most difficult stage in strategic management. Translating plans into actions can be difficult, especially if one encounters some challenges. Various challenges make the strategic implementation stage difficult.

Cost leadership strategy. ...

⑩ Differentiation leadership strategy. ...

⑩ Cost focus strategy. ...

⑩ Differentiation focus strategy.

⑩ In other words, competitive strategy means to define how the firm intends to create and maintain a competitive advantage with respect to competitors.

Holding a competitive advantage over competitors means to be more profitable than competitors over the long term.

⑩ To be successful, businesses must find strategies to remain ahead of the competition. This is sometimes easier said than done, and there's no easy way to beat your opponent. Every market has competition. Smarter businesses mitigate the impact of competition in order to increase market share.

⑩ **Setting competitive pricing**

One of the common approaches to outperforming the competition is to provide lower prices. The business needs to be clear of what the competition's goods or services are priced at, in order to decide the optimum price point. If beating the competition is the primary pricing goal, go with a competition-based pricing strategy. Ignore product prices and consumer demand while employing this method. Instead, concentrate on the current market rate for the business.

**Part B - Compulsory (01\*10=10 marks) CASE STUDY**

4 In September 1998, in continuation of its restructuring efforts, PepsiCo decided to separate its bottling operations from the company. PepsiCo's Pepsi-Cola business included two units - a bottling company and a concentrate company. The bottling operations, which were called Pepsi Bottling Group (PBG) after the spin-off, consisted of certain North American, Canadian, Russian, and other selected overseas bottling operations. With sales of more than \$7 bn, PBG was the world's largest Pepsi Cola bottler accounting for more than half of Pepsi Cola's North American volume. The concentrate company focused on product innovations and marketing Pepsi Cola's brands. It manufactured and sold beverage concentrate syrup to PBG and other Pepsi-Cola bottlers. The company also supported PBG and other bottlers in advertising, marketing, sales, and promotion programs. Analysts felt that PepsiCo's decision to spin-off its bottling operations would help the company compete more effectively in the beverage business and serve its retail customers better. PepsiCo was also expected to improve margins on its beverage operations, as bottling operations were less profitable than the supplying of beverage concentrate.

What was the necessity for the PepsiCo to spin-off and whether it paid dividends?

To compete more effectively in the market, PepsiCo has to plan restructuring, reengineering etc. Hence, the PepsiCo has to look for strategic choices and decided that the bottling operations, which were called Pepsi Bottling Group (PBG) after the spin-off, consisted of certain North American, Canadian, Russian, and other selected overseas bottling operations. With sales of more than \$7 bn, PBG was the world's largest Pepsi Cola bottler accounting for more than half of Pepsi Cola's North American volume. The concentrate company focused on product innovations and marketing Pepsi Cola's brands. It manufactured and sold beverage concentrate syrup to PBG and other Pepsi-Cola bottlers. The company also supported PBG and other bottlers in advertising, marketing, sales, and promotion programs. Analysts felt that PepsiCo's decision to spin-off its bottling operations would help the company compete more effectively in the beverage business and serve its retail customers better.

CO4	L4

Course Outcomes (COs)		PO1	PO2	PO3	PO4	PO5	PSO1	PSO2	PSO3	PSO4
CO1 :	Students should get clear idea about the concept of Strategic Management, its relevance, Characteristics, process nature and purpose			-	-	-				
CO2 :	Student to acquire an understanding of how		1(a), 2(a), 3(a)						1(a), (	

	firms successfully institutionalize a strategy and create an organizational structure for domestic and overseas operations and gain competitive advantage								b), (c), 2(a), (b), (c), 3(a), (b), (c)
CO3 :	To give the students an insight on strategy at different levels of an organization to gain competitive advantage.		1(b), 2(b), 3(b)						4
CO4 :	To help students understand the strategic drive in multinational firms and their decisions in different markets.			1(c), 2(c), 3(c), 4					

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

**PO1–Theoretical Knowledge; PO2–Foster Analytical and Critical Thinking Abilities for data based decision making; PO3– Develop Value Based Leadership; PO4 –Ability to Understand and communicate various business aspects to global; PO5 – Ability to lead themselves and others in the achievement of organizational goals contributing effectively to a team environment;**  
**PSO1- Comprehend Contemporary features of Business Management Science and its administration**  
**PSO2- Analyze and interpret the dynamic situations for making Business Management strategies**  
**PSO3- Handle responsibility with the ethical values for all actions undertaken by them**  
**PSO4- Adapt and focus on achieving the organizational goal and objectives with complete zeal and commitment.**

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HOD