


CMR INSTITUTE OF TECHNOLOGY				USN																
Internal Assessment Test - I																				
Sub:		Corporate Strategy										Code:		MBA205						
Date:		02/07/2025		Duration:		90		Max Marks:		50		Sem:		II		Branch:		MBA		
SET- I																				
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Part A - Answer Any Two Full Questions (2* 20 = 40 marks)																				
1 (a)		Define strategy and strategic management. Ans: Strategy: A strategy is a long-term plan of action designed to achieve a particular goal or set of goals or objectives. In business, it involves deciding how to allocate resources to gain a competitive advantage and deliver unique value to customers. Strategic Management: Strategic management is the process of formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its objectives. It integrates analysis, planning, execution, and continuous monitoring of strategy.												[03]	CO1	2				
(b)		What is competitive advantage? Illustrate with two factors (any) contributing to it. Ans: Competitive Advantage: Competitive advantage is the edge a firm has over its rivals that allows it to generate greater sales, margins, or retain more customers. It arises from offering greater value, either through lower prices or by providing additional benefits and services that justify higher prices. Two Factors Contributing to Competitive Advantage: 1. Innovation and Technology: For example, Apple’s innovation in product design and user experience helps it command premium pricing. 2. Brand Reputation: Coca-Cola’s strong brand equity attracts loyal customers and deters new entrants.												[07]	CO2	2				
(c)		Analyze the relationship between a company’s strategy and its business model. • Ans: Definition: A <i>business model</i> describes how a company creates, delivers, and captures value (i.e., how it makes money). A <i>strategy</i> defines how the company will compete and differentiate itself to achieve long-term goals. • Relationship: ○ The business model is the architecture—the blueprint of activities and resources. ○ The strategy guides <i>how</i> that model is executed in the competitive environment. • Alignment: Strategy must align with and reinforce the business model. For example: ○ Netflix: ▪ <i>Business Model:</i> Subscription streaming service delivering on-demand content.												[10]	CO1	4				

	<ul style="list-style-type: none"> ▪ Strategy: Differentiate via exclusive content and personalization algorithms. • Dynamic Interaction: As the environment changes (e.g., technological disruption, competition), companies must evolve their strategy and adapt their business model. • Example: <ul style="list-style-type: none"> ○ Amazon's strategy to become the "everything store" requires an e-commerce business model supported by logistics and AWS cloud services. <p>Conclusion: The business model provides the framework for how a company operates, while strategy determines how to leverage this framework to achieve sustainable competitive advantage.</p>			
2 (a)	<p>What are the key success factors in industry analysis?</p> <p>Ans:</p> <p>Key Success Factors:</p> <ol style="list-style-type: none"> 1. Product Quality and Differentiation: Ability to offer superior or unique products. 2. Cost Efficiency: Capability to produce at lower costs. 3. Technological Capability: Innovating rapidly to meet market demands. 4. Customer Relationships: Strong brand loyalty and service. 5. Distribution Network: Effective channels to reach the market. 	[03]	CO3	2
(b)	<p>Analyze the process of performing an external audit in strategic planning.</p> <p>Ans: Process of External Audit:</p> <ol style="list-style-type: none"> 1. Scanning the Environment: <ul style="list-style-type: none"> ○ Identify macro-environmental factors (PESTEL: Political, Economic, Social, Technological, Environmental, Legal). 2. Industry Analysis: <ul style="list-style-type: none"> ○ Use tools like Porter's Five Forces to assess competitive dynamics. 3. Competitor Analysis: <ul style="list-style-type: none"> ○ Benchmark rivals' strengths and weaknesses. 4. Market Analysis: <ul style="list-style-type: none"> ○ Understand customer needs, market trends, and potential segments. 5. Opportunities and Threats Identification: <ul style="list-style-type: none"> ○ List key opportunities (e.g., emerging markets, new technologies) and threats (e.g., new entrants). 6. Summarize Findings: <ul style="list-style-type: none"> ○ Create an External Factors Evaluation (EFE) matrix. 7. Strategic Implications: <ul style="list-style-type: none"> ○ Integrate insights into strategy formulation. 	[07]	CO3	4
(c)	<p>Critically evaluate Porter's Five Forces Model as a tool for assessing industry attractiveness.</p> <p>Ans: Evaluation:</p> <p>Strengths:</p> <ul style="list-style-type: none"> • Provides a structured analysis of competitive forces. • Helps anticipate profitability and entry barriers. 	[10]	CO3	5

	<ul style="list-style-type: none"> Widely applicable across industries. <p>Limitations:</p> <ul style="list-style-type: none"> Static in nature—it assumes industry structure is stable. Ignores collaboration, which can reshape competition. Underestimates the role of digital disruption and innovation. Doesn't explicitly consider internal capabilities. <p>Relevance Today:</p> <ul style="list-style-type: none"> Still valuable as a starting framework. Must be complemented by dynamic tools (e.g., Value Net, Blue Ocean Strategy). <p>Conclusion: Porter's Five Forces remains a foundational tool, but strategists should use it along with modern frameworks to address rapidly changing environments.</p>			
3 (a)	<p>Define the Resource-Based View (RBV) of strategy.</p> <p>Ans:</p> <p>Definition: RBV posits that a firm's sustainable competitive advantage is derived from resources and capabilities that are:</p> <ul style="list-style-type: none"> Valuable, Rare, Inimitable, and Non-substitutable (VRIN). <p>Example: Google's proprietary algorithms and data are resources that competitors cannot easily replicate.</p>	[03]	CO3	2
(b)	<p>Analyze how Value Chain Analysis (VCA) helps to identify areas of cost advantage.</p> <ul style="list-style-type: none"> Ans: VCA breaks down a company's activities into primary and support activities. Helps managers: <ul style="list-style-type: none"> Trace cost drivers across each activity. Identify inefficiencies. Benchmark against competitors. For example, optimizing inbound logistics or automating operations can reduce costs. VCA also highlights differentiation opportunities (e.g., superior service). <p>Conclusion: By systematically analyzing each link in the value chain, firms pinpoint areas where they can lower costs or add value to gain an advantage.</p>	[07]	CO3	4
(c)	<p>Categorize the variables that can be used to analyze SWOT for the IT industry.</p> <p>Ans: SWOT Variables:</p> <ol style="list-style-type: none"> Strengths: <ul style="list-style-type: none"> Technological expertise. Brand reputation. Skilled workforce. R&D capabilities. Weaknesses: <ul style="list-style-type: none"> High employee turnover. 	[10]	CO3	4

	<ul style="list-style-type: none"> Dependence on a few key clients. Limited geographic reach. <p>3. Opportunities:</p> <ul style="list-style-type: none"> Growth in cloud computing. AI and IoT integration. Expansion into emerging markets. <p>4. Threats:</p> <ul style="list-style-type: none"> Cybersecurity risks. Rapid technological obsolescence. Intense global competition. Regulatory changes. 			
4	<p>Case Study: Netflix – Navigating Industry Forces</p> <p>Case Scenario: Netflix has transformed from a DVD rental business to a global streaming giant. The company faces intense competition from Amazon Prime, JioHotstar, and local providers. The bargaining power of content producers is high, as they continue to launch their platforms. Consumer expectations for original content and seamless streaming are also rising.</p> <p>Using Porter’s Five Forces Model, Netflix continuously evaluates its position and adapts its strategy. For example, it invests heavily in exclusive series and proprietary algorithms to retain subscribers and differentiate its service.</p> <p>Questions:</p> <p>a. Analyse how the threat of substitutes influences Netflix’s strategic decisions. Ans: <input type="checkbox"/> Substitutes: YouTube, cable TV, gaming, social media.</p> <p><input type="checkbox"/> Impact:</p> <ul style="list-style-type: none"> Increases churn as consumers switch to alternatives. Pressures Netflix to innovate continuously. <p><input type="checkbox"/> Strategic Response:</p> <ul style="list-style-type: none"> Invest in exclusive content to reduce substitution. Personalize recommendations to retain engagement. Offer multi-device access and offline downloads. <p>b. Apply Porter’s Five Forces Model to Netflix and recommend strategies to strengthen its competitive position. Ans: Porter’s Five Forces Applied:</p> <ol style="list-style-type: none"> Threat of New Entrants: Medium <ul style="list-style-type: none"> Barriers to entry are falling due to digital platforms. Strategy: Build brand loyalty through original content. Bargaining Power of Suppliers: High <ul style="list-style-type: none"> Content producers launch their own platforms. Strategy: Invest in in-house production studios. Bargaining Power of Buyers: High <ul style="list-style-type: none"> Consumers can switch easily. Strategy: Bundle services, enhance UX. Threat of Substitutes: High <ul style="list-style-type: none"> Many entertainment options. Strategy: Differentiation via exclusivity. Rivalry Among Competitors: Intense <ul style="list-style-type: none"> Amazon, Disney+, etc. 	[05]	CO3	4
		[05]	CO3	3

	<ul style="list-style-type: none"> ○ Strategy: Strategic partnerships and regional content. <p>Recommendations:</p> <ul style="list-style-type: none"> • Continue investing in proprietary content. • Explore ad-supported tiers to expand market segments. • Strengthen AI-driven personalization. • Focus on emerging markets with localized content. 			
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Course Outcomes (COs)		PO1	PO2	PO3	PO4	PO5	PSO1	PSO2	PSO3	PSO4
CO1:	Students should have a clear understanding of the concepts of Strategic Management, its relevance, Characteristics, process, nature, and purpose.	1 a,	1c				1 a	1c		
CO2:	Students will acquire an understanding of how firms successfully institutionalize a strategy, create an organizational structure for domestic and overseas operations, and gain a competitive advantage.	1 b						1 b		
CO3:	Students gain insights into strategies at various organizational levels to achieve a competitive advantage.	2 a, 3a	2 c. 3b , 4a		2 b	3 c ,4b	2a, 3a	2 b, 2 c, 3b		4b
CO4:	Students should understand the strategic motivations of multinational firms and their decisions in various markets.									

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, and 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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