Seat No.: ________ Enrolment No.___________

GUJARAT TECHNOLOGICAL UNIVERSITY

MBA – SEMESTER (3) – EXAMINATION SUMMER– 2018

Subject Code: 2830001 **Date: 30/04/2018**

Subject Name: Strategic Management (SM)

Time: 02:30 To 05:30 PM **Total Marks: 70**

Instructions:

1. **Attempt all questions.**
2. **Make suitable assumptions wherever necessary.**
3. **Figures to the right indicate full marks.**

Q.1 (a) **6**

1. Strategic controls allow corporate-level managers to
   - A. evaluate business-level performance on objective criteria
   - B. concentrate on day-to-day corporate operations
   - C. assess performance of employees and managers in each business unit
   - D. examine the fit between what the firm might do and what it can do
2. To successfully implement a cost leadership strategy, there is a need for
   - A. freedom from constraining rules
   - B. centralization of authority
   - C. communication between functional disciplines
   - D sharing of competencies among divisions
3. A primary objective of corporate governance is to
   - A. determine and control the strategic direction of an organization
   - B. ensure that the interests of top-level managers are aligned with the interests of shareholders
   - C. lobby legislators to pass laws that are aligned with the organization's interests
   - D. resolve conflicts among corporate employees
4. Firms participate in strategic alliances for all the following reasons EXCEPT to
   - A. enter markets more quickly
   - B. acquire technology
   - C. create values they could not develop acting independently
   - D. retain tight control over intangible core competencies
5. Conglomerates follow the ____ diversification strategy:
   - A. unrelated
   - B. related constrained
   - C. related linked
   - D. global
6. Multipoint competition occurs when
   - A. firms have multiple retail outlets
   - B. firms have multiple products in their primary industry.
   - C. unrelated
   - D. firms have diversified portfolios of companies

Q.1 (b) Define Above average returns, Vision, Stakeholders, Mergers, Strategic Alliance **04**

Q.1 (c) Explain resource based model for strategic management. **04**

Q.2 **(a)** Explain the concepts of strategic groups and stakeholders and their influence on strategy. **07**

(b) What is the importance of collecting and interpreting data and information about competitors? What practices should a firm use to gather competitor intelligence and why? **07**

OR

(b) Discuss how the cost leadership strategy can be used to position the firm relative to the five forces of competition in a way that helps the firm earn above-average returns ? **07**

Q.3 **(a)** Discuss the outcomes associated with the various restructuring strategies in the short term and long term. **07**

(b) Explain the concepts of principal agent relationship, agency costs and managerial opportunism with a suitable examples. **07**

OR

Q.3 **(a)** What are international corporate level strategies and reasons for firms to expand internationally. **07**

(b) Discuss value adding, value neutral and value reducing diversification with relevant examples. **07**

Q.4 **(a)** What are the differences between strategic controls and financial controls and their importance? What does it mean to say that strategy and structure have a reciprocal relationship? Explain with an example. **07**

(b) What is strategic leadership? With suitable examples explain how strategic leaders manage a firm's resources, human capital and social capital to achieve a competitive advantage? **07**

OR

Q.4 **(a)** Discuss the various approaches to managing strategic alliances and the differences in these approaches. **07**

(b) If you were a strategic leader, what actions could you take to establish and emphasize ethical practices in your firm in the current industrial scenario? **07**

Q.5 The Walt Disney Company was founded as a cartoon studio in 1923 by Walt Disney and his brother Roy with a $500 loan from an uncle. In the early 1920s, cartoonist Walt Disney visited New York to pitch his idea for a cartoon rabbit called Waldo. During that trip, through a complicated series of events, Disney lost the rights to develop Waldo. On the train-ride back to California he spoke with his wife about the importance of coming home with some alternative character. "I can't come back to our office and tell them I've lost Waldo," he bemoaned. This hardship inspired Disney to develop a new character, Mickey Mouse, and release the world's first fully-synchronized sound cartoon, "Steamboat Willie" (starring, of course, Mickey Mouse). Disney's creative genius was now coupled with a fierce instinct to protect and control his creative output. Never again would he lose "Waldo." Consequently, the Walt Disney Company was pushed by Walt to tirelessly create timeless and universal entertainment, consistently innovate and take risks to deliver that entertainment, stress a vision of being the provider of choice of quality family entertainment, and maintain rigorous control over the quality of customers' experiences with Disney products and its image. Such a personal passion for control led the Walt Disney Company into theme parks because Disney did not want Mickey's reputation sullied by the dirty, cheap theme parks that littered the land during those days. All films had to be new and of the highest quality animation (taking a minimum of five years to create, including hand-painted backgrounds); sequel films were not tolerated. Walt's vision and risk taking propensity led him in the early 1960s to buy **14**

43,000 acres in Florida (now Walt Disney World), betting the company's future on a high-risk, uncertain venture. Amidst such a flurry of activity, Walt Disney died just before Christmas 1966, and the company was literally stopped dead in its tracks. Walt Disney's blueprint was being followed to the letter, but no further (Walt Disney World opened in 1971). No "new" creations were undertaken until 1982, when the company finally launched such businesses as the Disney Channel, Touchstone, and their home video business. Had it not been for the appointment of Michael Eisner as Disney's new CEO in 1984, the company would likely not have survived its perilous financial situation and stifled creativity. Eisner returned the company to its roots of family entertainment and values of quality, fairness, creativity, entrepreneurialism, and teamwork.

A. What value-creating legacy did Walt Disney leave to the Walt Disney Company?

B. To what extent had the Walt Disney Company become a reflection of Walt up to the time that he died in 1966?

OR

Q.5 Norning International (NI) states that both its past successes and future growth strategies are based on an evolving network of wholly owned businesses and joint ventures around its core competency in glass making. Through their alliances and owned divisions they compete in four global business sectors: Specialty Glass and Materials (including materials for HDTV and LCD displays), Consumer Housewares (including microwavable dishware), Laboratory Sciences Products and Services (test tubes, testing equipment, and drug trials testing), and Communications (fiber optics and related technologies). As per the company's annual report, "binding all four sectors together is the glue of a commitment to leading edge glass making technologies, shared resources, and dedication to total quality." Each sector is composed of divisions, subsidiaries and alliances. However, the central role played by alliances is demonstrated by the fact that the combined revenue of its 30-some alliances is more than double that of NI on its own. Most of the alliances provide NI with access to particular geographic markets, industries, or channels, although an increasing number of alliances involve both market access and technological development. **14**

A. Why would a company like NI place such emphasis on alliances as a growth vehicle?

B. NI appears to be managing a large number of alliances. What criteria should it use to exit particular alliances?

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