

Seat No.: _____

Enrolment No. _____

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA (PART TIME)– SEMESTER 4– EXAMINATION – SUMMER 2019

Subject Code: 3549901

Date: 02/05/2019

Subject Name: Strategic Management

Time: 10:30 AM To 01:30 PM

Total Marks: 70

Instructions:

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

Q. No.	Question Text and Description	Marks
Q.1	Define the following terms with relevant example (a) Blue Ocean Strategy (b) Corporate Governance (c) Hyper Competition (d) Strategic Intent (e) Unrelated diversification (f) Agency relationship (g) Joint Venture	14
Q.2	(a) External environment is the dominant factor in influencing the strategy formulation. Explain this with reference to I/O model by selecting any sector of your choice	07
	(b) Explain the Resource based model in detail	07
	OR	
	(b) What are strategic alliances? Explain their advantages and disadvantages. How to make strategic alliances work successfully?	07
Q.3	(a) What are the strategies and tactics to deal with VUCA world	07
	(b) Write a detailed note on Balance Score Card	07
	OR	
Q.3	(a) Explain in detail Mc Donald's Business level strategy and its implication on Value chain	07
	(b) Explain in detail the concept of Related Diversification and its application for any FMCG company of your choice	07
Q.4	Read the below given case of Apple Inc. and answer the following questions During a bad recession in 2008, Apple recorded record sales. The firm's strong performance in poor economic times is largely credited to its innovation capabilities. Apple has continued to upgrade its current products, such as its laptops, with enhancements (e.g., MacBook and MacBook Pro). Analysts believe that these innovative additions will keep Apple's "hot streak" alive and well. Furthermore, projections suggest that smart phone sales will surge over the next few years. These projections include a 200 percent increase in the sales of high-	

end mobile phones by 2013, to 300 million in annual sales. The growing popularity of Web 2.0 applications such as Facebook and Twitter are increasing the desire for these phones. Such demand is very positive for the future of BlackBerry and Apple's iPhone. By 2013, analysts believe that approximately 23 percent of all new mobile phone sales will be smartphones. Apple has also continued to upgrade its innovative iPod with its second generation of iPod touch. One analyst gave it a perfect score for the significant enhancements made. And the iPod touch serves some similar functions as the iPhone such as providing an Internet connection, using the same touchscreen, and playing music and videos in the same way.

An example of the continuous innovation is the 4-gigabyte iPod Shuffle introduced in 2009. It is less than two inches long (smaller than a double-A battery) and can store approximately 1,000 songs. This is the third-generation Shuffle—the first-generation Shuffle launched in 2005 could store approximately 240 songs. In addition to increased storage, the new Shuffle can handle songs in 14 different languages. Apple has “set the standard” for design of personal computer since the mid-1990s. Since 1996, Apple product innovations include developing a tool that created a quantum increase in the sale of digital music, creating a mobile phone—a flexible computer—that is fun to use, and, in customer service, developing a chain of unique and popular retail stores. Thus, most external observers argue that Apple's innovative products have led to their becoming one of the fastest-growing companies in the United States. Coupled with its innovation, Apple is an aggressive marketer. While most firms are paring back their costs and advertising during the recession, Apple has increased its marketing and advertising programs. It is the second most prolific technology advertiser, behind Microsoft. While Apple is in a positive market position, it did experience potential problems in 2009. Its charismatic leader, Steve Jobs, had to take a medical leave of absence, causing uncertainty about the company's future. It also lost a few other top managers to key positions in other firms. Thus, investors became nervous and analysts questioned whether the firm could continue to be a market innovator, especially without Jobs.

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| | (a) | Explain Apple's strategic efforts to develop sustainable competitive advantages | 07 |
| | (b) | Describe the use of resources in this case. How effective or ineffective the resources have been utilized by Apple Inc. | 07 |
| | | OR | |
| Q.4 | (a) | What is the Companies' Generic Strategy? | 07 |
| | (b) | State the advantages and disadvantages of company's Generic Strategy | 07 |

Q.5

Read the below given case of Philip Morris International (PMI) and answer the following questions

Employing over 75,000 people, Philip Morris International (PMI) is the leading international tobacco company in terms of market share. The firm's product line features seven of the world's top 15 brands, including Marlboro, which is the top-selling cigarette brand on a worldwide basis. (In 2008, PMI sold 310. billion Marlboro cigarettes. Altria Group, Inc., which spun-off PMI from its operations in March 2008, sells the Marlboro brand in the United States.) PMI sells products in over 160 countries, holds about a 16 percent share of the total international cigarette market outside the United States, and has the largest market share in 11 of the top 30 cigarette markets, excluding the U.S. market. PMI continues to innovate across its brand portfolio to serve different needs of various customers and as a means of stimulating sales of its products. As is true for all firms, the strategic actions PMI is taking today and will take in the future are influenced by conditions in its external environment.

The challenge for a firm's strategic leaders (including those at PMI) is to understand what the external environment's effects are on the firm today and to predict (with as high a degree of accuracy as possible) what those effects will be on the firm's strategic actions in the future. The regulations that are a part of the *political/legal segment* of PMI's general environment (the general environment and all of its segments are discussed in this chapter) affect how PMI conducts its business. In general, the regulations regarding the selling of tobacco products are less restrictive in global markets than in the U.S. market. Nonetheless, PMI must be aware of how the regulations might change in the markets it does serve as well as those it may desire to serve in the future and must prepare to deal with these changes. Aware of the possible effects of the political/legal environment on its operations in the future, PMI has made the following public pronouncement: "We are proactively working with governments and other stakeholders to advocate for a comprehensive, consistent and cohesive regulatory framework that applies to all tobacco products and is based on the principle of harm reduction." (Encouraging all companies competing in the tobacco industry to develop products with the potential to reduce the risk of tobacco-related diseases is part

The *global segment* of the general environment also affects PMI's strategic actions. To pursue what it believes are opportunities to sell additional quantities of its products, PMI recently acquired companies in Colombia, Indonesia, and Serbia to establish a stronger foothold in emerging markets. The facts that taxes on tobacco products are lower in many emerging markets compared to developed markets and that the consumption of tobacco products is increasing in these markets are conditions in the external environment influencing the choices PMI makes as it seeks growth. These conditions differ from those in the U.S. market where cigarette consumption is declining by approximately 3 to 4 percent annually and where in mid-2009, the U.S. Congress passed legislation (which President Obama then signed into law) that empowered the Food and Drug Administration to regulate "cigarettes and other forms of tobacco for the first time." While cigarette consumption is increasing in some of its markets, PMI predicts that this will not always be the case.

In this respect, PMI anticipates that changes will occur in the *socio cultural segment* of the general environment such that fewer people will be willing to risk disease by consuming tobacco products. Anticipating this possibility, PMI recently formed a joint venture with Swedish Match AB to market smokeless tobacco worldwide. This collaborative arrangement unites the world's largest seller of smokeless tobacco (Swedish Match) with a marketing powerhouse that has a strong global presence across multiple markets (PMI). Because it is less dangerous than cigarettes in terms of disease, smokeless tobacco is seen as a product with long-term growth potential. PMI will likely remain committed to the importance of its social performance as it pursues this joint venture. As a measure of the effects of the *physical environment segment* of the external environment, PMI says that it is strongly committed to the "promotion of sustainable tobacco farming, the efficient use of natural resources, the reduction of waste in (its) manufacturing processes, eliminating child labour and giving back to the communities in which (it) operates."

07

- (a) How the external environment has affected PMI's strategic actions?
- (b) Write the detailed theoretical note on Porter's Five Force Model. 07

OR

- Q.5
- (a) Explain in detail concepts of 'Key success factors' and 'Driving forces' in external environment. 07
 - (b) How the external environment has affected both opportunity and threat for PMI to enter in Global markets 07

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