

May 2015

Bachelor of Business Administration (BBA) Examination

VI Semester

Strategic Management

Time 3 Hours]

[Max. Marks 80

Note : Attempt any four questions (out of seven questions) from Section A. Each question of Section A carries 15 marks. Section B is compulsory and carries 20 marks.

Section A

1. What do you mean by Strategic Management ? Discuss the significance of Strategic Management in the present context for business and industry in Indian context. What are the different levels at which strategy operates?
2. What do you mean by Corporate Strategy ? Discuss scope and significance of Corporate Strategy to be adopted by modern business company.
3. Define and differentiate between :
(a) SWOT and ETOP.
(b) Offensive Strategy and Defensive Strategy.
4. Elaborate and establish relationship among vision, mission, objectives, goals and strategy of an organization. How integration of individual and organizational goals is to take place?
5. What do you mean by Change Management ? What are the different causes of organizational change ? How planned change is managed ? Explain.
6. Explain the significance and need of creativity and innovation in any organization. Also explain the process of creativity and innovation.
7. Write short notes on : (any two)
(a) Strategic Management Process
(b) Evaluation of Strategy
(c) Innovation Process.

Section B

8. Read the following case and answer the questions given at the end of the case :

THE DOWNSIZING DECISION

Mr. Naveen Mehta wondered what should be his decision in the meeting

scheduled to be held in an hour with Senior Managers of Electro Products Limited. His reputation as a successful manager, running a successful division is going to be put to test. Naveen is Division's General Manager, Connectors Division in EPC Limited. The 35-year old electrical company has 40,150 employees on its rolls. It operates with 4 autonomous divisions - Switch Gears, Connectors, Wire and Cable and Diversified Products. The performance of Switch Gear and Connectors divisions are highly satisfactory, with strong market position and highly profitability. The performance of wire and cable is the cause of concern. It is operating with least profits and high costs. The diversified products are showing promising strength, though its present performance is erratic.

The Electrical Company, in fact has many underlying strengths, which are not being put to real use. As a result, the value of company's stock is coming down steadily.

One of the fresh setback in a series of disasters for the company is that its chairman and C. E. O. Mr. Navothan Patel is retiring and being immediately replaced by Mr. Satish. Mr. Patel, the outgoing chairman has not much to boast about his tenure. He was a conventional old man all though the 15 Years, he served as Chairman. He allowed the costs of the company to run high with very slow growth rate. Falling Stock Prices, defections of critical staff and loss of several major accounts especially during past 3 years was the result.

The new chairman Satish Kumar is not well-known outside the company. Formerly, he was Corporate Vice-president for Technology. The investment community is eagerly watching the moves of the new Chairman to put the company back on Gear.

The new Chairman has two major tasks ahead of him; First, reducing the ever increasing costs. Few attempts made by former Chairman in this direction had proved to be ineffective, thus indicating that more drastic cutbacks are necessary. The second major task is to pick up a strategy to improve the profit situation of the company by maintaining profitability of the two divisions - Connectors and Switch Gears, and at the same time searching for the new avenues for additional revenues. The decision regarding either to fix or eliminate wire and cable is a crucial one in this context.

While major shifts are taking place in the company, the stock values are steadily declining, though P/E ratio is still high. However, Sateesh Kumar has shown that he is not a man to let things so on their own by declaring his first decision to cut costs through across-the-board reduction of EPC

staff. This proposal received mixed reaction from various quarters of the company.

This decision, if implemented, drastically affects Connectors Division because it reduces present complement at Connectors Division from 6,720 to 6,000. The task is to be carried out within 3 weeks.

Naveen started at the three memorandums that lay before him. One among them is from the Chairman emphasizing his decision regarding downsizing. He agreed that this is the worst task for any manager. Nevertheless, they better carry it out as early as possible, because there is no choice left to them.

He stressed that this decision can move the company towards more favourable results in future. He had also requested for Naveen's support in this regard.

The other two memos are from Kamala Sahu, VP for Marketing and Sales, Connectors Division and from Sharma, VP for finance, Connectors Division, outlining their position on the issue of downsizing. Mr. Shau felt that the decision of across-the-board downsizing would be a disaster. Especially the Connectors Division is going to suffer a major blow. She saw no reason why their successful management should be punished. She also outlined that this decision, if implemented, could hamper the division's competitiveness as well as destroy already poor morale of the employees.

Mr. Sharma, however, felt the other way. He outlined in his memo that Connectors Division is to suffer presently because of downsizing; it would only be a temporary setback. He argued that downsizing decision is the only viable decision for the organization as a whole. Sateesh is a capable Chairman, providing dynamic leadership for which, the organization has been starved all these years. As such he favoured Chairman's decision of downsizing which has a prospect of bright future.

Naveen felt himself standing at crossroads, not knowing which way to turn.

Questions :

1. Perform the SWOT analysis.
2. What strategy should Mr. Naveen adopt ?

