



**POST GRADUATE DIPLOMA IN MANAGEMENT (2020-22)
END TERM EXAMINATION (TERM -III)**

Subject Name: Strategic Management

Time: **02.30 hrs**

Sub. Code: PG-25

Max Marks: **60**

Note:

All questions are compulsory. Section A carries 10 marks: 5 questions of 2 marks each, Section B carries 30 marks having 3 questions (with internal choice question in each) of 10 marks each and Section C carries 20 marks one Case Study having 2 questions of 10 marks each.

SECTION - A

Attempt all questions. All questions are compulsory.

2×5 = 10 Marks

Q. 1 (A): What is mission? Explain key elements in developing a mission statement.

Q. 1 (B): Illustrate diagrammatically the balance scorecard. Describe its importance.

Q. 1 (C): Compare internal expansion and external expansion. Illustrate with examples.

Q. 1 (D): Differentiate Horizontal Integration and Vertical Integration.

Q. 1 (E): What is Value chain analysis? Briefly, describe the process of the analysis.

SECTION - B

10 x 3 = 30 Marks

All questions are compulsory (Each question has an internal choice. Attempt any one (either A or B) from the internal choice)

Q. 2: (A). 'Strategy includes the determination and evaluation of alternative paths to an already established mission or objective and eventually, choice of the alternatives to be adopted.' Explain the statement underlining the process of strategy formulation.

Or

Q. 2: (B). Technological factors represent major opportunities and threats, which must be taken into account while formulating strategies. Discuss. Suggest that how a firm can build a sustainable technology for competitive advantage?

Q. 3: (A). Discuss the importance of differentiation strategy in the present competitive environment. Explain taking into consideration its advantages and disadvantages.

Or

Q. 3: (B). Discuss the different levels of strategies to attain competitive advantages. Explain their applications with a suitable example.

Q. 4: (A). Illustrate different types of functional tactics and explain their importance and how they are used in strategy implementation in the implementation process by citing suitable example.

Or

Q. 4: (B). Discuss the significance of strategic alliance as strategy for growth. Explain by citing suitable case of a company that was able to successfully implemented strategic alliance.

SECTION - C

Read the case and answer the questions

10×02 = 20 Marks

Q. 5: Case Study:

Rupbani Beverage Limited

Rupbani Beverage Limited entered the Indian wine industry in 1975 by acquiring the Mastana Wine Company of Shimla and two other smaller wine companies at Kalka for Rs. 50 lakh. Despite hostility expressed by other wine makers and predictions that Rupbani would very soon fail as other outsiders such as Parminder Wine Company had, the entry and succeeded. Rupbani Limited performed the unheard of feat of establishing a volume of 30 lakh cases within two years and taking the market share away from premium brands such as the National Wine Company of Bombay, Pearl Drink Limited of Pune and Syndicate Cola Limited of Madras.

Rupbani advertised heavily and incurred Rs. 10 lakh in one year and standardised the taste of its wines with considerable success. It also invested Rs. 48 lakh in a large, new winery at Ahmedabad. A Rupbani Executive said, "By 1995, consumption of wine in India will be a liter per capita, compared with half a liter today."

The industry reacted to Rupbani's presence by doubling and tripling advertising expenditure. ABC and Company began a costly campaign to market premium and varied wines while reducing marketing emphasis on its cheap wines such as Nahan Drinks and the Gola Beverage. ABC maintained its 25 percent market share but had to resort to some heavy price discounting to do so.

In 1982 Pearl Drinks formed a special wine unit to combine efforts for all its brands. Mr. Sailesh Kumar former Vice President of the National Wine Company had directed a project to coordinate Pearl's world-wide wine business and develop a world wide strategy. The new unit was, in fact, a result of his work.

In 1983, wine consumption changed from growth at a rate of 5 per cent to no growth. The government also lifted the ban on imports of wine. This presented an even greater challenge because imported wines were cheaper as well as superior in quality.

In 1984 Mr. Ranganathan took over as Managing Director of Rupbani. He reviewed the recent performance of the company and its competitive position. He noted that the company was losing its hold over the market and it was not getting the return as expected. He also found that the company's performance in the syrup business was excellent. He, therefore, thought of selling out the wine business to Pearl Drinks, He convened an executive meeting and apprised the executives of his proposal. He also informed them that Pearl Drinks had offered the company to recapture its investment in the wine business which was about Rs. one crore. Mr. Arun Mehta, General Manager, observed that Rupbani was in and out in the past six years and has joined different organisations in trying the wine business. The finance Manager, M. Subhash Ghai said, "The return on assets in the wine business is not the 30 to 35 per cent, which Rupbani is used to getting in the

syrup business. Gaining share and trying to compete with ABC and Company left Rupbani with, eventually, the number two position in the wine industry with profits of Rs. 60 lakh on Rs. 220 lakh in sales. The stockholders wanted immediate return and hence, the company could not afford to make long-term investments necessary to popularise the brands. Had they stayed for five more years, they would have been a key leader in a large and profitable industry."

Pearl Drinks immediately went from the sixth position in the industry to a strong second place with an 11 per cent market share. The Chairman of Pearl Drinks stated: "We believe you can make money in this business in two ways -- remain a small boutique winery or become large and achieve economies of scale."

Mr. Harish, Marketing Manager of Rupbani said, "It is no use selling out our business to Pearl Drink and get back what we have invested. We can compete with our competitors successfully and improve our market share if we manufacture wines of varying qualities to suit the varied preferences and pockets of diverse sections of society. We should also offer price discounts to attract the consumers. There should be wide publicity of our brands throughout the country."

Questions:

Q. 5: (A). In the light of opportunities and threats of Rupbani Beverage and its strengths and weaknesses, what strategy should it formulate to improve its performance and strengthen its competitive position?

Q. 5: (B). What other strategies would you suggest for Rupbani for increasing their share of the market? Should Rupbani spend on advertising in line with its competitors? Discuss.

Mapping of Questions with Course Learning Outcome

Question Number	COs	Marks Allocated
Q. 1:	CO1	10 marks
Q. 2:	CO2	10 marks
Q. 3:	CO3	10 marks
Q. 4:	CO4	10 marks
Q. 5:	CO4	20 marks

Note: Font: Times New Roman, Font size: 12.