



GL BAJAJ

Institute of Management & Research
Approved by A.I.C.T.E., Ministry of HRD, Govt. of India

Roll No.....

Plot No. 2, Knowledge Park-III, Greater Noida (U.P.) –201306

POST GRADUATE DIPLOMA IN MANAGEMENT (2017-19) END TERM EXAMINATION (TERM -III)

Subject Name: **Strategic Management**

Time: **02.00 hrs**

Sub. Code: **PG-25**

Max Marks: **50**

Note:

1. Writing anything except Roll Number on question paper will be deemed as an act of indulging in unfair means and action shall be taken as per rules.
2. All questions are compulsory in Section A, B & C. Section A carry 2 Case Studies of 10 marks each, Section B carries 2 questions of 10 marks each and Section C carries 5 questions 2 marks each.

SECTION - A

10×02 = 20 Marks

Q. 1: Case Study:

Read the following case and answer the questions given at the end.

XYZ is an organization that deals in food and beverages. It aims to become a customer-oriented organization rather; than being product oriented. Therefore, it has designed the products that are built around the customer needs. Thus, the main strategic goal of XYZ is customer satisfaction. To meet this goal, XYZ has conducted the strategic evaluate on process that measures the progress of the organization with respect to customer satisfaction. For any evaluation process, two things are required, namely the performance standards against which performance is measured and the techniques to measure the performance.

XYZ has developed the standards by inviting the inputs form its employees and customers. The employees had been asked to state the critical factors of the organization and the customers had been asked to state their expectations from the beverages. With this information, the organization has generated a list of factors that it has to incorporate in its work process to become a customer oriented organization. The major factors include quality in customer transactions, teamwork, and effective communication among employees. Thus, standards have been developed related to training and development of employees to achieve teamwork and effective communication. The work processes have also been developed to achieve the quality in the customer satisfaction.

XYZ measured the customer satisfaction by measuring the satisfaction of its employees, because if employees are satisfied are satisfied with their jobs, they will satisfy the customers. Thus, employees' satisfaction has been evaluated at regular intervals. Employees are also required to rate the organization's workplace quality, employee growth opportunities, and compensation rewards.

Questions:

- a) For any evaluation process, two things are required namely, the performance standards against which performance is measured and the techniques to measure the performance. Explain.
- b) Do you think that XYZ used the right evaluation process to measure the progress of customer satisfaction? If no, suggest the alternatives to XYZ by which the customer satisfaction can be measured.

Q.2: Case Study:

Read the following case and answer the questions given at the end.

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 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:

- a) Perform SWOT analysis of Rupbani
- b) 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?

SECTION – B

10×02 = 20 Marks

Q. 3: The employees of ABC Company were having continuous conflict and the flow of information's not taking place properly. In spite of large number of Product categories, work not divided according to different product lines, customers and geographical areas. Suggest a suitable structure for the above situation of a company with proper reasons and figure.

Q. 4: Explain the popularity of **merger and acquisition strategies** in firms competing in the global economy. Discuss reasons why firms use an acquisition **strategy** to achieve **strategic** competitiveness,

SECTION – C

02×05 = 10 Marks

Q.5 (A): A growth strategy is one that an organisation pursues when its level of objectives move upwards in a significant increment'. Critically examine the statement in terms of organization's performance for expansion.

Q. 5 (B): When the industry becomes hypercompetitive, is it possible to have a sustainable competitive advantage? Give reasons.

Q. 5 (C): "Structure follows Strategy". Discuss the statement and give the various forms of Organization Structure for Strategy Implementation.

Q. 5 (D): How BCG (Growth-Share) Matrix is significant and practicably usable in today's vast developments in management tools that help assess market conditions?

Q. 5 (E): Discuss the importance of differentiation strategy in the present competitive environment. Explain taking into consideration its advantages and disadvantages.