No. of Printed Pages : **6**

MS-91

MANAGEMENT PROGRAMME

Term-End Examination

December, 2011

03601

MS-91 : ADVANCED STRATEGIC MANAGEMENT

Time : 3 hours

Maximum Marks : 100
(Weightage 70%)

Note :

*(i) There are **two** Sections : **A** and **B**.*
*(ii) Attempt **any three** questions from **Section-A** which carry **20** marks each.*
*(iii) **Section-B** is **compulsory** and carries **40** marks.*

SECTION - A

1. (a) Discuss the various kinds of corporate strategy and under which conditions each strategy would be followed ?

(b) Explain the process of policy formulation. Is policy formulation different from strategy formulation ? Discuss.

2. Why is the need for corporate governance felt ? Discuss the subject in the context of Indian situation. What needs to be done further ?

3. Discuss the various approaches/modes of entering into foreign markets and point out their relative advantages and disadvantages. Under what conditions/situations each approach would be considered suitable ?

4. (a) How could R and D create competitive advantage for a firm ? What a firm could do to achieve competitive advantage in implementing its competitive strategy ?

(b) Briefly discuss the characteristics of innovative organizations.

5. Briefly explain the following :

(a) The changing business paradigm and the ethical dilemmas

(b) Characteristics of dynamic environment.

SECTION - B

Read and analyze the case study, hereinafter carefully and answer the questions given below :

Subhiksha Trading Services (STS)

Over the last nine months, R.Subramanian has aged much beyond his 43 years. The Managing Director of Subhiksha Trading Services-which pioneered the discounted retail format in India-has been struggling to get his brainchild operational again after it collapsed in February following a cash cycle squeeze. In fact, the change in Subhiksha's fortunes has been as dramatic as its rapid rise from being just a regional player to a national one. "We were a darling company that could do no wrong till September 2008 and suddenly we were in trouble," rues a dishevelled Subramanian, as he looked back at Subhiksha's early days-clearly successful-and the recent crisis-without doubt an avoidable tragedy.

It was in 1996 that the idea of Subhiksha (prosperity in Sanskrit) came to his mind. Organised retail, in India, was non-existent. Subramanian, and IIT Madras and IIM Ahmedabad alumnus, was then into the financial services business of asset securitisation. Research revealed that grocery was one of the largest categories of spending for the average customer, that they were extremely price sensitive on groceries and that discount stores were the largest growing format. But unlike in the West, people in India preferred to shop groceries close by. The model slowly fell into place-a large number of small stores with easy accessibility offering products at a discount. Some vital statistics about Subhiksha are given in Table 1.

Table-1

SUBHIKSHA

YEAR OF FOUNDING: 1997

FOUNDER:

R. Subramanian,

IIT Madras and

IIM Ahmedabad

BUSINESS:

Discounted retail

FUNDING: R. Subramanian,

ICICI Venture (equity);

Consortium of Banks (debt)

EMPLOYEES: 14,000

(by end of 2008)

REVENUE:

Rs 2,305 crore (2007-08)

THE FLAMEOUT

Year	No. of Stores
1997	10
1999	19
2000	50
2003	140
March 2007	670
March 2008	1,320
September 2008	1,650
February 2009	0

"Between 2006-07 and 2007-08 we doubled our stores, tripled our revenues and almost quadrupled our profits - R. Subramanian

"We opened our first shop in Chennai in March 1997 with funds from the financial services business, a team of passionate youngsters with little retail experience and a plan to set up a Chennai-centric retail business with low prices and high level of neighbourhood focus as the USP," recalls Subramanian. In the first year 10 stores were opened and the count rose to 19 by March 1999. By then Subhiksha was breaking even, volumes were picking up and customers were responding. Problems did arise initially though, as its unique discounting model enraged the retail trade in Chennai, which accused it of unfairly undercutting their business.

By 2000 Subhiksha grew to nearly 50 shops in Chennai retailing groceries and medicines. ICICI Venture's decision then to pick up a 10 per cent stake in Subhiksha for Rs 15 crore gave the retailer enhanced credibility in the market. This money was used to expand outside Chennai, into the rest of Tamil Nadu. By 2002-03, Subhiksha had 140 stores across 30 towns in Tamil Nadu. Sales grew steadily. Cash flows were reasonable and debt, at Rs 15 crore against the net worth of Rs 23 crore, was comfortable.

Expansion and Expansion :

In 2004, the retail sector was seeing an enhanced level of activity. In what proved to be a watershed decision later in its brief history, Subhiksha decided to expand nationally and more so, scale up at a rapid pace. "We realised that we had done our bit in Tamil Nadu and it was time to go national. The question we faced was do we expand sequentially (one state at a time) or parallely (many states simultaneously) ? We opted for the latter," reveals Subramanian.

Between late 2004 and early 2007, Rs 160 crore worth of equity was raised. That apart, a debt of Rs 220 crore and a bridge loan of Rs 125 crore (pending raising of equity from capital markets) was arranged to fund the national rollout. On an average, 60 to 70 stores were added in a month. The pace of rollout is evident from the fact that till September 2006, Subhiksha had a store count of just 160, but by March 2007 it had shot up to 670 and by March 2008 to 1,320. By September 2008, it was 1,650-in all 1,500 stores were added in just 24 months.

"Business was growing like mad. Despite the cost pressures in 2006 after Reliance, the Birlas and others announced plans to enter retail, between 2006-07 and 2007-08 we doubled our stores (from 670 to 1,320), tripled our revenues (from Rs 833 crore to Rs. 2,305 crore) and almost quadrupled our profits (from Rs. 11 crore to Rs. 39 crore)." says Subramanian. By then Subhiksha had become the country's largest mobile phone retailer with an annual turnover of Rs 1,000 crore. Buoyed by its performance, Wipro Chairman Azim Premji, in March 2008, picked up the 10 per cent stake in Subhiksha that was offloaded by ICICI Venture for Rs 230 crore, pegging the company's valuation at Rs 2,300 crore.

Expansion Funding : Debt our Equity.

It was clearly the highest point in the retailer's history (and, in a way, beginning of its decline too). The company, which had been contemplating and postponing initial public offering (IPO) since 2007, failed to capitalise on Premji's investment and the goodwill it created to raise money from the market.

"We kept thinking : why dilute equity for shareholders ? We wanted to keep equity low and raise more debt. This strategy will return better money for shareholders as stock market is booming. But we should have raised equity in March 2008. There was a lot of investor interest in Subhiksha. Not doing it then was a mistake." Concedes Subramanian.

Subhiksha entered 2008-09 with a Rs 1,000-crore investment plan for increasing the store count to 2,200 (from 1,320 as of March 2008) and add a new line of business-consumer durables information technology (CDIT) products retailing. It was to be funded by Rs 400 crore equity and Rs 600 crore debt. In June 2008, it announced a merger plan with Blue Green Construction Ltd, a company listed on the Madras Stock Exchange, and which had done some research on the CDIT business.

By then the stock markets had begun to weaken. "A weak market, we thought, would at best lower our valuation by 10 per cent or so. There was nothing to tell us that we were in for a complete collapse of the equity markets," explains Subramanian. The banks were getting worried too. The bridge loan of Rs 125 crore was coming up for repayment in September 2008 and there was no sign of equity. They were finding it difficult to lend.

Working Capital for Expansion

"By July 2008, we were finding it difficult to borrow. But we kept the expansion going as we were confident of raising equity. In fact, in September we had some good offers for equity but before we could grab it Lehman Brothers collapsed and the markets fell off," reveals Subramanian. In the absence of borrowings. Subhiksha made the cardinal mistake of diverting working capital to fund expansion. Consequently vendor payments were defaulted. They stopped supplies and the shelves ran empty. Salaries and other statutory dues were not paid. Security staff deserted their jobs and over 600 stores were vandalised in November-December 2008.

"We desperately worked with various stakeholders to put something together to prevent a collapse. All we needed then was Rs 125 crore to be back in shape. Between September and November 2008, we had four meetings of the collective financial stakeholders. But unfortunately it was a period when liquidity was tight. Investors, too, could not do much as the markets were crazy," rues Subhiksha's founder, adding, "In a way we got into trouble at the wrong time."

By end-February 2009 operations came to a standstill. Says Subramanian, "At this stage, everybody's reaction was emotional. There were people who said we should have been more careful in managing our money, which is perfectly right, and that we did not have a plan B." Independent directors quit, relations with ICICI Venture soured (it withdrew its nominees from the board and reportedly sought government investigation into the affairs of Subhiksha). Premji and ICICI Venture objected to the merger of Subhiksha with Blue Green Construction Ltd.

Cash Flow Management ?

Subramanian is now banking on the much-delayed Corporate Debt Restructuring (CDR) process (involving 13 banks with cumulative exposure of over Rs. 800 crore) to bring Subhiksha back to life. "I don't see ourselves getting back to 1,650 stores. We will probably restart about 1,200 stores once the CDR process is through. We should clearly be back in business in the second quarter of the current fiscal", claims Subramanian. He adds: "Regaining the credibility of vendors, lenders, investors and the employees will be the toughest challenge for us."

Has the discounted retail model failed ? His response is quick: "Subhiksha's problem was cash flow mismanagement. We ran a profitable business. We were completely overconfident when it came to raising equity. If anybody wants to be a serious grocery player in India, they have to follow our path. The model is eminently successful."

Questions:

(a) What went wrong with STS ? What do you attribute as the reasons for its collapse ? Elucidate clearly.

(b) Did STS have a clear strategy ? What should have been the focus of STS ? What cost STS its business ?

(c) Can the company be revived or does revival seem a possibility ? If yes, how, present a plan of action; if no, why (give reasons) ?

(d) Was the expansion funding route adopted by STS justified. Give reasons.

No. of Printed Pages : **3**

MS-91

MANAGEMENT PROGRAMME

Term-End Examination

June, 2012

02893

MS-91 : ADVANCED STRATEGIC MANAGEMENT

Time : 3 hours | *Maximum Marks : **100***
(Weightage 70%)

Note :

*(i) There are **two** Sections : **A** and **B**.*

*(ii) Attempt **any three** questions from **Section–A** which carry **20** marks each.*

*(iii) **Section–B** is **compulsory** and carries **40** marks.*

SECTION - A

1. Explain the major components of corporate strategy. What are the different levels in an organization at which corporate strategy exists and show how they are inter related ? Give examples.

2. Highlight the importance of initiatives taken by the government to boost good corporate governance.

3. Explain the need for companies to go global. What are the various strategic alternatives available for a company to compete in the international environment and the advantages and disadvantages of each alternative. Discuss.

4. Discuss briefly the factors influencing creativity and innovations.

5. Write short notes on *any four* :

(a) The role of strategists in corporate management

(b) The role of CEO

(c) Licensing

(d) Benefits of knowledge management

(e) Business ethics

SECTION-B

6. Analyse the following case situations and answer the questions at the end.

Have Nerves of Steel to Fight

In a market dominated by behemoths like SAIL and TISCO, finding a niche is of crucial importance for a small player. What could a Lloyds do with a meagre annual capacity of making six lakh tonnes of HR coils while SAIL sold over 1,600 lakh tonnes in the same time? Should Lloyds follow the market leader or adopt its own unique approach to its business strategy? It is in the context of such questions that Lloyd's attention came to rest on the manufacturing process.

Almost all steel producers adopt the blast furnace technology. In this, the process starts with a clear differentiation among the ultimate products to be manufactured. So, manufacturing batch size has to be large enough to take up customised orders. The raw material, iron ore, has to pass through several complex stages of manufacturing.

Lloyds looked for an alternative technology that could suit its requirements. The solution lay in the Electric Arc Furnace technology where the unique feature was that initial manufacturing stages need not differentiate among different products. Such a differentiation came at a much later stage. Translated into a business proposition what it meant was that Lloyds could operate with a much smaller batch size of, say, 100 tonnes and deliver, quickly. For instance, a 1,000 tonnes small order of specialised product custom-made to buyer's specification could be delivered in as little as 15 days. Such a quick delivery schedule would not be possible for a large, integrated steel manufacturer. In this manner, analogous to small gunboats that could effectively torpedo a large, slow-moving ship, Lloyds carved out a niche in the highly competitive steel market.

Question :

Comment on the nature of the business strategy of Lloyds. What are the conditions in which such a strategy would succeed /fail?

7. **No Chain, No Gain**

Textile industry is one of the oldest industries in India. Several business houses have thier origin in this industry. In the mid-1980s, the powerloom sector in the unorganised sector started hurting badly the interests of the composite textile mills of the organised sector. Thier cost structure, with lower overheads and no duties, was less than half of that of the mills for equivalent production. While the powerlooms sold cloth as a commodity, the mills tried to establish thier products as brands. The post liberalisation period has seen a large number of foreign brands enter India. It is in this scenario that the Mayur brand of Rajasthan Spinning and Weaving Mills (RSWM) had to carve out a place for itself.

RSWM is the flagship company of the LNJ Bhilwara group. It has been the largest producer and trader of yarn in the country and caters to the large demands for blended yarns and grey cloth fabric used for children's school uniform. In 1994, the yarn business faced a severe crunch owing to overcapacity. From 1995 onward, RSWM became a late follower of the industry trend as other competitors already moved up the value chain.

Textile manufactuirng is basically constituted of the processes of spinning, weaving, processing and marketing. More than 50 per cent of the value is concentrated in weaving and processing. Moving up the value chain from spinning involves large investments in machinery and labour. Graduating to marketing requires getting closer to the customer. This is the challenge that a traditional spinning mill like RSWM had to face if it was to sustain itself in a highly competitive market.

At another level, for RSWM, it was a matter of cultural transformation of the organisation long used to a conservative, trader mentality. Imagine a company whose main driving force, Shekhar Agarwal, Vice - Chairman and Managing Director having little interest in watching Hindi movies signing up Shahrukh Khan at a considerable price for celebraity advertising. From the market side, it has long been troubled with its commitment to the loyal middle-class customers as it had to simultaneously pay attention to the upwardly mobile upper middle class customers. Then there was the dilemma of being too many things to a wide range of audience. RSWM wanted to have a stake in the export markets as well as keep its share in the rural markets. It perceived itself as an efficient producer and wished to become a flamboyant retailer. It excelled in basic textile processing yet dreamt of attaining sophistication in in-house production of readymade garments. And all this while it has been a late mover, losing out to early movers such as Raymonds. No wonder it virtually landed up on the fringes of the industry, far behind formidable competitors like Reliance, Grasim, and S. Kumar.

Question :

Suggest how should RSWM manage its value chain effectively. Should it try to imitate the market leaders? If yes, why? If no, why not ? What alternative routes to success do you propose?

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MANAGEMENT PROGRAMME

Term-End Examination 02170

December, 2012

MS-91 : ADVANCED STRATEGIC MANAGEMENT

Time : 3 hours *Maximum Marks : 100*
(Weightage 70%)

Note :

(i) There are two Sections : A and B.
(ii) Attempt any three questions from Section-A which carry 20 marks each.
(iii) Section-B is compulsory and carries 40 marks.

SECTION - A

1. Discuss in detail the nature and process of corporate planning and the importance of its implementation.

2. Bring out the historical perspective of corporate governance and discuss why has it become necessary for business houses to adopt a good corporate Governance.

3. Discuss the characteristics of dynamic environment and what are the strategic choices available for a firm to compete in such an environment ? Give examples.

4. (a) Explain the role of information technology (IT) in strategy implementation.
(b) "IT is being extensively used by various service organisations to improve service delivery. " In the light of this statement discuss IT in service sector.

5. Write short notes on *any four* of the following:
(a) Importance of corporate policy.
(b) Cadbury Committee Report on Corporate Governance.
(c) Pricing Strategies.
(d) Competitive advantage and R and D.
(e) Social Audit.

SECTION-B

Analyse the case situations given below and answer the questions at the end.

6. Retailing Success

Changing tastes and preferences of customers, upward mobility, rising disposable income, availability of a variety of products and services, lifting of the quantitative restrictions on imports, and increasing exposure to international standards have led to a retail revolution in India. The Mumbai-based Akbarallys is conscious of these developments.

A pioneer of the concept of shopping under one roof, Akbarally Ebrahimji set up a 300-sq ft drug store in 1897 that today has metamorphosed into a sprawling retail chain. There are five department stores at different locations in Mumbai generating sale of more than Rs 50 crore. The 32 counters stock more than 20,000 products ranging from electronic goods to garments.

The strong points of the retail chain are the range of products offered and convenient locations that are overshadowed by its cramped and shoddy interiors and poor service. But recent make-over in decor and managerial actions at enhancing employee skills and merchandising offer scope for improving the profitability. Focus is on stocking products like garments that have a higher margin as compared to food and drugs that do not. Competition is imminent from local retail brands and international chains contemplating entry into India. A strategic option is to go in for franchisee arrangements in major metropolitan cities. The aim is to establish a mall as an anchor store surrounded by well-known retailers. Another project is to set up the Akbarally Institute of Retailing affiliated to the University of Bombay.

The business is managed wholly by the three Khorakiwala brothers and their children. The second-generation family members are professionally trained in management. The senior positions are manned by professionals. Besides retailing, the family is also into furniture centres in Mumbai. Its other business that is better known is Wockhardt, a leading pharmaceutical company.

The challenge before the family business is to keep changing itself to remain on the top.

Question

Analyse the retailing operation of Akbarallys **from** the viewpoint of strategic management. Do you feel that the organisation is geared to face new challenges?

What needs to be done additionally to secure continued success ?

7. Let There be Light

Traditionally, power plants, being capital-intensive, have been set up by the public sector and state electricity boards (SEBs) in India. Everyone agrees today that the energy sector is the major infrastructure bottleneck holding up economic development. A critical aspect of economic reforms thus is the reform of the energy sector.

The Madhya Pradesh State Electricity Board (MPSEB) is not much different from its counterparts in other states. It faces similar problems and is opting for identical solutions. The common elements in the power sector reforms are: corporatisation by breaking the SEB into generation, transmission and distribution; financial restructuring including debt and interest payment rescheduling; reduction of manpower; and improvements in operational efficiency.

Public utilities, like SEBs, have to be commercially viable in order to survive. Yet, historically, this aspect of SEB as an organisation has been sacrificed at the altar of political expediency. The ruling party, irrespective of whether it is the Congress at present or the Bharatiya Janata Party earlier, have made pre-election promises of supplying free or heavily-subsidised power. Digvijay Singh, the present chief minister of Madhya Pradesh, a populist politician earlier, no longer sees electoral benefit in providing free electricity. "It pays to pay" is his refrain today, whether it is healthcare or electricity.

Bold steps-bold, as they still carry the risk of a political fallout with fiery BJP leader Uma Bharti breathing down Digvijay's neck or the silent schemers of his own party working overtime behind the scenes - have been initiated to reform the energy sector in Madhya Pradesh. MPSEB is to be divided into generation, transmission and distribution (T&D), and supply companies. Financial management and cash flow management is to be improved. The retirement age of MPSEB employees has been reduced from 60 to 58 years. Effective operational control is sought to be exercised by metering power supply at division/district level to fix responsibility for T&D losses and power thefts. A sustained drive is on to identify non-paying consumers, install meters, and make them pay their bills regularly.

MPSEB's annual losses are to the tune of a massive Rs. 1,600 crore; total liabilities are estimated to be Rs. 20,000 crore. Undeniably, these are parameters indicating the rot that has corroded the system.

At one level, the reform of the energy sector is a political action but at another, and perhaps a more fundamental level, it is a question of managing an organisation strategically through strategic actions designed to turn around a vital public utility.

Question

Analyse the problems of the MPSEB from the strategic management perspective. Do you feel that the actions taken or being contemplated are strategic in nature? Propose what else needs to be done to make the MPSEB a viable organisation.

No. of Printed Pages : 7 **MS-91**

MANAGEMENT PROGRAMME

Term-End Examination

June, 2013

09801

MS-91 : ADVANCED STRATEGIC MANAGEMENT

Time : 3 hours *Maximum Marks : 100*
(Weightage 70%)

Note : (i) *There are **two** Sections : A and B.*
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(iii) ***Section–B** is **compulsory** and carries **40** marks.*

SECTION - A

1. (a) Briefly discuss the approaches to corporate management. Which one, you think, can be regarded as more appropriate to Indian environment and why ?
   (b) what is corporate policy and what is its significance" ? How could management formulate effective corporate policy ?

2. (a) "Effective corporate governance is the new **mantra** of corporate management today." Why is it necessary for corporate business to have good governance ? Discuss.
   (b) Several companies have the position of Chairman of the Board of Directors and the CEO merged into one. Discuss the merits and demerits of this kind of arrangement.

3. (a) What could be the various modes of entry into global markets ? Discuss their merits and demerits.
   (b) What are the various pricing strategies available to a firm ? Discuss each one of them with reference to different market structures.

4. (a) "R&D strategy can enhance the competitiveness of a firm." Explain , how ?
   (b) Discuss some of the problems or challenges in the effective implementation of a knowledge management system.

5. (a) Why is it important for corporate business to conduct itself in a socially responsible manner ? Explain with examples.
   (b) Differentiate between Partial Social Audit and Comprehensive Audit.

SECTION-B

6. **Read and analyse the case and answer the questions given at the end.**

Internal memo

From: Minoo Batliwala, chairman

To: Rakesh Mohan, managing director

Date: May 7

Dear Rakesh,

I've just received a copy of Shringar Auto's preliminary audited results for 1994-95, which will be reviewed by the board on May 25. I think this is an opportune moment to share with you some of my concerns about our future before we're drowned in the celebrations of a successful year.

I must admit that the numbers look great. Few of us expected profits to jump by 110 per cent to Rs 310 crore considering that turnover rose by 36 per cent to Rs 2,290 crore. We continue to maintain our leadership position on the homefront with a 52 per cent marketshare in the two-wheeler market: 72 per cent in scooters and 31 per cent in motor-cycles. Our margins are higher than those of any of our domestic rivals. And the stock price of Rs 700 proves that investors are happy. Most people think we're doing everything right.

To be honest, I do not. I don't believe that our figures are telling us the truth. Which is that Shringar may not continue to perform as well. Last fortnight, a consultant suggested as much to me privately. And the signs that he pointed to are real, very real. Let 's face it, a 72 per cent share of the scooters market today means that we've dropped four percentage points in two years. In motorcycles too, we've dropped four percentage points. Which means that our competitors are growing faster than we are. Now more competitors are coming in-including foreign companies.

When I look around me, I see not just a successful recovery from a recession, but also overconfidence and complacency. Don't misunderstand me. In the three decades since I started Shringar, there are many people who have stood by the company through good and bad times. But they're all convinced that the way we've been doing business all these years has proved so efficient that there's no need to change it. How can I tell such self-assured and confident people that we're headed down a one-way street unless we're prepared to change the very basic of our success ? Do you have any answers ?

Regards.

Internal memo

From: Rakesh Mohan, managing director

To: Minoo Batliwala, chairman

c.c. : Hemanth Desai, executive director

Date: May 9

Dear Mr. Batliwala.

Thanks for your note. You have articulated a problem I have often faced over the years: you can't argue with success. Of course when the circumstances are abnormal, you can push through change. People rise to the occasion either because they see a challenge or because, quite simple, they are scared.

I needn't remind you how we rode the automobile recession in 1990-91. Our sales had plunged by 50 per cent, production had to be slashed by 30 per cent, and profits fell by a fifth. We cut costs just by looking around. We improved quality by disbanding the quality assurance department and assigning the responsibility to the shopfloor staff. We flattened the management hierarchy from 11 layers to six. We raised R&D allocations on projects aimed at improving fuel efficiency and niche products.

We did all this for two years-and we not only survived, but prospered. In 1990, a single shift used to produce 128 scooters per assembly line: today ,the same line produces 410 pershift with the same number of people. An improvement of that magnitude would not have come about if we did not have a crisis. I agree with you that we need the same sense of urgency even today.

Here's my suggestion: why don't we build some crisis scenarios so that the company can react the same way as it did when the recession hit us ?

Regards.

■ *Internal memo*

From: Minoo Batliwala, Chairman

To: Rakesh Mohan, managing director

Date: May 15

Dear Rakesh,

I am glad you agree with me that a fat, happy, and profitable organisation like ours needs to create crisis. What worries me, though, is whether we will barter away our present-day success in the process. Reacting to a recession is one thing: you weren't doing well anyway and neither were our competitors. So, you didn't have to worry about not letting success slip by while you fought fires.

Can we cope with the confusion that unleashing a crisis will lead to ? How will our people react to this sudden spectre thrust upon them ? How will we make the crisis credible ? Please don't think I'm playing the devil's advocate: I genuinely feel that we need to light fires. But how can we convince people there's one when there's no smoke?

Regards.

■ *Internal memo*

From: Hemanth Desai, executive director

To: Mr. Rakesh Mohan, managing director

Date: May 16

Dear Mr. Mohan,

Following up on your suggestion, here are my candidates for a crises. The two-wheeler market in the country is growing at about 20 per cent per annum, and the newly-emerging replacement segment is creating its own opportunities for growth. Given the unassailable dominance of Shringar, it will be difficult to market the idea of an impending crisis unless it is linked to some straightforward and honest evidence. We can examine the crises scenario from three different perspectives:

THE INDUSTRY: Shringar has retained its rank as the world's third-largest producer in the two-wheeler league this year. Honda tops the list with 35 per cent of global production, followed by Yamaha with 22 per cent, Shringar with nine per cent, Suzuki with eight per cent, and Piaggio with six per cent. While the gap between Shringar and Yamaha is wide, both Suzuki and Piaggio are snapping at our heels.

We have no choice but to surpass our production levels every year in order just to remain where we are. And even to be the second-best in the world, we must chase the numbers far more aggressively than we are doing at present. Nearer home, our marketshare will no longer be unquestionably supreme as it has been for years now. As you will recall, the report by Crosby points out how new entrants will gain at our expense. This could be crisis No.1.

THE ORGANISATION: Shringar is a 30-year-old company. Over 30 per cent of the existing workforce have been with the company since the beginning. A lot of fat has been accumulating at various levels. We have to run Shringar like a small business: fast-moving, people-driven, and innovative. The alternative is a tired, old company which will gradually lose its edge in the marketplace. This could be crises No.2.

THE MARKET: Almost from the beginning we have had no need to market our products. Jumping places on the waiting list meant having to pay a premium. But now, there's a strong undercurrent of customer dissatisfaction. I don't know how this fact can be communicated, but I am sure it will make people at Shringar feel that they have to change in order to survive in the new competitive environment. This could be crisis No.3.

Regards.

■ *Internal memo*

From: Rakesh Mohan, managing director

To: Minoo Batliwala, chairman

Date: May 17

Dear Mr Batliwala

I am enclosing a note prepared by Hementh Desai on the possible areas which could qualify for a crisis. I have convened a meeting of the management committee on May 25, before the board meets, to discuss the preliminary audit report. We could discuss the issue further at the meeting and examine ways in which plausible crises for any or all of these could be communicated to the workforce. Many of them think that our company is great the way it is and are bound to ask: why should we change ? We can later work on a formal plan of action.

Regards.

■ Internal memo
From: Minoo Batliwala, chairman
To: Rakesh Mohan, managing director
May 18
Dear Rakesh,

I must confess to being deeply disturbed. I have been thinking about the efficacy and dangers of creating a crisis, and I'm battered by doubts. Do we have to go on creating a crisis every time we need to change gears? How can the company live in a perpetual state of tension? Isn't there something more positive, such as vision. To set our sights on the future ? There, too, I have my doubts. A vision statement, as it is usually presented, is top-driven, unidimensional, static, and overgeneralised.

I think we need to pursue what I may call bifocal vision-something that helps people in the organisation meet today's business needs even as it prepares them for tomorrow. Bear with the jargon, please. A bifocal vision simultaneously paints a picture of the opportunities available today and the best possible tomorrow. It demands that a company improve and perfect today's products and services to please current customers while developing new products and services to delight tomorrow's customers and investors.

THE SWOT

STRENGTHS	WEAKNESSES
■ Formidable marketshare, far ahead of competitors	■ Lack of experience in a competitive environment
■ Huge manufacturing capacities, ensuring economics of scale	■ Obsolescence of basic product engineering designs
■ A complete range of all two-wheeler products	■ Inability to attract new technology from foreign partners
■ Majority promoter ownership, ensuring management stability	■ Accumulation of fat in workforce and management

OPPORTUNITIES	THREATS
■ Expansion of first-purchase and replacement markets	■ Development of niche markets in two-wheelers
■ Increasing buying power of consumers in rural India	■ Continuing entrance of new and foreign players
■ Global markets with growing demand for cheap two-wheelers	■ Emergence of new technology and design elements
■ Possibility of leveraging exports to cut costs	■ Erosion of traditional features, like durability, as USPs

Granted, creating bifocal vision will not be simple. We must perpetually work towards making our current processes obsolete before our competitors do it for us. We must assume that all processes, products, and services are experimental by nature. That way, when a process is seen as an experiment, it becomes temporary and thus, amenable to change.

The second thing is that every meeting, agenda, memo, report, and discussion must have this bifocal dimension. Every decision must consider the impact on both today's customers and markets and tomorrow's. when that happens, we will have people who act like owners in the interest of the company-not managers who prefer to safeguard their individual turfs. Perhaps we would not then need an artificial crisis to charge us up.

What do you think ?

Regards.

Questions :

(i) Analytically diagnose the problem the Chairman of the company is faced with. What led to his feeling of insecurity ?

(ii) Should the chairman recreate the sence of doom that led to the company's successful emergence from the recession ?

(iii) Which strategy could succeed in motivating the employees into overcoming the challenge an (artificial) crisis or a new vision for the company, including aspiring targets ? Give your response by clearly analyzing the merits and demerits of each approach.

(iv) What other steps as part of the long term strategy would you suggest for the company ? What must shringar do to maintain its market leadership ?

No. of Printed Pages : **11**

MS-91

03049

MANAGEMENT PROGRAMME

Term-End Examination

December, 2013

MS-91 : ADVANCED STRATEGIC MANAGEMENT

Time : 3 hours *Maximum Marks : **100***

(Weightage 70%)

Note : *(i) There are **two** Sections : **A** and **B**.*

*(ii) Attempt **any three** questions from **Section–A** which carry **20** marks each.*

*(iii) **Section–B** is **compulsory** and carries **40** marks.*

SECTION - A

1. (a) "Much of the success of corporate planning depends on its implementation." Comment citing real world example that you might be aware of.

(b) Distinguish, with examples, amongst corporate level strategy, business level strategy and operating level strategy.

2. (a) Highlighting the role of the Board of Directors, discuss the essentials for creating an effective Board of Directors.

(b) "Good corporate governance is a *sine qua non* for effective and responsible management." Elaborate and illustrate the statement.

3. (a) "Business environment, by and large, has become dynamic today." Discuss and highlight the characteristics of such an environment.

(b) What prompts a company to operate at a global level ? What strategic alternatives are available to such a company ?

4. (a) Explain the role of Information Technology (IT) in strategy implementation. Can it help in enhancing the competitiveness of a firm ? Justify.

(b) What are the characteristics/ attributes of a creative organization ? How can an organization maintain these characteristics/ attributes ?

5. (a) Explain, how "ethics" are important for business ?

(b) What motivates corporate businesses to undertake philanthropy ? Describe some of the major forms of taking up philanthropy.

SECTION-B

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

MISTRY - DELTA

It hit Gaurav Mehra at home in an unusual fashion. A feature in *BUSINESS TODAY*, slipped in early that morning under the door of his flat, tantalisingly asked, *How Will Your Business Grow In The Next Three Months ?* And Mehra, as was only to be expected of the 38-year-old Vice-President (Human Resources) of the white goods joint venture, Mistry Delta, scrambled, furiously flipping its pages to get to the forecast for the consumer durables sector.

To be sure, the prognosis wasn't very bright, but that wasn't the bad news. What was worse, realised Mehra, as he read on with a sinking feeling, was that every one of Mistry Delta's in-house forecasts was, once more, off the mark. Way, way off the most optimistic independent projections. The SBU bug had struck again.

For years, Mehra had believed that the company's structure - Strategic Business Units (SBUS), managed by a Corporate Centre- was responsible for all its problems. Although he had voiced his belief on more than one occasion to his CEO, Ashwin Subramaniam, 'Subbu', as the 53 year-old, old-timer insisted everyone call him, had waved aside his arguments. "This structure brings focus to our operations. Focus and accountability," he had chided Mehra everytime they had discussed the subject. He had retreated; Subbu was a good boss, but in a state of perpetual denial when it came to this pet initiative of his.

But Mehra himself had refused to give up, and had started meeting with the CEOs of the SBUs regularly - something Subbu wouldn't find strange simply because Mehra was supposed to constantly interact with them. Slowly, he was putting together a voluminous dossier that proved that Mistry Delta's structure was the cause of several issues confronting the group: exploding overheads, declining margins, lack of synergies .... Cold, hard facts were something even Subbu would not be able to wave away the next time.

That morning, Mehra decided to spend his time on the drive to work constructively. And Rana Singh, his driver, sensing that the *saab* was pre-occupied, did not keep up his normal banter. Just as well because Mehra was lost in time.

When the country's oldest refrigerators major, Mistry Appliances had entered into a 51:49 joint venture with the American white goods company, Delta Inc., in June, 1991, it had been described as a marriage that had not been made on Earth. The former, after all, was the market-leader, with a 40 percent share of the local market. And the latter was one of the best-known brands in consumer appliances in the world. No wonder John Barlow, the CEO of Delta Inc. and Keki Mistry, the patriarch-CEO of Mistry Appliances, were both bullish about the venture.

To Barlow, Mistry Delta was a visa into the Indian market. Not only did Mistry Appliances boast of a state-of-the-art plant that could churn out 1,200,000 units a year, the company also had 1,200 distributors, 4,000 dealers, and 25 branches. To Mistry, the joint venture was a way of realising his lifelong ambition of transforming his company into a complete consumer-appliances giant. Still, the initial months had been a little turbulent, with frequent clashes between Danforth Keaton, who flew in from Delta's headquarters in Tucson to oversee the joint venture's start-up operations, and Mistry himself. Eventually, Mistry had to speak to Barlow before Keaton backed off.

It was only in early 1994 that a relieved Mistry finally picked Subbu to head the company, with Barlow's blessings, and retired to his first love, horticulture. He inherited an organisation structured along functional lines. Apart from him, the CEO, there was 1 Executive Vice-President (operations), and 9 Vice-Presidents. While the veeps incharge of Quality, Manufacturing, and Materials worked under the Executive Veep; the others reported directly to the

CEO. This structure served Mistry Delta well in its initial years.

By early 1994, however, the company had built a 300,000 units-a-year facility as a precursor to launching a range of high-end washing-machines. There were also plans to launch a range of air-conditioners by 1995. So, the first thing Subbu did after taking over was to make a presentation to the board, stating that the company should quickly shift to a SBU structure, with 3 separate units- refrigerators, washing-machines, and air-conditioners and cooking systems - handling each business. The board saw no reason for the change, and told Subbu that it would review its decision a few years down the line if the business imperatives demanded it.

Ultimately, the directors had to review their decision almost immediately in July, 1995. Mohan Nair, a portly 45-year-old MBA who then headed the marketing function had, in the course of Mehra's fact-finding quest, filled him in on the details. "The basic problem," Nair had stated," was in the mindset of the sales teams. Long used to selling refrigerators, they found it difficult to concept-sell high-end washing machines." Besides, the product required extensive detailing at the retailer -level, and the sales people were ill-equipped to do that. The result: in 1994-95, Mistry Delta managed to sell a measly 35,000 washing-machines. That wouldn't have hurt but for the fact that the refrigerators market , suddenly, went into a slowdown, with the growth-rate tumbling from 25 percent in 1993-94 to less than 9 percent in 1994-95.

THE FINANCIALS (All figures in ₹ crore)

Year	Turnover	Gross Profit	Net Profit
1991-92	351	25	12
1992-93	440	31	15
1993-94	535	42	25
1994-95	491	-42	-
1995-96	635	5	3
1996-97	806	11	6
1997-98	1005	16	8

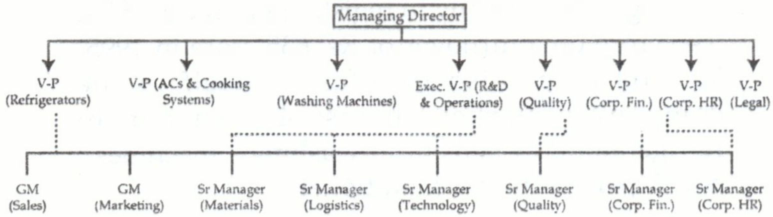
Together, these factors forced the board to review its decision, and Subbu had his SBUs. In August, 1995, the company shifted to the new structure, with Subbu kicking it off with a terse one-line speech that became legendary: Get More Business and Find More Users. Nair was made the head of the refrigerators business as Vice-President (Refrigerators). Rajiv Himmat, a pleasant-faced 36-year-old MBA who had been incharge of sales, was made Vice-President (Washing Machines). And Amrish Bakaya, a lean and balding 50-year-old who had looked after Logistics, Distribution and Servicing, became Vice-President (Air-Conditioners and Cooking System).

Subbu's template allowed each SBU to have 2 General Managers - one heading sales, the other, Marketing - and 6 Senior Managers in charge of Materials, HRD, finance, Quality, Technology and Logistics. Almost all the positions were filled by promoting people from within the organisation. Each division also recruited close to 50 salesmen each. Subbu had also visualised the creation of a corporate office, comprising the veeps in charge of finance, HRD, Quality, and Legal, and the Executive Vice-President (operations), who was to be given the additional responsibilities of product-development and integrating best practices across the SBUs.

Mehra, who was hired to head the newly-created post of Head (Corporate HR), had attended the first all - Mistry Delta meeting where Subbu had unveiled the new structure. Everyone seemed enthusiastic. Which wasn't really unusual. One unit had, suddenly, become three. More Managers, General Managers, and Vice-Presidents had been created. And the SBU's heads had become virtual CEOs, who had the operational leeway to run their businesses as they wished.

The only mildly discordant note had actually come from Delta's headquarters. Andrew Jones, who headed Human Resources for the transnational, had said that he wasn't sure such a structure would work since Delta had, traditionally, boasted a functional structure. Although he was willing to experiment, both he and Richard Knight,

THE SBU STRUCTURE



The structure of the AC's and Cooking Systems SBU and the washing machines SBU are similar to Refrigerators SBU

who headed Delta's Asian operations, had made it clear that it was Subbu's call. Jones had e-mailed

Subbu, with a copy to Mehra: "Mistry Delta may benefit from the focus that comes with an SBU structure, but you will have to ensure that your costs do not rise. Often, when a functional organisation sets-up business units, it is as if one company suddenly becomes three- and costs shoot up."

A sudden jolt broke Mehra's reverie. Rana had swerved sharply to avoid an urchin who had darted across the road, almost in front of his office.

Mehra's morning went in the mundane tasks that occupied his time: appraisals, transfers across SBUs, hirings *et al*. By 1.30 p.m., though, he was done. And he got down to the task of studying how the SBU structure had benefited the company -- an argument Subbu was certain to use when he made his anti-SBU pitch.

On an average, the refrigerators business had grown by 30 percent; washing -machines by 20 percent; and the air-conditioners business by 17 percent in the 3 years ended March, 1998 -- all three higher than the rates at which the market had. Thanks to a series of operational initiatives Subbu had championed, the company had also been able to survive the recession. It was the only white goods company to register net profits of Rs. 3.40 crore on a turnover of Rs. 635 crore in 1995-96. Its focus also manifested itself in the company's market shares: 45 percent in refrigerators: 13 percent in washing - machines ; and 7 percent in air-conditioners.

However, numbers were an integral part of the presentation, Mehra too had planned. Overhead costs had gone up by 75 percent after Mistry Delta switched to the SBU structure. Gross margins too had been adversely affected. Between 1991-92, and 1997-98, they had dipped by a factor of 5 : from 8 to 1.6 percent. And while the much-routed benefits of the SBU structure did not materialise in the first 2 years -- with sales growing from Rs. 640 crore to just Rs. 851 crore between 1995-96 and 1997-98 -- profits never did manage to reach even the absolute levels of those attained in the early years.

If it hadn't been for the TQM initiatives that the company had launched at the first signs of a downturn, the impact on the bottomline would have been enormous. Each SBU operated almost like an independent company, making it impossible for the company to derive economies of scale in functions like purchase, advertising, marketing, and finance. And this was something even the heads of the SBUs acknowledged. Himmat had, in response to a query from Mehra, sent him e-mail that captured this feeling best; "We may have pushed autonomy so far down the line that each of the businesses is getting compartmentalised. As a result, we haven't been able to exploit the winning edge of size."

Mehra discovered that each SBU had its own ad budget and agency. Sales -conferences, training-programmes and trade-promotions were all handled independent of one another. "Lastyear there was an absurd situation when the same dealer won 2 over seas trips in a year from 2 different SBUs!" Himmat had concluded. In fact, Mehra's study had come up with the shocking fact that several dealers played off a salesperson from one SBU against a salesperson from another, effecting, in the process, lesser bargaining-power for both on issues like displays and dealer-credit. Besides, his research made it evident that there was a degree of commonality in the profiles of customers of the 3 SBUs. Most of them liked the idea of shopping for several durables at the same outlet.

Worse still, the SBU structure had, inadvertently, created another layer of management in the organisation. At one level, this increased the time involved in the decision-making process. This was contrary to the very concept of such a structure. With the senior managers incharge of Logistics, Materials, Technology, Quality, Corporate Finance, and Corporate HR reporting not just to the SBU head, but also to their functional heads in the Corporate Centre, decisions did tend to take more time than they did in the functional structure. At another level, the executive wage-bill, although just around 1 percent of the company's 1997-98 turnover, had increased by 20 percent.

Mehra shut the lawyer's pad where he had been making notes as he ate. His fact-finding mission was almost complete. Now, he had to make his submission to Subbu. That night, Mehra ran through the implications of his project in his mind. Subbu, once he was convinced that the SBU structure wasn't working, would certainly restructure Mistry Delta. But Mehra wasn't sure if he should recommend that. It would have made sense to build critical mass- in terms of volumes and customer-base before setting up such a structure since that would have offset the increase in costs. With such volumes now in sight, Mehra did not know whether abandoning the SBU structure was the right solution - or not. He decided to sleep on it.

POSTSCRIPT : Eventually, Mehra did make his presentation to Subbu, advocating a return to the company's original functional structure. Subbu wasn't convinced about the merits of merging 3 marketing and sales departments to create a large one that would sell the entire range of Mistry Delta's appliances. But, faced with data that showed that the SBU structure was hurting the company's margins, Subbu decided to follow Mehra's advice. And remerge the SBUs.

Questions :

(a) Analytically diagnose the problem the company is faced with.

(b) Was it right for the company to revert to the functional structure and disband the SBU structure ? Give reasons for your answer.

(c) What benefits it might have thought of reverting to the functional structure ?

(d) Analyse the soundness or otherwise of the company's product-market strategy.

No. of Printed Pages : 5

MS-91

MANAGEMENT PROGRAMME

Term-End Examination

June, 2014

07929

MS-91 : ADVANCED STRATEGIC MANAGEMENT

Time : 3 hours *Maximum Marks : **100***

(Weightage 70%)

Note : *(i) There are **two** Sections : **A** and **B**.*

*(ii) Attempt **any three** questions from **Section–A** which carry **20** marks each.*

*(iii) **Section–B** is **compulsory** and carries **40** marks.*

SECTION - A

1. Discuss in detail how corporate policy is classified on the basis of various criteria.

2. (a) "The sense of purpose and direction of the Board will lead to good governance." Do you agree with the above statement ? Why or why not ?

(b) Discuss the managerial role of Board of Directors.

3. What are the characteristics of a dynamic market ? Discuss briefly the strategic choices in a dynamic environment.

4. Discuss the various techniques for building creative organizations citing examples.

5. Write short notes on **any four** of the following :
   (a) Ethics in market place
   (b) The role of a CEO
   (c) Knowledge management
   (d) Partial Social Audit
   (e) Narayana Murthy Committee

SECTION - B

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

Autonomous business units and specialized knowledge communities.

In Swed-Truck, which sold, rented, and serviced fork lift trucks, work had historically been organized into small, discrete business units, which had responsibility for all business within specific geographic regions. Within this structure, there was little need for interaction between business units, and they operated as virtual stand -alone businesses. While each business unit in principle sold the same range of products and services, in reality they had significant autonomy over how they did this. This was because both the nature of the market and character of customers varied significantly for each business, and also that management in each business unit offered different levels of service and support. The autonomy of the business units was such that the evolution of their working practices, the upgrading of their IT systems etc., was done purely on the basis of local considerations. Thus, discrete and specific knowledge communities developed, with staff in each business unit possessing substantial amounts of specialized knowledge, relevant to their own localized working practices, and customer demands, which had limited transferability and relevance, in other business units.

Questions :

(a) Is the existence of such specialist communities, with their own knowledge bases and ways of working necessarily a problem for organizations ?

(b) To what extent is it possible in multidivisional corporations to balance the conflicting demands of providing divisions the autonomy to work independently and have some level of standardization across the corporation ?

7. Read the illustration given below and answer the questions given at the end.

Interactive innovation in the energy industry

Jacquier-Roux and Bourgoois investigated innovation activity in the energy production industries and found that in the period between 1985 and 1998, paradoxically, as the R&D spending of the main oil and electricity production companies went down, there was a simultaneous overall increase in the production of knowledge in these sectors (measured in terms of number of patents granted). This was explained by the change in these sectors towards more interactive-based innovation processes, where the level of collaboration in innovation activity between the main oil and electricity production companies and equipment suppliers increase markedly. During the period examined significant changes had occurred in these sectors which encouraged the main producers to reduce their R&D spending. Primarily, deregulation and privatization, combined with a process of globalization in these industrial sectors, significantly increased the pressure on the main oil and electricity production companies to focus on short-term economic performance, which encouraged them to reduce their levels of R&D spending. Simultaneously these compaines started developing innovation partnerships with equipment suppliers as a way to sustain their R&D efforts and outputs. Prior to this, the main oil and electricity production companies had undertaken virtually all their R&D activity totally in-house.

Thus the strategy change undertaken by the main oil and electricity production companies resulted in the level of interaction between users and suppliers during innovation activities increasing significantly, and with equipment suppliers playing a greater role in such activities than had historically been traditional. These changes were visible in the evolving number of patents granted to these companies, with the patent activity of the main oil and electricity production companies declining, while the number of patents granted to equipment suppliers increased significantly. While these changes gave equipment suppliers a more important role in innovation activities a power asymmetry still existed which favoured the main oil and electricity producers. This was related to both their size (they were typically large multinational companies), and also their ability to be able to switch their business to different equipment suppliers if so desired.

Questions :

(a) What diverse factors, in your opinion are most important in making innovation process more interactive ?

(b) Explain, what kind of asymmetry exist in the innovation practices followed by energy industry.

No. of Printed Pages : 7

MS-91

09357

MANAGEMENT PROGRAMME

Term-End Examination

December, 2014

MS-91 : ADVANCED STRATEGIC MANAGEMENT

Time : 3 hours *Maximum Marks :* 100

(Weightage 70%)

Note : *(i) There are **two** Sections **A** and **B**.*

*(ii) Attempt **any three** questions from **Section–A** which carries **20** marks each.*

*(iii) **Section–B** is **compulsory** and carries **40** marks.*

SECTION - A

1. (a) What are the various interrelated and interacting factors which influence the corporate policy formulations ?

(b) Explain the features of a generic corporate policy.

2. Why is it necessary for business houses to have good corporate governance ? Discuss giving examples.

3. What are the various approaches to global entry ? Discuss the merits and demerits of each.

4. Discuss the preconditions for developing an effective R and D strategy. Also describe the steps involved in developing R and D strategy.

5. Write short notes on **any four** of the following :

(a) Dynamic environment

(b) Approaches to corporate management

(c) Customer defections

(d) Intrapreneurship

(e) Web-based Business Models

SECTION-B

6. Read the following paragraphs and answer the questions given at the end.

Strategies to Gain New Business at Wall Street Investment Banking Firms: Ethical or Unethical ?

A Salomon Smith Barney (a subsidiary of Citigroup), Credit Suisse First Boston (CSFB) and Goldman Sachs (three of the world's most prominent investment banking companies), part of the strategy for securing the investment banking business of large corporate clients (to handle the sale of new stock issues or new bond issues or advise on mergers and acquisitions) involved (1) hyping the stocks of companies that were actual or prospective customers of their investment banking services, and (2) allocating hard-to-get shares of hot new Initial Public Offerings (IPOs) to select Executives and Directors of existing and potential client companies, who then made millions of dollars in profits when the stocks went up once public trading began. Former WorldCom CEO Bernie Ebbers reportedly made more than $11 million in trading profits over a four-year period on shares of IPOs received from Salomon Smith Barney; Salomon served as WorldCom's investment banker on a variety of deals during this period. Jack Grubman, Salomon's top-paid research analyst at the time, enthusiastically touted WorldCom stock and was regarded as the company's biggest cheerleader on Wall Street.

To help draw in business from new or existing corporate clients, CSFB established brokerage accounts for corporate executives who steered their company's investment banking business to CSFB. Apparently, CSFB's strategy for acquiring more business involved promising the CEO and/or CFO of companies about to go public for the first time or needing to issue new long-term bonds that if CSFB was chosen to handle their company's new initial public offering of common stock or a new bond issue, then CSFB would ensure they would be allocated shares at the initial offering price of all subsequent IPOs in which CSFB was a participant. During 1999-2000, it was common for the stock of a hot new IPO to rise 100 to 500 percent above the initial of offering price in the first few days or weeks of public trading; the shares allocated to these executives were then sold for a tidy profit over the initial offering price. According to investigative sources, CSFB increased the number of companies whose executives were allowed to participate in its IPO offerings from 26 companies in January 1999 to 160 companies in early 2000; executives received anywhere from 200 to 1,000 shares each of every IPO in which CSFB was a participant in 2000. CSFB's accounts for these executives reportedly generated profits of about $80 million for the participants. Apparently, it was CSFB's practice to curtail access to IPOs for some executives if their companies didn't come through with additional securities business for CSFB or if CSFB concluded that other securities offerings by these companies would be unlikely.

Goldman Sachs also used an IPO-allocation scheme to attract investment banking business, giving shares to executives at 21 companies-among the participants were the CEOs of eBay, Yahoo and Ford Motor Company. EBay's CEO was a participant in over 100 IPOs managed by Goldman during the 1996-2000 period and was on Goldman's board of directors part of this time; eBay paid Goldman Sachs $8 million in fees for services during the 1996-2001 period.

Questions :

(a) If you were a top executive at Salomon Smith Barney CSFB, or Goldman Sachs, how would you justify your company's actions ?

(b) Would you want to step forward and take credit for having been a part of the group who designed or approved of the strategy for gaining new business at any of these three firms viz, eBay, Yahoo and Ford Motor Company ?

7. Read the following case situation and answer the questions at the end.

The politics of introducing change : competing 'truth claims'

Pharma-co is a UK pharmaceutical company. Until the early 1980s it had been a government-owned research laboratory, and by the mid-1990s there was still evidence in part of the company of the technically focussed culture which had historically predominated. During the mid-1990s a decision was made to implement a new information management system. The dominant rhetoric used by the project team to justify the need for change was that the changing nature of their markets required significant changes to be made to improve the competitiveness of their production facilities. An important figure to Pharma-co's project was the World Manufacturing Director, who strongly championed it. When the project started he had been a relatively recent recruit to the organization. As part of Pharma-co's long-term strategy of adopting more commercial and cost-sensitive operating practices a need had been identified to introduce such attitudes to its senior management. The recruitment of the World Manufacturing Director was one of these appointments. Thus his 'commercial' knowledge from working outside of the company was highly regarded by senior management. However, resistance to the proposed changes emerged from middle managers within the production function. They suggested the proposed changes were fundamentally unnecessary, and that Pharma-co could remain competitive through staying focussed on the development and production of technically innovative products. The traditional culture which had been historically predominant within Pharma-co was focussed around production.

One of the main factors strengthening the argument of production management was their detailed knowledge of the company's internal manufacturing practices. Thus at the start of Pharma-co's change project there was a highly political conflict between those for and against change which centred on the validity of their knowledge and the way they used it to legitimate their different analyses of the extent to which change was needed.

Questions :

(a) In situations such as described in the case, to what extent is it possible to objectively evaluate the competing arguments and decide on the 'correct' course of action ?

(b) What does the different perspectives of the interests group say about the cultural embeddedness of knowledge ? To what extent are the view points of those in conflict derived from the values and ideas of the organizational communities they are embedded in ?

No. of Printed Pages : 2

MS-91

04650

MANAGEMENT PROGRAMME

Term-End Examination

June, 2015

MS-91 : ADVANCED STRATEGIC MANAGEMENT

Time : 3 hours *Maximum Marks : 100*

(Weightage 70%)

Note : *(i) Attempt **any five** questions.*

*(ii) **All** questions carry **equal** marks.*

1. Discuss the determinants of corporate policy. Explain in detail the policy formulation process. **20**

2. Describe the concept of corporate planning. Discuss the implementation of corporate planning in detail. **20**

3. Trace the history of Corporate Governance (CG) and discuss the need for good CG giving examples. **20**

4. Identify the characteristics of dynamic environment and the strategic choices available to a firm to compete in such environment. **20**

5. Discuss in detail the importance of Information Technology in strategy. Give illustrations. **20**

6. Discuss the steps involved in developing R & D strategy. **20**

7. Discuss strategic philanthropy and economic motivations giving examples. **20**

8. Write short notes on **any four** of the following : **20**

   (a) Scope and objectives of Social Audit

   (b) Innovation and creativity

   (c) Web-based Business Models

   (d) Stable Environment

   (e) Significance of corporate strategy

No. of Printed Pages : 2

MS-91

06813

MANAGEMENT PROGRAMME

Term-End Examination

December, 2015

MS-91 : ADVANCED STRATEGIC MANAGEMENT

Time : 3 hours *Maximum Marks : 100*

(Weightage 70%)

Note : (i) *Attempt **any five** questions.*

(ii) ***All** questions carry **equal** marks.*

1. Define corporate policy and identify its key features. Discuss the importance of corporate policy. 20

2. Explain the concept and nature of corporate strategy. Identify the major components and the various types of corporate strategy . 20

3. Briefly discuss the role of Board of Directors and highlight the major attributes of creating an effective Board. 20

4. Analyse the relevance of sustainable competitive advantage under various types of market structures. 20

5. Discuss the role of Information Technology (IT) in service organisations to improve service delivery. Give examples. 20

6. Discuss the trends and challenges in Knowledge Management with suitable examples. **20**

7. (a) What do you understand by business ethics and its importance for business ? **20**

   (b) Discuss business ethics and its relevance to external environment.

8. Write short notes on **any four** of the following : **20**

   (a) Stakeholders and Ethics

   (b) Synectics

   (c) Benefits of Knowledge Management

   (d) Joint Ventures

   (e) Board Committees

No. of Printed Pages : 6

MS-91

MANAGEMENT PROGRAMME

Term-End Examination

00144

June, 2016

MS-91 : ADVANCED STRATEGIC MANAGEMENT

Time : 3 hours | *Maximum Marks : 100*
(Weightage 70%)

Note : (i) *There are two **Sections A** and **B**.*
(ii) *Attempt **any three** questions from **Section A**, carrying **20** marks each.*
(iii) ***Section B** is **compulsory** and carries **40** marks.*

SECTION - A

1. Explain the concept and nature of corporate strategy. Discuss the major components and functions of corporate strategy. **20**

2. Explain the importance of government of India initiatives that have been taken to boost good corporate Governance. **20**

3. Discuss the pricing strategies used by firms in different market structures and their implications. **20**

4. Discuss the challenges in Knowledge Management (KM) in the present day competitive environment. **20**

5. Write short notes on **any four** of the following : **20**

(a) Naresh Chandra Committee on Corporate Governance.

(b) The role of CEO to improve corporate governance.

(c) Strategic choices in a Dynamic Environment.

(d) Web-based Business Models.

(e) Scope of Ethics.

SECTION - B

6. Read the following case study and answer the questions given at the end. **40**

Case Study

Philanthropy in emerging markets

More and more companies are donating goods, services or cash for good causes-causes that fit a company's overall strategy. Corporate philanthropy often gets a bad rap, but the reality is the largesse of industrialists past and present has helped build a strong America. Regardless, past corporate scandals, globalized supply chains with dubious social impacts and environmental degradation together mean companies just cannot cut a check and say they are "doing good."

So they are doing more and yes, partly out of self-interest. One company embarking on a strategic philanthropy agenda is the multinational company, SAP. The company has recently ramped up donations of its technologies across the world. At first glance, they are compassionate, but there is more behind giving out free software for a good cause. As in the case of many companies, emerging and "frontier" markets are the last places where SAP can grow and these countries offer potentially huge rewards and returns. So strategic philanthropy as part of a Corporate Social Responsibility (CSR) in emerging markets agenda, is wise, yet complicated, policy.

At the same time, watchdogs both local and global behoove a company to be a good community and social citizen. Furthermore, in an age where professionals want more than a paycheck and in fact, want to work at a company they believe has a strong social purpose, programs like that of SAP's are the building blocks to employee engagement and entrenching themselves as solid, responsive stakeholders. For SAP, this is not just about keeping smiles on the faces of employees at its Waldorf headquarters or Palo Alto and other regional offices-establishing programs for social good is also a way to groom and develop local talent to sustain the company's long-term future. Last week, I spoke on the telephone with Brittany Lothe, SAP's Director of Global CSR, to learn more about the company's approach towards strategic philanthropy.

"What is it that we can do as a business that can fundamentally change people's lives for the better ?" - Brittany Lothe of SAP

SAP has already entrenched itself in several emerging markets, such as South Africa, for almost as long as the company has existed. With its oft-repeated mantra of providing software products that "make the world better," the company is on a mission to foster a supportive business climate. For communities and countries, such work of SAP and other firms helps boost economic opportunities that are much needed where youth employment is a stubborn challenge. And depending on the nature of its software donations, varying results will bear fruit-a healthier population, a stronger business climate and a more educated workforce. SAP will need both skilled employees and successful customers; entrepreneurs who can develop services that complement the company's suite of products; and of course, healthier and more mobile communities to help SAP maintain and grow its business worldwide.

Some may call this "shared value," Michael Porter's concept firms such as Nestle are quick to espouse. Lothe describes SAP's agenda as "**value creation,**" a tad more accurate because in SAP's view, its programs are tackling some of the world's most pressing problems. To paraphrase Chicago's mayor, a company should never let a problem go to waste.

In these markets, SAP's advantage is its technology, enterprise software and other services that are often the backbone of companies, governments and non-profit organizations. And as tech hubs from Africa to India emerge, SAP's services are the branches on which leaves, in this case actually additional software companies, can grow and augment what SAP already offers its customers. But in many regions where SAP has long-term goals, little in the way of a market exists-hence the company has to help local organizations start from scratch and therefore create value.

So a dearth of education opportunities means SAP can help to groom skilled workers who, in turn, can train and lead future colleagues. Donating software that makes processing donations easier for NGOs means staff can focus more on their core jobs and less on bookkeeping. Technology that helps construction firms distribute building materials means more responsible and sustainable development, motivating workers to stay and again, assist SAP to recruit and retain talent. The payback is not immediate : Lothe noted SAP's strategies in various markets look ahead 10 or even 15 years into the future.

And so the programs, over 5,000 according to SAP's count, vary depending on local needs. In Mexico, SAP donated software to Echale a tu casa, a non-profit that provides housing to low-income workers. The technology helps the NGO run various processes, from accounting to inventory control, run more smoothly. A continent away, a three-year Emerging Entrepreneurship Initiative in Brazil helps to select business leaders whose companies have the potential to grow, but lack access to capital, could benefit from mentorship and need guidance navigating through the country's notorious bureaucracy. Finally, in tiny Swaziland, SAP gave technology and education-related donations to Young Heroes, an NGO that supports HIV/AIDS orphans.

Naturally, the aforementioned programs are laudable and provide much needed support to workers and people who benefit from SAP's attention. But, according to Lothe, larger goals abound : the grooming of future growth, talent and customers. At a fundamental level, these donations collectively help build a strong infrastructure for the Small and Medium

Enterprises (SMEs) SAP needs for its long-term viability. And if such companies, whether they end up in SAP's supply chain or become its customers, succeed, they also need healthy and sustainable communities in which their employees can live, and live well.

Self-serving ? May be, if that is your chosen description. Smart strategy ? Definitely, if you believe a company needs to do more than sweat out quarterly Wall Street reports and instead not only look far into the future, but build a strong business and around it, a more just and resilient society.

Questions :

(a) Is strategic philanthropy smart business ?

(b) How can the organizations create value for business through business ?

No. of Printed Pages : 8 **MS-091**

00511

MANAGEMENT PROGRAMME

Term-End Examination

December, 2016

MS-091 : ADVANCED STRATEGIC MANAGEMENT

Time : 3 hours *Maximum Marks : 100*
(Weightage 70%)

Note : (i) *There are* ***two*** *Sections A and B.*
(ii) *Attempt* ***any three*** *questions from* ***Section A****, carrying* ***20*** *marks each.*
(iii) ***Section B*** *is* ***compulsory*** *and carries* ***40*** *marks.*

SECTION - A

1. (a) Describe the nature and scope of corporate management. What are the various approaches to corporate management ? **20**

(b) Discuss the role of strategists in corporate management.

2. Define the concept of Corporate Governance and explain the need for Corporate Governance (C.G.). Discuss C.G. in the Indian context giving illustrations. **20**

3. "Different market structures have different viewpoints with respect to competition". Explain the statement in the context of market structures and sustainable competitive advantage. **20**

4. What are the different steps involved in developing R & D strategy ? Discuss with suitable examples. 20

5. Write short notes on **any four** of the following : 20
   (a) Narayana Murthy Committee on corporate governance.
   (b) Importance of corporate policy for effective management.
   (c) Joint ventures.
   (d) Innovation and creativity.
   (e) Scope and objectives of Social Audit.

SECTION - B

6. **Read the case study given below and answer the questions at the end :** 40

Agfa is a leading name in the imaging industry. The Agfa-Gevaert Group develops, produces and distributes an extensive range of analogue and digital imaging systems. Agfa has divided its operations into three segments.

Segment : **Consumer imaging.**

Activity/Products : Wide range of products using both digital and analogue technologies for taking, processing and manipulating photographs.

Segment : **Graphic systems.**

Activity/Products : A wide range of electronic and photographic systems for the graphics industry, including workflow management systems, scanners and laser image setters.

Segment : **Technical imaging.**

Activity/Products : Medical uses eg. X-ray equipment; non-destructive fault-testing eg. in aircraft and pipelines; industrial imaging for motion pictures; document management systems and micrographics.

Agfa's operations involve a high level of innovation. The company's willingness and ability to work at the leading edge of technology help to make it a leader in its field.

For Agfa to remain a market leader, its managers must concern themselves with the future and ask themselves :

- Where is the industry heading ?
- What are our competitors likely to do next ?
- Where do we go from here ?

With imaging, the answers currently are :

The industry is heading towards greater use of digital imaging.

- Our competitors will invest in research and development aimed at enhancing quality at affordable prices.
- We look to get there first, with better products to sell to customers who are prepared for using them.

This approach requires a willingness to invest heavily in new projects that maximise the benefits of new technology.

Every proposed project undergoes investment appraisal. This procedure establishes whether a particular project is worth taking forward. Managers will ask key questions about a proposal, including :

- How expensive are the initial outlay and the final total outlay likely to be ?
- For how long are we likely to be spending money without any financial return ?

- How long is it likely to be before we recover, from sales, all the money we have invested ?
- What return can we reasonably expect from our investment in the long term ?
- How big are the risks ? What events over which we have little or no control could cause this project to falter or fail ? How likely are they ?

Risks for the imaging industry include :

- a significant rise in the cost of borrowing to finance investment.
- a downturn in business activity worldwide that persuades industrial customers to postpone their own purchase of new plant and equipment.
- poorer job prospects for the general public that deter private consumers from spending on the latest products.

Large Scale Investment

Agfa must consider these factors as it contemplates large scale investment in new digitally based technologies.

During 2000 Agfa invested around 224 million Euros (equivalent to 4% of its sales revenue) in research and development. Part of this involved working with external partners eg. universities and leading research centres. Much of the work reflected the need to move forward in :

- developing the transition from analogue to digital solutions.
- meeting a wider variety of customer needs.
- helping Agfa to create new market sectors and to enter them profitably.

Technological advance does have a downside, in that demand for new products affects sales of older ones. As a market, analogue photography has almost reached maturity. It is still significant in size with almost 70% of the market. However, with plenty of scope for further product developments and for repeat business. The growth of digital technology has not deterred Agfa and its competitors from bringing out new, improved products for use with 'old' technology.

The real difference between analogue and digital lies in how images are recorded and processed. Analogue photography uses traditional cameras to expose silver-halide film. This still remains the most widely used way to capture images. Customers are well served with a variety of excellent products, from traditional slide and print films to Advanced Photo Systems (APS) films and single-use cameras with enhanced capability.

Compared with digital systems, recent analogue advances are 'low tech', but so too is their cost. Image quality is excellent, and represents optimum value. The technology can also be applied widely; even single-use cameras take good pictures. However, analogue images cannot be viewed instantly, take time to enlarge or reduce and are on prints or negatives that cannot be re-used. Negatives need optimum storage conditions to remain in good condition long term. The chemicals used in processing also raise some environmental issues. Digital technology represents a genuine advance because it removes many of these difficulties.

Digital Images

Digital images are based upon a grid or matrix. They vary in the quality of their resolution, which is expressed in pixels or dots per inch (dpi) or millimetre. The higher the resolution, the better the picture, and the more expensive the equipment producing it.

There is a wide range of affordable digital cameras on the market now, offering varying levels of quality, capabilities and prices. There are also thousands of commercially available CD-ROMs offering images, graphics and more, all at different quality, sophistication and price levels. Consumers can also turn to the Internet, where millions of images are available for downloading to a PC.

Digital offers some real advantages. Images are held in a digital file and are available for use immediately. They can be transferred immediately from camera to PC, where they can be compressed, amended, altered and despatched using e-mail, fast ISDN lines and the internet. They can be downloaded and printed or transferred to CDs using recently developed copying equipment that retains image quality at a high level. Consumers can take CDs to an Agfa Image Center where the quality, format and resolution can be chosen, Digital images have transformed access, ease of use and transmission of images to provide a flexible series of solutions for customer needs. With instantaneous image capture, digital images require only minimal storage facilities. Images can also be manipulated and altered and only the chosen images need to be put into print format.

However, at the present stage of development, really high quality digitally produced images do not come cheap; the equipment required is expensive. Professional users face high set-up costs, but in industries where speed, quality and flexibility in use really matter, the price is worth paying. Imaging is an industry where copyright is jealously guarded, and ease of transfer brings with it problems of security and copyright protection. Digital files can also be lost or become corrupted, so some form of back-up is vital. Agfa is aware of these additional consumer and business needs and continues to work on ways of meeting them.

The imaging industry now has two main product markets : analogue and digital. Each product has strengths and weaknesses, the importance of which varies according to customer needs and requirements.
There remains a need for both analogue and digital imaging, depending upon the requirements of client groups. For example, during construction, gas and oil pipelines need their joints X-rayed with periodical follow-up checks so that cracks and defects can be detected. This is a job for tried and tested analogue systems.

On the other hand, digital technologies have helped to transform the work of hospital radiologists. For example, a software package developed by Agfa called MUSICA (Multiscale Image Contrast Amplification) enables radiologists to manipulate X-ray images in various ways. Edges can be sharpened up to reveal key details, and images can be rotated to offer alternative perspectives. Users can zoom in on details, and select and sort images in a search for recurring patterns. Images can be shared across a number of hospital workstations and can also be transmitted for immediate expert analysis elsewhere.

The best investment programmes are supported by painstaking research; market research into what consumers require and product research to establish what the new technology can and cannot do for them. Agfa is at the heart of changes in imaging brought about by new technology. It is leading. It is also listening and learning. In a highly competitive industry, Agfa's thorough approach is enabling it to retain important competitive advantages over its closest and fiercest rivals.

Questions :

1. Explain the different phases of the business cycle and how the company responds to changes in business cycle ?
2. How did the company build and retain competitive advantage over its rivals ?

No. of Printed Pages : **6**

MS-091

MANAGEMENT PROGRAMME

Term-End Examination

03993

June, 2017

MS-091 : ADVANCED STRATEGIC MANAGEMENT

Time : 3 hours *Maximum Marks : 100*

(Weightage 70%)

Note : (i) *There are* ***two Sections A*** *and* ***B.***

(ii) *Attempt* ***any three*** *questions from* ***Section A,*** *which carries* **20** *marks each.*

(iii) ***Section B*** *is* ***compulsory*** *and carries* **40** *marks.*

SECTION - A

1. Describe the nature and scope of corporate management. Discuss the role of strategists in corporate management.

2. Compare and contrast Cadbury Committee Report with CII Report on corporate Governance in the present context.

3. Explain the need for companies to go global. Discuss the strategies that companies adopt to enter and compete in the international environment and the advantages and disadvantages of these strategies.

4. Explain how Knowledge Management (KM) enhances competitiveness of a firm. Discuss the trends and challenges in KM in the present context.

5. Write short notes on **any four** of the following :
   (a) Business Ethics & Internal Environment
   (b) Social Audit
   (c) Innovation and Creativity
   (d) Market Structures and Competition
   (e) E-business

SECTION - B

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

Levi Strauss is an American icon. For two generations, it has dressed the world in its fabled blue jeans. In recent years, however, Levi's luster has begun to fade even more rapidly than the blue dye on an old pair of 501s. The fast-moving fashion world seems to be leaving it behind. After peaking in 1996 with sales of $ 7.1 billion, Levi's sales fell for the next five years, dropping to $ 4.1 billion in 2001. Levi's problems have several sources.

First, a combination of good design and savvy marketing has helped competitors such as The Gap take share from Levi's. The company badly missed the urban-inspired wide-legged jean trend. Levi's Dockers brand, which is suitable for casual dress, also seems to have become tired. Moreover, traditionally Levi has focused on jeans for men, where sales have been falling industry-wide, as opposed to women's jeans, where industry sales are at least stable. Second, some retailers say the company has had a take-it-or leave-it sales attitude. "They were arrogant. They thought they were selling couture merchandise," complained the director of general merchandising for Fred Meyer, the Portland-based superstore unit of Kroger. Third, Levi's jeans were just too expensive. Unlike most of its competitors, which moved the bulk of their manufacturing to Asia or Central America long ago, Levi continued to have a significant manufacturing presence in the United States. But the high cost of labor in the United States means that it has to charge higher prices to recoup its costs, and customers didn't seem to be willing to pay a premium price for Levi jeans anymore.

Levi's solution to this problem has been threefold. First, the company closed all but eight of the twenty-two U.S. Plants it operated in 1996, laying off 6,500 domestic employees, and moved manufacturing to low-cost foreign locations. Second, it is attempting to get ahead of fashion trends rather than follow them. Levi is now paying much more attention to women. It has recognized that women in junior, petite, and plus sizes call for special attention. New designs such as the Superlow line of jeans are meant to be feminine and sexy rather than retrofits of menswear.

Unlike prior designs that have mostly bubbled up in house, the idea for the Superlows was adapted from the phenomenon of celebrities such as Mariah Carey cutting off the waistbands of Levi's mainstay 501s. After briefly testing the jeans in boutiques and mainstream stores such as J.C. Penney, the company began mass marketing of the Superlows for women within three months rather than the typical twelve months for past launches. The new look seems to have hit the spot. By late 2001, weekly sell-through rates (the fraction of an order that a retailer can move out the door) of Superlow jeans were ranging between 15 and 22 percent, well above the 5 percent typical for Levi's. Superlows now make up the largest portion of junior sales.

Third, the company announced that it would step up its Original Spin program to supply jeans that are custom made for individual customers. Levi's thinking is that if it can customize its jeans for each individual's body shape (no two people are identical), it will be able to charge a premium price and therefore cover the costs of continuing to have a substantial manufacturing presence in the United States. At the core of the Original Spin program is an attempt to use web-based technology and computer controlled production equipment to implement a strategy of mass customization that has as its goal a desire to give each customer a better-fitting pair of jeans in their preferred style. The idea is that with the help of a sales associate, customers will create the jeans they want by picking from six colors, three basic models, five different leg openings, and two types of fly. Then their waist, rear, and inseam will be measured. The customer will try on a pair of plain "test-drive" jeans to make sure that they like the fit. If they do, the order will be punched into a web-based computer terminal linked to the stitching machines in a Levi Strauss factory. Customers can even give the jeans a name-for example, "Rebel" for a pair of black jeans. At the factory, computer-controlled tools precision-cut the jeans and stitch an individual bar code inside. The jeans are then sewn and washed, identified by the code, and shipped to the customer's home. The whole process takes no more than two to three weeks. The bar code tag stores the measurements for simple reordering.

Today, a fully stocked Levi's store carries approximately 130 pairs of ready-to-wear jeans. With the Original Spin program, the number of choices available will leap to 750. Sanjay Choudhuri, Levi's director of mass customization, feels that 750 is about the right number of choices. An unlimited amount of choice will create inefficiencies at the manufacturing plant. Levi's strategy is to offer a healthy number of choices that give the customer the illusion of infinite variety and can be produced with little or no additional cost penalty. Levi does hope to charge a premium price for this service of about 20 percent. However, in the company's view, the real benefit of the program is that it changes the nature of the relationship between Levi Strauss and its customers. Instead of an anonymous relationship in which the customer walks out of the store with a pair of off-the-shelf jeans, Levi Strauss aims to become each customer's personal "jeans adviser". If the program works, Levi might well extend it to embrace several other apparel offerings, such as its Dockers line of pants for men, in addition to rolling out the program in international markets.

Further down the road, Levi might use a device that will scan the entire body. The machine, which has been developed by an independent company, projects 300,000 pinpoints of light from head to toe, then photographs the body from six angles to produce a kind of three-dimensional portrait. Those data result in a custom pattern that can be transmitted to a production plant to manufacture jeans, shirts, or any other item of clothing. Within five years, body-scanning equipment may be found in Levi stores.

(a) From a value creation perspective, what exactly is Levi trying to achieve by (i) moving manufacturing out of the United States, (ii) refocusing its design efforts on women, and (iii) introducing the Original Spin program ?

(b) How exactly might the Original Spin program change the nature of the relationship between Levi Strauss and its customers ?

(c) Do you think that the strategic actions Levi is taking will allow it to reverse its six-year decline and build a sustainable competitive advantage ?

7. Describe the role of Information Technology (IT) in strategy implementation. Explain how can IT assist in enhancing the competitiveness of a firm in the present context.

No. of Printed Pages : **6**

MS-091

MANAGEMENT PROGRAMME

Term-End Examination

December, 2017

03248

MS-091 : ADVANCED STRATEGIC MANAGEMENT

Time : 3 hours

Maximum Marks : 100

(Weightage 70%)

Note : (i) *There are two Sections A and B.*
(ii) *Attempt any three questions from Section A, which carries 20 marks each.*
(iii) *Section B is compulsory and carries 40 marks.*

SECTION - A

1. What are the major components of corporate strategy ? Discuss in detail different levels of strategy and the interrelationship between them.

2. Why is it necessary for business houses to have good corporate Governance ? Discuss with examples.

3. How is stable environment different from dynamic environment ? What are the suitable strategies for industries to follow while operating in a stable environment ?

4. Explain the importance of R & D strategy to the competitiveness of a firm and discuss the steps involved in developing R & D strategies.

5. Write short notes on **any four** of the following :
   (a) Approaches to Corporate Management
   (b) The Role of CEO
   (c) Dynamic Environment
   (d) Web-based Business Models
   (e) Corporate Philanthropy

SECTION - B

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

In 1993, Jerry Yang and David Filo were two graduate engineering students at Stanford University. Instead of writing their dissertations (which they probably should have been), the two were spending a lot of time surfing the Web and building lists of their favorite sites, On a whim, they decided to post their list on the Web, which they dubbed "Jerry's Guide to the World Wide Web." Almost by accident, they had created one of the first web directories and in the process had solved a pressing need : how to find things on the Web. In 1994, they changed the name of the directory to Yahoo (**http://www.yahoo.com**), which is supposed to stand for "Yet Another Hierarchical Officious Oracle," although Filo and Yang insist they selected the name because they considered themselves yahoos.

By late 1994, Yahoo was drawing over 100,000 people a day. The directory had outgrown the limited capacity of the Stanford site, and Yahoo was borrowing server space from nearby Netscape. Yang and Filo had decided to put their graduate studies on hold while they turned their attention to building Yahoo into a business. One of their first employees, Srinija Srinivasan, or "ontological yahoo" as she became known within the company, refined and developed the classification scheme that has become the hallmark of Yahoo's web directory. Yang and Filo's business model was to derive revenues from renting advertising space on the pages of the fast-growing directory.

To develop the business, they needed capital to fund investments in servers, software development, and classification personnel. A solution came in the form of an investment from Sequoia Capital, a Silicon Valley venture capital firm. As part of the investment package, Sequoia required Yang and Filo to hire an experienced CEO. The man chosen for the job was Andrew Koogle, a forty-five-year-old engineer with fifteen years of experience in the management of high-technology firms, including a stint as president of InterMec, a Settle-based manufacturer of bar code scanning equipment.

By mid-1996, Koogle was heading a publicly traded company that listed 200,000 web sites under 20,000 different categories and was being used by 800,000 people daily. This was just the beginning. In conjunction with Yang, Filo, and another "gray-haired" hire, chief operating officer Jeffrey Mallett, Koogle crafted a vision of Yahoo as a global media company whose principal asset would be a major Internet gateway, or portal, that would enable any one to connect with anything or anybody. Koogle's ambition was to transform Yahoo's simple directory service into a conduit for bringing together buyers and sellers, thereby facilitating commercial transactions over the Web (e-commerce). In this vision, Yahoo would continue to generate revenues from the sale of advertising space on its directory pages, and it would also garner significant revenues from e-commerce transactions by taking a small slice of each transaction executed over its service. The service, Yahoo! Store (**http://store.yahoo.com**), enables businesses to quickly create, publish, and manage secure online stores to market and sell goods and services. After launching their store, merchants are included in searches on Yahoo! Shopping (**http://shopping.yahoo.com**), Yahoo's Internet shopping service.

To make this vision a reality, Yahoo had to become one of the most useful and well-known locations on the Web-in short, it had to become a mega-brand. A directory alone would not suffice, no matter how useful. In order to increase traffic, Yahoo began to add features that increased its appeal to users. One was to supplement the directory with compelling content. Another was to allow registered users to customize Yahoo pages to match their needs. For example, registered Yahoo users can customize a page in Yahoo's financial area so that they can track the value of their personal stock portfolio. The page provides links to message boards, where individual investors can discuss a company's prospects. Other links connect investors to valuable content pertaining to the companies in their stock portfolio, including news reports and commentary, research reports, detailed financial data, and each company's web site.

To build brand awareness, Yahoo spent heavily on advertising, using radio and television ads targeted at mainstream America. To expand the reach of the service, Yahoo embarked on a strategy of opening up Yahoo services around the world. It also began to work with content providers and merchants to build their online presence and, by extension, to increase the value of Yahoo's site to users who could access the content and merchants through Yahoo. Yahoo increased its value to advertisers by enabling them to target their advertising message to certain demographics better. For example, the online broker E*Trade advertises heavily on Yahoo's financial pages. Such targeted advertising increases the conversion rate or yield associated with advertisements.

By many measures, the results of this strategy were spectacular. In 2000, the company generated revenues of almost $900 million. By September 2001, Yahoo had more than 210 million unique users worldwide, up from 166 million in September 2000 and just 50 million in 1998. Traffic increased to a record 1.25 billion page views per day on average during September 2001, up from 167 million page views per day in December 1998. According to Nielsen//Net Ratings, worldwide consumers spent an average of 147 minutes on the Yahoo network, up from 119 minutes in the previous quarter. Some 80 million active registered users logged onto one or more personalized Yahoo services during September 2001, up from 55 million in September 2000.

However, in the first nine months of 2001, sales slumped by 34 percent and the company registered a loss of $84 million versus a profit of $169 million in the previous period. The revenue and profit declines reflected slumping advertising revenues, which accounted for close to 80 percent of Yahoo's revenues in 2000. The problem, in the wake of a slowdown in business activity in the United States, had resulted in declining advertising revenues across the board. Moreover, many of the best advertisers on Yahoo had been other dot-com companies, and a large number of these had gone bankrupt in 2001.

In the wake of slumping revenues, CEO Koogle resigned and was replaced by Terry Semel, a former Warner Brothers executive. Semel's strategic goal for Yahoo was twofold : to reduce the company's dependence on advertising revenues and to increase the quality of advertising revenues by targeting well-established companies as opposed to dot-com enterprises. Semel's strategy for boosting nonadvertising revenues was to introduce a range of subscription-based value-added or premium services, such as online music that would be broadcast by the Net to a subscriber's computer or digital device. In addition, Semel wanted the company to push more aggressively into the co-marketing business, helping established companies to sell their merchandise on the Web, and taking a cut of their revenues.

(a) To what extent was the evolution of strategy at Yahoo planned ? To what extent was it an emergent response to unforeseen events ?

(b) Could Yahoo have done a better job of anticipating the slowdown in advertising revenue that occurred in 2000-2001 and positioning itself for that slowdown ? How ? What might it have done differently from a strategic planning perspective ?

(c) Does Yahoo have a source of potential long-term competitive advantage ? Where does this come from ?

(d) What does Koogle's resignation in May 2001 tell you about the role of a CEO in a public company ?

No. of Printed Pages : 11

MS-091

01535

MANAGEMENT PROGRAMME

Term-End Examination

June, 2018

MS-091 : ADVANCED STRATEGIC MANAGEMENT

Time : 3 hours *Maximum Marks : 100*

(Weightage 70%)

Note : (i) *There are two Sections ; Section A and Section B.*

(ii) *Answer any* ***three*** *questions from Section A.*

(iii) *Section B is compulsory.*

SECTION - A

1. Explain the different schools of thought on corporate strategy formation. Also explain the significance and limitations of corporate strategy.

2. Discuss the role and responsibility of Board of Directors with reference to Corporate Governance.

3. What is dynamic environment ? How does an organization make strategic choices in a dynamic environment ? Explain with the help of examples.

4. Describe the different steps in designing IT Architecture and Infrastructure in an organization.

5. Explain how Corporate Social Responsibility (CSR) is measured using a systems model of a business based on the following three levels :
   (a) Principles of social responsibility;
   (b) Process of social responsiveness;
   (c) Outcomes.

SECTION - B

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

Kinetic Honda -

It was in August 1998 that the first chinks in the Kinetic Honda Motors Ltd. (Kinetic Honda) armor were reported by Business India. Both Honda and the Firodias of Kinetic were quick to deny rumors of a split, though reports of the Firodias quietly raising resources to buy out Honda's stake kept surfacing. The Firodias were even reported to have securitised the assets of their two-wheeler finance company - 20th Century Kinetic Finance (TCKF) - to raise this money.

Trouble had been brewing since the company recorded a loss of ₹ 6 crore in the first quarter of 1998. Eventually Honda decided to put the matter to rest and called Arun Firodia (Firodia) to Japan in December 1998.

Honda made Firodia an offer - either he buy their 51% stake or Honda would buy out his 19% stake. Analysts remarked that it was difficult for Firodia to let go of the company that he had nurtured for the best part of his life. Eventually, Firodia negotiated a deal with Honda, to acquire its stake at ₹ 45 per share, (when the market price was almost double), at a total cost of ₹ 35 crore. He also signed an agreement with them for continuing to manufacture and sell the existing

Kinetic Honda models. Honda also agreed to continue providing technical know-how support in return for royalty and technical fees from Kinetic.

Considering the fact that Honda was the world's biggest and most successful scooter manufacturer, the pullout came as a surprise to industry observers, as it was quite uncharacteristic of Honda Motor to give up a segment. More so, as just a couple of months earlier, Honda had been reported to be planning to make further investments in Kinetic Honda. This was seen as a major setback for the company. It was also perhaps the only instance of a Honda failure anywhere in the world.

Starting Problem!

In 2001, the Kinetic Group had two automobile companies - Kinetic Engineering Ltd. and Kinetic Motor Company Ltd. After the December 1998 deal, Kinetic Honda Motor Ltd. was renamed Kinetic Motor Company Ltd. Kinetic's story began in 1972 with the founder H.K. Firodia buying the 'Luna' moped's design from a foreign company. The moped, which aimed at capturing the bicycle market, went on to become such a huge success, that Luna became a generic name for mopeds.

In 1985, under Arun Firodia's (H.K. Firodia's son) leadership, Kinetic tied up with Japanese auto major Honda Motor to form Kinetic Honda Motors Ltd. (KHML) with both the partners holding an equal stake of 28.56%. The company's primary business was manufacturing scooters. Sales of spare parts formed a minor part of the turnover. The 'KH-100,' the first ungeared scooter in India, proved to be a huge success in the initial stages.

Throughout the 1980s, Kinetic remained India's largest moped manufacturer with a 44% market share and a 15% share of the overall two-wheeler market. A decade later, the company's moped market share halved to 22% and the overall market share figure reached an abysmal 5%. Also, in 1991, Kinetic, with a turnover of ₹ 121 crore, was competing on an equal turf with the ₹ 140 crore TVS Suzuki and the ₹ 150 crore Hero Honda. But by 1999, while TVS and Hero Honda grew seven times over to ₹ 1,018 crore and ₹ 1,146 crore respectively, Kinetic just managed to double its turnover.

A major reason for this was the fact that Kinetic seemed to have missed the pulse of the market, which was fast moving towards motorcycles. Kinetic had no motorcycles to offer mainly due to the Honda joint venture stipulations. (Kinetic could not make motorcycles because that meant competing with Hero Honda.) Kinetic's financial position also took a beating in the late 1990s. While sales grew slowly, compared to its competitors, its operating margin was the lowest in the industry because of the high import content of raw materials. Kinetic also had to shelve its plans to launch a small, 500cc, 2-cylinder car after a substantial sum was spent on the project.

With Kinetic Honda's fortunes declining, Firodia agreed to let Honda increase its stake to 51% in 1993, perhaps hoping that if Honda were in control, it would bring in new products more quickly and thereby improve the company's prospects. But Firodia soon realized that this was not to be. At a time when its competitors were spending 1-1.5% of the turnover on R & D, Kinetic Honda did not move beyond 0.31%. On advertising, Honda spent just ₹ 20 crore during 1993-98. As a result, Kinetic Honda's market share declined steadily during 1996-98.

In 1997-98, Kinetic Honda's sales grew marginally to ₹ 353 crore over the previous year, but profit after tax dipped to ₹ 2.16 crore from ₹ 2.30 crore. This, coupled with the ₹ 6 crore loss for the first quarter of 1998 made the Firodias give serious thought to parting ways with Honda. Firodia said, "There was no growth, so we decided to review the contract." The new agreement involving the Honda stake sell-off and the technical collaboration arrangement was signed after this. Commenting on this, Firodia claimed, "It's a win-win scheme for everybody."

Though Firodia claimed that Honda's equity sale decision was taken jointly by both partners, media reports had a different story to tell.

Souring Ties :

Under the joint venture agreement, Kinetic Honda manufactured scooters and Kinetic Engineering made mopeds. Both of them could not manufacture each other's products or motorcycles. Because Honda was present in the motorcycle segment with Hero Honda, the Kinetic group remained in mopeds and scooters. This was not in favor of Kinetic because the moped market had declined considerably during the 1990s. Kinetic had ambitions of becoming a full range two-wheeler company as it was strong in operations and also had a large distribution network.

When Kinetic developed indigenous technology for its four-stroke step-through vehicle K400, a competitor to Hero Honda's Street model, Honda saw it as an unfriendly move.

The Firodias were unhappy about the fact that 'Kinetic,' as an umbrella brand was not being promoted. Consumers associated the name Kinetic with scooters and 'Luna' with mopeds, but did not see them as belonging to the same business house. To support the Kinetic brand as an umbrella brand with a number of products under it, the Firodias wanted to advertise heavily and bring out new products. According to Sulajja, "The tie-up with Honda was limiting our competitive capabilities." Kinetic Honda insiders claimed that Honda had always taken a 'half-hearted approach' towards managing the company.

Honda claimed that it had decided to position itself as a niche player at the upper end of the segment and that segment did not grow as much as the company had anticipated. Company sources said, "We miscalculated the purchasing power of the Indian middle class. We thought it would go up, but it didn't. Instead, the economy went into a tailspin and we couldn't grow." However, Honda admitted that having just a single model for several years had worked to the company's disadvantage. But the investment required to develop and introduce new models was very high, rendering the end product uncompetitive and hence an unattractive proposition. Honda claimed that the Firodias did not have the marketing acumen of the Munjals of Hero Honda. Disagreements over advertising expenditure and the interference of the Firodias in the appointment of dealers widened the rift between the partners.

Kinetic wanted Honda to increase the advertising expenditure, but Honda did not agree. Being a large organization with various decision-making layers, Honda wasn't quick enough to react to the demands of the marketplace. The joint managing director, a Honda nominee, was changed every three years. Thus, by the time he understood the demands of the marketplace, it was time for him to be replaced.

Unlike the Hero Honda venture, where the Munjals and Honda showed complete faith in each other and worked together as a team right from the beginning, the Firodias and Honda reportedly never shared a good rapport. Kinetic Honda had to compete with a giant like Bajaj. Also, while the cost of making the Kinetic scooter was higher than the cost of manufacturing a motorcycle, the selling price of the latter was ₹ 10,000 more. The profitability of Hero Honda, therefore, was much more and they could afford to spend more on advertising. Also, the Munjals could take their own decisions regarding adspend. Firodia said, "If we could have done the same, it would definitely have increased Kinetic's visibility and volumes would have grown faster." Honda's exit raised questions about Kinetic's survival.

Survivor :

The company introduced tough measures to facilitate improvements on various fronts including input costs, asset management and inventory management. Kinetic realized that gaining customer and dealer confidence would be a key task if it wanted to survive without Honda. Kinetic told its dealers about its product plans for 1999-2001 and tried to convey to them that now on they would be selling not just Kinetic Honda scooters, but promoting the umbrella 'Kinetic' brand. This meant that they would also be selling mopeds and motorcycles. This is turn, meant higher volumes and, thus, higher profits in the coming years. Kinetic conducted training programs for its dealers to help them deal with customers in a better manner. On the distribution front, Kinetic gave its dealers full range or 'pavilion' dealership. A new Kinetic logo was adopted to give the company a new corporate identity.

Kinetic called dealer meetings in all regions of the country to assure them of the company's strong prospects even after Honda's departure, which had a very positive feedback. Kinetic also stepped up promotion of the Kinetic brand, using both television and newspaper ad campaigns. A considerable amount was spent on an image-building campaign for the group. Adspend was increased from ₹ 12 crore in 1997-98 to ₹ 20 crore in 1998-99. A new public awareness campaign on road safety was launched. The company set up a direct sales division as well, which had 50 teams of people going from shop to shop and door to door, informing people about the company's products and the finance schemes offered. The response was overwhelming and around 12% of the sales came from this division in 1999. A survey conducted across nine cities showed that Kinetic had maintained its hold, despite Honda's exit.

On the customer front, Kinetic launched a new, aggressive and consumer-focussed marketing strategy, with the new motto 'Closer to You.' The group launched 'Kinetic Care,' a package of post-sale and post-warranty benefits for the consumers. Several 'Kinetic Mileage Advantage' service camps were held across the country where more than 25,000 scooters were tuned for optimal mileage free of cost. Scooter service campaigns were organized, where spares and lubricants were offered at a discount and labour charges for replacing these spares were waived. For popularizing the K4-100, 'Customer Satisfaction' camps were organized across the country. These were attended by over 18,000 customers, who got free spare parts even though the warranty period had lapsed.

Kinetic's moves on the operations front, included opening of more depots around the country and a change in the credit policy. The Honda stake came with ₹ 400-500 million as outstanding with dealers. Once these were recovered, interest costs came down considerably. Kinetic decentralized the distribution network and thus reduced inventory costs. Kinetic Engineering already had 20 C&F agents across the country. Kinetic used these agents to extend its reach to semi-urban and rural areas. For example, Kinetic was able to reach places like Anand and Gandhinagar from a depot in Ahmedabad within 24 hours. From its Pitampur plant, this would have taken almost three days. Kinetic also approached banks and negotiated deals to reduce its cost of borrowings. Material costs were reduced by reducing unnecessary imports. To improve the mileage of its scooters, Kinetic consulted experts from around the world and introduced a new technology in its new series of scooters, raising the mileage from 30 kmpl to 50 kmpl.

All these efforts soon translated into improved performance, proving the company's detractors wrong. Kinetic posted good results for both KEL (sales rose by 20%) and KMCL (sales rose by 23%) for the first half of 1999. KMCL also wiped off the previous year's loss of ₹ 6 crore and posted profits of ₹ 3.69 crore for the same period. In fiscal 2000, sales increased by around 25%.

Return of the Prodigal :
In August 1999, Honda announced that it was setting up a wholly-owned subsidiary to manufacture scooters in India with an initial capacity of one lakh units per year. The company set up an independent distribution network for the new venture. Through this $ 43 million subsidiary, Honda planned to focus on scooters for a period of five years. Later, Hero Honda and the Honda subsidiary were to be free to expand the range to include all two/three wheelers. Honda's first scooter model was launched in mid-2001. Around one-third of the total proposed outlay of ₹ 150 crore had already been invested by that time. Though the contract with the Firodias prevented Honda from manufacturing the same scooter through a subsidiary or a joint venture, Honda got around the clause by introducing scooters in a different range. A Honda official said, "This is an extremely important market for us and there is no question of giving up the scooter business - we never give up."

Honda's decision sparked off debates in industry circles over guidelines regarding foreign companies being allowed to set up wholly owned subsidiaries in India, when they already had joint ventures here. The Confederation of Indian Industry (CII) expressed fears that this could develop into a trend that would adversely affect the local partners in these joint ventures.

Kinetic claimed they were not perturbed by Honda's announcement, as the group believed they were the de-facto leaders in ungeared scooters. Also, they had the exclusive rights to manufacture the 100cc and 110cc, Marvel, DX and ZX scooters. The Firodias were not really surprised by Honda's announcement, because at the time Honda was negotiating with them for the Kinetic Honda stake, such a possibility had been discussed. However, many felt that Honda could eventually enter the motorcycle segment as well - something which seemed strategically wrong given the success of the Hero Honda venture.

Questions :

(a) Discuss the challenges faced by Kinetic Honda Motors Ltd. as a joint venture.

(b) What strategy did the Kinetic group adopt to overcome the break-up blues after its split with Honda ? Discuss.

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MANAGEMENT PROGRAMME

Term-End Examination

December, 2018

MS-091 : ADVANCED STRATEGIC MANAGEMENT

Time : 3 hours *Maximum Marks : 100*

(Weightage 70%)

Note : (i) *There are two Sections ; Section A and Section B.*

(ii) *Answer any three questions from Section A.*

(iii) *Section B is compulsory.*

SECTION - A

1. Explain the classification of corporate policy based on the following :

(a) Scope
(b) Expression
(c) Origin
(d) Functional areas
(e) Nature of management

2. Write brief notes with respective to corporate governance on the following :

(a) Kumara Mangalam Birla Committee Report
(b) Narayana Murthy Committee

3. (a) Discuss the various ways of classifying a market.

(b) Explain the perfect competition with the help of suitable examples.

4. What are the different steps, which are involved in developing R & D strategy ? Explain giving examples.

5. Discuss with the help of examples different types of social audit.

SECTION - B

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

DOMINO'S

In May 2001, Pavan Bhatia, CEO, Domino's Pizza India Ltd. (Domino's) stepped down from his post. Earlier, in March 2001, at a board meeting, Domino's top management concluded that 'Pavan Bhatia's performance during his 18-month tenure was not up to the mark.' The board felt that Pavan Bhatia had initiated an expansion strategy that was 'reckless and not properly thought out.' However, many analysts did not agree with the board's conclusion. They felt that the board was not considering the possible long-term benefits of Pavan Bhatia's strategy. During March 2000-Juanuary 2001, Pavan Bhatia opened Domino's outlets in small towns and cities. Pizza consumption in these places was very low. Analysts felt that even those willing to opt for the product found the price unacceptable. The cost per meal was too high. In September 2001, due to low footfalls and lower volumes, Hari Bhartia planned to shut down Domino's outlets not only in some small cities but also a delivery outlet in the wealthy Gujranwala Town in North Delhi. One of the two outlets in Ludihiana was also planned to be shut down.

Sky is the Limit

In November 1999, Pavan Bhatia took over as the CEO of Domino's. He seemed to be very ambitious and wanted to make Domino's the largest fast- food chain in India. Pavan Bhatia went about opening Domino's outlets across the country. The number of outlets multiplied four fold to 100 between March 2000 and January 2001. It was the fastest growth Domino's had in any of the 63 countries it operated in. From an average of four stores every year in its first four years of operation, Domino's expanded to more than 100 outlets in 10 months across 30 cities.

Domino's entered into an agreement with a real estate consultant CB Richard Ellis to help with locations, conduct feasibility studies, and manage the construction. Pavan Bhatia said, "We are in the business of selling pizzas, not hunting for real estate. And one of the biggest impediments in retailing is real estate, so we decided to hand over the entire real estate operations to estate consultants CB Richard Ellis." Pavan Bhatia realized that fast track growth could be achieved only by focussing on the core business of selling pizza.

He said, "We realised we'd be wasting too much time, money and resources trying to do it all ourselves. For instance, just acquiring a bunch of permits for each store in each city is itself a big job. Then there are the brokers, city laws, markets, licensing, title infrastructure, water, power, lease agreements, signage and most important, dealing with competing restaurants." CB Richards not only managed to take care of all these hassles but also furnished the outlets.

Domino's also opened outlets at large corporate offices, cinema halls and university campuses. In early 2000, Domino's had opened an outlet at the corporate office of Infosys, Bangalore, which was very successful. It also had outlets at cinema halls-PVR in Delhi, Rex in Bangalore, and New Empire in Kolkata. Pavan Bhatia wanted quantum growth and felt that Domino's needed to tie up with airports, railway stations and petrol pump stations.

Incidentally, CB Richards was already working with oil companies, advising them on how to go about making their petrol pumps ready for competition once private players came in. CB Richards made a recommendation to Indian Oil Corporation (IOC) to let Domino's operate in its petrol pump premises. In December 2000, Domino's entered into an agreement with IOC to provide food products at the latter's 7,500 outlets across the country. In early 2001, Pavan Bhatia signed an agreement with Steve Forte, CEO, Jet Airways, to launch their 'ultimate deep dish,' and 'sweetie pie' products on Jet Airways flights.

Pavan Bhatia said, "For Domino's, sky is the limit. We like to deliver hot, fresh pizzas everywhere, anytime. This tie-up with Jet Airways takes our commitment to customers on the move even a step further."

What Went Wrong ?

Domino's officials felt that there was nothing wrong with increasing the number of outlets. However, analysts felt that the growth had taken place on a business model that was not able to support it.

Unlike other fast-food chains, Domino's operated on company-owned outlets basis, rather than franchise route or a mix of both. Domino's officials argued that this ensured quality and the ability to deliver on time, as the company promised. But this also meant that Domino's had to invest a huge amount in real estate and equipment for each of the new outlets. There were also other overheads such as salaries, keeping inventories, and huge marketing expenses to attract consumers.

To earn a return on these investments, sales in each new outlet had to reach a viable level quickly. Or else, the operation could soon become unviable. It also meant that profitable outlets would end up subsidizing the non-profitable ones. Location of the outlet was an important determinant of profits. Analysts felt that, in its race to dominate the pizza business, Domino's took some wrong steps. For instance, the outlets in Meerut (Uttar Pradesh) and Ghaziabad (Uttar Pradesh) were located in areas that were not very lucrative. Moreover, some outlets were located far from the nearest commissary.

This resulted in a logistical lapse and hence, huge transportation costs. Analysts felt that the worst mistakes were made in Sri Lanka. Domino's invested US$2 million (Rs. 94 million) to open six outlets. To become viable, each outlet had to earn minimum threshold revenue, which according to some analysts, was in the range of Rs. 10,000-Rs. 16,000 per day.

This meant an average footfall of 100-160 per day. The outlets would run into losses, if it was not met. According to reports, three of the six outlets in Sri Lanka were under-performing. Analysts felt that Pavan Bhatia believed spending money to create hype about the brand. For instance, Domino's opened 15 outlets on a single day in early 2000.

And, as it was customary to have outlets inaugurated by film stars, Domino's spent in the range of Rs. 0.3-0.5 million on each film star to inaugurate one outlet. He also initiated an all-India brand-building exercise. Besides TV campaigns, the exercise included the installation of a unique, single toll-free number to order pizzas.

The number ensured that the call would be diverted to the nearest Domino's outlet and the customer didn't have to remember number of specific outlets. Analysts felt that the combination of national advertising and the single toll-free number led to discontent amongst customers who were attracted to dial, but discovered that no outlet existed in their city or town. Many analysts argued that the toll-free number would have worked if Domino's had 1000 outlets. Also, the all-India campaign did not justify the needs of specific outlets or regions.

Many analysts felt that there was nothing wrong Pavan Bhatia's expansion plan. Commenting about the expansion, a consultant associated with the expansion plan said, "One has to take risks to reach economies of scale. Domino's also shook up competition when it reached a target of 100 outlets." According to a company handout released in early 2001, the increase in number of outlets was fourfold during March 2000-January 2001.

Analysts were divided in their opinion about Hari Bhartia's role in all these developments. While some felt that Hari Bhartia was kept in the dark, others felt that he was a silent spectator. Still others felt that Hari Bhartia actually agreed with Pavan Bhatia's strategy, only to make him a scapegoat when things went wrong. Officials who supported Pavan Bhatia's expansion plan felt that Hari Bhartia was completely aware of all the developments. They said that he had actively supported some of Pavan Bhatia's plans including expansion of outlets. However, others claimed that Pavan Bhatia did take some initiatives without prior consent of Hari Bhartia. For instance, marketing expenses of about Rs. 50 million were allegedly spent without prior budgetary approvals. It was also believed that there were no records to account for an expenditure of about Rs. 20 million on the Sri Lanka operations. However, Pavan Bhatia's supporters claimed that such allegations were meant to malign him and nothing of the sort could take place in a professionally run organization.

No Correlation Between Expansion and Sales

Pavan Bhatia's expansion plan would not have come under criticism had actual sales matched the projections. Hari Bhartia said that there was a gap between the two. According to some company officials, in mid 2001, the actual sales were half of projections. As the sales were poor, the burden of huge expenses impacted the bottomline.

This led to serious cash flow problems. A few suppliers said that Domino's was either asking for an increase in the credit period or requested a go-slow on supplies. Others added that although they had no problems with payments, they heard that Domino's was going through a bad phase. Said one, "I too have heard adverse stories about the company. I also know that Domino's is undergoing reorganization. But that should be over in a few months' time and the company will be back on the course."

Analysts also felt that Domino's would be back on course soon, as pizza sales were growing despite new stores coming up near the existing ones, at least in the metros. For instance, the store in Greater Kailash I in New Delhi was among the first to be opened. Sales at this outlet grew though new stores were added in neighbouring areas. However, Domino's needed fresh funds to get out of the financial problems. Indocean Chase, the venture capital firm, which owned one-third stake in Domino's, said it would invest only after the existing problems, were sorted out.

To Grow or Not To Grow

By mid 2001, Domino's future growth plans slowed down. In early 2001, Domino's had announced plans of adding 100 outlets every year, and an investment of Rs. 500 million in 2001. Hari Bhartia said, "The board had never approved either the investment or the plan to start 100 new outlets in a year's time." The plan to open new outlets in Bangladesh was also postponed. These corrective measures were expected to be over by late 2001, Explained Hari Bhartia, "When you grow the way we did last year, (2000), there are bound to be problems, Now, we are dealing with them." He was looking for a new CEO.

Questions :

(a) What were the challenges that Domino's was facing ? How were they able to overcome the challenges ?

(b) Discuss the viability of the expansion strategy followed by Domino's.

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No. of Printed Pages : 2 **MS-091**

MANAGEMENT PROGRAMME

Term-End Examination, 2019

MS-091 : ADVANCED SRATEGIC MANAGEMENT

Time : 3 Hours] [Maximum Marks : 100

(Weightage : 70%)

Note : There are two Sections A and B. Attempt **any three** questions from Section A which carry 20 marks each. Section B is **compulsory** which carries 40 marks.

SECTION - A

1. Explain in detail how corporate policies have been classified on the basis of various critaria and discuss the importance of framing a corporate policy.

2. What are the main modes of entry into a foreign market ? Examine the advantages and disadvantages of each entry mode with compaines must analyse in selecting a particular mode of entry.

3. Briefly discuss the techniques which have been developed to enhance creativity with the help of examples.

4. Highlight the key developments in business environment which calls for better transperancy and a comprehensive reporting from business organisations.

5. Write short notes on **any four** of the following :

(a) Significance of corporate strategy

(b) Cadbury Committee Report

(c) Stable Environment

(d) Competitive advantage and R & D

(e) Business Ethics

SECTION - B

6. Identify two companies in different industries that are making a significant use of strategic alliances as a core part of their strategies, identify who are their alliance partners and describe the purpose of the alliances.

7. What do you think will be the major new ethical issues and problems that businesses are likely to face in future ? Discuss.

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3534

Number of Printed Pages : 3 **MS-091**

MANAGEMENT PROGRAMME

Term-End Examination, 2019

MS-091: ADVANCED STRATEGIC MANAGEMENT

Time : 3 Hours] [Maximum Marks : 100

(Weightage : 70%)

Note : There are two sections A and B. Attempt **any three** questions from section A which carry 20 marks each. **Section B** is **compulsory** and carries 40 marks.

SECTION-A

1. Discuss corporate planning in detail and explain various types of implementation issues involved.

2. "Quality Corporate Governance (CG) not only serves the desired corporate interest but is also a key requirement in their best interest." In view of this, discuss why it has become necessary for business houses to adopt good CG practices, giving suitable examples.

3. What are the various steps involved in Knowledge Management (KM) framework. Explain the essentia components of a KM project ?

4. Discuss the business importance of Corporate Socia Responsibility (CSR) giving examples.

5. Write short notes on **any four** of the following :

   (a) Approaches to Corporate Management.

   (b) Role of chairman in Corporate governance.

   (c) Market structures and competition.

   (d) Innovation and Creativity

   (e) Philanthropy.

SECTION-B

6. 'Business leaders who want their companies to b regarded as exemplary corporate citizens must not or see that their companies operate ethically but also displ a social conscience in decisions that affect employee the environment, the communities which they opera and society at large'. Discuss the statement in detail.

7. (a) Why do most of the firms avoid price competition? Explain.

(b) In airlines industry when two or three carriers compete on the same route, they usually keep the price at or near monopoly level. Why ? Give reasons.

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No. of Printed Pages : 2

MS-091

MANAGEMENT PROGRAMME

Term-End Examination

MS-091 : ADVANCED STRATEGIC MANAGEMENT

Time : 3 Hours] *[Maximum Marks : 100*
(Weightage 70%)

Note: Attempt any five questions. All questions carry equal marks.

1. Define corporate planning. Discuss the nature and scope of corporate planning.

2. What are the different levels of corporate strategy? Describe the distinctive characteristics of all the levels with help of examples.

3. State and explain three important perspectives for good corporate governance. Briefly describe the need and importance of corporate governance in the present scenario.

4. How do the industries operating in a dynamic environment cope with the uncertainty and risk inherent in the industry environment? Discuss.

5. Explain the concept of perfect competition with respect to competitive strategy.

6. Describe with the help of examples, the use of IT in strategy implementation.

7. Write a brief note on the Knowledge Management initiatives taken up in Indian organizations.

8. List and explain various factors which influence the creativity and innovation in an organization.

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No. of Printed Pages : 2

MS-091

MANAGEMENT PROGRAMME

Term-End Examination

February, 2021

MS-091 : ADVANCED STRATEGIC MANAGEMENT

Time : 3 hours | *Maximum Marks : 100*
(Weightage : 70%)

Note : *Attempt any **five** questions. All questions carry equal marks.*

1. Discuss with the help of examples, the role of strategists in Corporate Management.

2. What are the different features of a corporate policy ? Explain the different factors which act as determinants of corporate policy.

3. Discuss the new developments regarding corporate governance in other markets worldwide.

4. Explain four basic strategies used by organizations to enter and compete in the international environment.

5. Establish a relationship between market structures and pricing strategies which help in deterring the entry of competitors.

6. What are the different sources of knowledge ? Discuss the factors that constitute the knowledge conversion process.

7. What are the basic characteristics of an innovative organization ? Explain with examples.

8. How is Corporate Social Responsibility (CSR) measured ? Explain giving examples.