



**SIDDHARTH INSTITUTE OF ENGINEERING & TECHNOLOGY  
(AUTONOMOUS) :: PUTTUR**

Siddharth Nagar, Narayanavanam Road – 517583

**QUESTION BANK (DESCRIPTIVE)**

**Subject with Code: STRATEGIC MANAGEMENT (16MB737)  
Year & Sem: IYear II-Sem Regulation: R16**

**Course & Branch: MBA**

**Unit-1**

**Introduction to strategic management**

1. Define Strategy. How do you consider that strategic management is a process? [10M]
2. Corporate planning is not synonymous with long range planning." Why? Discuss. [10M]
3. Explain about kind of factors that shape a company's strategy. [10M]
4. What is environmental scanning? Write about its underlying factors [10M]
5. (a) What is strategy? [10M]
  - (a) Discuss the nature and significance of strategic management.
  - (b) What are the factors responsible for an effective strategy?
6. (a) What do you mean by core competence?
  - (b) Discuss the process of preparing a strategy for competitive advantage using core competence. [10M]
7. Explain strategic management process. [10M]
8. Describe strategic management and environmental analysis [10M]
9. "Mission" & Vision statements provide a direction to the organization. Discuss. [10M]
10. Write short notes on (a) Vision
  - (b) Mission
  - (c) Objectives
  - (d) Policy [10M]

**Unit-2****Strategic Analysis and choice**

1. (a) What is BCG matrix? What are its uses and limitations? [10M]  
(a) What is GE 9 cell matrix?
2. Explain the chief properties of BCG matrix. [10M]
3. What is selection of matrix? Explain [10M]
4. Explain SWOT analysis. [10M]
5. What is the difference between internal and external environment? [10M]
6. Explain the concept of competitive advantage. [10M]
7. Discuss the frame work of industry analysis. [10M]
8. Discuss Michael Porter's analysis. [10M]
9. Write about the differences between SWOT Analysis and TOWS Matrix. [10M]
10. Explain about Organizational analysis, and the value chain analysis [10M]

**Unit-3****Strategy Formulation**

1. Bring out the differences between concentric diversification and conglomerate diversification.  
How would you evaluate the two as strategic alternatives? [10M]
2. Explain the significance of strategy formulation. [10M]
3. Discuss the steps in implementation of strategy. [10M]
4. What are the differences between strategy formulation and its implementation? [10M]
5. What is strategic management? Explain the process of strategy formulation [10M]
6. Differentiate between horizontal and vertical growth strategy. How do they differ from concentric diversification? [10M]
7. How do you formulate a strategy at corporate level? Explain it with an example. [10M]
8. How do you formulate a strategy at Business level? Explain it with an example. [10M]
9. How do you formulate a strategy at functional level? Explain it with an example. [10M]
10. Explain about strategy alternatives by its way of approachability. [10M]

**Unit-4****Strategy Implementation**

1. What is the role of leadership in strategic management? Illustrate your answer taking a few contemporary examples [10M]
2. What are the types of strategies that you learnt from Strategic management? [10M]
3. What is strategic leadership? Explain the role of leader in strategic implementation. [10M]
4. Explain the precautions to be taken in resource allocation under strategic management. [10M]
5. What is procedural implementation? [10M]
6. What do you mean by strategy implementation? What are the important issues involved in it? [10M]
7. “Resource Allocation is a vital part of strategy” why this is vital? [10M]
8. What are planning systems for implementation of strategy? [10M]
9. Explain about Tailoring strategy to fit specific industry and company situations [10M]
10. Write about [10M]
  - (a) Offensive strategy
  - (b) Defensive strategy
  - (c) Vertical integration
  - (d) Horizontal strategy

**Unit-5****Strategy Evaluation and Control**

1. Discuss the most appropriate methodology for evaluation of strategy [10M]
2. What is a diversification strategy? Explain the importance of diversification strategy for an organization. [10M]
3. List out the types of diversification strategies. [10M]
4. Compare and contrast vertical integration and conglomerate diversification strategies. [10M]
5. Define strategic control. Explain the guidelines for effective strategic control. [10M]
6. What are the functions under strategic surveillance? [10M]
7. What is strategic control? Discuss the purpose of strategic control. [10M]
8. Write short notes on: [10M]
  - (a) Transactional versus Transformational leaders
  - (b) Strategic audit
  - (c) Technology transfer
  - (d) Premise control
9. Explain about Strategy and Corporate Evaluation and feedback in the Indian and international context. [10M]
10. Write about the Role of the strategist in evaluation and control of strategic management. [10M]

Prepared by:  
**Dr. M. VANI**

## Strategic Management

### CASE STUDY -1

Tangy spices Ltd, the countries' biggest spices marketer has decided to launch a hostile bid for Italy's major spice marketer Chilliano. This is a rare case of an Indian company making an unsolicited hostile bid for a foreign company. The Tangy Spices Ltd. has competencies in Indian spices. The major destination markets for the Tangy spices Ltd. exports have been the Europe and America. The competencies of Chilliano lie in Italian herbs and spices. The Indian company with the takeover wishes to synergies its operations in the world market. It also wants to take advantage of the reach enjoyed by the Italian company in several countries where its products are not being sold presently.

The move of hostile takeover follows Chilliano's rejection to an agreement entered a year back. At that time Chilliano was suffering losses and it offered majority shares at a price of € 2.25. A total of 20% shares were transferred at that time. In one year Chilliano was able to turnaround its operations and the company made handsome profits in the last quarter. The promoters who have residual holding of 35% in the company are reluctant to transfer the shares now. They have rejected the agreement with a plea that the earlier offer price was not sufficient.

Tangy spices Ltd has revised its offer to € 2.95. By this lucrative offer some of the large shareholders of Chilliano reveal their interest for selling their stakes. On the other hand, promoters maintained their position on this matter. Through the process of buying of shares in the market the Tangy spices Ltd. gradually consolidated its holding in Chilliano to 45%. Being a major shareholder they were ready for a takeover. At the same time, Tangy spices Ltd. was trying hard to improve their position so that they do not leave any space for Chilliano's promoters in future.

Read the above case and answer the following questions:

Q (1) What strategic alternative is followed by Tangy spices Ltd?

Q (2) Is the hostile takeover by an Indian company appropriate?

Q.(3) Why the Tangy Spices Ltd. is interested in this takeover?

Q.(4) Why the promoters are reluctant to transfer the shares after the agreement?

### CASE STUDY-2

Meters Limited is a company engaged in the designing, manufacturing, and marketing of instruments like speed meters, oil pressure gauges, and so on, that are fitted into two and four wheelers. Their current investment in assets is around Rs. 5 crores and their last year turnover was Rs. 15 crores, just adequate enough to breakeven. The company has been witnessing over the last couple of years, a fall in their market share prices since many customers are switching over to a new range of electronic instruments from the range of mechanical instruments that have been the mainstay of Meters Limited. The Company has received a firm offer of cooperation from a competitor who is similarly placed in respect of product range. The offer implied the following: (i) transfer of the manufacturing line from the competitor to Meters Limited; (ii) manufacture of mechanical instruments by Meters Limited for the competitor to the latter's specifications and brand name; and (iii) marketing by the competitor. The benefits that will accrue to Meters Limited will be better utilization of its installed capacity and appropriate financial compensation for the manufacturing effort. The production manager of Meters Limited has welcomed the proposal and points out that it will enable the company to make profits. The sales manager is doubtful about the same since the demand for mechanical instruments is shrinking. The chief Executive is studying the offer.

Read the above case and answer the following questions:

Q.(1) What is divestment strategy? Do you see it being practised in the given case? Explain.

Q.(2) What is stability strategy? Should Meters Limited adopt it?

Q(3) What is expansion strategy? What are the implications for Meters Limited in case it is adopted?

Q.(4) What are your suggestions to the Chief Executive?

### CASE STUDY - 3

Sahni Auto Industries is a manufacturer and exporter of Autoparts with an annual turnover of Rupees one thousand crores. It employs about 200 persons in its factory in Punjab and its other offices in India and abroad. The Personnel Administration and Human Resources Department of the company is headed by Mr. Amit Kapoor-the Chief Personnel Manager. Mr. Amit Kapoor, an automobile Engineer joined the company 5 years ago as Product Development Manager. After a successful stint of 4 years as Product Development Manager, he was transferred to Personnel Administration and Human Resources Department as the Chief Personnel Manager as a part of Career development plan. Mr. Vikas, MBA in Human Resources from a renowned Business school, joined the company as Personnel Manager only 3 months back. He reports to Mr. Amit Kapoor-the Chief Personnel Manager. He handles all routine

Mr. Vikas suggested him of linking Human Resources Management with Company's strategic goals and objectives to further improve business performance and also to develop organizational culture that fosters more innovative ideas. He also advocated creating abundant 'Social Capital' on the ground that people tend to be more productive in an environment which has trust and goodwill embedded in it rather than which is highly hierarchical and formal. Mr. Amit Kapoor disagreed with Mr, Vikas and told him that the role of Human Resources Department was only peripheral to the business and all his suggestions about its strategic role were beyond the purview of Personnel Administration and Human Resources Department. After this, Mr. Vikas started having number of arguments with Mr. Amit Kapoor in several issues relating to personnel and industrial relations since he felt that a person with a degree in Human Resources Management was in a far better position to run Personnel Administration and Human Resources Department. Mr. Amit Kapoor--the Chief Personnel Manager had often shown his displeasure on Mr. Vikas's argumentative - tendency and had made it known to the General Manager. The General Manager called Mr. Amit Kapoor in his office to inform him that he has been elected for an overseas assignment. He further told him to find a suitable person as his successor; he even suggested Mr. Vikas as a possible candidate. Mr. Amit Kapoor, however, selected Mr. Balram, who was working as Training Manager in a Multinational Company for the last 5 years. Mr. Vikas, soon started having arguments with Mr. Balram also over number of issues relating to industrial relations since he felt that he had no experience in handling industrial relations matters. Mr. Balram now realised that Mr. Vikas was trying to make things difficult for him. After a series of meetings with the General Manager, Mr. Balram eventually succeeded in convincing him to transfer Mr. Vikas to an office outside Punjab. On learning about his impending transfer, Mr. Vikas wrote a letter to the General Manager joining details of various instances, when Mr. Balram had shown his incompetence in handling problematic situations. When asked for explanation by the General Manager, Mr. Balram had refuted almost all the allegations. The General Manager accepted his explanation and informed Mr. Vikas that most of his allegations against Mr. Balram were unwarranted and baseless. He further advised him to avoid confrontation with Mr. Balram. Mr. Vikas then wrote a letter to the Chairman repeating all the allegations against Mr. Balram. On investigation, the Chairman found most of the allegations true. He then called all the three--the General Manager, the Chief Personnel Manager and the Personnel Manager in his office and implored them to forget the past and henceforth to work in coordination with each other in an environment of Trust and Goodwill.

Read the above case and answer the following questions:

Q. (1) Identify and discuss the major issues raised in the case.

Q. (2) Comment on the recruitment of the two Chief Personnel Managers.

Q. (3) Would you justify Mr. Vikas's argumentative tendency with the Chief Personnel Managers? Give reasons for your answer.

Q. (4) Do you agree with suggestion offered by Mr. Vikas to Human Resources Management with the company's strategic goals? If yes, suggest prominent areas where Human Resources Department can play role in this regard.

#### CASE STUDY - 4

I was working in a bank's staff college, some decades ago. The salary was reasonably o.k. for a comfortable living. We use to invest in PPF and NSC to reduce tax under section 88C (now 88). Our office was on 5th floor and Administrative office in the basement. The Principal's office was on the 1st floor.

One day towards the end of March (perhaps 28th March), I happened to go to basement, the Administrative Officer, Mr. Vaibhav, who did not impress us as a very sharp person and we in lighter vein used to call him Popat saw me and asked as to why my saving was so less and why I was paying so much of income tax (roughly 40%). The following interesting conversation took place.

Me : How can I have more savings? With lot of efforts, I have been able to save Rs. 3,000/- (my one month salary).

Popat: It is too less Dr. Saheb. You must save at least Rs. 10,000/-, if not more.

Me :How can I do it? I can't cut my expenses any more.

Popat:No, No, No, you don't need to cut expenses.

Me :(Surprised) Then how do I save?

Popat:Do you know our bank gives loan on NSC.

Me :Yes, but what to do with it, what's the benefit?

Popat:You know you can get employee loan up to 90% of your NSC, at 12% interest.

Me :But I get only 12% on NSC, what's the benefit?

Popat: If you get 90% loan on your Rs. 3,000/- NSC, which is Rs. 2,700/-, you get income tax rebate of 40%, which is Rs. 1,080/-. What do you say? We will share the gain 50-50.

Me : But there is too much of hassle in taking a loan.

Popat: Why? I give you form, you fill it. The Principal is on the first floor. He can sign today itself.

Me: But, then I have to go to buy NSC. I don't have time to do it due to hectic classes.

Popat: No problem, my wife is NSC agent. She can get your NSC tomorrow.

Me: O.K.

He gave me the loan form, I signed it and went to the class. He completed other details, got signature of the Principal and next day evening, he gave me NSC of Rs. 2,700/-, looking at me with some expectation, I gave him Rs. 500/- and thanked.

Popat: "Sir, ek he round kheliya?"

Me : What? Popat: It is only 29th March. Two days yet to go for year end. I could not control my laughter and thanked him again. Amused, I realized "Popat bhai was humble not a fool that we thought of him".

Questions

- Who was real Popat?
- How much tax saving could be done?
- Is it desirable?
- What lessons the experience can give to the Chief Executives of Management Schools or other organizations?

#### CASE STUDY – 5

Venicia Business strategy for sustainable business Venicia has been a defining force in ladies high end fashion for 100 years. This world famous Italian brand was originally launched by Carlo and Bianca Venicia in 1908. Their father was a tailor whose business was renowned for fine quality, craftsmanship and discreet design. Today Venicia is still run as a family-owned business with no external shareholders. Currently there are over 200 owned boutiques worldwide in upscale retail locations, shopping malls and aniparks with flagship stores in Milan, Tokyo, Paris and London where the brand is known for elegant style, exquisite taste and timeless appeal.

Venicia is a trend-setter in the world of high fashion with a wide product range that includes ready-to-wear clothing, fine jewellery and watches, cosmetics and fragrances, shoes, and iconic handbags. Venicia is acknowledged as a leader in the luxury goods apparel market where high profile celebrities have brought the brand to fame in product-centric advertising campaigns that have had legendary appeal for decades. Venicia house of fragrance has world renown, with world-class perfumes producing a sophisticated classic range of perfumes for the discerning, again presented with celebrity endorsement. Venicia has signature perfumes, signature clothes and signature handbags and purses, and in the past few years, have produced a new range of signature wallets in association with one of the leading luxury Swiss watchmakers. Recent additions to these collections have also included eyewear, small luggage items and new range of ladies accessories. Innovation and creative design continues as world-famous Italian fashion designs are employed to drive sales and support eight manufacturing plants in Italy where quality combines with high levels of disposable income and where the brand has become 'collectable' over seasons. Typically there are two main seasons per year, where colour tones play an important role to harmonise with trends in fashion. The colours of black and white remain classic and are always featured in all product ranges aiming at universal appeal. Even though the fashion industry has characteristic 'sales' in January and July to clear stock, stimulate cash flow and to make room for the new season's collections, Venicia has not followed this practice. Carefully calculated levels of production have enabled sales to become sustainable, and in some world markets are viewed as having scarcity value, especially in markets in Europe when shopping fever occurs during the winter and summer sales periods. Venicia simply moves off the shelves, irrespective of the relatively high price. The brand and total in-store customer experience remains vibrant, yet exclusive, and most locations limit the number of customers at any one time, especially at peak shopping hours and seasons. The brand has had strategic investment in the 1950s, 1970s, the 80s and 90s at intervals of approximately seven years; however the formula remains consistent so as not to disturb the fundamental core essence of the Venicia core brand values. Fashion shows, celebrity endorsements, media and film visibility and close fashion-media relations have been a winning formula.



The challenge for Venicia is how to evolve and yet remain the same; it is a paradox which has to be managed. This has been achieved by holding stocks of classic (signature) goods. This is across all product ranges and is viewed as core business. In addition, there are seasonal colours, new designs, and new products added and deleted to keep the brand fresh in appeal and contextually relevant to trends and seasons. At times of periodic heavy investment in the brand, it is known that Venicia have some of the most expensive advertising campaigns in the fashion industry. It is well known that to remain competitive in this high-end retail clothing and apparel sector that there is a need to break with convention from time to time and achieve market visibility, and in so doing reinforce brand identity and emotional appeal. With a 100-year success story, the concern of the board is: how can we ensure that we will be there for the next fifty years to join the ranks of some of the most famous brands in the world, especially as we may have to move towards a new form of ownership as time goes on? Venicia view their success as being driven by:

- The family culture of passion, sensitivity, creativity and care for employees, together with a strong sense of value and quality and taking good care of customers.
- Contractual growth remaining stable and growth achieved in profitable sales by production and marketing probably linked to market expansion. In so doing Venicia keeps its place in the top ten of the fashion, apparel and accessories, and fragrances industry.
- Systems that enable the board to have business information at their fingertips with strong information and communications technologies.
- A business cycle of six months keeps the company highly energized, with pressure for innovation where business domain execution cannot be deferred because new product development is an ongoing process.
- A focus upon being efficient within the company and at the same time being effective at the interface with customers and suppliers.
- Rewarding productivity to ensure that all employees share in the sustained success of the business.
- The brand is a way of life, it is loved and lived, 365 days a year. However, the board considers that they do not have a formalized business strategy, they simply move from season to season; and so they are seeking advice on what it is that they could be doing better in order to preserve the future. They have asked you as a group of consultants with experience in family-oriented business to prepare a report for the board to advise on business strategy for sustainable sales, having spent some time inside the company on some initial groundwork.

Read the case and answer the following question:

Q1. You are required to present to the board a report on the requirements for a more professional approach to business strategy.

Q2. You are required to advise Venicia on the essentials you consider necessary for sustaining sales in the longer term.