

MANAGEMENT PROGRAMME

Term-End Examination

June, 2015

02071

MS-11 : STRATEGIC MANAGEMENT

Time : 3 hours

Maximum Marks : 100

(Weightage 70%)

Note : (i) *There are two Sections : Section-A and Section-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) Discuss the relationship of strategy with programmes, procedure and rules giving examples.
(b) What could be the different strategic alternatives for a business enterprise ? Discuss.
2. How is 'value chain framework' used as a guide for analysing firms strengths and weaknesses ? Explain with the help of suitable examples.
3. "The experience curve relationship provides a good framework for managerial considerations for predicting industrial scenario with respect to future costs, profit margins and corresponding cash flows for the manager's own as well as his/her competitors operations". Keeping this statement in mind discuss the relationship between experience curve and competitive strategy with the help of relevant examples.

4. List and discuss the factors which contribute towards a successful strategic alliance.
5.
 - (a) Explain the concept of leadership giving examples.
 - (b) What are the attributes of a successful leader ? Explain with suitable examples.

SECTION - B

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

Doordarshan (DD)

DD is the India's premier public service broadcaster with more than 1,000 transmitters covering 90% of the country's population across an estimated 70 million homes. It has more than 20,000 employees managing its metro and regional channels. Recent years have seen growing competition from many private channels numbering more than 65, and the cable and satellite operators (C and S). The C and S network reaches nearly 30 million homes and is growing at a very fast rate.

DD's business model is based on selling half-hour slots of commercial time to the programme producers and charging them a minimum guarantee. For instance, the tariff for the first 20 episodes of a programme is INR 30 lakhs plus the cost of production of the programme. In exchange the producers get 780 seconds of commercial time that they can sell to advertisers and can generate revenue. Break-even point for producers, at the present rates, thus is INR 75,000 for a 10 second advertising spot. Beyond 20 episodes, the

minimum guarantee is INR 65 lakhs for which the producer has to charge INR 1,15,000 for a 10 second spot in order to break-even. It is at this point the advertisers face a problem—the competitive rates for a 10 second spot is INR 50,000. Producers are possessive about buying commercial time on DD. As a result the DD's projected growth of revenue is only 6-10% as against 50-60% for the private sector channels. Software suppliers, advertisers and audiences are deserting DD owing to its unrealistic pricing policy. DD has three options before it. First, it should privatise, second, it should remain purely public service broadcaster and third, a middle path. The challenge seems to be to exploit DD's immense potential and emerge as a formidable player in the mass media.

- (a) Perform a SWOT analysis for DD.
- (b) Discuss the competitive situation DD is facing. What is the best strategic option, in your view and why ?

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

Family owned business

Dr. Sukumar inherited his father's Dey's Lab in Delhi in 1995. Till 2002, he owned 4 labs in the National Capital Region (NCR). His ambition was to turn it into a National chain. The number increased to 7 in 2003 across the country, including the acquisition of Platinum lab in Mumbai. The number is likely to go to 50 within 2-3 years from 21 at present. Infusion of Rs. 28 crores for a 26% stake by Pharma Capital has its growth strategy.

The lab with a revenue of Rs. 75 crores is among top three Pathological labs in India with Atlantic (Rs. 77 crores) and Pacific (Rs. 55 crores). Yet its market share is only 2% of Rs. 3,500 crores market. The top 3 firms command only 6% as against 40-45% by their counterparts in the USA. There are about 20,000 to 1,00,000 stand alone labs engaged in routine pathological business in India, with no system of mandatory licensing and registration. That is why Dr. Sukumar has not gone for acquisition or joint ventures. He does not find many existing laboratories meeting quality standards. His six labs have been accredited nationally whereon many large hospitals have not thought of accreditation; The College of American pathologists accreditation of Dey's lab would help it to reach clients outside India.

In Dey's Lab, the bio-chemistry and blood testing equipments are sanitised every day. The bar coding and automated registration of patients do not allow any identity mix-ups. Even routine tests are conducted with highly sophisticated systems. Technical expertise enables them to carry out 1650 variety of tests. Same day reports are available for samples reaching by 3 p.m. and by 7 a.m. next day for samples from 500 collection centres located across the country. Their technicians work round the clock, unlike competitors. Home services for collection and reporting is also available.

There is a huge unutilised capacity. Now it is trying to top other segments. 20% of its total business comes through its main laboratory which acts as a reference lab for many leading hospitals. New mega labs are being built to Encash preclinical and multi-centre clinical trials within

India and provide postgraduate training to the pathologists.

- (a) What vision Dr. Sukumar had at the time of inheritance of Dey's Lab ? Has it been achieved ? Discuss.
 - (b) Discuss the growth strategy that has been adopted by Dr. Sukumar ? What in your opinion could be the biggest weakness in Dr. Sukumar's business strategy ?
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