

COMMONWEALTH EXECUTIVE  
MBA/MPA PROGRAMME

Term-End Examination

December, 2010

SC-3 : STRATEGIC MANAGEMENT

Time : 3 hours

Maximum Marks : 100  
(Weightage 70%)

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*Note : This question paper has three Parts, A, B and C. Part-A contains multiple-choice questions and carries 20 marks. All questions from this section are to be attempted. Part-B contains theory questions and carries 40 marks. Any two questions may be attempted. Part-C comprises of a case, and is compulsory.*

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PART - A

1. The vision of a company is same as its 2
- (a) Strategic plan
  - (b) Mission
  - (c) Strategic intent
  - (d) Goals

2. For the purpose of evaluating performance, goals tend to be associated with 2
- (a) particular senior manager.
  - (b) return on investment.
  - (c) profits
  - (d) Key performance indicators.
3. \_\_\_\_\_ is the sense of obligation on the part of a company to build certain social criteria into their strategic decision-making. 2
- (a) Corporate social responsibility
  - (b) Moral intent
  - (c) Business ethics
  - (d) Strategic intent
4. Which of the following is not a characteristic of a socially responsible company ? 2
- (a) Desire to enhance the welfare of the community at large.
  - (b) Concern for the broader environment.
  - (c) Customer-oriented.
  - (d) Sense of obligation to the community.

5. The typical board of directors comprises 2
- (a) Only outside directors.
  - (b) A mix of inside and outside directors.
  - (c) Only shareholders.
  - (d) Representatives of employees.
6. Which of the following factors is typical in a declining industry ? 2
- (a) Zero growth
  - (b) Excess capacity
  - (c) Demand is approaching saturation point.
  - (d) Insufficient capacity.
7. According to the industry life cycle the \_\_\_\_\_ stage is when an industry is just beginning to develop. 2
- (a) Growth
  - (b) Start-up
  - (c) Commencement
  - (d) Embryonic

8. Which of the following is not one of Porter's five competitive forces ? 2
- (a) Bargaining power of buyers
  - (b) Complementors
  - (c) Substitute products
  - (d) Bargaining power of suppliers
9. Which of the following is not typical characteristic of a mature industry ? 2
- (a) Barriers to entry increase.
  - (b) The market is totally saturated.
  - (c) Growth is negative.
  - (d) The threat of new entrants decreases.
10. As competitors become more equal in size and capacity 2
- (a) strategic alliances become more likely.
  - (b) innovation tends to increase.
  - (c) rivalry tends to intensify.
  - (d) innovation tends to decrease.

## PART - B

(Attempt any two of the following)

11. Describe Michael Porter's Competitive Forces Model of Industry Analysis. Using the example of an industry, illustrate each of the key elements of the competitive forces. **20**
12. What are the components of the Societal Environment of a business? **20**  
How may these components influence
- (a) A company selling readymade garments, and
  - (b) A company selling packaged food?
13. What is the Strategic Management and Planning Cycle (SMPC, for short)? How does this cycle lead to the definition of a company's vision and mission statement? **20**
14. Write notes on *any two* of the following: **20**
- (a) Entry barriers in an industry
  - (b) Corporate Governance
  - (c) Organizational fit and stretch

## PART - C

15. Read the case given, and answer the questions that follow : 40

### **Xerox : The Entrepreneurial Giant ?**

By the early 1990s, Xerox was a \$ 17 Billion business operating as a 'document company' at the intersection of the two worlds of paper-based and electronic information. The spectacular growth which followed the introduction of the plain-paper copier in 1959 faltered in the 1980s as they were caught up by lower-cost Japanese competitors. Major improvements in quality together with radical business process re-engineering helped Xerox to gain back some of the lost market share. Nevertheless, with the advent of Paul Allaire as CEO in 1990, the company embarked on a radical process of redesigning its 'organizational architecture'. In particular, there were major changes in the approach to resource allocation and management control, aimed at putting back a more entrepreneurial and responsive modus operandi-even in such a large company. Allaire regarded this as essential if Xerox were to survive in a complex and rapidly changing business environment. Some of the changes were as follows :

- They changed from a functional structure to a type of matrix structure. The 'lead edge' of the matrix was nine relatively independent and profit accountable business units based around specific products and markets. These were supported by company-wide activities such as R & D and three geographically based sales and service teams (to ensure a single 'Xerox' to the customer).
- Target setting started 'bottom-up' from the divisions, and the relationship with corporate centre has moved away from 'strategic planning' to 'strategic control'.
- The new appointments to head business divisions were people who could 'think in terms of their own division but also in terms of Xerox as a whole': for example, on new technology development or customer interface/services.
- The reward and recognition system was completely redesigned. In particular, the rewards of the top 50 business executives were much more closely tied to business targets for the company as a whole and their own division or unit.
- The stated long-term aim was to increase delegation further, to the level where the

whole company was organized as a 'federation' of self-managed work teams—what Xerox called 'productive work communities'.

- One of the main platforms of the changes was to replace much of the traditional formal processes by more informal resolution of problems and decision making, and for top management and the corporate departments to see their primary role as creating the context within which these 'productive work communities' could succeed and supporting them in doing so.

#### Questions

- (a) Identify the probable logic behind each of the changes initiated by Xerox, as mentioned above.
  - (b) Using its core competences as a base, on what fronts may Xerox perform better than its lower-cost competitors? (Base your answer on the information provided).
  - (c) Suggest further means of enhancing competitiveness at Xerox.
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