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Seat No. ________

M. B. A. (Sem. III) (CBCS) Examination

October - 2019

Strategic Management

(New Course)

Time : **3** Hours] [Total Marks : **70**

Instruction : All questions carry equal marks.

1 Explain SWOT Analysis. Discuss its utility. Make a SWOT analysis of organization of your choice.

OR

1 Explain Balanced Score Card as Tool for Performance Measurement.

2 What do you mean by Term Strategic Management? Discuss Process of Strategic Management.

OR

2 Explain Concept of Environment. Discuss Various Environmental Factors.

3 Select the Organization of your Choice an Analyze it with Michel Porter's Five Fore Model.

OR

3 Compare and Contrast BCG Matrix and GE Nine Cell Matrix of Portfolio Analysis with appropriate illustration.

4 Discuss different types of Grand Strategies with illustration.

OR

4 (a) Explain short-term objectives. Explain qualities of effective short-term objectives.

(b) What does "patching" refer to? Describe and illustrate two rules that might guide managers to build value in their business.

5 Read the following case and answer the questions.

Subhiksha (prosperity in Sanskrit) began with a single grocery store at Chennai in 1997. Subhiksha stores increased from 50 in 2000 to 140 by 2002 - 03 (spread across 30 towns in Tamilnadu) to 670 by 2006-07 to 1650 by September, 2008. Its early success was due to its business model based upon no - frills / deep discount and high level of neighbourhood focus. Its decision in 2004 to go national from a regional player at a rapid pace proved wrong. With the growing ambition to go national, focus shifted from value to customers to creating valuation for self. The company had recruited all the employee to foray into consumer durables also. Its revenue increased from Rs. 278 crores from 140 stores in 2005 to Rs. 2305 crores in 2008 with a capital base of Rs. 32 crores. Subhiksha's profit after tax for 2007-08 was Rs. 41 crores. It had invested heavily, largely using debt, and paybacks took longer than expected. Repayment of debt had no relationship to cash flow. In the end the company had liabilities of Rs. 900 crores.

Around January, 2009, the company had started to shut down stores pan-India and in February, the top management quit the firm, not just because it defaulted on rentals of its outlets and salaries since October, 2008. Today all the storage is closed. Major suppliers had stopped supplies after it defaulted on payments. It asked its employees to take home groceries; and go on leave without pay. Many employees did not get their salaries. Initially the company was confident to restructure and remain in business.

Indian retail industry comprises of 12 million mom-and-pop stores and kirana stores(many of whom have also started innovating) and unknown number of hawkers in the unorganized sector working on small - sized stores and with low or no rentals and salaries and the organized retailers (market share not more than 5%). The emergence of a large young population and a growing middle class with strong disposable incomes and credit card culture are the drivers of the organized retail, a mix of two types - one going in for huge expansion announcements and others following "slow and steady wins the race strategy". The industry operates not on a very hefty margin. The yearly top-line growth is likely to remain around 10-15% as against forecasted 35% this year. Compared with players like Pantaloon, Reliance, More, RPG and even Nilgiri's (which has private equity funding), Subhiksha has no large group's backing (except Shri Azim Premji having 10% stake). The strategy was to raise more debt and keep equity low. During 2006, Subhiksha had a good chance to make an initial IPO or raise private equity money, but it was in quest of creating higher valuations. Suddenly retail was no longer so hot and the capital tap had gone dry. Due to inability to raise more debt, working capital was diverted to expand. Many of the organized retailers have survived the downturn through transformation in their strategies and tactics. However, one thing is certain that footfalls have declined for the organized retail.

Debt-ridden retailer Subhiksha Trading Services ltd. has begun its second innings in February, 2010, with the launch of its first cash-and-carry store (the board outside the outlet reads Subhiksha Maligai Arisi Mandi (in Thiruvanmiyur in Chennai-at its first ever retail outlet). "Subhiksha's model will be different this time around and will not directly engage with customers," said an industry source.

Questions :

(a) "To understand the nature of competition certain questions need to be answered." What those questions are?

(b) Who were the competitors of Subhiksha? Do you think they were better equipped than it?

(c) What, where and how the business strategy of Subhiksha might have gone wrong ?

(d) If you were the strategy consultant to the Organized Retailers Association of India, what will you advise to control the cost and convert the threat of dropping footfalls and declining sales into an opportunity?

(e) How is a Cash-and-carry store different from a Retail store? Name any other such Cash-and-carry store in India.