**BIRLA INSTITUTE OF TECHNOLOGY & SCIENCE, PILANI – HYDERABAD**

**I Semester 2022-2023 Course No: BITS F428 PART -A Marks: 40 Date: 31/12/22**

**Course Title: Essential of Strategic Management COMPREHENSIVE EXAM Duration: 90min**

**Name: ­­­­­­­­­­­­­­­­­­­­\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ ID number \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**I. Choose the correct answer 10M**

1. Vertical integration can be disadvantageous when

a) Competitors are vertically integrated

b) Demand is stable

c) Industry technology is changing rapidly

d) Technology is changing slowly

e) Competitors are vertically integrated

1. Which of the following strategies facilitates the implementation of just in time

a) Short term contracts

b) Vertical integration

c) Unrelated diversification

d) Diversification based on transferring competencies

e) Diversification based on realizing economies of scope

1. John’s surfboard has a long term relationship with two surfboard makers. John is using

a) Parallel sourcing

b) cross-selling

c) Product bundling

d) Vertical integration

e) Horizontal integration

1. A company with a business level strategy of cost leadership should pursue which of the following global expansion strategies?

a) Localization

b) Simple

c) International

d) Global standardization

1. Which of the following is a benefit that firms should expect to gain through horizontal integration?

a) Expand control over stages of the supply chain

b) Shared risk with another firm

c) Reduced risk of holdup

d) Reduced investments in non core activities

e) Better realization of economies of scale

1. Managers at ABC are deciding on international expansion. The company is looking to sell its service across nations with substantial differences in consume preferences and where cost pressure are not intense. Which strategy would ABC managers should pursue?

a) International Strategy

b) Multidomestic strategy

c) Global Standard strategy

d) Transnational strategy

1. An American car maker and a Japanese car maker have entered into a strategic alliance. Both have valuable technology that they need in order to perform their aspect of the manufacturing process for particular lines of vehicles. Since both need each other's technology, it is unlikely the other will use the proprietary information about the other to take advantage for fear of their own technology becoming disclosed. To guarantee that each partner maintains their agreement, the two companies are participating in:

a) Quasi integration

b) Hostage taking

c) Credible Commitment

d) Parallel Sourcing

**8.** A firm pursuing a related diversification strategy will utilize a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ structure

a) Network

b) Cooperative form multidivisional

c) Competitive form multidivisional

d) Functional

e) Matrix

**9.** The growth-share matrix of the Boston Consulting Group suggests that the excess cash being

Generated by "cash cows" should be used to fund

a) "Dogs."

b) "Question marks."

c) "Cats”

d) "White knights."

e) "Fish."

**10.** In the 1870s, Christopher Sholes invented the layout of keys on a typewriter keyboard,

sometimes called the QWERTY layout. This invention is a(n)

a) Technical standard.

b) fast-mover advantage.

c) Complementary product.

d) Outmoded technology

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| 1. | 2. | 3. | 4. | 5. |
| 6. | 7. | 8. | 9. | 10. |

1. **Answer the following in brief – 6\*4=24M**
2. Identify type of diversification as well as how (factors) are the VALUES being created through diversification in following caselets
   1. Rachel is a new mom who is shopping for products to use on her baby. She noticed that the company Johnson & Johnson often packaged together baby shampoo, baby lotion and other similar products such as bottles and baby wipes.
   2. 3M has a core competence in substrates, adhesives, and coatings. Collectively, employees at 3M know more about developing and applying adhesives and coatings on different kinds of substrates than do employees in any other organization. Over the years, 3M has applied these resources and capabilities in a wide variety of products, including Post-it notes, magnetic tape, photographic film, pressure-sensitive tape, and coated abrasives. At first glance, these widely diversified products seem to have little or nothing in common. Yet they all draw on a single core set of resources and capabilities in substrates, adhesives, and coatings.
   3. Procter & Gamble’s numerous consumer products businesses often share common manufacturing locations and rely on a common distribution network (through retail grocery stores).
   4. United Technology that owns Otis elevator, security systems bands Chubb, Carrier air conditioners, Sikorsky aircraft have used internal capital allocate resources among the diversified business units efficiently, used restructuring to make operations more efficient and when appropriate sold them on the open market, either through sell off, spin off.

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| 1.1) |
| 1.2) |
| 1.3) |
| 1.4) |

1. Identify the METHODS that should be adopted by following companies to diversify into other industry.

**2.1.** Newly emerging/embryonic industry with technology competent company namely Monsanto’s in 1979 entered the biotechnology field to produce herbicides and pest resistant crop seeds, with no competitors in the market.

**2.2.** Intel diversify into communications chips business as it sensed that the market was developing quickly and that it would take too long to develop the required competencies and sensed that barrier to entry is high

**2.3.** UTC (that build helicopter) with aerospace skill and Dow Chemical (build plastic) with plastic based composite parts shares complementary skill and wish to enter into aerospace industry.

**2.4.** ABC company sensed that the industry in which it wish to diversify is protected by high barriers to entry.

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| 2.1) |
| 2.2) |
| 2.3) |
| 2.4) |

1. Whirlpool, a leading U.S. maker of household appliances has a wholly owned subsidiary that is responsible for R&D, manufacturing and sales over two dozen European countries, from Norway to Greece. What are some of the potential (mention at least 2) advantages that Whirlpool may gain from its use of wholly owned subsidiary for global expansion? Mention at least 2 disadvantages?

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1. When do paradigm shift occur? What strategies can have established companies adopt to increase profitability that they will survive a paradigm shift and emerge on the other side of market by arrival of new technology as a profitable enterprise?

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1. “*Because related diversification involves more sharing of competencies, one might think it can boost profitability in more ways than unrelated diversification, and is therefore the better diversification strategy*”. Do you believe in this statement? Explain

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1. Reliance Retail Ventures Ltd (RRVL) has agreed to buy German Firm Metro AG's Retail for INR 2,850 crore as the conglomerate run by billionaire Mukesh Ambani seeks to strengthen its dominant position in India's mammoth retail sector. What will be the advantages to Reliance group by acquiring its competitor.

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**7**.Mukesh Ambani wishes to keep a check on these diverse portfolios and take decision accordingly. Based the information given, suggest to him which portfolio he should allow to GROW, which to HOLD and which to HARVEST.-6M

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| **Factor** | **Weight** | **Ratings (score 1 to 10)** | | | | |
| **Jio communications** | **Vimal** | **Reliance fresh** | **Jio Money** | **Colors** |
| **Industry growth rate** | 30% | 8 | 5 | 9 | 9 | 3 |
| **Industry size** | 10% | 5 | 7 | 9 | 9 | 4 |
| **Market share** | 30% | 9 | 3 | 8 | 3 | 5 |
| **Low competition** | 20% | 8 | 6 | 5 | 5 | 3 |
| **Industry profitability** | 40% | 7 | 3 | 9 | 9 | 8 |
| **Relative growth rate** | 20% | 8 | 3 | 7 | 6 | 5 |
| **Brand reputation (based on customer review)** | 20% | 7 | 8 | 6 | 3 | 8 |
| **Customer service** | 30% | 7 | 8 | 6 | 3 | 8 |