RF-3545
Third Year B. B. A. (Sem. VI) Examination
March / April - 2017
Elements of Strategic Management - II

Time : Hours] [Total Marks : 50

Instruction :

座 No.:

निर्देश: इष्टको निर्देशहरू टिप्पणी उदाहरण भएका पर अवश्य करेको छ।
Fill up strictly the details of signs on your answer book.

Name of the Examination:
Third Year B. B. A. (Sem. VI)
Name of the Subject:
Elements of Strategic Management - II

Subject Code No.: 3 5 4 5 Section No. (1, 2, ...,): NIL

Student's Signature

1 Answer any five briefly : 10

(1) What are the limitations of BCG model?

(2) State the factors to measure Business strength and Industry attractiveness according to GE-Nine cell planning grid.

(3) What are the strategies mentioned according to the Directional Policy Matrix?

(4) What are the reasons for unsuccessful implementation of a strategy?

(5) What are the control criteria?

(6) Explain the types of innovation.

(7) Which are the factors in resistance to change?
2 (1) What is Activating Strategy?  
(2) What are the characteristics and phases of a project?  

OR

2 (1) Which are behavioural issues that affect strategic implementation with a detailed role of Leadership.  
(2) Explain briefly the different forms of organization structure and explain the relation between strategy and structure.  

3 (1) Write a short note on the strategic issue involved in any one functional area in detail.  
(2) What is Strategic Control? What are the barriers to Strategic Control?  

OR

3 (1) Which are the areas that show an impact of globalisation? What are the strategies for a global business?  
(2) What the issues involved in formulating technology strategy? What is Technology Life Cycle?  

4 (1) Write a short note on any one:  
(a) BCG Growth - Share Matrix  
(b) SPACE
Supreme Enterprises Limited was formed in 1975 as a result of amalgamation of Supreme Sales Limited and Express Industries Limited. Supreme Sales was promoted by Mr. A.K. Mittal in 1965 to take up agency business in electrical fans, sewing machines, refrigerators, air-conditioners, etc. Mr. Mittal was an MBA with Marketing major from a reputed university in USA. Before forming Supreme Sales, he served as sales manager in a large company manufacturing and marketing electrical fans, sewing machines, and other related consumer durables. The agency business of Supreme Sales progressed at a very fast rate and the company declared suitable dividends besides ploughing back profits for future growth. In 1970, the company decided to enter manufacturing field. However, it was felt that the company was primarily a marketing organization and therefore it was not advisable to take up the project from the grass root level. Instead, it would acquire an existing company. For assessing the acquisition bid, the first basic criterion would be the addition of managerial talents, particularly in the area of manufacturing operations. It was thought that the company had strong marketing structure and addition of a string manufacturing unit would result in positive
synergy. In 1971, Supreme Sales acquired the controlling interest in Express Industries Limited which was set up in 1963 to take up manufacturing of electrical fans both for industrial and home purposes. Before the merger of Express Industries with Supreme Sales in 1975, both companies functioned separately. In 1975 when Supreme Sales merged Express Industries, it name was changed to Supreme Enterprises to reflect the true nature of this business. The decision of merger was taken to take the advantages of size thereby attracting good managerial talents beside financial and other resources. In 1975, Supreme Enterprises also issued its shares to public which was oversubscribed as the issue was at par though the book value per share of the company was Rs. 213 of Rs.100 share. With the new equity issue, the paid-up share capital of the company increased from Rs. 80 lakh to Rs. 300 lakh. The combined operations of the two companies in the form of Supreme Enterprises succeeded from the very beginning.

Supreme Enterprises expanded its business in other areas also such as entertainment electronics and auto parts. The growth of the business was through successive acquisitions rather than going for projects from grass root levels. For this purpose, Supreme Enterprises took over another company, Pama Electronics
Limited manufacturing facilities but because of lack of financial resources, it could not produce large volume of sets which was essential for the success in this industry. Pama Electronics Limited was merged with the company and a separate division was created under the charge of Managing Director of Pama Electronics. Similarly in 1985, the company took over another company manufacturing auto parts which was merged with it and its head was made in charge of the new division. Supreme Enterprises was managed by a Board of Directors consisting of seven directors including Mr. Mittal who headed the board and was also the Managing Director of the company. Besides Mr. Mittal, heads of three units - electrical fans, entertainment electronics, and auto parts - were also on the board. Out of the other remaining three members (all non - executive directors), one was chartered accountant, another was tax consultant, and third one was an industrialist. The various units were managed through centralised financial controls and centralized evaluation of performance. Marketing activities of all units were centralized and looked after by the head office which also looked after agency business. Various units enjoyed considerable autonomous so far as other operational matters were concerned.
In 1990, Supreme Enterprises wanted to enter the field of pharmaceuticals, and for this purpose, it was decided to acquire a good company rather than setting its own manufacturing facilities which was the basic strategy of the company. The company made several attempts to acquire a good pharmaceutical company by acquiring the controlling interests from multinationals but could not succeed either because of disinterest of multinationals or because of FERA Regulations. In '993, the company decided to acquire Rupam Pharmaceuticals Limited, a company of Indian origin, engaged in the business of formulation. It was manufacturing tablets, capsules, injectables, syrups, etc. for various diseases. However, the business affairs of the company could not be managed properly and it almost became a sick unit and lost considerable amount in its operations. On this acquisition bid, one of the part time directors of the company observed as follows, "In view of our policy that we acquire firms to obtain managerial talents, it is inconceivable how we could have wanted to acquire this company whose management could be described as the worst in the industry." The chairman of the company put forward the argument in the same meeting as follows, "Over the period of time, we have built up management which is capable of taking
care of this unit. Moreover, the new business falls in our line of business as we have developed a very strong marketing structure which is essential for the success of a pharmaceutical business."

(1) Discuss the nature of strategic choice process adopted by Supreme Enterprises Limited in arriving at the decision to acquire a pharmaceutical company.

(2) To what extent, is the above choice rational?