

SECTION – B: STRATEGIC MANAGEMENT

Time Allowed – 1½ Hours

Maximum Marks – 50

Question 1 and 2 are compulsory.

Attempt any **three** questions out of remaining **four** questions.

1. (A) Chantele, a management consultant from Rome (Italy) was on an official tour of Rajasthan, when she realised the tourism boom that the state experiences from around the globe. More surprising for her was the price offering of major cafes and lounges which were about 1/6th of what was charged in her city Rome. Being a business enthusiast, she decided to explore the business potential in Udaipur for a year.

She had five major areas to learn about and plan;

- Existing Competition
- Location and Rental of her Lounge
- Trainable Team of Individuals (english speaking)
- Raw Material Sourcing and Pricing
- Promotion

Existing competition was high as people were already serving foreign tourists and even tourists liked the desi touch and feel. However, Chantele saw the segment of customers who were willing to find travel partners for their further trips. They would enjoy a cup of coffee, or a jug of cooler to chit chat and build a network on their vacation. For location, she got lucky with an old property just on the lake side but had to spend a little over budget to renovate even though she took multiple quotations from designers. The rentals in Udaipur have always been high, but she was confident of the cash flow from the business so decided to take the risk.

Rajasthani youth is well trained in english, french and german, and that came as a blessing for her. She was able to employ three girls (customer facing) and two boys (for logistics). Raw Material was a bit tricky to handle though. Good quality coffee beans and fruits were available only from Delhi and Jaipur, which had its own cost of transportation. Milk being a main component for most of the things on the menu needed to be of prime quality. For fruits, she found an alternative in sourcing from nearby villages through local agents, while the milk and coffee had to come from Delhi.

Promotion had been her area of expertise, and this came in handy as she executed a fool proof digital promotion strategy for her lounge. She named it Aroma Lounge, as “A” would give top results in alphabetic order of search by customers online. Within three months itself she managed to get great reviews on major travel websites and thus, loads of customers.

The business was good, cashflows were strong, brand equity gained momentum and Chantele now already plans to open two more branches in the state.

Based on the above Case Scenario, answer the Multiple-Choice Questions which are as follows:

1. Even though Chantele knew she was giving higher rent for the location of her lounge, which of the following strategies helped her take that risk?
- (a) Marketing Strategy
 - (b) Financial Strategy
 - (c) Negotiation Strategy

- (d) Supply Chain Strategy (1 Mark)
2. Suppose Chantele decides to expand her business through franchises across different states that attract major foreign tourists. For this she combines different retailers to source from and makes her main employees as trainers to train more local youth. Which element of strategic intent would this strategy need to focus on and what strategy would best suit her, given the fact that she strongly believes in incremental growth over exponential growth?
- (a) It would need focus on Goals & Objectives and the strategy that would best suit her would be Growth Strategy.
 - (b) It would need focus on Mission and the strategy that would best suit her would be Combination Strategy.
 - (c) It would need focus on Business Model and the strategy that would best suit her would be Stability Strategy.
 - (d) It would need focus on Vision and the strategy that would best suit her would be Growth Strategy. (2 Marks)
3. For Chantele, pricing was an issue as she wanted to deliver international standards of quality at traveler friendly prices. Cost plus pricing was one of the options she considered but quickly realised its shortcomings. Which of the following could be a major reason for not selecting cost plus pricing?
- (a) Outsourcing of Products from Delhi was already costly
 - (b) Labour cost was low, but training cost was high so allocation of cost was difficult
 - (c) The cost of fruits fluctuates a lot, and hence cost plus also fluctuated variably
 - (d) The segment is highly competitive and her margin on cost was irrelevant as customers already knew comparable prices (2 Marks)
4. Suppose a big hotel chain which has no cafe business as yet, acquires Aroma Lounge and its franchises. Can it group these cafes as an SBU? Which factors would be considered for the same?
- (i) No, they cannot be called as an SBU, as the cafe is not a separate business but same line of business as hotels
 - (ii) Yes, as it has its own set of distinct competitors and strategy
 - (iii) Yes, as it can be subdivided from the core business in terms of functionalities and objectives
 - (iv) No, as an SBU shall have a CEO and its set of business functions and Aroma Cafes aren't that big to be categorised as an SBU
- (a) Only (i) is correct
 - (b) Both (i) and (iv) are correct
 - (c) Only (ii) is correct
 - (d) Both (ii) and (iii) are correct (2 Marks)
5. For her vendors, Chantele had a clear thought and she iterated to them as well. The ideology was to foster a long term relationship so as to introduce high quality innovative products that would benefit the customers and other stakeholders?
- (a) Mission
 - (b) Vision

- (c) Business Definition
 - (d) Strategic Intent **(1 Mark)**
- (B) Swabhaav, a social media marketing firm introduced an AI based management tool that has the capabilities of managing teams across functions all while being creative. What is the most likely organisational structure post this implementation?
- (a) Divisional
 - (b) Matrix
 - (c) Hourglass
 - (d) Network **(2 Marks)**
- (C) Big Billion Days sale by Flipkart is an example of which type of strategic marketing technique?
- (a) Synchro Marketing
 - (b) Concentrated Marketing
 - (c) Demarketing
 - (d) Enlightened Marketing **(1 Mark)**
- (D) The business news anchor said that “chillfrix’s dead business is worth more than alive”. What did she hint at?
- (a) Restructuring Business
 - (b) Liquidation
 - (c) Business Process Re-engineering
 - (d) Divestment **(1 Mark)**
- (E) Shreya, the owner of Kalakaari boutiques, delegated tasks as per competencies of her team. What is she covering here?
- (a) Risk
 - (b) Work Culture
 - (c) Employee friendly vision
 - (d) Proper use of mission statement **(1 Mark)**
- (F) Dogs in BCG Matrix can be minimized through?
- (a) Converting to Cash Cows
 - (b) Liquidating or Divesting
 - (c) Foreign Direct Investment Opportunity
 - (d) Bad Debt Writing off **(1 Mark)**
- (G) Kanchan is the finance head for marketing strategies of a company. Which level of management is she working at?
- (a) Corporate Level
 - (b) Functional Level
 - (c) Shopfloor Level
 - (d) Consultant Level **(1 Mark)**

2. Jynklo Ltd. is an established online children gaming company in Japan. They are performing good in the gaming industry. The management of Jynklo Ltd. has decided to expand its business. They decided to start a premium sports drink named JynX for athletes. Identify and explain the growth strategy adopted by Jynklo Ltd.?
(5 Marks)
3. (a) What do you understand by 'Competitive Landscape'? What are steps to understand the competitive landscape?
(5 Marks)
(b) ABC Ltd. is a shoe manufacturing company. The strategic manager of ABC Ltd. is Ms. Suman. Ms. Suman hired the best designers she could find online for her ethnic shoe brand but later she found that the designers were better at leather designs. Identify and explain linkage in the given situation as she had to change her strategy basis the actual resources she had?
(5 Marks)
4. (a) Describe the principal aspects of strategy-execution process, which are included in most situations.
(5 Marks)
(b) What do you mean by differentiation strategy? How is it achieved?
(5 Marks)
5. (a) Define Strategic Management. Also discuss the limitations of Strategic Management. **(5 Marks)**
(b) Define the term 'Marketing'. Distinguish between social marketing and service marketing.
(5 Marks)
6. (a) Distinguish between Transformational Leadership Style and Transactional Leadership Style.
(5 Marks)
(b) Why is strategy evaluation more difficult? Give reasons.
(5 Marks)