

**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) One Earth Limited (OEL) operates as a diversified conglomerate with involvement in various sectors including FMCG, stationery, apparel, heavy engineering, and cement industries. Benefitting from a substantial free reserve of Rs. 75,000 crores, OEL has established a robust brand reputation, largely attributed to its dominant market positions in multiple sectors.

In the cement industry, OEL has maintained its industry leadership for the past two decades. The cement division's recent performance has been notably strong. A significant development in the industry landscape took place when two competitors, Raksha Products Limited and Strongman Cement Limited – initially ranked third and fourth in market share respectively – merged to form a new entity, Unnati Cement Ltd (UCL). As a result, UCL now secures the second position in terms of market share.

Amidst this backdrop, the Chairman of OEL convened a comprehensive meeting involving the Board, divisional heads, marketing leadership, and the Group CFO. The meeting's objectives encompassed devising concrete strategies for the cement division, exploring avenues for broader corporate expansion, and determining an interim dividend strategy in celebration of OEL's golden jubilee anniversary.

Mr. Hrishikesh Raj, the CEO of the cement division, articulated the industry's lag in modernization when compared to global standards. He highlighted the immense potential within emerging product categories such as high-strength Portland Pozzolana Cement (PPC), ready-mix products, and cement blocks. Anticipating a swift consumer attraction to these innovations, he proposed a modernization initiative demanding an investment of approximately Rs. 5,000 crores. This transformation is predicted to yield a 22% reduction in overhead costs post-modernization, along with a 10% reduction in wastage.

Analyzing the financial landscape of competitors, the CFO presented insights indicating that other players are unlikely to undertake expansion or upgrades for the next 7-8 years. In response, the Board greenlit the proposed modernization effort and earmarked an additional Rs. 1,000 crores to fortify the distribution channels.

Another proposal discussed during the meeting centered on OEL's diversification into the home appliances sector. The Board granted approval for this strategic expansion, allocating Rs. 6,500 crores to facilitate entry into this new market. Additionally, the Board endorsed the distribution of an interim dividend amounting to Rs. 50 per share as part of the celebrations marking OEL's golden jubilee year.

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

1. What strategic level are the decisions to foray into the home appliances business and approve the interim dividend made on?
  - (a) Business Level
  - (b) Corporate Level
  - (c) Functional Level
  - (d) Operational Level

**(1 Mark)**
2. In the context of Michael Porter's Five Forces framework, the merger between Raksha Products Limited and Strongman Cement Limited leading to Unnati Cement Ltd (UCL) moving

to the second position in market share demonstrates:

- (a) Bargaining power of suppliers
  - (b) Threat of new entrants
  - (c) Intensity of industry rivalry
  - (d) Bargaining power of buyers **(2 Marks)**
3. What type of diversification strategy is OEL pursuing by entering the home appliances segment?
- (a) Horizontal diversification
  - (b) Vertical integration
  - (c) Concentric diversification
  - (d) Conglomerate diversification **(1 Mark)**
4. Which strategic management concept does Mr. Hrishikesh Raj emphasize when discussing the industry's lag in modernization?
- (a) Benchmarking
  - (b) Business Process Reengineering (BPR)
  - (c) Competitive positioning
  - (d) Market segmentation **(1 Mark)**
5. Which of the following best describes OEL's overall corporate strategy in light of the above case scenario?
- (a) Cost leadership
  - (b) Product differentiation
  - (c) Market expansion and diversification
  - (d) Focused niche strategy **(1 Mark)**
- (B) Imagine you are tasked with analyzing the competitive landscape for a new product launch. In this context, which of the following factors is not relevant to understanding the competitive landscape?
- (a) Identifying the competitor
  - (b) Understanding the customer
  - (c) Determining the strength of the competitors
  - (d) Determining the weakness of the competitors **(2 Marks)**
- (C) Imagine you are part of a strategic planning team for a company. As you work on defining the company's identity and its current business scope, which of the following elements primarily concentrates on answering the question, "Who we are and what we do?"
- (a) Mission statement
  - (b) Vision statement
  - (c) Goals and Objectives
  - (d) Purpose **(2 Marks)**
- (D) You have been appointed as a strategic manager at ABC Company, which is currently facing a situation where one of its products has entered the maturity stage of its Product Life Cycle (PLC). The company has made a deliberate decision to maintain its existing business operations and is

content with achieving incremental growth for this product aligns with which of the following strategies?

- (a) Expansion strategy
- (b) Stability strategy
- (c) Retrenchment strategy
- (d) Combination strategy **(2 Marks)**

(E) A renowned coffee chain offers a loyalty program where customers earn points for every purchase, which can be redeemed for free drinks or snacks. This marketing technique is known as:

- (a) Augmented Marketing
- (b) Synchro Marketing
- (c) Social Marketing
- (d) Relationship Marketing **(1 Mark)**

(F) Which is true for Hourglass Organization Structure?

- (a) Wide at the bottom and widest at the top.
- (b) Middle level managers are generalist and perform wide variety of tasks
- (c) Decision making is slow
- (d) Difficult to keep motivation level high among lower-level staff **(1 Mark)**

(G) Which one is not a criterion for strategy audit as per Richard Rumelet?

- (a) Consistency
- (b) Complexity
- (c) Feasibility
- (d) Advantage **(1 Mark)**

2. Sandeep group of companies is having a strong footprint in the areas of Aviation, Healthcare, Fast moving consumer goods, home appliances and electronic goods. Processes, Technology and Marketing capabilities are different for each business. However, each business operates among a group of rivals that produce competing products. In order to get ahead of competition and to contribute for sustained competitive advantages, company intends to improve customer services and in turn increase its market share. To achieve this, company is desirous to analyze its products, processes and service levels for each of its segments.

Company is studying various trade publications, understanding the taste and preferences of customers, meeting with suppliers and also using other relevant information available in public domain for each of its business operations. After studying as above, company wants to compare diverse range of practices and processes being followed by acknowledged leaders in the industry, measures its own productivity and identify the gaps. Instead of following bricks-and-mortar practices, company will be setting goals to be achieved for improvement in its product, processes and services, based on best practices being followed by the companies on a regular basis.

Identify the strategic tool to be used by Sandeep group of companies. Also explain in brief the common elements involved in using this tool. **(1 + 4 = 5 Marks)**

- 3 (a) Redefinition of business is involved in both "Expansion" and "Retrenchment" strategy, however, method involved in their execution is completely different. Explain. **(5 Marks)**
- (b) Write short note on SWOT analysis. **(5 Marks)**

- 4 (a) ABC Limited is in a wide range of businesses which include apparels, lifestyle products, furniture, real estate and electrical products. The company is looking to hire a suitable Chief Executive Officer. Consider yourself as the HR consultant for ABC limited. You have been assigned the task to enlist the activities involved with the role of the Chief Executive Officer. Name the strategic level that this role belongs to and enlist the activities associated with it. **(5 Marks)**
- (b) What is strategic decision making? What tasks are performed by a strategic manager? **(5 Marks)**
- 5 (a) BudgetSmart Retailers, a renowned supermarket chain, faced fierce competition in the grocery retail sector due to escalating operational expenses. Rising costs from rent, labor, and inventory management challenged their profitability amidst the emergence of discount stores and online competitors. To counter this, BudgetSmart Retailers optimized their supply chain through bulk procurement, revamped store layouts for cost efficiency and customer experience, embraced lean operational practices to minimize waste, and conducted comprehensive staff training to boost productivity and customer service efficiency.
- Identify and explain the strategy adopted by BudgetSmart Retailers to enhance the profitability. **(5 Marks)**
- (b) Modern marketing is highly promotion oriented. Discuss citing major direct promotional methods for products. **(5 Marks)**
- 6 (a) Distinguish between Operational Control and Management Control. **(5 Marks)**
- (b) Suraj Prakash and Chander Prakash are two brothers engaged in the business of spices. Both have different approaches to management. Suraj Prakash prefers the conventional and formal approach in which authority is used for explicit rewards and punishment. While, on the other hand, Chander Prakash believes in democratic participative management approach, involving employees to give their best.
- Analyse the leadership style followed by Suraj Prakash and Chander Prakash. **(5 Marks)**