

Read the given case of COFFEE CABANA and answer the questions given at the end of the question paper.

Rohit, on his way back to his main office, was pondering on the past and wondering what to do next. He had a long drive home and a lot to think about. His mind kept wandering back to his initial years and how he had struggled to get where he was today. The reason for his wandering mind was his running into his old venture-capitalist friend who had offered to invest in his new business.

Background

In 2004, Rohit chose a high-visibility location for his first coffee shop. Luckily, this location was also synergistically complemented by being situated next to a shopping hub in Chandigarh. In the initial years of his business, Rohit's father helped out with the investment as a venture capitalist and had become a silent partner. With help of his father, Rohit decided to name his first entrepreneurial venture Coffee Cabana.

Because of the location, the customer profile that Rohit was able to target consisted of the middle and upper-middle class from the Tricity area. These were mostly people who were visiting the shopping hub and wanted to take a "load off their feet". The high visibility of the shop ensured good footfall for Coffee Cabana. These customers not only consisted of people who were regulars and employees of the shopping area or nearby offices, but the shop also had a good percentage of walk-in customers.

Though only an arts graduate, Rohit had worked with the masters in the coffee industry to gain knowledge of coffee beans and blends, and the processes related to preparing them. He invested years and valuable resources in gaining this knowledge. It was because of this knowledge that he was able to offer his customers customized coffee blends like no other shop in the region. His little spot became famous for offering coffee-lovers an opportunity to choose their coffee and grind them before handing them in for a fresh and unique coffee experience. His shop's "wall of fame" and his Web site were full of praises from satisfied customers. This also prompted him to delve into selling unique coffee blends rather than only coffee.

Total No. of Questions: 7

Total No. of Printed Pages: 6

Enrollment No.....



Programme: MBA

Branch/Specialisation: Management

Maximum Marks: 60

Duration: 3 Hrs.

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d. Assume suitable data if necessary. Notations and symbols have their usual meaning.

	Marks	BL	PO	CO	PSO
Q.1 i. What is a key characteristic of effective strategic management?	1	2	1	1	
(a) Rigidity and standardization (b) Flexibility and adaptability (c) Solely financial focus (d) Short-term planning					
ii. The framework for establishing good corporate governance & accountability was originally setup by-	1	1	1,5	1,3	
(a) Nestle committee (b) Rowntree committee (c) Cadbury committee (d) Thornton committee					
iii. Which of the following best describes a core competency?	1	2	1,5	4	
(a) A temporary advantage that can be easily replicated by competitors (b) A unique capability that provides a firm with a competitive edge in the market (c) A financial resource that supports operational costs (d) A marketing strategy aimed at increasing brand awareness					
iv. In the context of globalization, which stage involves companies specializing in the production process at a single, low-cost location?	1	3	5	3	
(a) Market entry (b) Product specialization (c) Value chain disaggregation (d) Value chain reengineering					
v. Which of the following elements is typically included in a Strategic Advantage Profile (SAP)?	1	3	3,5	2	
(a) Customer demographics (b) Regulatory compliance					

	[2]	[3]
(c) Resource allocation effectiveness (d) Market share analysis		
vi. The following are considered grand strategies, except for- (a) A retrenchment strategy (b) Focused Strategy (c) A growth strategy (d) Related diversification	1 3 1,3 5,9 3	iii. Define strategic management and process of strategic management in detail.
vii. What is the primary goal of a corporate strategy that involves diversification? (a) To focus on a single product line (b) To enter new markets or industries to reduce risk (c) To improve operational efficiency in existing markets (d) To establish strategic alliances with competitors	1 2 3,5 9 3	Q.3 i. Define core competency. ii. How as a manager you will use Porter's Five Forces model in your corporate working? Explain in detail with illustration. OR iii. Analyse the role of core competencies in achieving strategic advantage for firms operating in a globalized market. How do resources and capabilities contribute to this?
viii. Which of the following companies is known for utilizing mergers as a growth strategy? (a) Coca-Cola and Sprite (b) Disney and Pixar (c) Microsoft and Office Max (d) Ford and General Motors	1 3 3 4	Q.4 Write short note on any two: i. BCG Matrix ii. Types of corporate level strategy iii. Functional strategy
ix. What is the primary focus of the Resource-Based View (RBV) in strategic management? (a) Analyzing external market conditions (b) Evaluating internal resources and capabilities (c) Implementing cost leadership strategies (d) Understanding customer preferences	1 2 5,9 2	Q.5 Write short note on any two: i. Strategic plan to action ii. Mintzberg's 5Ps iii. Mc Kinsey's 7s Framework
x. Which of the following criteria is NOT part of the VRIO framework used in RBV? (a) Valuable (b) Rare (c) Operational (d) Imitable	1 2 5,9 2	Q.6 Attempt any two: i. Explain the control and evaluation process in strategic management. How do organizations utilize this process to ensure alignment with their strategic goals? ii. Discuss the significance of measuring and feedback in the evaluation process. What are some common metrics used for measuring performance, and how can feedback lead to corrective action? iii. Explain the criteria used for strategic evaluation.

Q.2 Attempt any two:

- i. What are the consequences of failing to align an organization's vision, mission, and strategy? **4** 3 5 1

ii. Define level of strategic management with example. **4** 1 1,5 1
12

He offered concentrated blends like elichi coffee, cinnamon coffee, spice coffee and even some lightly mixed alcohol-based coffees. International customers often came into his shop to order customized blends to take back home and requested refills online. Though the even some side business was a good revenue-earner, Rohit never fully explored the potential of selling customized coffee blends. He was able to offer this superior service only because of his relationship with his suppliers, who offered him the best quality coffee and beans at competitive prices. His relationship with the suppliers ensured superior service. He had such a strong relationship with them that he has never ever felt the need to enter into a formal contract. He also concentrated on other elements of his service, which was good, courteous employees. Even though he suffered a high attrition rate in service personnel, a good work environment ensured that employees were motivated and knew that the customer was to be valued. His customization strategy could not work without good customer-contact employees. Over the years, Rohit has been able to develop some unique and patented blends of coffee and tea, which have increased the popularity of his shop. In Chandigarh, the outlet, in its third year of operation, has become very popular with university and college students, and is a hangout spot, especially on weekends. On weekdays, it is a meeting place for the office crowd. The diversity of the customer base has ensured a steady stream of demand throughout the week. Rohit was able to break even in first three years of his operations, and in 2010, bought out his partner and converted the business to a sole proprietorship.

Motivated by his success, Rohit has opened outlets in Amritsar, Ludhiana, and Jalandhar. Rohit has ensured that the blueprint of the outlets in these three towns is same as that of the one in Chandigarh so that customers associate with the brand. This has given his brand, Coffee Cabana, a regional recognition. On the demand of his customers, he has converted a pure coffee shop into a snack-and-coffee outlet, where he offers a bare basic assortment of coffee compliments. This has changed the concept of his coffee shop, and led to him competing with not only other big coffee shops like Barista and Café Coffee Day (CCD), but also with other restaurants. In comparison to these big outlets, his product, though customized, were considered expensive and, as a result, he was alienating the younger college and university students. Such customers considered his shop only for special occasions rather than as a hangout place, as in the case of the Coffee Cabana outlet in Chandigarh. His economies of scale were no match for these big restaurants or coffee chains.

Since the inception of the business in 2004, Rohit has taken every decision himself. He has been a true entrepreneur and believed in what his father taught him, that is, "if you want something done right do it yourself." But the increased

scale of business taught him that he could not be everywhere and, therefore, reluctantly, hired MBA graduates to take care of the other three outlets. However, he was still facing problems in integrating the functions of the four outlets.

Rohit understood these challenges and was aware of them even when his operations were limited only to Chandigarh. He considered these to be part and parcel of the business. His business is still making profits and, therefore, he thought that he need not worry. But now he wanted more.

He had run into the venture capitalist who had initially financed his business. His old expanding further, but the offer was certainly tempting and, on his way back to Chandigarh, Partner had offered to help Rohit take his business international. Rohit had never thought of he was contemplating what to do.

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|---|------------|----|-----|---|
| (a) Summarize your understanding and analyse the case in detail using TOWS. | 5 | 5 | 3,9 | 5 |
| | | 12 | | |
| (b) What should Rohit do? Should he expand or not? | 2.5 | 5 | 3,9 | 5 |
| | | 12 | | |
| (c) What means would be best suited for the expansion of Rohit's business? | 2.5 | 5 | 3,9 | 5 |
| | | 12 | | |

[4]

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Marking Scheme
MS5CO14 Strategic Management

Q.1	i) Flexibility and adaptability ii) Cadbury Committee iii) A Unique Capability that provides a firm with a competitive edge in the market iv) Product Specialization v) Resource allocation effectiveness vi) Focused Strategy vii) To enter in new markets or industries to reduce risk viii) Disney and Pixar ix) Evaluating internal resources and capabilities x) Operational	1 1 1 1 1 1 1 1 1 1
Q.2	i. Failing to align vision, mission and strategy ii. Levels of Strategic Management Example iii. Strategic Management Process	4 4 3 marks 1 mark 1 mark 3 marks
Q.3	i. Core Competency ii. Model Diagram Explanation Illustration OR iii. Core Competency Role of core competency Contribution of Resource and capability	2 6 1 mark 3 marks 2 marks 1 mark 3 marks 2 marks
Q.4	i. BCG Matrix Diagram Explanation Example ii. Each Corporate Strategy 1 Mark OR iii. Functional Strategy	4 4 1 mark 4 4
Q.5	i. Strategic plan to action ii. Mintzberg's 5Ps	4 4

OR	iii. Mc Kinsey's 7s Framework	4
Q.6	i. Control & Evaluation Process Utilization of process to ensure alignment with strategic goals	2 marks 2 marks
	ii. Significance of feedback Matrices used for measuring performance How feed back lead to corrective action?	2 marks
	iii. Criteria used for strategic evaluation	4
Q.7	Marking as per the explanations and assumptions considered by the students (a) (b) (c)	10 5 marks 2.5 marks 2.5 marks
