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| **20CB504 – BUSINESS STRATEGY**  **Part-A** | |
| * What is corporate environment and list down its components? | 1. Macro Environment : PESTLE 2. Micro Environment : Competitors, Suppliers, Customers, Shareholders 3. Internal Environment : Employees |
| * What is the difference between internal and external environment? | |
| * Write briefly on the impact of political environment of a company. * **Political:** These factors determine the extent to which a government may influence the economy or a certain industry.   E.g. tax policies, Fiscal policy, trade tariffs etc. that a government may levy around the fiscal year and it may affect the business environment (economic environment) to a great extent. | |
| * How does an economic environment impact a company strategically? * **Economic:** These factors are determinants of an economy’s performance that directly impacts a company and have resonating long term effects.   E.g. rise in the inflation rate of any economy would affect the way companies’ price their products. Economic factors include inflation rate, interest rates, foreign exchange rates, economic growth patterns etc. | |
| * What is the impact of technological environment on a company? * **Technological:** Pertain to innovations in technology that may affect the operations of the industry and the market favorably or unfavorably.   E.g. automation, research and development and the amount of technological awareness that a market possesses. | |
| * What do you mean by socio-cultural environment and how does it impact a company?   These factors scrutinize the social environment of the market, and gauge determinants like cultural trends, demographics, population analytics etc. An example for this can be buying trends for Western countries like the US where there is high demand during the Holiday season.   * What are the current demographics, and how are they changing? * What is the level and distribution of education and income? * What is the level of consumerism and popular attitudes toward it? * What are the attitudes toward work and leisure? | |
| * What is meant by Legal environment of a company with a suitable example?   These factors have both external and internal sides. There are certain laws that affect the business environment, and certain policies that companies maintain for themselves. Legal analysis takes into account both of these angles and then charts out the strategies in light of these legislations.  E.g. consumer laws, safety standards, labor laws etc. | |
| * What is the significance of environmental analysis of a corporate? * The environment provides resources that an organization needs in order to create goods and services as no organization is self-sufficient. * The environment is a source of opportunities and threats for an organization. * Any environmental trend or event creates opportunities for some organizations and threats for others. * The environment shapes the various strategic decisions to achieve organizations’ success. * Analysis of Environmental conditions is crucial to investigate the possibility of in a new country, acquire another company, or launch an innovative product, etc. | |
| * Why is environmental scanning important for a company’s sustainable growth?   SAME AS ABOVE | |
| * What are primary activities and support activities in a firm? | |
| * What is meant by value chain analysis?   ***Value Chain Analysis:*** Each element of a firm’s primary and supportive activities are examined to see if it can provide a competitive advantage over its rivals. Weaknesses that are identified can be addressed to improve organizational performance. | |
| * Draw a strategic group mapping of NIKE. | |
| * Draw a strategic group mapping of Walmart. | |
| * Draw a strategic group mapping of Engineering colleges. | |
| * Draw a strategic group mapping of mobile phone industry. | |
| * Draw a strategic group mapping of an automobile industry in India. | |
| * What is the difference between cost leadership and cost focus strategies?\ | |
| * What is the difference between differentiation and differentiation focus strategies?  Broad differentiation strategy: A broad differentiation strategy consists of building a brand or business that is different in some way from its competition. It is applied to the industry and will appeal to a vast range of consumers.Focused differentiation strategy: A focused differentiation strategy requires the business to offer unique features to a product or service, and it must fulfill the requirements of a niche or narrow market. | |
| * Distinguish between cost leadership and differentiation strategies.   Cost leadership / differentiation strategies | |
| * What do you mean by stability strategy? Does this strategy mean that a firm stands still?   A stability strategy is often preferred by many companies that are currently satisfied with its market position. They continue to delve into the same market and sell the same product but may incorporate research and development and innovation to the existing products. This type of strategy ensures a continuous flow of revenue. The company may try to engage their target market by presenting offers and trials to them. | |
| * Define stability strategy. List down the types of stability strategies.   A stability strategy is often preferred by many companies that are currently satisfied with its market position. They continue to delve into the same market and sell the same product but may incorporate research and development and innovation to the existing products. This type of strategy ensures a continuous flow of revenue. The company may try to engage their target market by presenting offers and trials to them.  What is Stability Strategy? definition and meaning - Business Jargons | |
| * What are the three levels of strategies?  1. Corporate level strategy 2. Business level strategy 3. Functional level strategy | |
| * Define strategic tradeoff.  One of the most challenging aspects of corporate strategy is balancing the tradeoffs between risk and return across the firm.  It’s important to have a holistic view of all the businesses combined and ensure that the desired levels of risk management and return generation are being pursued. Factors: Managing risks, generating returns and incentives | |
| * Define strategic alliance.   A strategic alliance is an arrangement between two companies to undertake a mutually beneficial project while each retains its independence. The agreement is less complex and less binding than a [joint venture](https://www.investopedia.com/terms/j/jointventure.asp), in which two businesses pool resources to create a separate business entity. | |
| * Distinguish between joint venture, equity and non-equity strategic alliance. * **Joint venture**: A joint venture is when two parent companies form a separate entity called a child company. * **Equity strategic alliance**: An equity strategic alliance is formed when one company purchases equity in another. * **Non-equity strategic alliance**. A non-equity strategic alliance is when two companies become strategic partners on a contractual basis. | |
| * Distinguish between mergers and acquisitions.  |  |  |  | | --- | --- | --- | |  | **Merger** | **Acquisition** | | Procedure | Two or more individual companies join to form a new business entity. | One company completely takes over the operations of another. | | Mutual Decision | A merger is agreed upon by mutual consent of the involved parties. | The decision of acquisition might not be mutual; in case the acquiring company takes over another enterprise without the latter’s consent, it is termed as a hostile takeover. | | Name of Company | The merged entity operates under a new name. | The acquired company mostly operates under the name of the parent company. In some cases, however, the former can retain its original name if the parent company allows it. | | Comparative Stature | The parties involved in a merger are of similar stature, size, and scale of operations. | The acquiring company is larger and financially stronger than the target company. | | Power | There is dilution of power between the involved companies. | The acquiring company exerts absolute power over the acquired one. | | Shares | The merged company issues new shares. | New shares are not issued. | | |
| * What is the impact of M&A on shareholders. * In the initial period of merger or acquisition, shareholders of the acquiring firm will see a temporary drop in share value and shares in the target firm typically experience a rise in value. * After a merger or acquisition officially takes effect, the stock price usually exceeds the value of each underlying company during its pre-takeover stage. * In the absence of unfavorable [economic conditions](https://www.investopedia.com/terms/e/economic-conditions.asp), shareholders of the merged company usually experience favorable long-term performance and dividends. * The shareholders of both companies may experience a [dilution](https://www.investopedia.com/terms/d/dilution.asp) of voting power due to the increased number of shares released during the merger process. This phenomenon is prominent in [stock-for-stock mergers](https://www.investopedia.com/ask/answers/06/stockforstockmergerdetails.asp), when the new company offers its shares in exchange for shares in the target company, at an agreed-upon [conversion rate](https://www.investopedia.com/terms/c/conversion-rate.asp). * Shareholders of the acquiring company experience a marginal loss of voting power, while shareholders of a smaller target company may see a significant erosion of their voting powers in the relatively larger pool of stakeholders. | |
| * Draw Ansoff matrix of growth strategy.   Ansoff Matrix | |
| * **Part – B ( 5 x 13 = 65 Marks)** | |
| * Explain in detail the PESTLE analysis with suitable examples. | |
| * Define strategic group. Explain how strategic group analysis helps a company to tackle competition. | |
| * Explain the concept of value chain analysis of firms. | |
| * Explain the Porter's approach to industry analysis through the six forces model given by him? | |
| * What are the conditions, risks and benefits of following each of the following strategies. (a) Cost Leadership. (b) Differentiation and (c) Focus strategies? Is it possible for a company to follow a cost leadership and differentiation strategy simultatneously? Why or why not? | |
| * Explain in detail the Porter’s generic strategies. | |
| * Why should a company look into the possibility of strategic alliance? What are its types and explain. | |
| * Explain the four grand strategies in detail. | |
| * Explain in detail the diversification strategies of firms. | |
| * Define diversification. What are its types and explain with suitable examples. | |
| * Elucidate the concept of Industry life Cycle. | |
| * What is corporate-level strategy and how does it differ from business-level strategy? | |
| * ON 15 September 2008 investment bank giant filed for bankruptcy sending shock waves across the world markets that were already reeling from shocks in the wake of global economic melt down. With more book assets and lesser book debts, Lehman’s bankruptcy filing was the largest in the banking history their assets far surpassed those of previous bankrupt giants such as World com and Enron, at the time of collapse with more than 25000 employees world wide . Lehman’s demise also made it the largest victim of the US subprime mortgage induced financial crisis that swept through global financial markets in the world . Record revenues from Lehman’s real estate business enabled revenues in the capital market unit to surge 56% between 2004 to 2006 .This was considered a faster rate of growth than any other business in investment banking . In February 2006 the company’s stock reached a record high giving Lehman a market capitalization of around 25 billion, however the US housing market were already becoming apparent as defaults in subprime mortgage . Lehman’s high degree of leverage the ratio of total assets to share holder’s assets to share holder’s equity was good and its huge portfolio of mortgage security made it vulnerable to deteriorating market conditions . In June 2008 Lehman announced its first second quarter loss and raised money from American Express to cover the same. However the measures were perceived as being too little, too late over the summer Lehman’s management made unsuccessful attempts to a number of potential partners, hopes of the Korea Development bank would take a stake in Lehman was dashed in 9 September and the state owned Korean bank put talks on hold. On Monday 15 September Lehman declared bankruptcy resulting in creating a global financial crisis * 1 what were the reasons for Lehman brothers bankruptcy? * 2 what lessons would you learn from the Lehman brothers bankruptcy? | |
| * Jio and BSNL have together added more than 1.08 crore new mobile phone customers, while rivals such as Vodafone , Idea, Bharti Airtlel and Tata Teleservices lost more than 1.01 crore customers, according to the data released by telecom regulator in January 2019 . * Question: Do a SWOT analysis for BSNL and reliance Jio in Indian market and analy ze the strategic approach of both companies in this regard. | |
| * Tata motors have been eyeing the Indian passenger market for a long time. During earlier times, their brands such as Tata Sumo were well received; the company had a very low share in the Indian passenger car market due to stiff competition from Maruti . Tata motors came up with Tata Indica , which mirrored Maruti’s products and challenged Maruti’s dominance in small car market . Inspired by the success of Indica Tata launched the Tata Nano . Critics were of the view it could not be possible due to the low cost of the car. Tata Nano’s modular design is one of the most innovative aspects, it can be shipped separately and assembled in any region. 3 However the fanfare with which Nano was launched did not show much result, the car was not well accepted by the masses despite the low prices, it started selling in discounts like any other car in the Indian market. Tata’s as a company are concerned about the same and are still trying to rework out strategies for revival of the market share and to fit into the vision of the com pany. * Q1 What was the type of strategy Tata’s adopted during the launch of Nano. * Q2 pl help the company in working out a suitable strategy for the success of the car. * Q3 by using a SWOT analysis outline the failure of the car in the Indian markets. | |
| * Doordarshan (DD) DD is the India&#39;s premier public service broadcaster with more than 1,000 transmitters covering 90% of the country&#39;s population across an estimated 70 million homes. It hasmore than 20,000 employees managing its metro and regional channels. Recent years have seen growing competition from many private channels numbering more than 65, and the cable and satellite operators (C and S). The C and S network reaches nearly 30 million homes and is growing at a very fast rate. * DD’s business model is based on selling half-hour slots of commercial time to the programme producers and charging them a minimum guarantee. For instance, the tariff for the first 20 episodes of aprogramme is INR 30 lakhs plus the cost of production of the programme. In exchange the producers get * 780 seconds of commercial time that they can sell to advertisers and can generate revenue. Break-even point for producers, at the present rates, thus is INR 75,000 for a 10 second advertising spot. Beyond 20 episodes, the MS-11 2 minimum guarantee is INR 65 lakhs for which the producer has to charge INR 1,15,000 for a 10 second spot in order to break-even. * It is at this point the advertisers face a problem-the competitive rates for a 10 second spot is INR 50,000. Producers are possessive about buying commercial time on DD. As a result the DD&#39;s projected growth of revenue is only 6-10% as against 50-60% for the private sector channels. Software suppliers, advertisers and audiences are deserting DD owing to its unrealistic pricing policy. DD has three options before it. * First, it should privatise, second, it should remain purely public service broadcaster and third, a middle path. The challenge seems to be to exploit DD&#39;s immense potential and emerge as a formidable player in the mass media. * Perform a SWOT analysis for DD.   + - (b) Discuss the competitive situation DD is facing. What is the best strategic option, in your view and why ? | |
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