



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
91, Cadastral Zone, Nnamdi Azikiwe Express Way, Jabi-Abuja  
**FACULTY OF MANAGEMENT SCIENCES**  
**JULY 2017 EXAMINATION**

**Course Code: BUS427**

**Course Title: BUSINESS POLICY AND STRATEGY I**

**Credit Unit: 3**

**Instructions: 1. Attempt Question 1 and any other three (3) questions**

**2. Question 1 is compulsory and carries 25marks while the other 3 questions carry 15marks each**

**3. Present all your points in coherent and orderly**

**manner**

**Time Allowed: 3 Hours**

1. a. What is a living company and why are companies so described in the historical development of strategic Management?  
(5.5marks)

- b. How true is the statement that there is no overriding strategic managerial method?  
Justify your position.  
(5.5marks)

- c. **Read the following case and answer the questions at the end**

BB Ltd is a business organised with three divisions and a head office. The divisions are based on market groupings; retail, wholesale and government. The divisions do not trade with each other. The main method of control of the divisions has been the requirement to earn a return on investment (ROI) of 15% p.a. The definition of return and capital employed is provided by head office, at the criterion ROI rate of 15%. The recent experience of BB Ltd, is that the group as a whole has been able to earn the 15% but there have been wide variations between the results obtained by different division. This infringes another group policy that forbids cross-subsidization, i.e. each and every division must earn the criterion ROI. BB Ltd is now considering divestment strategies and this could include the closure of one or more of its divisions. The head office is aware that the Boston Product Market Portfolio Matrix (BPMPM) is widely used within the divisions in the formulation and review of marketing strategies. As it is so widely known within the group and is generally regarded by the divisions as being useful, the head office is considering employing this approach to assist in the divestment decision.

**You are required to:**

- i. Evaluate the BB Ltd and the adoption of the concept of ROI and its policy that forbids cross subsidization.
- ii. Recommend, and justify, two other models that could be used in making a divestment decision. Demonstrate how BB Ltd could utilize these models to make this decision.

(14marks)

2. a. The search for “best practices” is also called benchmarking. What sense does benchmarking makes to you? Highlight the seven (7) areas of best practices identified by Richard Lester and other Researchers.
- b. Objectives are the ends that state specifically how the goals shall be achieved. Use this statement to discuss the defining characteristics of an effective objective.

(15marks)

3. a. What are the standard components of a policy document?  
(7marks)
- b. The process of strategic management is depicted through a model, which consist of different Phases. Illuminate this statement  
(8marks)

4. a. What are the benefits of a vision statement to an organization  
(7marks)
- b. What is the focus of corporate level strategy?  
(8marks)

5. a. As a seasoned strategy Consultant, suggest reasons for use of chaos theory in strategic management.  
(7.5marks)
- b. Conducting a corporate strategy is worthless as long as it is not implemented. Amplify this statement.  
(7.5marks)

6. Business firms undertake SWOT analysis to understand their external and internal environments. What sense does this statement makes to you?  
(15marks)