MMSID06 **7068**

Business Policy and Strategic Management

Paper: CP-301

Time: Three Hours] [Maximum Marks: 70

Note:- Question No.1 is compulsory. Attempt FOUR more questions from the rest. All questions carry equal marks.

1. Attempt any SEVEN questions from the following :

1(a) Differentiate between vision, mission and values.

(b) What is SWOT analysis? '"

(c) What is value-chain analysis?

(d) What is corporate planning?

(e) What is a strategic alliance?

(f) What is Benchmarking?

(g) What do you mean by core competency? Give examples.

(h) Explain BCG Matrix in brief.

(i) Differentiate between merger, acquisition and takeover.

(j) Distinguish between concentric diversification and conglomerate diversification.

2. What is Business Policy? Discuss its nature, objective and importance. .

3. "Strategic planning is a necessary but not sufficient Condition for the success of an enterprise", why and why not? How would you explain the success of firms that do not use a normal strategic planning process?

4. What are the various environmental factors that affect the business? Discuss their relative importance. Give example as to how political legal forces have presented an opportunity or a threat to a particular industry or business organization.

5 'Write notes on the following:

(a) Resource Based View,

(b) Critical Success Factors,

(c) The Concept of Synergy.

6 Evaluate the most common reasons for diversifying in terms of their impact on competitive advantage and financial performance. What is strategic evaluation and control? Discuss the techniques of evaluation and control.

7 Read the following case carefully and answer the questions given in the end.

Marquee Garment Retailer

I knew we were right, Neil Simon thought to himself as the steward brought him a glass of Cardhu single malt. The whisky felt good after a week when he was allowed to drink nothing but champagne by his hosts in India. Ah, but then they had had reason to celebrate. Simon signaled to the steward that he'd like a refill he planned to take his time over the second one-and thought about the week that had been.

Simon, the director in charge of international franchise operations at Smith & Robin; ~$8-biJlion Marquee Garment Retailer, had arrived in India exactly seven days back with mixed feelings. He'd been at S&R less than eight months-he had been hired when the company decided to abandon its twenty-year old strategy of expanding geographically through owned outlets as against franchised ones-but he knew the India trip was one of those things that could make or break his career.

This wasn't his first visit to India. He'd visited it as a back paper in his second year at college, then, as a middle-level executive of a cola company, and then again, soon after he joined S&R. It was during the last visit that he noticed the kind of brand equity the company enjoyed in India: S&R was a known name and there was huge demand for its offerings. The grey market did a thriving business in both real S&R products, smuggled into the country, and ersatz ones. So he had gone back and made a case for India.

"Let us go in now and seed the market and leverage our equity there," he'd told the board. Convincing the board hadn't been easy. India's restrictive regulations, when it came to foreign direct investment in retail, hadn't made his job any easier. Then, there were tales of poor infrastructure, horror stories about how foreign investors Were treated, and wholly-inappropriate real estate options. Worse, some members of the board weren't fuJIy Convinced about the 'franchise strategy' S&R had moved to. "I see that we are shutting three of our profitable shops in London", one of the board members Barbara Rutherford had sniffled. Fortunately for Simon, the Chairperson Lucy Walters had come to his rescue. "We decided that franchising was the best way to grow last year Barbara; this meeting isn't about that."

Finally, a compromise had. been reached. S&R would enter the country through one Or two 'pilot outlets'. To Simon Went the task of finding a suitable franchisee. That had been easy. The Kathuria family that ran S&R's Malaysia franchise had business interests in India, and it hadn't taken Simon much to convince them to take on the India franchise.

The two Kathuria-owned franchise stores had opened in up market malls in Delhi and Mumbai the previous week and Simon had winged it down to be there at the opening. The Mumbai outlet was 7,000 square feet large; the Delhi one, 3,000 square feet. And both sold a range of garment for men and women, lingerie, and toiletries-all imported, and all under the S&R brand name, in keeping with the company's policy of only selling the best quality products sourced at the least possible cost at all its outlets.

The tariff regime in India made some prices look ludicrous" a women's shirt cost cover Rs. 2,500; men's jeans, Rs. 3,200-imd . made S&R. which was perceived to be a high-end value-for-money brand into a premium one with aspirational trimmings. Indeed, the only other stores that stocked merchandise of comparable prices were boutiques devoted to designer-wear.

The India-strategy's detractors at HQ had raised objections over the size of the Delhi outlet ("S&R isn't associated with cramped buying spaces") and the price-tags ("Indians aren't dumb, you know"). But Simon managed to steer clear of the flak. The fact that leading consulting firms estimated India's organized retail business to zoom from Rs. 5,500 crore in 2000, to Rs. 35,000 crore in 2005, helped his cause.

Then, he had landed in India; the Kathurias had welcomed him like he was royalty; he had been allowed to drink nothing but champagne ("Here's to the stop reopening"; "Here's to our first sale"; "Here's to our first individual sale over Rs. 100,000"….) ; and things had gone like a dream.

The launches had coincided with India's equivalent of the Christmas season-the festival of Iights, they called it, Diwali. The two stores' initial stock had been sold out in three days flat. And the fact that some of the products still carried their dollar prices an oversight by the store and a full 40 per cent lower than their prices in Indian rupees, thanks to the duties - hadn't deterred shoppers. True, there appeared to be more demand for lingerie and cosmetics, but the other products had takers too.

Simon was surprised by the reaction. He knew that he would have to wait a few months to understand the real demand for S&R products in India. Only once the initial novelty had worn off, would the company have a better idea of what Indian customers bought, and what they didn't. He was also aware that while the

Mere fact that S&R products were available in the country could have encouraged customers to overlook the 40 percent mark-up (thanks to import duties), they'd soon move to the Value' buying behaviour Indians were famous for.

Simon had raised these issues at his last meeting with the Kathurias, but they were still celebrating the phenomenal success of their opening gambit and their only response had been to ply Simon with, what else, more champagne. Still, he had to admit, it had been a good beginning,

Simon signaled the steward for another refill. What the heck..he'd earned it.

Questions

1. "S&R has taken a risk in entering a market that is large, but offers little flexibility in terms of price and business: environment." Discuss.

2 This may be the right time to enter India. But has S&:R positioned its brand right?

3 Do you think the current retail environment in India is conducive for the entry of a high-profile foreign brand? If yes, why? If not, state the reasons clearly.