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**EASTERN UNIVERSITY, SRI LANKA**  
**FACULTY OF COMMERCE AND MANAGEMENT**  
**EXTERNAL DEGREE PROGRAMME**

**FOURTH YEAR EXAMINATION IN BACHELOR OF BUSINESS**

**ADMINISTRATION 2000/2001**

**Repeat Examination**

**BBA 403 STRATEGIC MANAGEMENT**

**Answer five questions including Question No: 1**

**Time: 03 Hours**

01. Sutha, Uthyan, Sri, and Balan were surveying the latest data on the sales and market-share performance of their Company "Smile- SSUB" and the major product divisions (see the following table)

Annual Report of Smile-SSUB - Market share and Growth in sales

Product Division	Relative Market Share	Growth in Sales
Toys	Large	High
Shampoo	Small	Low
Power	Large	Low
Soap	Large	High
Creams	Small	High

As they looked over the figures, they speculated about the firm's future plans for the cream division. "Looks like it'll be a busy year for us in Market Research," Sutha said, smiling. "I hope you like a challenge: there could be a new star in the horizon".

Seeing the puzzled on Sri's face, Uthyan offered a brief explanation. He told Sri that Smile-SSUB approach to strategic planning now included the use of a Relative market-share-market growth (BCG) matrix to look at the strategy alternatives appropriate to each product division. "As a result" Uthyan explained, "we can use this market-share and growth-in-sales information to plot the position of our division on a share-growth matrix and thereby get a pretty good idea of what is in store for our division".

Uthayan then drew a share-growth matrix (as shown below). He explained the origin of the share-growth (or BCG) matrix, the four categories, and their strategic implications. He then turned to Sri and said, "Now you plot the five divisions and tell us what's in store."

### SHARE-GROWTH MATRIX

#### Relative Market Share

Small      Large


High

Market  
Growth Rate

Low

#### Questions:

1. Complete the Smile-SSUB' s Share-growth (above) including the following information: For each cell in the matrix, indicating which product division would fit in that classification. In general terms (high or low) indicate what each product line would be expected in terms of cash and investment?
2. What is the purpose of this type of Portfolio Analysis?
3. Where does the Cream division's product line fall in the matrix? Given its classification, what strategies might be considered for it? Why does Sutha predict that her department will face a challenging year?
4. What strategies are likely to be considered for product division in the other three cells?
5. What are the limitations of this type of Portfolio Analysis?

(28 Marks)

02. (a) Why do organizations encounter resistance to change? How can managers reduce resistance to change? (07 Marks)
- (b) Explain how Business Process Re-engineering (BPR) helps the strategic management process? (07 Marks)
- (c) What are the purposes of environmental survey? (04 Marks)
03. (a) What appropriate strategies you can develop in the four stages of an organizational life cycle? (07 Marks)
- (b) Identify the major stakeholders of an organization that are familiar to you as well as the major claims of the organization on those stakeholders? (07 Marks)
- (c) How do three level strategies differ from each other? (04 Marks)
04. (a) Explain the role of GE matrix in allocating the investment over a Strategic Business Unit (SBU) in an organization? (08 Marks)
- (b) Describe giving suitable example the "Ansoff Product-Market Expansion Grid"? (06 Marks)
- (c) List out the characteristics of a good mission statement (04 Marks)
05. (a) "An industry's profit potential depends of five basic competitive forces within the industry" (Michael E.Porter). Explain what do you understand by the above statement? (08 Marks)

- (b) Objectives are normally described in both quantitative terms and qualitative terms, why it is so important to state them in this manner? Explain with suitable examples?  
(05 Marks)
- (c) How can you link the experience curve with market share, cost and profits?  
(05 Marks)
06. (a) Distinguish between internal and external environments. What factors in each should managers consider in developing strategies?  
(07 Marks)
- (b) Describe Mc Kinsey's 7 S and explain how it is relevant to strategy implementation?  
(06 Marks)
- (c) Define the term strategy and explain why formulating a strategy should make an organization more effective?  
(05 Marks)
07. (a) Explain the role of "Value Chain Analysis" in assessing the competence of an organization?  
(07 Marks)
- (b) Describe the Porter's Generic strategies giving suitable examples?  
(07 Marks)
- (c) What do you mean by a Strategic Business Unit (SBU). Give a suitable example?  
(04 Marks)
08. (a) List out the different techniques that are used to analyze the environment? Select any two among them and discuss the merits and demerits of each?  
(09 Marks)
- (b) Compare and contrast the models of strategic management process?  
(09 Marks)