



EASTERN UNIVERSITY, SRILANKA
Faculty of Commerce and Management
Final Year/Second Semester Examination in Business Administration (2007/2008)
Special Examination – 2002/2003, 2002(A)/2003 (Repeat) (July-2008)
MGT 4013 - Strategic Management

Answer all questions

Time: 03 hours

Q1

VIRGIN ATLANTIC AIRWAY

Richard Branson is a well known entrepreneurial businessman. He became prominent through the growth and success of this virgin record label and music stores during 1970s and 80s.

He decided to begin a Trans –Atlantic air line in 1984. The move had been prompted by an idea, and Branson took just a few weeks to make his decision. In this short period Branson analyzed why small air lines had previously failed with similar ventures. In particular he focused on Freddie sky train which had competed with a basic service and low prices. When the major air lines reduced their prices skytrain was driven from the market – it had no other competitive advantage. Virgin Atlantic air ways would offer added value and superior service at competitive prices, and concentrate on a limited number of the most lucrative routs. Branson had both a vision and many critics, who argued he lacked the requisite skills.

More detailed planning came later after he began recruiting people with expertise in the industry in this case the planning concentrated on the implementation of a visionary strategy. The air line has grown steadily over a 12- year period, and won number of awards for the quality of its service. Additional air craft have been leased and new routs added. The growth has been limited, incremental steps as virgin Atlantic has learnt from experience in a very dynamic environment. The major carriers such as British airways have clearly seen virgin as a threat and the whole industry has been affected in the 1990s by the gulf war and the world - wide economic recession. When virgin Brock in to the trans –Atlantic market with its innovative new service, it took the existing carriers by surprise: this was competition from a un expected source. A successful holiday business has also been developed alongside the airline.

- a) What are the strategic management concepts that you can relate with the above case study. (10 marks)
- b) Give an account of the competitive environment and specify what the competitive advantages available are for the company. (10 marks)
- c) Identify the types of strategies Richard Branson use for this market? (08marks)
- (Total 28 marks)

- Q2 a) "Coming to a compromise among the conflicting interest of the **stakeholders** of a company is difficult task". If you have been assigned with this task how you would handle it. Briefly explain. (10 marks)
- b) Explain why organization structure needs to fit together with strategy to support the implementation of an organization's strategy. Support your argument with the **strategic model**. (08 marks)
- (Total 18 marks)

- Q3 a) Select a familiar industry of yours and identify how **porter's five force model** works on it. (06 marks)
- b) Describe the most important components that should be included when writing a **Mission statement** and explain the reasons for it. (06 marks)
- c) What is the role played by a "**Value Chain analysis**" and "**Value System Analysis**" (06 marks)
- (Total 18 marks)

Q4 a) "Corporate strategy is primarily about the choice of the direction of the whole firm. This is a true whether the firm is small, one product company or large multinational corporation". Explain the different types of **corporate strategies** that are available for an organization

(06 marks)

b) Compare and contrast the **BCG** and **GE** matrix.

(06 marks)

c) In the light of your view do you think that the university has acted in a **social responsible** way? Justify your answer.

(06 marks)

(Total 18 marks)

Q5 a) Briefly explain each step in the evaluation and control process?

(06 marks)

b) "Companies in an industry often differ from each other with respect to number of factors". Elaborate on this statement using **strategic group analysis**.

(06 marks)

c) Briefly Explain the following

1. Re-engineering
2. strategic alliance
3. Strategic Business unit

(3*2=06 marks)

(Total 18 marks)