

**Jagan Institute of Management Studies**  
**End-Term Examination, September, 2016**  
**Trimester IV – PGDM 2015-17**

***Strategic Management II***  
***ET\_PG\_SM-II\_2109***

Time: 3 Hrs.

M. Marks: 70

**INSTRUCTIONS: Attempt any FIVE questions including Q1 & Q7 which are compulsory.**

- Q 1** Answer in brief any **FOUR** of the following:
- a) Briefly analyze any two characteristics of short-term objectives with the help of an example.
  - b) Briefly highlight the competencies the managers must possess as they seek to become strategic leaders.
  - c) With the help of an example, bring out the difference between downsizing and down-scoping.
  - d) Explain the difference between Multi-domestic competition and Global competition.
  - e) The ethical code of conduct and not the profit motive should be the guiding principle for executive decision making? Do you agree with the statement?
  - f) Highlight any three benefits of creating policies? **16**
- Q 2** Joint-venture is the best method of entering the market. Analyze with reasons whether you agree or disagree with this statement. **12**
- Q 3** Procter and Gamble is the world leader in the detergent business. However in India Hindustan Unilever is the leader in this business. Analyze the reasons contributing to the same. Recommend strategies which can help to gain market leadership in the Indian detergent market. **12**
- OR**
- What are the specific reasons that a firm decides to go for acquisition as a means of achieving strategic competitiveness? Also explain the problems faced by firms while using an acquisition strategy to be successful? Support by taking a specific sector from Indian Economy which has experienced growth through acquisitions in recent past? **12**
- Q 4**
- a) Explain the concepts of modular and boundary less organizations? **6**
  - b) Many experts are of the view that Matrix organizational structure is much better than Functional organizational structure. Analyze whether you agree or disagree with this statement. Justify your answer with reasons. **6**

- Q 5** a) Collapse of Satyam Computers reminds us about the need of Corporate Governance. Why is a sound mechanism of corporate governance in place important for all the stakeholders? **6**
- b) Briefly highlight the four types of social responsibilities for any organization of your choice? **6**

OR

Which factors account for the considerable amount of attention corporate governance receives from several parties; including shareholders, press writers etc.? Why is governance necessary to control managers' decisions? **12**

- Q 6** By giving relevant industry examples, compare and contrast the concepts of Balanced Scorecard and Six Sigma as tools of strategic change. **12**

- Q 7** Read the case and answer the questions given at the end of the case.

### **Strategy Implementation of Virgin Group**

Richard Branson, entrepreneurial owner and founder of Britain's untraditional Virgin Group, has fused two dissimilar lines of work – show business and commerce – into a single, extremely profitable enterprise. Virgin Group comprises of more than 100 companies in 15 countries. It includes Virgin Atlantic, a 12 plane long distance carrier, the Virgin Retail Group outlets that sell CDs, videos and games; Virgin Communications including a small publishing company a commercial AM radio station, and a television station; Virgin Interactive Communication a computer games software publisher, and the Voyager Group a collection of diverse assets ranging from a hotel chain to a model agency.

Branson's business strategy places him at the forefront as the company's most effective marketing tool. He has become the world's greatest underdog commented a London analyst. He is great actor. In addition his strategy also involves making the most of publicity. If you have got an airline, Branson asserted, you've got to keep it in the public eye somehow. This he accomplishes through a variety of methods including headline grabbing adventures such as crossing the Atlantic Ocean by speedboat and balloon.

Such exploits have served to define Virgin's organizational culture. In addition morale is boosted by the success of Virgin Atlantic which had humble beginning as an upstart airline and was vulnerable to allegedly unfair competitive tactics by rival British Airways (BA). Being around through the gulf war, the recession and BA's dirty tricks campaign has been particularly satisfying. The airline now holds 22 percent of the transatlantic market. This is less than BA's share, but more than what American or United holds. And Virgin is still

expanding.

The structure Branson relies on entails his heavy involvement. He believes in taking a hands-on approach particularly with airlines. At times, he even greets Virgin passengers at airports and asks them how they enjoyed their flights. Any time that he goes out to meet passengers he is always scribbling things he commented.

With the airline in an industry, plagued by intense competition and price war survival remains a constant goal. Branson is therefore cautious. There are a lot of big airlines in America that have gone belly-up. As airlines get bigger they sometimes get more vulnerable. Branson is determined not to let this happen to his airline.

In recent years, Branson appears to have mellowed with regard to his ambitions. Earlier, he wanted to build the biggest entertainment empire in the world.

Now, the man who has everything doesn't need more. There is also an element of social crusading in him that needs to be assuaged. Branson has now found at least a degree of contentment, He is now complacent that he has enough money to have three meals a day, to feed his children, clothe them, take holidays and build up and continue to run his companies. He has no more ambitions to build the biggest company in the world.

Branson remains conservative in his lifestyle. He attributes this to his respect for employees. As a businessman he thinks it's very important to set an example for his staff in the way you behave. You don't drive flashy cars and you choose a wife who isn't into diamond rings and expensive, glitzy clothes. This he implied leads to a staff with similar values.

In line with this, as Virgin has grown, Branson has broken operations down into smaller companies of between 50 and 100 people. He believes that each company should occupy separate offices and that employees should be able to take ownership of their company. A culture that emphasizes individual responsibility in this way enables drastic changes to take place quickly and easily.

The systems within the company are also very supportive of empowerment. For example, through the strong communication system, budgeting is explained to employees, with daily graphs that display performance by area in comparison to area budgets. The hiring system also relies on the empowerment of employees. At one point four junior employees were made responsible for hiring their own replacements when they were promoted.

Virgin offices are extremely informal. With 15-foot ceilings, working fire places and lavish gardens the building is more like a home than a place of business. Antiques are scattered around, along with plush sofas, intimate family pictures, various plaques and models of Virgin airplanes. And employees dress casually in line with the surroundings.

The elements of Virgin's strategy thus clinch the company's success. Under Branson's creative leadership exciting twists promise to lie ahead.

**Questions:**

- a) Discuss .the salient characteristics of Richard Branson's leadership style. 4
- b) Richard Branson has created a large number of smaller companies to manage them better. Many critics have stated that though the Virgin group operates in many businesses it is not a leader in any business in which it operates. Therefore they question the organization structure and the business strategy of the Virgin group. Do you agree or disagree with this assessment? Justify your answer. 8
- c) If you are hired as a consultant, recommend steps you would initiate to improve the strategy implementation initiatives of Virgin group. 6

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