



THIRD YEAR EXAMINATIONS IN BACHELOR OF BUSINESS  
ADMINISTRATION (EXTERNAL) – 2011/2012  
HELD IN DECEMBER 2013

BBA 34 STRATEGIC MANAGEMENT

Answer all Questions

Duration: 03 hours

01. Read the following case and answer the questions given at the end.

**Study of Sea View International: Strategy Formulation in a Declining Business**

The CEO of Sea View International, Mr. Sutharzan realized there was a major problem arising within their company when their earnings declined in the late 2010s till the early 2011s. Their net income not only shrunk to 20%, but also suffered from slow sales growth below the industry average during that period of time. Although their market share was well above their key competitors in pre 2010 period.

Therefore the question of what caused this big attack. It is observed that there was a growing trend of customers moving to traditional meals which is being offered by direct and indirect competitors as an alternative choice. Sandwiches and a variety of microwaveable meals are being offered at supermarkets, convenience stores and even at petrol stations. This convenience has caused many patrons to switch away from the fast food outlet.

Sea View International is also facing a stiff competition among the same style businesses such as East Hope and King Arugumbe. These major competitors are catching up by introducing the “Real Needs Delivery” system for local and foreign customers. In order to rope in the 55% of sales which is derived from Real Needs Delivery, these competitors are enhancing their preparation methods as well as the facility and speeding up their delivery process. Innovative approaches such as automatically bill customers are being introduced, to achieve the estimated 15% efficiency increase in Real Needs Delivery which increased the sales. Besides upgrading the Real Needs Delivery system, these competitors have also understood the market preferences and to offer new product lines ranging from fish to chicken based products with rural level vegetables prepared in a healthy manner.

Furthermore, the eating trend among the youth and the younger generations has undergone significant changes. Many customers are becoming more health conscious and tend to be demanding in determining their daily consumptions. This group of people has also expressed their dissatisfaction on the food which is being served by Sea View International and also expressed their satisfaction on the food which is being served by East Hope and King Arugumbe. According to the customers, it is an obvious fact that Sea View International served food with fat and oil is bound not only to affect customer’s health but their conscience as well. Besides health reasons, many foreigners’ eating habits have changed towards the concept of traditional food.

Upon analyzing the causes to the problem, it is noted that these problem are vital to be addressed in order to sustain the life span of Sea View International. The decline of sales within Sea View International in Sri Lanka can lead to a chain reaction and in the long run cause declines in the group’s worldwide annual sales and growth. Once the root cause has

been identified, See View International will be able to re-strategies and develop new and innovative product line, promotions, and facilities and even to venture into new market segments. However it will request an additional cost in order to implement new strategies.

### Questions

(a) What Impact the customer taste changes have on Sea View International? How well these changes reflected in the industry's competitive strategies? (07Marks)

(b) Briefly explain the Sea View International's future with its current strengths and weaknesses? (08Marks)

(c) Assume that you have been appointed as a CEO for Sea View International, What is the possible analysis and strategies that you will do to grow sales, profit and market share in this industry? (10Marks)

(Total 25Marks)

02. (a) Define the term strategic management and Briefly explain the importance of strategic management in today's competitive business environment? (05Marks)

(b) "Strategic flexibility demands a long term commitment to the development and cultivation of critical resources. It also demands that the company become a learning organization".

Explain various theories of organizational adaptation based on these statements. (07Marks)

(c) Select an organization of your choice and explain clearly, what is meant by the following strategic management terms.

- Vision
- Mission
- Goals
- Objectives

(04X02 Marks = 08 Marks)

(Total 20Marks)

03.(a) Explain the strategic management process and explain relationships between Environment Scanning and strategy formulation. (07Marks)

(b) "An organization is most concerned with intensity of competition within its industry. The level of this intensity is determined by basic competitive forces".

Explain how an organization could use Michal Porter's five forces model to identify the intensity of competition for the industry of your choice. (07 Marks)

(c) Briefly explain the three hierarchal levels of strategies and describe the various types of corporate strategies. (06Marks)

(Total 20Marks)

04. (a) Michael Porter proposes **generic competitive strategies** for outperforming the organizations in a particular industry. Briefly explain these strategies. (05 Marks)

(b) Define the term strategy implementation and discuss about various problems when management attempt to implement the strategies using suitable examples. (07 Marks)

(c) "Evaluation and control are one of the most difficult part of strategic management". Briefly explain the evaluation and control process of strategic management. (08 Marks)

(Total 20Marks)

05. Write short notes on the following

(a) Strategic Audit

(b) Value Chain Analysis

(c) TOWS Matrix

(03X05=15 Marks)

(Total 15Marks)