



SOUTH EASTERN UNIVERSITY OF SRI LANKA

005

THIRD YEAR EXAMINATIONS IN BACHELOR OF BUSINESS ADMINISTRATION /
COMMERCE (EXTERNAL) - 2008 / 2009 HELD IN AUGUST - 2009

BBA / COM 34 – STRATEGIC MANAGEMENT

Answer all Questions

Time: 03 Hours

01. Read the following case and answer the questions at the end of it.

The Mission of Sustaining 'Competitive Advantage'

The executive committee of the Special Tools Sri Lanka Ltd. (STSL) is busy with some strategic algorithms, to arrive the final conclusion on structural changes to be effected, for sustaining the company's competitive advantages. With shirking market and falling prices, with reducing productivity and increasing input costs, the company has been making operational losses since 2004. The parent company has asked STSL to re-look at its purpose, programmes, products, prices, people, and profit. STSL has added two more 'Ps' to this list – processes and perception.

The company has been using a traditional functions-based structure for last twenty years. Its major product-divisions are mechanical tools, carpenter tools, special materials and other tools. Company's present internal discomforts (in addition to adverse externalities) have been pointed out as:

1. Absence of product-wise performance appraisal
2. Reducing employee productivity
3. Structural difficulties in the decision making process
4. Confusion about the 'business focus' based STSL's core competency

The committee wants that a Strategic Solution Track (SST) should be developed to tackle these issues in the most optimal manner. One big confusion is about the starting point. The very definition of 'core competence' and its relation with the sustainable competitive advantages has become a matter of debate among members of the executive committee. Suddenly, the members find that the 'mission' defined for their organization, needs to be redone with a possible strategic modification in the 'vision'.

An important strategic issue is, should STSL address the problem of reducing competitive advantage first (for positive operational results) or should it aggressively work on the 'statement of mission' with a shift in 'core competence'. Two members of the committee are suggesting an operational model as follows.

1. Look at the programmes and processes (without touching the products)
2. Reassess 'people quality' and work on 'productivity and cost linkage'
3. Think of a structural change (from 'function' to 'product')

Another viewpoint getting importance is revival of the external value-drivers like the vendors, ancillaries and distributors. Of course the committee is not very clear about the area of 'concentrated core competence' in the entire value chain of the organization.

In any case, the committee knows that a dedicated taskforce would be required, to decide and design the ways and means to address these serious issues. A tactical question about structure of the taskforce, modus-operandi and the overall time-frame will have to be answered by the top management and the parent company.

Employee's union of STSL has made a strong suggestion that. If the company looks at the processes and improves them; the employees would offer good support to the pragmatic attempts for 'productivity improvements'.

After all the parent company's argument for shareholders' value appreciations going to be the major base for the whole exercise. The *credo* of the company highlights this aspect emphatically, that if the shareholders are happy, the other stakeholders would also enjoy perpetual virtuous cycle of growth and prosperity.

Questions

- a) Define the terms 'core competence' and 'competitive advantage' (04 Marks)
- b) What would be the broad 'Strategic Solution Track' (SST) for STSL? (06 Marks)
- c) How would you correlate the 'shareholders' value appreciations' with the interest of other stakeholders? (10 Marks)
- d) Do you think that the situation of this company is correct for changing the Mission and Vision? (05 Marks)

(Total 25 Marks)

02. a) "Where are we now?, Where do we want to go?, and How will we get there? are the three big strategic questions to think strategically when developing a strategic vision." Comment on this statement. (09 Marks)
- b) Briefly explain the strategy making pyramid of an organization. (06 Marks)

(Total 15 Marks)

03. a) “ The five forces model is a key analytical tool for diagnosing the competitive environment of any organization”. Explain the competitive environment of ‘DAMRO’ furniture manufacturing organization in Sri Lanka by using this model. (07 Marks)
- b) Explain the contribution of SWOT and the PEST analysis of environmental scanning of an organization. (08 Marks)
- c) Cite some common skill related key success factors for an organization. (05 Marks)
- (Total 20 Marks)

04. a) Briefly explain the five generic competitive strategies, and explain the situation when a low-cost provider strategy works best. (06 Marks)
- b) List out some first mover advantages and disadvantages. (06 Marks)
- c) Compare and contrast the BCG growth-share matrix and the industry attractiveness-business strength matrix for the purpose of strategy selection process. (08 Marks)
- (Total 20 Marks)

05. a) Why is implementing a strategy a tough management job?, and explain the principles task of strategy implementation. (10 Marks)
- b) How can reengineering promote better implementation of strategy for an organization? (05 Marks)
- c) Structure follows strategy or the strategy follows structure, which is best? Explain. (05 Marks)
- (Total 20 Marks)
