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16MBA25

Second Semester MBA Degree Examination, June/July 2017
Strategic Management

Time: 3 hrs.

Max. Marks:80

Note: 1. Answer any FOUR full questions from Q.No.1 to 7.
2. Q.No. 8 is compulsory.

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| 1 | a. What do you mean by strategic thinking? | (02 Marks) |
| | b. What is the importance or relevance of strategic management? | (06 Marks) |
| | c. Explain porter's five force model. | (08 Marks) |
| 2 | a. What are the 5 tasks of strategic management? | (02 Marks) |
| | b. Explain value chain analysis. | (06 Marks) |
| | c. Explain the strategic management process. | (08 Marks) |
| 3 | a. What do you mean by takeover strategy? | (02 Marks) |
| | b. Differentiate between Mission and Vision. | (06 Marks) |
| | c. Explain the balanced scorecard approach of objective setting. | (08 Marks) |
| 4 | a. What do you mean by PESTLE analysis? | (02 Marks) |
| | b. Explain the hierarchy of strategic intent. | (06 Marks) |
| | c. Explain BCG matrix. | (08 Marks) |
| 5 | a. What do you mean by SWOT analysis? | (02 Marks) |
| | b. Explain the generic competitive strategies. | (06 Marks) |
| | c. Explain the Mc Kensey's 7's framework. | (08 Marks) |
| 6 | a. Differentiate between goals and objectives. | (02 Marks) |
| | b. Explain the concept of external environment in strategic management. | (06 Marks) |
| | c. Differentiate between strategies and Tactics. | (08 Marks) |
| 7 | a. What do you by strategic implementation? | (02 Marks) |
| | b. What are the reasons of failure of strategic management? | (06 Marks) |
| | c. Explain the GE nine cell grid. | (08 Marks) |

8 Case Study:

Designer LIZ Claiborne founded her company in 1976 with the help of 3 partners. By 1990 her company had over \$2 billion in sales yearly and its stock had become a wall-street favourite. The secret of the Co's success was based in LIZ Claiborne's decision to focus on the rapidly growing professional women's clothing segment of the market. By 1976 women were entering the work force in rapidly increasing numbers, but relatively few companies were producing clothes for this segment and they were highly priced firms like Ellen Tracy, Donna Karen and Ann Klein. Liz Claiborne decided to find out what kind of clothing professional women wanted. Then she used her talents to create a design team to focus on providing attractively designed clothing for professional women's at reasonable



prices. In doing so, she tapped on unmet customer need and the result was dramatic as sales boomed. To protect its image, Liz Claiborne sold her clothing through established retailers like Macy's Blooming dates and Dillard's retailers were required to buy at least \$50,000 worth of her collection and the company controlled the way it suits and dresses were sold in each store- e.g. the way clothes were hung and displayed. This attention to detail was part of her strategy of focusing on the upscale professional clothing niche. To promote its growth, the company then started to find new outlets stores. The Liz Claiborne team also used its design skills to produce a line of men's sportswares clothing and to develop new products line perfume, shoes and accessories by 1988 the Liz Claiborne name had become famous.

However, by 1990 that the Co's growth had slowed. The company was in trouble. Competitors, recognizing, the niche pioneered by Liz Claiborne had begun to offer their own lines of professional women's clothing. Expensive designers like Ann Klein and Donna Karen had new lines of cheaper clothing. Expensive designers like DK and Anna Klein had new lines of cheaper clothing, priced to compete directly with Liz Claiborne. In addition, low cost manufacturers had begun to produce clothing lines that undercut her price, often using Liz Claiborne look alike designs. This competition from both the top and the bottom end of the market took sales away from the company.

Another problem for Liz Claiborne came from the retail end. Many of the Co's best company's best customers, retailers like Macy's were in deep financial difficulty and were cutting back on purchases to reduce their debt. At the same time, cost conscious consumers were buying more and more clothing from stores line casual corner and JC Penney and even discount stores line Kmart and Wall Mart, which do not sell the Liz Claiborne line but the low priced lines of competitors. As customers switched both to cheaper stores and to cheaper lines, Liz Claiborne's sales suffered.

Given this deteriorating situation, the company moved quickly to change its strategy. Chosen, who replaced Liz Claiborne as CEO of the company on her retirement, decided to broaden the Co's product line and produce low cost lines of clothing. To do so and at the same time protect the Liz Claiborne brand name, he brought Russ Tags, a clothing maker which produces time brands of women's clothing. Crazy Horse, the villager and Red Mouse. As part of the company's new strategy, each of these clothing makers lines will be redesigned and targeted at a different price range in the women's clothing market. For eg., Russ Tags, a sportswear line is to be upgraded and will sell a new line of clothing for 20 to 30% less than the Liz Claiborne company will begin to serve the general women's clothing market and not just the professional women's clothing niche.

Top management hopes that this new strategy will bolster the company's sagging sales and lead to the new period of growth and expansion. They believe that there is wide scope for the company to take its existing design skills and capabilities and to apply these in new market segments. However the company will now be going ahead to head with low cost producers and will have to find new ways to reduce its costs in order to able to compete. In 1993 its stock fell to \$18, on all time low and analysis are uncertain about the Co's future in an industry that is well known for the speed at which companies rise and fall.

Questions :

- a. Which factors led to Liz Claiborne success? (08 Marks)
- b. What changes has the company recently made in its strategy? Why? (08 Marks)

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