IV Semester M.B.A. Degree Examination, June/July 2012
(2007-08 Scheme)
MANAGEMENT
Paper – 4.1 : Strategic Management

Time : 3 Hours Max. Marks : 75

SECTION – A (6×2=12)

Answer **any six**. **Each** carries **2** marks.

1. a) What is Group think ?
   b) What is verticle differentiation ?
   c) What is value chain ?
   d) What is GAP Analysis ?
   e) What is efficiency ?
   f) What is full integration ?
   g) What is Transfer pricing ?
   h) What is strategic intent ?

SECTION – B (3×8= 24)

Answer **any three** questions. **Each** question carries **eight** marks.

2. How Now-price strategies enhances the competitive advantage ? Give examples.
3. What are Exit strategies ? Explain with examples.
4. Why do companies go global ? What are the entry modes that companies follow to enter into foreign markets ?
5. What are functional level strategies ? How it enhances the competitive advantage ?
6. Matrix structure is a complex and costly structure. Discuss with a Diagram.

P.T.O.

SECTION – C (2x12= 24)

Answer **any two** questions. **Each** question carries **12** marks.

7. What is a mission statement ? What are its components ? How would the mission statement of Profit and not-for-profit organisation differ ? Give examples.

8. What are corporate level strategies ? Discuss the advantages and disadvantages of each strategy.

9. Power, politics, conflicts, affects the competitive advantage. Explain with examples.

SECTION – D (1x15=15)

10. Read the case and answer the questions :

The Case of Cultural Differences

"It was the best of times ; it was the worst of times".

It was the former because Allen Bank's acquisition of a part of the Bradbury Bank - What the latter termed NEM (Newly Emerging Market) operations-seemed an acquisition scripted in heaven. Both were venerable institutions of British origin. Allen was the largest international bank in developing markets. Its core businesses ? Retail and corporate banking, treasury ops and trade financing. The bank employed over 33,000 people across 740 offices in 55 countries. Bradbury bank was smaller, but only marginally so. It employed 28,000 people and was present in 42 countries. Its core businesses were retail and corporate banking and trade financing. However, its NEM business was focussed exclusively on high-networth individuals and large corporates. So, when Bradbury wished to sell its NEM operations-it wanted to exit NEM because most economies there boasted a low credit rating and it wished to lesson its overall credit risk ; besides, it wished to focus its efforts on the first world-it was only natural that Allen, which wished to expand its presence in developing countries, buy them.

It was the worst of times because the cultures of the two banks were as different as blues-grass and Bhangra-Pop. Allen was a systems-driven bank which boasted of strong internal controls and placed an emphasis on training and performance. Bradbury was a old-world type, inward-looking firm with weak control systems and condoned pedestrian performance. Worse, it did little to spread its customer base and aggressively acquire new business.

It was also the worst of times because the two companies had different organisational structures. Allen favoured the matrix with the head of each division or function reporting directly to the regional head of that division or function, and only informally to the country head. Bradbury preferred a linear reporting relationship with everyone reporting to the country head. Expectedly, Bardbury employees who became part of the rechristened Allen Bradbury Bank (ABB-no relation to the energy giant, although the bank could have learned a thing or two from that company's integration of Asea and Brown Boveri) felt lost. "There is no symbol of authority I can relate to in my workplace," was a commonly heard refrain.

None of these, though, worried Surinder Sawhney, the 53-year old CEO of ABB, as much as the issue of people. Like most CEO's discover during the process of integration, Sawhney was discovering that ABB seemed to have two people for every position. Worse, Allen-employees considered their counterparts from Bradbury, who had been taken on, as baggage. "They're here because that was part of the deal with Bradbury", confided one young manager from ABB (he was from the Allen-side). "By themselves, these people would have never been hired by us". Not surprisingly, the acquisition had also thrown a spanner into Allen's well thought out career-progression plans. Sawhney and his HR head were discovering that they would have to redefine these for a larger group of employees. At the same time, they had to convince old Allen employees that they weren't being short-changed in the process. One senior HR manger had suggested that they get senior executives to make short presentations on why they were essential to ABB. Sawhney had thought the idea brilliant; his executives had'nt. Nor had the media. Within days horror stories, mostly apocryphal, about people having to re-interview for their jobs were doing the rounds. And all the while, ABB was steadily losing people. Head-hunters and rival banks were making a beeline for some of ABB's renowned human capital. And insecure employees were signing up with lesser companies rather than negotiate an uncertain future at the bank.

In desperation, Sawhney turned to an old friend, Vinay Sen, a HR professional who'd made a career for himself as an independent consultant. That hadn't helped much. True, Sen had shared some interesting thoughts on the issue of synergy. "Apart from valuation, the most hyped phrase in an M & A deal is Synergy," he had said. " People talk of dove-tailing strengths and capabilities, bringing complementary skills and exploiting cross-marketing opportunities. To me, synergy simply means one plus one, is not two, but six, or may be, eight. When a merger merely maintains the existing equilibrium, it does not make for synergy. It is only when there is a geometric leap in the advantages accruing to a merged entity that synergy makes sense". All sound stuff; only, it did little to help Sawhney tackle the problem at hand.

And this, the beleaguered CEO realised, was only the beginning. Convincing the best talent to stay put within the bank was the immediate objective. But there were other long-term ones. Like realising the benefits of the synergy Sen spoke about and ensuring that ABB ended up with a larger share of the market than any of its constituent entities. Sawhney had read all the right books on getting M and As to work for you, but this was real. And it was painful. "Heck", he thought, "we don't even share a common e-mail system".

Questions :

1) 'Integration is critical to the success of a merger'. Examine the statement keeping the Allen and Bradbury case in mind.
2) What should Sawhney do to strengthen both banks and develop a concrete business plan ?
3) What are the areas of compatibility and conflict between Bradbury Bank and Allen Bank ?
4) What kind of organisational structure should be put in place with a view to ensure smooth translation of rhetoric into action plans ?
5) As a consultant, what steps do you recommend to implement the integration ?