

SVKM's NMIMS
School of Distance Learning

Programme: PGDBM/ PGDMM/ PGDFM/ PGDHRM/ PGDITM/ PGDSCM/ PGDBFM

Academic Year: 2010 – 2011
Subject: Strategic Management

Semester III
Course New
Marks 70
Time: 3.00 pm to 6.00 pm

Date: 25.6.2011

Instructions:

Candidates should read carefully the instructions printed on the question paper and on the cover of the answer book which is provided for their use.

NB:

1. All 4 questions to be attempted.
2. All sub-questions carry equal marks.
3. Answer to each new question to be started on a fresh page.
4. Figure in brackets indicate full marks.

Q.1. Attempt any 2 out of 4 (10 marks)

- a. Explain core values and core purpose
- b. Competitor analysis frame work
- c. Porter's generic strategies
- d. Strategic gaps

Q.2. Write short notes on any 2 out of 5 (10 marks)

- a. PESTLE frame work analysis
- b. SBU
- c. Process of strategy formulation
- d. Rationale of a mission statement
- e. Why should an organization go in for an expansion strategy

Q.3. Attempt any 3 out of 5 (30 marks)

- a) Explain the nature, scope and need of levels in Strategic Management.
- b) Describe the SWOT and its application
- c) "Mergers and acquisitions is the only way out for organizational survival" comment.
- d) Explain the nature, scope and need of leadership in strategic management?
- e) What steps would you adopt in a turnaround strategic action?

Q.4. Answer the following question in the case (20 marks)

Southern Foods Limited (SFL) manufacture and supply customised menu items to the food industry. Their range includes a number of savoury and sweet sauces, marinades and stuffing's in a chilled or frozen form, which are developed in partnership with the food retailer. Their range of savoury sauces alone encompasses some 65 different varieties from standards like cheese and Bolognese to the more exotic spicy mango salsa and SZECHWAN. SFL occupies a fully integrated processing plant near Chichester town centre and employs 250 people.

The increase in convenience food production and growth in the take away food sector has impacted very profitably on their business. The company has developed a line of relishes and sauces that Billy's Big Boy Hot Dog Restaurants Ltd. (the market leader) currently uses.

Billy's Big Boy is an American fast food chain of global proportions. Big Dogs (their premier product) are now on sale in over 100 countries. They open approximately 100 new restaurants a year in the UK alone. Restaurants vary in size from large inner city restaurants over several floors, which employ many hundreds of staff, to small units found in railway stations, staffed by only a handful of operatives.

Although Billy's Big Boy is the purveyors of fast food meals, they have very little in common with the hospitality sector and much more in common with retailers. There is no menu flexibility, no locally determined specialities, and no need for catering expertise. The company is proud that the quality and ingredients of their individual food items are completely uniform throughout the UK, and vary little across the world. For this reason they tend to emphasise single supplier relationships, and have a very high level of determination over the quality, costs and ingredients of their finished products.

The Billy's Big Boy emphasis on standardisation of product extends to production of their Relish Pot for their chicken (Chicken Dog) range. This menu item, which is particularly popular with children, offers a barbecue-, tomato- or curry-flavoured Relish Pot accompaniment. For 15 years these pots have been manufactured at SFL.

That is not to say that Southern Foods have a contract with Billy's Big Boy. Although they have had to make considerable changes to their production processes they have no written contract that confirms the relationship between the massive American giant, and the smaller UK Company. And although Southern Foods is delighted with the business that is coming their way, (Relish Pot consumption is currently running at 350 million per annum), there is a price to pay in terms of both the lack of security in the relationship and in the demands that Billy's Big Boy has placed on the Southern Foods production processes.

In order to ensure the consistency and quality of the Relish Pot, Billy's Big Boy imposes rigid standards on both the production process and employee behaviours at SFL. The company has had to install three new Austrian-manufactured machines that have cost £1 million each to buy ship and install. In addition, the company is required to demonstrate their continued commitment to Billy's Big Boy by showing continuous development and investment in this sector of their business. Quality is measured by statistical process control. There is also an enforced emphasis on continually increasing the efficiency in the production capabilities in terms of reducing the cost per case and increasing the output per head. In line with the 'Big Boy Way' (the corporate philosophy of the American giant) a continuous improvement team measures all aspects of the process. Data must be kept up to date at all times to fulfil the demands of the Big Boy quality inspectors, who frequently drop by unannounced.

In practical terms, this demanding and unstable relationship between customer and supplier has meant that a corner of the factory in Chichester has become a micro reflection of the American Company itself. This corner is known as the B's unit. The specialised nature of the training means that, staffs who work in the B's unit are dedicated to it alone and are the most highly skilled workers in the factory. To keep costs down, staff has been cut to the minimum. At any one time two mixers, three machine operators, one palliating employee and one unit leader staff the corner. The machines run 16 hours a day over two shifts. The B's employees (14 in total) generally regard themselves as the best in the organisation and are highly committed and intrinsically motivated. Generally, they work hard. They are somewhat disgruntled that they are paid the same as lower skilled workers, and morale is showing signs of dropping. At the present time, however, productivity is slowed only when employees are sick or on leave, as they are not trained in each other's work. Cover from within other areas of the factory is not allowed under the terms set by the US organisation.

Current Scenario

Two weeks ago the Big Boy inspectors dropped in with information on a new business strategy. They are intending to introduce special promotions of hot dogs influenced by international cuisine and they are requesting that Southern Foods become involved in the development and production of shorter runs of promotional relishes (the first of which will be sweet and sour). The potential benefits for the business are substantial, particularly if any of the relishes become part of the permanent menu.

The managing director has called that there is not enough stability in promotional relishes to justify the purchase of the fourth machine; instead he has decided to 'sweat' the current assets even harder. He has decided that the B's unit must operate for 24 hours, that one of the three machines should be devoted to promotion relishes, and that more efficiency in labour costs must be made. He wants times of slow production to be eliminated. He has decided that he can afford only another six staff to cover the additional production requirements, particularly because he now considers that the B's staff should be on an enhanced reward package. He also wants to be able to return to the current shift pattern in the case of the relish promotions not being continued. He has given you, the director, a week to come up with innovative ideas that might help solve these business problems.

Explain based on your analysis what strategies would adopt / recommend in this case?