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III Semester M.B.A. Degree Examination, March - 2021

MANAGEMENT

Strategic Management & Business Ethics

(CBCS Scheme 2019-20)

Paper : 3.1

Time : 3 Hours **Maximum Marks : 70**

SECTION - A

Answer any **Five** questions from the following. Each question carries **5** marks. **(5×5=25)**

1. Describe the elements in Strategic Management Process.
2. What are the generic building blocks of competitive advantage?
3. Distinguish between horizontal and vertical integration with suitable examples.
4. Explain blue ocean strategy with an example.
5. Differentiate between Vision and Mission.
6. How can corporate governance foster ethical decisions and behaviors in business?
7. How do you determine whether a firm's resources and capabilities can provide a sustained competitive advantage?

SECTION - B

Answer any **Three** questions from the following. Each question carries **10** marks. **(3×10=30)**

8. What are different types of strategic control techniques? How do you use the Balanced Score card to track and manage an organization's strategy?
9. The foundation for any company that wants to be "built to last" is to have a business model that actually supports that objective. Explain the statement Respond to the following questions: What is meant by :
   A) Business Model Canvas
   B) Briefly describe the nine (9) building blocks of the Business Model Canvas with suitable example.

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10. What are the factors that determine industry attractiveness? Explain using Porter's five force Model.

11. Assume you are a Business Analyst and are asked to study the most essential value creating activities of the business to enhance their efficiency, thereby increasing the profit margin. Explain in detail the best Strategic management tool that you can use for this situation.

SECTION - C

(Compulsory)

12. **Case Study** **(1×15=15)**

The Davis Service Group provides textile maintenance services in the UK and Europe. This includes linen hire, workwear rental, dust control mat, laundry and washroom services. The Group operates across Europe from its London headquarters. It employs 17,000 people and has an annual turnover of more than £ 820 million. In 2001, the Davis Service Group consisted of three main operating companies each of which was the UK market leader in its own sector :

- Sunlight (textile maintenance) - hiring sheets to hotels, hospitals and private businesses. Sunlight was the original company from which the Group developed.
- Elliott (building systems) - hiring modular buildings for temporary office space.
- HSS (tool hire) - operating through 450 outlets in the UK.

Although these companies were strong, they operated only in the UK which had become a mature market. This means that there are fewer opportunities for growth. Sunlight was the strongest performing part of the business with 45% of revenues at that time. Therefore, to improve return on investment to shareholders, the company choose to focus on the linen hire and textile maintenance part of the business and look for ways to grow it overseas. Davis Service Group had a number of options to choose from to follow its strategy of overseas growth. The Sunlight business was partially vertically integrated by including the cleaning and delivery processes in its service. It was also integrated backwards with a company that made sheets

In 2002, the Davis Service Group acquired Berendsen, a company operating in Denmark, Sweden, Norway, Austria, the Netherlands. Poland and Germany. Berendsen was the market leader in providing textile services in its geographical area. When the Davis Service Group took over Berendsen. Berendsen was not performing financially as well as it could. Profitability was below that achieved by Sunlight. The Davis Service Group already had proven management systems in providing textile services. It was able to reduce operating

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costs, by closing down some locations where Berendsen had two outlets operating in the same area, strengthening the management of the two companies and save fixed costs, by cutting out the central headquarters of the company. This put Berendsen in a stronger position to improve its sales and profits.

Sunlight and Berendsen are specialist companies at the same stage of production. It was possible to pool the knowledge and expertise of the two companies so that both benefited.

Also, as part of the Group, these companies have increased their customers in existing locations, as well as in other areas of the rapidly developing EU market. Trade and living standards in the EU are growing fast. Large global companies are opening up new sites and they require textile services from Sunlight and Berendsen. Countries like Poland, which joined the EU in 2003, are experiencing growth in key sectors such as manufacturing, so more uniforms are needed. New EU legislation also provides an opportunity for Davis Service Group. For example, the need for protective uniforms for industrial workers provides plenty of new contract work for textile services.

Questions :

1. Describe the ways in which a company can pursue growth strategy. Give examples to illustrate the ways of growth adopted in this case.

2. Businesses grow when they have the resources to expand and opportunities exist for growth. Explain how the acquisition of Berendsen provided such a good opportunity for the Davis Service Group.

3. If the company were to expand into new areas of the globe, where would you recommend and why? What factors might encourage or discourage this choice?