Name: **Enrolment No:**	UPES

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, December 2018

Course: Business Policy and Strategy **CC:BBCG107**
Semester: V
Programme:BBA OG
Time: 03 hrs. **Max. Marks: 100**
Instructions:

SECTION A

S. No.	**Choose the correct answer. Each question carries 1 Mark**	**Marks**	**CO**
Q 1	1. Small firms seldom go beyond what stage of strategy? A) contract manufacturing B) turnkey projects C) joint ventures D) exporting 2. Vertical integration may be beneficial when A) flexibility is reduced, providing a more stationary position in the competitive environment. B) the minimum efficient scales of two corporations are different. C) lower transaction costs and improved coordination are vital and achievable through vertical integration. D) various segregated specializations will be combined. 3. An advantage of a divisional type of organizational structure is A) an enhanced ability to respond quickly to changes in the external environment. B) efficient use of managerial and technical talent. C) high degree of emphasis on long term performance. D) uniformity in image and quality across divisions. 4. Which kind of risk taking entails that a company borrows heavily or commits a large portion of its resources in order to grow? A) business risk taking B) technological risk taking C) personal risk taking D) financial risk taking 5. A narrow market focus is to a differentiation-based strategy as a A) growth market is to a differentiation-based strategy. B) growth market is to a cost-based strategy. C) technological innovation is to a cost-based strategy. D) broadly-defined target market is to a cost leadership strategy. 6. Which of the following statements about ethical organizations is not true? A) ethical values shape the search for opportunities. B) organizational ethics define what a company is and what it stands for. C) the potential benefits of an ethical organization are few but direct. D) ethics provide a common frame of reference that serves as a unifying force.	**1X 10 =10**	**CO 1,2**

	7. Denoted in the Boston Consulting Group Portfolio management technique, a "cash cow, refers to a business that has A) relatively low market share and low market growth. B) low market growth and relatively high market share. C) relatively low market share and high market growth. D) high market growth and relatively high market share. 8. As a rule, discussions of the relationship between strategy and structure Strongly connote that A) strategy follows structure. B) strategy can effectively be formulated without considering structural elements. C) structure typically has a very small influence on a firm's strategy. D) structure follows strategy 9. Primary value chain activities that involve the effective layout of receiving dock operations (inbound logistics) and support value chain activities that include expertise in process engineering (technology development) characterize what generic strategy? A) differentiation B) overall cost leadership C) differentiation focus D) stuck-in-the-middle 10. Which of the following is false regarding how a differentiation strategy can help a firm to improve its competitive position vis à vis Porter's five forces? A) by increasing a firm's margins, it avoids the need for a low cost position B) it helps a firm to deal with supplier power and reduces buyer power since buyers lack comparable alternatives C) supplier power is increased because suppliers will be able to charge higher prices for their inputs D) firms will enjoy high customer loyalty, thus experiencing less threat from substitutes than its competitors		
Q2	**Examine the veracity of statement (True or False) (1X 10 =10 Marks)** 1. Strategic management acknowledges the trade-offs between efficiency and effectiveness. 2. When global strategies require that each division be responsible for overall efficiency and performance, a worldwide product division structure is disregarded. 3. The power of suppliers will be enhanced if they are able to maintain a credible threat of forward integration. 4. Intense rivalry in domestic markets does not typically force firms to look outside their national boundaries for new markets. 5. Launch of Wax Polish by Shoemaking company is example of Concentric diversification 6. Technological innovations can create entirely new industries and alter the boundaries of industries. 7. Competitors can be deterred entry into an industry through the advantages created by information systems.	**1X10=10**	**CO 1,2**

	8. A firm's intangible resources refer to its capability to deploy tangible resources over time and leverage the resources effectively. 9. An advantage of high differentiation is that even if many competitors follow the same strategy, differentiation is still present for all. 10. Restructuring necessitates the corporate office to find either firms in industries on the threshold of significant, positive change or poorly performing firms with unrealized potential.		
SECTION B			
Q 3	**Write short notes on any four (word limit 200 words)** 1. First Mover Advantage Vs Later mover advantage 2. Offensive tactics 3. Contraction. Consolidation and captive 4. Integration continuum 5. Behavioural substitution and pareto rule	**5X4=20**	**CO 2,3**
SECTION-C. Attempt any two. Each question carries 15 marks			
Q 4	Identify the most common reactive and proactive reasons why companies go into international business. Also suggest various modes of international operations	**15**	**CO ,3,4**
Q 5	Enumerate and enunciate the problems and solutions in the implementation of strategy	**15**	**CO 3,4**
Q 6	Structure follows strategy. Comment on the statement while pointing towards the probable structural changes effected as aftermath of selection of strategy.	**15**	**CO 3**
SECTION-D			
	Case Study Analysis carries 30 marks. The Virgin Group comprises of an assorted mix of businesses. It has its “finger in every pie”, so to speak. The Virgin has group diversified into 200 businesses. Sir Richard Branson, founder of Virgin in 1970, and the word Virgin are almost interchangeable. The Virgin brand name is by far the most important asset to the company. Being known as the “customers’ champion” inevitably has done wonders for public relations. This fact was capitalised on; in British advertisements for Apple Computers. Sir Richard Branson was associated with great names such as Einstein and Ghandi, and featured as a ‘shaper of the 20 th century’. Sir Richard Branson, tired of the public listings obligations and corporate bureaucracy sought to take the business back into private ownership. His understandings lead him to believe that sacrificing short-term profits for long-term growth was the way the business should be geared. As for corporate bureaucracy its significance in the Virgin Group, was reduced		

profoundly. Therefore Sir Richard Branson adopted a 'hands-off' policy with his managers and by doing so, encouraged their own initiatives. By proving such freedom, managers would inevitably feel more of a sense of responsibility, ownership and would try their up most to make a success of it. Sir Richard Branson knew this fact. He was providing an enriching atmosphere in which managers would flourish just as he had done.

Its not surprising then, that management recruited carefully selected individuals to be innovative people, pioneers in their field, and to have the competitive streak in their personalities. It was also of importance for candidates to be able to share values and to work effectively as team players. The key emphasis was in innovation and differentiation. The aim was to offer more for less and that each company was truly a Virgin in its own field. Although to some this notion may seem a bit too good to be true, no one can deny that "the Virgin Group is one of the UK's largest private companies" with an annual turnover (estimated) at £3bn by the year 2000.

The Virgin Group's rationale is to diversify into as many markets feasible, and extend the Virgin brand name further at a low cost; where stature could be relied upon to reduce barriers to entry into static markets. The Virgin Group sought a challenge in ever venture. They would aim to provide better quality products than any competitor in a complacent market. The key point is that the market to be entered must be still in its growing phase.

The alluring factor to Virgin's Greenfield start-ups is the "reward-to-risk" ratio, which could be acted upon by the experienced and capable Virgin management team. To establish the virginity of a venture, so to speak in an institutionalised market extensive research was conducted into the static market to derive whether some sort of niche can be achieved and thus satisfied. Sir Richard Branson and his team deployed their 5 point criteria, to which 4 out of the 5 must be met by a new venture before giving the final go ahead.

All the business in the Virgin Group is strategically targeted towards a "five pillar" empire system that Sir Richard Branson is eager to create. At "the heart of Virgin's core strategy to develop the five pillars of the business empire: travel, leisure, mobile phones, entertainment retailing and personal finance". All the ventures have inherited the Virgin name. By giving a venture the prefix of Virgin; is to send out a message to the consumer to say out loud this new business is a "virgin" in its market place, "fun", "innovative", "daring". Sir Richard Branson plays a more interactive role into affairs of marketing and promotion; because aside from his indubitable genius marketing and promotion of the Virgin brand name is the Holy Grail to the expansion of the Virgin Empire. Thus many businesses outside the Virgin Group have shown their interest through joint ventures. All business within the Virgin Empire as mentioned in the Corporate Rationale section sacrificed short-term profits to gain long term growth and used an autonomous business level decision making method. Managers are free to make decisions independently for growth and feel the same degree of ownership and

	values that any other manager in the Virgin group would feel. Businesses were 'ring-fenced' so that assets could not be switched between companies in the Virgin Group and if a company became too large another company would be spun off, in its place. However Virgin brand name is a consumer's champion and as mentioned previously is a much respected brand with the British public. Despite these facts , the conglomerate is facing problems in Virgin Atlantic which is in airline industry with cyclic in nature . This proved to be dangerous by 2001, as Virgin seemed to rely entirely on the profits of Virgin Atlantic. Deregulation increased the competition in the market place. All in all most compositors were experiencing losses. In case of Virgin Rail,the biggest problem faced by the Virgin Group was the Strategic Rail Authority's Review in 2000 because it was the most public. Virgin Rail was voted the most "unpopular" rail operator; and if that wasn't enough the statistics: Virgin ranked 23 rd and 24 th out of 25 operators, was ample reason for Sir Richard Branson to feel a stake go through his reputation. Slowly but surely Virgin's prized brand name was being slowly chipped away by the press. The Virgin Group being such a large empire of 200 businesses was wonderful publicity when things were going right but all it took is for a hand full of businesses in the empire to either experience unavoidable consequences, which is the case of Virgin Atlantic and bad service and publicity as was the case with Virgin Rail for it to have quite disastrous effects on other areas of the group. Public confidence is such a delicate matter.		
Q7.	.Do you see any problem in Virgin group? If yes, identify and comment. Also see if there any ethical dilemma exist.	**10**	**CO 4**
Q8.	Conduct Internal analysis of Virgin Group and identify, resources, capabilities and core competencies.	**10**	**CO 5**
Q9.	On the basis of above analysis, and BCG Matrix, suggest upon business level and corporate level strategies	**10**	**CO 5**