PJ – 676

III Semester M.B.A. Degree Examination, Jan./Feb. 2019
(CBCS Scheme)
(2014-15 and Onwards)
MANAGEMENT
Paper – 3.1 : Strategic Management and Corporate Governance

Time : 3 Hours Max. Marks : 70

SECTION – A

Answer **any five** of the following questions. **(5×5=25)**

1. Explain the process of strategy formulation.

2. How do you link vision and mission statements of the organization ?

3. What are the advantages and disadvantages of

   a) Vertical Integration

   b) Outsourcing

4. Briefly discuss various kinds of Growth Strategy with suitable example.

5. What is GE planning grid ? Discuss.

6. How can companies pursuing cost leadership and differentiation lose their place on the value frontier ? In what way they can regain their competitive advantage ?

7. When is company likely to choose 1) Related diversification 2) Unrelated Diversification.

SECTION – B

Answer **any three** of the following questions. **(3×10=30)**

8. What is Competitive advantage ? Discuss its building blocks. How long a competitive advantage will last ? What are the factors affecting the durability of competitive advantage ?

9. What are the important perspectives of Balanced score card ? Why it is needed ? Explain with suitable example.

10. How would you design an evaluation and control process in a large established corporation ?

11. Write short notes on :

 1) Corporate Governance

 2) Blue Ocean Strategy.

SECTION – C **(Compulsory)**

12. The Evolution of Strategy at Procter and Gamble. **(1×15=15)**

Founded in 1837, Cincinnati-based Procter and Gamble has long been one of the world's most International companies. Today, P and G is a global colossus in the consumer products business, with annual sales in excess of $68 billion, some 56% of which are generated outside the United States. P and G sells more than 300 brands – including Ivory soap, Tide, Pampers, IAMS pet food, Crisco, Gillette, and Folgers – to consumers in 180 countries N production operations in eighty countries and employs close to 138,000 people globally.

P and G established its first foreign factory in 1915 when it opened a plant in Canada to produce Ivory soap and Crisco. This was followed in 1930 by the establishment of the company's first foreign subsidiary in Britain. The pace of international expansion quickened in the 1950s and 1960s as P and G expanded rapidly in western Europe and then again in the 1970s when the company entered Japan and other Asian nations. Sometimes P and G entered a nation by acquiring an established competitor and its brands, as occurred in the case of Great Britain and Jaw, but more typically the company set up operations from the ground floor.

By the late 1970s, the strategy at P&G was well established. The company developed new products in Cincinnati and then relied on semiautonomous foreign subsidiaries to manufacture, market and distribute those products in different nations. In many cases, foreign subsidiaries had their own production facilities and tailored the packaging, brand name and marketing message to local tastes and preferences. For years, this strategy delivered a steady stream of new products and reliable growth in sales and profits. By the 1990s, however, profit growth at P and G was slowing.

The essence of the problem was simple; P and G's costs were too high because of extensive duplication of manufacturing, marketing and administrative facilities in different national subsidiaries. The duplication of assets made sense in the world of the 1960s, when national markets were segmented from each other by barriers to cross-border trade. Products produced in Great Britain, for example, could not be sold economically in Germany due to high tariff duties levied on imports into Germany. By the 1980s, however, barriers to cross-border trade were falling rapidly worldwide and fragmented national markets were merging into larger regional or global markets. Also, the retailers through which P and G distributed its products, such as Wal-Mart, Tesco in the United Kingdom and Carrefour in France, were growing larger and more global. These emerging global retailers were demanding price discounts from P and G.

In 1993, P and G embarked on a major reorganization in an attempt to control its cost structure and recognize the new reality of emerging global markets. The company shut down some thirty manufacturing plants around the globe, laid off 13,000 employees and concentrated production in fewer plants that could better realize economies of scale and serve regional markets. These actions cut some $600 million a year out of P and G's cost structure. It wasn't enough! profit growth remained sluggish.

In 1998, P and G launched its second reorganization of the decade. Named Organization 2005, its goal was to transform P and G into a truly global company. The company tore up its old organization, which was based on countries and regions and replaced it with one based on Countries based on seven self-contained global business units ranging from baby care to food products. Each business unit was given complete responsibility for generating profits from its products, and for manufacturing, marketing and product development. Each business unit was told to rationalize production, concentrating it in fewer, larger facilities; to build global brands wherever possible, thereby eliminating marketing differences among countries; and to accelerate the development and launch of new products. In 1999, P and G announced that, as a result of this initiative, it would close another ten factories and lay off 15,000 employees, mostly in Europe where there was still extensive duplication of assets. The annual cost savings were estimated to be about $800 million. P and G planned to use the