



University of Kelaniya - Sri Lanka
Centre for Open and Distance Learning



Faculty of Commerce and Management Studies

Bachelor of Business Management (General) Degree

Year III and Part II Examination (External) – 2008

BMGT 33015/ BMG 303.2 – Strategic Management

No of questions – 07

Time: 03 Hours

Answer question number 01 and any other four (04) questions

(01)

Issues at My Foods Limited

My Foods Limited produces and distributes packaged food products such as cereals, biscuits, spices, jams and jellies, syrups, etc. The company has a national market and also exports small quantities to neighbouring countries. It conducts a large national advertising campaign. It has 75 plants located all over the country and markets 70 different products, each under its own trade mark. Though its products are all food products, they are not otherwise closely related. They vary from long margin specialities with comparatively small volume to large-volume items with small profit margins. Different raw materials and other articles are used in their processing and packing. All products are however, sold through the same channel. i.e., retail and wholesale stores

The management of My Foods Limited is centralised. The Chairman of the Board, the President and four Vice-Presidents who are responsible for sales, production, purchasing and law make up the topmost executive level of the company and operate as a committee on all general policy matters. Sales, advertising and sales promotion comes under the Sales Vice-President. All plant operations as well as the research and engineering department report to the Production Vice-President. Financial responsibilities are handled by the President and employee relations are covered by each Vice President in his own area of responsibility.

The company was set up by combining several food products organisations and it has acquired others since. One of the theories of the management is that there would be a great advantage in wholesale distribution if

one salesman could cover an entire line on one call as against a number of salesmen, each calling to sell a single line. Saving in time alone would be of great value to the distributor. This principle has been retained and has proved successful as the company has grown.

All advertising is coordinated and placed by the Advertising Manager while the final authority rests with Sales Vice President. Each plant is operated by a superintendent who is in-charge of wages, maintenance, cost, output, quality, hiring, inspection and other normal plant operation responsibilities. Superintendents report to eight Regional Production Managers who are responsible to the Production Vice-President. The volume of production in each plant is scheduled by the production control group reporting to the Operating Vice President. Final schedules are set after consulting the Sales Vice President

The business has more than doubled in the last ten years and profits, both gross and net, have increased. The number of plants has also more than doubled. Purchases have increased proportionately. New taxes and new reports to the government have added to the complexity. The management feels that certain problems are potentially dangerous and should be solved before they become serious.

There have been periods in which a product has got into difficulty because of loss of favour with the public, bad management or even neglect. Attention of the Sales Vice-President to the problems of some products has caused him, at times, to fail to recognize difficulties in other products even though the Product Manager of such products had recognized them and brought them to his attention. The burden on the present officers is becoming too heavy to ensure proper attention to all their responsibilities.

Opportunities for increasing product-lines and expanding the business are being lost because of lack of executives' time to study them or to manage new products. In any business where specialties are sold under trade marks and brands are the major business of a company, it is necessary for the company to continually bring out new products and to study old ones to determine the point of no return regarding promotion and advertising expenses.

The management feels that in addition to the lost opportunities, market potential and the need for development of present products are not being fully recognized. The business may have grown too big for the form of management.

Questions

- (I) How far is the existing organizational structure effective in the changed conditions of the company?
(14 Marks)
- (II) What recommendations can you make to rectify the situation by matching the organizational structure to the strategy. (Identify the existing weaknesses and provide necessary solutions)
(14 Marks)
(Total 28 Marks)
- (02) (I) Organizational environment plays a major role in the decision making of the firm.
Discuss in brief, the organizational environment with respect to the stakeholders and their relationship with the firm.
(09 Marks)
- (II) Distinguish among Mission, Objectives and Goals
(09 Marks)
(Total – 18 Marks)
- (03) (I) Define strategic management and identify the various concepts relating to the strategic management process of the organization
(09 Marks)
- (II) Briefly explain the benefits, an organization can gain through an effective strategic management process
(09 Marks)
(Total – 18 Marks)
- (04) (I) Discuss Michael Porter's "Five Forces Model" on competitiveness
(09 Marks)
- (II) Apply this model and evaluate the nature of competitiveness by selecting a garment manufacturing firm in Sri Lanka
(09 Marks)
(Total – 18 Marks)
- (05) (I) Briefly describe the various types of strategies that an organization can adopt based on their requirement
(09 Marks)
- (II) Differentiate between strategy formulation and strategy implementation
(09 Marks)
(Total – 18 Marks)

- (06) (I) What is the role played by the top management of an organization in strategy implementation
(09 Marks)
- (II) Develop an employee recruitment strategy for a software manufacturing firm operating in Sri Lanka, but caters to clients in United States.
(09 Marks)
(Total – 18 Marks)

(07) Write short notes on any **three** of the following:

- a) Strategic planning.
- b) Differentiate between objectives and goals.
- c) Functional strategies
- d) Organizational environment
- e) Evaluation of a strategy
- f) Environment Factor Evaluation Matrix (EFEM)

(06 marks each)

(Total – 18 Marks)