



University of Kelaniya – Sri Lanka
External Examinations Branch
Faculty of Commerce and Management
Bachelor of Business Management (General) Degree Third Examination
(External) 2010

January 2012

BMGT E 3015 – Strategic Management

No. of questions : 07

Time: 03 Hours

Answer only five (05) questions including question No. 01

(01) Read the following case and answer the questions given at the end.

Mcwell Company

Mcwell, the long- established cashmere knitwear garment manufacturer, had endured a decade of losses and seen its workforce declined from over 2000 in the early 1998s to 180 by 2008, due to adverse exchange rates, an unsuccessful move into mass market and a decline in manufacturing quality. In 2008 the company was acquired by USA company for just US\$ 7.5m. The new owners of the business, hired Mr. Kal Winsler as chief executive.

The new chief executive decided Mcwell's product range was too big and poorly designed and sought to reposition it. This was a major challenge and everyone knew there was the need for radical change.

He decided on a relaunch of the fashion range of knitwear and he argued that, this was essential in order to present a new range at the forthcoming Italian trade fair.

Most of the workforce that was left expected the factory to close, but new chief executive decided to not to close the factory and change their brand name as "Mcwell-Scottish." He explained the reason for that "I have added Scotland to the name because in a lot of countries worldwide, it is definitely a bonus that people trust Scottish cashmere".

New young designers were recruited and the design function moved from Scotland to London. He also moved the company headquarters from the Hawick to London, more modern building.

Most of the existing employees left the company. The contract of the existing manufacturing director was terminated and the contract of Nick Faldo the golfer, who had been Mcwell's celebrity face for almost 20 years was not renewed, instead the company was shown on young models.

The target of Italian trade fair was met, One sixth of the existing retail outlets were dropped and new retailers were hired. By the end of 2008 sales were increasing, the workforce had been increased. There had been a considerable investment in new machinery and 2009 sales were 30% upon the previous year.

By 2010 commentators were reporting the success of MCwell and they were thinking for expansion the business in the USA and Hong Kong.

Questions.

- (i) Identify the tactics used by Mr. Kal Winsler. (08 marks)
- (ii) Explain in what ways were these short-term tactics in line with the long-term strategies. (10 marks)
- (iii) Explain with reasons, that Mcwell can move on in the future. (10 marks)
- (Total 28 marks)
- (02) a) "When the business environment has high levels of uncertainty arising from either complexity or rapid change (or both) it may prove impossible to develop a single view of how business environment influences might affect an organizations strategies. So a different approach will be needed to understand the future impact of the environment." Using your knowledge of strategic management, construct two scenarios for an industry which you are familiar. (09 marks)
- b) Explain the importance of environment scanning in strategy development. (09 marks)
- (Total 18 marks)
- (03) a) "Organizations first need to develop its strategies, and after this devise the organization structure that will deliver that strategy". Alfred Chandler. Critically evaluate this statement. (09 marks)

- b) "The creator of a strategy, may, or may not, also be the change agent. The role of strategic change agent played by strategic leaders. There are different approaches to manage the strategic change at workplace." Explain in brief different approaches of managing change.

(09 marks)

(Total 18 marks)

- (04) Explain the characteristics of strategic capabilities which help to gain the sustainable competitive advantage.

(Total 18 marks)

- (05) a) You have been appointed as personal assistant to chief executives of a major manufacturing firm, who has asked you to explain what is meant by "differentiation"? and why it is important? Write a brief report addressing these questions.

(10 marks)

- b) What are the main characteristics of a mission statement.

(08 marks)

(Total 18 marks)

- (06) Many corporate parents search for synergies between the business in their portfolio. Do you think this is a realistic aspiration? How does this relate to the debate on related and unrelated diversification? Give examples from organizations with which you are familiar.

(18 marks)

(Total 18 marks)

- (07) a) For an organization there are different methods of development. These methods can be divided into three types, namely internal development, acquisition and joint development. Explain advantages and disadvantages of each method.

(10 marks)

- b) Success criteria are used to assess the likely success of a strategic option. Briefly explain different types of criteria that can be used to measure the likely success of strategies.

(08 marks)

(Total 18 marks)