



University of Kelaniya - Sri Lanka

Centre for Distance and Continuing Education

Faculty of Commerce & Management Studies

Bachelor of Business Management (General) Degree Third Examination (External) – 2012

June/ July - 2015

BMGT E 3015/ BMG 303.2 – Strategic Management

No of questions – 08

Time: 03 Hours

Answer the first question and any other four questions.

(01)

GOLD KEY LIMITED

Gold key was established in 1985 by Mr. Ranathunga with the retirement from the hospitality sector, after 20 years of service. The company started its business of providing accommodation and beach recreational activities for foreign tourists as its first business at a hotel with 200 rooms located at Benthota. The company was able to attract many tourists with the introduction of new beach recreational activities such as diving, surfing, wing boating, and parachuting. It increased the profitability of the company and it started the expansion of its business further. Basically, it expanded the capacity of the hotel. Accordingly, the number of rooms was increased up to 500 rooms. The company established new two hotels in Trincomalee and Chilaw at beach areas. It was decided to provide the same service available at Benthota hotel at these new hotels. Additionally, the service provided at Benthota hotel was expanded further. It started Ayuwedic Spa and Spiritual Healings at Benthota hotel.

With this new strategy, the company grew further and it was able to achieve a relative place in the industry. At present, it records a R.M. 1200 as turnover, R.M. 750 as profit, and it has 12, 000 human resource pool. The board of directors was so happy with this achievement and they are considering the new strategies for the future of the company. The board has expressed its agreement unanimously for formulating a strategic plan for the next five years. They were in the view that the strategic plan should be aimed at making the company a leading organization in the industry. However, there are different views on what should be the strategy to be implemented.

One party stated that they should choose diversification strategy. Accordingly, they are of view that it should introduce new tourists' services such as eco-tourism, adventure tourism, and cultural tourism and separate hotels should be established for each service. They pointed out that the attraction of customers is not a problem since the company has acquired good reputation in the industry.

Another part of the board are of the opinion that it is more appropriate to go for a market diversification rather than high capital consuming product diversification. Accordingly, it should open its services to the domestic tourists and implement an aggressive marketing champagne in high potential market of India and China. They stated that with this strategy, they can fully utilize the capacity of Trincomalee and Chilaw hotels which are underutilized at present.

The rest of the board presented a totally different view. Their view is that the company should start a new business since the competitiveness of the industry is increasing continuously. Accordingly, they present that they should diversify their business to areas such as conducting tourism conferences, providing luxury transport services to tourists, and organizing foreign tours which are directly related to the existing business.

The board of directors are considering these alternatives seriously. It is intended to select one of the alternative based on the nature of the company and the industry, and

in keeping with company goal of becoming a leading organization in the industry and then prepare the strategic plan for the next five years.

This is an imaginary case

Questions

- (a) By identifying various strategies the Gold Key company has implemented so far, describe how they have contributed to the success of the company.
(14 Marks)
- (b) Explain with reasons what is the most appropriate strategy for the company for preparation the strategic plan.
(14 Marks)
(Total 28 Marks)
- (02) (a) Defining “Strategic Management”, state the benefits an organization can gain with an effective strategic management process.
(9 Marks)
- (b) Indicate the importance of formulation “ Vision”, “Mission”, “Values”, and “ Goals” in strategic management process.
(9 Marks)
(Total 18 Marks)
- (03) (a) Describe briefly the environmental elements to be considered in an environment analysis.
(09 Marks)
- (b) Construct an External Factors Evaluating Matrix (EFEM) for an hypothetical organization.
(9 Marks)
(Total 18 Marks)

- (04) (a) State briefly the five –force model of Porter and evaluate its appropriateness in evaluating the competitiveness of the market of an organization.
(9 Marks)
- (b) Explain the factors to be considered in the choice of an strategy for an organization.
(9 Marks)
- (Total 18 Marks)
- (05) (a) Describe a model for evaluating the alternative strategies for an organization.
(9 Marks)
- (b) Discuss the various strategies implemented under Growth or Expansion Strategy.
(9 Marks)
- (Total 18 Marks)
- (06) (a) State briefly the various forms of extensive growth strategy and Diversification Strategy.
(9 Marks)
- (b) Describe the instances where an organization has to implement retrenchment strategy.
(9 Marks)
- (Total 18 Marks)
- (07) (a) Explain the relationship between implementation of strategy and organizational structure.
(9 Marks)
- (b) What are the various strategies implementable for product line and product mix of an organization.?
(9 Marks)
- (Total 18 Marks)

(08) (a) Explain the major areas to be covered with strategies under marketing functional area.

(9 Marks)

(b) Briefly describe quantitative and qualitative criteria usable in evaluating strategic performance of an organization.

(9 Marks)

(Total 18 Marks)

