Uva Wellassa University

Faculty of Management

Degree of Bachelor of Business Management in Entrepreneurship and Management

FOURTH YEAR FIRST SEMESTER EXAMINATION –JULY/AUGUST -2016

EMG 471-3 Strategic Management

Instructions to candidates:

No. of pages	: Three (03)
No. of questions	: Five (05)
Time	: Three (3) Hours
Marks allocated	: 100 Marks

Answer only four (04) questions including question number one (01).

01.

JGS is a long-established retailer which specializes in the sale of antiques*. JGS is owned by a married couple who both work in the business. They have no employees. Their premises consist of a large modern shop and there is an apartment above this in which the owners live. Over the last five years, the local area has become very fashionable and the shop is now surrounded by smart restaurants, cafes and up-market fashion outlets. This area has also become a very popular place to live which has meant that property values have increased substantially. The owners believe that if they disposed of their premises they would make a substantial capital gain. The owners have noticed that the fixed costs of their property, including insurance, local tax, security and maintenance have risen very sharply during the last five years.

Since establishing the business, the owners have developed their expertise. They now have a national reputation in the antiques trade and many repeat customers. They traded profitably between 1980 and 2015 but in the last year have made an operating loss for the first time. The owners are often consulted by other antique traders and collectors by letter and telephone and they have developed a considerable income stream by charging for their advice. However, they have found that their location is becoming increasingly problematic. Although the popularity of their area of town has increased and led to many more people living and visiting the area, unfortunately for the owners most of these people are not interested in antiques. They are young people who like the area but do not have the disposable income to spend on antiques.

A further problem is that the shop is not situated in a large city and it is very inconvenient for many antique traders and collectors to visit. The owners believe the location has recently restricted the success of their business. The owners know that a very popular development in the antiques trade has been the establishment of 'Antiques Fairs' where antiques are bought and sold. Some of these have established international reputations and have many thousands of visitors. However, because of JGS's location and the need to keep their shop open, the owners do not attend these. The owners recently set up a website which has basic information about their business on it such as their address, telephone number and the opening times of their shop. The website has received a large number of hits but it does not seem to have increased sales.

* Antique = 'a decorative object that is valuable because of its age'. (Oxford Concise Dictionary)

Questions

i) Based on the above information, analyze the strengths and weaknesses of JGS using the value chain model

(10 Marks)

ii) The owners propose to convert their website to facilitate e-commerce in order to increase turnover and profit. Advise the owners of JGS what they will have to do immediately, and also on a continuing basis, to carry out this e-commerce solution.

(07 Marks)

iii) Evaluate how the introduction of e-commerce could affect JGS's value chain

(08 Marks)

(Total 25 Marks)

02.

i) Discuss the main characteristics of Strategic decision.

(07 Marks)

ii) Porter's five forces model helps with the structural analysis of the environment. Explain how does this model work?

(10 Marks)

iii) Discuss the internal and external sources of power of stakeholders.

(08 Marks)

(Total 25 Marks)

03.

i) Explain the strategic option that takes the organization away from its existing products and market showing its main advantages and disadvantages.

(10 Marks)

ii) Take any functional area and explain how it contributes to the low cost leadership strategy and differentiation strategy.

(08 Marks)

iii) Explain the process for developing a strategic group map.

(07 Marks)

(Total 25 Marks)

04.

i) Discuss the eight (08) managerial components of implementing strategy.

(10 Marks)

ii) Explain the impact of six drivers of Supply Chain Performance on organization competitive strategy and discuss how its components enhance the responsiveness of the Supply Chain.

(10 Marks)

iii) Discuss the types of internal and external linkages of the organization.

(05 Marks)

(Total 25 marks)

05.

i) "Matching structure to strategy requires making strategy critical activities and strategy-critical organizational units. These activities are consider the main building blocks in the organization structure". Discuss the statement how organization can structure them to promote successful strategy execution.

(08 Marks)

ii) "Wal-Mart, Dell Computer, and Seven-Eleven Japan companies that have built their success on superior design, planning and operations of their supply chain by having a close connection between the design and management (supply Chain Decision) of supply chain flows". Critically discuss the statement.

(10 Marks)

iii) Discuss when low cost provider strategy works best.

(07 Marks)

(Total 25 Marks)