[This question paper contains 6 printed pages.]

2018 *Your Roll No.* ....

MHROD / IV Sem. **A**

Course 643 – STRATEGIC MANAGEMENT

Time : 3 Hours *Maximum Marks : 70*

(Write your Roll No. on the top immediately on receipt of this question paper.)

Attempt **all** *questions.*

All parts of a question should be attempted together.

1. "Strategic management of human resources is a pre-requisite in building human resources based competitive advantage for any company." Elucidate this statement with examples of reputed companies.

OR

Your company is faced with the problem of excess capacity in the industry. On what basis would you compete ? How far would you stretch the pruning of workforce ? (9)

2. "Strategic management should be viewed as a dynamic continuous and flexible process." Comment on this statement and briefly explain the steps in strategic management.

OR

What is the rationale of teaching a course on Business Policy to the executives at middle level management ? What is the role of top management of a company in strategy formulation ? (12)

3 "The issue of social responsibility of business merits consideration in all phases of strategic management." Examine this statement by building up arguments for a better alignment of social responsibility with strategic management.

OR

"A mission statement describes what the organisation is now and a vision statement describes what the organisation would like to become." Elaborate this statement with the help of corporate examples. Also explain the essential features of a mission statement. (12)

4. A big textile company is seriously considering a proposal for diversifying its operations and entering the garment business lured by rapid growth of demand in the country and also huge export potential. How will you justify this strategy ? What are the risks involved in this strategy ?

OR

How will you interpret Michael Porter's five forces model for the purpose of determining an industry's attractiveness ? Why do some companies fail despite having formal strategic planning process ? (12)

5. Analyse the case entitled "Marico Ltd." and answer the following questions :

(i) Prepare SWOT analysis of Marico Ltd.

(ii) What business level strategies are being followed by the company ? Do you justify these strategies ? Give reasons for your answer.

(iii) Identify and explain the growth strategies being followed by the company at the national and international levels.

(iv) How far do you agree with the view that blue ocean strategy has contributed to the speedy growth of the company ? (25)

MARICO LTD.

Marico Ltd. is a leading Indian family group operating in consumer products, skin care services and *ayurvedic* products businesses. Marico has four business segments: domestic FMCG, international

FMCG, Kaya Skin solutions and Sundari Spa Skin Products. It occupies the leading or second position in most of its brands and brand extensions such as Parachute, Saffola, Sweekar, Hair & Care, Kaya and Sundari serving the hair oil, edible oils and skin care segments of the FMCG industry. Manufacturing takes place in its seven plants at different places in India and sourcing is done from sub contractors. Consumption of Marico's products takes place mainly in the urban and semi-urban areas of India and by expatriates outside India. As an FMCG company Marico has implemented supply chain planning and management systems.

Marico's strengths lie in factors such as a well-established distribution network and low operational costs. Externally, the factors helping Marico are intense competition between organised and unorganised segments and wide availability of raw materials in India. Marico attempts to leverage its national competitive advantage to operate in SAARC countries under its regionalisation strategies and in the Middle East under its inter-nationalisation strategies. Franchising and acquisitions are the main drivers of its regional and international expansion.

Marico consciously tries to avoid head-on competition with formidable MNCs such as the Hindustan Unilever by differentiating on the basis of unique ethnic Indian products and services. Its business model is based on focused growth across all its brands and territories, driven by offering better value propositions to consumers, market expansion and widening of the distribution network. It lays emphasis on sales volume and growth rather than sales value, thus adopting a long-term perspective.

The domestic FMCG sector has some of the well-known brands in India such as Parachute and Saffola. Parachute hair oil relies on converting users of loose hair oil sold in Indian consumer markets and perceived as low quality with the risk of being adultered, to users of packaged and branded hair oil. Saffola operates on the health platform with claimed benefit for a healthy heart. Both brands rely on the differentiation platforms of branded, quality and reliable products with moderately high prices.

Marico's International FMCG sector has a subsidiary in Bangladesh, an acquisition in Egypt, franchisees in and exports to the Middle Eastern countries such as Oman, Saudi Arabia and UAE that have a substantial Indian expatriate population. Sales have also been initiated in other countries such as the US and Malaysia. Products are sold with minor customisation to suit local conditions and customer preferences.

The Kaya Skin solutions sector adopts a focused differentiation strategy by seeking to provide dermatological services for high-quality, premium skin care through its clinics located in India and some Middle Eastern countries. It aims to provide a high-end solution to the innumerable beauty salons that have mushroomed in Indian cities and towns. This business is in a take-off stage.

Sundari embarked in the US by acquisition and spread to European cities as a specialty range of skin products, capitalising on the increasingly popular ayurvedic solutions for skin care.

As an FMCG company, Marico attempts to keep a continual supply line of improved and new products in its various businesses. In 2005, it crossed the Rs. 1000-crore sales benchmark and aims to reach Rs. 3000-crore in 2011.