

PGDM, 2020-22

Strategic Management

DM-306

Time allowed: 2.50 hours

Maximum Marks: 50

Instruction:

1. Students are required to write Roll No on every page of the Answer Sheet. All other instructions on the question paper / notifications should be followed meticulously.
 2. The QP carries two pages for questions and 8 pages of case. Total pages 10 sheets
 3. Legible and analytical/ logical answers would attract better marks supported by facts from the case wherever applicable. Simply producing case facts would not help much.
 4. Marks are indicated against each question.
 5. The Paper has two sections A&B. Attempt questions as below.
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Section A Max Marks 30

There are 3 questions in Section A of the Question Paper. You have the choice to select either option a or b from each question, which is 10 marks each. You cannot attempt a and b of the same question.

- 1(a) Describe, with an example, the four specific criteria that managers can use to decide which of their firm's capabilities have the potential to create a sustainable competitive advantage. (10 marks, CILO 2)

OR

1(b) Case Scenario: ERP Inc.

ERPI is a leading provider of enterprise integration software (EIS). EIS allows a firm to connect and integrate processes across all aspects of its business, regardless of where they are located around the world. ERPI is a product-focused company, whereas most competitors in its market space, like Oracle, operate as "solutions companies." Oracle and Microsoft have begun to devote considerable resources to the development of and acquisition of products to compete in the EIS space. Despite these recent threats, one benefit of its product-focused strategy is that ERPI's proprietary product is generally recognized as being 200% to 300% better than competitors' software. ERPI estimates it will take 2 to 3 years for competitors to develop the capabilities needed to bring a competing product to market. ERPI invests a considerable percentage of its profits in basic R&D to support its core products. As evidence of this, among its competitors the firm maintains the largest in-house programming staff dedicated solely to the development of advanced enterprise integration software. Installation and related consulting for EIS typically cost between \$100 and \$200 million, with the ERPI software component accounting for about 20% of the installed cost (the remaining 80% is spent on the actual installation, not counting the value of the customer's time). ERPI's target market consists of the world's largest manufacturing and industrial firms and it currently enjoys a 60 percent market share.

(Refer to Case Scenario above) How valuable, rare, costly to imitate, and non-substitutable are ERPI's capabilities? (marks 10, CILO 2)

- 2(a) Discuss how a cost leadership strategy can allow a firm to earn above-average returns in spite of strong competitive forces. Address each of the five competitive forces. (Marks 10, CILO 1,2)

OR

- 2(b). Describe the risks of a differentiation strategy. (Marks 10. CILO 1)

- 3(a). Discuss the effect of the separation of ownership and control in the modern corporation. (Marks 10. CILO 1)

OR

- 3(b) Describe the organizational structure associated with a firm that pursues an unrelated diversification strategy. (Marks 10. CILO 1)

Section B: Case study

There is an attached case study with 20 marks. You are required to answer both questions, each carrying 10 marks each.

Analyze the "Barber Cardiosystems" and answer the following Questions:

4. Is Barber Cardiosystems following a cost leadership or differentiation strategy? What are its components to make it a sustainable strategy? (Marks 10. CILO 1,2,3)
5. Why does Barber's compensation system work? What are its limitations? (Marks 10. CILO 1, 2,3)