

Faculty of management & Finance
Course No: MAN 4321
Course Title: Strategic Management
Date: 04 Jan 2014
No. of Questions: 4



Final Exam
1st Semester 2013/2014
Total Grade: 60

Lecturer Name: Mr. Yousif Alagha
Dep./Specialist: Management & IT
Using Dictionary (NO)
Using calculator: (NO)
Time: 2:30 Hours

Student name: _____

Student No.: _____

Dear students,

First of all you should to read carefully through all the exam questions, and then you have to attempt the questions that you think you can answer completely.

This exam contains four questions, where question one consist of fifteen multiple choice statement, question two consist of five branches, question three consist of four branches, while question four consist of five branches, and therefore you have to attempt only the requirement of each questions.

Any student answer more than the required, this will not be marked.

Students whom did not attend the midterm exam, and their exclusion had been approved are required to answer all the branches of questions two.

Good luck & best wishes

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Notes:

Signature, _____



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Question one: fifteen branches

(15 Marks)

A. Chose the best choice among the list below each statement:

1. Microsoft opening its own retail stores is an example of which type of strategy?

- | | |
|------------------------------|----------------------------|
| A) Forward integration | B) Backward integration |
| C) Horizontal integration | D) Related diversification |
| E) Unrelated diversification | |

2. Cadbury PLC selling its Australian drinks business to Asahi Breweries Ltd. of Japan is an example of which type of strategy?

- | | |
|----------------------------|------------------------------|
| A) Related diversification | B) Unrelated diversification |
| C) Retrenchment | D) Divestiture |
| E) Liquidation | |

3. Backward integration is effective in all of these except

- A) when an organization competes in an industry that is growing rapidly.
- B) when an organization has both capital and human resources to manage the new business of supplying its own raw materials.
- C) when an organization needs to acquire a needed resource quickly.
- D) when the advantage of stable prices are not important.
- E) when present suppliers have high profit margins.

4. When a domestic company first begins to export to India, it is an example of

- | | |
|----------------------------|--------------------------------|
| A) horizontal integration. | B) backward integration. |
| C) forward integration. | D) concentric diversification. |
| E) market development. | |

5. All of the following situations are conducive to market development except:

- A) when an organization competes in a high-growth industry.
- B) when an organization is very successful at what it does.
- C) when new untapped or unsaturated markets exist.
- D) when an organization has excess production capacity.
- E) when an organization's basic industry is becoming rapidly global in scope.



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6. Which of the following is not an example of when an organization should use an unrelated diversification strategy?
- A) When revenues derived from an organization's current products or services would increase significantly by adding the new unrelated, products.
 - B) When an organization's present channels of distribution can be used to market the new products to current customers.
 - C) When the new products have counter-cyclical sales patterns compared to an organization's present products.
 - D) When an organization competes in a highly competitive and/or a no-growth industry.
 - E) When existing markets for an organization's present products are not yet saturated.
7. Smithfield Foods laying off 1,800 employees, closing 6 of its 40 plants, and cutting production by 10 percent in 2009 in efforts to stop the liquidity drain on the firm is an example of
- A) divestiture.
 - B) backward integration.
 - C) liquidation.
 - D) retrenchment.
 - E) forward integration.
8. Under which strategy would you offer products or services to a wide range of customers at the lowest price available on the market?
- A) Cost Leadership – Low Cost
 - B) Cost Leadership – Best Value
 - C) Focus – Low Cost
 - D) Focus – Best Value
 - E) Differentiation
9. Under which condition would a cost leadership strategy be especially effective?
- A) When there are many ways to differentiate the product or service and many buyers perceive these differences as having value.
 - B) When buyer needs and uses are diverse.
 - C) When few rival firms are following a similar approach
 - D) When technological change is fast paced and competition revolves around rapidly evolving product features.
 - E) When the products of rival sellers are essentially identical and supplies are readily available from any of several eager sellers.



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10. Which of these is *not* a SPACE Matrix quadrant?

[

- | | |
|-----------------|--------------|
| A) Aggressive | B) Defensive |
| C) Competitive | D) Offensive |
| E) Conservative | |

11. What type of strategies would you recommend when a firm's SPACE Matrix directional vector has the coordinates (-2, +3)?

- | | |
|----------------|-----------------|
| A) Aggressive | B) Conservative |
| C) Competitive | D) Defensive |
| E) Integrative | |

12. A division with a high relative market share position in a low-growth industry can be described as a

- | | |
|------------------------------|--------------|
| A) Star. | B) Cash Cow. |
| C) Question Mark. | D) Dog. |
| E) Aggressive market share . | |

13. According to the Grand Strategy Matrix, which strategy is recommended for a firm with rapid market growth and a strong competitive position?

- | | |
|-----------------------|------------------------------|
| A) Market penetration | B) Unrelated diversification |
| C) Joint venture | D) Retrenchment |
| E) Liquidation | |

14. Why is market segmentation an important variable in strategy implementation?

- A) It allows a small firm to compete successfully with a large firm.
- B) It allows a firm to operate with limited resources.
- C) Mass production, mass distribution and mass advertising are not always required.
- D) Market segmentation decisions directly affect marketing mix variables.
- E) All of the above



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15. Which of the following is *not* an example of a decision that may require finance/ accounting policies?

- A) To extend the time of accounts receivable
- B) To establish a certain percentage discount on accounts within a specified period of time
- C) To lease or buy fixed assets
- D) To use LIFO, FIFO, or a market-value accounting approach
- E) To determine the amount of product diversification

Question Two: five branches

(15 Marks)

Attempt two questions only:

1. Discuss Michael Porter's five generic strategies.
2. Let's say you work for McDonald's and you applied Porter's Five-Forces Model to study the fast-food industry. Would information in your analysis provide factors more readily to an EFE Matrix, a CPM, or to neither matrix? Justify your answer.
3. Explain and discuss the Balanced Scorecard as a review and evaluation method
4. List some guidelines for when related diversification would be a particularly good strategy to pursue.
5. Why is it essential for organizations to segment markets and target particular groups of consumers?



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Question Three: four branches

(15 Marks)

Attempt two questions only:

1. In a BCG Matrix, all divisions are classified as either Question Marks, Stars, Cash Cows or Dogs. Define each of these terms.
2. List and explain the different steps to develop a SPACE Matrix include
3. Develop a SPACE Matrix for a company that is weak financially and a weak competitor. The industry for this company is pretty stable but the industry's projected growth in revenues and profits is not good. Label all axes and quadrants.
4. Complete the following EPS/EBIT analysis for a company whose stock price is \$20, interest rate on funds is 5%, tax rate is 20%, # of shares outstanding is 500 million, and EBIT range is \$100 (was 500) to \$300 million (was \$1 billion). The firm needs to raise \$200 million in capital. Write the following format in your notes and complete the work.

Question four: Five branches

(15 Marks)

Attempt two questions only:

1. For the following three firms using the given factors, calculate a reasonable Stability Position (SP) coordinate to go on the SPACE Matrix axis, given what you know about the nature of those industries.

Factors	Winnebago	Apple	US Postal Service
Barriers to entry into market	-5	-3	-4
Seasonal nature of business	-6	-4	-3
Technological changes	-3	-1	-3
SP Score	-4.67	-2.67	-3.33



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2. Would the angle or degrees of the vector in a SPACE Matrix be important in generating alternative strategies? Explain.

3. On the competitive position (CP) axis of a SPACE Matrix, what level of capacity utilization would be necessary for you to give the firm a negative 1? Negative 7? Why?

4. If a firm has weak financial position and competes in an unstable industry, in which quadrant will the SPACE vector lie?

5. Describe a situation where the SPACE analysis would have no vector. In other words, describe a situation where the SPACE analysis coordinate would be (0,0). What should an analyst do in this situation?

END OF QUESTIONS

WISH YOU ALL THE BEST