



Name : .....

Roll No. : .....

Invigilator's Signature : .....

**CS / MMA / SEM-2 / MMA-204 / 2011**

**2011**

**STRATEGIC MANAGEMENT**

*Time Allotted : 3 Hours*

*Full Marks : 70*

*The figures in the margin indicate full marks.*

*Candidates are required to give their answers in their own words  
as far as practicable.*

**GROUP – A**

**( Multiple Choice Type Questions )**

1. Choose the correct alternatives for any *ten* of the following :  

$10 \times 1 = 10$

  - i) The key sources of value (earning an excess return) for a company can be attributed primarily to
    - a) Competitive advantage and access to capital
    - b) Quality management and industry attractiveness
    - c) Access to capital and quality management
    - d) Industry attractiveness and competitive advantage.
  - ii) For which of the following costs is it generally necessary to apply a tax adjustment to yield measure ?
    - a) Cost of Debt
    - b) Cost of preferred stock
    - c) Cost of common equity
    - d) Cost of retained earnings.



- iii) A food based discounter that focuses on a small selection of items, comparatively a moderate hour of operation, few services, and limited manufacturer brands is called
  - a) Warehouse Store                      b) Box Store
  - c) Combination Store                  d) Convenience Store.
- iv) A cash or card operated retailing format that dispenses goods and services is called
  - a) Catalogue retailer                  b) Video Kiosk
  - c) Vending Machine                  d) Off price retailing.
- v) All *except* which, are aspects of controllable variables in formulating retail strategy ?
  - a) Store location
  - b) Merchandise Management
  - c) Communication with customers
  - d) Seasonality.
- vi) Which is a valuation method ?
  - a) Discounted cash flow              b) PE multiple
  - c) Market value                          d) All of these.
- vii) A performance metric refers to a measure under
  - a) Company control                      b) Company power
  - c) Company resources                  d) Company profit.
- viii) The wealth metrics for EPS is
  - a) PE ratio                                  b) EBIT
  - c) PBT                                        d) PAT.
- ix) NOPAT is arrived by converting
  - a) an accrual-based income statement number into a cash-based profit number
  - b) an cash-based income statement number into an accrual-based profit number
  - c) an accrual-based balance sheet into a cash-based profit number
  - d) an accrual-based income statement number into a cash-based loss number.

- ### GROUP – B

Answer any *three* of the following.  $3 \times 5 = 15$

2. What do you mean by 'customer service' ? What decisions should a retailer make in developing a customer service strategy ? 2 + 3
3. How can customer service be classified depending upon value of service and cost of offering the service ?
4. What are expected and augmented customer services ?
5. What is EVA ? What are its uses and limitations ?
6. List the desirable characteristics of a strategic plan.

**( Long Answer Type Questions )**

Answer any *three* of the following.  $3 \times 15 = 45$

7. "The way that a strategic plan is developed depends on the nature of the organization's leadership, culture of the organization, complexity of the organization's environment, size of the organization and expertise of planners." Do you agree with the statement ? Give justifications for your answers. 15
8. "There is no one perfect strategic planning model for each organization. Each organization ends up developing its own nature and model of strategic planning." Explain this statement in reference to different strategic planning models.

15



9. Explain the strategic planning process in detail. Bring out the importance of the process for an organization with pertinent examples. 8 + 7
10. a) Alpha Limited has just paid a dividend of Rs. 13 per share. As a part of its major reorganization of its operation it has stated that it does not intend to pay any dividend for the next two years. In three years time it will commence paying dividend at Rs. 10 per share and the Directors have indicated that they expect to achieve a dividend growth at 12% thereafter. If the reorganization does not take place, dividend will be paid in the next two and the expected dividend growth will remain at the present level of 6% per annum. The firm's cost of equity is 18% and will be unaffected by the organization. Calculate the value of the firms' shares in both the situation.
- b) A large sized company has been expected to grow at 14% per annum for the next 4 years and then to grow indefinitely at the same rate as the national economy i.e., 5% per annum. The required rate of return on the equity shares is 12%. Assume that the company paid a dividend of Rs. 2 per share for the last year. Determine the market price of the share today. 7 + 8
11. Write notes on any *three* of the following : 3 × 5
- a) BCG Matrix
  - b) Role of a team builder
  - c) Strategic Planning and its importance
  - d) Global Retailing
  - e) Customer satisfaction.

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