



## IMT-56

# STRATEGIC MANAGEMENT

### Notes:

- Write answers in your own words as far as possible and refrain from copying from the text books/handouts.
- Answers of I<sup>st</sup> Set (Part-A), II<sup>nd</sup> Set (Part-B), III<sup>rd</sup> Set (Part – C) and Set-IV<sup>th</sup> (Case Study) must be sent together.
- Submit the assignments in IMT CDL H.O. along with the assignments Question Papers for evaluation .
- Only hand written assignments shall be accepted.

**A. First Set of Assignments**

5 Questions, each question carries 1.5 marks.

**B. Second Set of Assignments**

5 Questions, each question carries 1.5 marks.

**C. Third Set of Assignments**

5 Questions, each question carries 1.5 marks. Confine your answers to 150 to 200 Words.

**D. Forth Set of Assignments**

Two Case Studies : 7.5 Marks. Each case study carries 3.75 marks.

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### SECTION - A

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- Define strategy, What are the common elements in successful strategy.
- Explain the multiple roles of strategy in a business firm.
- Describe Value; does it have an importance in strategic business decisions?
- Explain the meaning of profits, what are the main determents of industry profit?
- Describe the role of organizational capabilities in strategy formulation.

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### SECTION - B

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- Identify the circumstances in which a firm can create a competitive advantage over a rival.
- What do you understand by the word Innovation, what mechanisms are effective in protecting innovations .
- Define vertical integration, what are the different types of vertical relationships.
- Explain the benefits of a global strategy for a multinational corporation,
- What is diversification; explain the various types of diversification.

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### SECTION - C

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- Describe a multibusiness firm, what are the problems these firms face in strategy implementation.
- What do you understand by the external environment, how does it help in building up a firms strategy .
- The economic world is dynamic, how does a company manage in economic crisis.
- Costs have a strong implication in having a competitive advantage do you agree with this statement , what are the sources of cost advantage .
- Explain differentiation, what advantages does a firm accrue in differentiation.

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## CASE STUDY - 1

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On 15 September 2008 investment bank giant filed for bankruptcy sending shock waves across the world markets that were already reeling from shocks in the wake of global economic melt down.

With more book assets and lesser book debts, Lehman's bankruptcy filing was the largest in the banking history their assets far surpassed those of previous bankrupt giants such as World com and Enron, at the time of collapse with more than 25000 employees world wide . Lehman's demise also made it the largest victim of the US subprime mortgage induced financial crisis that swept through global financial markets in the world .

Record revenues from Lehman's real estate business enabled revenues in the capital market unit to surge 56% between 2004 to 2006 .This was considered a faster rate of growth than any other business in investment banking .

In February 2006 the company's stock reached a record high giving Lehman a market capitalization of around 25 billion, however the US housing market were already becoming apparent as defaults in subprime mortgage .

Lehman's high degree of leverage the ratio of total assets to share holder's assets to share holder's equity was good and its huge portfolio of mortgage security made it vulnerable to deteriorating market conditions .

In June 2008 Lehman announced its first second quarter loss and raised money from American Express to cover the same.

However the measures were perceived as being too little, too late over the summer Lehman's management made unsuccessful attempts to a number of potential partners, hopes of the Korea Development bank would take a stake in Lehman was dashed in 9 September and the state owned Korean bank put talks on hold.

On Monday 15 September Lehman declared bankruptcy resulting in creating a global financial crisis.

### Questions

- 1 what were the reasons for Lehman brothers bankruptcy?
- 2 what lessons would you learn from the Lehman brothers bankruptcy?

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## CASE STUDY - 2

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### TATA NANO

Tata motors have been eyeing the Indian passenger market for a long time. During earlier times, their brands such as Tata Sumo were well received; the company had a very low share in the Indian passenger car market due to stiff competition from Maruti .

Tata motors came up with Tata Indica , which mirrored Maruti's products and challenged Maruti's dominance in small car market . Inspired by the success of Indica Tata launched the Tata Nano . Critics were of the view it could not be possible due to the low cost of the car.

Tata Nano's modular design is one of the most innovative aspects, it can be shipped separately and assembled in any region.

However the fanfare with which Nano was launched did not show much result, the car was not well accepted by the masses despite the low prices, it started selling in discounts like any other car in the Indian market.

Tata's as a company are concerned about the same and are still trying to rework out strategies for revival of the market share and to fit into the vision of the company.

### **Questions**

Q1 What was the type of strategy Tata's adopted during the launch of Nano.

Q2 pl help the company in working out a suitable strategy for the success of the car.

Q3 by using a SWOT analysis outline the failure of the car in the Indian markets.

Q4 what in your opinion is the future of such cars in Indian markets .