

June 2016

Bachelor of Business Administration (BBA) Examination

VI Semester

Strategic Management

Time 3 Hours]

[Max. Marks 80.

Note : Attempt any four questions (out of seven questions) from Section A. Each question of Section A carries 15 marks. Section B is compulsory and carries 20 marks.

Section A

1. Describe the process of Strategic Management. What are the challenges faced by organisations in implementing strategy?
2. What are Vision, Mission and Goals of an organisation? How are they related to strategy of an organisation?
3. Why is environmental scanning essential for firms? What are the various tools adopted for this?
4. How do organizations respond to change? How does creativity and innovation contribute to organisation's growth?
5. What are the basic "Generic Strategic" adopted by companies? Which generic strategy will you suggest for a firm which is operating in an industry with diverse buyer needs and uses and has very few rivals? Why?
6. What is Strategic Evaluation? Describe the process of Strategic Control.
7. Differentiate between :
 - (a) Strategy and Tactic
 - (b) Generic and Competitive Strategy
 - (c) Offensive Strategy and Defensive Strategy.

Section B

THE EVOLVING STRATEGY AT IBM

IBM's CEO, Sam Palmisano, likes to talk about the evolution of global strategy at one of the world's largest computer enterprises. According to Palmisano, when IBM first started to expand internationally, it did so in the classic "international" pattern of many enterprises, undertaking most of its activities at home, and selling its products internationally through overseas sales offices. By the time Palmisano joined IBM in 1972, however, it had already moved away from this model, and was by then a classic "multinational" enterprise, with small branches in major national markets around the world. This structure made sense for IBM in the 1970s, given that many markets were still segmented from each other by high barriers to cross border trade, and given that national differences in business practices often required considerable localization. In recent decades, however, IBM has been moving away from this model and toward one that Palmisano characterizes as a "globally integrated enterprise. In his words: "We are locating work and operations anywhere in the world based on economic, expertise, and the right

business environment. We are integrating those operations horizontally and globally. We use to have separate supply chains in different markets. Now we have one supply chain, a global one. Our R&D has been global for many years, with research and software development carried out in labs around the world. But in our professional services businesses, where we use to think about our human capital-our people-in terms of countries, and regions, and business units, we now manage and deploy them as one global asset. Thus today IBM locates its semiconductor R&D and manufacturing operations in upstate New York and Vermont, and its global procurement center is in China. Global services delivery is in India, while many of the services that support IBM's external and internal Websites are in places like Ireland and Brazil. The people at each of these centers are not focused on their national markets; they are leading integrated global operations.

This strategic shift was a response to three things; the globalization of the world economy, the global nature of many of IBM's customers, who were shifting towards a global integration strategy, and the emergence of fierce competition from enterprises in emerging markets such as China and India. India is a good example; in the 1990s a trio of Indian outsourcing firms, Tata Consulting Services, Infosys, and Wipro started to take share away from IBM in its core information technology services business. The Indians enjoyed an advantage based on a large supply of highly educated, but relative inexpensive, engineering, and managerial talent. IBM felt that to compete, it needed to adopt the low cost model being pioneered in India. In the mid- 2000s, it bought Daksh, an Indian firm that was a smaller version of India's big three information technology services firms. IBM has invested heavily in its Indian unit, building it into a large global business with leading market share that now effectively competes on cost and quality against its Indian rivals. While Palmisano notes that the original motivation for expanding in India was to gain access to low cost labor, he argues that the skill base in India is just as important now-if not more so. IBM can find a large supply of highly skilled people in India who can staff its global services operations, and move seamlessly around the world. It doesn't hurt that most Indians have a good command of the English language, which has become the de facto language of business in much of the world. Looking forward. Palmisano stresses that IBM is still fairly early in its journey to become a fully integrated global enterprise. The big thrust going forward will be on developing the human capital of the enterprise-helping to produce managers and engineers who see themselves as global professionals and global citizens, who are able to move effortlessly around the world, and do business effectively in a wide range of national contexts.

Questions :

1. What are the strategic advantages of IBM's globally integrated enterprise strategy ?
2. What kind of organizational change do you think had to be made at IBM to make this strategy a reality?
3. What strategy do you think IBM is pursuing today ?

