



**UNIVERSITY OF PETROLEUM & ENERGY STUDIES
DEHRADUN**

End Semester Examination –December, 2017

Name of the Program: BBA AM
Subject Name: Business Policy and Strategy
Subject Code : BBCG107

Semester – V
Max. Marks: 100
Duration: 3 Hrs

I. Choose correct answer

1. Which of the following is a skill required by organizations to deal with competitive chaos?
 - a. The ability to share information among all managers
 - b. The ability to operate efficiently and effectively
 - c. The ability to discern patterns in the dynamic environment and competitive chaos, and spot opportunities ahead of rivals
 - d. The ability to benchmark competitors
2. Which of the following is a characteristic of a customer-driving organization?
 - a. Innovative
 - b. Conservative
 - c. Responsive
 - d. Unresponsive
3. What are focus strategies?
 - a. Where a company focuses on achieving lower costs than its rivals so as to compete across a broad range of market segments
 - b. Where a company chooses to concentrate on only one market segment or a limited range of segments
 - c. When a company conducts market research through focus groups to determine how their strategy should be shaped
 - d. When a company focuses on supplying differentiated products which appeal to different market segments
4. Which of the following is a source of differentiation?
 - a. Relationships with customers
 - b. Distribution
 - c. Low costs
 - d. Unreliability
5. In order for a culture to generate success, what does it need to be?
 - a. Stable and secure
 - b. Flexible and adaptive
 - c. Innovative and resourceful
 - d. Flexible and resourceful
6. Which of the following is not one of the three elements of strategy creation?
 - a. Sales
 - b. Innovation
 - c. Planning

- d. Leadership
7. Why of the following is the best reason for why strategic planning is still important today?
- Without a formal strategic plan a company cannot expect to compete effectively
 - Without a strategic plan an organization can drift without purpose or definition
 - Without it, companies would exist without cause or co-ordination
 - Because of slower economic growth, globalization and technological change
8. Retrenchment is:
- When a company experiences declining profits and makes cutbacks to improve efficiency
 - When a company adopts a new strategic position for a product or service
 - The sale of the complete business, either as a single going concern or piecemeal to different buyers or sometimes by auctioning the assets
 - Likely to take place when an organization lacks a key success factor for a particular market
9. Acquisitions often fail to deliver the successes that were predicted prior to acquisition. What is the main reason for this failure?
- Premium price
 - Poor strategic leadership
 - Goodwill
 - Synergy
10. Which of the following is an aspect of implementation that can be changed indirectly if necessary?
- Organizational structure
 - Information systems
 - Quality
 - Procedures

II) Examine the veracity of the statement (True or False) (1X10=10)

- Instead of focusing exclusively on financial considerations, many firms offer attractive benefits to entice employees to stay. These may include on-site daycare, on-site gyms, and on-site stores.
- A network of independent companies that is joined together to share skills, costs, and access to one another's markets is the virtual type of organization.
- To allow for changes in strategy, Organizational goals and objectives should be clearly stated.
- Technological innovations can create entirely new industries and alter the boundaries of industries.
- Distributing rewards strictly on the basis of outcomes is an effective way to encourage ethical behavior in an organization.
- A firm's intangible resources refer to its capability to deploy tangible resources over time and leverage the resources effectively.
- An advantage of high differentiation is that even if many competitors follow the same strategy, differentiation is still present for all.
- The primary potential benefits of firms diversifying into unrelated businesses are horizontal relationships, i.e., businesses sharing tangible and intangible resources.
- Restructuring necessitates the corporate office to find either firms in industries on the threshold of significant, positive change or poorly performing firms with unrealized potential.

10. Firms can directly acquire the assets and competencies of other firms through joint ventures.

Section B

Write short notes on any four with suitable examples (5X4 = 20 Marks)

1. Captive Strategy
2. SBU, Network organization
3. Evaluation and Control Model
4. Conglomerate diversification
5. VRIO

Section-C

Each question carries 10 marks. Be precise and succinct (10X3=30 marks)

Q1. Indian Automobile companies requires defensive tactics . Comment on the statement while exploring various defensive tactical options available for auto-companies against the onslaught by foreign MNCs.

Q2. Right person for the right job under right structures are the prerequisites for the successful strategy. Comment while explaining process of staffing and structural implementation with respect to automobile industry

Q3. Why do you mean by Strategic Evaluation and Control? Discuss while mentioning various strategy evaluation and control techniques and process with respect to automobile industry.

Section D

**Case Study Analysis carries 30 marks.
(10 X 3 = 30 marks)**

The car once touted as the world's cheapest, Tata Nano, seems to be running into a dead end as sales and production is down to a trickle. The poor demand has resulted in Tata Motors dealerships not placing new orders for the car in the last three to four months.

Nano sales have been steadily slipping in the last six months - from 355 units in May to 57 units in October. Even the festive season did no good to the brand this year. As per reports, the average production is just two Nano cars a day at Tata Motors' Sanand plant. Tata Motors sold 726 units of Nano in October 2016.

The situation was not always like this. Launched in 2009 to much fanfare, Tata Motors sold 30,350 units of Nano in FY10, as per Society of Indian Automobile Manufacturers (SIAM) data. Interestingly, the sales more than doubled in FY11 to 70,432 units, but quickly reached a plateau in the following year (FY12) with only 74,521 units sold.

Since 2012, the brand began to lose the market grip as sales dropped to 53,847 units in FY13, 21,130 units in FY14, and only 16,903 units in FY15. However, Nano sales rose in FY16 to 21,012 units, but sharply dropped to 7,591 units in FY17.

Relaunch With New Name & Avatar

Despite the comatose state of Nano, it seems that Tata Motors is not ready to give up and declare it as dead. Tata Nano is all set to make a comeback as an electric car but with a new name. As per recent media reports, the new electric car variant will be called Jayem Neo.

Jayem because Tata Motors has partnered with Coimbatore-based Jayem Automotives for the electric variant of Nano. While Tata Motors will provide the complete Nano body shells, Jayem will work on the engine and transmission, and manufacture and market the car. While Neo may be currently sold under the Jayem brand, Tata Motors is also expected to come out its own version of Neo.

A spokesperson of Tata Motors said that the hatchback segment is very important for the company. "We already have a well-defined passenger vehicle strategy in place that will look at not only the best way of addressing the segments' requirements but an overall perspective of the portfolio," adds Tata Motors spokesperson.

Tata Nano: A Marketing Disaster?

Tata Motors promoted Nano very heavily across digital, ATL & BTL platforms when it was launched. The key positioning for it was - 'World's Cheapest Car' and it ended up creating a huge interest among the masses.

However, as per experts, one of the biggest reasons attributed to the failure of Nano was marketing it as the 'world's cheapest car'. The brand tried to appeal to the masses for whom affordability was a key factor. However, it was this positioning that caused its downfall as people took it for being substandard in quality. Even Ratan Tata, Chairman Emeritus, Tata Sons after stepping down admitted in 2013 that marketing Tata Nano as a cheap car was a mistake.

The brand regularly shifted its positioning and the target audience for the car. While it started with the 'Khushiyon Ki Chaabi' ad campaign in 2010 which went from as a car for the poor villagers of India, to being the envy of those riding bikes, to focusing on young couples in metros and semi-metros and the opening up of new possibilities, to even targeting older couples with kids and the possibilities of rekindling their love for each other.

In 2012, the company positioned Nano for the younger generation with the launch of its 2012 edition. The brand tried to target college going kids who just got their licenses to buy a car.

In 2014, with the Nano GenX relaunch, the brand tried too hard to make Nano look like a car that young people would find interesting to look at and dance around.

Following this, Tata Nano GenX wanted to highlight its automatic variant and created an ad film in 2016. It again shifted its target audience to the young working urban audience.

Shiv Sethuraman, Founder, The New Business, says, "Clearly it was the car that failed to deliver at a product level. The pricing became the major story about the car. Later, when people experienced the product they found that it was short on many things that is expected in a car. So, I think it was a clear case of the product experience not delivering upto the expectations of customers."

Anisha Motwani, Managing Partner of Storm the New Ventures says that the brand failed for several reasons such as - connotation of the name itself, wrong targeting and the shortcomings of the product. "The nomenclature itself 'Nano' cues in the opposite kind of category that one seeks when one is looking for a car. If you see even the smallest possible cars, they talk about how spacious and comfortable they are. Nano as a word cues in micro, and micro as a word cues in something which has the possibility of being cramped inside and being limited in space. People thought that this is going to be tiny, it is going to be limited and is not going to be the complete product that one seeks from a car," adds Motwani.

Questions regarding the safety of Tata Nano further escalated as a few cars caught fire. The incidents gave a lot of negative publicity to the overall brand.

Earlier this year, Satish Borwankar, COO, Tata Motors clarified that the company would not phase out Nano as there were sentimental reason attached to it and the shareholders also wanted its production to continue. So, they decided to introduce it as an electric car.

To its credit the car will get an initial boost as it has orders already lined up. Taxi aggregator, Ola Cabs, will get the first batch of 400 Neo from Jayem at the launch. Besides this, Tata Motors had won the bid to provide 10,000 electric vehicles for state-owned Energy Efficiency Services Limited (EESL). This is one of the biggest tenders which several companies such as Mahindra & Mahindra and Nissan had bid for.

Q1. Conduct SWOT and PESTLE analysis to explain what went wrong with Nano and what future could offer?

Q2. Conduct five forces analysis to comment on industry structure of indian automobile

Q3. Do you think Nano in its new avatar would be able to grab market. If yes , then suggest basket of strategies to be implemented