

**POKHARA UNIVERSITY**  
**Faculty of Management**

**Strategic Management**

**Model Question Paper**

*Candidates are expected to answer the questions in their own words as far as practicable. The figures in the margin indicate full marks.*

**Section A**

*Attempt all the questions. Give your answer in few lines.*

*(10\*2=20)*

1. What is strategic management?
2. Define strategic intent?
3. What is PESTEL?
4. What is CSR?
5. Write any four salient features of an ethical business.
6. Write two importance of an external environment analysis.
7. Define threshold resources.
8. What is USP?
9. Name the components of internal environment.
10. Define Benchmarking.

**Section B**

**Descriptive Answer Questions**

*Attempt any six questions.*

*(10\*6=60)*

11. Explain the levels of involvement in strategic management and the role of staff at each level. Discuss, how strategy pyramid facilitates it?
12. Today's business environment has changed dramatically, are Porter's five forces still appropriate for managing today's business environment? Discuss with an example from Nepalese context.
13. The BCG (Growth-Share) Matrix is old but has stood the test of time. How can you defend or advocate BCG Matrix among vast developments in management tools that help assess market conditions?
14. How does Porter's value chain facilitate the workings of the resource-based view in achieving competitive advantage?
15. Analyze the noodles industry of Nepal by using Porter's generic strategies? Do you think that it is a perfect tool for industry analysis. Comment.
16. Is the use of strategic group analysis just a marketing tool? Discuss its importance.
17. Discuss about the major managerial issues to be dealt for strategy implementation process.

**Section C**  
**Case/Situation Analysis**

18. *Read the case situation given below and answer the questions that follow.* (20)

When most firms were struggling in 2008, McDonald's increased its revenues from \$22.7 billion in 2007 to \$23.5 billion in 2008. Headquartered in Oak Brook, Illinois McDonald's net income nearly doubled during that time from \$2.4 billion to \$4.3 billion—quite impressive. Fortune magazine in 2009 rated McDonald's as their 16th “Most Admired Company in the World” in terms of their management and performance. McDonald's added 650 new outlets in 2009 when many restaurants struggled to keep their doors open. McDonald's low prices and expanded menu items have attracted millions of new customers away from sit-down chains and independent eateries. Jim Skinner, CEO of McDonald's, says, “We do so well because our strategies have been so well planned out.” McDonald's served about 60 million customers every day in 2009, 2 million more than in 2008. Nearly 80 percent of McDonald's are run by franchisees (or affiliates). McDonald's in 2009 spent \$2.1 billion to remodel many of its 32,000 restaurants and build new ones at a more rapid pace than in recent years. This is in stark contrast to most restaurant chains that are struggling to survive, laying off employees, closing restaurants, and reducing expansion plans. McDonald's restaurants are in 120 countries. Going out to eat is one of the first activities that customers cut in tough times. A rising U.S. dollar is another external factor that hurts McDonald's. An internal weakness of McDonald's is that the firm now offers upscale coffee drinks like lattes and cappuccinos in over 7,000 locations just as budget conscious consumers are cutting back on such extravagances. About half of McDonald's 31,000 locations are outside the United States. But McDonald's top management team says everything the firm does is for the long term. McDonald's for several years referred to their strategic plan as “Plan to Win.” This strategy has been to increase sales at existing locations by improving the menu, re-modelling dining rooms, extending hours, and adding snacks. The company has avoided deep price cuts on its menu items. McDonald's was only one of three large U.S. firms that saw its stock price rise in 2008. The other two firms were Wal-Mart and Family Dollar Stores. Other strategies being pursued currently by McDonald's include replacing gasoline-powered cars with energy-efficient cars, lowering advertising rates, halting building new outlets on street corners where nearby development shows signs of weakness, boosting the firm's coffee business, and improving the drive-through windows to increase sales and efficiency. McDonald's receives nearly two thirds of its revenues from outside the United States. The company has 14,000 U.S. outlets and 18,000 outlets outside the United States. McDonald's feeds 58 million customers every day. The company operates Hamburger University in suburban Chicago. McDonald's reported that first quarter 2009 profits rose 4 percent and same-store sales rose 4.3 percent across the globe. Same-store sales in the second quarter of 2009 were up another 4.8 percent.

**Questions:**

- a) Discuss about the environment McDonald's is going through in the case. (5)
- b) Discuss how McDonald's was able to overcome and overturn that struggling environment in their favour. (10)
- c) Do you agree with the strategic moves of McDonald's? Justify your position. (5)