

**THE OPEN UNIVERSITY OF SRILANKA
 FACULTY OF ENGINEERING TECHNOLOGY
 MASTER OF TECHNOLOGY IN INDUSTRIAL ENGINEERING – LEVEL 7
 FINAL EXAMINATION – 2011/2012
 MEM7117 – STRATEGIC MANAGEMENT**



DATE : 26 FEBRUARY 2012
TIME : 0930 hrs – 1230 hrs
DURATION : Three (03) hours

Answer five (05) questions only. All questions carry equal marks.

- 1) Chairman of the Rico Peries Company, presenting the annual report 2011, declared that the company has earned an annual profit of Rs 2 billion. The Chairman stated that the retail sector of the company has been the most profitable sector during the past five years. However, the company has incurred continuous losses in the plantation sector of the company, during the same period. Therefore, the CEO has made a recommendation to the Board of Directors to formulate a Strategic Plan for the plantation sector of the company. In order to get the approval you are required to explain to the Board of Directors, the importance of Strategic Planning in making the plantation sector profitable in the long run.
- 2) Toyota Ceylon Ltd faced a stiff competition in the local motor vehicle market due to the importation of the re-conditioned vehicles from Japan. As a strategic move the company decided to introduce Toyota Hybrid cars to the Sri Lankan market. For this purpose scan the Economic, Technological, and Social Environment of the company, utilizing the SWOT Approach. Highlight the appropriate critical variables in the each environment.
- 3) "Every organization needs a mission statement- purpose of an organization". Discuss the importance of having a Mission Statement for an organization and explain the factors to be taken into consideration in developing a Mission for an organization. Give examples.
- 4) "Corporate Objectives are concerned with the firm as a whole and are more explicit, identifiable and capable of being achieved". What are the main areas to be covered in setting Corporate Objectives?.

Briefly explain giving examples.

- 5) Singer Ceylon Ltd has experienced a drop of sales in LCD TV's in the market during 2011. With the introduction of LED TV's to the market by rival companies, the Singer has realized that their product has reached the Maturity Stage. Therefore, the company decided to adopt the Stability Strategy aiming at stabilization and recovery of net income, in terms of sales. Explain the major phases of the Stability Strategy and stages involved in each Phase.
- 6) "Control is an important feature of successful implementation of plans and to ensure the effective utilization of resources". Explain the major steps of the Control Process. Distinguish between the Management Control and the Operational Control. Elaborate your answer giving examples.

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