

Roll. No. _____



**International Institute of Health Management Research (IIHMR), New Delhi.
POSTGRADUATE DIPLOMA HOSPITAL AND HEALTH MANAGEMENT
(Batch 2017-2019)**

**Strategic Management
..... HOM-708/ HEM- 708.....
End Term Examination**

Time allowed: 3 hrs

Max. Marks: 70

Directions: Attempt Six questions in all. Question no. 1 and Question no. 9 are compulsory.

Q1. Write down short notes on the following (Any 5) (Max. 150 words) (5 x 4= 20)

- (a) BCG Matrix
- (b) Benchmarking
- (c) Retrenchment Strategies
- (d) Balanced Score Card
- (e) Blue Ocean strategy
- (f) Competitive Advantage
- (g) Turnaround strategy
- (h) Strategic leverage Vs Strategic fit

Q2. Define strategic management. Describe the process of strategic management. Draw a neat chart showing comprehensively the different elements in the strategic management process. (10 marks)

Q3. (a) Cleartrip, an online travel service company has its mission as “making travel simple”. Analyse the mission statement from the viewpoint of characteristics of mission statements. (8 marks)

(b) Only verifiable objectives can be meaningfully used in strategic management. Why? (2 marks)

Q4. Describe some of the important characteristics of environment and demonstrate how a strategist can understand it better by dividing it into external and internal components and general and relevant environment. (10 marks)

Q5. Discuss Michael Porter's approach to defining generic competitive (or business) strategies. Discuss the conditions under which they are used and the associated benefits and risks. (10 marks)

Q6. Describe the GE nine cell matrix technique used for analyzing corporate portfolio. (10 marks)

Q7. Do you agree with the statement: 'Strategy implementation is essentially management of change? Why? Discuss the major issues in managing change in strategy implementation. (10 marks)

Q8. Consider the case of a corporate hospital or any service institution of your choice and suggest how a system of operational control would work in such an institution. (10 marks)

Q9. Read the following case study and answer the question that follows:

GETTING IT RIGHT AT McDONALDS

In the restaurant business maintaining product quality is a major problem because the quality of food, service, and the restaurant premises varies with the chefs and waiters as they come and go. If a customer gets a bad meal or poor service or dirty silverware, not only that customers may be lost, but other potential customers, too, as negative comments travel by word of mouth. Consider then the problem Ray Kroc, the man who pioneered McDonald's growth, faced when McDonald's franchises began to open by the thousands throughout the US. How could he maintain product quality to protect the company's reputation as it grew? Moreover, how could he try to increase efficiency and make the organization responsive to the needs of customers to promote its competitive advantage? Kroc's answer was to develop a sophisticated control system, which specified every detail of how each McDonald's restaurant was to be operated and managed.

Kroc's Control System was based on several components. First, he developed a comprehensive system of rules and procedures for both franchise owners and employees to follow in running each restaurant. The most effective way to perform such tasks as cooking burgers, making fries, greeting customers, or cleaning tables was worked out in advance, written down in rule books, and then taught to each McDonald's manager and employee through a formal training process. For example, prospective franchise owners had to attend 'Hamburger University' the company's training centre in Chicago, where in an intensive, month-long program they learnt all aspects of a McDonald's operation. In turn, they were expected to train their work force and make sure that employees understand operating procedures thoroughly. Kroc's goal in establishing the system of rules and procedures was to standardize McDonald's activities so that whatever franchise customer walked into they would always find get what they expect from a restaurant, the restaurant has developed superior customer responsiveness.

However, Kroc's attempt to control quality went well beyond written rules and procedures specifying task activities. He also developed McDonald's franchise system to help the company control its structure as it grew. Kroc believed that a manager who is also a franchise owner (and receives a large share of the profits) is more motivated to maintain higher efficiency and quality than a manager paid on a straight salary. Thus McDonald's reward and incentive system allowed it to keep control over its operating structure as it expanded. Moreover, McDonald's was very selective in selling its franchises; the franchisees had to be people with the skills and capabilities to manage the business, and franchise could be revoked if the holder did not maintain quality standards.

McDonald's managers frequently visited restaurants to monitor franchisees, and franchisees were allowed to operate their restaurant only according to McDonald's rules. For instance, they could not put in a television or otherwise modify the restaurant. McDonald's was also able to monitor and control the performance of its franchisees through output control. Each franchise provided McDonald's with information on how many meals were sold, on operating costs, and so forth. Sourcing this mix of personal supervision and output control, managers at McDonald's corporate headquarters would quickly learn if sales in a franchise declined suddenly, and thus they could take Corrective action.

Within each restaurant, franchise owners also paid particular attention to training their employees and instilling in them the norms and values of quality service. Having learned about McDonald's core cultural values at their training sessions, franchise owners were expected to transmit McDonald's concepts of efficiency, quality, and customer service to their employees. The development of shared norms, values, and an organizational culture also helped McDonald's standardize employee behavior so that customer would know how they would be treated in a McDonald's restaurant. Moreover, McDonald's tried to include customers in its culture. It had customers but their own tables, but it also showed concern for customer needs, by building playgrounds, offering Happy Meals, and organizing birthday parties for customer's children. In creating its family oriented culture, McDonald's was ensuring future customer loyalty because satisfied children are likely to remain loyal customers as adults.

Through all these means, McDonald's developed a control system that allowed it to expand its organization successfully and create an organizational structure that has led to superior efficiency, quality, and customer responsiveness. Its control system has played an important role in McDonald's becoming the largest the most successful fast-food company in the world, and many other fast-food companies have imitated it.

QUESTIONS

- 1) What were the main elements of the control system created by Ray Kroc? (5 marks)
- 2) In What ways would this control system facilitate McDonald's strategy of global expansion? (5 marks)