**ST. JOSEPH’S UNIVERSITY, BENGALURU -27**

Registration Number:

Date & Session

**B.Com IFA –IV SEMESTER**

**SEMESTER EXAMINATION: APRIL 2024**

**(Examination conducted in May /June 2024)**

**BCIFA 4223: STRATEGIC BUSINESS LEADER I**

**(For current batch students only)**

**Time: 2 Hours Max Marks: 60**

**This paper contains \_\_\_3\_\_\_ printed pages and \_\_\_4\_\_ parts**

**I.** Answer ***any five*** of the following (**3 x 5 = 15 marks)**

1. List any 6 of the 7 P’s of marketing.
2. Explain any pricing strategy.
3. What are three ways to overcome resistance to change?
4. State any three of Mintzberg’s configurations of organisational structure?
5. Diagrammatically depict the Johnson, Scholes and Whittington model.
6. What are the pros of global diversification?

**Section B**

**II.** Answer ***any two*** of the following (**5 x 2 = 10 marks)**

1. Select a company. Represent the products of the company on Ansoff’s Matrix.
2. Briefly explain the benefits of cloud computing.
3. Write a short note on strategic capabilities.

**Section C**

**III.** Answer ***any two*** of the following (**10 x 2 = 20 marks)**

1. Explain Harmon’s process strategy matrix.
2. *E-business has been defined as the transformation of key business processes through the use of internet technologies.* Explain the stages of E- Business with suitable examples.
3. The Big M is a fast food chain selling sandwiches and was founded in the X province of the country Ire. The company is looking to expand its operations rapidly across the country and is considering the franchise model to do so. Prepare 2 slides (with notes) highlighting the pros and cons of franchising the business.

**Section D**

**III. Answer the following (15marks)**



TMZ is a music company based in the developed country of Artazia. It was founded in 1963 when it started to sign emerging rock and roll artists to its record label. TMZ offers a contract in which the artists receive royalties based on the sales of their music. As part of this contract, TMZ record the music, distribute it and promote it. Most of the contracts are for a defined number of songs or records. For example, in 1980, TMZ contracted the heavy metal band, Vortex31, to produce ten albums, to be delivered over seven years. Extracted financial data for the period 1965–2000 is given in Table one. During these years TMZ successfully signed bands offering different and emerging types of music (pop, punk, garage, grunge, patio) and also successfully altered the physical media of distribution, from vinyl records to tape cassette and subsequently to compact disc (CD).

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **All figures in $million** | 1965 | 1970 | 1980 | 1990 | 2000 |
| Revenue | 10 | 70 | 120 | 150 | 170 |
| Gross Profit | 4 | 30 | 45 | 50 | 50 |
| Net Profit | 3 | 22 | 30 | 30 | 25 |

**Table one: Revenue and profit information: TMZ (1965–2000)** .

In 1999, the first file sharing company was formed in Artazia, allowing people to easily share their music files with each other. During the next decade, numerous file sharing and digital downloading companies were launched. As early as 2003, the possible implications of this growth in file sharing and digital downloading were highlighted by a number of employees in TMZ. However, senior management at TMZ were dismissive of this threat, suggesting that the contracts with their artists were ‘watertight’. Table two shows revenue and profit information for 2003–2007.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **All figures in $million** | 2003 | 2004 | 2005 | 2006 | 2007 |
| Revenue | 165 | 150 | 130 | 100 | 80 |
| Gross Profit | 45 | 30 | 10 | 0 | (10) |
| Net Profit | 20 | 5 | (15) | (20) | (30) |

**Table two: Revenue and profit information: TMZ (2003–2007)**

Senior management at TMZ believed that this decline in performance was due to them providing the ‘wrong music, promoted to the wrong people at the wrong price’. During this period the company signed new artists, increased advertising and cut prices. However, this did not halt its decline.

Losses were also made in 2008 and 2009 and the company was only kept afloat by fresh injections of shareholder capital. During these years, the company took legal action against what they considered illegal downloading and file sharing. It won a number of small cases but its actions angered many music fans, who felt that music labels had been greedy in the past. It also upset some of its artists who now benefited from the opportunity the internet gave them to sell music directly to their fans.

In 2009, a new CEO was appointed from outside the music industry. In 2010 he/she announced a new strategy. TMZ was no longer interested in contracting new artists to the label. Instead it would focus on deriving profit from its established artists and music catalogue.

He/she came to licensing agreements with some large digital downloading operators and stores, allowing them to access or sell the music of established artists. However, he/she continued litigation against others. He/she also began to generate revenue from licensing the music for use in computer games, television advertisements and personalised ringtones.

**Required:**

The CEO of TMZ is concerned by the past strategic drift of the company. He/she wants to learn from the organisations past mistakes.

**Analyse the performance of TMZ from 1965 to the present, including any evidence of past strategic drift.**