MACHAKOS UNIVERSITY COLLEGE

(A Constituent College of Kenyatta University)
University Examinations for 2015/2016 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ENTREPRENEURSHIP AND MANAGEMENT SCIENCES

SECOND SEMESTER EXAMINATION FOR MASTER OF BUSINESS ADMINISTRATION

BBA 823: STRATEGIC MANAGEMENT

Date: SCHOOLBASED **Time:**

INSTRUCTIONS

Answer Question One (compulsory) and any Other Three Questions

STAR COFFEE

Beginning with few coffee houses in 1990, Star CEO Howard Kombo has exported the company's chic cafes throughout the country. Service is anything but fast and the price of coffee is very competitive and affordable. The quality of coffee is second to none.

Despite a slowdown in sales from established stores, Star is pursuing rapid expansion strategies. It made its first acquisition in 2003 buying the Coffee Connection Ltd. With more than 10 coffee houses in Nairobi in place, Kombo plans to open % more within a year and has even announced plans to team with foreign partners to open up branches in Uganda and Tanzania. In addition, Star has entered into venture with PepsCo to develop a new bottled coffee drink. Kombo's strategies are risky but some analysts the Star has the flexibility and management strength to succeed.

Many Star managers have years of experience in such companies as Wimpy, Kengeles and Nandos. Kombo believes that a CEO should "hire people smarter than you are and get out of their way". Equally crucial to Star's success are the "baristas" who prepare coffee drinks. Star recruits its workers from colleges and community groups and gives 24 hours' training in coffee making and lore- a key to creating the company's image and quality service. To maintain quality control, Star roasts all its coffee in-house. The company also has turned down lucrative alternatives such as franchising and market distribution.

A computer network links the expanding Star Empire and Kombo has hired a top information technology specialist to design a point of sale system to enable managers to track sales. Every night, computers from all the coffee houses send information to the headquarters so that executives can monitor the trends.

Required

a) Highlight the competitive strategies that Star is using. (8 marks)

b) Explain the challenges that Kombo may face in trying to expand internationally (8 marks)

c) Strategy evaluation can be done through portfolio analysis. Discuss the contribution of Boston Connecting Group (BCG) in this respect. (8 marks)

QUESTION TWO

a) As a strategic management consultant, the management of Intel Company approaches you for advice in this area. Using appropriate examples, explain to them any four general strategies that they can choose when formulating the business strategies. (8 marks)

b) Strategic controls are necessary for steering the firm through initial implementation of strategy and the achievement of its intended results. In view of this statement discuss the four basic types of strategic control. (4 marks)

QUESTION THREE

a) Analyse any four committees that should constitute to assist in leading and keynoting the tone, pace and style of strategy formulation and implementation outlining two roles of each of them. (8 marks)

b) Discuss four roles of environmental analysis in strategic management process (4 marks)

QUESTION FOUR

As the strategic manager of a newly established organization, the organization requires you to sphere head the formulation of the organization's business strategy. Explain how you would use Michael Porters Competitive Analysis Model to guide you in this process. (12 marks)

QUESTION FIVE

a) Discuss any four fundamental approaches to strategy implementation outlining two advantages and two disadvantages of each. (8 marks)

b) One of the challenges of strategy implementation is culture alignment. Analyse eight roles of a leader in organizational culture change. (4 marks)