



**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE  
AND TECHNOLOGY**

**UNIVERSITY EXAMINATION 2012/2013**

**1<sup>ST</sup> YEAR 2<sup>ND</sup> SEMESTER EXAMINATION FOR THE DEGREE  
OF MASTER OF BUSINESS ADMINISTRATION**

**MAIN/ KISUMU LEARNING CENTRE**

**COURSE CODE: MBA 808**

**COURSE TITLE: STRATEGIC MANAGEMENT**

**DATE: 16/4/2013**

**TIME: 9.00-12.00 NOON**

**DURATION: 3 HOURS**

**INSTRUCTIONS**

- 1. This paper contains SIX (6) questions**
- 2. Answer question 1 (Compulsory) and ANY other 3 Questions**
- 3. Write all answers in the booklet provided**

## QUESTION 1 (COMPULSORY QUESTION)

### Value Creation at Burberry

When Rose Marie Bravo, the highly regarded president of Saks Fifth Avenue, announced that she was leaving to become CEO of the ailing British fashion house Burberry, people thought she was crazy. Burberry, best known as a designer of raincoats with the trademark tartan linings, had been described as an outdated, stuffy business with a fashion cachet of almost zero. When she stepped down from the Burberry position in 2006, Bravo was heralded in Britain and the United States as one of the world's best managers. During her tenure, she had engineered a remarkable turnaround, leading a transformation of Burberry into what one commentator called an "achingly hip" high-end fashion brand whose famous tartan bedecks everything from raincoats to bikinis and handbags to luggage in a riot of color from pink to blue to purple. In less than a decade, Burberry had become one of the most valuable luxury fashion brands in the world.

When asked how she achieved the transformation, Bravo explained that there was hidden brand value that was unleashed by constant creativity and innovation. Bravo hired world-class designers to redesign Burberry's tired fashion line and bought in Christopher Bailey, one of the very best, to lead the design team. The marketing department worked closely with advertisers to develop hip ads that would appeal to a younger, well-heeled audience. The ads featured supermodel Kate Moss promoting the line, using a top fashion photographer to shoot the model wearing Burberry. Burberry exercised tight control over distribution, pulling its products from stores whose image was not consistent with the brand, and expanding its own chain of Burberry stores.

Bravo also noted that "Creativity doesn't just come from designers ... ideas can come from the sales floor, the marketing department, and even from accountants." She emphasized the importance of teamwork. She also noted that her job is to build the team and then motivate them, "keeping them on track, making sure that they are following the vision." {M. Dickson, "Bravo's Legacy in Transforming Burberry," *Financial Times*, October 6, 2005, 22}

### Required:

- a.) Explain any **two** organizational conditions that made Burberry undertake the Turnaround strategy? (4mks)
- b.) To have a complete turnaround of the ailing British fashion house Burberry, Rose Marie Bravo undertook several strategic measures. With case examples, identify any **four** of such strategic measures? (4mks )
- c.) Describe how the business, political, economic, socio-cultural and technical environment can affect operations of Burberry? (10mks)
- d.) Explain **two** challenges that Rose Marie Bravo is likely to have faced during the implementation of the turnaround strategies? (4mks)
- e.) Supposing Rose Marie Bravo was disappointed by the negative image of Burberry as "...outdated, stuffy business with a fashion cachet of almost zero," and hired you to Generate a new vision statement that captures aspirations of Burberry, generate herein the vision? (2mks )

## QUESTION 2

- a) Describe the contents of a comprehensive strategic plan document? (8mks)
- b) Discuss any five strategic issues that when poorly handled can affect a firms operations negatively (10mks)

## QUESTION 3

- a.) Explain any **four** performance measures that the balance scorecard can be used to identify? (8mks)
- b.) Discuss any 5 reasons that make overall cost leadership strategies be attractive to organizations. (10mks)

## QUESTION 4

- a) Explain how you can use strategic surveillance as a premise control mechanism? (6mks)
- b) Describe how the Boston Consulting Group (BCG) matrix can be used in product portfolio analysis? (12mks)

## QUESTION 5

- a.) Differentiate the following terms used in strategic management
  - i. Performance benchmarking and process benchmarking. (4mks)
  - ii. Forward integration and backward integration (4mks)
- b.) Describe any four conditions necessitating usage of differentiation strategies? (10mks)

## QUESTION 6

### EITHER

With the help of a well labeled diagram, discuss the strategic management process? (18mks)

### OR

Discuss how you can use value chain analysis to assess your business environment? (18mks)