



MUEO

# MOI UNIVERSITY

OFFICE OF THE DEPUTY VICE CHANCELLOR  
(ACADEMICS, RESEARCH, EXTENSION & STUDENT AFFAIRS)

## UNIVERSITY EXAMINATIONS 2022/2023 ACADEMIC YEAR

FOR THE DEGREE OF

BACHELOR  
OF

**BUSINESS MANAGEMENT**

**COURSE CODE:** BBM 462

**COURSE TITLE:** STRATEGIC MANAGMENT

**DATE:** 9<sup>TH</sup> DECEMBER, 2022 **TIME:** 9.00 A.M. - 12.00 P.M

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### INSTRUCTION TO CANDIDATES

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**INSTRUCTIONS; Answer question 1 and any other 3 questions.**

**Question one**

**Q1) Analyze the following case and answer the questions given towards its end;**

**Sony Ericsson**

Miles Flint of Sony Ericsson likens the mobile phone maker's lot to that of movie industry. 'You develop a product, you show it in focus group, or you show it in screenings, but it is only when the box office opens, or the product is in the stores, that you really know how well it is going to do,' says the president of Sony Ericsson. Fortunately for Japan's Sony and Sweden's Ericsson, their Joint venture's camera and music phones are proving popular particularly with the target audience: young affluent people.

The walkman music phones, launched last year, account for 25 percent of Sony Ericsson's sales. The group is hoping to replicate that success with the Cyber-shot camera phones launched in February. These phones play to the joint venture's strengths by combining some of Sony's most famous consumer electronics devices with Ericsson's expertise in wireless technology. Today, Sony Ericsson is celebrating its fifth anniversary by usurping LG Electronics as the world's fourth biggest mobile phone maker. It has been able to do so while also maintaining one of the highest average selling prices to the mobile network operators: Euro 145 in the second quarter of 2006. But it was not always like this.

Sony Ericsson's pre-tax profit of EURO 514 million for 2005 contrasts with a loss of Euro 291 million in 2002, the first full year of the joint venture. Things started off badly in 2001 because the mobile handset divisions of Sony and Ericsson were already struggling, and the joint venture was simply putting the Sony Ericsson logo on the partners' existing phones. The turning point came in 2003 when collaboration resulted in the T610, Sony Ericsson's first integrated camera phone. The black and silver phone developed a cult status, partly due to its 'stick' or rectangular shape. But challenges persisted because Sony Ericsson did not have a full range of phones to sell to the mobile network operators. It ramped up its research and development during 2004 and 2005, which led to the Walkman and cyber-shot phones.

Sony Ericsson now has a range of 35 phones, and Mr Flint says the joint venture's confidence is rooted in how 'the broad portfolio is generating margins across the piste'. Pre-tax margins were 9 percent in the second quarter of 2006, and Sony Ericsson is now seeking to raise its profile and boost sales through a new media campaign. The joint venture's research suggested that it and its peers' brands are regarded as lacking warmth and personality. So the Sony Ericsson logo, which



combines an S and E in a green and silver ball, has replaced a verb in a series of statements in advertisements.

'I SE my long commutes' is supposed to convey the message that people love travelling long distances to work because they enjoy listening to their Walkman phone. Mr Flint says Sony Ericsson aspires 'to be a cool brand'. This Month it will unveil a limited edition silver version of its Cyber-shot phone to mark its use by Daniel Craig in casino royale, the James Bond movie. In April it produced a Robbie Williams version of the walkman phone in collaboration with the UK pop singer and T-mobile.

Sony Ericsson is considering increasing sales of handsets to network operators through exclusive deals on music content. In March it announced a partnership with orange to offer songs and videos by Christina Aguilera, a Sony VMG, artist.

Having integrated cameras and MP3 players into mobiles, what does Mr Flint think will be the next big thing? He cautions about rapid take-up of mobile television, partly because of research suggesting people spend more time on internet than watching TV. Instead, he points to the mobile's increasing role in user generated content. Teenagers have flocked to social networking websites such as MySpace and Bebo that allow them to share messages, music, and pictures. Sony Ericsson is putting Google's Blogger facility on its cyber-shot phone, which enables people to create their own block and post photographs on it in just two or three keystrokes.

Mr Flint, 53, says the mobile is 'increasing becoming the depository of our life: we keep our pictures, we keep our music, we keep our email, and certainly when we look at younger people than I am there is a lot of sharing ideas, sharing of pictures, sharing music'.

### Questions

- a). Using Ansoff's growth Matrix, identify the growth strategy that Sony and Ericsson are pursuing with their joint venture. (9marks)
- b). Evaluate the distinctive capabilities of Sony and Ericsson noting to explain the extent the said capabilities have been shared across the Sony Ericsson joint Venture? (8marks)
- c). What reasons might either partner provide to terminate the joint venture? (8marks)

### Question two

- Q2a) Using an example, demonstrate how Leadership, Dominant stakeholder and ownership influence formulation of strategic Intent (Vision). (10 marks)
- b) Describe the advantages and risks of pursuing Vertical Integration versus a merger. (5 marks)

### Question three

**Q3)** SWOT Analysis is the most renowned tool for audit and analysis of the overall strategic position of the business and its environment. Its key purpose is to identify the strategies that will create a firm specific business model that will best align an organizational resources and capabilities to the requirements of the environment in which the firm operates. A consistent study of the environment in which the firm operates helps in forecasting/predicting the changing trends and also helps in including them in the decision-making process of the organization. Using an example, demonstrate the usefulness of SWOT Analysis. **(15 Marks)**

### Question four

**Q4a)** How can understating of the different stages of the industry life cycle help an organization formulate a coherent business strategy? **(7 marks)**

b) Define strategic control noting to name and briefly explain four types of Strategic control demonstrating their usefulness. **(8 marks)**

### Question five

**Q5)** If an organization's portfolio of business comprises some dogs, what are the options open to it according to BCG matrix? State also the circumstances in which an organization might be prepared to tolerate dog business. **(15 marks)**

### Question six

**Q6 a)** Compare and contrast strategic Alliance and Re-engineering. **(7 marks)**

b) A retrenchment strategy aims at the contraction of the organization's activities to improve performance. It is implemented to find out the problem areas and the steps to take to resolve them. This strategy is adopted when an organization suffers continuous loses. A no of supermarkets in Kenya have been placed under receivership despite their existence in a growing market. Using knowledge gained from the class, discuss the stated narrative. **(8 Marks)**