KENYATTA UNIVERSITY

UNIVERSITY EXAMINATIONS 2016/2017

SECOND SEMESTER EXAMINATION FOR THE DEGREE OF MASTER OF PUBLIC POLICY AND ADMINISTRATION

<u>APP 816: STRATEGIC MANAGEMENT</u>

DATE: FRIDAY 12TH MAY 2017 **TIME: 5.30 P.M. - 8.30 P.M.**

<u>INSTRUCTIONS</u>: Answer Question **One (compulsory)** and any other **Two** Questions.

QUESTION ONE

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.

Despite a slowdown in sales from established stores, Star is pursuing rapid expansion strategies. It made it s first acquisition in 2003 buying the Coffee Connection Ltd. With more than 10 coffee houses in Nairobi in place, 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 it 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 roast 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 total 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 any five competitive strategies that Star is using. (10 marks)

b) Explain any four strengths that star has for it to gain competitive advantage. (5 marks)

c) Besides the benefits highlighted in the case, discuss any other five possible benefits that Star Coffee may get as a result of strategic management. (15 marks)

QUESTION TWO

Strategic control is necessary for steering the firm through initial implementation of strategy and the achievement of its intended results. In view of this statement discuss the **basic** types of strategic control. (15 marks)

QUESTION THREE

a) Outline five reasons why strategies would fail. (5 marks)

b) Explore five components of an organizational mission statement. (10 marks)

QUESTION FOUR

As the Strategic Manager of a newly established organization, the organization requires you to spear head the formulation and implementation of the organization's business strategy. Explain how you would use Michael Porters Competitive Analysis Model to guide you in this process. (15 marks)

QUESTION FIVE

As a Strategic Management Consultant, the management of Kenyatta University approaches you for advice in this area. Using appropriate examples, explain to them any three strategies that they can choose for growth. (15 marks)

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