



# UNIVERSITY OF COLOMBO, SRI LANKA

## Faculty of Graduate Studies

### Postgraduate Diploma in Business Management (m-Learning) – Semester II Examination– December 2020

#### PGDBM -ml 5208/PGDBM-ml508 – Strategic Management

Four (04) hours

### Answer All Questions

This is an open book examination

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You are the Chief Executive Officer representing the Board, of a large rubber manufacturing company which majority (95 %) of your clients are from European Union and in USA. Your main products are Tyres that are used for very specific industries such as Airlines, Heavy vehicles etc. Organization has been enjoying very high margins and established in an Industrial Zone. Further, having manufactured all the export orders, it has excess machine capacity, which operates at 65% of it's optimum capacity, at present.

Due to Covid 19 pandemic, started in early 2020, your organization has experienced continues drop in revenue which is around 55% (Year to date), comparing to last year.

As a result of import restriction, it has been identified that there is a huge vacuum of Tyres in local market and it is expected to continue for many years. Your organization has all the competencies to manufacture any type of Tyres that is demanded by local market. Board of Directors have decided to establish new venture to address the newly created market opportunity and have planned to consolidate this new venture as a separate Decision-Making Unit (DMU) under you. As per the initial studies BOD has been identified that created vacuum is around 5 Billion/annum and developing plans to gain a substantial share for the organization as a diversification initiative.

(In developing your answer, you are allowed to do any appropriate assumptions of the organization and explain if any, explicitly)

1. Having considered the current situation, evaluate the impact on the organization from its external environment, using 'PESTEL' analysis.

(15 Marks)

2. Evaluate the impact of competition by using "Porter's Theory of Competition" in establishing in local market.

(15 Marks)

3. Establish a 'SWOT' analysis for the new business venture taking in to account external opportunities and treats identified in above.

(15 Marks)

4. Develop

- i. A Mission statement.
- ii. Objectives.

to the new venture and justify reason for developing the same.

(20 Marks)

5. Establish 'Corporate Strategy' for new business venture.

(20 Marks)

6. Moving forward, explain what are the possible implementation problems that you may encounter from management and staff

(15 marks)

**(Total 100  
Marks)**

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