



KABARAK

UNIVERSITY

UNIVERSITY EXAMINATIONS

2010/2011 ACADEMIC YEAR

FOR THE DEGREE OF BACHELOR OF COMMERCE

COURSE CODE: BMGT 413

COURSE TITLE: STRATEGIC MANAGEMENT

STREAM: Y4S1

DAY: THURSDAY

TIME: 2.00 – 4.00 P.M

DATE: 16/12/2010

INSTRUCTIONS:

- Answer question **ONE (1)** and any other **TWO (2)** questions

PLEASE TURNOVER

QUESTION ONE

MOTOROLA SEGMENT ANALYSIS

Motorola is a global manufacturer of communication products, semiconductors, and embedded electronic solutions. The company is divided into six operating segments that publicly report financial results. The personal communication segment (PCS) designs, manufactures, and markets wireless communication products for service subscribers. Products include wireless handsets, personal 2- way radios, and messaging devices, along with the associated accessories. The personal communications segment accounted for 37.8% of 2002 sales, making it the largest of Motorola's operating segments. The Global Telecommunications segment (GTS) designs, manufactures, and markets the infrastructure communication systems purchased by telecommunication service providers. Products include electronic exchanges, telephone switches, and base station controllers for various wireless communication standards. This accounted for 15.8 % of Motorola's sales in 2002. The broadband communication segment (BCS) designs, manufactures, and markets a variety of products to support the cable and broadcast television and telephony industries in delivering high speed data, including cable modems, Internet-based telephones, set-top terminals, and digital satellite television systems. This segment accounted for 7.3% of Motorola's sales in 2002. The commercial, Government, and industrial segment (CGIS) designs, manufactures, and markets integrated communication systems for commercial, government, and industrial applications, typically private 2-way wireless networks for voice and data transmissions, such as would be used by public safety authorities in a community. This segment accounted for 13% of Motorola's sales in 2002. The semiconductor product segment (SPS) designs, manufactures, and markets microprocessors and related semiconductors for use in various end products, such as computers, wireless and broadband devices, automobiles, and other consumer electronic devices. Some of the semiconductors produced are used in products marketed by other Motorola segments. This segment accounted for 16.8% of Motorola's sales in 2002. The integrated Electronic systems segment (IESS) designs, manufactures, and markets automotive and industrial electronic systems, single board computer systems, and energy storage products to support portable electronic devices (such as wireless handsets). This segment accounted for 7.6% of Motorola's sales in 2002.

Condensed statement of Financial performance 1998 to 2002

	2002	2001	2000	1999	1998
Sales	26,679	30,004	37,580	33,075	31,340
Net Earnings	(2,485)	(3,937)	1,318	891	(907)

Note: All figures in millions except per share data, as is typical in this report, unless noted.

Total Motorola sales and profitability has varied widely over the last five years. Sales peaked at over \$37B in 2000 and dropped to less than \$27B in 2002. Motorola had a net loss in 2001 and 2002. Motorola's stock price has varied from a high of over \$35 in February of 2000 to a low price of less than \$8 in January of 2003. Despite the losses incurred recently and the variability of reported income, Motorola has continued to pay a steady dividend of \$0.16 per share since 1997. This is a clear indication of the importance that Motorola attaches to the informational content associated with dividends: despite significant losses, dividends have not been reduced. The most recent data indicates that Motorola has returned to profitability, posting a \$0.01 per share profit for the first quarter of 2003.

QUESTIONS

- (a) What strategic issues can you learn from this excerpt? (5 marks)
- (b) From your knowledge obtained in this course show some challenges in the Telecommunication industry that a manager should be aware of (10 marks)
- (c) Why would you expect firms in the industry to Benchmark (5 marks)
- (d) Show clearly how Motorola could use ratio analysis in decision making (10 marks)

QUESTION TWO

Njambi was appointed a CEO in an upcoming hotel in Nakuru. She had an MBA in strategic Management and wanted to practice it. She started by conducting a SWOT analysis.

- (a) What's the purpose of such an analysis? (8 marks)
- (b) Which other analytical model would you advice Njambi to adopt and why? (12 marks)

QUESTION THREE

Kisumu molasses took several years to complete. Many other projects in Kenya have also stalled for some time before completion.

- (a) What in your opinion are the key challenges that affect strategy implementation? (12 marks)
- (b) Suggest some solutions to those obstacles encountered in implementation process? (8 marks)

QUESTION FOUR

(a) As Strategy is being formulated, it has become necessary to lay down control measures.

Why?

(5 marks)

(b) In corporate strategy, Johnson and Scholes present a model in which strategic options are evaluated against three key success criteria:

- i. Suitability (would it work?)
- ii. Feasibility (can it be made to work?)
- iii. Acceptability (will they work it?)

Elaborate how each can be verified .

(15 marks)