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**III Semester M.B.A. Examination, May 2022**  
**(CBCS – 2014-15)**  
**MANAGEMENT**

**3.1 : Strategic Management and Corporate Governance**

Time : 3 Hours

Max. Marks : 70

**SECTION – A**

Answer **any five** of the following questions :

**(5×5=25)**

1. Briefly Explain Porter's Five Forces Model OR Competitive Analysis Model.
2. Discuss Generic Strategies with suitable examples.
3. Explain Balanced Scorecard with an example.
4. Discuss the four building blocks of competitive advantage.
5. What are the indicators of performance of strategy ?
6. Explain GE Nine Cell Planning Grid.
7. Briefly explain the process of strategy execution.

**SECTION – B**

Answer **any three** of the following questions :

**(3×10=30)**

8. Discuss the development and critical appraisal of corporate governance in India.
9. Explain blue ocean strategy and its implications with the help of Indian examples.
10. Transport company with nation-wide operations is now experiencing a difficult time with uneconomic freight rates and severe competition. It has diversified its business setting up textile mills and a wire rod mill in Karnataka. All these units have been hit by severe power cuts imposed in the State. Still the company is considering several expansion strategies since the transport operations are expected to revive soon. What should be the appropriate strategy of the company ? Give reasons.

P.T.O.



11. Write short notes on :

- 1) BCG matrix
- 2) Value chain analysis.

### SECTION – C

**Compulsory** - Case study.

(1×15=15)

12. The Rise and Fall of Dennis Kozlowski

Under the leadership of Dennis Kozlowski, who became CEO of Tyco in 1990, the company's revenues expanded from \$3.1 billion to almost \$40 billion. Most of this growth was due to a series of acquisitions that took Tyco into a diverse range of unrelated businesses. Kozlowski was initially lauded in the business press as a great manager who bought undervalued assets and then enhanced their value by imposing tight financial controls at the acquired companies. Certainly both profits and the stock price advanced at a healthy clip during much of the 1990s.

Tyco financed the acquisitions by taking on significant debt commitments, which by 2002 exceeded \$23 billion. As Tyco expanded, some questioned the company's ability to service its debt commitments. Others claimed that management was engaging in accounting tricks to pad its books and make the company appear significantly more profitable than it actually was. Tyco's defenders pointed out that its accounts were independently audited every year, and the outside accountants had detected no problems. These criticisms, which were ignored for some time, were finally shown to have some validity in 2002 when Kozlowski was forced out by the board and subsequently charged with tax evasion by federal authorities.

Among other charges, authorities claimed that Kozlowski treated Tyco as his personal treasury, drawing on company funds to purchase an expensive Manhattan apartment and a world class art collection that he obviously thought were be fitting of the CEO of a major corporation. Kozlowski even used company funds to help pay for an expensive birthday party for his wife- which included toga-clad ladies, gladiators, a naked-woman with exploding breasts birthday cake and a version of Michelangelo's David that peed Vodka! Kozlowski was replaced by a company outsider Edward Breen. In 2003, after a special audit requested by Breen, Tyco took a \$1.5 billion charge against earnings for accounting errors made during the Kozlowski era (i.e., Tyco's profits had been overstated by 41.5 billion during Kozlowski tenure). Breen also set about dismantling parts of the empire that Kozlowski had built divesting several businesses .



After a lengthy criminal trial in June 2005, Dennis Kozlowski and Mark Swartz, the former Chief Financial Officer of Tyco were convicted of 23 counts of grand larceny, conspiracy, securities fraud and falsifying business records in connection with what prosecutors described as the systematic looting of millions of dollars from the conglomerate (Kozlowski was found guilty of looting \$90 million from Tyco). Both were sentenced to jail for a minimum of eight years. As for Tyco, in 2006, CEO Edward Breen announced that the company would be broken up into three parts, a testament to the strategic incoherence of the conglomerate that Kozlowski built.

### Case Discussion Questions

- 1) Under the leadership of Dennis Kozlowski, Tyco grew rapidly for a decade. Why do you think Kozlowski pursued his growth through acquisition strategy? How did it benefit Tyco? How did it benefit Kozlowski?
  - 2) What do you think leads top managers to engage in accounting manipulations to pad earnings as apparently happened at Tyco?
  - 3) During the period when Tyco's profits were overstated to the tune of \$1.5 billion, its accounts were audited every year by a major independent accounting firm that signed off on them. Why do you think that the accounting firm did not catch the manipulations at Tyco?
  - 4) Why do you think Kozlowski and Swartz, both bright successful businessmen, engaged in the behaviour that they did? What motivated them to take such risks? How risky do you think they thought their behaviour was?
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