



(The University of Choice)

**MASINDEMULIROUNIVERSITY OF
SCIENCE AND TECHNOLOGY
(MMUST)**

MAIN

**UNIVERSITY EXAMINATIONS
2022/2023 ACADEMIC YEAR**

**FOURTH YEAR SECOND SEMESTER
MAIN EXAMINATIONS**

**FOR THE DEGREE
OF
BACHELOR OF SCIENCE IN HOSPITALTY
MANAGEMENT**

COURSE CODE: BHM 409

COURSE TITLE: STRATEGIC MANAGEMENT

DATE: MONDAY, 24TH APRIL TIME: 8:00 – 10:00

INSTRUCTIONS TO CANDIDATES

Section A is compulsory. Attempt any two questions in section B

TIME: 2 HOURS

Part A: Compulsory

The Wekesa's truly are a family of entrepreneurs. Cris and Ralph Wekesa's manage the bottling plant that their Great grandfather Denis purchased in 1916. Today a fourth generation family business with \$200million in annual sales, Polar Beverages is the second-largest independent Soft drink bottler in a nation and the largest in Northwest. Their younger siblings, David, Jeff, and Carolyn, operate nearby ski resort that they rescued from bankruptcy in 1982. Since then the younger Wekesa's have transformed Wachusett Mountain into one of the most popular resort in New England. What is surprising is how this generation of Wekesa's learn from each other as they run what seem to be totally disparate and unrelated businesses and the apply their knowledge to their respective companies. It's a talent they learned from their late father. "A lot of what we do at the Ski area is directly linked to our experience watching dad run Polar says David.

Although most of the ski resorts have struggled to survive in recent years Wachusett has made a profit every year since the Wekesa's bought it. The Wekesa's generates an operating profit margin of about 35%, compared to a national average of about 12%. This family of entrepreneurs has developed business strategies that works wells for both businesses and surprisingly many of the elements are common to both businesses. For, instance both the bottling plant and ski resort share a common threat: unused capacity at their ski resort many energy. The Wekesa's recently began targeting corporate customers with the addition of Mountain Suite, luxury boxes with beautiful views and easy access to everything. However, the younger Wekesa's recognized that unused capacity at their ski resort means lost on Chris and Ralph. To keep unused capacity to a minimum, they market the resort to specific target groups at different times of the day. In other words, the Wekesa's do not see their target market as simply "skiers." David explains, It's seniors, housewives, and a third-shift factory workers from 9am to 2.30pm teenage groups (from) 7pm to 10pm. On weekend, families and "night owls" are the primary customers. The result is that the resort is filled with customers almost every minute of its 14 hours of operations a day.

One of their most successful strategies has proved to be working with local schools to provide afternoon activities for children. They came up with the ideas when they took over Wachusett Mountain 20 years ago, and the program has been expanding ever since. On a typical afternoon when school is over, 65 yellow school buses pull up and deposit 2500 teenagers ready to ski and have fun! Sales of burgers and fries skyrocket. Around 7pm long after most ski resorts have closed, the teens have gone home, and a new crowd emerges; ski racers and singles. More than 800 adult racers belong to the Wachusett Racing league and most of them are devoted skiers.

Another highly successful tactic stems from the Wekesa's clear understanding of their customers and also is aimed at minimizing unused capacity. The Century Pass allows skiers to use the slopes off peak hours at greatly allows skiers to use the slopes in off-peak hours at greatly reduced prices (\$189 for a Century Pass versus \$595 for an unlimited annual pass). Wachusett sells 15,000 Century Passes a year, and the steady stream of customers generates a handsome profit in food and beverage sales as well.

A few years ago in the Polar Plant, Chris and Ralph noticed that the 20-liter jugs of bottled water they were producing left a lot of wasted space on their delivery trucks. So they redesigned the bottles-they are shaped like squat rectangles- and found immediate benefits. "They pack more efficiently, don't break as much, and cost \$1.50 less each to make. Seeing a parallel in their ski operations, the younger Wekesa's focused their attention on the "truck" they have to fill and empty as efficiently as possible: the rental shop, where 3,000 skiers and snowboarders arrive at 7.30 on weekend mornings. Skiers spend an average of 50 minutes in the typical rental shop, but Carolyn and Jeff have managed to cut that time to 10minutes! "It's like the (bottling) plant". Explain Carolyn. You are watching bottles go through the manufacturing process and making sure that none of them sits still too long. One technique that works for Wachusett is not allowing customer's wears and give them the appropriate pair. The resort stocks steps-in snowboard bindings only to speed up that process as well.

On the surface, Polar Beverages and Wachusett Mountain do not appear to have much in common, but the family members who run both businesses see enough overlapping aspects to use the lessons learned in one operation to make the other make the other more effective and efficient as well. While watching 1200 cans a minutes whirl past as one of his machines fills cans of polar of Polar Orange Dry Soda, Chris Wekesa's exclaims, "look at all those skiers getting on chasirlifts.

Adopted from "Essential for Entrepreneurship and Small Business Management" for the purpose of examination.

Required

- 1.a). Explain the Core Competences that Wachusett Mountain has built. What is the source of its core competences. (9 marks).
- b). Identify Wachusett Mountain's strengths, weaknesses, opportunities, and threats (8 marks).
- c). Explain how Wachusett Mountain uses Knowledge management to built a competitive advantage. What other steps would you suggest the company take at this stage (8 marks).

Part B: Answer any other THREE questions

Question Two

- a) External environment is very critical for the survival of many businesses in Kenya. Due to the dynamics involved in the general business management, many managers find it difficult to make strategic plans. As a result, so many businesses have no "vision" or a "mission" for their businesses. This makes it very difficult for all stakeholders.
 - i) Explain the term "vision" and "mission" and why it is important for a business to have them? (6 marks).

- ii) Identify and explain reason why it is important for businesses to have long-term plans (8 marks).
- iii) Besides analyzing external environment, which other environment should a strategist analyse before formulating a strategic plan and what framework can guide such analysis (8 marks).

Question Three

- a) Michael Porter identified three generic strategies that organizations can pursue to gain competitive advantage. Identify and explain these generic strategies (6 marks).
- b) What capabilities should a firm possess to support each of these generic strategies identified in 2(a) above? (8 marks).
- c) Discuss the concept of the Porter five forces as used in strategic management (8 marks).

Question Four

Managing the product portfolio involves decisions on how resources should be allocated between products and what should be expected from each product.

- i). Discuss two portfolio tool used in portfolio planning (8 marks)
- ii). What are the benefits of a systematic approach to the management of the product portfolio? (6 marks)
- iii). What are the limitations of the portfolio planning tools? (6 marks).

Question Five

- a) Briefly describe two important recent changes in the remote environment of Kenya businesses in each of the following areas:
 - i) Economic,
 - ii) Social,
 - iii) Technological
 - iv). Ecological (8marks).
- b). Many Parastatal organisations in Kenya have failed to be self sustaining in their operations.
 - i) What factors may have accounted for this failure? (9marks).
 - ii) What strategies can be adopted to improve the performance of Kenyan Parastatals? (8marks).