



The Co-operative University of Kenya

END OF SEMESTER EXAMINATION DECEMBER-2016

EXAMINATION FOR THE DEGREE OF BACHELOR OF COMMERCE/ BACHELOR OF CO-OPERATIVES AND COMMUNITY DEVELOPMENT (YR III SEM I)

UNIT CODE: HCOB 2326

UNIT TITLE: STRATEGIC MANAGEMENT

DATE: 16TH DECEMBER, 2016

TIME: 9:00 AM – 11:00 AM

INSTRUCTIONS:

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

QUESTION ONE

CASE STUDY

CONTINENTAL'S NEW FLIGHT PLAN

Not too many years ago, continental Airlines: was out of business. It has had two bankruptcies in nine years, with no profit since 1978, and reputation for lousy service. It ranked tenth of ten larger U.S airlines in terms of on' time arrivals, baggage handling, customer complaints, involuntary denied boarding's (aka "getting bumped") internally, the company was dysfunctional. Managers were paralyzed by anxiety, and employees were so embraced to be working for continental that they tore the company's logo off their shirts. The company went through ten president in ten years.

Former consultants Greg Brenneman joined the airline as president and chief operating officer, and he joined CEO Gordon Bethune in engineering, a phenomenal turnaround. The Go forward plan and four elements: Fly to Win (marketing plan), fund the future (financial plan), make. Reliability a reality (product plan), and working together (the people plan).

Continental's new flight was not-without pain 7,000 were let go, including managers. Members of the old management team were too busy trying to knock each other off, so they were replaced, humanely and with dignity. A forgiveness campaign was begun in which anger letter from customers were divided among company officer, who called to apologize and explain what they were doing to fix the company. The advertising budget was but it half. Manager asked customers what they, wanted and delivered on it. Planes were painted, interiors were refurbished. The "meatball" continental's old round, red ugly logo, was replace with blue globe with gold lettering. For improving reliability, two groups were asked to coordinate with each other; those that wrote the flight schedules and those who ran the flight and airport operations. Putting the two groups in charge of their own destiny made them work together

In the past, employees learned what was going at continental through the press. The communication philosophy changed from "Don't tell anyone-anything unless absolutely required" to "To everybody everything "employees were liberated. The nine-inch-thick. "though Shalt Not" book was thrown into 55-gallon drum and burned in the parking lot. Employees' compensation was-aligned with the company objectives.

As a result, the airline is flying again. Turnover injuries and worker's compensation claims are reduced. Employees no longer tear patches off their shirt-they buy continental

merchandise for themselves and friends. CEO Brenneman says he learned three turnaround; lessons

1. Fly your flight and track your progress

2. Clean house

3. Think “money in” not “money out”

(a) Use the case of “continentals new flight plan” and answer question (i)

i. What changes were introduced at continental airlines (10 marks)

ii. State the strategies used by continental airline (4 marks)

iii. Explain did they introduced the changes (6 marks)

iv. How did they manage resistance and the pain caused by the changes (10 marks)

QUESTION TWO

(a) Briefly explain the characteristics of strategic decision (14 marks)

(b) Discuss the differences between strategic management and operational management (6 marks)

QUESTION THREE

(a) A Michael porter’s approach is based on the analysis of FIVE competitive forces.

Discuss them (10 marks)

(b) Differentiate between a goal and objective Give an appropriate example in each case” (10 marks)

QUESTION FOUR

(a) Nairobi University has approached you on how to help in achieving, Its objectives on various areas of strategic management.

What are some of strategic formulation constrains are you bound to face (20 marks)

QUESTION FIVE

(a) Give any FOUR managing responsibilities of managers in organization (4 marks)

(b) When formulating a co-operative business strategy. It is handled by top management and designed to achieve the firm’s overall objectives. This process includes two related tasks. One of them is general strategies Discuss it (16 marks)