

**MBA-II / Semester-IV/ Strategic Cost Management (2024-25)**

**Comprehensive Concurrent Evaluation**

**Faculty Name: Prof.Vandana Tripathi**

**Subject: Strategic Cost Management (2024-25)**

**Subject Code: 412**

<b>Sr. No.</b>	<b>Component</b>	<b>Marks</b>	<b>Date of Exam/Submission</b>
<b>1</b>	<b>Case Study</b>	<b>50</b>	<b>15<sup>th</sup> Mar 2025</b>
<b>2</b>	<b>Literature Review</b>	<b>50</b>	<b>15<sup>th</sup> Mar 2025</b>

**Important Instructions:**

1. The subject is evaluated on the basis above 2 components.
2. Assignments to be submitted in person.
3. Student Name, Contact number, Email-id, Specialization, Component must be clearly mentioned.

Sr. No.	Component	Marks	Date of Exam/Submission
1	Case Study	50	15 <sup>th</sup> Mar 2025

## **Case Study 1: Strategic Cost Management of Tesla**

### **Background**

Tesla, Inc. has established itself as a global leader in electric vehicles (EVs) and energy storage solutions. Despite facing intense competition, supply chain challenges, and production complexities, Tesla has excelled in managing costs while continuing to innovate.

The company's strategic cost management techniques, including vertical integration, economies of scale, technological advancements, and production efficiency, have played a crucial role in its rise to prominence.

This case study explores how Tesla implements strategic cost management and assesses its effectiveness in achieving both profitability and growth.

### **Challenges faced by Tesla**

1. **Production Delays-** Tesla has faced **production delays** in scaling up its operations to meet demand, especially for high-volume models like the **Model 3**. Delays can lead to increased costs and reduced profitability.
2. **Supply Chain Issues:** The global semiconductor shortage and supply chain disruptions have impacted Tesla's ability to meet production targets, affecting costs and delivery times.
3. **Intense Competition:** The growing competition from traditional automakers like **Volkswagen, Ford**, and new EV manufacturers like **Rivian** places pressure on Tesla to maintain its pricing strategy without compromising profitability.
4. **Regulatory and Environmental Factors:** Regulatory changes, including government incentives, environmental policies, and trade tariffs, can impact Tesla's cost structure and demand for its vehicles

### **Provide Analysis on Below Questions:**

**Question 1:** How has Tesla's vertical integration strategy contributed to its strategic cost management?

**Question 2:** How has Tesla achieved economies of scale, and how has it affected their cost management

**Question 3:** What role does Tesla's pricing strategy play in its strategic cost management?

**Question 4:** What are the main challenges Tesla faces in strategic cost management, and how does it address them?

**Question 5:** How has Tesla's focus on lean manufacturing helped manage costs

## **Case Study II: Amazon effective Strategic Cost Management Strategies**

### **Background**

Amazon, the global e-commerce giant founded by Jeff Bezos in 1994, has not only transformed the retail industry but also developed one of the most efficient cost management strategies. Amazon has diversified its operations into several segments like cloud computing (Amazon Web Services or AWS), digital streaming, artificial intelligence, and logistics, all of which contribute to its vast revenue streams.

Despite its rapid growth and diverse portfolio, Amazon's approach to strategic cost management has been a critical element in sustaining its market leadership. The company's focus on cost-cutting measures and operational efficiency has allowed it to maintain low prices for customers, outcompeting rivals in many segments.

### **Challenges faced by Amazon**

Amazon faced several challenges in its journey to becoming the world's largest e-commerce platform:

1. **High Operational Costs:** With thousands of fulfillment centers, warehouses, and a vast logistics network, Amazon faced substantial operational costs.
2. **Intense Price Competition:** In the e-commerce space, especially with giants like Walmart, Amazon had to keep product prices competitive while ensuring profitability.
3. **Low Profit Margins:** Amazon's core e-commerce business was known for its low profit margins. To remain profitable, Amazon needed to focus on strategic cost management without compromising on quality and customer satisfaction.
4. **Global Expansion:** As Amazon expanded globally, managing costs while ensuring efficiency and scaling operations was critical to maintaining profitability across different regions.

### **Provide Analysis on Below Questions:**

**Question 1:** What were the cost management strategies employed by Amazon to overcome its challenges while ensuring growth and cost efficiency.

**Question 2:** What role did automation and robotics play in reducing Amazon's operational costs?

**Question 3:** How does Amazon's focus on Just-In-Time (JIT) inventory and global fulfillment centers help in controlling costs?

**Question 4:** What is the significance of economies of scale in Amazon's cost management strategy?

**Question 5:** How did Amazon's technological investments contribute to cost management and operational efficiency?

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<b>2</b>	<b>Literature Review</b>	<b>50</b>	<b>15<sup>th</sup> Mar 2025</b>

**Write Literature Review on below questions:**

**Question 1:** What are the key principles of strategic cost management, and how do they impact a company's competitive advantage?

**Question 2:** How do companies use cost leadership as part of their strategic cost management to achieve sustainability in a competitive environment?

**Question 3:** What are the methods of cost allocation and how do they contribute to effective cost management in different business models?

**Question 4:** How can firms integrate strategic cost management with technological advancements, such as automation and AI, to optimize cost structures?

**Question 5:** How does strategic cost management contribute to long-term financial stability and profitability for companies in different industries?

**Kindly refer to research articles and use any 5 papers for each Question. Use APA Styles for references.**