STRATEGIC MANAGEMENT [C4] – CHARTERED LEVEL

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Question No. 1

(a) Ansoff Matrix: 04

ABC Ltd can work on relevant market development, where it can introduce its product in a new geographic area.
Furthermore, it can also develop proper market penetration where the market share of existing product can be increased in current market through greater marketing efforts/offerings.
Related diversification can also be counter option where a new product can be launched for new market, so that competition can be created for new rivals.

(b) Uplift with Low Price Soap: 04

'Shine Soap' could be uplifted if ABC Ltd. would not have changed its brand positioning and invest it by adding promotional offers or discount offers, some new features might also be added. If the beauty soap was creating more trouble then, ABC Ltd. must have introduced a new brand for the competition of low priced beauty soap.

(c) Series of Mistakes: 04

The management of ABC Ltd. failed to create brand positioning. Once brand was positioned as low priced with target market of middle and low income group, they need to either invest on the same brand with same positioning or ABC Ltd. must introduce a new brand for the competition of low priced beauty soap. After change of brand positioning ABC Ltd. failed to develop brand personality, hence 'Shine Soap' could not compete. There was also a failure of Brand Association, which the company failed to relate shine soap in consumers' mind.

Question No. 2

(a) Success Factors at its Peak: 04

Innovation and product differentiation were the success factors while Cam-Tech was at its peak. Cam-Tech during that period was a learning organization and it was used to follow proactive innovation strategy such as launching digital camera when there was no concept of such technology camera for its rivals.

(b) Causes of Failure: 06

During its successful journey, Cam-Tech failed to realize the change. It could not realize the changes in technology, changes in trends and habits of end-users; it just remained on its existing patterns and technology. Beside this, they neither applied proactive measures to identify and respond to the change nor managed to respond properly via reactive strategy. They failed in their differentiation and innovative strategy.

(c) Product Life Cycle for Cam-Tech: 03

Cam-Tech is on decline or even death on its Product Life Cycle. Until the 1990s it was on its growth phase. Its maturity phase ended after 2000.

Question No. 3

(a) Status of each Brand with Brief Reasons: 06

The status of each brand with brief reasons is as follows:

- 'Good Food' is a Cash Cow on the BCG Matrix, since it has low market growth but high market share.

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- 'Diet Milk' is a Question Mark on the BCG Matrix, since it has high market growth but low market share.

- 'Energy Boost' is a Dog on the BCG Matrix; since it has low market growth and low market share.

- 'Fresh Fruit' is a Question Mark on the BCG Matrix, since it has high market growth but low market share.

(b) Strategies being followed for each Brand: 04

The description of the strategies which are being followed based on the Porter's Generic Strategies is as follows:

- Cost leadership is being followed for 'Good Food', since it is being sold at reasonable price, so cost cutting or cost leadership is the appropriate strategy.

- For Diet Milk, product differentiation strategy is being followed, since it is sold at concept of purity and best quality.

- For Energy Boost, product differentiation is being followed, since it is being sold at pure and original flavors.

- For Fresh Fruit, product differentiation is being followed, since it is being sold at higher price than market prices with the concept of quality.

(c) Identification of brand(s) where the incorrect Generic Strategy is being applied and Justification for correct Generic Strategy: 04

The strategy for Fresh Fruit is incorrect, MT Manufacturers must follow Cost Leadership strategy for it, because competition is based on low price, hence low cost strategy is recommended. Whereas, the strategy for Energy Boost also appears to be incorrect, since the target market is not yet finalized. This product may be sold based on various segments hence the Focus Strategy should be applied.

Question No. 4

(a) Pitfalls to Watch for and Avoid in Strategic Planning: 07

Followings are some pitfalls to watch for and avoid in strategic planning:

- Failing to communicate the plan to employees, who continue working in the dark

- Doing strategic planning only to satisfy accreditation or regulatory requirements

- Too hastily moving from mission development to strategy formulation

- Top managers making many intuitive decisions that conflict with the formal plan

- Top managers not actively supporting the strategic-planning process

- Failing to use plans as a standard for measuring performance

- Delegating planning to a "planner" rather than involving all managers

- Failing to involve key employees in all phases of planning

- Failing to create a collaborative climate supportive of change

- Viewing planning as unnecessary or unimportant

- Becoming so engrossed in current problems that insufficient or no planning is done

- Being so formal in planning that flexibility and creativity are stifled

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(b) Porter's Competitive Forces and strategies   07

A company's competitive advantage becomes the basis for choosing an appropriate

Competitive strategy. Porter's five forces model assesses the five competitive forces that dictate

the rules of competition in an industry:

  threat of new entrants

  threat of substitutes

  bargaining power of buyers

  bargaining power of suppliers

  Current rivalry

Porter's three competitive strategies are as follows:

Cost leadership (competing on the basis of having the lowest costs in the industry)

Differentiation (competing on the basis of having unique products that are widely valued by

customers),

Focus (competing in a narrow segment with either a cost advantage or a differentiation

advantage).

Question No. 5

(a) (i) Strategic Intelligence: 04

Strategic intelligence pertains to the collection, processing, analysis, and dissemination of intelligence that is required for forming policy and military plans at the national and international level and to qualities that equip leaders to be effective strategists. Strategic intelligence pertains to the system of abilities such as: foresight, visioning, system thinking and motivating. Strategic intelligence is concerned mainly with competitor analysis or gaining an understanding of a competitor's future goals, current strategy, assumptions held about itself and the industry, and capabilities – diagnostic components. Intelligence about the firm's major customers, suppliers and partners (in marketing or research and development alliances) is often also of strategic value.

(ii) Competitive intelligence: 04

The term competitive intelligence is often viewed as synonymous with competitor analysis, but competitive intelligence is more than analyzing competitors – it is about making the organization more competitive relative to its entire environment and stakeholders: customers, competitors, distributors, technologies, macro-economic data etc. The three basic objectives of a competitive intelligence program are (1) to provide a general understanding of an industry and its competitors, (2) to identify areas in which competitors are vulnerable and to assess the impact strategic actions would have on competitors, and (3) to identify potential moves that a competitor might make that would endanger a firm's position in the market.

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(b) Need for Integrating Analysis and Intuition: 10

Based on past experiences, judgment, and feelings, most people recognize that intuition is essential to making good strategic decisions.

Intuition is particularly useful for making decisions in situations of great uncertainty or little precedent. It is also helpful when highly interrelated variables exist or when it is necessary to choose from several plausible alternatives.

Some managers and owners of businesses profess to have extraordinary abilities for using intuition alone in devising brilliant strategies.

Although some organizations today may survive and prosper because they have intuitive geniuses managing them, most are not so fortunate.

Most organizations can benefit from strategic management, which is based upon integrating intuition and analysis in decision making. Choosing an intuitive or analytic approach to decision making is not an either–or proposition.

Managers at all levels in an organization inject their intuition and judgment into strategic-management analyses. Analytical thinking and intuitive thinking complement each other.

Question No. 6

(a) Managing Resistance to Change in an Organization: 06

- The techniques for reducing resistance to change include education and communication (educating employees about and communicating to them the need for the change);

- Participation (allowing employees to participate in the change process);

- Facilitation and support (giving employees the support they need to implement the change), negotiation (exchanging something of value to reduce resistance);

- Manipulation and co-optation (using negative actions to influence), and coercion (using direct threats or force).

(b) Contemporary issues in Managing Change: 06

Change can be managed by being positive role models; creating new stories, symbols, and rituals; selecting, promoting, and supporting employees who adopt the new values; redesigning socialization processes; changing the reward system, clearly specifying expectations; shaking up current subcultures; and getting employees to participate in change. Stress is the adverse reaction people have to excessive pressure placed on them from extraordinary demands, constraints, or opportunities.

In contemporary era it is required to help employees deal with stress, managers can address job-related factors by making sure an employee's abilities match the job requirements, improve organizational communications, use a performance planning program, or redesign jobs.

Managing the stress of the employee is also equally task especially during the time of change. Addressing personal stress factors is trickier, but managers could offer employee counseling, time management programs, and wellness programs.

Making change happen successfully involves focusing on making the organization change capable, making sure managers understand their own role in the process, and giving individual employees a role in the process.

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Question No. 7

(a) Characteristics of creating effective work team: **(Any 5 points)**   10

When a team is productive, has done something good together, and is recognized for its efforts, team members can feel good about their effectiveness.

(1) **CLEAR GOALS** High-performance teams have a clear understanding of the goal to be achieved. Members are committed to the team's goals, know what they're expected to accomplish, and understand how they will work together to achieve these goals.

(2) **RELEVANT SKILLS** Effective teams are composed of competent individuals who have the necessary technical and interpersonal skills to achieve the desired goals while working well together. This last point is important because not everyone who is technically competent has the interpersonal skills to work well as a team member.

(3) **MUTUAL TRUST** Effective teams are characterized by high mutual trust among members. That is, members believe in each other's ability, character, and integrity. But as you probably know from personal relationships, trust is fragile. Maintaining this trust requires careful attention by managers.

(4) **UNIFIED COMMITMENT** Unified commitment is characterized by dedication to the team's goals and a willingness to expend extraordinary amounts of energy to achieve them. Members of an effective team exhibit intense loyalty and dedication to the team and are willing to do whatever it takes to help their team succeed.

(5) **GOOD COMMUNICATION** Not surprisingly, effective teams are characterized by good communication. Members convey messages, verbally and nonverbally, between each other in ways that are readily and clearly understood. Also, feedback helps guide team members and correct misunderstandings. Like a couple who has been together for many years, members of high-performing teams are able to quickly and efficiently share ideas and feelings.

(6) **NEGOTIATING SKILLS** Effective teams are continually making adjustments to who do what. This flexibility requires team members to possess negotiating skills. Because problems and relationships regularly change within teams, members need to be able to confront and reconcile differences.

(b) Potential issues in implementing a knowledge management system: 07

Structure and culture - The current structure and culture of an organization may not be conducive to sharing knowledge; for example, if there is little communication between departments in an organization, or if staff are reluctant to share knowledge for fear that it will reduce their power within the organization. These inherent barriers will have to be overcome in order for the system to be successful.

Technological infrastructure - If an organization does not have a suitable network which allows information to be stored and accessed, one will have to be installed before knowledge can be shared across the organization. There may be significant costs associated with installing such a network.

Incompatible systems and sources of information - Problems could arise if some divisions or departments record data or information in systems which are incompatible with those used by other divisions or departments. Such a situation will mean that data or information will have to be transferred into a new common format before they can be shared; but there is a risk that errors or omissions could result from the resulting conversion process.

Resistance to change - Staff in different areas of an organization may already have their own preferred ways of organizing data. However, this may not be compatible with the common format in which data is being held on the network. Staff may be reluctant to change their current practices, particularly if they are not given adequate training in any new systems they are required to use, and if they are not given sufficient time to adapt them.

THE END