

Q1. What is ARC analysis and what is it essentially for?
Discuss the merits of ARC analysis in assessing strategic alignment.

Q2. Define strategy and explain the scope of strategic management. What are the essential differences between Strategic Thinking and Planning. Strategy relies on understanding two different contexts, explain why this is necessary and provide examples of both contexts. What is the link called between these 2 contexts

Q3. Explain the terms Explorers, Exploiters and Organisation slack in the context of competitive advantage. Describe the Porter's 'Five Forces' framework and how it could be improved.

Q1. What is ARC analysis and what is it essentially for?.

Discuss the merits of ARC analysis in assessing strategic alignment. Complete your answer with examples of linkages between company and marketplace.

Major word

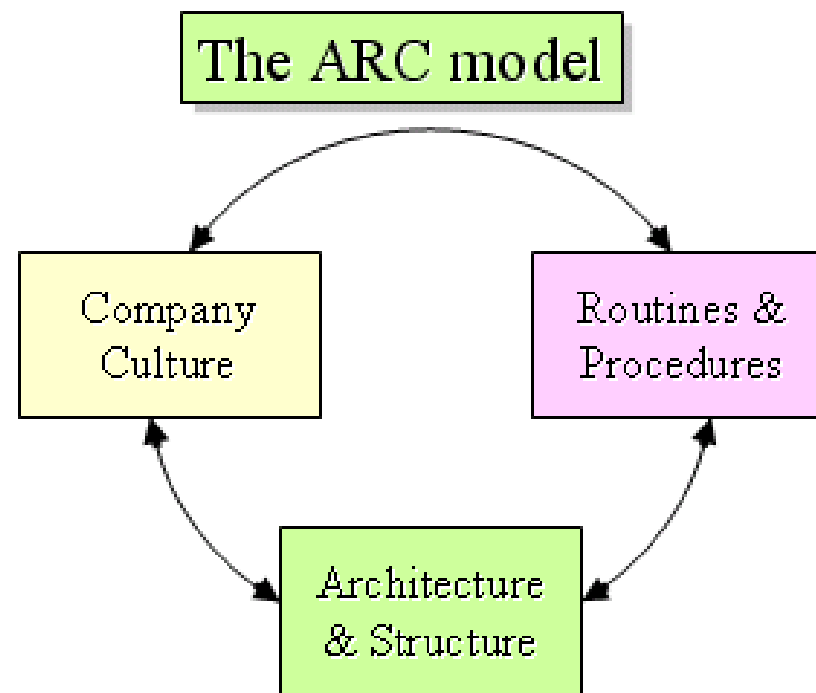
Provide short answer

Add descriptive examples

Overall comment: This question is split into two parts, the first tackles definitions while the second part is much more extensive. Be careful not to write too much or little.

Index of difficulty: 6-7

The ARC model is a combination of Architecture, Routine and Culture. All three elements need to be assessed to ensure that a company can effectively compete with the developed strategy. The ARC model is therefore needed to ensure that the internal context of the company matches that of the external context (the marketplace). The ARC model is illustrated below:



Architecture: is the ‘relationship’ structure of a company. Company architecture and structure is therefore about the links, relationships and mechanisms between individuals and groups of individuals. Examples are:

- o Formal and informal reporting
- o Formal and informal mechanisms/procedures
- o Responsibilities
- o Hierarchical and power structure
- o Recruiting and compensation

Routine: is the procedural (both formal and informal) part of a company. Company routines are part of the activities that carried out repeatedly on a day-to-day basis. Routines are critical for a company’s well being since they define the overall response of the company to daily business.

Over time this allows the company to develop processes, procedures and habits that guarantee continuity. Routines often generate orthodoxies, addictive habits and ‘taking things for granted’ that impede company growth, especially during change and changing change.

Culture: is the creed or beliefs of a company. Company culture is about the values of individuals and the beliefs they have. It is a difficult topic to assess quantitatively and may differ across the organisation e.g. factories, divisions etc. Culture also has a strong historical and departmental/regional/national background and therefore may be generational in nature as well.

The student complete his/her answer with examples or topics that illustrate the linkages between company, marketplace and performance.

Q2. Define strategy and explain the scope of strategic management. What is the essential differences between Strategic Thinking and Planning. Strategy relies on understanding two different contexts, explain why this is necessary and provide examples of both contexts. What is the link called between these 2 contexts.

Answer is in the question

Overall comment: This question is a long question that is split into several parts. It requires the knowledge of basic terminology and links. Be careful not to write inconclusive answers, provide answers in a logical order..

Index of difficulty: 7-8

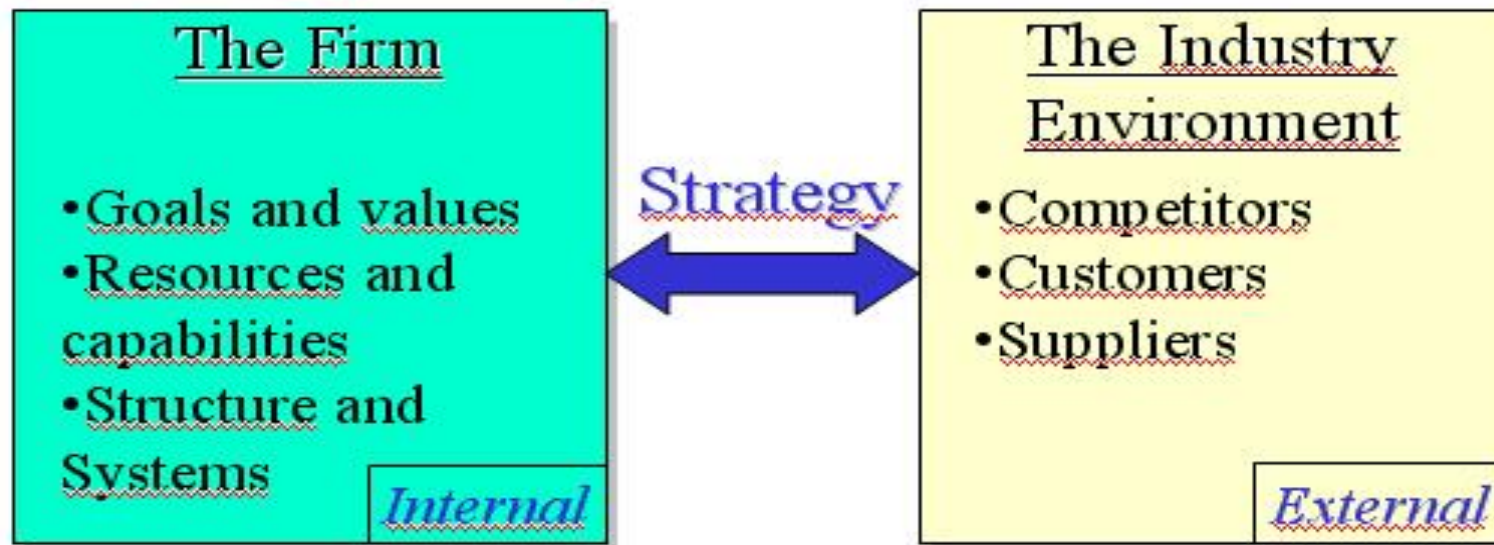
Strategy is defined as.....

The scope of SM is to ensure that company performance matches or supersedes the expectations of its customers (e.g. consumers, shareholders, stakeholders etc.).

Strategic planning is about what we have to do today so as to be ready for (an uncertain) tomorrow. Strategic thinking deals with the future, projecting the possible scenarios and defining the dreamspace. The primary role of (business, corporate, functional) strategy is to ensure that the internal context of a company matches the external context so as to guarantee (sustainable) performance.

Strategic management deals with the future of the company and encompasses vision while operational management focuses on day-to-day issues and implements the policies of the company.

The internal context is defined as the companies internal assets, while the external context is the environment in which the company is competing. The external context concerns the marketplace, the business, industry etc. and everything that determines its functionality e.g. government policy, economic cycles etc. Examples are...For a company to have a successful strategy it must ensure that it understands both contexts. The link between the two is strategy as shown below:



Q3. Explain the terms Explorers, Exploiters and Organisation slack in the context of competitive advantage. Describe the Porter's 'Five Forces' framework and **how it could be improved.**

Overall comment: Although the first part of this question is relatively easy the second part requires intensive thought. Henceforth this question should be tackled early in the exam and not at the end of the exam. Note also that I make reference to a model and I expect you to know both model and possible areas of improvement

Index of difficulty: 9

Companies that compete on a particular favourable position (even temporary e.g. currency fluctuations) are firms that exploit the situation. Companies that compete on price or volume are usually **exploiters**. Their products also coincide with a mature industry e.g. appliances, consumables etc

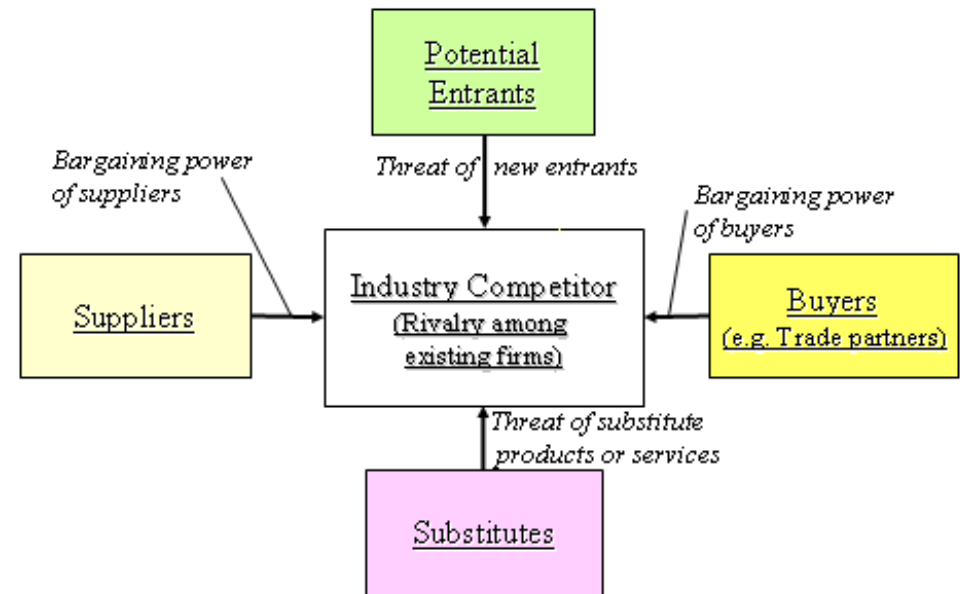
Companies that approach an industry, product, service etc. in a 'new' or novel way can be defined as **explorers**. Exploration also implies that a company is probing a new business opportunity although this does not mean that the products are new. For example, a company entering an emerging market is indeed exploring but essentially probably exploiting its present manufacturing-product range.

The term Slack implies that there is a given (accepted, defined etc.) amount of freedom within the system. Hence an organisation with “slack” provides workers with (more) opportunity to adjust and adapt.

Sometimes this freedom leads to an improvement in company efficiency, effectiveness and even performance. It can also prove to be a competitive advantage if this slack is translated into flexibility and ‘sold’ as a feature.

If slack is institutionalised and clearly defined with the consensus of the workforce and management it can become a very strong ‘hygiene’ factor.

Porter's 'Five Forces' Framework



Q4. Briefly explain corporate and SBU strategy. Corporate strategy inherently leads to plans, explain the essential differences between corporate marketing planning and SBU marketing planning. Provide and discuss three companies that have transformed themselves from a product-oriented to a market-oriented business.

Q5. Explain, in simple terms, how you would align strategy and competitive advantage of a company. How can the internal and external contexts be evaluated and measured and what models and tools do you suggest for this analysis

Q6. What is the purpose of the spectrum of competition. Discuss the spectrum of competition providing examples of all five categories

Q4. Briefly explain corporate and SBU strategy. Corporate strategy inherently leads to plans, explain the essential differences between corporate marketing planning and SBU marketing planning. Provide and discuss three companies that have transformed themselves from a product-oriented to a market-oriented business.

Minor wording

Major word

This means compare

**3 (but you can
add as many
as you want)**

Index of difficulty: 7-8

Corporate strategy concerns the development of the corporation's vision, mission and underlying strategy to compete and perform in the marketplace. Many corporations have divisions and strategic business units (SBUs) to address specific markets, sectors and businesses, all of which require a detailed and separate strategy to meet specific customer and market needs. In both cases a strategy may be considered a framework although at corporate level this is much more macroscopic than at SBU level, which is micro-macroscopic depending on the business. In a similar way corporate marketing plans look at the overall picture of the markets and the products/services and customers it has or would like to have in the future. In this sense corporate marketing planning looks at maintaining, sustaining and growing the markets the corporation has and may wish to enter. At SBU level the marketing plan is much more division or product oriented as it looks at its markets and customer from a more personal standing.

The student now illustrates and discusses three companies of his/her choice e.g. :

1.Shell, BP, Exxon etc. from supplying fuel to providing energy services and products to the household and/or industry.

2.IBM from a PC company to a informatics market-oriented company for homes and businesses.

3.Adidas from sports shoes to an leisure and sports market oriented company.

The student should explain:

- Who the company is
- What it was before and what it is today
- Why it decided to change and what were/are the implications
- Provide personal insight into the chosen companies

Q5. Explain, in **simple terms**, how you would align strategy and competitive advantage of a company. **How** can the internal and external contexts be **evaluated and measured** and what models and tools do you suggest for this analysis

Don't write too much but
Give me the essentials

Explain the workings

Two sides to the story

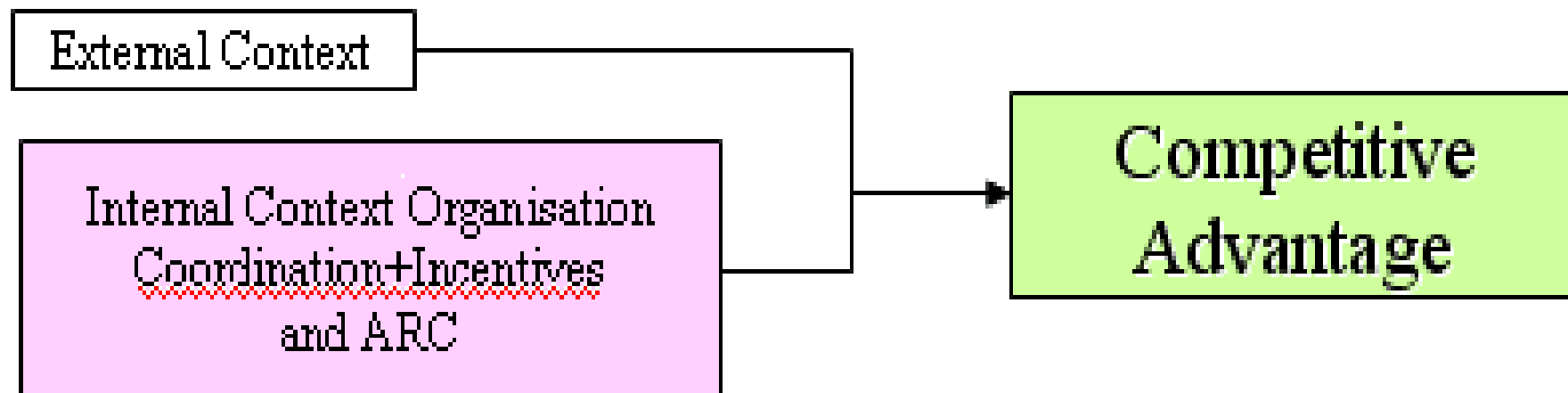
Overall comments: This is a relatively easy question, possibly the only difficulty is to remember SWOT and PEST

Index of difficulty: 6

A strategy may be aligned by combining the ARC levers that encompass the internal context with the competitive advantage of the organisation. In more simple terms this means Combing ARC with C.A.:

Aligning Strategy = ARC + Competitive Advantage

Since (in general) very little can be done in terms of organising the external context what is important is that the internal context organisation is maximised.



There are two steps in this alignment process:

- oFirst assess the key coordination and incentive issues of your strategy or the strategy under examination.

- oNext use the ARC method to see just how key coordination and incentive issues are tackled

The internal and external contexts can be evaluated using SWOT, PEST and general or specific industry analysis tools. Clearly the ARC model is especially suggested for evaluating the internal context.

Notes: You can also add to this....How?????

Q6. What is the purpose of the spectrum of competition. **Discuss**
the spectrum of competition **providing examples of all five**
categories

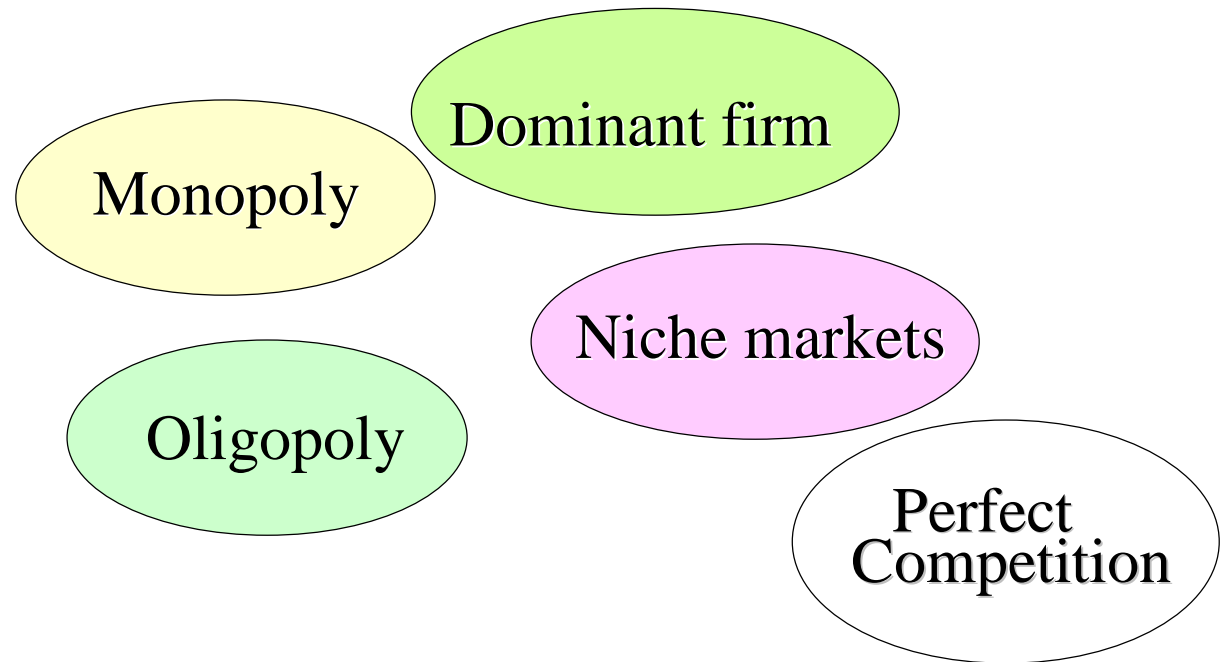
Lengthy answer

I want all five!!!

Overall comments: This appears to be a short question but beware as I expect you to discuss and provide example, hence you will have to write at least 1 full page!

Index of difficulty: 8-9

The purpose of the spectrum of competition is to classify the structure of an industry.



The five categories that describe the spectrum are Monopoly, Oligopoly, Dominant firms, Niche markets and Perfect competition.

Monopolies are found in industries where a single company or one firm dominates and there is no competition. In general this implies that prices are ‘high’ (as is shown for Nutrasweet), margins are high but the market could be suffocated because of the ‘high’ price.

In the **dominant firm** type of industry there is one firm (or a few firms) surrounded by a cluster of firms examples are computer operating systems software companies like Microsoft, Novell etc. The dominant firm(s) tends to monopolise pricing (through price leadership) and protect their high profit margin markets. Also most of the competition will be kept on the fringe of the industry and thus concentrate on the ‘small fish’.

Oligopoly competition is typical of industries where the number of companies is limited and there is a strategic interdependence. Profitability is strongly dependent on the behaviour of the firms involved. Typical examples are the automobile and aircraft industries but also oil companies, supermarkets, internet providers etc.

Niche markets imply localised competition and very strong product differentiation examples are Alessi, Valentino, Rolls Royce and Bentley. Localisation does not imply exclusion of competing on a global basis or the market is small rather it implies that you are doing business with specific consumers in a specific area.

Perfect competition can be viewed as the other extreme of the competition spectrum, the direct opposite to monopoly competition. It means that there are many (smallish) competitors, prices meet the consumers expectations however there is no or very little product differentiation.

Q7. Explain the terms trends, mega-trends, discontinuities and data mining and how are they linked to S.M.. Discuss the major advantages and disadvantages of using typical forecasting tools such as spreadsheets, graphs etc. What is an Economic Engine?

Q8. Discuss the strategic gains and challenges from globalisation. How is Globalisation impacting Strategy and Strategic Management?

Q7. Explain the terms **trends, mega-trends, discontinuities** and data mining and how are they linked to S.M.. Discuss the major advantages and disadvantages of using typical forecasting tools such as spreadsheets, graphs etc. **What is an Economic Engine?**

Overall comments: This is a question with lots of detail so you will have to read the question very carefully and make sure you don't leave parts out! Plan your question and use the question to do this.

Index of difficulty: 7-9

Trends: are directions that have been taken or are taking place within a specific context. For example, more and more commuters are preferring personal transport rather than public transport to reach their workplace and this ‘trend’ is expected to continue. Trends are usually predictable using past or historical market data. Mega-trends are boom trends i.e. where it was very difficult to predict outcome and market development both negatively and positively.

Discontinuity: a collection of trends and/or circumstances where the general context has changed e.g. digital photography has generated dedicated printers, memory chips (smart cards), cameras, short videos etc. but also discontinued traditional film photography.

Data Mining: is a suite of sophisticated statistical techniques aimed at mining numerical data to reveal hidden treasure in data. It is especially used in finding hidden trends.

They are all linked to SM through the analysis of the industry or external context.

Traditionally we use graphs, plots, tables, pie charts etc. to ‘see and predict’ changes in society, consumer needs, industry etc.

The main advantage is that these techniques are based on numbers thus making comparison (exclusively) objective. The conviction is that the more data you have the better (and safer) it is.

The main disadvantage is that trends and discontinuities are often initially subjective and too much objectiveness can lead people to base their decisions on data that is too old, misleading or even wrong.

Examples: Bill Gates stated that 640k RAM was more than sufficient for all PC programs, IBM stated that they could not see why people would want PCs in their homes.....

An economic engine is essentially how a company intends to make money through a business proposition, value creation and value capture.

Q8. Discuss the strategic gains and challenges from globalisation. **How** is Globalisation impacting Strategy and Strategic Management?

Overall comments: This is a long and difficult question to answer because it is also articulated and vast. Consequently you can quite easily write too much but with little content and structure.

Index of difficulty: 9

Over the last few decades the internationalisation of companies, industries and economies has led to the birth and growth of globalisation. Companies are now faced with new challenges not just in strategy but also in day-to-day activities. Activities that were once considered national or domestic are now split and carried out across regions e.g. Asia and Europe with the same ease as before when they were carried out only in-house or in-business.

The impetus has essentially come from the international expansion of companies that is aimed at taking advantage in new regions of the globe and even to create competitive advantage.

Globalisation has so far revealed three fundamental challenges:

1. The challenge for local responsiveness
2. The challenge for global efficiency
3. The challenge for learning

When companies begin to compete globally they face different challenges than when they compete within the border of a national or domestic business. These challenges can be summarised as follows:

ØVariations in the public sector environment are much more important for global companies because they have a higher impact on their business.

ØDifferences in the social and market contexts are much greater meaning that it is much harder to form a common cultural platform on which to base the organisational and business activities.

Ø **Greater logistical complexities** of managing the businesses.
Ø Finally and as a direct consequence of the first three points, the **sharing of knowledge** is much more difficult and therefore managers may not know what they should know to run the business efficiently and effectively.

There are many strategic gains in going globally although these may not be immediate and will require a considerable amount of effort and persistence.

Examples of gains are:

- a. Leveraging a possible platform design and production approach
- b. Leveraging skills and resources globally.

- c. Leveraging suppliers better and building a strategic supplier and even buyer base.
- d. Leveraging knowledge through knowledge management.
- e. Leveraging local advantage such as local customer and market knowledge.
- f. Networking of dominant companies and players.
- g. Piloting and setting global standards, normes and methodologies.
- h. Communicating a global image (brand awareness)