

**The Open University of Sri Lanka**  
**Master of Business Administration in Human Resource Management**  
**Final Examination 2018 [Semester- II]**  
**MCP2255 Strategic Management**  
**Duration: 3 Hours and 15 Minutes**



<b>Date: 1<sup>st</sup> September, 2018</b>	<b>Time: 9.30 am to 12.45 pm.</b>
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**Instructions: Answer Question One (01) and Two (02) Questions from others.**

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**Question One** *(Read the following and answer the questions given below)*

**A Red Ocean Strategy**

The books Blue Ocean Strategy and Blue Ocean Shift both provide insights on how you can create an offering so differentiated that you become a category of one and dominate a market. Instead of swimming in the blood-stained Red Ocean, you create a Blue Ocean, one where there is no competition—and, one in which your blood stays safely inside your body.

As much as you would like to be the next Netflix, there is far greater likelihood that you live in the part of the ocean that is deeply red. My bet is that you have more competitors than you'd like, that you are more alike than you wish, and that many of your prospective clients try to treat you like a commodity, even when you create better results than many of your peers. Because this is true, **you and your competitors work on displacing each other, with you attempting to take their clients from them while they work to do the same to you.**

Most of us work in industries and fields that require that we displace our competitors in order to grow our businesses. Doing so effectively requires a competitive displacement strategy, one in which you can position yourself to successfully remove your competitor. The strategy for doing so requires that you approach clients differently. But first, we have to understand why.

**Why You Are Commoditized**

The primary reason a salesperson or sales organization is treated like a commodity is because they present themselves as one. For the longest of time, salespeople have shown up as what we call "Level 1," which is the level of value created by your product for service. What the client sees is a sales organization that has a similar product or service to what they have now, a company with the same bona fides as their present provider, and a slide deck with logos of big companies to provide further proof they do good work. The challenge with Level 1 value is it does nothing to make a case for change, that the prospective client should be doing something different to produce greater results.

### **Solution? Enter from the Right**

The remedy for showing up and looking like every other salesperson and every other company vying to do business with your prospect is to start at a much higher level, something we call Level 4, or strategic value. This higher level of value is created by providing advice on what is changing (or has changed) in the prospective client's world that should be causing them to do things differently to address their systemic challenges or to capitalize on new opportunities.

Starting at Level 4 requires that you meticulously build a case for change by sharing the forces working against the status quo. Instead of approaching the client with your product or service, you approach them with an answer to the question, "Why should I change what I am doing now?"

### **A Patient, Persistent, Professional Pursuit Plan**

Winning in the Red Ocean starts by showing up as a person who has ideas about what their prospective client needs to do now to produce better results—and not merely solving any dissatisfaction they have with their current supplier. Creating an opportunity to displace your competitor is going to require more than one communication, which means you need a patient, persistent, professional pursuit plan to capture mindshare with the contacts within your dream client's company.

It's easy to underestimate how difficult it is to fire your existing partner and replace them with an unknown, untried, and untested potential partner. A single meeting isn't going to produce that outcome, even if you meet with a C-Level executive who has the authority to make such a change. Instead, your pursuit plan for a displacement is going to require that you nurture relationships over time, capturing their mindshare around their challenges and what they need to do differently.

More still, you are going to need to build consensus for change within the stakeholder groups that are going to be affected by a decision to remove your competitor and replace them with you and your company. A Red Ocean strategy is going to require that you manage the process of meeting with the stakeholder groups and their representatives to build the case for change, to understand their needs, and to collaborate with them on what they need from you.

To live, thrive, and survive in the Red Ocean, you need to be capable of shortening the long game by manning the process of change for and with your prospective client.

### A Few Words About Intangibles

The world of sales has changed more in the last ten years than the forty years that preceded them. While many would point you to the Internet as the primary disrupter (and it seems to be a dominant factor in Blue Oceans), the truth of the matter is that the real change is what is required of a salesperson when it comes to serving their clients and delivering real, differentiated value—the kind of value worth firing the company you have worked with for decades.

A Red Ocean strategy requires that you are equipped with the business acumen and situational knowledge to be a trusted advisor, with that recipe requiring exactly one part trust and one part advice. It's no longer enough to be able to tell your company's story, to share your value proposition, or to be able to talk about your product. While all these things are still useful, they don't compel change.

It also requires that you look and sound like a peer, someone with an executive presence, and someone worthy of a place on your client's team that is charged with producing the outcomes you can help improve.

If you are going to compete in the Red Ocean, you need a Red Ocean strategy, the kind that provides you with the biggest dorsal fins and teeth.

Source-Anthony Iannarino, August 16, 2018, Forbes

Answer the following questions;

- i. Explain the difference between “Blue Ocean” and “Red Ocean” Strategies. (16 Marks)
- ii. “Winning in the Red Ocean starts by showing up as a person who has ideas about what their prospective client needs to do now to produce better results—and not merely solving any dissatisfaction they have with their current supplier”. Critically evaluate this statement. (20 Marks)
- iii. “A Red Ocean strategy requires that you are equipped with the business acumen and situational knowledge to be a trusted advisor, with that recipe requiring exactly one-part trust and one-part advice”. Explain the importance of “Environmental scanning” for business insight and situational knowledge. (16 Marks)

[Total-52 Marks]

**Question Two**

Describe the Ansoff product/market growth matrix.

Using an organisation of your choice, critically analyse the benefits and constraints for each of the strategy directions proposed in the matrix.

(24 Marks)

**Question Three**

“The concept of core competence has implications at the strategic level; the firms should systematically work upon identifying their core competencies and developing them for sustainable competitive advantage” (Srivastava,2005).

Explain the concepts of “core competency” and “sustainable competitive advantage” and, how one relates to the other. Give an example from Sri Lankan banking industry. (24 Marks)

**Question Four**

Briefly explain the following.

(Each carry 8 Marks)

- i. TOWS Matrix and implications of the matrix in strategy formulation.
- ii. (a) Corporate Governance and  
(b) the importance of Corporate Social Responsibility (CSR) for the long-term survival and growth of organizations.
- iii. Michael E Porter’s Generic Strategies and how Blue Ocean strategy may be used as a substitute for Porter’s Generic Strategies.

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