



THE OPEN UNIVERSITY OF SRI LANKA
COMMONWEALTH EXECUTIVE MASTER OF BUSINESS/PUBLIC
ADMINISTRATION
FINAL EXAMINATION – August 2019
MCP1653 / MSPA453– STRATEGIC MANAGEMENT
DURATION: THREE (03) HOURS

Date: 31st August, 2019

Time: 1.30 pm – 4.30 pm

Instructions:

- Answer **THREE (3)** questions including Question 1.
- Cite Sri Lankan examples where necessary.
- Your answers should be focused and methodical.

Question One (Compulsory Question)

Three Tips for a better SWOT Analysis

Have you ever found yourself in a job interview being asked the dreaded question, "What's your biggest weakness"? Why do employers ask this? Is it to see how people react when pushed out of their comfort zone? Possibly, but the answer also sheds light on an individual's self-awareness. People with a strong grasp on their strengths and weaknesses seem a little more objective and, from what I've seen, are usually more confident in situations and coachable in others. They're typically good at planning a few steps ahead by zooming out every once in a while to recognize opportunities and challenges in their eco-systems. The same applies to organizations.

The SWOT Analysis framework has been shaping marketing strategy since the 1960s. SWOT stands for Strengths, Weaknesses, Opportunities and Threats. A comprehensive SWOT analysis provides significant insights into a brand's product and positioning in relation to its competitors. When these insights are aligned with consumer insights, a strong brand message is born. A meaningful brand message is one of the most important tools in a marketer's toolbox, for it provides the focus and guidance necessary for enhancing creativity.

Strengths and weaknesses are *internal* to the brand and within its control. Examples include a product's packaging or a store's location. Assessing the internal factors helps marketers choose what to highlight when positioning their brands and which conversations to start. Opportunities and threats, on the other hand, are *external* factors and are out of the organization's control. An example of an opportunity for a hotel could be the Olympic Games coming to its city. And a growing health-conscious trend would be considered a threat to a typical fast-food chain.

Understanding the external environment allows strategists to come up with a long-term plan that intentionally benefits from opportunities in the market while evading potential threats.

I've noticed common oversights that people experience while gathering their insights. The tips below can help you avoid common mistakes and compile a well-rounded SWOT analysis.

Be specific

SWOT analyses can get overwhelming when you start considering multiple perspectives. To overcome that, pick a target that matches up closely to the objective of your campaign. When listing strengths and weaknesses, be sure to find some that are considered as such in the eyes of your intended target audience.

A nonprofit, for example, could be analyzed from multiple perspectives: the perspective of the recipients of their social functions, such as lupus patients to the Lupus Foundation, or the perspective of donors who financially support the organization. A strength to one target is not always a strength to another.

If I'm preparing a SWOT for the Lupus Foundation, I may ask myself if they offer something their competitors don't. A competitor to the Lupus Foundation from the perspective of a donor may be any nonprofit organization. Factors I might consider would include how closely the organization adheres to its mission, the organization's reach, or recognition opportunities for patrons. Analyzing it from the perspective of a patient as the target will produce a different set of competitors that may include lupus support groups, online studies or other nonprofits that specifically help lupus patients.

Perform your research with competitors in mind

A weakness isn't necessarily a weakness if all the competitors in the market suffer from it. When performing research, marketers should do their best to zoom out and evaluate SWOT components from the entire market's perspective.

The same applies to strengths. What is strong needs to also stand out from the competitors. For example, a 20-year-old computer is still a fascinating machine, but when comparing it to competitors in today's market, it's useless. For the purposes of your research, the only opinion that matters is the consumers', and they have access to your competition. Businesses must be cautious not to ignore this. Many marketers are so focused on what their companies have been doing that they lose sight of their competition. Because of this, marketers often forget to step back and challenge their products from their customers' perspective. This is particularly a problem in high-velocity markets like the mobile app market.

When analyzing the external environment, utilize Porter's Five Forces

Opportunities and threats seem to be a little harder for people to examine. Common factors that contribute to opportunities and threats may include the state of the economy, fluctuations in the market, or a significant shift in the target consumers' behaviors. To paint a better picture of external factors, Michael Porter created a framework to help marketers and strategists accurately identify the competitive forces in an industry.

Porter's lens explores the threat of substitute products or services in the market, the bargaining power of suppliers, the bargaining power of buyers, the threat of new entrants and the threat of rivalry among existing competitors.

Marketers who examine the threats and weaknesses through Porter's lens may be better equipped to craft strategies that offer comprehensive support for a brand. If you're a well-established company, and you learn that too many entrants are coming into the market, you may recognize a need to raise the barrier to entry in the market to make it harder for competitors to enter. You might leverage your power and influence in the market to raise industry standards in ways that new entrants wouldn't be able to afford, or you may grow your volumes and utilize economies of scale to lower the price.

Companies that don't follow Porter's blueprint may find themselves in trouble. This USA Today article demonstrates Walmart's increasing buying power in the 1990s and how it affected the environment by driving many suppliers to change their ways of doing business. It also gives the example of 66-year-old Rubbermaid as a supplier that suffered immensely after raising prices without Walmart's approval.

Using the three pointers above when performing a SWOT analysis will help you dig deeper. When executed thoroughly, a polished SWOT analysis can give you the necessary guidance to identify areas of improvement, highlight your company's true benefits, guide future decisions and provide critical ingredients to your marketing plan.

Source : Forbes, Ahmad Kareh, July 19, 2019

Questions

- a) Explain the tips given in the article to help avoid common mistakes and compile a well-rounded SWOT analysis. (12 Marks)
 - b) "When analyzing the external environment, utilize Porter's Five Forces" Critically evaluate this statement using examples (20 Marks)
 - c) "External environment analysis is important for business than internal environment scanning" Do you agree with this statement? Explain. (18 Marks)
- (Total -50 Marks)

Question Two

‘Some organizations establish explicit objectives and measures in the learning and growth perspective, as an organization capital component, for whether employees are aware of and understand the vision, mission, and values statements. They measure whether employees believe they practice the principles in these statements in the workplace, and, most importantly, whether they believe that their managers and co-workers are practicing these principles. Thus, the Balanced Scorecard (BSC) can translate even the most *intangible* ‘S’ of them all into quantifiable objectives that lead to action (education, training, and practice initiatives) and feedback’.
(Kaplan,2005)

Clarify the relationship between Balanced Scorecard (BSC) and McKinsey 7-S model with a suitable example.

(25 Marks)

Question Three

According to Kim and Mauborgne (2005) ‘those that seek to create *blue oceans* pursue differentiation and low cost simultaneously’ (p. 13). This they define as value innovation and further claim ‘Value Innovation is the new way of thinking about, and executing, strategy that results in the creation of a blue ocean and a break from the competition’ (p. 13).

- a) Define the concept of Blue ocean. (5 Marks)
- b) Explain the concept of “Value Innovation” with any example in Sri Lankan context.

(20 Marks)

(25 Marks)

Question Four

“In Upcoming presidential election, Political parties need to come up with their Vision and Mission for Sri Lanka for the year 2050 and not for the year 2020”

Critically evaluate this statement.

(25 Marks)

Question Five

Briefly explain any 5 of the following in the context of organizational strategy. (5 marks each)

- a) Key Success Factors (KSF)
- b) VRIO Framework and Implications
- c) Strategic Business Units (SBU)
- d) Corporate Social Responsibility (CSR) and Sustainability
- e) Dynamic capability
- f) Business falling into different categories of the BCG matrix and investment decisions