



THE OPEN UNIVERSITY OF SRI LANKA

COMMONWEALTH EXECUTIVE MASTER OF BUSINESS/PUBLIC ADMINISTRATION
(CEMBA/CEMPA) PROGRAMME

LEVEL 9

OSPA453/MSPA453/MCP1653 – STRATEGIC MANAGEMENT

FINAL EXAMINATION – 2022

DURATION – THREE (03) HOURS

Date: 27th March 2022

Time: 1.30 pm - 4.30 pm

Instructions:

1. Answer Question 1 (Compulsory) and any 3 questions from the rest.
2. Answers should be focused and methodical.
4. State your student registration number in every page of the answer scripts.

Question 1 (Compulsory question)

How to Align Your Strategy in three Simple Steps

At its core, strategy is about alignment. It aims at creating a coherent whole of all the different bits and pieces of which an organization consists. This doesn't mean that everyone in the organization has to think the same or even agree with the strategy. No, it means that everything the organization does, in one way or the other adds up to something coherent and that this is also aligned with the organization's environment.

This sounds nice, but creating alignment is far easier said than done. And many others have said this before. This has even resulted in what we can call a "strategy-as-alignment" paradigm with McKinsey's 7S model as its most well-known framework. This model says that the organization's shared values, strategy, structure, systems, skills, staff and style all need to be aligned and point in the same direction.

But even with tools like the 7S model, the big question remains how to realize alignment in practice. As it turns out, this can be done in three straightforward steps.

Step 1: Understand your strategy

The first thing you need is knowing what to align. This means that you need a good understanding of the elements of which strategy is composed and what they look like in your organization. As explained in an earlier article, the Strategy Sketch—a visual decomposition of strategy into its ten core elements—can be used for this. It shows how strategy is built up of ten key elements and how these ten elements fit together. I gladly refer you to that article to help you get a better understanding of what strategy means and what it is composed of. Using these insights and the Strategy Sketch as a tool you can map out the current—formal or factual—strategy of your organization. This means describing your current customers, current resources and competencies, current revenue model, and so on.

Step 2: Define your future value proposition

As argued in my previous article, your value proposition is the bread and butter of your strategy. It is this single element that defines the contribution of your organization and its core reason to exist. Therefore, it should serve as the basis for your new and improved strategy. There are several tools available to define value propositions in a qualitative way. Examples are the "Value Proposition Canvas" by Osterwalder and colleagues and Mat Shore's "Six Elements of a Value Proposition." For a more quantitative approach you can use the "Strategy Canvas" that is part of Kim and Mauborgne's "Blue Ocean Strategy." Using tools like these, you can define what your value proposition is and what it should look like. The best way to do that is to base your value proposition on the needs of (prospective) customers while comparing it to competing alternatives and your organization's capabilities.

Step 3: Align the other elements with your value proposition

Once you know what your current strategy looks like along the ten elements and what your future value proposition should be, the actual alignment can start. With ten elements, there are about a zillion combinations that you need to consider for achieving perfect alignment. After all, it means that every element of your strategy has to align with every other element. That is not very practical. With the value proposition as core element, though, creating alignment is much simpler—not easy, but much simpler because you look at just nine relationships. So, you go through the other nine elements one by one, assess how well they already align with your value proposition and identify ways to align them better. You identify, for example, what are your key resources and competences and how they positively or negatively affect your value proposition. Then you look at your partnerships, revenue model, and so on and so forth.

Of course, the reality is that these steps are still pretty challenging and that there is some real hard work to do. Also, without the proper tooling and structured process, they are still much

easier said than done. But with the three steps above, you can make a head start with creating a strategy that is better aligned, focused and effective.

Source: Forbes, Jeroen Kraaijenbrink, June 14, 2019

Read the above article on "How to Align Your Strategy In 3 Simple Steps" and answer the following.

- a) "McKinsey's 7S model says that the organization's shared values, strategy, structure, systems, skills, staff and style, all these need to be aligned and pointed in the same direction". Critically evaluate this statement. (15 marks)
- b) Explain the importance of environmental scanning to improve strategies in businesses. (10 marks)
- c) "To define your value proposition, blue ocean strategy can be used as a tool". Explain the importance of Blue Ocean Strategy to find and develop "blue oceans" and avoid "red oceans". Use an appropriate example in Sri Lankan context to explain your answers. (15 marks)

Total: 40 Marks

Question 2

Statements of vision, mission, goals, and objectives are key components of a strategic plan.

- a) Describe how can a mission statement contributes to overall growth and performance of an organization. (04 marks)
- b) "Mission of an organization needs to be revisited time to time." Do you agree? Comment. (06 marks)
- c) Providing an example highlight the key features of a good objective and explain the role of objectives at the strategy implementation stage. (04 marks)

Total: 20 Marks

Question 3

When an organization has several strategic business units, the top management has to find a mechanism to evaluate the performance and to manage them. Managers use portfolio analysis tools as a guide for this purpose.

- a) With suitable examples from the Sri Lankan business environment describe BCG matrix model for business portfolio analysis. How can it be used as a guide for making decisions in managing different SBUs? (12 marks)
- b) How is the businesses fall under the four different categories is related to BCG matrix based on the different phases of the Product Life Cycle of those businesses? Use suitable examples to explain your answer. (08 marks)

Total: 20 Marks

Question 4

Some countries have developed a competitive advantage over other countries.

- a) Explain how some countries gain competitive advantage using suitable examples from modern global business scenario. (10 marks)
- b) Explain how the competitive advantage of a country may change over time. (10 marks)

Total: 20 Marks

Question 5

Attempt any 2 of the following (10 marks each)

- a) Explain learning organizations and importance of becoming a learning organization towards successful strategy implementation.
- b) Describe the different types of 'diversification' strategies available to an organization and the organizational conditions that calls for such strategies.
- a) Explain risks and difficulties that may be faced by an organization entering into international business.
- b) Explain the impact of external environmental factors especially created due to Covid 19 pandemic on export-oriented manufacturing organization in Sri Lanka.

Total: 20 Marks

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