

I,102.1.00

**Business Administration**  
*Introduction and Fundamentals*

**Question Sheets and Example Solutions**

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**Question sheets**

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Number of pages including cover: 18  
Maximum number of points: 180  
Time: 180 minutes

1	<b>MULTIPLE-CHOICE QUESTIONS</b>	90
	<p>Answer all exercises on the included multiple-choice answer sheet.  <b>Only answers on the multiple-choice answer sheet will be considered!</b></p> <p>The exam contains two kinds of questions:</p> <p>Questions with <b><u>just one correct answer</u></b> (indicated with: <i>tick only one answer</i>)</p> <ul style="list-style-type: none"> <li>There are <b>three potential answers</b> in each case (a, b, c)</li> <li>You get one point (+1) for a correctly placed mark</li> <li>If there is <b>more than one mark</b> or the mark is on the <b>incorrect answer</b>, the question is graded with <b>zero points</b></li> <li>Thus, <b>one point</b> can be achieved in these questions</li> </ul> <p>Questions with <b><u>multiple answers possible</u></b> (indicated with: <i>multiple answers possible</i>)</p> <ul style="list-style-type: none"> <li>There are <b>four potential answers</b> in each case (a, b, c, d)</li> <li><b>One or more of these four answers</b> could be correct</li> <li>A half-point will be awarded for each <b>correctly</b> placed mark and for each square that was correctly left empty (+½)</li> <li>A half point will be deducted for each <b>incorrectly</b> placed mark and for each square incorrectly left empty (-½)</li> <li>In <b>total</b>, <math>4 \times \frac{1}{2} = 2</math> <b>points</b> can be achieved on these questions. A question <b>is not graded with fewer than zero points</b>.</li> </ul>	
1.1	<b>Business processes and marketing concept</b>	8
1.1.1	<p>What is a value chain?  (tick only one answer)</p> <ul style="list-style-type: none"> <li>a) An arrow display which contains all valuable transaction interfaces of an organization.</li> <li>b) A sequential illustration of processes that are strung together and create added value.</li> <li>c) A sequence of all process steps which are performed in a company.</li> </ul>	1
1.1.2	<p>What is the primary goal of business processes?  (tick only one answer)</p> <ul style="list-style-type: none"> <li>a) Ensure a good governance.</li> <li>b) Maximize the use of resources.</li> <li>c) Create value for the customer.</li> </ul>	1
1.1.3	<p>Which organization generates the most added value relative to turnover?  (tick only one answer)</p> <ul style="list-style-type: none"> <li>a) Coop</li> <li>b) Geberit</li> <li>c) Zalando</li> </ul>	1

1.1.4	Which of the following processes is a business process? (tick only one answer)  a) Strategy process b) Divestment process c) Customer retention process	1
1.1.5	Which elements are necessary for determining the customer value? (multiple answers possible)  a) Relative perceived costs b) Relative perceived value added c) Relative perceived customer potential d) Relative perceived benefit	2
1.1.6	In what different ways can marketing be defined? (multiple answers possible)  a) As a function b) As a management philosophy c) As a guiding policy d) As process design practice	2
<b>1.2</b>	<b>Market analysis</b>	<b>8</b>
1.2.1	Which of the following statements about markets is correct? (tick only one answer)  a) Markets facilitate the reduction of transaction costs. b) Markets increase the need for information and communication. c) Markets can be defined objectively, geographically and historically.	1
1.2.2	What type of market is involved when the Canton of St. Gallen tenders for the development of 100 additional intensive care units in cantonal hospitals? (tick only one answer)  a) Business-to-Administration b) Business-to-Business c) Administration-to-Administration	1
1.2.3	Assume that about 60% of Switzerland's 8 million inhabitants commute to work or school every day. Of these commuters, around one in ten has a need for their own e-scooter because the commuting distance is suitable for it. However, 80% of them cannot or do not want to buy a scooter at the moment because the prices are still too high for solid quality or because they live in a city centre and prefer the available scooter sharing offering. Which of the following statements is correct if you assume an average price of CHF 500 per scooter (i.e. per customer)? (tick only one answer)  a) The market potential is CHF 192 million b) The market potential is CHF 96 million c) The market potential is CHF 48 million	1

1.2.4	Which of the following statements about the "SOR model" is correct? (tick only one answer) a) The "SOR model" connects customer wishes with buying intentions. b) The "R" in the "SOR model" stands for return, i.e. for the financial return on marketing actions that affect the consumer. c) The "SOR model" considers both internal and external inputs which affect consumer behaviour.	1
1.2.5	Which of the following statements on market and trend research are correct? (multiple answers possible) a) Primary market research can be seen as the means of first choice, while secondary market research is used more in a subsidiary way. b) Quantitative market research is generally superior to qualitative market research because it relates to absolute figures and numbers. c) The Delphi method aims at developing forecasts by comparing expert opinions with the help of a multiple round survey. d) Surveys are often not able to reveal so-called "hidden preferences", because participants tend to give socially desirable answers.	2
1.2.6	Why do customers increasingly contribute to a company's profitability in the course of a customer relationship? (multiple answers possible) a) Because customers will recommend products and the company to other potential customers. b) Because of the economies of scale on the side of the seller or supplier. c) Because customers tend to be more loyal in a longstanding relationship. d) Because of the increasing number of transactions per customer, the acquisition costs per transaction decrease.	2
<b>1.3</b>	<b>Marketing strategy</b>	<b>8</b>
1.3.1	Which of the following statements about marketing strategy is correct? (tick only one answer) a) The aim of an "inside-out" view of strategy is to achieve competitive advantages through an optimal configuration of resources. b) The aim of an "inside-out" view of strategy is a consistent market orientation for the optimal satisfaction of customers' needs. c) The aim of an "outside-in" view of strategy is the most efficient external procurement of raw materials (so-called "resource-based view").	1
1.3.2	You want to identify your target groups. Which instrument do you choose? (tick only one answer) a) Multidimensional semantic differential b) Brand level assessment c) Cluster analysis with single- or multi-level segmentation	1
1.3.3	What criteria should be taken into account when deciding on a target market? (tick only one answer) a) Brand value, customer value, market value b) Strategic importance of the segment, innovation potential, brand value c) Market size, market development costs, strategic importance of the segment	1

1.3.4	<p>Which statement on positioning is correct? (tick only one answer)</p> <ul style="list-style-type: none"> <li>a) Active positioning is based on traditional market research, which explores articulated customer wishes and transforms them into a new offer.</li> <li>b) Active positioning is based on traditional market research, which actively takes up articulated customer wishes and develops them into a new offer.</li> <li>c) Active positioning is based on exploratory market research, whereas reactive positioning is typically based on traditional market research.</li> </ul>	1
1.3.5	<p>What is the meaning and purpose of product differentiation? (multiple answers possible)</p> <ul style="list-style-type: none"> <li>a) Distinction of one's own product range from that of competitors.</li> <li>b) Integration of meaningful differences in the design of a product offering.</li> <li>c) Development of additional product variants (product range, depth/width).</li> <li>d) Variation of the marketing strategy in accordance with each customer's profile ("one-to-one" marketing).</li> </ul>	2
1.3.6	<p>Which of the following statements about the determinants in the use of marketing instruments are correct? (multiple answers possible)</p> <ul style="list-style-type: none"> <li>a) Depending on the service or product offering, there are different types and functionalities of customers, e.g. ordering party, payer, user.</li> <li>b) In growing but fragmented markets, the primary objective is to minimize costs for advertising and maximizing profits.</li> <li>c) Different phases in the customer process require different emphases regarding the use of marketing instruments.</li> <li>d) In extensive purchase decisions (e.g. buying a car), brands are dominant, whereas in routine purchase decisions, they are mostly irrelevant.</li> </ul>	2
<b>1.4</b>	<b>Product design</b>	<b>8</b>
1.4.1	<p>Which statement about the performance processes is correct? (tick only one answer)</p> <ul style="list-style-type: none"> <li>a) At the operative level, we have to distinguish between economies of scale and scope, learning-by-doing economies and network economies.</li> <li>b) At the strategic level, we have to distinguish between breadth (horizontal business area) and depth (vertical business area) of production.</li> <li>c) At the normative level, the fundamental choice is made between efficiency ("do things right") and effectiveness ("do the right things").</li> </ul>	1
1.4.2	<p>Which of the following conceptual levels of a product (according to Kotler) designates the actual need to be satisfied? (tick only one answer)</p> <ul style="list-style-type: none"> <li>a) Core product</li> <li>b) Potential product</li> <li>c) Basic product</li> </ul>	1

## Business Administration – Introduction and Fundamentals

1.4.3	<p>What is the alternative programme policy decision if a manufacturer of sportswear decides to produce sports bags as well? (tick only one answer)</p> <ul style="list-style-type: none"> <li>a) Lateral diversification</li> <li>b) Vertical diversification</li> <li>c) Horizontal diversification</li> </ul>	1
1.4.4	<p>Which "economies" does dairy firm Emmi exploit by producing skimmed milk as well as cream? (tick only one answer)</p> <ul style="list-style-type: none"> <li>a) Economies of scale</li> <li>b) Network economies</li> <li>c) Economies of scope</li> </ul>	1
1.4.5	<p>What are the specific characteristics of services such as a live music concert? (multiple answers possible)</p> <ul style="list-style-type: none"> <li>a) Heterogeneity of the service</li> <li>b) Digital storage of the good</li> <li>c) Tangibility of the good</li> <li>d) Word-of-mouth</li> </ul>	2
1.4.6	<p>What are typical features of digital products such as apps? (multiple answers possible)</p> <ul style="list-style-type: none"> <li>a) High fixed costs for development.</li> <li>b) Low investment costs thanks to so-called "sunk costs".</li> <li>c) Network effects with a tendency towards natural monopolies.</li> <li>d) Low costs for production and distribution ("zero marginal costs").</li> </ul>	2
<b>1.5</b>	<b>Pricing, Communication, Distribution</b>	<b>8</b>
1.5.1	<p>In Switzerland there is a general obligation to wear protective masks in public places. How do you estimate the price elasticity of demand for the standard protective masks with elastic bands attached? (tick only one answer)</p> <ul style="list-style-type: none"> <li>a) Relatively inelastic</li> <li>b) Wave-elastic</li> <li>c) Relatively elastic</li> </ul>	1
1.5.2	<p>What phenomenon in distribution systems is amplified by the internet? (tick only one answer)</p> <ul style="list-style-type: none"> <li>a) Personal sales</li> <li>b) Exclusive distribution</li> <li>c) Disintermediation</li> </ul>	1
1.5.3	<p>Which classical instrument addresses specific target groups? (tick only one answer)</p> <ul style="list-style-type: none"> <li>a) Word-of-mouth influencers</li> <li>b) Public relations</li> <li>c) Advertising</li> </ul>	1

1.5.4	<p>In which of the following distribution channels does the point of sale provide for an image transfer and thereby for a special product experience? (tick only one answer)</p> <ul style="list-style-type: none"> <li>a) Limited distribution</li> <li>b) Selective distribution</li> <li>c) Exclusive distribution</li> </ul>	1
1.5.5	<p>What are the typical approaches of static pricing? (multiple answers possible)</p> <ul style="list-style-type: none"> <li>a) Competitive orientation (market structure, strategic objectives)</li> <li>b) Value orientation (customer benefits, elasticities)</li> <li>c) Cost orientation (full costs, variable costs)</li> <li>d) Target group orientation (market size, willingness to pay)</li> </ul>	2
1.5.6	<p>Which of the following statements about the marketing mix are correct? (multiple answers possible)</p> <ul style="list-style-type: none"> <li>a) A marketing mix is often detailed and budgeted over the course of the year as part of a marketing plan.</li> <li>b) The marketing mix combines all possible instruments and mixes all of them in one big plan (minimax or maximin).</li> <li>c) The marketing mix stands for the qualitative and quantitative selection of instruments to achieve strategic and operational goals.</li> <li>d) Many marketing mixes today are often digitally reproduced and recombined (so-called "remixes").</li> </ul>	2
<b>1.6</b>	<b>Controlling and innovation</b>	<b>5</b>
1.6.1	<p>What key figure do you calculate when you deduct variable manufacturing costs from a company's net turnover? (tick only one answer)</p> <ul style="list-style-type: none"> <li>a) Net profit</li> <li>b) Contribution margin II</li> <li>c) Contribution margin I</li> </ul>	1
1.6.2	<p>What are typical characteristics of marketing controlling? (multiple answers possible)</p> <ul style="list-style-type: none"> <li>a) Marketing controlling includes financial targets such as sales statistics.</li> <li>b) Marketing controlling considers non-monetary goals such as brand image.</li> <li>c) Marketing controlling is based on performance indicators (KPI).</li> <li>d) Marketing controlling enables insights that are detrimental to innovation.</li> </ul>	2
1.6.3	<p>Which statements about innovations are correct? (multiple answers possible)</p> <ul style="list-style-type: none"> <li>a) Business model innovations are often a combination of process, platform and cost innovation.</li> <li>b) Innovation can be stimulated by technical knowledge ("pull") or by market needs ("push").</li> <li>c) The perceived return on innovation is measured by the excess of expected future returns over the cost of innovation.</li> <li>d) Innovation can be stimulated by technical knowledge ("push") or by market needs ("pull").</li> </ul>	2



1.7	<b>Management and management models</b>	8
1.7.1	<p>What has been unique about the St. Gallen Management Model (SGMM) across time? (tick only one answer)</p> <ul style="list-style-type: none"> <li>a) The SGMM has always contained a distinct definition of management, which is based on critical thinking.</li> <li>b) The SGMM has always consisted of three components: company/organization, leadership/management, environment/surroundings</li> <li>c) The SGMM has always been focusing on the core value creation processes of organizations.</li> </ul>	1
1.7.2	<p>According to the SGMM, core management tasks include: (tick only one answer)</p> <ul style="list-style-type: none"> <li>a) Provision of supplementary value to the customers</li> <li>b) Focusing on fulfilling the expectations of capital investors</li> <li>c) Reflection and further development of the organization</li> </ul>	1
1.7.3	<p>Complete the sentence: Organizations are complex systems. This means ... (tick only one answer)</p> <ul style="list-style-type: none"> <li>a) ... that they consist of multiple inter-related parts, like an airplane.</li> <li>b) ... that they are not entirely understandable and predictable.</li> <li>c) ... that they follow their leaders' vision.</li> </ul>	1
1.7.4	<p>What is a central theme of organizing? (tick only one answer)</p> <ul style="list-style-type: none"> <li>a) A central theme is to acquire the best personnel to perform the tasks of an organization in the most efficient way.</li> <li>b) A central theme is to combine the task and the practice perspective of the SGMM and gain an integrated view.</li> <li>c) A central theme is that increasing specialization improves the performance of specific tasks, but simultaneously requires more efforts of integration.</li> </ul>	1
1.7.5	<p>What are process-oriented design concepts about? (multiple answers possible)</p> <ul style="list-style-type: none"> <li>a) They are about eliminating inefficiencies in organizational value-added processes.</li> <li>b) Their focus is on customer-centred design and coordination of value creation to maximize customer benefit.</li> <li>c) They deal with concepts such as process management, process organization, business process design and business process reengineering.</li> <li>d) They are about the division of the total value added into operational islands based on the division of labour.</li> </ul>	2
1.7.6	<p>Complete the sentence: Pluralistic organizations .... (multiple answers possible)</p> <ul style="list-style-type: none"> <li>a) ... achieve success in several environmental spheres.</li> <li>b) ... have multiple production sites across the globe.</li> <li>c) ... usually form joint ventures.</li> <li>d) ... are large.</li> </ul>	2

1.8	<b>Decisions and communications</b>	8
1.8.1	<p>What differentiates rational decision-making from bounded rationality? (tick only one answer)</p> <ul style="list-style-type: none"> <li>a) Bounded rationality incorporates that information about alternatives, consequences and capacities for reaching decisions are limited.</li> <li>b) Rational decision-making is based on the assumption that alternatives, consequences, and capacities for reaching decisions are limited.</li> <li>c) Bounded rationality implies that actors maximize their utility while being aware that their cognitive abilities are limited.</li> </ul>	1
1.8.2	<p>Which statement on decision theories is correct? (tick only one answer)</p> <ul style="list-style-type: none"> <li>a) Rational choice best represents collective decision-making in large organizations.</li> <li>b) Muddling through describes incremental decisions of two actors who each pursue their own interests.</li> <li>c) Complex decision-making makes use of heuristics, like "first come, first served".</li> </ul>	1
1.8.3	<p>What does organizational decision-making distinguish from individual decision-making? (tick only one answer)</p> <ul style="list-style-type: none"> <li>a) Organizational decision-making is more rational than the individual one.</li> <li>b) Organizational decision-making is a collective accomplishment.</li> <li>c) Organizational decision-making is the sum of individual decisions made.</li> </ul>	1
1.8.4	<p>Which method of decision-making tends to be used for general problems that have ambiguous solutions? (tick only one answer)</p> <ul style="list-style-type: none"> <li>a) A heuristic.</li> <li>b) An optimization algorithm.</li> <li>c) A scenario.</li> </ul>	1
1.8.5	<p>What are prerequisites for effective organizational decisions? (multiple answers possible)</p> <ul style="list-style-type: none"> <li>a) Developing clear decision algorithms that incorporate all relevant factors.</li> <li>b) Ensuring that all decisions in an organization are taken in sequence.</li> <li>c) Mobilising the necessary expertise.</li> <li>d) Clarifying the different expectations and interests.</li> </ul>	2
1.8.6	<p>Complete the sentence: A core task of management is... (multiple answers possible)</p> <ul style="list-style-type: none"> <li>a) ... to ensure, develop and maintain decision-making within the organization.</li> <li>b) ... to establish and cultivate different communicative platforms to enable coherent decision-making over time.</li> <li>c) ... to make sure that the expertise necessary for a decision is included in the relevant meetings.</li> <li>d) ... to take responsibility in a complex system that cannot be controlled entirely.</li> </ul>	2

1.9	<b>Structure and culture</b>	8
1.9.1	<p>Specialization leads to internal differentiation and, in combination with hierarchical barriers, to a fragmented organization. What are typical effects? (tick only one answer)</p> <ul style="list-style-type: none"> <li>a) Efficiency through economies of scale and learning</li> <li>b) Double work, redundancies, and problems of steering</li> <li>c) Legitimacy of management to coordinate interfaces</li> </ul>	1
1.9.2	<p>You work in a company in which the employees are subject to two different but equally important lines of command: On the one hand, they are subject to a functional management, on the other hand to a regional management. According to which "template" is your company organized? (tick only one answer)</p> <ul style="list-style-type: none"> <li>a) Network plan</li> <li>b) Divisional structure</li> <li>c) Matrix structure</li> </ul>	1
1.9.3	<p>Which of the following statements on organizational structure is correct? (tick only one answer)</p> <ul style="list-style-type: none"> <li>a) Network organizations are characterized by economically dependent units.</li> <li>b) Divisional organizations are typically structured by regions or customers.</li> <li>c) Matrix organizations can be structured along both products and functions.</li> </ul>	1
1.9.4	<p>Which of the following statements is correct? (tick only one answer)</p> <ul style="list-style-type: none"> <li>a) Structure follows process follows strategy.</li> <li>b) Strategy follows structure follows process.</li> <li>c) Process follows structure follows strategy.</li> </ul>	1
1.9.5	<p>The term "organization" is used in many different ways. What are typical aspects? (multiple answers possible)</p> <ul style="list-style-type: none"> <li>a) Instrumental perspective: organizations have an organization.</li> <li>b) Internal perspective: organizations have organs.</li> <li>c) Institutional perspective: organizations are organizations.</li> <li>d) Incremental perspective: organizations organize organizations.</li> </ul>	2
1.9.6	<p>Multinational organizations and international managers are often confronted with many different national cultures. What are (according to Hofstede) typical dimensions by which cultures differ? (multiple answers possible)</p> <ul style="list-style-type: none"> <li>a) Individualism versus collectivism</li> <li>b) Punctuality versus unreliability</li> <li>c) Strong versus weak uncertainty avoidance</li> <li>d) Long-term versus short-term orientation</li> </ul>	2

1.10	<b>Strategy and development modes</b>	8
1.10.1	<p>Which of the following statements on strategy is correct? (tick only one answer)</p> <ul style="list-style-type: none"> <li>a) An organization's strategy is a consistent prediction of the future.</li> <li>b) Strategizing includes the definition of a strategic positioning.</li> <li>c) Strategy stabilises processes and routines.</li> </ul>	1
1.10.2	<p>Which "economies" are dominant from a strategic perspective in a health care business that is providing patients with personal services like e.g. hip replacement surgeries? (tick only one answer)</p> <ul style="list-style-type: none"> <li>a) Economies of scale</li> <li>b) Economies of scope</li> <li>c) Economies of learning</li> </ul>	1
1.10.3	<p>From an inside-out perspective, which of the following statements could be a source of competitive advantage? (tick only one answer)</p> <ul style="list-style-type: none"> <li>a) The management is considering developing a training concept to equip the employees with the necessary digital skills.</li> <li>b) The management is supported by an external consulting firm in identifying inefficiencies in the production process.</li> <li>c) Due to shrinking margins, the management is looking for a better positioning in the market.</li> </ul>	1
1.10.4	<p>During initiatives of organizational change, what is the central question for employees to be addressed? (tick only one answer)</p> <ul style="list-style-type: none"> <li>a) What does the change mean for me?</li> <li>b) How much does the initiative cost?</li> <li>c) Why is the change necessary?</li> </ul>	1
1.10.5	<p>What elements need to be considered when systematically shaping organisational change? (multiple answers possible)</p> <ul style="list-style-type: none"> <li>a) Clarification of expectations, orders and roles</li> <li>b) Implementation of the target as soon as possible</li> <li>c) Process mapping</li> <li>d) Contact tracing</li> </ul>	2

1.10.6	In order to motivate staff members for a change initiative, it is important... (multiple answers possible)  a) ... to show them the efficiency gains the initiative can achieve. b) ... to show them a possible organizational future that is attractive to them. c) ... to explain the necessity for the change initiative. d) ... to provide for the possibility to clarify expectations, questions, and doubts.	2
<b>1.11</b>	<b>Leadership and governance</b>	<b>8</b>
1.11.1	What is central in order to enhance the long-term motivation of knowledge workers (e.g. IT specialists, health workers, engineers)? (tick only one answer)  a) It is central to provide for performance-related financial incentives. b) It is central to allow for the development of a sense of purpose in their work. c) It is central to have clearly defined sanctions for deviating behaviour.	1
1.11.2	Which of the following describes a patriarchal leadership style? (tick only one answer)  a) The supervisor identifies the problem and defines the limits and the scope of the decision; the group then decides. b) The supervisor asks for the opinions and suggestions of the subordinates and then decides on a definitive option. c) The supervisor decides, but organizes a round of questions for the employees to ensure their acceptance and conviction.	1
1.11.3	What is a central challenge corporate governance aims to address? (tick only one answer)  a) The consistent development of an organization's strategy. b) The challenge of achieving sustainability. c) The principal-agent problematic.	1
1.11.4	Which of the following tasks cannot be delegated by a board of directors? (tick only one answer)  a) The development of the organization's strategy. b) The determination of the company's organization. c) The hiring of key personnel, like division or department heads who are not members of the executive board.	1
1.11.5	How should a board of directors be composed? (multiple answers possible)  a) It should be composed of a diverse group of members. b) It should be composed of members who contribute relevant expertise. c) It should be composed of members with contacts relevant to the organization. d) It should be composed of the CEO and his or her most relevant experts.	2

1.11.6	<p>What are the characteristics of good corporate governance? (multiple answers possible)</p> <ul style="list-style-type: none"> <li>a) Personal union of CEO and president of the board</li> <li>b) Clear delegation of strategy to the CEO</li> <li>c) Transparent corporate communications</li> <li>d) Formal procedure for selection of board members</li> </ul>	2
<b>1.12</b>	<b>Environment and interaction issues</b>	<b>5</b>
1.12.1	<p>A company describes its relationship to its environment as follows: The survival of our organization is dependent on very different stakeholders. In order to maintain our existence in the long term, we endeavour to ensure that all those involved are willing to cooperate at all times and to secure the acceptance from the most influential stakeholders on a transactional basis. What approach does the firm pursue? (tick only one answer)</p> <ul style="list-style-type: none"> <li>a) Shareholder value approach</li> <li>b) Strategic stakeholder approach</li> <li>c) Normative-ethical stakeholder approach</li> </ul>	1
1.12.2	<p>In an old people's home, rising cost pressure combined with a simultaneous increase in the need for care results in a growing discrepancy between the rationalities of administration and care. The management tries to avoid discussions as far as possible in order to avoid conflicts that would tie up additional resources. The rationality of the administration, which controls the use of resources, thus implicitly dominates. How can this handling of rationality by management be described? (multiple answers possible)</p> <ul style="list-style-type: none"> <li>a) Multirational</li> <li>b) Monorational</li> <li>c) Avoidance</li> <li>d) Polarisation</li> </ul>	2
1.12.3	<p>Why do organizations emerge, exist and grow? (multiple answers possible)</p> <ul style="list-style-type: none"> <li>a) According to the customer value theory, the size of an organization depends on the cumulative value of all potential customers (purchasing power).</li> <li>b) According to neoclassical theory, the size of an organization depends on the production optimum (marginal cost equals marginal return).</li> <li>c) According to the resource-based theory, the size of an organization depends on the amount of raw materials required.</li> <li>d) According to the transaction cost theory, the size of an organization depends on the minimum transaction costs (make versus buy).</li> </ul>	2

2	<p><b>CASE STUDY QUESTIONS</b></p> <p><i>The questions have to be answered on the included sheets.</i></p> <p><i>If there is not enough space for your answers, use the correspondent backside of the answer sheet.</i></p> <p><i>If you do not find all the information in the case study text that you need to answer the questions, make assumptions as necessary. Name and briefly justify the assumptions you have made.</i></p>	90
	<p>ON RUNNING was founded in 2010 with the aim of revolutionizing the way people run. It was based on a radical idea: soft landings followed by explosive kicks. The three founders were united by their love of running. Olivier Bernhard, former professional athlete and three-time duathlon world champion as well as multiple Ironman winner, came together with Swiss ETH engineer David Allemann and HSG graduate Caspar Coppetti and developed the idea of new running shoes for the perfect running feeling. They were driven by the mission “to develop a range of products influenced by the art of Swiss engineering”.</p>  <p><i>The founders of On (source: on-running.com)</i></p> <p>The running shoes are based on a patented technology developed in-house, the so-called “cloud technology”. The founding team, which is characterized by a strong sense of cohesion, pursued their strategy with an innovative product in a global growth market. The market for running shoes is estimated to have a market volume of USD 20 billion today and is expected to increase further. The company is pursuing a growth strategy through market penetration in European countries and the ongoing development of new markets, initially with a branch in Portland, Oregon, USA. Further target areas are Latin America and Asian countries, where especially Tokyo seems to be interesting.</p>  <p><i>Early (left) and current (right) model by On (source: on-running.com)</i></p>	

The company is headquartered in Zurich West, where it employs around 100 people and where innovation takes place in a dedicated lab for design and development. However, there are also offices abroad, e.g. in Portland and Berlin. Furthermore, the company is building up distribution capacities via its own branches in its target markets, most recently in Australia. The company's business processes are strongly geared towards outsourcing and long-term cooperation. The production of shoes is carried out by selected partner companies in Vietnam. Logistics are handled by the company Kühne & Nagel, which allows for high scalability. Sales in the individual target markets are managed with the help of the company's own subsidiaries and realized through local specialist store networks and dealers in the respective countries. To further its growth, the company can rely on a circle of prominent shareholders, with Roger Federer as a prominent new partner. However, the three founders still have full control over the company.



*On's office and lab at the headquarter in Zurich (source: on-running.com)*

The entire company is characterized by a sporty, creative culture, where there are no fixed offices and where personal contact with customers is maintained through sporting events, such as joint races in cooperation with retailers. Staff meetings at which the founders themselves take stage are also important. The company cultivates its stakeholders strongly through personal contacts. Employees must fit in with the corporate culture and are personally addressed in the above-mentioned staff meetings. The employees and the founders maintain close contact with their customers, the specialist retailers around the world. One example of this is the organization of joint runs such as the "run to Switzerland" in the US capital Washington, where 300 people jogged to the Swiss embassy.

Continuous innovation is very important for On. Thus, new products have been developed according to the original "On Cloud model", such as the "Cloudflash", their "fastest On shoe of all times". Specialised shoes for trail running have also been developed to incorporate new trends. The company also benefits from the trend towards sneakers as shoes for everyday use. The pricing is based on the target markets, whereby one wants to be positioned within the range of other premium shoes. Regarding product range, a first clothing collection was launched recently. As with shoes, the aim is to offer clothes that do not follow fashion and do not change every season. In the core, the focus on shoes and running is to be maintained.

*Sources: on-running.com, 20.11.20; Handelszeitung, 23.05.17; Die Zeit, 22.02.18; Welt.de, 20.02.18*



**SELECTED PRODUCT SAMPLES**



**Cloudflash**

CHF 240

The fastest On shoe, refined over years by athletes; for training and races.



**Cloudstratus**

CHF 240

Maximum cushioning with double CloudTec®; for long runs.



**Cloudnova**

CHF 210

Limited edition sneaker; for everyday wear and travelling.



**Cloudrock**

CHF 280

Waterproof lightweight speed-hiking boot; for all-weather exploration.



**Lightweight Cap**

CHF 45

Featherlight, fast-drying running hat for protection in every weather.



**Weather Jacket**

CHF 290

Running jacket for ultralight protection in every weather.



**Tights Long**

CHF 150

Cold repellent and breathable running tights for training in cold weather.

Source: [on-running.com](https://on-running.com)

<i>Part I</i>	<i>Case study</i>	45
2.1	<p>a) The founders of On reflect on how their products are perceived by the customers. Provide them with the definition of customer value by relying on the corresponding structural model and naming its main elements.</p> <p>b) Define the customer value of On shoes based on information in the case.</p>	<p>4</p> <p>2</p>
2.2	<p>a) What is the value chain of On shoes? Provide an outline with the key elements.</p> <p>b) What are the advantages and disadvantages of setting up your own production? Provide at least two arguments each.</p>	<p>4</p> <p>4</p>
2.3	<p>a) Segment the market for leisure shoes by applying two meaningful criteria and at least two specifications each.</p> <p>b) Develop a positioning for On in the market for leisure shoes. Present this positioning in the form of a semantic differential with at least four characteristics.</p>	<p>4</p> <p>4</p>
2.4	<p>a) For the founding team, the question of expansion into the market for tennis shoes arises. What form of expansion of the product range is under consideration here? Base your answer on the framework for program or assortment policy decisions.</p> <p>b) How would you estimate the market potential for On tennis shoes? Evaluate two methodological variants for your estimation.</p>	<p>2</p> <p>4</p>
2.5	<p>a) Outline the distribution system of On by including the different channels and intermediaries as provided in the case.</p> <p>b) The founders are considering the development and promotion of their own web-platform to enter the direct sales market. Would you do this? Discuss the idea by including at least four reasons for and/or against.</p>	<p>4</p> <p>4</p>
2.6	<p>a) In the coming years, On wants to invest even more in innovation. Therefore, various new technologies are explored. Choose a future technology and derive a possible innovation for On. Briefly explain your suggestion and tell whether it is a push or a pull innovation.</p> <p>b) Think about current megatrends that could have an impact on On. Provide an opportunity-threat analysis for On based on at least three megatrends.</p>	<p>3</p> <p>6</p>

Part II	Case study	45
2.7	<p>a) Outline the most important influences of the environment and its stakeholders on On in a system view. Select at least four elements and describe at least two feed-back loops.</p> <p>b) What conclusions do you draw for On from this system analysis? Name at least two insights.</p>	<p>6</p> <p>3</p>
2.8	<p>a) On is considering the extension of its product range to tennis shoes. What type of decision is involved? Base your answer on three characteristics of the decision.</p> <p>b) With which method(s) would you process the decision? Briefly explain your suggested method(s) and selection.</p>	<p>4</p> <p>3</p>
2.9	<p>a) Develop two variants of a corporate structure for On in the form of a divisional organization and in the form of a matrix organization.</p> <p>b) Which of the two variants would you choose and why? Provide at least two arguments.</p>	<p>6</p> <p>3</p>
2.10	<p>a) Design a strategy for On based on the idea of competitive advantage. Classify the strategy into a strategy framework of your choice (e.g. Ansoff or BCG matrix).</p> <p>b) Is your strategy based on an inside-out or an outside-in perspective of the firm? Provide a brief explanation.</p>	<p>4</p> <p>2</p>
2.11	<p>a) What changes in management style can be expected as On grows and consolidates? Classify the change by relating it to a scheme of leadership styles.</p> <p>b) Describe at least two consequences for personnel management as a result of this expected growth and consolidation.</p>	<p>4</p> <p>2</p>
2.12	<p>a) There has been media discussion about a possible “initial public offering” (IPO) of On. How would such public listing of its shares change the relationship with the stakeholders? Explain by discussing at least three different stakeholders.</p> <p>b) Why is On able to exist and grow in a very competitive market environment? Provide two possible explanations, which are based on two different theories of the firm.</p>	<p>4</p> <p>4</p>

Write all your answers on the pre-printed answer sheets.

EXAMPLE SOLUTIONS

I,102.1.00

**Business Administration**  
*Introduction and Fundamentals*

**Answer sheets**

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Last name:

First name:

Matriculation number:

**Evaluation**

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Number of points achieved

I	2.1	2.2	2.3	2.4	2.5	2.6	2.7	2.8	2.9	2.10	2.11	2.12



## Response Sheet

### Multiple Choice Questions

Maximum total points: 90

See question sheets for guidelines

Question 1.1	a)	b)	c)	d)
1.1.1	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1.1.2	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
1.1.3	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1.1.4	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
1.1.5	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
1.1.6	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Question 1.2	a)	b)	c)	d)
1.2.1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1.2.2	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
1.2.3	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
1.2.4	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
1.2.5	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
1.2.6	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Question 1.3	a)	b)	c)	d)
1.3.1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1.3.2	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
1.3.3	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
1.3.4	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
1.3.5	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.3.6	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Question 1.4	a)	b)	c)	d)
1.4.1	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1.4.2	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1.4.3	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
1.4.4	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
1.4.5	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.4.6	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Question 1.5	a)	b)	c)	d)
1.5.1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1.5.2	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
1.5.3	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
1.5.4	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
1.5.5	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
1.5.6	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Question 1.6	a)	b)	c)	d)
1.6.1	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
1.6.2	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
1.6.3	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Question 1.7	a)	b)	c)	d)
1.7.1	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1.7.2	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
1.7.3	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1.7.4	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
1.7.5	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
1.7.6	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

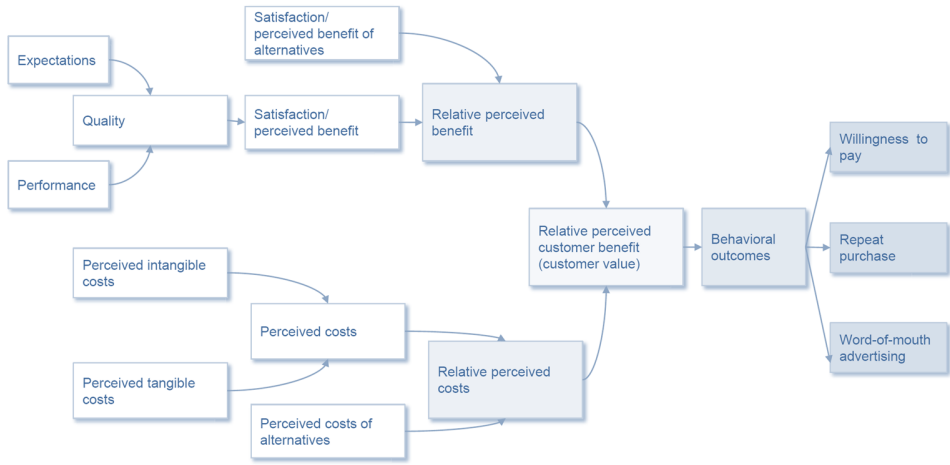
Question 1.8	a)	b)	c)	d)
1.8.1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1.8.2	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1.8.3	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1.8.4	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1.8.5	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
1.8.6	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Question 1.9	a)	b)	c)	d)
1.9.1	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1.9.2	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
1.9.3	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
1.9.4	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1.9.5	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
1.9.6	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Question 1.10	a)	b)	c)	d)
1.10.1	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1.10.2	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
1.10.3	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1.10.4	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1.10.5	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
1.10.6	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Question 1.11	a)	b)	c)	d)
1.11.1	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1.11.2	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
1.11.3	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
1.11.4	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1.11.5	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
1.11.6	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Question 1.12	a)	b)	c)	d)
1.12.1	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1.12.2	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
1.12.3	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

2.1	<p>a) The founders of On reflect on how their products are perceived by the customers. Provide them with the definition of customer value by relying on the corresponding structural model and naming its main elements.</p> <p><b>Allocation of points:</b>  <b>1P</b> for written definition of customer value (relative perceived customer benefit)  <b>1P</b> for the elements of the structural model (max. 3P)</p> <p>⇒ Points are given for the following elements of the model          (1P is per main element and 0.5P per secondary element):</p> <ul style="list-style-type: none"> <li>- Customer value = relative perceived benefit – relative perceived cost (1P)</li> <li>- Relative perceived benefit = perceived benefit of alternatives + perceived benefits (1P)</li> <li>- Relative perceived cost = perceived cost of alternatives + perceived costs (1P)</li> <li>- Behavioral outcomes = willingness to pay, repeat purchase, WoM advertising (1P)</li> <li>- Satisfaction/perceived benefit = expectations and performance (0.5P)</li> <li>- Perceived costs = perceived tangible and intangible costs (0.5P)</li> </ul> <p><b>Example solution:</b></p> <p>Customer value (value for the customer) ⇒ price/willingness to pay</p> <p>Relative perceived benefit is compared to relative perceived costs ⇒ if the relative perceived customer value is sufficiently high (benefit &gt; costs) ⇒ behavioral outcome: buy</p>  <pre> graph LR     Expectations --&gt; Quality     Performance --&gt; Quality     Quality --&gt; Satisfaction1[Satisfaction/perceived benefit]     Satisfaction1 --&gt; RelativePerceivedBenefit[Relative perceived benefit]     Satisfaction2[Satisfaction/perceived benefit of alternatives] --&gt; RelativePerceivedBenefit     RelativePerceivedBenefit --&gt; RelativePerceivedCustomerBenefit[Relative perceived customer benefit (customer value)]     PerceivedIntangibleCosts[Perceived intangible costs] --&gt; PerceivedCosts[Perceived costs]     PerceivedTangibleCosts[Perceived tangible costs] --&gt; PerceivedCosts     PerceivedCosts --&gt; RelativePerceivedCosts[Relative perceived costs]     PerceivedCostsOfAlternatives[Perceived costs of alternatives] --&gt; RelativePerceivedCosts     RelativePerceivedCosts --&gt; RelativePerceivedCustomerBenefit     RelativePerceivedCustomerBenefit --&gt; BehavioralOutcomes[Behavioral outcomes]     BehavioralOutcomes --&gt; WillingnessToPay[Willingness to pay]     BehavioralOutcomes --&gt; RepeatPurchase[Repeat purchase]     BehavioralOutcomes --&gt; WordOfMouth[Word-of-mouth advertising]         </pre>	4
	<p>b) Define the customer value of On shoes based on information in the case.</p> <p><b>Allocation of points:</b>  <b>2P</b> for meaningful definition of customer value of On</p> <p>⇒ 2P if the relation between relative perceived benefit and relative perceived costs is clear; it is necessary to illustrate the solution with concrete examples or information from the case at hand (otherwise max. 1P).</p> <p>⇒ 1P per meaningful element of the customer value. The following elements are accepted: superior quality, distinct design and lifestyle, sportiness, uniqueness, comfort / walking on clouds, technology / innovation, community feeling, etc.</p> <p>⇒ 0.5P if provided explanation is vague</p> <p><b>Example solutions:</b></p> <p>Quality running shoe with superior characteristics compared to competition;          distinct design and lifestyle that differs from competing products</p>	2

2.2	<p>a) What is the value chain of On shoes? Provide an outline with the key elements.</p> <p><b>Allocation of points:</b>  <b>1P per meaningful element of (and order in) the value chain (max. 4P)</b></p> <p><i>Example solutions (accepted elements in the value chain; either in visual or text form):</i>  research/development/innovation =&gt; design =&gt; raw material/procurement =&gt; production =&gt; packaging =&gt; transport/distribution/logistics =&gt; stocking/storage =&gt; marketing/events =&gt; wholesale/sales/retail =&gt; after sales service/customer support</p> <p><i>Not accepted:</i>  Activities placed in the wrong order; synonymous activities or repeated mentioning of the same activity; elements that are not an activity or not regularly executed in the value chain.</p> <p>b) What are the advantages and disadvantages of setting up your own production? Provide at least two arguments each.</p> <p><b>Allocation of points:</b>  <b>2P for two advantages (1P each)</b>  <b>2P for two disadvantages (1P each)</b></p> <p><i>Example solutions (accepted elements):</i></p> <ul style="list-style-type: none"> <li>+ full control over production/product quality</li> <li>+ less contractual negotiations with partners/less transaction costs</li> <li>+ no dependencies from handing over/outsourcing to supplier/independence</li> <li>+ less risk of being copied or having one's fabrication process stolen</li> <li>+ knowledge and expertise stay in the organization</li> <li>+ flexibility of production/changes can be made instantly</li> <li>+ possible economies of scope/learning by doing economies</li> <li>+ developing new competencies</li> <li>+ quick reaction to problems arising in production</li> <li>- higher costs for coordination and expertise/higher organizational costs</li> <li>- increasing complexity</li> <li>- requires the build-up of competences/knowledge</li> <li>- capital intensive/resource intensive</li> <li>- reduced flexibility due to fixed assets</li> <li>- costs of hierarchical coordination within the organization</li> <li>- reduced focus on core competences/decreasing specialization</li> <li>- no risk sharing with suppliers/increased risk</li> <li>- more employees/increased labor cost</li> <li>- missing out on the expertise/efficiency/scale of specialized partners</li> </ul> <p><i>Partly accepted (if disadvantage/advantage is clearly explained/justified):</i>  +/- economies of scale; more expensive/higher production costs/costs in general; lower quality</p> <p><i>Not accepted (because of vagueness or lack of generalizability/reasoning):</i>  Own production (insourcing) = better quality / better image / no scandals / more transparency / no focus on core competencies / no specialization / better work environment / easier innovation / shorter way of communication / higher competition / not enough demand / location-boundedness / higher profits / higher added value (requires specification)</p>	4
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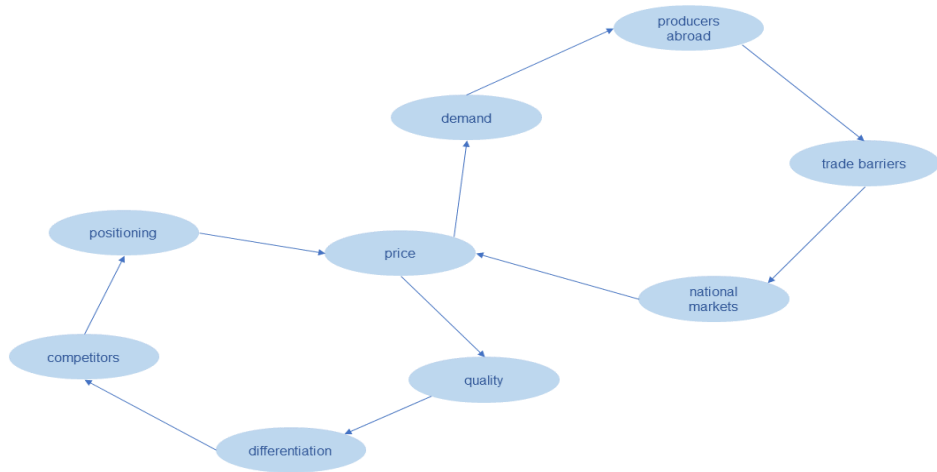
2.3	<p>a) Segment the market for leisure shoes by applying two meaningful criteria and at least two specifications each.</p> <p><i>Allocation of points:</i></p> <p><b>2P</b> for criteria (1P each)  <b>2P</b> for meaningful specifications (0.5P each)</p> <p><i>Example solutions (accepted elements):</i></p> <p><b>Socio-demographic</b>  =&gt; income, willingness to pay, buying power, budget, gender, age, occupation etc.</p> <p><b>Motive/needs-based</b>  =&gt; runners, walkers, hikers; style/fashion, functional/everyday use; athletes/non-athletes</p> <p><b>Geographic</b>  =&gt; urban, rural; mountain/alpine, city; Europe, Asia, USA etc.</p> <p><b>Psychographic</b>  =&gt; modern, traditional, environmentalist etc.</p> <p><i>Partly accepted:</i></p> <p>0.5P for synonyms of “motive/needs-based” (usage, activity, interests, purpose etc.)  0.5P for synonyms of “geographic” (place of living, region etc.)  0.5P for sociographic/demographic/socio-economic instead of socio-demographic  0.5P for activity-related features, when presented as a need (durability, waterproof, etc.)  Max. 0.5P each if specifications are not really different/based on same/similar criterion</p> <p><i>Not accepted:</i></p> <ul style="list-style-type: none"> <li>- Product features like price or quality that are not related to a specific need or motive (not accepted as specifications for need/motive)</li> <li>- Correct specifications of another criterion cited under the wrong criterion (e.g. psychographic criterion =&gt; age and gender: 1P for psychographic, 0P for age and gender)</li> <li>- Geographic specification with rough/smooth soil; rough terrain is a characteristic of the soil and does not describe a place in itself (urban or rural area/country etc.)</li> <li>- Psycho-demographic</li> </ul> <p>b) Develop a positioning for On in the market for leisure shoes. Present this positioning in the form of a semantic differential with at least four characteristics.</p> <p><i>Allocation of points:</i></p> <p><b>1P</b> per meaningful semantic differential and positioning (otherwise max. 0.5P)</p> <p><i>Example solution:</i></p> <p>expensive - X ----- cheap  young      - - X ----- old  urban      - - - X --- rural  sportive   - X ----- unathletic</p> <p><i>Further examples (accepted differentials):</i> innovative/classic, premium/basic, running/hiking, heavy/light, plain/stylish, male/female, boring/exciting, comfort high/low, quality high/low, sustainability high/low, customizability high/low, swissness high/low, etc.</p> <p><i>Not accepted:</i> text only (no differential), irrelevant criteria for sports shoes or sneakers, synonymous differentials, non-opposing terms at the two ends of the differentials, etc.</p>	4
		4



2.4	<p>a) For the founding team, the question of expansion into the market for tennis shoes arises. What form of expansion of the product range is under consideration here? Base your answer on the framework for program or assortment policy decisions.</p> <p><i>Allocation of points:</i></p> <p><b>1P for depth of product range + 1P for product differentiation or 1P for breadth of range + 1P for horizontal diversification</b></p> <p>⇒ Only the above-mentioned wording and combination is accepted. In both cases, an explanation must be provided. Otherwise: max. 0.5P.</p> <p><i>Example solution:</i></p> <ul style="list-style-type: none"> <li>- It is an expansion of depth of product range, more precisely a product differentiation because the problem to be solved by the product remains the same (having adequate footwear to do sports).</li> <li>- It is an expansion of breadth of range, more precisely a horizontal diversification because the new product offering solves a different problem (but on the same level in the value chain or on the same performance level).</li> </ul> <p>b) How would you estimate the market potential for On tennis shoes? Evaluate two methodological variants for your estimation.</p> <p><i>Allocation of points:</i></p> <p><b>2P for variants (1P each)</b> <b>2P for meaningful evaluation/explanation of the variants (1P each)</b></p> <p>⇒ Evaluation/explanation of variants must be provided to get all points (qualitative; quantitative: primary/secondary)</p> <p><i>Example solution:</i></p> <p>Primary market research: generating new data (e.g. on trends, needs, market volume) =&gt; can be tailored to specific needs; probably more expensive</p> <p>Secondary market research: analyzing pre-existing data =&gt; can be done quickly and inexpensive; however, probably not as specific as tailored data collection</p> <p><i>Partly accepted alternative approach:</i></p> <p><i>Max. 2P for meaningful estimation of the market potential (which was not expected) when:</i></p> <ul style="list-style-type: none"> <li>- The calculation contains at least three steps.</li> <li>- The overall approach makes sense/is clear.</li> </ul> <p><i>No extra points for estimations of several markets and market volumes.</i></p> <p><i>Example solution, alternative approach: estimation of the market potential for the Swiss market</i></p> <p><i>Market capacity:</i></p> <ul style="list-style-type: none"> <li>⇒ There are around 8 million inhabitants in Switzerland.</li> <li>⇒ Elderly and young children do not actively practice any kind of sport; 6 million remaining</li> <li>⇒ 50% actively practice any kind of sports; 3 million remaining</li> <li>⇒ 10% play tennis on a regular basis: total of 300,000 people</li> </ul> <p><i>Market potential:</i></p> <ul style="list-style-type: none"> <li>⇒ Assumption that only 20% are willing to pay a relatively high price for their tennis shoes</li> <li>⇒ Market potential of 60,000 people</li> </ul>	<p>2</p> <p>4</p>
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2.6	<p>a) In the coming years, On wants to invest even more in innovation. Therefore, various new technologies are explored. Choose a future technology and derive a possible innovation for On. Briefly explain your suggestion and tell whether it is a push or a pull innovation.</p> <p><i>Allocation of points:</i></p> <p><b>1P</b> for relevant future technology  <b>1P</b> for meaningful innovation for on with explanation  <b>1P</b> for classification as push (or pull) that makes sense  ⇒ each of the three elements must be clearly mentioned</p> <p><i>Example solution:</i></p> <ul style="list-style-type: none"> <li>- 3D printing =&gt; printed shoes based on individual foot scan =&gt; push innovation (based on new capabilities thanks to advances in 3D printing)</li> <li>- AI/microchips inside shoes =&gt; tracking of location, speed, distance, running pattern; with or without personalized improvement suggestions</li> <li>- VR/AR =&gt; try shoes on virtually</li> </ul> <p><i>No points:</i></p> <ul style="list-style-type: none"> <li>- generic suggestion without clear innovation, e.g. use of new material, lighter cloth, new model with enhanced cloud technology</li> <li>- implementation of existing innovation, e.g. made from PET bottles or develop app to track running</li> <li>- completely unrealistic, sci-fi suggestions such as flying shoes</li> </ul> <p>b) Think about current megatrends that could have an impact on On. Provide an opportunity-threat analysis for On based on at least three megatrends.</p> <p><i>Allocation of points:</i></p> <p><b>1P</b> per meaningful megatrend (max. 3P)  <b>1P</b> for explanation (0.5P) <i>and</i> classification (0.5P) as opportunity or threat (max. 3P)  ⇒ Any classification as opportunity/threat is accepted, if argument is consistent/makes sense and student shows understanding of the megatrend</p> <p><i>Example solution:</i></p> <ul style="list-style-type: none"> <li>- Urbanization =&gt; people want to run/do sports in the city (opportunity)</li> <li>- Health =&gt; people want to stay fit and healthy, therefore go running (opportunity)</li> <li>- Individualization =&gt; people do not want the same shoes as their neighbors (risk)</li> <li>- Climate change =&gt; people want to be less consumerist/buy less (risk)</li> </ul> <p><i>No points:</i></p> <ul style="list-style-type: none"> <li>- Description of megatrends =&gt; it has to be correctly named</li> <li>- Demand trends, societal trends, travel trends etc. (e.g. comfort, fashion, adventure)</li> </ul>	<p>3</p> <p>6</p>
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2.7	<p>a) Outline the most important influences of the environment and its stakeholders on On in a system view. Select at least four elements and describe at least two feedback loops.</p> <p><i>Allocation of points:</i></p> <p><b>1P</b> per element of the system/network (max. 4P)              ⇒ Refers to stakeholders/environments in SGMM</p> <p><b>1P</b> per meaningful feedback loop (max. 2P)              ⇒ Refers to systematic network/impact analysis</p> <p><i>Example solution:</i></p> <p>e.g. unhappy employee =&gt; worse product/service =&gt; less sales =&gt; less revenue =&gt; worse working conditions =&gt; unhappy employees</p> <p>e.g. problem with supplier =&gt; hurts long-term cooperation =&gt; loss of trust =&gt; cooperation more difficult =&gt; more problems with supplier</p> <p><i>Possible visual alternative, with arrow for “has influence on/is influenced by”:</i>              (only 1P for grid/table/matrix view)</p>  <pre> graph TD     positioning --&gt; price     competitors --&gt; positioning     competitors --&gt; differentiation     differentiation --&gt; price     differentiation --&gt; quality     price --&gt; demand     price --&gt; quality     demand --&gt; producers_abroad[producers abroad]     producers_abroad --&gt; trade_barriers[trade barriers]     trade_barriers --&gt; national_markets[national markets]     national_markets --&gt; price     quality --&gt; differentiation             </pre>	6
	<p>b) What conclusions do you draw for On from this system analysis? Name at least two insights.</p> <p><i>Allocation of points:</i></p> <p><b>1P</b> for clear deduction from system analysis above (consistency required)  <b>1P</b> per insight (max. 2P)</p> <p><i>Example solution:</i></p> <p>e.g. keep employees happy/great place to work to maintain high service quality</p> <p>e.g. increasing market share leading to self-fulfilling growth of sales</p> <p>e.g. price is dependent on various factors: on competitors' positioning and the existing room for differentiation and on production and shipping costs</p>	3

2.8	<p>a) On is considering the extension of its product range to tennis shoes. What type of decision is involved? Base your answer on three characteristics of the decision.</p> <p><i>Allocation of points:</i></p> <p><b>1P</b> for the decision type  <b>1P</b> per meaningful characteristic of the decision type (max. 3P)  ⇒ No points for characteristics that do not fit; with several answers, highest-scoring variant is considered</p> <p><i>Example solutions:</i></p> <ul style="list-style-type: none"> <li>- <b>Complex decision:</b> uncertain/changing environment, unclear/unknown opponents, systemic feedback loops, unstable goals/variants, unpredictable outcome (4P)</li> <li>- <b>Bounded rationality decision:</b> unconscious violation of rationality, limited information and cognitive skills, uncertainty and risk often unclear/unclarified (4P)</li> </ul> <p><i>Alternative solutions (partly accepted with meaningful arguments):</i></p> <ul style="list-style-type: none"> <li>⇒ <b>Program policy decision:</b> extension of product range; horizontal diversification or product differentiation, depending on argumentation (1P for decision, up to 3P for meaningful explanation)</li> <li>⇒ <b>Strategic decision:</b> strategic because it is about generating competitive advantage, because economies of scope are utilized, because of the strategic significance of the segment, etc. (1P for decision, up to 3P for meaningful explanation)</li> <li>⇒ <b>Positioning/segmentation/targeting decision:</b> fundamental shift of positioning when entering a new market segment/target market with tennis shoes (1P for decision; up to 3P for meaningful explanation)</li> </ul> <p>b) With which method(s) would you process the decision? Briefly explain your suggested method(s) and selection.</p> <p><i>Allocation of points:</i></p> <p><b>1P</b> for a meaningful method/decision rule  <b>2P</b> for a meaningful explanation of the selected method  ⇒ Consistency between a) and b) is required.</p> <p><i>Example solutions:</i></p> <p><b>Scenario planning method:</b> developing different scenarios and development paths to address complex decisions; ongoing reviewing and possibly dynamic adjusting of the plan/targets/variants, etc.</p> <p><b>Heuristics:</b> adopting simplified rules to approach the complex decision or a decision under bounded rationality and make the project manageable despite its many uncertainties; e.g. trial and error, avoid worst case, etc.</p> <p><i>Alternative solutions:</i></p> <ul style="list-style-type: none"> <li>⇒ If there is consistency with a), alternative solutions are (partially) accepted. Up to 2P if suggested method consists of a strategy framework (SWOT, Porter's five forces, etc.), a market research method (qualitative, quantitative, etc.), a problem-solving process (with several meaningful steps), etc.</li> </ul>	<p>4</p> <p>3</p>
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2.9	<p>a) Develop two variants of a corporate structure for On in the form of a divisional organization and in the form of a matrix organization.</p> <p><i>Allocation of points:</i></p> <p><b>3P</b> per organizational structure with meaningful elements (max. 6P)  ⇒ The organizational structure/sketch needs to be linked to the case</p> <p><i>Example solution:</i></p> <ul style="list-style-type: none"> <li>- Divisional structure: Divisions can be structured by regions or products or customers; central functions must be included/considered In each division: development, marketing, sales, finance, HR, IT; each division should have same subdivisions/functions</li> <li>- Matrix structure: Matrix can be structured by divisions, regions, products, and functions Combination/visualization of X- and Y-axis must be meaningful</li> </ul>	6
	<p>b) Which of the two variants would you choose and why? Provide at least two arguments.</p> <p><i>Allocation of points:</i></p> <p><b>1P</b> per reason (max. 2P)  <b>1P</b> for meaningful conclusion/explanation</p> <p><i>Example solution:</i></p> <ul style="list-style-type: none"> <li>- Divisional structure: + simpler structures, economies of scale, more focused (innovation), easier to sell fractions (company within company), etc. - further from regional markets, risk of divisional silos, double work, higher resource intensity, etc.</li> <li>- Matrix structure: + close to the regional markets, more customer centric, etc. - resource intensive, complex structure with two superiors (on X- and Y-axis), etc.</li> </ul> <p>=&gt; Selection of either matrix or division structure, based on arguments above.</p>	3
2.10	<p>a) Design a strategy for On based on the idea of competitive advantage. Classify the strategy into a strategy framework of your choice (e.g. Ansoff or BCG matrix).</p> <p><i>Allocation of points:</i></p> <p><b>3P</b> for illustration of framework (e.g. two axes and specifications)  0.5P per axis and specification (max. 3P)</p> <p><b>1P</b> for explanation/classification of designed/selected strategy (related to framework)  0.5P each if the specification or axis is described text form</p> <p>⇒ synonyms (e.g. old for existing) are accepted; subsequent errors are considered</p>	4

*Example solutions (accepted variants):*

**Ansoff matrix**

Products & services	new	Product development	Diversification
	existing	Market penetration	Market development
		existing	new
		Target market / group	

=> Possible strategies based on Ansoff matrix:

- e.g. diversification: diversifying into the market for tennis shoes, hiking boots, etc.
- e.g. product development: further innovation of their cloud-technology
- e.g. market penetration (entering an existing market with an existing product)
- e.g. Ansoff framework focuses on strategy for growth (product differentiation)

**Boston Consulting Group (BCG) matrix**

		Market Share	
		High	Low
Growth	High	Star	Question mark
	Low	Cash cow	Pet

=> Possible strategies based on BCG matrix:

- e.g. moving from question mark to star: increasing the market share in the growth market for high-end running shoes
- BUT: On is *not* a cash cow since it is explicitly stated in the case that the market is still growing strong. It is also not (yet) a star since on is a very small player in comparison to Nike and Adidas.

**Competitive strategies according to Porter**

		Strategic advantage	
		Uniqueness perceived by the customer	Low cost position
Strategic scope	Industry-wide	Differentiation	Cost leadership
	Restricted to particular segment	Focus on strategic advantage	

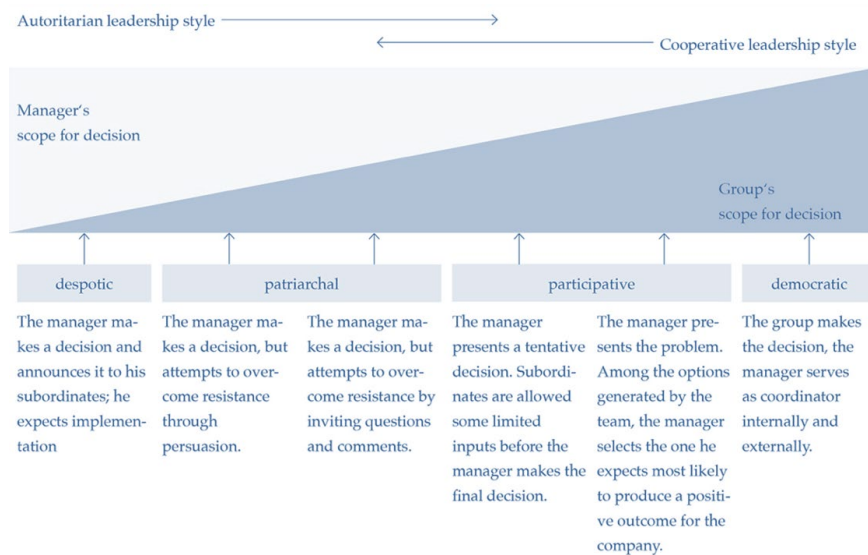
=> Possible strategies based on Porter:

- e.g. differentiation: provide unique running experience/comfort
- e.g. cost leadership: must be well explained, as others might have advantages here
- e.g. focus on strategic advantage: focus on people with specific/special needs...

	<p>b) Is your strategy based on an inside-out or an outside-in perspective of the firm? Provide a brief explanation.</p> <p><b>Allocation of points:</b></p> <p><b>2P</b> for classification and meaningful explanation</p> <p>max. 1P if there is just a correct definition, 1.5P if definition includes strategy; max. 1P if the classification is wrong but the explanation is meaningful</p> <p><b>Example solution:</b></p> <ul style="list-style-type: none"> <li>- Inside-out: resource-based view =&gt; resource configuration; core competences, resources</li> <li>- Outside-in: market-based view =&gt; market positioning; positioning towards customers (brand), positioning in (attractive future) segments (market shares)</li> </ul> <p>=&gt; Brand image can be both inside-out (resource) or outside-in (position in the market) and requires meaningful explanation</p>	2
2.11	<p>a) What changes in management style can be expected as On grows and consolidates? Classify the change by relating it to a scheme of leadership styles.</p> <p><b>Allocation of points:</b></p> <p><b>4P</b> if the leadership style in start-up phase and the leadership with growth is named, the characteristics of each style are explained and a good reasoning why this change is expected is provided (0.5P for each style named, 1P each for the explanation of the characteristics of the styles and 1P for direction and meaningful explanation; 2P for a complete drawing of the leadership-continuum/framework)</p> <p><b>Example solutions:</b></p> <p><b>Start-up phase:</b> Participative to democratic: joint decisions in the team; relational: one knows each other, works goal-oriented out of mutual responsibility; theory Y; important instruments: group decisions and information, tangible joint responsibility</p> <p><b>Growth phase:</b> Participative to patriarchal: management team makes central decisions; leads employees; tendency towards transactional management: work is done with defined and monitorable goals; theory X, town hall meetings, information, role model function, coaching, leadership principles, selection of suitable employees</p> <p><b>Accepted variants/concepts:</b></p> <p><b>Leadership-continuum</b> E.g.: During the startup phase primarily democratic leadership style, during growth phase more participative or even patriarchal leadership style.</p> <p><b>Transactional versus Transformational</b> E.g.: As On grows, its leadership style might change from a transformational style to a more transactional style. This is due to a higher complexity with more people working for on. Individual attention is harder to achieve, therefore systematic feedback is needed.</p> <p><b>Theory X versus Theory Y</b> E.g.: As On grows, there is a risk/chance, that people are less intrinsically motivated/committed, which means that leadership could shift from participation to control, from delegation and decentralization to more hierarchical and centrally instructed decision making.</p>	4



*Assumption: With growth/consolidation of the firm, leadership is likely to become less cooperative and (at least a bit) more authoritarian; from relational to structural; from theory Y to theory X, etc.*



*Continuum*

<b>Transactional leadership</b> <ul style="list-style-type: none"> <li>- Goals setting</li> <li>- Performance review</li> <li>- Systematic feedback</li> <li>- Reward and punish</li> </ul> <p>-&gt; Means: Power</p>	<b>Transformational leadership</b> <ul style="list-style-type: none"> <li>- Setting an example</li> <li>- Inspiring motivation</li> <li>- Mental stimulation</li> <li>- Individual attention</li> </ul> <p>-&gt; Means: Purpose</p>
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*Transactional vs Transformational*

<b>Theory X: People are unwilling</b> <p>Characteristics and typical notions of respective leadership:</p> <ul style="list-style-type: none"> <li>- Superiors/subordinates</li> <li>- Commands/Instructions</li> <li>- Control</li> </ul>	<b>Theory Y: People are committed</b> <p>Characteristics and typical notions of respective leadership:</p> <ul style="list-style-type: none"> <li>- Decentralization of decision-making</li> <li>- Delegation of responsibility</li> <li>- Participation</li> </ul>
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*Theory X versus Theory Y*

- b) Describe at least two consequences for personnel management as a result of this expected growth and consolidation.

2

**Allocation of points:**

**1P** per meaningful consequence for an element of personnel management (max. 2P)

- ⇒ Important that answer is from a **personnel management** point of view! "More people work for On" is insufficient; what is the implication for personnel management? (0.5P for only naming a consequence but not explaining what HR does)

**Example solutions:**

- Requirements assessment: e.g. more foresighted planning, monitoring fluctuation
- Recruitment: e.g. more strategic employer branding, campus recruitment
- Deployment: e.g. more project based, competence based, specialization
- Motivation and remuneration: e.g. incentives for long-term engagement
- Development: e.g. opportunities for personal growth, promotions, training

	<p><i>Accepted alternatives (with explanation):</i></p> <ul style="list-style-type: none"> <li>- preservation of culture</li> <li>- ensuring compliance</li> <li>- sharing implicit knowledge</li> <li>- monitoring of employees</li> <li>- higher fluctuation</li> <li>- improved communication within the company</li> </ul>	
2.12	<p>a) There has been media discussion about a possible “initial public offering” (IPO) of On. How would such public listing of its shares change the relationship with the stakeholders? Explain by discussing at least three different stakeholders.</p> <p><i>Allocation of points:</i></p> <p><b>2P</b> for first stakeholder and clear explanation  <b>1P</b> for second and third stakeholder with explanation (max. 2P; 0.5P for naming the second and third stakeholder; 0.5P each for explanation)</p> <p><i>Example solutions:</i></p> <ul style="list-style-type: none"> <li>- Investors/old owners/founders/Roger Federer: making shares more liquid/tradeable (but: less power for existing shareholders)</li> <li>- Employees: making them shareholders for long-term motivation/incentivization; less personal relationships to owners</li> <li>- General public: providing annual reporting according to the law/regulation</li> <li>- Customers: possibility to become shareholder; making them more connected/loyal</li> <li>- State: more taxes (e.g., through taxes on dividends), more jobs</li> <li>- Suppliers, producers, logistics partners, etc.: benefit from higher order volumes as company grows...</li> </ul> <p>b) Why is On able to exist and grow in a very competitive market environment? Provide two possible explanations, which are based on two different theories of the firm.</p> <p><i>Allocation of points:</i></p> <p><b>2P</b> per theory and meaningful explanation (max. 4P; 1P for naming the theory and 1P for the meaningful explanation either of theory or an explanation which fits one of the theories)</p> <p><i>Example solutions:</i></p> <ul style="list-style-type: none"> <li>- Customer value-based theory: On shoes provide superior value and satisfy needs of runners/customers successfully</li> <li>- Resource-based theory: On has patented technology (and/or a trusted brand) to create and sell very comfortable shoes</li> <li>- Transaction cost theory: On has an optimal configuration of its value chain with production outsourced to a country with very cheap labor (make versus buy)</li> <li>- Neoclassical theory: Size depends on the production optimum (marginal cost = marginal return); not counting demand/willingness to pay</li> <li>- Behavioral theory: Development of a company is dependent on coalitions and rationalities with stakeholders (e.g., Roger Federer, etc.)</li> </ul>	<p>4</p> <p>4</p>