



**NOVEMBER 2017 MAIN EXAMINATION**  
**MODULE:**  
**STRATEGIC AND CHANGE MANAGEMENT**  
**PROGRAMME:**  
**MASTER OF BUSINESS ADMINISTRATION**  
**(NQF 9)**

DATE: 18 November 2017

TIME: 09h00 – 12h00

DURATION: 3 hours

MARKS: 100

EXAMINER: O M Seedat

MODERATOR: D Nag

**INSTRUCTIONS TO CANDIDATES:**

1. Candidates are required to answer **ALL** questions.
2. This is a closed book examination.
3. No written material may be brought into the examination room.
4. Write legibly and neatly.
5. Do **not turn over this page** until permitted by the Invigilator.

*This question paper consists of **four (4) typed pages** excluding the cover page.*

## QUESTION ONE

[25]

Read the following article and answer the questions that follow:

### **Leading SA Franchise Group Cash Crusaders Continues On Its Growth Path**

Oct 9, 2017

National franchise group **Cash Crusaders** continues to show positive growth results despite a rollercoaster economy. The 1.7-billion-rand company saw an impressive 13% year on year same store growth between 2015 and 2016 with figures remaining favourable in 2017.

The company is growing from strength to strength thanks to its recession-proof business model that is built around three profit centres – specially imported new goods, second-hand trade and secured financial lending.

#### **New store openings**

The results speak for themselves. This year, the brand opened its landmark two-hundredth store in Soweto (the second store for the area), with ten new store openings following in quick succession including Mayfield Square, Robertson, Raslouw, Vryheid, Tembisa, Parow Station and Lydenberg.

By the end of the year, the total of new stores is expected to reach 214.

Cash Crusaders is South Africa's largest second-hand retailer – three times the size of its closest competitor- and hasn't stopped growing yet, with new store openings scheduled well into 2018.

#### **A sure thing for franchisees**

The brand is seen as a lucrative business opportunity for franchisees, most of whom own more than one store.

"The investment that the franchisor makes on innovation, research and development ensures we stay ahead of competition, remain relevant in the industry and persist as a strong player over the long term," says Franchisee Damian Ohajunwa

With a successful track record of more than 20-years, Cash Crusaders is seen as a 'sure thing' business opportunity by potential franchise owners who see to benefit from a proven three-tier profit system and an existing customer base.

### **3 Customer drawcards**

Cash Crusaders' unique business model incorporates three distinct product offerings, namely private label new goods, second-hand goods and secured loans, all of which translate into good sales figures.

Cash Crusaders' directly-imported private label goods include home theatre systems, home and car audio, DJ equipment, musical instruments and household appliances. For value-conscious consumers, these quality products present a less-expensive alternative to big brands, a trend that's becoming more pronounced in South Africa's tough economic climate.

### **A reliable business partner**

Cash Crusaders unique business model ensures franchisees have the support they need. A highly-experienced team are on hand to offer advice, planning, training and ongoing support from day one. It's a symbiotic relationship that benefits everyone.

Business owners form part of the Cash Crusaders network, and are equipped with a proven system of operation, thorough training and all the tools needed to succeed. The Projects Department work closely with franchisees, giving them the full benefit of their expertise from day one.

"Set up was assisted greatly by Operational Management who was involved from the get-go, from lease negotiation to build out costings and contractor sourcing. The final quality of workmanship was exceptional," franchisee Christo Burger.

### **Dedicated to raising the industry**

The proudly South African brand is dedicated to empowering entrepreneurs to be in business for themselves and helping them grow every step of the way.

Cash Crusaders has also shown its commitment to raising and changing the public's perception of the second-hand industry by advocating honest trading and regulating

second-hand trade in South Africa through its association with **National Association of Franchised Secondhand Dealers** (NAFSHD).

The group is also a member of The Franchise Association of South Africa (FASA) and proudly subscribes to the FASA code of ethics and business practices.

“Make no mistake, Cash Crusaders is not just another second-hand business. We maintain the highest standards and ethics, and have gone above and beyond to change the public’s perception of the second-hand trade by proudly demonstrating our honesty, integrity and legitimacy,” says Cash Crusaders CEO Sean Stegmann.

### **R300 000 start-up assistance**

Cash Crusaders is the only franchise group that offers financial assistance to help entrepreneurs find their feet. If a potential franchisee has R800 000 in unencumbered capital, Cash Crusaders will give them R300 000 start-up assistance to cover initial running costs. T&Cs apply.

“Franchising is our passion, and our network of Franchisees are our family. From the outset, we pledged to partner with entrepreneurs who share our vision – innovative thinkers as committed as we are to building this brand. We want to do business with you and work together to ensure the success and profitability of your business. You’ll soon come to appreciate our “Make It Happen” attitude,” says Stegmann.

<http://www.entrepreneurmag.co.za/advice/franchising/franchisee-advice/leading-sa-franchise-group-cash-crusaders-continues-on-its-growth-path/>

### **Questions**

- 1.1 “The company is growing from strength to strength thanks to its recession-proof business model”
  - 1.1.1 Distinguish between a strategy and a business model and describe the business model of Cash Crusaders. (6)
  - 1.1.2 Explain why the business model of Cash Crusaders is ‘recession proof’ (4)
- 1.2 Evaluate the strategy of Cash Crusaders. (10)
- 1.3 Discuss the elements of strategic leadership displayed by Stegman in the context of growing Cash Crusaders as an organisation. (10)
- 1.4 The process of strategic management means setting a pathway for an organisation and then putting in place plans and policies which enable it to achieve its corporate aim. With reference to this, critically discuss the nature of key decisions made by Cash Crusaders as it built the business. (10)

**QUESTION TWO****[20]**

Resistance to change is complex and misunderstood concept which has often been used for the failure of a change process. It is crucial to have a thorough understanding as to the basis and form of resistance such that it may be managed in a constructive manner. Resistance can be perceived as more of a help rather than a hindrance. With reference to this:

- 2.1 Describe the factors that lead to resistance to change. (8)
- 2.2 Discuss the ways in which resistance to change can be addressed. (12)

**QUESTION THREE****[20]**

- 3.1 Discuss the nature and forms of strategic alliances and the reasons why organisations enter into strategic alliances. (10)
- 3.2 Discuss the reasons why currently successful organisations may lose their edge and competitive advantage. (10)

**QUESTION FOUR****[20]**

Critically discuss the following statement in the context of strategy implementation:

“The outcome, in terms of strategic management and performance, depends on:

- the direction provided by the strategic leader,
- the culture of the organisation,
- managers understanding, supporting and owning the mission and corporate strategy,
- the willingness and ability of managers to be innovative, add value and take measured risks, and
- the effectiveness of the information sharing, monitoring and control systems”.

**END OF QUESTION PAPER**