



## **JULY 2015 SUPPLEMENTARY / AEGROTAT EXAMINATION**

**MODULE:**

**STRATEGIC AND CHANGE MANAGEMENT**

**PROGRAMME:**

**MASTER OF BUSINESS ADMINISTRATION**

DATE: 27 July 2015

TIME: 09h00 – 12h00

DURATION: 3 hours

MARKS: 100

EXAMINER: O M Seedat

MODERATOR: Prof A Rippon

### **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 **two (2) typed pages** excluding the cover page.*

## QUESTION ONE

[20]

Read the following extract and answer the questions that follow:

### **Lean and Mean**

Lean and mean has become a mantra. However, firms will learn to their cost that cost-cutting is not strategy. It is just good housekeeping. There is no doubt that too many firms are flabby and inefficient. Too many people wait around for something to happen. Processes add cost, not value. There are opportunities everywhere to trim down, speed up and streamline activities. The biggest opportunity, though, is in thinking differently. And this is where strategy kicks in.

South African Airways, for example, clearly needs to slash costs. Yet it cannot do so by doing different things in different ways and simultaneously improve the flying experience. It is going to have plenty of unhappy passengers. Crammed seats, inconvenient schedules and plastic plates just will not go with the theme, Africa's warmest welcome. Retailers like Pick 'n Pay and Shoprite are in a constant price war. Yet even while driving down costs, they have to enhance the shopping experience. Customers want surprises – and not just another few cents off the baked beans.

Harvard Business School professor Michael Porter suggested that firms had to choose whether to fight on the basis of cost or differentiation. Many firms want to be cost leaders, but few are willing to take the ruthless action this course demands.

Most managers also want to be differentiators. Again, few commit themselves to doing what this takes. They boast of adding value, and kid themselves that customers see the difference – or care about it. They say they hire out-of-the-box thinkers, but then kill creativity with red tape and aversion to risk. The result of this ambivalence is products and services that are too expensive and do not make a difference that matters. So it is little wonder customers shop around, swap allegiance from one to another, and constantly demand more for less. Companies need mavericks. They need people who see the world through fresh eyes, experiment with wacky concepts, and go out on a limb to turn thoughts into action. Yet finding, nurturing and managing such rare birds is easier said than done.

Companies will have to work both harder and smarter to cut costs and woo customers. They will have to apply strategy, not just stringency. Strategy is a product of insight, and implementation. Insight is the ability to picture the world through fresh eyes, to understand customers in new ways, to see opportunities where others see problems – or nothing at all. Imagination is the ability to link insights with disparate pieces of information to create something new, to make the connections that result in a product or service. Implementation is the skill that turns ideas into action, dreams into delivery, concepts into cash. It is a highly underrated skill, and one that needs to be carefully honed. Firms would do well to look anew at costs. Yet they will do better by asking themselves every day: What did we learn today? What new ideas did we cook up? What did we do? By scoring themselves on these three questions, they will ensure their cost-cutting does not lead to a blind alley. Instead, it will be a springboard to a more profitable future.

Adapted from: Venter and Louw (Editors)(2006) *Strategic Management: Winning in the South African Workplace*. Oxford

- 1.1 Critically discuss whether cost leadership is always the best strategy to adopt. (10)
- 1.2 "Porter suggested that firms had to choose whether to fight on the basis of cost or differentiation."

With reference to this statement, describe the five generic competitive strategies that arise out of Porter's contention. (10)

**QUESTION TWO****[10]**

According to Harvey and Brown (2006:127), organisational diagnosis provides information that allows a faster-reacting organisation to emerge, one that can deal proactively with changing forces. With reference to this, define the term organisational diagnosis and discuss the value of organisational diagnosis

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

Managers developing and implementing programmes to keep organisations competitive in a tough, constantly changing environment must deal with resistance to change.

With reference to this:

- 3.1 Explain what resistance to change is and outline the causes of resistance. (10)
- 3.2 Discuss the strategies that managers can utilise for recognising and managing resistance to change. (10)

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

A strategy is a course of action to which valuable resources will be committed. The future of the organisation may be altered because of it; survival may be at risk. Consequently, strategy should be earthy and realistic. Ansoff (1987) warned that strategy is an elusive and somewhat abstract concept.

With reference to this:

- 4.1 Discuss the reasons why strategy is crucial to an organisation. (10)
- 4.2 Describe the five phases that constitute the process of crafting and executing the strategy of an organisation. (10)

**QUESTION FIVE****[20]**

Discuss the nature and forms of strategic alliances and the reasons why strategic alliances are chosen.

**QUESTION SIX****[10]**

Strategy implementation is the phase in which management aligns or matches leadership, organisational culture, organisational structures, reward systems and resource allocation with the chosen strategy. These are often referred to as the drivers of strategy implementation.

With reference to this, discuss any two drivers of strategy implementation in an organisation.

**END OF QUESTION PAPER**