



STRATEGIC MANAGEMENT

Mid Semester Examination

Strategic Management/ Strategic Management in Financial Services

SMS 4922

Thursday 19th, 2023

TIME: 08:30 – 11:30 HOUR

TIME ALLOWED: THREE HOURS (plus 5 minutes to read through the paper)

INSTRUCTIONS:

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1. Section A: This question is **Compulsory** and must be attempted.
2. Section B: Answer **THREE (3)** question from this section.
3. This examination paper carries a total of **100 Marks**.

Section A-This Question is Compulsory and must be attempted.

KOPALA CERAMICS LIMITED (K.C.L)

Kopala Ceramics Limited (K.C.L) was established 15years ago in Kitwe, Copperbelt Province of Zambia. Its founder and CEO is a retired road construction Engineer of a leading international construction company. The founder decided to use his expertise to form a company that would manufacture and market good quality ceramic products. By then, the construction of industry business was booming. Over the period, **K.C.L** has become a market leader in the supply of ceramic and porcelain tiles for the local market.

K.C.L is considering adding the production of concrete slabs and kerbs to its product portfolio. The company's success could be attributed to its reliance on a highly competent and dedicated workforce and knowledge of the local market.

In expanding its product portfolio,**KCL** feels that the employees have the required competency to deal with the new product lines. The company has a Head Office and a manufacturing plant including a distribution warehouse along Tokyo Road in heavy industrial area in addition to the ten (10) distribution depots across the country. **KCL** has a workforce of 250 employees but is currently recruiting in readiness for production of the new products.

KCL has a medium-sized transport department with a fleet of 11 trucks. The company provides subsidised transport services to its customers who buy in bulk. In recent times however, the management of **KCL** has been facing challenges in managing the transport aspect of the business. The company has decided to outsource the service so as to concentrate on its core business of manufacturing. This decision was initially resisted by employees in the transport department for fear of job losses. However, the manufacturing has agreed that as part of their separation deal, **KCL** will sell the department at very competitive terms to the employees and then outsource transport services from them. The employees have welcomed this decision which is a win-win for both the company and its employees.

Competition in the industry is becoming more intense as new entrants both foreign and local are attracted by the booming real estate market. These new entrants have more advanced technology and competitive prices. **KCL** has no option but to reposition itself as a leader in the industry.

Recently, the strategy department was of the opinion that the future of the company lies in diversification and more control of process through vertical integration. The managing director of KCL and his management team have prepared a strategic growth plan for the next five years to address the environmental challenges facing the company, grow revenue, and manage risks. At a meeting to discuss the draft plan, the following strategic choices were proposed:

- More aggressive marketing within the existing markets
- Development of new markets locally and regionally
- Research and development of new products targeted at the current customers and the building industry.
- Diversification into real estate development to ride into the booming market in the region.

The strategy meeting also considered a market survey report by Soko Marketing Research, a marketing consultancy company. The research report identified business opportunities in the COMESA region. The Managing Director pointed out that in considering these growth opportunities, thought should be given to all the limiting factors. However, he challenged his team to ensure that all is done to have a business presence in all the Countries in the COMESA region within the next five years.

Required

- a) Considering, the growth ambitions of Kopala Ceramics Limited (K.C.L), List and explain the growth strategic options that KCL can leverage on to achieve their ambitions. [10Marks]

- b) Considering, the competition facing KCL from both Foreign and local Competitors, give an account of the five generic competitive strategies that the management of KCL can implement to remain relevant in the business market. [10Marks]

- c) List and explain the Corporate Turn-Around Strategic Options that KCL management can implement to turn around the fortunes of KCL and make the company competitive again. [10Marks]

- d) Outline the diversification strategies that KCL can pick on and implement in order to reduce or spread business risk. [10Marks]

[Total:40Marka]

Section B: Answer any THEREE (3) questions from this section.

QUESTION TWO

You are the Chief Growth Officer (CGO) of a technology startup that has developed a revolutionary mobile app for managing personal finances. The app has gained significant traction in the domestic market, and your company is now considering international expansion as part of its growth strategy.

Required.

"As the CGO, you are tasked with formulating a growth strategy to expand your company's presence internationally. Describe the key steps you would take to develop and execute an effective international growth strategy. Consider factors such as market research, market selection, market entry methods, localization, competition, and potential risks. How would you prioritize and allocate resources to support this expansion, and what metrics or KPIs would you use to measure the success of your international growth efforts?"

[Total:20Marks]

QUESTION THREE

- a) One of the major concerns for business strategists is to understand forces behind industry change so that they can provide strategic response to the change and remain relevant. **Discuss any 10 common drivers of industry change.** [10Marks]
- b) One of the big cornerstones of industry and competitive analysis involves carefully studying and understanding industry's competitive process to discover the main sources of competitive pressure and how strong they are. These sources of pressure are what we call Michael porter five forces. **Discuss in detail these competitive forces.**

[10Marks]

[Total:20Marks]

QUESTION FOUR

- a) Explain how Corporate Governance is linked to strategic Management and how they influence the successful implementation of the latter. [8Marks]
- b) Give an account of the factors that shape strategy [6Marks]
- c) List any 4 benefits of Strategic Management [6Marks]

[Total:20Marks]

QUESTION FIVE

You are the newly appointed Chief Strategy Officer (CSO) of a medium-sized manufacturing company that specializes in producing consumer electronics. The company's board of directors has recently approved a new strategic plan that aims to expand into international markets and launch a new line of eco-friendly products over the next three years. As the CSO, you are responsible for overseeing the strategy execution process.

Required.

Imagine you have just taken charge as the CSO, and you are tasked with implementing the new strategic plan. Outline a step-by-step strategy execution process you would follow, highlighting key considerations, potential challenges, and metrics for measuring progress. How would you ensure that the organization's day-to-day operations align with the new strategy, and what mechanisms would you put in place to monitor and adjust the execution as needed?

[20Marks]