



UNIVERSITI KUALA LUMPUR BUSINESS SCHOOL

---

FINAL EXAMINATION  
JANUARY 2016 SEMESTER

---

SUBJECT CODE : ECB 30103  
SUBJECT TITLE : STRATEGIC MANAGEMENT  
LEVEL : BACHELOR  
TIME / DURATION : 9.00 AM - 12.00 P.M / 3 HOURS  
DATE : 20th MAY 2016

---

INSTRUCTIONS TO CANDIDATES

---

1. Please read the instructions given in the question paper CAREFULLY.
2. This question paper is printed on both sides of the paper.
3. This question paper consists of TWO (2) sections; Section A and Section B.
4. Answer **ALL** questions.
5. Please write your answers on the answer booklet provided.
6. All questions must be answered in English (any other language is not allowed).
7. This question paper must not be removed from the examination hall.

---

THERE ARE FIVE (5) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

---

**SECTION A (Total: 60 marks)**

**INSTRUCTION: Answer ALL questions.**

**Please use the answer booklet provided.**

**Question 1**

Developing a vision statement is considered the first step in strategic planning, preceding even development of a mission statement.

a. Differentiate a vision statement and a mission statement.

**(10 Marks)**

b. Why is a vision statement or a mission statement important to a strategy formulation?

**(10 Marks)**

**[Total: 20 marks]**

**Question 2**

A. i) Explain what is 'economies of scale'. Give at least one example of a company enjoying economies of scale.

**(5 marks)**

ii) How do economies of scale act as a barrier to entry for new firms?

**(5 marks)**

B. i) Explain what is product differentiation. Give at least one example of a company that is able to differentiate their products or services successfully.

**(5 marks)**

ii) How can product differentiation act as a barrier to entry for new firms?

**(5 marks)**

**[Total: 20 marks]**

**Question 3**

Business level strategies focus on improving the competitive position of a company's or business unit's products or services within the specific industry or market segment.

Describe in detail the three generic business level strategies: cost leadership, differentiation and focus.

**[Total: 20 marks]**

**SECTION B (Total: 40 marks)**

**INSTRUCTION: Answer ALL questions.**

**Please use the answer booklet provided.**

**Case study B2: Business Strategy – TNT**

TNT is the market leader in the provision of **business-to-business (B2B)** express delivery services. It delivers documents, parcels and freight securely between businesses, using road or air transport. Organisations do not become market leaders by chance. It takes vision, careful planning, outstanding quality and a committed, highly trained staff. This organisation-wide planning is known as business strategy. Business strategies are the means by which businesses achieve objectives. They usually take the form of long-term plans relating to the chosen markets, products and environment. A competitive strategy can be based on:

- having a distinctive position in the market. TNT's market position is based on differentiating itself from rivals through its speed, reliability and service.
- building core strengths (known as core competencies). TNT's strengths are based on attracting and developing high-calibre staff.

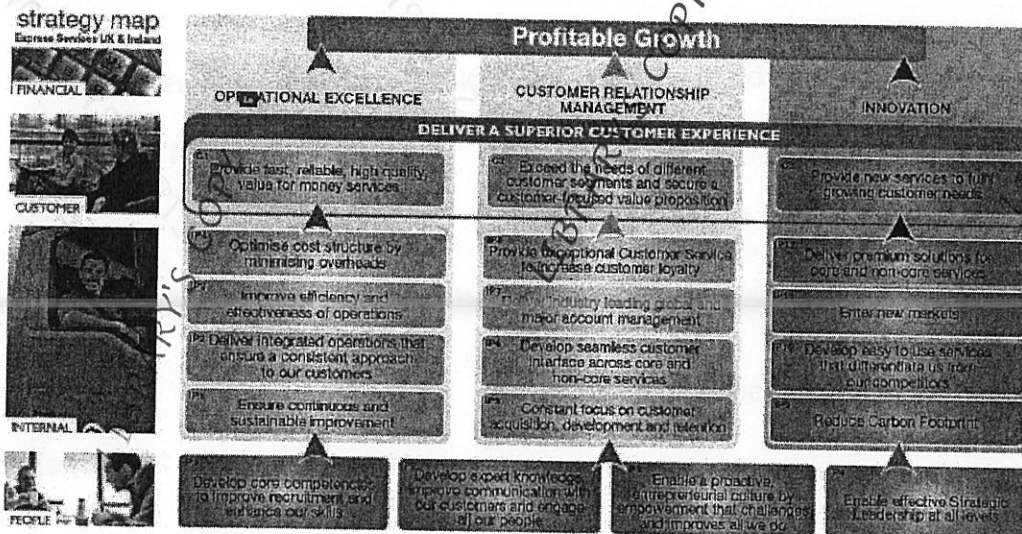
TNT's strategies need to take into account a number of important areas:

- What goods and services to produce, e.g. an integrated delivery service
- Which trading areas in the world will deliver best return on investment. TNT operates in Europe, Asia, North America and South America.

- How to build a competitive advantage e.g. through customer-focused services.

TNT's Strategy Map puts the customer at the heart of everything that the business does. It communicates to everyone involved with the business how the company will meet its goals. Specifically, it acts both as a practical guide and as a framework to achieve the business objective of growing profits.

A strategy map also serves as a reference point to align the whole firm. This is vital to ensure everyone is focused on the aims and objectives and understands their role in the delivery of them.



Businesses deliver their strategies through a series of tactics. TNT's practical measures are set out under three main headings - Operational Excellence, Customer Relationship Management and Innovation. The map describes the journey that TNT is taking towards achieving the long-term aims. For example:

- The map shows that Operational Excellence will be achieved through a solid foundation of fast, reliable and quality services.

- From there, the Customer Relationship is improved by understanding what different customers want. This builds a stronger allegiance and loyalty.

**Source: The Times 100, Business Case Studies [online] 2015.**

**Question 1**

Describe the aspects that TNT takes into account when developing strategies?

**(10 marks)**

**Question 2**

Explain how SWOT analysis can be used when developing business strategies.

**(15 marks)**

**Question 3**

Analyse why organisations may use a strategy map.

**(15 marks)**

**[Total: 40 marks]**

**END OF QUESTION PAPER**