

185

UNIVERSITY OF SWAZILAND
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
MAIN EXAMINATION 2005

TITLE OF PAPER : STRATEGIC MARKETING MANAGEMENT
COURSE : BA522
DEGREE AND YEAR : BCOM 5
TIME ALLOWED : THREE HOURS

INSTRUCTIONS 1. THIS PAPER CONSISTS OF SECTION (A) AND (B)
2. THE CASE STUDY SECTION IS COMPULSORY
3. ANSWER ANY THREE QUESTIONS FROM SECTION B

**NOTE: MARKS WILL BE AWARDED FOR GOOD
COMMUNICATION IN ENGLISH AND FOR ORDELY
PRESENTATION**

THIS EXAMINATION PAPER SHOULD NOT BE OPENED UNTIL INVIGILATOR HAS
GRANTED PERMISSION

SECTION A: COMPULSORY

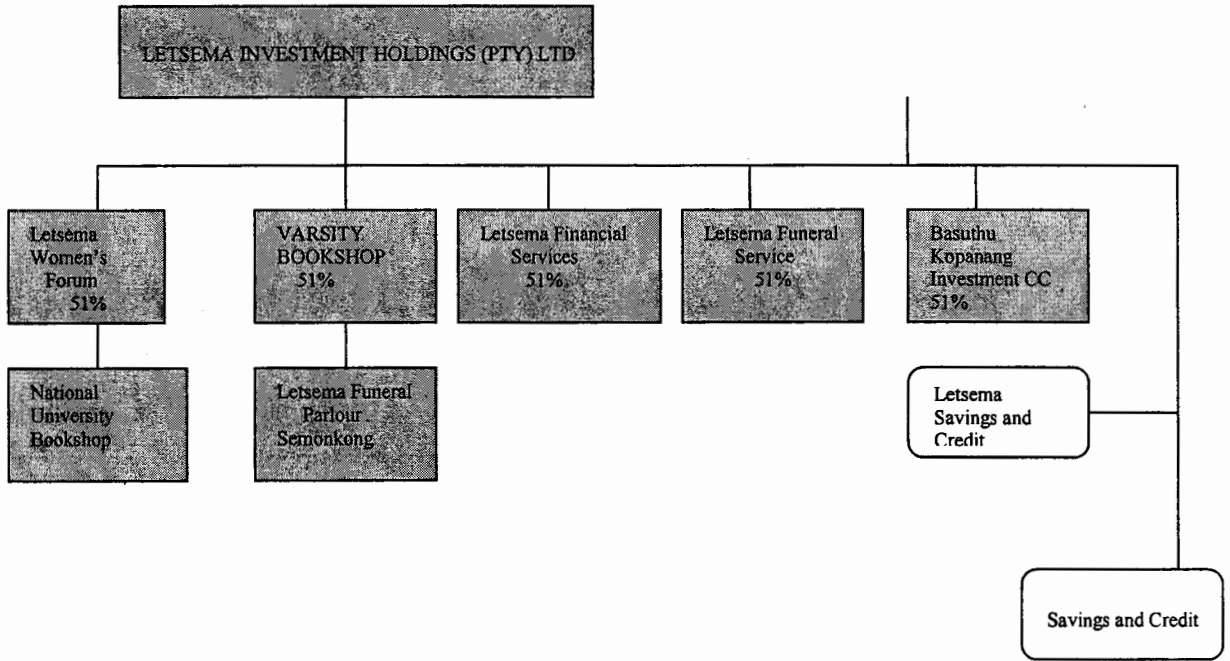
READ THE FOLLOWING CASE AND ANSWER THE QUESTIONS BELOW

LETSEMA INVESTMENT HOLDINGS (PTY) LTD Maseru Lesotho

INTRODUCTION

Letsema Investment Holdings (Pty) Ltd was established in 1999 and is the parent company of several subsidiaries, both locally in Lesotho and in neighbouring South Africa. Letsema, which means people working together to achieve a common goal, was formed by four local businessmen who are also the only directors of the company. It is Letsema policy that the parent company will hold 51% ownership in each of its subsidiaries. This policy is intended to encourage the local community to actively participate in the running of the Letsema companies by buying shares.

Letsema Corporate Structure



Products and services offered

Financial Service	Varsity Bookshop	Savings and Credit	Funeral Service	Basuthu Kopanang
Cash Loans	<ul style="list-style-type: none"> ➔ Text Books ➔ Stationery ➔ Office Furniture 	<ul style="list-style-type: none"> ➔ Savings accounts ➔ Investments ➔ Cash Loans 	<ul style="list-style-type: none"> ➔ Coffins and Caskets ➔ Funeral policies ➔ Mortuary and Funeral Policies 	<ul style="list-style-type: none"> ➔ Cash Loans ➔ Investments

Leadership

As mentioned above, the word "letsema" means people working together to achieve a common goal and this is the driving force behind the company. This is indicative of the way management operates within the company. In a review held in November 2002, it was clear that staff complained about their lack of involvement in the decision-making process. In response, management changed their decision-making practises and included staff members in the process-- participatory management. This has proved to be an effective way of handling the daily functioning of the businesses. Objectives of high performance are discussed at the regular Monday staff meetings, at which all issues relating to the day-to-day functioning of the companies are addressed.

The company realised that leadership is the driving force behind any organization, so when the decision was made to adopt the SADC Model, leadership was among those who were initially trained. Three of the four Directors are already Executive Facilitators in the Model. Leadership is also involved in common staff workshops such as the customer service workshop held every year. As a result of all the above, leadership is effectively getting rid of the "boss" perception that staff may have had and is now showing strong participatory leadership qualities. They also attend the Southern African Enterprise Network (SAEN) workshops, which are held around the Southern African region.

Strategy and Planning

Before, Letsema strategy and planning policies could only be described as reactionary. This means that we had no policies written down on paper as evidence of how the company would function in the short term and where it was going in the long term. All policies seemed to only react to situations prevailing at the time. In response to this, all divisions of Letsema Investment Holdings (Pty) Ltd have developed short-term and long-term goals for each business activity. For example, in the Varsity bookshop targets have been set for how much furniture equipment each staff member will sell and how will this be done. Targets include the overall company and how profits are projected for the coming year. This has been done for each of the subsidiaries.

Customer and Market Focus

We feel that this is a very important criterion because it results in customer satisfaction, which is one of the major contributors to any company's success. We have introduced a suggestion box for use by our clients. We regularly open the box in the presence of all staff members and address all the issues raised. Ways to address them are put in place and then the comments are properly recorded for future reference. We also phone randomly selected customers and ask about the satisfaction of the services rendered. In addition, Varsity Bookshop phones its clients to find out what they will need in the future.

Recently, when we opened a branch of Savings and Credit in Semonkong, we conducted a careful study and asked the local community what they wanted (through personal visits to the area). We have tried to meet these needs through the introduction of Savings and Credit.

However, we feel that we should be doing a lot more to find out what customers need. Since not everyone will drop a note in the suggestion box, we are therefore in the process of drafting a questionnaire that will be sent to all and become part of the service provided.

At Letsema we believe that we should go the extra mile for our clients, who have indicated that they would prefer us to deliver goods and services to them, since some are located very far away. To this effect we have arranged payment in such a way that we collect payment from our clients wherever they are around the country. We also deliver furniture and stationery for free around the city-something rarely done in Lesotho.

People Management

Customer satisfaction is very important to the success of any organisation and a major contributor to their satisfaction is the people they meet daily- our staff members. Good pay, a good working environment, their voices being heard- all contribute towards the happiness of our people. What is now currently being practised is not documented, such as the easy access of all staff members to the organization's leadership to have issues addressed speedily. We hold workshops that are intended to improve all staff, such as the customer service workshops held every year and the on- the-job training when new technology is implemented. All staff members are strongly encouraged to further their studies while still employed by the company. We currently have three employees who are studying at South African tertiary institutions and an additional four studying locally while still at work.

To further increase the knowledge of our people, we give them a rounded view of the organization, e.g. when an employee is employed by Varsity Bookshop, that employee is taken around the different subsidiaries to gain more knowledge of and insight into what else goes on at Letsema.

The employees have been empowered to design their work schedule and ways of making their jobs more effective. This power given to them encourages them to perform exceptionally in all activities, since they will be held accountable to a great extent.

Resources and information Management

When Letsema started in 1999, it had one computer and most information was recorded in files. This process continued for many years, but we are now in the process of transferring all the information on to an internationally recognised software package- PASTEL Accounting. This will help us to better manage all the information that we have in the organisation, thus preventing the " spending of more time looking, and not helping the client" situation that existed up until now.. A relationship has been established to ensure that the additional computers are serviced regularly to remain in good working condition. Our technicians are readily available to attend to any problem that may occur at any time of the day. We have also bought the necessary resources that facilitate proper working performance by all staff members, such protective clothing where it is necessary, e.g. gloves, chemicals and overalls for Funeral Service Staff. The Excellence Model has shown us that even the desks, chairs and shelves that we use are all of great importance and should be managed accordingly. Thus we have a company that is readily available to provide/repair any furniture as necessary. To protect ourselves and all that belongs to the organisation, two years ago we installed a security system.

Processes

Our processes are very important because we feel they make the difference to our customers. We are especially concerned about the length of time customers spend on our premises being served. Reducing the service time has become a major priority. Before the self-assessment process we had no defined roles for each employee-everyone seemed to do everything and this caused confusion within the company with regard to accountability.

We feel that the best person who can improve a process is the very person who is directly involved in that activity. Management therefore often asks for suggestions from staff to recommend the changes. A common question at Letsema has become "what do you suggest we do?"

It was also agreed that there should be a regular review of whether staff still know the processes of operations at Letsema. This means that each employee's understanding of all processes at Letsema will be checked. This will be done for all processes that have been identified in the companies. Time improvement issues will also be factored in where applicable.

PASTEL is also assisting in producing financial statements (balance sheet and income statement) as well as other needed reports. Documents that would normally be completed by the 10th of the following month are now ready at the end of the current month.

At Letsema, we feel it is necessary to know what the competition is doing and what we can do to keep ahead of them. We have therefore conducted a study comparing Letsema with similar businesses in the country. This has enabled us to focus more on our processes.

QUESTIONS

- A) **What is the role of leadership in Strategic Marketing and how did the executives of Letsema exemplify that role? (15 MARKS)**
 - B) **What changes did the executives of Letsema pursue in order to transform this organization into a market responsive organisation? (10 marks)**
 - C) **In your own opinion, will this changes help Letsema to be a more competitive organisation and why? (7 marks)**
- "At Letsema, we feel it necessary to know what the competition is doing....."*
- D) **What other sources of competitive intelligence can Letsema use to know what the competition is doing? (8 marks)**

SECTION B

ANSWER ANY THREE QUESTIONS FROM THIS SECTION.

QUESTION 2

Differentiate strategic marketing from marketing management, giving examples.

(20 marks)

QUESTION 3

(a) Briefly discuss what is meant by environmental scanning.

(b) What constituents of the macro- environment are of great importance to strategic marketing?

(20 marks)

QUESTION 4

The market audit is an important element in the evaluation of marketing activities.

(a) Discuss some of the areas that should be examined in the market audit. **(10 marks)**

(b) Why should companies perform a market audit on a regular basis? **(10 marks)**

QUESTION 5

Discuss the possible actions that can be adopted by a company in mature markets in order to extend volume growth?

(20 marks)

QUESTION 6

(a) What benefits can a company expect to gain from segmenting its market?

(b) Explain giving examples, the conditions required for effective market segmentation.

(20 marks)