

**UNIVERSITY OF SWAZILAND**

**FACULTY OF COMMERCE**

**DEPARTMENT OF BUSINESS ADMINISTRATION**

**SUPPLEMENTARY EXAMINATION 2010**

**TITLE OF PAPER: STRATEGIC MANAGEMENT AND BUSINESS POLICY**

**DEGREE AND YEAR: BCOM V (FT) BCOM 7 (IDE)**

**COURSE NUMBER: BA 511/ IDE BA511**

**TIME ALLOWED: THREE (3) HOURS**

**INSTRUCTIONS:1. THIS PAPER CONSISTS OF SECTIONS (A) AND (B)**

**2. THE CASE STUDY SECTION (A) IS COMPULSORY**

**3. ANSWER ANY THREE QUESTIONS FROM SECTION B.**

**Note MARKS WILL BE AWARDED FOR GOOD COMMUNICATION IN ENGLISH AND FOR ORDERLY PRESENTATION OF WORK**

**THIS EXAMINATION PAPER SHOULD NOT BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR.**

## **SECTION A: CASE STUDY**

### **'Primedia acquires Altmedia'**

29 July 2005

Primedia announced today that it has acquired Altmedia, which incorporates GMR and The Letter Corporation. Whilst GMR will be integrated into ComutaNet's stable of 10 different media platforms, The Letter Corporation's airport media will be owned by Primedia Outdoor, adding to its wide range of out of home media opportunities. The letter Corporation with its washroom advertising has become the fifth media company in the Primedia Unlimited Group.

Another valuable asset in the acquisition is former Altmedia CEO, Andrew Kramer, who is heading up both The Letter Corporation and Forecourt Media as Managing Director. Says Andrew, 'Primedia is the most dynamic media company today, and I am excited by the potential the relationship will unleash for The Letter Corporation. I'm thrilled to be appointed managing director of Forecourt Media at a time when the company is poised to roll a host of media innovations.' Pete Piccione, managing director of Primedia Outdoor says, 'With our company's vast outdoor experience, including many airport media options, we are pleased to add these additional offerings to our bouquet'.

ComutaNet's managing director, Pieter Groenewald says, 'The inclusion of GMR into our operation will be seamless and smooth. ComutaNet will no doubt be able to add value to our client base through the extension of our media option. Commenting on the acquisition, Ken Varejes, CEO, Primedia Unlimited says, 'The wealth of experience and management skills that Andrew Kramer brings with him will strengthen the Primedia Unlimited management team. Under his direction, and with the backing of Primedia, The letter Corporation and Forecourt Media will grow exponentially, offering clients a wider and more effective media bouquet.'

### **'Primedia growth strategy hinges on Africa, taxi rank'**

CAPE TOWN – Diversified media group Primedia said yesterday that it was working on creating a dedicated unit to help it expand into Africa. This comes after the group said it planned to cut prices at cinemas to boost attendance. The new initiatives from part of a drive that includes launching a new radio station at taxi ranks; distributing cellular products through new channels; and growing its digital cinema screens. The company – which this week reported a 34% rise in headline earnings a share for the six months to December compared with last year – plans to grow through innovation, acquisitions and expansion into Africa and new media sectors, CEO William Kirsch told analysts yesterday.

Radio stations will be launched at taxi ranks where the group's Rank TV, a digital television network at 10 major sites, does not have a presence. The rollouts were helped by Primedia's strong relationships with the country's major taxi associations, Kirsch said.

The capital cost of launching Star Radio is R2,5m and will require the support of eight advertisers – who have each taken one-year contracts at R1m. The benefits will be evident in results for the second half of Primedia’s current financial year and next year. With its division Rank Branding, the group has now launched Brand Stand, using ‘dead space’ at taxi ranks to attract consumers’ attention with large display adverts. Kirsch said Rank Branding was performing well, and its operation profit should be 40% higher for the full year. The group has now launched a dedicated Africa division, recognising that it has considerable potential to expand in Africa. It would focus on outdoor and commuter media and radio broadcasting, Kirsch said.

### **About Primedia**

Primedia, a conglomerate investor in the media, sports, marketing and the motor industry, owns or has a substantial interest in the following companies

([www.primerap.co.za/companies](http://www.primerap.co.za/companies)): 567 Cape Talk, 702 Talk Radio, 94.7 Highveld Stereo, c3 (Customer Contact Company), Cartad In-Store Media, Cinemark, Cinevation, ComutaNet, Database Group, Direct Response Marketing, iafrica.com, In Line Advertising, Intact Solutions, Introye Corporation, Kaizer Chiefs, Key Entermark, Knowledge Factory, Mailcom Plc, MegaPro Marketing, Primedia Broadcasting, Primedia Outdoor, Primedia Publishing, Product Marketing Services, Signet Licensing, Spark Response, Ster Kinekor (Europe, Middle East, home entertainment, theatres, pictures, licensing), Velocity Afrika, Vision Network, VWV Group, Wheel and others.

### **Questions**

1. From the excerpts, what corporate strategies would you deduce that Primedia has followed? (5)
2. Would you suggest a different set of strategies and, if so, why? (15)
3. Would you advise additional acquisitions or not? Justify your answer. (20)

## **SECTION B**

Answer any *three* questions from this section

### **Question 1**

A recently established manufacturing company in the Matsapha industrial area has been receiving numerous complaints from the nearby communities about its waste causing enormous pollution to the environment and the management being unresponsive to the complaints of the community.

- a) From your understanding of social responsibility as presented by Friedman and Carroll, what would be your advice to the company in question? (10)
- b) Why would some organizations act unethically and how can they be motivated to act ethically? (10)

### **Question 2**

Best-cost provider strategies are sometimes criticised for letting organisations down by getting them to be “stuck in the middle”. Do you agree with this statement. Give reasons for your answer. (20)

### **Question 3**

How does the lack of clear-cut performance measure affect the strategic management of a not-for-profit organisation. Is there anything that can be done to solve such problems? (20)

### **Question 4**

Is portfolio analysis comprehensive enough as a strategy formulation tool? (20)

### **Question 5**

Discuss the importance of each one of the following in strategic management.

- a. Value-chain analysis (for purposes of analysing a company’s strengths and weaknesses). (10)
- b. A company’s corporate culture (for purposes of implementing a new strategy in the organisation). (10)