

**UNIVERSITY OF SWAZILAND**  
**FACULTY OF COMMERCE**  
**DEPARTMENT OF BUSINESS ADMINISTRATION**  
**SUPPLEMENTARY EXAMINATION**  
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TITLE OF THE PAPER : STRATEGIC MANAGEMENT PROCESS 1  
DEGREE : BACHELOR OF COMMERCE  
COURSE : BA 440 & BA 504 (IDE)  
TIME ALLOWED : THREE (3 HOURS)

Instructions:

1. THIS PAPER CONSIST OF TWO CASE STUDY QUESTIONS
2. ALL QUESTIONS ARE COMPULSORY
3. ANSWER ALL QUESTIONS AFTER READING EACH CASE STUDY

Note: You are reminded that in assessing your work, account will be given of accuracy of language and the general quality of expression, together with layout and presentation of your final answer.

THIS PAPER MUST NOT BE OPENED UNTIL THE INVIGILATOR HAS GRANTED THE PERMISSION

## CASE STUDY - QUALISPECS

Qualispecs has a reputation for quality, traditional products. It has a group of optician shops, both rented and owned, from which it sells its spectacles. Recently, it has suffered intense competition and eroding customer loyalty, but a new chief executive officer joined from one of its major rivals *Fastglass*.

*Fastglass* is capturing Qualispecs' market through partnership with a high street shopping group. These shops install mini-labs in which prescriptions for the spectacles are dispensed within an hour. Some competitors have successfully experimented with designer frames and sunglasses. Others have reduced costs through new computer-added production methods.

Qualispecs has continued to operate as it always has, letting product "speak for itself" and failing to utilize advances in technology. Although production costs remain high, Qualispecs is financial secure and has a large cash reserves. Fortunately, the country's most popular sport star recently received prestigious international award wearing a pair of Qualispecs' spectacles.

The Chief executive officer has established as a priority the need for improved financial performance. Following a review she discovers that:

- i. Targets are set centrally and shops report monthly. Site profitability varies enormously and fixed costs are high in shopping malls
- ii. Shop exercise no control over jobs roles , working conditions and pay rates
- iii. Individual staff pay is increased annual according to pre-determined pay scale.

Everyone also receives a small one-off payment based on group financial performance.

Market analyst predict a slowdown in the national economy but feel that customer spending will continue increase, particularly in the next 15 years.

## Question 1

### Required

- a. **Produce** a corporate appraisal of Qualispecs, taking account of internal and external factors and **discuss** the key strategic challenges facing the company **(15 marks)**
- b. Corporate appraisal offers a 'snapshot' of present. In order to focus on the future there is a need to develop a strategic planning. **Advise** the CEO, using the nine steps to develop the strategic management plan and the the significance of the strategic planning process. **15 marks.**
- c. Recommend, with reasons, strategies from the appraisal that would enable Qualispecs to build on its past success. **(10 marks).**
- d. Using the strategic management process model by Scholes and Johnson **explain** how three main elements of the model can be used to develop a comprehensive strategy for Qualispecs. **10 marks**

## **CASE STUDY 2 –LAS CORPORATE HEADQUARTERS**

LAS is a public company that has corporate headquarters in Asia. It is listed on London stock exchange. Its latest annual report was criticised in a leading international financial newspaper because of its 'exclusive focus on the interests of shareholders which ignored any other interest parties.

LAS was established in 1851 and its purpose, at that time, was stated to be 'to trade in Empire commodities'. Since then, the nature of LAS's business has changed radically and it now property company with investments in many countries. In the year ended 30 June 2011, LAS managed properties at E800 million. LAS does not have the mission statement.

LAS's financial Director is member of CIMA. He suggested that the corporate should be moved to from Asia to London. The Board has agreed the proposal with all reasons stated by the Financial Directors. LAS decided that when the corporate headquarters is moved to London by the end of 2011, it will mean that 80 employees in Asia would lose their jobs. The prospects for finding the replacement jobs are not good

### **Question 2**

#### **Required**

1. Identify other parties, besides shareholders, are likely to be affected in LAS's annual report. **3 marks**
2. Discuss how LAS could use Mendelow's matrix to classify these interested parties and rank their needs. **20 marks**
3. Discuss the purpose of, and advantages LAS could derive from mission statement. **12 marks**
4. Advise the Financial Director the advantages of preparing a strategic plan. **15 marks**

**Total marks 100**