TECHNICAL UNIVERSITY OF MOMBASA

School of Business

Department of Business Administration

UNIVERSITY EXAMINATION FOR:

MASTER OF BUSINESS ADMINISTRATION

BSM 5222: STRATEGIC ANALYSIS, TOOLS AND TECHNIQUES

SPECIAL/SUPPLEMENTARY EXAMINATION

SERIES: APRIL 2025

TIME:3HOURS

DATE: 5 May 2025

Instructions to Candidates

You should have the following for this examination

-Answer Booklet, examination pass and student ID

This paper consists of five questions. Attempt ~~question ONE (Compulsory) and any other TWO questions~~.

Do not write on the question paper. Answer question one and any other three questions

Question ONE (40 MARKS)

EDENMARK LTD.

Edenmark Ltd., a retail chain of supermarkets in the region, was established in 2002. The retailer's success over the years is often attributed to the institutionalization of Michael Porter's value chain model in the organization.

Edenmark Ltd. spends a quarter of its expenditure on information technology, and the company's ability to spot changing preferences among its customers has been exemplary. All the offices of Edenmark Ltd. have an open-plan layout. The open office plan fosters frequent discussions and promotes the sharing of real-time data as well as field observations and anecdotes. Non-specialized employees are rotated among different functions every six months. By exposing these employees to different functions, they acquire new skills and competencies, and the company, in return, is able to develop a holistic feel of the retail market, appreciate how their work fits within the organization, and explore new opportunities as they arise.

Recently, Edenmark Ltd. has been experiencing tremendous growth and increasing market share. The company increased its revenue from Sh.10.7 billion in the year 2014 to Sh.11.5 billion in the year 2015. Its net income nearly doubled during that period. In the same financial year, the company was a recipient of an award for good corporate governance practices.

Edenmark Ltd. opened seven new retail outlets in the year 2016 when other retailers were struggling to keep their doors open. The low prices and the company's wide variety of high-quality products have continued to attract thousands of new customers. The management attributes this to the company's well-thought-out new strategies. The new strategies were formulated after realizing the limitations of SWOT (strengths, weaknesses, opportunities, and threats) analysis. Edenmark Ltd. moved away from SWOT to a different approach to strategic planning—SOAR (strengths, opportunities, aspirations, and results), building strength-based strategies and the use of the Balanced Scorecard.

The management's strategic approach is based on the belief that everything the company does is for the long term. This strategic approach has resulted in integrated financial analysis and stakeholder analysis, increased sales at existing locations through improved customer service. Improved customer service is due to the use of enhanced technology and 24-hour operation in outlets located in highly populated areas. Other strategies put in place by Edenmark Ltd. include the establishment of an online retail system targeting thousands of its social media customers.

The company has a free after-sales service system that guarantees delivery of products within two days. This service is known as "EL Serve". EL Serve is a complex system that has proved difficult for competitors to copy. EL Serve depends on several factors, such as Edenmark Ltd.'s wide selection of products at low prices, a wide network in the supply chain, and a finely tuned distribution system.

Today, two years after the program was created, competitors, both online and offline, have realized the increasing threat posed by EL Serve and are reacting through various interventions. Edenmark Ltd. continues to add more merchandising categories to EL Serve in response to market demand. The service has thus turned out to be ingenious and an effective customer loyalty program in e-commerce within the region.

Required:

(a) Examine five critical limitations of SWOT analysis that might have led the management of Edenmark Ltd. to switch to SOAR during the development of the company's current strategic plan. (10 marks)

(b) Explain how Edenmark Ltd. could enhance its use of the internet and other digital technologies to streamline its operations. (8 marks)

(c) Discuss the importance of the four perspectives in the Balance Scorecard strategy to the management of Edenmark Ltd. (8 marks)

(d) Advise Edenmark Ltd. management on how to:

(i) Recognize a good business opportunity. (6 marks)

(ii) Evaluate a business opportunity. (8 marks)

Question TWO

a) With reference to strategic management in a global environment,
   i)Explain the term "resource-based view". (1 mark)
   ii) Analyze the five-step resource-based approach to strategy analysis. (9 marks)

b) External environmental analysis is a critical component of organizational success and competitiveness. Explain five benefits of conducting such an analysis. (10 marks)

Question THREE

a) The BCG growth-share matrix is a tool used internally by management to assess the current state of value of a firm's units or product lines. Discuss the categories in this matrix. (10 marks)

b) Organization's core competencies are important during strategic analysis. Explain Hamel and Prahalad's five tests to confirm these competencies. (10 marks)

Question FOUR

a) Assess five tools that companies can use to conduct an external business environment analysis. (10 marks)

b) The VRIO framework is a tool that companies can use to analyze their internal resources and capabilities to determine whether they have a sustained competitive advantage. Describe the five elements of this framework. (10 marks)

Question FIVE

a) Describe five advantages of using gap analysis in organizational performance measurement. (10 marks)

b) ABC limited uses McKinsey's 7S model in their strategic planning. Explain the elements in the model. (10 marks)