COURSE: STRATEGIC MANAGEMENT MBA 509

QUESTION ONE – COMPULSORY

Read the case study below and answer the subsequent questions.

SANY HEAVY INDUSTRY CO., LTD

China's Sany Heavy Industry Co. Ltd, is the fifth largest producer of heavy equipment globally. In 2014, its revenue was decreasing because of the downturn of overall GNP in China. Sany's total sales revenue in 2012 was $12.9 billion, well behind industry leader Caterpillar at $65.9 billion. However, Sany has a goal of eventually unseating Caterpillar as the industry leader. Sany plans to achieve $47 billion in annual sales within 10 years. Sany has four core businesses: (1) cranes, (2) road construction machinery, (3) port machinery, and (4) pump over machinery. While each is distinct, some similar technologies are used in the production and equipment. Similar technologies allow similarities in production processes facilitating a transfer of knowledge across its businesses. In addition, customers and markets share some similarities because all relate to some form of construction. For this reason, in the United States, Sany has become a major sponsor of a Chevrolet on the NASCAR auto racing circuit. Sany America's marketing director, Joe Hanneman, said that research showed NASCAR racing events to be the primary recreation event for people in the U.S. construction industry. Sany invests 5 percent of its annual sales in R&D to continuously improve the quality of existing products, identify new technologies, and develop new products. Through the end of 2012, Sany held 3,303 patents as a result of its R&D efforts. Indicative of its intent to be a technological leader in its industry, Sany has developed new postdoctoral research centers to attract top research scientists. In 2013, the company was awarded China's National Technology Invention Prize for its "super length-boom" technology.

Although it has been pursuing technological innovations, Sany was recently accused of patent violations by Manitowoc, a diversified producer of equipment including large cranes. In 2014, a judgement went against Sany concluding "one Sany crane product infringed one of Manitowoc's patents and that six trade secrets of Manitowoc were both protectable as trade secrets and misappropriated." This is a negative signal for Sany as it seeks to pursue more diversified growth outside of China and was barred from selling the same to the US market. Sany continues to grow organically and through acquisitions. For example, in 2012, it acquired Putzmeister, a well-known concrete pump manufacturer. In addition, it has established subsidiaries in many countries, including the United States, Germany, and Brazil, to enhance its international equipment sales and broaden its market reach. Largely because of its major goal of internationalization, it is moving its corporate headquarters from Changsha to Beijing for enriched international connections.

Questions

a) Discuss two corporate diversification strategies being pursued by Sany. **(5 Marks).**

b) Explain how the impact of change in gross domestic product would influence Sany. **(5 Marks).**

QUESTION TWO

a) Analyzing a company's external environment is a complex task and is equally a critical step in preparing a strategic plan. It is through this that a firm can then make sound decisions to further its growth.

   Briefly explain the four parts of the external environment analysis process. **(4 Marks).**

b) The competitive advantage of a firm is based on its ability to utilize its internal resources.

Describe the resource based model of above average returns in an organization. **(6 Marks)**

QUESTION THREE

a) Examine global level strategies that have helped Disney to operate beyond its borders. **(4 Marks).**

b) Toyota has been one of the largest automobile manufacturers in the world, producing about 10 million vehicles per year. It is now fighting to keep at the front of the pack in the face of growing competition from those who long have emulated the Japanese innovative lean systems.

   Assume you are the new Strategy Director of Toyota Global; discuss how you can use three business level strategies to ensure that Toyota retains its lead position globally. **(6 Marks).**

QUESTION FOUR

An organization's success is based on its ability to effectively go through a strategic management process.

Discuss the primary aspects of strategic management process. (**10 Marks**).

QUESTION FIVE

a) The board of directors is a group of elected individuals whose primary responsibility is to protect owners and key stakeholders from managerial opportunism which could negatively affect them.

As a born again board of director in a commercial bank, where money could easily be used to freeze any contrary voice, explain four (4) actions you would implement to prevent managerial opportunism**.**

(4 Marks).

b) In the context of competitive rivalry and competitive dynamics in organizations, explain the competitive dynamics that can be expected among firms competing in the following markets: **(6 Marks).**

i. In slow-cycle markets
ii. In fast-cycle markets
iii. In standard-cycle markets

QUESTION SIX

a) A firm uses a corporate-level cooperative strategy to help it diversify in terms of products offered or markets served, or both, in order to grow and improve its performance.

Briefly discuss three corporate level cooperative strategies a firm can apply to gain growth and performance improvement. **(4 Marks).**

b) The primary reason firms seek to implement international strategies as opposed to domestic market strategies is because international markets yield potential new opportunities.

In this context, discuss the three international corporate-level strategies. **(6 Marks).**