

Q1 (4p)

- a) In the introduction to the Smith & Kline Case the Project and Time plan in figure 1 was introduced. What is the most strategic part in this Project and Time Plan. Your answer shall be well motivated and elaborated! (2p) Use max 200 words.

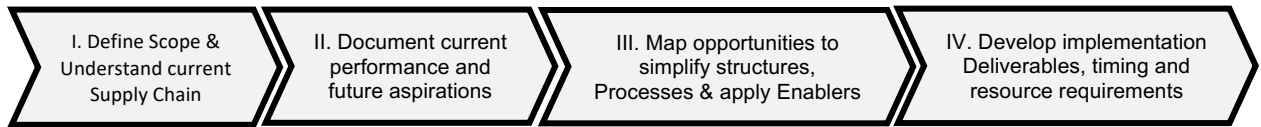


Figure 1 Project and Time Plan for Smith & Kline Case

- b) During this workshop we discussed the difference between Strategic goals and KPI's. Please explain the difference (2p) Use max 200 words

The most strategic part is actually the first part. If you don't have a proper As-Is analysis (not only to document, but to decide what to and how document) and know what you are, its very hard to make a good future state map. This was indicated during the seminars with Fredrik where he stressed that the As-Is is the most strategic part in the project.

The most strategic part is the as is analysis and then to be able to set the future state (to be). In order to be successful you need to understand your strategy in order to build a strong project and time plan

Strategic targets



KPI and Strategic Targets is not the same. Targets is something that you want to reach, even if you might not do that, while KPI:s show how you are doing right now (or at least how you have performed during last period of time). KPI:S can then be a help for the company on order to see if they are on the track towards the target.

During the workshop we discussed that KPI's and strategic goals sometimes are getting used interchangeably when a company wants to measure in order to determine whether a specific outcome have been reached or not. But as we discussed during the workshop, goals and KPI's are not the same thing. The function of a KPI should help a company to take more informative decisions and give the firm an idea of how it performs. Therefore, KPI could be said to be the measure(s) that helps a company to understand whether they are achieving the results. It is a measurable value. Strategic goals on the other hand are more of an end result or a destination that the company wants to reach. Strategic goals could be explained to be the desired final outcome.

From SCOR - KPIs are the measures while the Strategic goals are the performance attributes where the metrics measure the ability to achieve the strategic directions that come from the performance attributes.

Q2 (9p)

Regarding Market positioning we have e.g. discussed Strategic Positioning and that there are three key principles that underlie strategic positioning.

1. Strategy is the creation of a unique and valuable position
2. Strategy requires you to make trade-offs in competing
3. Strategy involves creating “fit”

Discuss each one of the three principles from the perspective of 7 Eleven Japan (9p) Use max 500 words

1 Strategy Rests on Unique Activities

Competitive strategy is about being different. It means deliberately choosing a different set of activities to deliver a unique mix of value. And the essence of strategy **is in the activities—choosing to perform activities differently or to perform different activities than rivals.** Otherwise, a strategy is nothing more than a marketing slogan that will not withstand competition

Serving the customers with Convenience (by)

- Localization of stores in clusters in dense areas, made it convenient for customers to find the stores, but also (and maybe more important) possible to have efficient distribution
- Wide assortment, in order to make it convenient for customers
- Information system e.g. hand terminals in stores,
- Offer other services such as ATM, Invoice Payment, Drop off point for package deliveries
- Small stores, and hence fewer of each SKU and efficient 1.5 update of assortment
- Changing store assortments three times a day, Frequent deliveries
- *Cross docking via DC (helps the prior 2)*

2 A Sustainable Strategic Position Requires Trade-offs (i.e. what did they NOT do)

- Not serving all areas. Serving all areas will increase the cost of distribution, the transport distances will be longer, and the truck can't serve as many stores as they can now
- Not serving all customers, 7 eleven serve customers who wants convenience, not low prices!
- No Direct store delivery, DSD would lower the utilization of the outbound trucks from the Seven-Eleven DC. It would also increase the receiving costs at the stores because of the increased deliveries. Thus, Seven-Eleven forces all suppliers to come in through the DC.
- No cooking at stores - centralized capacity
- No large stores - only small stores
- Not owning the stores, themselves

3 Fit Drives Both Competitive Advantage and Sustainability

All choices made by Seven-Eleven are structured to lower its transportation and receiving costs. For example,

- Its area dominance strategy of opening at least 50-60 stores in an area helps with marketing but also lowers the cost of replenishment.
- All manufacturing facilities are centralized to get the maximum benefit of capacity aggregation and also lower the inbound transportation cost from the manufacturer to the distribution center (DC).
- Seven-Eleven also requires all suppliers to deliver to the DC where products are sorted by temperature. This reduces the outbound transportation cost because of aggregation of deliveries across multiple suppliers. It also lowers the receiving cost.
- The information infrastructure is set up to allow store managers to place orders based on analysis of consumption data. The information infrastructure also facilitates the sorting of an order at the DC and receiving of the order at the store.
- Bill Payment and package deliveries both fit with the rest, package delivery e.g. also aligned with their distribution system

The key point to emphasize here is that most decisions by Seven-Eleven are structured to aggregate transportation and receiving to make both cheaper.

Q3 and Q4 (10p) (Q4 only a upload function for Q3)

Regarding Resource based view we have e.g. discussed the VRIO Framework and we have also used the Operations Strategy Matrix. Discuss 7 Eleven Japan out from first the VRIO Framework and secondly use this discussion as a help for filling the Operations Strategy matrix (10p) Use max 500 words

The framework states that **the** resources must be valuable (V), rare (R), imperfectly imitable (I) and the firm organised to capture the value of the resources (O). So, using this framework, the four questions to ask about **any** potentially strategic resource are as follows

Question of Value.

Resources are valuable if they help organizations to increase the value offered to the customers. This is done by increasing differentiation or/and decreasing the costs of the production. The resources that cannot meet this condition, lead to competitive disadvantage.

Question of Rarity.

Resources that can only be acquired by one or few companies are considered rare. When more than few companies have the same resource or capability, it results in competitive parity.

Question of Imitability.

A company that has valuable and rare resource can achieve at least temporary competitive advantage. However, the resource must also be costly to imitate or to substitute for a rival, if a company wants to achieve sustained competitive advantage.

Question of Organization.

The resources itself do not confer any advantage for a company if it's not organized to capture the value from them. Only the firm that is capable to exploit the valuable, rare and imitable resources can achieve sustained competitive advantage.

Resources at 7 eleven

- Distribution structure
- Store structure
- Information system

All these three resources are in line with VRIO, e.g. The Distribution structure with suppliers delivering to DC's, DC's consolidating deliveries to stores is Valuable, it is Rare, It is Imitability and the Organization use it, and it is used together with the store structure (support frequent deliveries and lowering cost) and the IS (fast stock replenishments and sophisticated data for analysis) so they all are VRIO resources

These three resources (or parts of them) shall be discussed out from VRIO perspective

Only discussing one of them – 3p two of them in all aspect 5p, only in parts 3-4p

Max 5P

Bring together Market requirements with Operations resources

Quality		DC grouping by temperature		<ul style="list-style-type: none"> • Information sharing and parenting systems spreads ideas • Franchise selection and training
Speed (Availability)		DC and IMS give fast stock replenishments		
Flexibility		IS allows trends to be forecast and supply adjustment made	IS gives comprehensive and sophisticated analysis of sales data	
Cost	Area dominance reduces distribution and advertising cost	Common DC give small frequent deliveries from fewer sources		Field counselors with sales data will help stores to minimize waste and increase sales
	<ul style="list-style-type: none"> • Location of stores • Size of stores 	<ul style="list-style-type: none"> • Number and type of DC • Order and stock replenishments 	<ul style="list-style-type: none"> • Information systems (IS) 	<ul style="list-style-type: none"> • Franchise relationships • New product/services development • Approach to operations improvement
	Capacity	Supply network	Process technology	Development and organisation

The Operations Strategy Matrix for 7 eleven

Max 5p

Q5 (5p)

Discuss 7 Eleven Japan from the perspective of Dynamic Capabilities (5p) Use max 250 words.

Three generic "Dynamic Capabilities"

Note 1: Credits are awarded for applying the three capabilities on 7 Eleven and connect that to the theory, not but for only explaining the three capabilities from a theoretical standpoint.

Note 2: If you start with e.g Sensing, Seizing and Reconfiguring, but dont finish that e.g. you use the Sensing and Seizing but not Reconfigure and instead use another model but don't explain Reconfigure in that either, you will not receive full points

Sensing (and shaping) opportunities and threats.

This includes perceiving and influencing various business opportunities and business threats that the company continuously encounters in its operations. This means the ability to scan, explore and interpret the company's surroundings, such as markets and customers, but also the development and events that take place within the own organization, for example employees' changed skills and changes in internal strengths and weaknesses. Typically, the sensing ability involves not only the collection of data, but also its interpretation and learning. The main purpose is to better create an image of how the company should adapt to new situations in the market and in the supply chain.

7-Eleven

It system to track customer and customers behaviour
Continuously scanned the marked for new opportunities
e.g. the survey by eBook a joint venture between Softbank, Seven-Eleven Japan, Yahoo!Japan, and Tohan,

Seizing

In addition to analysing the outside world, companies need to be able to take advantage of the interpretation and analysis that is being made - in other words, they need to be able to "capture", the business opportunities that exist. Business opportunities need to be taken care of and concretized into new product processes or service offerings. To do this, and to put in place the resources that exploit the business opportunity, requires an organization and a business model that can quickly go from word to action. This capability should not primarily be found in individuals, but resources need to be allocated to build an organizational capability that is less vulnerable than if it is linked to a particular individual.

7-Eleven

New assortment, New services, gas bills, ATM machines,

Reconfiguring

Within reasonable limits, the company's existing resources and organization, that is, the current business model, can take advantage of the business opportunities that are constantly emerging in the market. But at some point, when major changes in conditions

occur, the company needs to more thoroughly transform its resource base and business model. This means that openness and flexibility are required to the point where it is clear how a particular market or technology will develop. Thereafter, rapid action is required to transform the business to these radically new conditions.

The framework described above is generic and can therefore also include the company's logistics operations. The logistics content of the three classes in the framework can be said to be very large in cases where the logistics business plays an important role for the company strategy.

7-Eleven

7 Dream

Q6 (10p)

In relation to the Kihléns case you have worked with three theoretical perspectives during the course; Market positioning, Resource based view and Dynamic capabilities.

Now, take the point of departure in the discussions from the lecture on ‘Strategizing’.

- a) Which type of supply network strategy can Kihléns be most associated with? Illustrate your arguments with examples from the case. (5p) Use max 250 words.

Correction guide:

The three strategies are (as illustrated in the literature and in the PPT from the lecture on Strategizing):

The conservative supply network strategy

- Low involvement with suppliers
- Focus on benefits related to market exchange
 - focus on competition among suppliers
 - play the market to reduce price
 - focus on maximising each transaction
- Often a large total supplier base considered as ‘given’
- Only ‘strategic’ relationships if necessary
- Most rationalisations are focused internally
- Focusing on economies of scale

The liberal supply network strategy

- Mix of high and low involvement relationships
 - Different types of relationships are used depending on intentions of the buyer
- Not a constant questioning of the supplier base
- Relationships as a mean to access resources
- More focus on indirect cost than only on direct cost (price)
- Focus on economies of scale is combined with focus on economies of integration and innovation

The radical supply network strategy

- The relationship is the norm
 - A few high involvement relationships
- Focus on motivating and mobilising suppliers in strategising efforts
- Focus on indirect costs and joint improvements
- Economies of scale is not the main driver of performance; the focus is on economies of innovation and integration, through collaboration with suppliers

Please observe that this part of the question concerns the “supply network strategy” and hence the strategy up-stream towards suppliers – not the strategy towards customers.

Many students have argued that Kihléns has a liberal strategy with the main argument that they have mixed types of relationships. However, this is not enough. Also the conservative strategy can include mixed types of relationships. In the latter case they have ‘relationships’

when it is necessary and when they as a company can gain from this. See ‘**they only use strategic relationships when necessary**’. Hence, it is the reason why they work with various relationships that matters. In the conservative, they use strategic relationships only when they must or when they benefit from it in some way but in the liberal they do it because they find other uses of the relationships (than only to cut prices and cost).

Even though there are indicators of both the liberal and conservative strategies in the case, I would say that the main picture you get when reading the case is that Kihléns is most related to the conservative strategy. However, the most important thing for high scores is how you formulate your arguments for the chosen strategy, not the chosen strategy itself. I would find it very hard to convincingly argue for that Kihléns has a radical strategy.

In either case, there needs to be relevant and convincing examples of at least five various aspects of characteristics of the strategy argued for (as listed above) for maximum score.

- b) Discuss the differences and similarities between ‘strategic management’ and the ‘IMP approach’ in the light of the Kihléns case. **What aspects of these two approaches can be found** in the case and **what implications do this have on Kihléns strategy/strategizing process?** (5p) Use max 250 words

SM:

- Is about winning
- Often a focus on the competitive interactions with other firms
- A theory of how to compete successfully
- Firms as atomistic entities that strive for independence
- The interesting position is with regard to firms that they are not involved in – focus on competitors

IMP:

- Efforts of a firm to influence its position in the network in which it is a part
- The core of the strategy is the ability to build and maintain relationships with other actors.
- Balance between cooperation and competition
- The interesting position is the one relating to suppliers and customers

Most students have argued that the case describes Kihléns as a firm working much in line with the SM-view of strategy. Kihléns has a strong internal focus on cost efficient operations and how to achieve this to be competitive in relation to their competitors. Not much is mentioned about the role of partners or suppliers as an integrated part of their business and strategy.

A good answer first argues for aspects of the strategies (SM/IMP) that can be found in the case, providing relevant examples from the case, for example the focus on winning against competitors and the strive toward independence. Then a reasoning about the implications of the strategy should be held. For example, a very internal focus can lead to that Kihléns might miss other aspects of their network relationships that can be exploited and taken advantage of. Other aspects to discuss is for example how to balance competition and cooperation and how they can influence other actors in the network in order to become competitive.

Exam TEK610 (Max 50p) – Answering Guide (Please note that this is a guide)

The main division of points have been 2 p for the first part, for example arguing that aspects of SM are that Kihléns focus on competition/winning (1p) and that independence is key (1p). Then, 3 maximum points for relevant, convincing and grounded discussions on implications of the strategy.

As for question 6a, there needs to be relevant and convincing examples of the aspects of strategies as well as for the discussion of implications to get a high score.

Q7 (8p)

The company GC, which is described below, is considering an omni channel strategy to gain competitive advantage versus the emerging e-commerce companies. You should explain the general and particular opportunities for GC in implementing such a strategy (5 p). In addition to this you should also identify potential challenges for GC when implanting an omni channel strategy (3 p)

In total (8p) Use max 500 words

GC is a major fashion brand/retailer in Europe that has around 500 stores in 10 markets. They are located in small towns and large cities in which there may be many large stores. The company has approximately 5 550 employees, working in stores and in several distribution centres. Their assortment includes a large number of items in; women's wear, kids' wear, lingerie and cosmetics. GC's offering contains both basic clothing and fashion and the company focuses on great fit, high value and fashion sense, and the products should be made in a sustainable and responsible way. Their current distribution strategy is focusing on short lead times and frequent deliveries to stores. These deliveries contain a combination of all types of products in one delivery. In order to further increase the consolidation GC try to collaborate with transport firms who deliver to other retailers in the same shopping areas (malls).

explain the general and particular opportunities for GC (5 p).

General opportunities (i.e. how to improve service and satisfaction, increase efficiency and reduce cost) related to how to gain competitive advantage vs e-commerce competitors).

0.5 point for each general opportunity in total minimum 2p (of 5) and maximum 3 p (of 5)

Particular opportunities

1p for each particular opportunity i.e. combine a specific opportunity with the content of the case (network, staff, pick up/return, assortment etc), in total minimum 2p (of 5) and maximum 3 p (of 5)

Potential challenges for GC when implanting an omni channel strategy (3 p)

1p per challenge (related to eg last mile transport, size of order and package, picking etc)

Q8 (4p)

In the course we have talked about distributors and/or Wholesalers. When e-commerce was growing, we could see statements like “The Wholesaler is dead”, or “e-commerce will kill the distributors”. But Distributors and Wholesalers still exist, can you please explain this?

Traditionally distributors played four roles of value adding in moving finished products in industrial channels and from manufacturers to points of consumption. These roles all create values, and as long as no one else will take over the roles, the distributors will exist, with or without e-commerce

The roles are

- An aggregator of demand buffering orders too small and too logistically complex for manufactures to handle
- A consolidator of multiple, often competing suppliers that offered customers one-stop shopping for complementary products, kits and accessories
- A deployment point, putting each manufacturer’s inventory closer to consumption for faster customer delivery
- A local contact point for billing, technical product and application information, and other customer services.