

CIPS

L6M2
Global Commercial Strategy



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Question: 1

How can Minzberg's 5Ps assist an organisation to develop its global strategy?
How confident do you feel answering this question?

- A. confident
- B. not confident

Answer: A

Explanation:

Below you will find how you can plan and draft the essay. Remember this is an example of one way you could approach the question. At Level 6 the questions are much more open so your response may be completely different and that's okay.

Essay Plan

Introduction – who is Minzberg?

- 1) Plan.
- 2) Ploy.
- 3) Pattern.
- 4) Position.
- 5) Perspective

Conclusion – useful tool to help develop global strategy

Example Essay

Henry Mintzberg, a Management Expert, argues that it can be difficult to get strategy right. To help an organisation think about it more carefully and more in depth, he developed his 5 Ps of Strategy Formation– five different definitions of (or approaches to) developing strategy. This was outlined in his paper The Strategy Concept 1: Five Ps For Strategy in 1987.

PLAN

Planning is an essential part of the strategy formulation process, and Minzberg states that organisations should take time to brainstorm new opportunities. Tools like STEEPLED Analysis and SWOT Analysis can help to formulate an effective strategy. However, planning is not enough on its own. This is where the other four Ps come into play.

PLOY

Mintzberg says that getting ahead of competitors, by plotting to disrupt or otherwise influence them, can be part of a strategy. For example, a supermarket might open another store in a specific area to block a competitor from doing the same. Or a technology company may patent an invention to avoid rivals copying the product. In Ploy, global strategy involves using techniques such as Scenario Mapping and Game Theory.

PATTERN

Strategic plans and ploys are both deliberate exercises. Sometimes, however, strategy emerges from past organisational behaviour, history or culture. Rather than being an intentional choice, patterns can develop into a strategy. Management should look at what has worked for the company historically and take this into consideration when developing the global strategy.

POSITION

Position refers to the way an organisation positions itself in the marketplace, taking into consideration the strategic fit between the organisation and the business environment. This helps develop a sustainable competitive advantage. For example, a strategy might include developing a niche product to avoid competition, or choosing to differentiate the services offered. Position looks at the bigger picture in relation to external factors. To do this, organisations can use Porter's Diamond and Porter's Five Forces.

PERSECTIVE

The choices an organization makes about its strategy rely heavily on its culture – just as patterns of behaviour can emerge as strategy, patterns of thinking will shape an organization's perspective, and the things that it is able to do well. For instance, an organisation that encourages risk-taking and innovation from employees might focus on launching innovative products as the main thrust behind its strategy. To get insight into an organisation's perspective, tools such as The Cultural Web are useful.

In conclusion, Minzberg's 5Ps offers different perspectives in the creation of global strategy. Understanding and using each element helps an organisation to develop a suitable, feasible and acceptable business strategy.

Tutor Notes

- There is information in the introduction about Minzberg that isn't in the study guide. You don't need to know that but it does make you sound clever if you can remember it. For CIPS you just need to remember what the 5Ps stand for and be able to explain them.
- I've used headings here with capital letters. This helps the examiner see I know the 5 Ps and helps keep the essay organised. It's not compulsory to use headings, but it does make it easier to read.

References

- P.33 LO 1.1
- The Strategy Concept I: Five Ps For Strategy on JSTOR

Question: 2

Assess benchmarking as an approach to analysing an organisations performance.
How confident do you feel answering this question?

- A. confident
- B. not confident

Answer: A

Explanation:

Below you will find how you can plan and draft the essay. Remember this is an example of one way you could approach the question. At Level 6 the questions are much more open so your response may be completely different and that's okay.

Essay Plan

Introduction- what is benchmarking?

P1 – how is it used

P2 – advantages

P3 – disadvantages

Conclusion – assessment of the approach to measuring org's performance = good tool, but needs to be used frequently, not as a one off.

Example Essay

Benchmarking is a continuous and systemic process for evaluating a company's processes and performance. It is used to understand how the organisation's performance is viewed by stakeholders compared to the performance of other organisations, business units or supply chains.

Benchmarking is used to make organisational improvements, based on the results of the comparison. There are four main types of benchmarking 1) internal – comparing two business units in the same organisation, this may be two branches of McDonalds. 2) Competitor – comparing your organisation against a rival in the same industry e.g. McDonalds vs KFC 3) Functional – comparing a function like the use of barcodes within the same industry and 4) Generic – comparing the use of technology or processes with an organisation outside of the industry.

Benchmarking is a useful tool in that it can serve as a motivating factor to those involved. For example, in internal benchmarking it may encourage different business units or branches to have friendly competitions in order to be voted 'the best branch'. It can also help organisations and business units learn from 'best in class'. It is an opportunity to lead and inspires creativity. It allows the organisation and the people within it to focus on, and drive, change for the better. Overall, it is a useful strategy for organisations who wish to improve themselves through an incremental approach.

However, there are also disadvantages and risks associated with using benchmarking to analyse an organisations performance. The first barrier when using external forms of benchmarking is in selecting the right comparisons to make. Benchmarking as an exercise only works when the correct comparator is used – there is no benefit to comparing apples and oranges, and this can actually be detrimental to morale and the creation of strategies. Moreover benchmarking can be expensive and time-consuming. It further relies on comparative organisations sharing data and information with you – this is not something that is easy to come by as usually competitors within a marketplace will be wary of sharing their operating processes for fear of a rival copying them, and thus losing their competitive advantage.

In conclusion, benchmarking is a useful tool for analysing an organisation's performance provided that it is done correctly i.e. that it is given the correct timescale, investment in resources / finance / time and is used as a continuous improvement methodology to inform upon strategic decisions, rather than done as a tick-box, one time action. There are different types of benchmarking which all have their uses and a company should use a mixture of internal and external benchmarking in order to analyse their performance.

Tutor Notes

- Benchmarking came up in the May 2022 exam, so may not come up again for a while.
- The question asked you to ASSESS benchmarking. Therefore you should gear your response to saying whether it's a good technique or not, advantages and disadvantages and ultimately stating the value that it has. Don't just describe everything you know about benchmarking.
- I've briefly discussed types of benchmarking, but note I didn't go into much detail as this wasn't the focus of the question. The question asks for an ASSESSMENT so your points will be awarded mainly for discussing advantages and disadvantages and concluding as to whether its good or not. The different types of benchmarking were used to highlight where advantages and disadvantages could come into play.

Reference

- P.60 LO 2.1

Question: 3

Evaluate the following approaches to supply chain management: the Business Excellence Model, Top-Down Management Approach and Six Sigma

How confident do you feel answering this question?

- A. confident
- B. not confident

| |
|------------------|
| Answer: A |
|------------------|

Explanation:

Below you will find how you can plan and draft the essay. Remember this is an example of one way you could approach the question. At Level 6 the questions are much more open so your response may be completely different and that's okay.

Essay Plan

Introduction – what is supply chain management?

P1 – Evaluation of BEM

P2 – Evaluation of Top-Down Approach

P3 – Evaluation of Six Sigma

Conclusion – all have pros and cons. Depends on size and complexity of supply chain which will be more suitable.

Example Essay

In today's global competitive marketplace it is important for organisations to actively manage their supply chains in order to achieve competitive advantage. A well-managed supply chain can lead to cost savings, greater efficiencies and added value to customers. There are many different approaches to supply chain management, three of which will be evaluated below

1) BEM

The Business Excellence Model was designed by the European Foundation for Quality Management. It is used as a guide by businesses so that they can achieve 'excellence' in areas such as quality, efficiency and sustainability. The process involves measuring gaps between performance and the desired state, and measuring progress towards this goal. The model uses 9 criteria, 5 enablers such as leadership and resources, and 4 results criteria such as customer results and society results. The tool is non-prescriptive meaning it can be used liberally by businesses and adapted to suit their requirements. However, it is extremely theoretical and doesn't offer much in the way of tangible help for businesses to actively manage their supply chain. It is therefore not the most effective of approaches.

2) Top-Down management

This approach begins at the corporate (high) level of an organisation, which decides what the organisation wishes to achieve (such as market growth). The corporate level then sets objectives for lower down the supply chain to meet in order to achieve this aim. Top-Down management involves the use of KPIs and monitoring processes such as audits and benchmarking (e.g. comparing one supplier's performance against another's) to ensure that the supply chain is fulfilling its requirements. The advantage of this approach is it is prescriptive and it is easy and cost efficient for an organisation to implement. However as it is one-sided, this approach may damage relationships within the supply chain and innovations and good ideas from suppliers may not be passed up the supply chain.

3) Six Sigma

Six Sigma is a strategic problem-solving tool which looks to identify and remove waste and reduce variances in processes and product/ service creation. It uses a specialised and dedicated team to find areas for improvement through the use of the DMAIC methodology (define, measure, analyse, improve and control). It was a popular tool used in the early 2000s by companies wishing to streamline processes and cut costs and is a suitable approach for supply chain management for dependant demand items

where LEAN manufacturing is used. However its principles do not always translate easily into industries outside of traditional manufacturing which do not compete on a cost leadership strategy.

In conclusion, there are several approaches to supply chain management, and all of them have their own advantages and disadvantages. Some are also more suitable for certain industries than others. Therefore, it is important for a supply chain manager to carefully assess the supply chain management tool before rushing to introduce the methodology.

Tutor Notes

- When you have a question asking you to evaluate something, you can give your own personal opinion (if you have one). So, for example if you think the Business Excellence Model is rubbish, you can say this – just be careful of your words. I wouldn't use the word 'rubbish' ☹
- Another way you can evaluate something is to give it a score out of 10. So you could say BEM is a 5/10 because of X and six sigma is a 9/10 because of Y.
- I've been quite harsh on BEM as an approach – another person writing this essay may say it's the best approach ever. Neither opinion is wrong and you'd get equal marks regardless of which way you fall on the subject - providing you back up your opinion. That's the important thing.
- There's not been a question on this yet.

Reference

- P.85 LO 2.1
- EFQM-Modell – Wikipedia
- Six Sigma - Wikipedia
- What is the top-down approach? (Explanation: and benefits) | Indeed.com UK

Question: 4

Discuss the role and influence of industry regulators and international bodies in the business environment.

How confident do you feel answering this question?

- A. confident
- B. not confident

Answer: A

Explanation:

Below you will find how you can plan and draft the essay. Remember this is an example of one way you could approach the question. At Level 6 the questions are much more open so your response may be completely different and that's okay.

Essay Plan

Introduction – what is an industry regulator and international body?

P1 – role of industry regulator

P2 – influence of industry regulator

P3 – role of international bodies

P4 – influence of international bodies

Conclusion – both are very important

Example Essay

Industry regulators are government agencies that are responsible for regulating an industry e.g. OFGEM, OFCOM. They are usually national organisations which take into account the specific laws of that

country and influence the business practices of organisations within that country. By contrast International Bodies, such as the World Trade Organisation are global organisations which influence the practices of all businesses across the globe.

The role of the industry regulator involves developing standards for entry. This means being able to assess whether an organisation has the right capabilities, knowledge and safety standards to operate within the market environment. An example of this is the issuing of food hygiene certificates and ratings to restaurants by the Food Standards Agency. If a restaurant does not meet the required levels to compete in the business environment, then this industry regulator has the power to close the business. Industry regulators have huge influence over the business environment. They can take decisions on price controls and have the power to enforce caps on prices. An example of this is the role of OFGEM in the UK, which sets a limit for how much an electricity provider can charge the public. They therefore play the role of 'protector' to the customer by acting in the best interest of the customer.

Another area of influence is making changes to legislation and business practices. An example of this is HSE (Health and Safety England) who in 2021 made amendments to the rules surrounding the taking of and analysis of Asbestos samples. The changes to the rules means that a person now has a lower limit of samples they can test per day, which will mean that things aren't processed as quickly and less errors will be made. This has a huge influence on the business environment as it makes the role safer but also means businesses will be operating less efficiently, leading to additional costs.

International bodies such as the WTO also have a role over the business environment by providing standards of behaviour for businesses and holding them to account. The WTO has 150 members and accounts for 95% of international trade – because there are so many international members, the WTO's guiding principles of non-discrimination, reciprocity, binding and enforceable commitments, transparency and safety are key characteristics that influence international trade.

Another role the WTO plays is to settle disputes between its members, when there are accusations of violations of trade rules. This role of mediator helps to keep peace within international trade and avoid issues escalating into trade wars, or worse. The WTO therefore has huge influence over the business environment in that it ensures that all players within the marketplace play fairly.

In conclusion the role and influence of regulatory bodies and international organisations are similar but on different scales- regulatory bodies deal on the national level and the international organisations on the global level. Both are extremely important in ensuring businesses operate in a safe and ethical manner, and that the end customer and wider society is considered in business decisions.

Tutor Notes

- There has already been questions on the role of taxes and licences, so this is unlikely to come up again. So out of the beginning bit of LO 2.2 I'd focus on industry regulators and international bodies, rather than taxes and licences

- I've spoken here about some examples I know about. You're not expected to know about OFGEM or the Asbestos Regulations, this isn't in the study guide. BUT you are expected at Level 6 to provide examples. So it's worth thinking about any examples you know from your work experience that you could bring into a question like this.

References

- P.119 – 121

- WTO | What is the WTO?

- Our role and responsibilities | Ofgem

Question: 5

XYZ is a large manufacturing organisation which employs 200 skilled staff in its factory in Bolton. It has a large global supply chain with raw materials sourced from Asia and Africa

a. Discuss five areas of policy that can affect the people working in the supply chain

How confident do you feel answering this question?

A. confident

B. not confident

Answer: A

Explanation:

Below you will find how you can plan and draft the essay. Remember this is an example of one way you could approach the question. At Level 6 the questions are much more open so your response may be completely different and that's okay.

Essay Plan

Introduction – XYZ need to consider policies not only affecting their employees but also the people in wider supply chain – all are stakeholders

1) Wages

2) Code of conduct and behaviour e.g. bribes

3) Modern Slavery

4) Health and Safety

5) Working conditions – consider working hours, sleeping arrangements

Conclusion – policies need to follow national and international law, but XYZ can go above and beyond this and has a duty to its stakeholders.

Example Essay

In today's global marketplace it is important for large organisations such as XYZ to consider 'People Policies' as part of wider Corporate Social Responsibility. XYZ has a responsibility not only to its 200 workers in Bolton, but to all people who contribute to activities within the supply chain, regardless of where they are located. Below are five areas of policy that will affect the people working in its supply chain.

1) Wages

The first policy that will affect people in the supply chain is how much they get paid. In the UK there are Minimum Wage laws stating the minimum amount a company must pay its employees (£10.42 from April 2023). This means XYZ will need to pay this amount to its employees in Bolton. However, it would not be obliged to pay this wage to other employees in the supply chain outside of the UK. Some countries do not have legislation in place to protect employees from wage exploitation and this is an important consideration for XYZ. To be a responsible employer it should ensure that all people working within its supply chain are paid fairly for their work, in line with the cost of living in their country.

2) Code of conduct and behaviour

XYZ should also consider implementing a code of conduct which dictates the accepted and expected behaviour of all those involved within the supply chain. An example of this is an Anti-Bribery policy. Although bribery is against the law in the UK (Bribery Act 2010), it is still common practice, and completely legal in other countries. This may affect XYZ's supply chain in Asia and Africa.

3) Modern Slavery

Although the concept of slavery is considered historic, modern slavery is estimated to affect around 40million people worldwide. This includes children forced to work, and bonded labour- where employees are 'in debt' to their employers who keep their wage as payment for the 'debt'. As XYZ has an extensive supply chain in Asia and Africa, it should do due diligence to identify and remove any traces

of modern slavery in its supply chain. The Modern Slavery Act 2015 ensures that companies with a turnover of over £36million produce an annual statement to this regard, this may be a requirement XYZ has to abide by (the scenario does not state the profit of XYZ).

4) Health and Safety

A further area of policy that can affect the people in XYZ's supply chain is Health and Safety. This is the assurance that working conditions within the supply chain are safe for all people. There is legislation to protect the Bolton Workers (Health and Safety at Work Act 1974) but often no, or little enforceable legislation in other countries. XYZ should pick its supply partners carefully in this regard to ensure that it is not involved in incidents like the collapse of the Rana Plaza Manufacturing site in Bangladesh in 2013 which led to the death of over 1000 people. This site did not follow health and safety and the building was structurally unsound, eventually leading to complete collapse.

5) Working conditions

Lastly, working conditions within the supply chain is an area XYZ should consider. This includes aspects such as excessive working hours, restful break times and sufficient eating arrangements for employees. There is legislation in this area in the UK which will help ensure decent working conditions for the UK workers (Working Time Directive etc) but XYZ should ensure that it's supply partners are considering the physical and mental health of those working in the supply chain, even if there is no specific legislation to protect the workers in other countries.

In conclusion XYZ has a duty to the people in its supply chain to ensure that policies are not only compatible with legislation, but are also morally and ethically correct. XYZ has a duty of care to all its stakeholders up and down the supply chain and should therefore make policies that protect its people a priority.

Tutor Notes

- Other areas you could have discussed is equality and diversity, overtime arrangements and the Working Time Directive, unfair dismissal or whistleblowing.
- There was a similar question in March 2023 but it didn't have a case study and was more focused on legislation. It's a broad topic so there are different ways CIPS could use this for questions.
- CIPS is a UK based organisation so they are sometimes biased towards knowing the legislation in the UK. So if you're outside the UK it may be worth doing a bit of research on the laws I mentioned above.

References

- P.121 LO 2.2
- Minimum wage rates for 2023 - GOV.UK (www.gov.uk)
- Health and Safety at Work etc Act 1974 – legislation explained (hse.gov.uk)
- What Is The Working Time Directive And How Does It Impact Your Business? | Business Advice

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