



BOTSWANA COLLEGE OF DISTANCE AND OPEN LEARNING

In collaboration with

THE VIRTUAL UNIVERSITY OF SMALL STATES THE

COMMONWEALTH (VUSSC)

Bachelor of Business and Entrepreneurship

STRATEGIC PLANNING

SP231

Sessional Examination

Marks: 100

Time Allowed: 3 hours

Instructions

1. The examination consists of **Two** sections: A and B
2. Begin each answer to a new question on a new page.
3. Answer questions according to instructions given in each section.
4. Write answers in the answer booklet provided.
5. Write in grammatical English

SECTION A: CASE STUDY

[40 MARKS]

Answer all questions in this section.

A Zurich Insurance Case study

Zurich is an insurance and financial services provider. Zurich Financial Services Group (Zurich) is a global company. It provides both business and personal insurance. It has a rich mix of products and services, including motor insurance, buildings and contents insurance, risk management, life assurance, and pensions and investments and intends to introduce agricultural insurance, marine insurance and funeral cover.

The company was founded in 1872 and the Group's headquarters are in Zurich, Switzerland. Today Zurich does business in over 170 countries and has over 60,000 employees. It operates through a network of subsidiaries and offices in North America, Europe, the Asia-Pacific region and Latin America chosen based on their unique characteristics.

Zurich combines its knowledge of local markets with international expertise. It aims to offer its customers a high level of service. To do this, Zurich has recently developed a new customer-centric strategy. This strategy sets out plans to provide customers with the products and services they require accompanied by a high level of customer service. Zurich continually monitors its activities to make sure that its customer-focused objectives are being achieved.

Zurich's vision is set out in this way: *'At Zurich, we aspire to become the best global insurer as measured by our customers, our shareholders and our people.'* To achieve this aim, Zurich's strategy involves being effective in the key areas that add value to its stakeholders.

Zurich's key value-adding activities are:

- meeting customers' real needs – this is what the company means by customer centricity
- providing products and services where and when customers want them
- making sure that all of the processes involved in providing financial services are done effectively.



All staff plays a role in making sure that the value-adding activities are done efficiently. Responsibility does not solely lie with the top managers. This will show whether an organisation's vision is becoming a reality. For Zurich this involves measuring customer centricity, shareholder value and being the employer of choice.

Zurich set clear objectives for its managers and staff to even help rewarding and measuring performance and evaluation.

The company's vision is to be the 'best global insurer'. This is backed-up by three key long-term goals including to ensure customer satisfaction, to deliver shareholder value and to be the employer of choice.

Zurich wants to be in the top 25% of insurance and financial services providers for all aspects of its performance as measured by independent research.

Zurich aims to achieve a return on equity of 16%. This enables the company to be able to pay dividends to its shareholders if it makes sufficient profit.

Zurich's strategy is to increase customer satisfaction. Zurich has also developed tactics to ensure its products and services are readily available. Zurich seeks to have the widest possible distribution footprint – that is, the largest possible presence in banks and other financial outlets. It also seeks to build strong relationships with the financial intermediaries, based on trust. Part of Zurich's strategy involves a focus on people management. The company aims to attract top employees and to retain the people that it recruits. The company measures its performance based on customer centricity, shareholder value, employee satisfaction and retention. Zurich has a well-thought-out and executed strategic plan that always gives it a competitive edge. This focuses on meeting customer requirements. Zurich seeks to win the loyalty of customers by listening carefully to their needs and requirements.

Source: <http://businesscasestudies.co.uk/zuric/>



1. Zurich has its vision statement that propels it to success.
 - a. Deduce Zurich's Vision, mission and values. **(6 marks)**
 - b. State any two importance of a vision or mission statement. **(2 marks)**

2. Explain what is meant by objectives and evaluate whether Zurich objectives were properly stated. Justify your response. **(6 marks)**

3. Identify any **five** elements of the micro environment discussed in the case study. **(5 marks)**

4. State any **four** types of incentive programs that can be implemented by Zurich to retain its talented executive management. **(4 marks)**

5. Which organizational structure is Zurich using and what do you regard as the main advantage of using such a structure for a global company like Zurich? **(2 marks)**

6. Obviously the competitive pressures are high in the insurance industry and businesses need to implement strategic planning as a means to gain competitive advantage. With reference to Zurich Insurance company:
 - a. Define what is meant by competitive advantage. Give an example. **(3 marks)**

 - b. Explain any **three** building blocks for competitive advantage that may relate to Zurich. **(9 marks)**

 - c. List any **three** strategies that Zurich is implementing to achieve competitive advantage in its industry. **(3 marks)**



SECTION B: ESSAY-TYPE QUESTIONS.

[60 Marks]

Answer any three (3) questions in this section.

Question 1

Identify any **five (5)** trends in the macro-environment and explain fully how these trends have influenced the strategies of an insurance company of your choice. **(20 marks)**

Question 2

Using a holding company you are familiar with; illustrate how this company may make use of the Boston Consulting group (BCG) matrix in portfolio analysis and strategy formulation. **(20 marks)**

Question 3

Apply Porter's Nations analysis (Diamond Theory) to the Southern African market/countries and show how this theory may be used to create sustainable competitive advantage for manufacturing firms operating in this region. **(20 marks)**

Question 4

A plan will remain a paper unless it gets implemented, evaluated and controlled.

- a. Explain the four generic steps involved in strategic control as suggested by Hill and Jones (1995). **(12 marks)**
- b. Explicate any four benefits of strategic planning. **(8 marks)**

END OF QUESTION PAPER