



**BOWEN UNIVERSITY, IWO**  
College of Management and Social Sciences  
Business Administration Program  
Second Semester 2021/2022 Examination

<b>Level</b>	: 400
<b>Course Title</b>	: Corporate Planning
<b>Course Code</b>	: BUS 410
<b>Credit</b>	: 3
<b>Instruction</b>	: Answer Question 6 & any other three Questions.
<b>Time Allowed</b>	: 2 Hours, 30 Minutes
<b>Date</b>	: Thursday, 14 <sup>th</sup> July 2022

1. (a) The environment of businesses is crucial to its success. Failure to respond to the changes in the environment may undermine the going concern of the business. Discuss (5 Marks)  
(b). the analysis of the environment of business is systematic. Thus, it should follow some systematic steps. Present a general model to explain the process of environmental analysis and identify at least 6 major sources of data that management may use for this purpose (10 Marks)
2. (a) A thorough understanding of the strategic management process is critical to top management's ability to formulate and implement corporate planning. Provide an explicit model of corporate planning and explain the model (10 Marks)  
(b) During the press conference to announce the acquisition of NOKIA by Microsoft in 2014, Nokia's CEO ended his speech saying this "we didn't do anything wrong, but somehow, we lost". Upon saying that, all his management team, himself included, teared sadly. How is it possible for a business to lose without doing anything wrong? (5 Marks)
3. Makinde-Ogidigan Company belongs to Makinde and Ogidigan. The company produces Abatuma, which is of very high demand in the market and the product currently has an overwhelming market share in the industry. However, management's major concern now is on how to maintain their competitive advantage in the face of competitors who could possibly imitate Abatuma and thus polarise the market with the product. Although the production of Abatuma is not a perfect market, it is not a monopoly either, owing to management's inability to bar entry to the market. This makes it dicey for management as the product has attracted the attention of major competitors. While management is not

deficient of ideas to employ in safeguarding the interest of Abatuma, they are bothered about its stage in the product life circle (Maturity). (a) What model do you think is appropriate to analyse Abatuma's problem? (5 Marks) (b) As an expert in strategic planning, could you please advise management on the appropriate steps to take so that they will optimise their interests? (10 Marks)

4. Turugbene plc produces canned Okpa. The product use to be very popular in Benin City and it was the top choice of Spare parts dealers in Benin, especially at the Major spare part markets of Evbareke, Uwelu and Igun Street. The company fared well and employed a reasonable number of employees. Nevertheless, that was before the arrival of local Igbo migrants who source Bambara nuts and produce Okpa for sale on a daily basis at cheaper rates. Their infiltration into the business has constituted a major setback to Turugbene's management now. The current reality is that the market share is low and the growth rate of the company's Okpa is low.

(i) With your knowledge in strategic planning, advise the management of Turugbene Plc (10 Marks)

(ii) Justify your position (5 Marks)

5. (a) Corporate planning consists mainly of operational planning and strategic planning but operational planning will be severely constrained without strategic planning. Discuss. (7 Marks)

(b) What is operational planning? (4 Marks)

(c) Who are the key implementers of operational plans? (4 Marks)

#### 6 (a) RALEIGH BICYCLE COMPANY PLC AND THE GLOBAL ENVIRONMENT

Today, more than ever, Nigerian businesses are feeling the heat from foreign competition. The combination of high tariffs at home and cheaper labour coats in other countries has made it increasingly difficult for Nigerian companies to beat foreign competition on price. The competition is fierce but Nigerian businesses can meet the challenges both at home and abroad by emphasizing the quality of Nigerian products and services and the key to developing a successful quality strategy is management. Managers must include quality in every aspect of their business. This requires a huge shift in most managing styles. But it's got to be done. If quality is not made a top priority in Nigerian businesses, you can bet that foreign competition will leave them in the dust.

One company that knows the realities of the global market is Raleigh. It was founded in 1976 by a small group of building enthusiasts who wanted to combine Nigerian manufacturing technology with precision hand craftsmanship to build the highest

quality bicycles in the world. At first, everything ran smoothly; but by the mid-80s Raleigh began to run into trouble. Joyce Odia, sales manager of international accounts, said "in the 80's we hit a brick wall, so to speak, in that we had high inventory, sales were down, we didn't have as many dealers as we should have had, so we were sitting here with a lot of inventory and we were nearly bankrupt. So we had to re-look at the situation while we were still running the business from a management standpoint as well as quality and getting our orders in and how we were dealing with the market place."

Raleigh had to develop a new game plan. The company decided to capitalize on its reputation as a leader in technology and quality craftsmanship. Odia said "when we look at our quality back in the 80s, it wasn't what our Nigerian leaders expected our quality to be, so we realized that if we wanted to increase our business domestically we had to increase our quality; and we began doing that for the Nigerian market but an interesting thing that we found is that when we began to get into other markets like Germany and Japan, their standards were much higher than what we were experiencing in the states. So in effect, these countries helped us increase our quality. Because we wanted to grow our business in these countries, we listened to what the dealers and the market was expecting from us and we implemented those quality changes here."

Raleigh's international response was phenomenal and growth was rapid. Today, Raleigh sells its bicycle in 55 countries all over the world, with international sales accounting for 40 percent of its business. International competition strengthened Raleigh in domestic markets as well. As a result, Raleigh has grown 700 per cent since 1988, making it the largest manufacturer of quality bicycles in Nigeria. In fact, in 1992 when bicycle sales in Nigeria were down 6 per cent; Raleigh's sales were up by 17 per cent. The key to Raleigh's amazing comeback was the increased emphasis on technology and quality in every aspect of the company. Richard A. Adejumo, Raleigh's president, said "I think we see a lot of that in the interaction of the employees and our management. People who are on the firing line know how to do it better and they are bringing that to management and they are saying "let's do it differently, whether it can save a dollar in the production of a bike, or it can provide a higher level of customer service; I think it's people on the firing line that know what it takes and management has to respond to that input."

Raleigh empowered its employees with decision-making authority in several areas. It became a Raleigh policy that any employee can and should stop the assembly line if they detect the slightest problem with the product. Raleigh also organized employee group management teams. George B Nwankwo, quality assurance manager, said, "We've been using group management teams for several years. The focus of those teams has been to try to plan our processes, and plan our work, and our products as early as possible into the cycle; and by doing this planning, we are able to incorporate those ideas into the quality system."

Raleigh's management also opened up communication both internally and externally. Internally, every Raleigh employee knows the president's door is always open if they have questions or concerns. Externally, an open communication policy with employees, dealers, and customers affects Raleigh's design and marketing decisions.

Dealer advice meetings allow dealers the opportunity to provide feedback and see the results of previous suggestions. Field quality audits are set up to field questions from Raleigh's sales representatives. Harry Audu, product manager said "one of the most important goals that I have in my job is to listen to what people are saying or what my direct face-to-face interface has been here with enthusiasts out in the field. Inside the Raleigh organization, there are a lot of enthusiasts who have to ride and we want to see that some impression come from the people that we're devising this product for."

Raleigh also realized that producing the highest quality bicycle in the world would require more than a skill in management function. The manufacturing process itself would have to be completely re-gearred toward quality. At Raleigh, this meant using the most innovative materials and technology available. Bilkisu Pharaoh, engineer manager said "It's manufacturing's job to make sure that the product team's design is buildable. We have 10 of these manufacturing engineers. These guys design the features and the processes. That's how each Raleigh gets the attention to detail, the flawless welds, and the detailed inspection that results in a great riding bike." Raleigh engineers have become pioneers in the field of bicycle technology. They understand the process in which bike frames are built, using stronger and lighter carbon fibre frames. Their most recent development is the carbon composite lug, which is used in the joints of the bicycle frames for increased lightweight strength. Raleigh has also borrowed plasma welding techniques used in the aero-space industry to create a higher quality bike.

In order to discover and correct problems before they occur, Raleigh conducts extensive testing on every model. In fact, every single frame is inspected to ensure quality standards before it is allowed out of the factory. One such test is called the high fatigue test, which was developed using a Japanese industrial standard. In the test, weights are placed on a bike frame to simulate the weight of the rider. The frame is then put through a rigorous set of tests to check its durability.

Dan Otis, test engineer said "Just about everyone I meet, when I tell them that I break bikes, is the easiest way to explain my job: and they say wow! That's really neat. But it's not just that I break bikes. I go back, and I measure how it was broken, how much force it takes, what kind of deflection occurred during the loading; then I go back and look at the failure and how it failed and ask myself why it failed; can we make it better? Can we make one part a little longer, or a little weaker, so that the whole part is the same strength?"

Adejumo said "If a customer is taken care of, he becomes a positive customer that says gee. Raleigh took care of me and I am going to buy another Raleigh; and they are just as important and just as positive as the customer who gets a Raleigh and it works from the day they ride it out of the bicycle store."

Raleigh learned the hard way that even if your business is riding high, you must address foreign competition to survive. Higher labour costs and expensive tariffs make it difficult for most Nigerian businesses to compete on a price basis with foreign competition. A good way to be competitive is to develop high quality products and

services. Raleigh structured its management and employee relationships, making quality an essential part of every aspect of the business. Raleigh also structured its manufacturing process, resulting in the development of the most innovative materials and technology in the bicycle industry. Raleigh implemented inspections and extensive testing, with emphasis on finding and connecting problems before they occur.

Raleigh's emphasis on quality as a competitive strategy for success in the global market has not only helped it to survive but prosper. President Adejuwon said "particularly in the global marketplace where we are at a price disadvantage due to just the normal barriers, it is going to make quality the biggest differentiation in the competitive market that we face on the global scene. So quality is certainly number one domestically; but it is ultimately the most important standard internationally." They are proof positive that quality must be integrated into every management process for Nigerian businesses to survive in a global market.

#### **REQUIRED**

- (a) Formulate a mission statement for Raleigh bicycle company (2 Marks)
  - (b) Formulate a vision statement for Raleigh bicycle company (2Marks)
  - (c) State the key elements of Raleigh bicycle's competitive strategy (2 Marks)
  - (d) Why was Raleigh unable to compete with foreign bicycle manufacturing companies based on price? (3 Marks)
  - (e) Raleigh employees can stop the assembly line if they spot a defect. What are the advantages and disadvantages of this policy? (3 Marks)
  - (f) What five strategic lessons have you learnt from this case? (3 Marks)
- (b) It is largely believed that the deployment of tactical plans is critical to the ability of management to succeed. Why is the deployment of tactical plans so relevant to corporate planning? (10 Marks)