

## **SYLLABUS - ANALYSIS AND DECISION (20 credits)**

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Total Qualification Time: 200 Hours

This unit consists of three parts: **Strategic audit, Strategic options, and Making strategic marketing decisions**. The overall purpose of the unit is to prepare students to undertake a strategic audit of an organisation, assess its capability and capacity to deliver the organisation's business and marketing strategy in a challenging, dynamic and diverse global market place. Students will be expected to recommend a strategic option, or decision, based on a full critical evaluation of the various options available.

To achieve this aim, students will be expected to carry out the following:

- Firstly, they will undertake a sophisticated strategic audit which will help to prioritise the key issues, opportunities and risks facing an organisation in meeting its future objectives. This will be based on a clear and detailed assessment of an organisation and its performance, and the issues and challenges it faces in creating and delivering best value.
- They will then use their strategic audit of an organisation to generate strategic options and critically evaluate those options in respect of the key issues faced by the organisation.
- Finally, after exploring the wide range of strategic options available to an organisation to meet its corporate and business strategy, students will need to recommend an option based on, and justified by, a critical evaluation of its suitability in the specific situation.

In doing the above, students should be able to undertake both qualitative and quantitative analysis of the relevant options and be able to make strategic marketing decisions based upon such analysis, justifying decisions and providing reasoned arguments for their recommendations. They will be expected to apply a range of financial and risk models to support their assessments and demonstrate an understanding of how the decisions will support the achievement of the organisation's vision, mission and strategic business and marketing objectives.

By the end of the unit students should be able to:

- Undertake a strategic marketing audit, assessing an organisation's competencies, competitive advantage, market performance, customers, competitors, product and service portfolios, positioning, value proposition and market impact.
- Assess the impact of external factors on an organisation and its strategic intent and direction.
- Utilise the strategic marketing audit to critically evaluate a range of strategic marketing options available to an organisation, including innovation, mergers, acquisitions, partnering, alliances, environmental sustainability and CSR, in order to deliver best value growth and expansion opportunities for the organisation.
- Utilise a range of financial and other measurement tools to assess the financial and non-financial benefits of recommended strategic marketing decisions.
- Utilise a range of risk assessment tools to critically assess the risk of strategic market decisions and their impact upon an organisation, including financial, corporate and reputational risk.

## **Part 1            The Strategic Audit (all parts in this unit are of equal weighting)**

The purpose of this part of the unit is to prepare students to undertake a strategic audit of an organisation and its capability and capacity to deliver the organisation's business and marketing strategy in a challenging, dynamic and diverse global market place.

Students will be expected to undertake a sophisticated market analysis which supports a detailed understanding of an organisation, its value, scope and possibilities, and be able to prioritise key issues, opportunities and risks facing the organisation in meeting its future objectives.

In undertaking this part of the unit, students should be able to provide a clear and detailed assessment of an organisation and its performance, and the issues and challenges it faces in creating and delivering best value.

### **1.1. The strategic marketing audit: external Weighting 35%**

1.1.1 Utilise a range of techniques, processes and market information to assess the external marketing environment including:

- *The competitive environment*
- *E Commerce, digital and social media environment*
- *Customers*
- *Channels (local, international and global)*
- *Market structures*

1.1.2 Utilise market-based information to critically evaluate an organisation's strategic position within the market place, including consideration of specific positioning issues:

- *Competitive positioning*
- *Competitive advantage*
- *Value creation*
- *Competitor analysis*

1.1.3 Utilise a range of tools to critically evaluate an organisation's ability to understand its current customer base and their buying behaviour, in order to be able to develop customer insight and meet their preferences:

- *Value proposition*
- *Segmental analysis and consumer profiling*
- *Strategic account analysis*

1.1.4 Assess the potential for strategic uncertainty in the external market and the extent to which it involves trends or events, and show how it will impact upon an organisation:

- *Scenario construction*
- *Market sensing*
- *Forecasting techniques to assess the potential and probability that trends or events will occur*
- *Forecasting techniques utilised to assess timeline for trends and events arising and their impact*
- *Assessing market stability and attractiveness*

## **1.2 The strategic marketing audit: internal** **Weighting 35%**

1.2.1 Utilise a range of models and techniques to undertake a strategic audit of the internal environment:

- *Resource and competency audit (physical, human and intangibles)*
- *Portfolio analysis*
- *Value chain and resource utilisation*
- *Technology audit*
- *Innovation audit*
- *Cost efficiency*
- *Product life-cycle*
- *Organisation's vision, mission and values*
- *Degree of customer and market orientation*
- *Comparative and best practice analysis*
- *Core competencies*
- *Organisational culture*
- *Financial performance*

1.2.2 Critically evaluate the resource-based view of an organisation and the value of this approach in developing resource and capability to deliver an organisation's vision and mission:

- *Resources, capabilities and competencies*
- *The elements of resource-based competitive advantage*
- *Knowledge as a resource*

1.2.3 Critically evaluate the fit between an organisation's culture and its current strategy, and assess its ability to be flexible and agile in a changing marketing environment:

- *Environmental influences on organisational culture*
- *Mintzberg's organisational structures*
- *Handy's cultural styles*

1.2.4 Utilise a range of internal information and assessment tools to evaluate an organisation's strengths and weaknesses in order to assess its readiness for development, including an assessment of:

- *Competencies, assets and culture*
- *Value chain and value proposition*
- *The state of the organisation's financial and non-financial assets*

### **1.3 Developing the organisation's strategic intent and direction** **Weighting 30%**

1.3.1 Critically evaluate an organisation's current strategic intent, based upon its vision, mission, values and stakeholder expectations:

- *Organisational purpose, mission and values*
- *Defining organisational focus*
- *Stakeholder analysis*
- *Relationship portfolios*
- *Organisational configuration*
- *CSR and ethics*

1.3.2 Critically analyse the role of strategic intent in shaping an organisation's strategy development:

- *Strategic intent and strategic vision*
- *Strategic intent and leadership*
- *Intent and flexibility*
- *Strategic opportunism versus strategic drift*

## **Part 2 Strategic Options**

This part of the unit will focus upon the areas of determining the strategic direction of an organisation and generating clear and justifiable strategic options to enable the delivery of best value and organisational growth. This should include consideration of strategic options from innovation, mergers and acquisition through to innovative approaches, developing the brand and the organisation's positioning.

Students will be expected to use their strategic audit of an organisation to generate strategic options, and critically evaluate those options in order to enable justifiable strategic decisions.

### **2.1 Assessing strategic marketing decisions** **Weighting 20%**

2.1.1 Critically evaluate the determinants of strategic options and choices:

- *Past and current strategies*
- *Organisational capabilities and constraints (financial and non-financial)*
- *Financial capabilities and constraints*
- *Organisational strengths and weaknesses*
- *E-commerce, digital and social media opportunities*
- *Product-market opportunities*
- *Sources of competitive advantage (Porter and others)*
- *Warfare analogies in strategy (Kotler)*

2.1.2 Critically evaluate how strategic options can be developed to reflect an organisation's:

- *Value proposition*
- *Assets and competencies*
- *Business function strategies*
- *Functional strategies and programmes*
- *Competitive advantage*
- *Sustainability*

## **2.2 Strategic options available to a growing organisation** **Weighting 80%**

2.2.1 Critically evaluate the nature of innovation and new product development (NPD) in marketing and the related factors impacting upon marketing decisions, including ongoing innovation management within an organisation:

- *Importance of innovation*
- *Models of innovation*
- *Managing innovation*

2.2.2 Critically evaluate the appropriateness of developing an international marketing strategy for an organisation investing in international markets:

- *Access to low cost materials and labour*
- *Economies of scale*
- *Avoiding, or bypassing, trade barriers*
- *Access to national/regional incentives eg, Government funding, gateways to strategic markets*

2.2.3 Critically evaluate a range of issues that impact on an organisation when entering new countries and markets and consider how they may be managed to achieve the organisation's objectives:

- *Extent of global coverage*
- *Sequence of countries and timing of entry*
- *Value proposition for global markets*
- *Standardisation versus customisation*

2.2.4 Assess the relevance to an organisation of mergers, acquisitions and strategic alliances in growing, expanding and maximising business potential:

- *Motives for strategic alliances*
- *Types of strategic alliances*
- *Value chain analysis of the competitive potential in alliances, mergers and acquisitions*

2.2.5 Critically evaluate a range of growth strategies for an organisation:

- *Incremental growth*
- *Significant growth*
- *The concept of big ideas*

2.2.6 Critically evaluate the concept of relationship marketing (CRM) as a means of achieving growth and profitability within an organisation:

- *Long term orientation versus transactional marketing*
- *Partnering*
- *Keeping of promises and developing mutual trust*
- *Share of customer's wallet versus market share*
- *Customisation*
- *Customer loyalty*

2.2.7 Critically evaluate the development of an organisation's brand and its contribution towards increasing the organisation's value and brand equity:

- *Brand associations*
- *Brand identity and image*
- *Brand proposition and promise*
- *Branding strategies*

2.2.8 Critically assess the impact of changing an organisation's strategic position within the market place in order to:

- *Reflect the business strategy*
- *Resonate with customers*
- *Differentiate from competitors*
- *Express the values and culture of an organisation in a relevant way*
- *Express an organisation's corporate social responsibility (CSR), corporate reputation, sustainability and ethics*

### **Part 3            Making Strategic Marketing Decisions**

After exploring the wide range of strategic options available to an organisation to enable it to meet its corporate and business strategy, students must then assess each option and critically evaluate the suitability of their choice in the specific situation. Students should be able to undertake both qualitative and quantitative analysis of the relevant options and make strategic marketing decisions based upon such analysis, justifying decisions and providing reasoned arguments for their options.

Students will be expected to apply a range of financial and risk models to support their assessments and demonstrate an understanding of how the decisions will support the achievement of an organisation's vision, mission and strategic business and marketing objectives. Ultimately, students should be able to prepare a business case or investment appraisal to support the strategic marketing decision making process.

#### **3.1    Making and justifying strategic marketing decisions Weighting 20%**

3.1.1 Critically assess strategic alternatives against pre-determined criteria for an organisation, including:

- *Scenario planning – stability versus uncertainty*
- *Potential for Return on Investment (ROI)*
- *Opportunity to achieve competitive advantage*
- *Feasibility, viability and resource*
- *Capacity and capability to deliver*

3.1.2 Assess an organisation's readiness for developing a global strategy including:

- *Strategic importance of the market*
- *Position of competitors internationally*
- *Cost effectiveness*
- *Barriers to trade*

### **3.2 Financial assessment of marketing opportunities** **Weighting 30%**

3.2.1 Utilising a range of financial tools, assess the financial benefits and risks for an organisation when selecting from its strategic options:

- *Ratios (INITIAL Financial Descriptors), eg Return on Investment (ROI)*
- *Investment Appraisal Techniques, eg Payback, Net Present Value (NPV), Discounted Cash Flows (DCF), Internal Rate of Return (IRR)*
- *Cost of capital and Weighted Average Cost of Capital (WACC)*

3.2.2 Critically evaluate the source of funds appropriate to the strategic marketing choice and the long-term sustainability and impact of their utilisation:

- *The concept of the cost of capital*
- *Capital Asset Pricing Model (CAPM)*
- *Weighted Average Cost of Capital (WACC)*
- *Optimal capital structure*

3.2.3 Assess the impact of the strategic choice upon the shareholder value of organisations in different contexts:

- *The concept of shareholder value-added*
- *Cash flow based valuation methods*
- *Economic value methods*
- *Financial value drivers*
- *Timing, sustainability and risk factors in financial valuation*

3.2.4 Assess the impact on the economic value of an organisation arising from specific decisions on expenditures/cash flows:

- *The concept of economic value added*
- *Cash flow based valuation methods*
- *Financial value drivers*

### **3.3 Corporate and reputational risk of marketing decisions** **Weighting 30%**

3.3.1 Utilising a range of risk analysis tools, assess the strategic risks facing an organisation in the selection of strategic alternatives leading to strategic choice:

- *Risk of strategic uncertainty*
- *Risk of diverting from core business, vision and core competencies*
- *Risk of changing technology and capability*
- *Risk of reputation visibility and vulnerability*
- *Financial risk, including shareholder value, investment, liability and loss*

3.3.2 Assess the potential for organisational constraints to limit an organisation's success in using any given strategic choice:

- *Regulation*
- *Structure and competencies*
- *Capital and investment capability*
- *Stakeholder/shareholder engagement and involvement*
- *Competitor activity*

3.3.3 Assess the risk to an organisation of hostile or declining markets and recommend mitigation strategies, including:

- *Milk, harvest, divest, liquidate, consolidate*
- *Review margins and develop stronger cost structures*
- *Reduce potential for proliferation of the product and/or brand*
- *Manage share-shifting*
- *Focus on customer*

3.3.4 Recommend a range of mitigation strategies designed to reduce risks, so as to enhance an organisation's selection of a strategic option:

- *Scenario planning*
- *Forecasting*
- *Changing approach/direction*
- *Avoidance strategies*

### **3.4 Impact analysis of strategic marketing decisions** **Weighting 20%**

3.4.1 Critically analyse the impact of the priority decisions on an organisation:

- *Strategic vision and direction*
- *The organisation's value proposition*
- *The key success factors*
- *Assets and competencies*
- *Positioning, segmentation and targeting*
- *Distribution*
- *Branding*
- *Investment*
- *Innovation*
- *Manufacturing*
- *Increased opportunities and threats*