

Examen strategic management juni 2022

Strategic Management

Vraag 1: true/false + explanation

- True or false : more fit between the activities improves sustainability of competitive advantage
→ True : see What is strategy ? of Porter in required readings
- True or false: According to Porter's idea of **generic strategies** of low costs and differentiation, successful companies can compete both on the basis of low cost and differentiation.
→ False: According to Porter's idea, competitive firms can compete either on low costs or by differentiating products on quality and performance characteristics.
- Psychological bias of decision making has no impact has no impact on strategy decision
→ false?

Vraag 2 : required readings (no connect to today this time)

He showed the process described in "why do so many strategy fails" from Collis. He asks to identify the similarities and differences with the 7-step process seen in class. Then how could we improve the process seen in class with elements from the Collis process.

Differences :

- Collis studies opportunities outside the industry value system and creates a business model based on those opportunities (before doing anything else)
- ...

Vraag 3 Pain quotidien guest lecture

- Give a capacity that they want to better

Idea : top quality baking process

- Give 5 dimensions of capacity and apply on pain quotidien

Activity : Operations -> Technology : not really applicable here (good oven) / Skills : baking know-how / Resources : top ingredients, oven, bakers / Performance : user rating, quality metrics

Vraag 4: concepts and exercise

- Define what is value creation and value capture? Leg uit
- Calculate value captured : given was table with sales and operational costs of two companies in the same market (measured in euros per passenger cruise night)
- What is competitive advantage ? define in words
- What is the competitive advantage of the company?
→ we don't know because no info on willingness-to-pay
- What could be two drivers of value creation based on the numeric data available?
- Gegeven was tabel met sales and operational costs two companies. Everything was put in costs per night on this cruise à naar jaar omrekenen?
- Bereken enterprise value (NOPAT=FCF=NOPLAT)(gegeven WACC 10%, $g=0\%$, corporation taks=20%)
- Wat is relatie WACC en ROIC?

Vraag 5 : case Netflix

- For the stream market:
 1. Give the sketch of Industry Value system
 2. Explain if the stream market is attractive or not. Do the analysis in structured way (met puntjes) why is it (not) attractive?

Main conclusion : not attractive industry mainly because the customers can capture a large part of the created value and there is a fierce competition on prices.
- For Netflix in particular:
 1. Sketch the business model of Netflix

2. Explain the problems netflix is facing currently by leveraging the concepts of value creation and value capture. How are the new ideas of introducing "sub-accounts" and "ads" on the platform connected to that?
2. Define what is corporate advantage + give 2 tests
3. Apply the 2 tests on Netflix original content (is it logical for Netflix to vertically integrate with movie/series creation)

Better off : mitigates the power of supplier (less dependent)/ increases WTP (getting famous directors and franchise on board, winning awards, offering local content, e.g. for the german market)/ on costs, no positive effects, increases the costs in fact

Best alternative : interesting to own an original content SBU because contractual incompleteness and unclear property rights (who has the IP over the content, how long has Netflix exclusivity over the content?)