

**OLLSCOIL NA hEIREANN, GAILLIMH
NATIONAL UNIVERSITY OF IRELAND, GALWAY**

SUMMER EXAMINATIONS, 1999/2000

FIRST YEAR MIT EXAMINATION

MANAGEMENT AND STRATEGY

**Professor P. Willman
Mr. M. Moroney
Mr. J. Cunningham**

Time allowed: **THREE** hours

Please attempt **THREE** questions. All students must attempt **Question 1** in Part A, in addition to **ONE** question in Part B and **ONE** question in Part C.

Please use **separate answer books for each question.**

PART A (Case Study)

1. Analyse the attached case, "Rank Xerox", using the following guidance questions:
 - a) How would you describe the strategies adopted by Rank Xerox in the face of strong Japanese competition? Discuss whether you think they will be successful.
 - b) Evaluate the Customer Business Units (CBU) and Devolved Power strategic initiative adopted by Rank Xerox.
 - c) Rank Xerox laid great emphasis in its strategy initiatives on re-engineering and benchmarking. Outline what organisational, morale and human resource problems might arise as a result.
 - d) How would you characterise the levels of company culture of Rank Xerox (visible and invisible).

(50% of Total Marks).

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PART B (Management)

2. Describe the market entry strategies business uses to develop foreign markets and outline the four stages in the globalisation process of a business.

OR

Identify and describe content and process theories of motivation and discuss how these theories have contributed to management thinking.

(25% of Total Marks)

3. Discuss the six steps used in managerial decision making and outline guidelines for improving decision making effectiveness in organisations. Use an example to illustrate your answer.

OR

Apply Daft's Dartboard's model (general and task environment) to an industry that you are familiar with and define corporate culture giving organisational examples.

(25% of Total Marks)

PART C (Strategy)

4. Outline your understanding of the concept of strategy, drawing on the contributions of authors such as Johnson & Scholes, Hamel & Prahalad, Porter and others with whom you may be familiar.

(25% of Total Marks)

5. Assess the Value Chain as a tool of strategic analysis.

(25% of Total Marks)

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Rank Xerox - The Document Company

Background

For 30 years, the US company Xerox has been engaged in major global battle with its Japanese rivals, especially Canon and Ricoh. From dominance of the photocopying market in the 1960s, Xerox market share has slowly been reduced. Its sales have risen but not as fast as the market has grown. It has been the Japanese companies who have made all the running in terms of new products, higher quality, ease of use and maintenance-free equipment.

Outside the Americas, Xerox has managed its operations in Europe, Africa and parts of Asia including Japan through Rank Xerox, a UK-based company which it had a controlling share interest and total management control. In 1993, Rank Xerox had sales of around US\$5.5 billion and product of US\$226m.

Markets, competitors and customers

When Japanese companies decided to enter international photocopying markets in the 1960s, they had to find a way to overcome the dominance of Rank Xerox. They chose to open up a new market segment: copiers for medium and small businesses that needed little maintenance and no regular service support. Rank Xerox had a policy of always leasing its machines and then providing service engineers to maintain them: this was attractive to large companies with heavy printing demands but smaller companies rapidly found the Japanese offerings more acceptable.

By the 1990s, Rank Xerox had lost market share of the overall market, but still continued to maintain its market leadership in the high-segment. Its competitive strength still lay in its ability to provide a high level of service to customers. This was an area that the Japanese companies had never really attempted to match because of the high setting up costs and difficulty in obtaining minimum levels of business to make profits.

Rank Xerox had made several attempts to break into the lower end of the market. However, its strengths and cost structures were still largely geared to large company customers. In 1993, it undertook a survey of its customers' photocopying requirements: it found that they were spending 8 per cent of their turnover creating and managing documents, including creating and developing printed material, photocopying it, and filing and recording the results. This compared with 3 per cent of turnover spent on information technology. Moreover, up to 60 per cent of their customers' time was regularly spent on various activities associated with documentation.

Shift of mission and strategy

Given the time spent by its customers and its own strengths in servicing large customers, Rank Xerox decided during the early 1990s to shift the emphasis of its mission statement and basic business strategy. It changed from servicing photocopying to becoming *The Document Company*. The implied higher degrees of service for all the document requirements of its customers, not just the photocopying part. The strategy shifted from simple photocopying towards offering a wider range of services and products to cater for *the document management* needs of its customers. Naturally, it continued to offer photocopying to those customers who preferred this.

Rank Xerox commented that it would take time for customers to see the benefit of its broader range. It noted that its rival soon picked up the same theme 'document management' and the 'document solution' were soon appearing. However, it was convinced that its strategy was sound: it was built on its core skills and based on service. When done well, a service competitive advantage is immensely difficult for competitors to match because service localised. However, quality of service is vital.

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