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Exam : **L6M2**

Title : **Global Commercial Strategy**

Vendor : **CIPS**

Version : **DEMO**

QUESTION NO: 1

SIMULATION

Describe 5 strategic decisions a company can make and how these decisions could impact upon competitive advantage.

Answer:

Five Strategic Decisions a Company Can Make and Their Impact on Competitive Advantage
Strategic decisions shape a company's direction and influence its long-term success. Below are five key strategic decisions and their impact on competitive advantage:

1. Market Entry Strategy

Decision: A company decides how to enter new markets (e.g., direct investment, joint ventures, exporting, franchising).

Impact on Competitive Advantage:

Global Reach: Expanding into new markets increases revenue streams and reduces dependency on a single market.

Risk Mitigation: Entering via joint ventures or alliances can reduce risks related to market unfamiliarity.

Brand Positioning: Choosing premium vs. cost-leadership entry strategies can establish market dominance.

Potential Risk: Poor market research can lead to financial loss and reputational damage.

Example: Tesla entering China through direct investment in Gigafactories to strengthen its supply chain and reduce production costs.

2. Supply Chain Strategy

Decision: Whether to adopt a globalized, localized, or hybrid supply chain model.

Impact on Competitive Advantage:

Cost Reduction: Strategic sourcing from low-cost countries lowers production expenses.

Resilience: A diverse supplier base reduces risks of disruptions (e.g., geopolitical risks, pandemics).

Speed to Market: Nearshoring strategies improve lead times and response to demand fluctuations.

Potential Risk: Over-reliance on global suppliers can lead to disruptions (e.g., semiconductor shortages).

Example: Apple's dual sourcing strategy for chip manufacturing (Taiwan's TSMC + US-based suppliers) improves resilience.

3. Innovation and R&D Investment

Decision: How much to invest in research and development (R&D) to drive product innovation.

Impact on Competitive Advantage:

Differentiation: Unique and high-quality products create strong brand loyalty (e.g., iPhones, Tesla).

First-Mover Advantage: Innovators set industry trends, making it difficult for competitors to catch up.

Revenue Growth: New technologies create additional revenue streams (e.g., SaaS models in tech).

Potential Risk: High R&D costs with no guaranteed success (e.g., Google Glass failure).

Example: Pfizer and BioNTech's rapid COVID-19 vaccine development, giving them first-

mover advantage.

4. Pricing Strategy

Decision: Whether to compete on cost leadership, differentiation, or premium pricing.

Impact on Competitive Advantage:

Market Penetration: Low-cost pricing attracts price-sensitive customers (e.g., Walmart, Ryanair).

Brand Exclusivity: Premium pricing enhances brand perception and profitability (e.g., Rolex, Louis Vuitton).

Value-Based Pricing: Aligning price with perceived value increases customer retention.

Potential Risk: A race to the bottom in pricing wars can erode profit margins (e.g., budget airlines struggle with profitability).

Example: Apple uses a premium pricing strategy while Xiaomi competes via cost leadership in smartphones.

5. Digital Transformation Strategy

Decision: Investment in automation, AI, and digital platforms to improve efficiency and customer engagement.

Impact on Competitive Advantage:

Operational Efficiency: Automation reduces costs and increases productivity (e.g., Amazon's AI-driven warehouses).

Customer Experience: AI-driven personalization improves engagement (e.g., Netflix's recommendation algorithms).

Scalability: Digital platforms enable rapid global expansion (e.g., Shopify helping SMEs go digital).

Potential Risk: High initial investment with slow ROI; risk of cyber threats.

Example: Starbucks using AI-powered personalization and mobile ordering to increase sales and customer loyalty.

Conclusion

Each strategic decision influences a company's competitive positioning. The most successful companies align market expansion, supply chain strategies, innovation, pricing, and digital transformation to create a sustainable competitive advantage.

QUESTION NO: 2

SIMULATION

How can Mintzberg's 5Ps assist an organisation to develop its global strategy?

Answer:

Mintzberg's 5Ps and Global Strategy Development

Introduction

Henry Mintzberg's 5Ps of Strategy is a framework that helps organizations understand the multiple perspectives of strategy. It recognizes that strategy is not just a planned activity but evolves through deliberate and emergent actions. The 5Ps-Plan, Ploy, Pattern, Position, and Perspective-help organizations develop an effective global strategy by providing a structured approach to decision-making and competitive positioning.

1. Explanation of Mintzberg's 5Ps

Mintzberg's 5Ps define strategy in five different ways, which help in shaping an organization's global expansion and competitive positioning.

5Ps	Definition	Application in Global Strategy
Plan 📋	A structured and deliberate approach to achieving long-term goals.	Organizations develop a detailed market entry strategy (e.g., expanding into Asia through acquisitions).
Ploy 🗡️	A competitive move to outmaneuver rivals.	Companies may reduce prices or launch a new product to gain market share before competitors.
Pattern 🔄	A consistent approach to decision-making, often based on past behaviors.	Firms that successfully operate in one country replicate their model in new markets (e.g., McDonald's global franchising).
Position 🎯	Defining a unique place in the global market relative to competitors.	A company chooses cost leadership, differentiation, or niche strategy to establish itself internationally.
Perspective 💡	The organization's culture and mindset influencing strategy.	A firm's values, vision, and innovation philosophy shape how it expands globally.

2. How Mintzberg's 5Ps Assist in Developing Global Strategy

1. Strategy as a Plan - Setting a Clear Direction for Global Expansion

Organizations develop structured strategic plans for international growth, including market research, investment strategies, and risk assessments.

Example: Tesla planned its global expansion into China by building a Gigafactory, ensuring supply chain efficiency and market entry success.

Benefit: Ensures a structured, well-researched approach to global expansion.

2. Strategy as a Ploy - Gaining Competitive Advantage

Companies use strategic moves to block competitors or gain an early advantage in global markets.

Example: Amazon strategically enters new markets by offering discounts and acquiring local businesses to weaken competitors.

Benefit: Helps organizations counter competition and establish dominance in new markets.

3. Strategy as a Pattern - Replicating Successful Models

If a company has a proven business model, it can apply the same strategy across different regions.

Example: McDonald's follows a pattern-based global expansion model, using standardized menus but adapting products to local tastes (e.g., McAlloo Tikki in India).

Benefit: Allows organizations to scale efficiently while maintaining consistency.

4. Strategy as a Position - Establishing a Competitive Market Position

Organizations must decide how they will compete globally-whether through cost leadership, differentiation, or niche markets.

Example: Apple positions itself as a premium brand worldwide, maintaining exclusivity through high pricing and innovation.

Benefit: Helps organizations create a distinctive identity in international markets.

5. Strategy as a Perspective - Aligning Culture and Global Vision

A company's culture and values influence its global strategy.

Example: Patagonia's sustainability-first approach shapes its expansion into environmentally

conscious markets, aligning with global CSR expectations.

Benefit: Ensures global expansion aligns with the company's long-term values and mission.

3. Advantages of Using Mintzberg's 5Ps in Global Strategy Development

Holistic Approach - Ensures strategy is not just a rigid plan but adapts to competition and market trends.

Enhances Competitive Agility - Organizations can pivot between strategies (e.g., using a Ploy to disrupt competitors).

Supports Market Adaptation - Helps companies apply Pattern-based expansion while considering local market needs.

Aligns Corporate Vision with Market Positioning - The Perspective approach ensures expansion aligns with organizational values.

4. Limitations of Mintzberg's 5Ps in Global Strategy

Lack of Emphasis on External Factors - Unlike PESTLE or Porter's Five Forces, the 5Ps focus mainly on internal strategy.

Can Be Overly Conceptual - May lack specific actionable steps for implementing global expansion.

Does Not Account for Rapid Market Changes - In fast-changing industries (e.g., tech), rigid strategic planning may become outdated quickly.

Solution: Combine 5Ps with external analysis tools (e.g., PESTLE for macro-environmental risks, BCG for product portfolio management).

Conclusion

Mintzberg's 5Ps of Strategy provide a comprehensive framework for developing global strategies, ensuring that businesses consider planning, competitive moves, consistency, positioning, and cultural alignment. However, it should be used in combination with other strategic models for a well-rounded approach to global expansion and decision-making.

QUESTION NO: 3

SIMULATION

Assess benchmarking as an approach to analysing an organisations performance.

Answer:

Benchmarking as an Approach to Analyzing Organizational Performance

Introduction

Benchmarking is a performance measurement tool used by organizations to compare their processes, products, or services against industry standards, competitors, or best practices. It helps organizations identify performance gaps, set improvement targets, and enhance competitive advantage.

There are different types of benchmarking, including internal, competitive, functional, and generic benchmarking, each serving different strategic objectives.

1. Types of Benchmarking

Organizations can adopt different benchmarking approaches based on their goals:

Type of Benchmarking	Definition	Example
Internal Benchmarking	Comparing performance within the same organization (e.g., different branches, teams, or departments).	XYZ Construction comparing the efficiency of two regional project teams.
Competitive Benchmarking	Comparing performance against direct industry competitors.	Coca-Cola benchmarking sales performance against Pepsi.
Functional Benchmarking	Comparing a specific function with best-in-class organizations, even from different industries.	Amazon studying Toyota's lean logistics to improve warehouse efficiency.
Generic Benchmarking	Comparing general business practices across industries to improve efficiency and innovation.	A bank adopting customer service strategies from the hospitality industry.

2. How Benchmarking Helps in Performance Analysis

Benchmarking provides quantifiable insights to assess and improve organizational performance in key areas:

Identifies Performance Gaps - Highlights areas where an organization lags behind competitors or industry best practices.

Improves Operational Efficiency - Helps streamline supply chain, production, and customer service processes.

Enhances Strategic Decision-Making - Supports data-driven decisions for resource allocation, pricing strategies, and process optimization.

Drives Continuous Improvement - Encourages a culture of innovation and best practice adoption.

Boosts Competitive Advantage - Enables organizations to stay ahead in their market by implementing superior processes.

Example: A retail chain benchmarking delivery speed against Amazon may adopt AI-driven inventory management to reduce delays.

3. Advantages of Benchmarking

Objective Performance Measurement - Uses industry data to provide realistic performance targets.

Encourages Best Practice Adoption - Helps companies learn from successful competitors.

Enhances Cost Efficiency - Identifies areas for cost reduction and resource optimization.

Facilitates Strategic Growth - Helps companies improve customer experience, product innovation, and market positioning.

Example: McDonald's benchmarked Starbucks' digital loyalty program, leading to the launch of MyMcDonald's Rewards, improving customer retention.

4. Limitations of Benchmarking

Limited to Available Data - Confidential industry data may not always be accessible.

Lack of Context - Differences in business models, resources, and market conditions can make direct comparisons misleading.

Focus on Imitation Over Innovation - Firms may focus too much on copying competitors rather than developing unique strategies.

Resource-Intensive - Conducting in-depth benchmarking requires time, expertise, and financial investment.

Example: XYZ Construction benchmarking against a large multinational may find certain strategies unrealistic due to scale differences.

5. Application of Benchmarking in Different Sectors

Organizations across industries use benchmarking for performance analysis:

Industry	Benchmarking Focus	Example
Manufacturing	Operational efficiency, cost reduction	Toyota benchmarking against Tesla's battery production
Retail	Customer service, supply chain speed	Walmart benchmarking against Amazon
Finance	Digital transformation, fraud prevention	HSBC benchmarking against fintech firms
Construction	Project delivery timelines, sustainability	XYZ Construction benchmarking against industry leaders in sustainable building

Conclusion

Benchmarking is an effective performance analysis tool that helps organizations identify gaps, adopt best practices, and enhance competitiveness. However, it must be used carefully to avoid blind imitation and consider contextual differences. When integrated with other strategic models (e.g., SWOT, Balanced Scorecard), benchmarking provides a powerful framework for continuous improvement and strategic growth.

QUESTION NO: 4

SIMULATION

Evaluate the following approaches to supply chain management: the Business Excellence Model, Top-Down Management Approach and Six Sigma

Answer:

Evaluation of Approaches to Supply Chain Management

Introduction

Effective supply chain management (SCM) is critical for organizations to enhance efficiency, reduce costs, and improve customer satisfaction. Various management approaches help organizations optimize their supply chain performance. Three widely recognized approaches include:

Business Excellence Model (BEM) - A framework for continuous improvement.

Top-Down Management Approach - A hierarchical decision-making structure.

Six Sigma - A data-driven methodology for process improvement.

Each approach has strengths and limitations when applied to supply chain management.

1. Business Excellence Model (BEM) in Supply Chain Management

Explanation:

The Business Excellence Model (BEM) is a holistic framework used to assess and improve business performance. The European Foundation for Quality Management (EFQM) Excellence Model is one of the most common BEM frameworks.

It focuses on 9 key criteria: Leadership, Strategy, People, Partnerships & Resources,

Processes, Customer Results, People Results, Society Results, and Business Performance.

Application in Supply Chain Management

Encourages continuous improvement in supplier relationships and logistics.

Focuses on customer-centric supply chain strategies.

Promotes collaboration with suppliers and stakeholders to optimize efficiency.

Example: Toyota's Lean Supply Chain follows BEM principles to maintain supplier partnerships and quality improvement.

Evaluation

Advantages

Provides a structured framework for evaluating supply chain performance.

Enhances collaboration between internal teams and external suppliers.

Focuses on quality management and customer satisfaction.

Limitations

Can be complex and resource-intensive to implement.

Requires cultural change and strong leadership commitment.

2. Top-Down Management Approach in Supply Chain Management

Explanation:

The Top-Down Management Approach follows a hierarchical structure where decisions are made by senior management and communicated downward. This approach ensures centralized decision-making and strong leadership control.

Application in Supply Chain Management

Ensures consistency in supply chain policies and strategic direction.

Facilitates quick decision-making in procurement and logistics.

Helps maintain compliance with regulatory standards and corporate policies.

Example: Amazon's Supply Chain Strategy is largely top-down, with executives making key strategic decisions on warehousing, delivery, and automation.

Evaluation

Advantages

Ensures strong leadership direction in supply chain management.

Reduces confusion in decision-making by maintaining clear authority.

Useful for large-scale global supply chains that need standardization.

Limitations

Can be rigid and slow to adapt to changing supply chain disruptions.

May reduce innovation and employee engagement in problem-solving.

Less effective in dynamic, fast-changing industries.

3. Six Sigma in Supply Chain Management

Explanation:

Six Sigma is a data-driven methodology aimed at reducing defects and improving quality. It follows the DMAIC cycle (Define, Measure, Analyze, Improve, Control) to enhance process efficiency and minimize errors.

Application in Supply Chain Management

Helps identify waste and inefficiencies in supply chain processes.

Reduces defects and errors in procurement, logistics, and inventory management.

Enhances supplier performance evaluation through data analysis.

Example: General Electric (GE) used Six Sigma to improve supply chain efficiency, reducing

defects and operational costs.

Evaluation

Advantages

Reduces supply chain disruptions by improving process reliability.

Uses data-driven decision-making for procurement and logistics.

Improves supplier quality management.

Limitations

Requires intensive training and certification (Black Belt, Green Belt, etc.).

Can be too rigid for industries requiring flexibility and innovation.

Implementation may be costly and time-consuming.

Conclusion

Each approach offers unique benefits for supply chain management:

BEM ensures a holistic, continuous improvement framework for supply chains.

Top-Down Management provides strong leadership direction and centralized decision-making.

Six Sigma improves process quality and operational efficiency.

Organizations should combine these approaches based on their business model, industry requirements, and strategic goals to optimize supply chain performance.