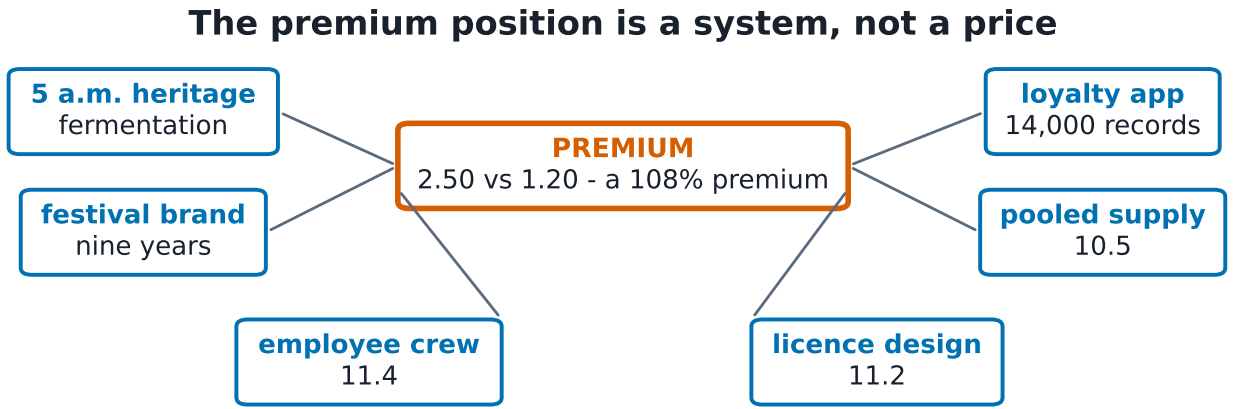
Exercise walk-through

12.3 Corporate and international strategy

University Business

Competitive strategy: position, fit, equilibrium

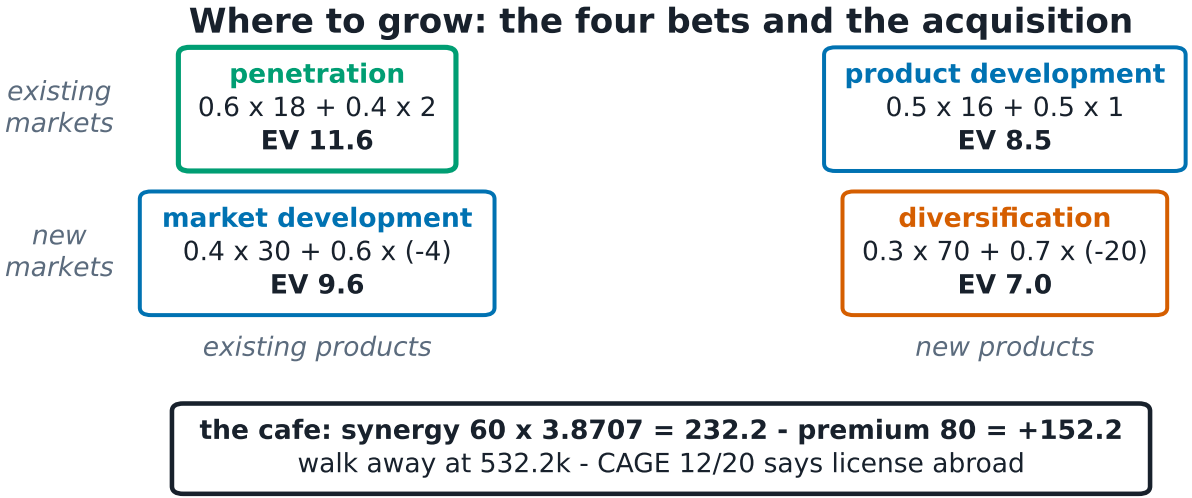


the 2.50 bun: materials 0.95 + labour 0.70 + energy 0.20 + distribution 0.15 + overhead 0.30

= cost 2.30, margin 0.20 (8%) - against the supermarket cost line of 1.60

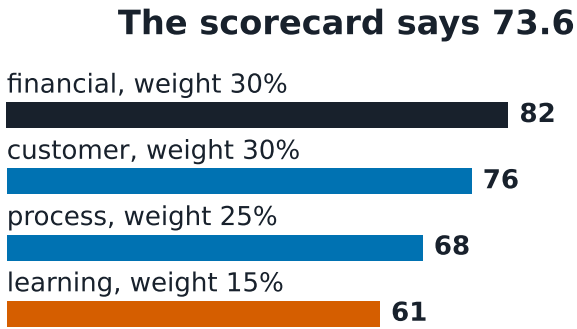
> Six reinforcing activities carry a 108% price premium.

Corporate and international strategy: bet by the arithmetic



Ansoff values: penetration 11.6k leads; walk away from the cafe at 532.2k.

Implementation and organisation: the index, then the gap



index = 82(.30) + 76(.30) + 68(.25) + 61(.15) = 73.55

execution gap
strategy needs 32 supervisory h/wk
the roster has 28 - gap 4 hours

the cascade
objective - measure - target - initiative - owner
repeat purchase 34% - 45% by the festival

> Scorecard index 73.55 hides a 4-hour supervision gap.

Exercises 2.1·2.2

2.1 The four expected values, and the ranking. [4]

2.2 The farm shop: standalone 220k, synergies 45k a year for four years at 8%. The annuity factor (three decimals), the synergy PV, and the value created at a 300k offer. [4]

Exercises 2.1·2.2

2.1 The four expected values, and the ranking. [4]

2.1

- Penetration $8.4 + 0.3 = 8.7$k; schools $12 - 3 = 9.0$k.
- Frozen 6.0k; farm shop $15 - 12 = 3.0$k. Ranking: schools $9.0 >$ penetration $8.7 >$ frozen $6.0 >$ farm shop 3.0.

2.2 The farm shop: standalone 220k, synergies 45k a year for four years at 8%. The annuity factor (three decimals), the synergy PV, and the value created at a 300k offer. [4]

2.2

- $AF = (1 - 1.08^{-4})/0.08 = 3.3121$.
- PV $= 45 \times 3.312 = 149.0$k; standalone 220, so the 300k offer carries an 80k premium. Value $= 149.0 - 80 = +69.0$k.

Exercises 2.3·2.4

2.3 The walk-away price. [2]

2.4 The farm shop's export idea to Spain scores CAGE $2 + 3 + 2 + 2$. Give the total, and the recommended entry form. [4]

Exercises 2.3·2.4

2.3 The walk-away price. [2]

2.3

- $220 + 149.0 = 369.0$k.

2.4 The farm shop's export idea to Spain scores CAGE $2 + 3 + 2 + 2$. Give the total, and the recommended entry form. [4]

2.4

- $2 + 3 + 2 + 2 = 9$ of 20 - near-ish, but the admin 3 is the blocker.
- License or partner: keep the recipe and brand home; direct export buys the admin distance at retail.