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The CPA Ireland Skillnet provides excellent value CPE (continual Professional Education) in accountancy, law, tax and strategic personal development to accountants working both in practice and in industry. However our attendees are not limited to the accountancy field as we welcome all interested parties to our events.



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Strategy & Leadership, Current Issues Workshop

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## Trainee Accountant Workshop Series

March 2016

### Current Issues Workshop: Strategy & Leadership

**Presenter:** James Redmond

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### Introduction

#### ■ The purpose of this workshop is to

1. Briefly contrast strategy and leadership and other [accounting] subjects.
2. Reflect on current issues in strategy and leadership, in particular in the context of the examination paper.
3. Consider the approaches candidates may use in addressing examination questions on the Strategy & Leadership Paper.
4. Identify improvements in how candidates may approach the Strategy & Leadership Paper.

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## Globalisation

... the shift toward a more integrated and interdependent world economy

- Driven by technology and market liberalisation
  - As well as TNCs, governments and international organisations
- More than economics
  - Includes politics, information, organisations – including firms, even society
- Globalisation indices
  - Ireland is always near the top
- Regionalism? and cities...
- Economic benefits tremendous
  - But social, environmental, employee costs
- Nothing is inevitable, this is the second wave of globalisation...

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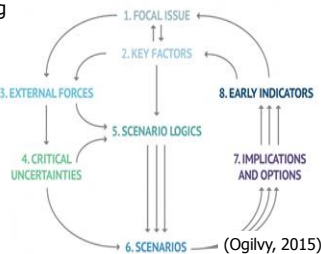
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## Scenario Planning

Multiple narratives, multiple futures...

- Scenarios provide a framework for appreciating fundamental long-term choice
- Pointers
  - Make the scenario plausible, not probable
  - Strike a balance between relevant and challenging
  - Add numbers to narrative

### THE EIGHT-STEP SCENARIO PLANNING PROCESS



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## Strategic Decision-Making

Senior managers are not fully rational...

- Action-oriented biases
  - Excessive optimism; Overconfidence; Competitor neglect
- Interest Biases
  - Misaligned individual incentives; Inappropriate attachments
- Stability Biases
  - Anchoring; Loss aversion
- Pattern-recognition biases
  - Confirmation bias; Champion bias; Management by example
- Social biases
  - Groupthink

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## Leadership

...the ability to influence people  
[towards an organisational goal]

- Interaction between strategic leadership and organisational performance
- Leadership development programmes
- Contemporary directions (Avolio, 2009)
  - Authentic leadership
  - Cognitive leadership
  - Complexity leadership
  - Cross-cultural leadership
  - New-genre leadership
  - Shared leadership

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## Digital Marketing

...using digital channels to reach  
consumers (The FT)

- The Website
  - Not just an electronic presence
  - Google Analytics
- Email marketing
- Social media marketing
  - "Electronic word of mouth"
  - Referral marketing
- Search Engine Optimisation
- Mobile Apps
- In-game advertising

*"In reality, a Google  
search is not free..."*

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## Business Awareness

Reading, research and life long  
learning...

- Business Press
  - Irish Times / Economist / Financial Times...
- Consultancy Firms
  - McKinsey Quarterly / Accenture Outlook
- Academic Magazines
  - Harvard Business Post / Sloan Management Review
- Continuing Professional Development
- Beware of
  - Information overload
  - Paralysis by analysis

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## The Disclaimer!

Suggested solutions are only an example...

- They represent comprehensive approaches to the questions and are based on the full range of available marks.
- They do not represent responses that candidates could realistically expect to produce in the prescribed time limits.
- They should not be regarded as representing the only acceptable response.
- Thus, the analysis, assumptions, conclusions and recommendations presented in each suggested solution may represent only one of many possible approaches.

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## Sycamore's Pharmacy Group

The Mandatory Requirement...

- Prepare a report for Susan Sycamore and SPG in which you:
- **Analyse** the strategic position of the company, **drawing on your assessment** of the key drivers of change prevailing in the environment, **applying the relevant theories and models**
- **Assess critically** the key issues facing SPG and **evaluate the company's options** in dealing with such issues; and
- **Propose a strategy** to ensure the best way forward for the company

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## Sycamore's Pharmacy Group

Marking Scheme...

### Part (a) 34 Marks

#### Application of PESTEL

- PESTEL implications should be related to case scenario industry (6 x 2 marks, maximum of 10 marks) 10

#### Application of Five Forces Model

- Indicators identified by Porter should be used to reach a conclusion of the influence of each force (5 x 2 marks) 10

#### Analysis of Resources and Competences

- Explain main resources, including prioritisation 3
- Explain main competences, including prioritisation 3
- Use of Value Chain analysis 3

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## Sycamore's Pharmacy Group

### Marking Scheme...

#### Part (a) (Continued) 34 Marks

##### Preparation of a SWOT Analysis

- PESTEL implications should be related to case scenario industry
- Should relate and link strengths to weaknesses, opportunities and threats
- Issues in the SWOT should be prioritised, not just listed

5

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## Sycamore's Pharmacy Group

### Marking Scheme...

#### Part (b) 8 Marks

##### Discuss issues and options

- Must be logical and clearly relate to previous analysis
- Should refer to relevant models (Bowman, Porter, Ansoff...)
- Issues and options should be prioritised, not just listed

8

#### Part (c) 8 Marks

##### Discuss recommendations

- Must be logical and clearly relate to previous analysis
- Recommendations should be prioritised, not just listed

8

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## McCaughlan's

### The Requirement...

- Prepare a report for Sarah McCaughlan, **evaluating critically** the **current situation** and
- **recommending** how McCaughlan's can change the **organisational culture** on the shop floor.

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## McCaughlan's

### Marking Scheme...

25 Marks

#### Analysing the change context

- Explain importance of the organisational context in managing change 2
- Discuss four issues (finances, timing, readiness, etc) relating to change context (4 x 2 marks) 8
- Issues must be applied to McCaughlan's case scenario

#### Changing McCaughlan's organisational culture

- Explain nature and importance of organisational culture 5
- Discuss 5 steps to change McCaughlan's organisational culture (5 x 2 marks) 10
- Plans must be realistic in context of McCaughlan's

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## JMT Food Solutions

### The Requirement...

- Write a report to JMT Food Solutions **critically assessing** the competitive strategies available to the business.
- The report should **advise** the directors on which competitive strategy is most suitable for the business
- and **recommend** how they can build a **strong sustainable competitive** advantage.
- [Candidates are expected to select appropriate tools for use in their report.]

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## JMT Food Solutions

### Marking Scheme...

25 Marks

#### Critically assessing JMT Solutions competitive strategy

- Candidates may use either Porter's Generic Strategies or Bowman's Clock
- Discuss the usefulness of each generic strategy in context of JMT Solutions 12
- Conclusion on most appropriate strategy 3

#### Sustainable competitive advantage

- Explain nature of sustainable competitive advantage 2
- Discuss how JMT Solutions can enhance sustainability of its competitive advantage 8

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## Driftwood plc

### The Requirement...

- **Critically assess the insights** that Driftwood plc may usefully obtain from the **main theories of leadership**, and
- **recommend** to the Board of Directors the type of leadership needed to resolve the problems in Driftwood plc, in particular, the issue of **staff morale and engagement**.

(Total: 25 Marks)

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## Driftwood plc

### Marking Scheme...

25 Marks

#### Insights from Leadership Theories

- |  |    |
|--|----|
| ■ Explain nature of leadership and link between leadership and organisational performance      | 5  |
| ■ Discuss four theories (or approaches) of leadership in depth (4 x 4 marks)                   |    |
| ■ Theories (or approaches) must be applied and related to Driftwood case scenario              | 16 |
| ■ Conclusion –how lessons from theories (or approaches) may affect staff morale and engagement | 4  |

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## LASSO

### The Requirement...

- In the context of the legacy issues identified above, and **drawing on Motivation and Leadership Theories**, write a report to the Board of Directors of LASSO that **critically assesses**:

(a) The **leadership style(s)** that will be most effective for the senior management of LASSO.

(15 Marks)

(b) How the LASSO might **enhance the motivation and engagement** of staff once it has been set up and staff transfer from the Local Authorities.

(10 Marks)

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## LASSO

### Marking Scheme...

25 Marks	
<b>Leadership</b>	
▪ Explain nature of leadership	2
▪ Discuss two theories (or approaches) of leadership in depth (2 x 6 marks)	12
▪ Theories/approaches must be applied to LASSO scenario	<u>1</u>
▪ Conclusion	15
<b>Motivation</b>	
▪ Explain nature of motivation	2
▪ Discuss four strategies to improve motivation (4 x 2 marks)	
▪ Must refer/use at least one theory of motivation (Herzberg...)	<u>8</u>
▪ Strategies and theory must be applied to LASSO scenario	10

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## Tea Jay's

### The Requirement...

- Prepare a report for Terri and Jackie **critically assessing** the options of **organic growth and franchising** as a means to the more rapid expansion of Tea Jay's.
- **Recommend** to Terri and Jackie which expansion option they should take, and **why**.

(Total: 25 marks)

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## Tea Jay's

### Marking Scheme...

25 Marks	
<b>Organic Growth</b>	
▪ Explain nature of organic growth	2
▪ Discuss in depth four issues (benefits/concerns) relating to organic growth (4 x 2 marks)	
▪ Issues must be applied / related to Tea Jays scenario	8
<b>Franchise Based Growth</b>	
▪ Explain nature of franchising	2
▪ Discuss in depth four issues (benefits/concerns) relating to franchising growth (4 x 2 marks)	
▪ Issues must be applied / related to Tea Jays scenario	8
<b>Discuss choice for organic or franchise strategy</b>	
▪ Must be logical / relate to analysis / justified	5

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## Dooley's Engineering

### The Requirement...

- Prepare a report to Dooley Engineering **critically assessing**:
  - (a) The **position** of the **key stakeholders** in the proposal to outsource pump manufacturing.

(15 Marks)

- (b) The **implications** for the **sustainability of the firm's differentiation strategy** of using an outside supplier to manufacture the pumps.

(10 Marks)

The report should recommend, with reasons, whether to outsource the manufacture of the pumps or keep it in-house.

(Total: 25 Marks)

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## Dooley's Engineering

### Marking Scheme...

25 Marks

#### Position of key stakeholders

- |  |    |
|--|----|
| ■ Explain importance of stakeholders in strategic decisions                    | 2  |
| ■ Discuss five key stakeholders in Dooley's outsourcing decision (5 x 2 marks) | 10 |
| ■ Conclusion   | 3  |
|  | 15 |

#### Implications for sustainability of differentiation strategy

- |   |    |
|---|----|
| ■ Explain nature of Dooley's differentiation strategy   | 2  |
| ■ Discuss three implications of outsourcing for Dooley's differentiation strategy (3 x 2 marks) | 6  |
| ■ Conclusion  | 2  |
|   | 10 |

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## Final Exam Advice

Knowledge and understanding;  
Application and Analysis; Synthesis;  
Evaluation; Presentation...

- Key question words
  - Critically evaluate... discuss
  - Advise / Recommend / Justify
- Always integrate and link the theory and the scenario situation
  - Do not regurgitate theory!
- The open book
  - Already know and understand the material
  - Use as a reference and "memory top up"
- Section B
  - Read the question requirement first, then the scenario...

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P2: Strategy & Leadership

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