



FACULTY OF MANAGEMENT
FINAL ASSESSMENT (EXAMINATION)
DEPARTMENT OF BUSINESS MANAGEMENT

MODULE	:	CONTEMPORARY STRATEGIC ASPECTS
CODE	:	STM8X01
DATE	:	21 NOVEMBER 2016
DURATION	:	180 MINUTES plus 20 minutes reading time
TOTAL MARKS	:	300

EXAMINER	:	TFJ Oosthuizen
MODERATOR	:	Dr C Breytenbach
NUMBER OF PAGES	:	17 Pages

INSTRUCTIONS:

ANSWER ANY 3 (THREE) OF THE POSSIBLE FIVE QUESTIONS.

- This is a paper-based open book assessment.
- Read the questions carefully and answer only what is asked.
- Number your answers clearly.
- Submit your answer in a clearly structured (using headings, sub-headings, paragraphs, figures, tables and bullets for listing) and written format.
- Answer one question per answer book.
- The general University of Johannesburg policies, procedures and rules pertaining to written assessments apply to this assessment.

Submit your question paper with your answer books.

Please read the following case study and then answer the questions

Case study: Mercedes Benz South Africa (MBSA)
--

1. Corporate Profile

1.1. Contributing to transformation through sustainability

In the South African context, the Mercedes-Benz South Africa (MBSA) group of companies is able to translate the global imperative for sustainability by its parent company, Daimler AG, into making a real and lasting impact on the transformation in SA.

A culture of integrity, combined with a history of good corporate citizenship and a vested interest in the stability and growth of the economy of South Africa leads the group of companies naturally in the direction of striking a balance between economic and social issues.

The verification audit process has classified Mercedes-Benz South Africa (MBSA) Ltd as a Level 8 contributor in terms of the 2013 Amended Codes towards Broad-Based Black Economic Empowerment (B-BBEE). Sister company Mercedes-Benz Financial Services South Africa has been verified as a Level 5 contributor (valid until April 2017).

1.2 Group Structure

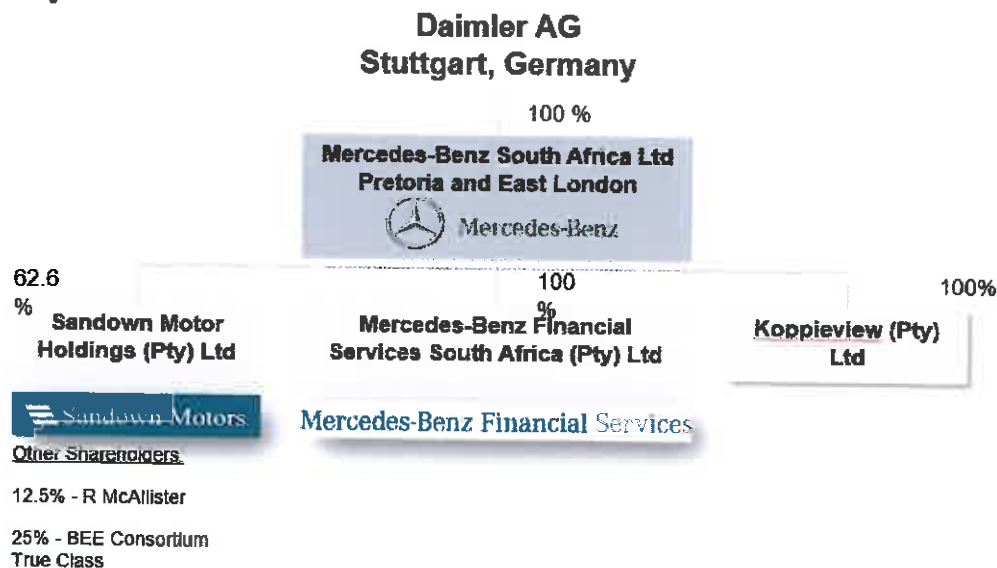
Daimler AG is a global automotive organisation, which began when Gottlieb Daimler and Carl Benz's automobile inventions, as early as 1886, revolutionised the way people travel. Since then, Daimler AG has shaped the future of mobility.

The Mercedes-Benz group of companies in South Africa was established in 1954. The group is one of the largest automotive groups in South Africa and is the corporate holding company for the group's business activities in South Africa.

The key operating companies are:

- Mercedes-Benz South Africa - Vehicle manufacturing, sales and marketing
- Sandown Motor Holdings - Vehicle retail
- Mercedes-Benz Financial Services - Vehicle finance and insurance

Company Structure



1.2.1 Mercedes-Benz South Africa

Mercedes-Benz South Africa (MBSA) is a wholly-owned subsidiary of the global company, Daimler AG. The company acquired a manufacturing plant in East London which has been building vehicles in South Africa for over 60 years. Today MBSA manufactures Mercedes-Benz C-Class cars in right-hand drive for the local market and in left-hand drive execution for export to the United States of America. It also produces the Mercedes-Benz commercial vehicles and buses, and FUSO trucks, as well as assembly of Freightliner trucks, a leading American brand. MBSA's headquarters, marketing and support divisions are located in Zwartkop, Gauteng, from where the Mercedes-Benz, smart, Freightliner, Western Star and FUSO products are marketed and financed.

Sales and Marketing:

From its head office in Zwartkop, Gauteng, MBSA markets and sells Mercedes-Benz passenger cars and smart cars; Mercedes-Benz trucks, vans and buses; Freightliner trucks; FUSO trucks and Western Star trucks.

Marketing and sales, finance and controlling, media and communications, information technology, dealer network, after-sales services and supply chain divisions operate from these offices.

Manufacturing:

MBSA cemented its position as one of the top manufacturing plants in Daimler AG, winning four consecutive J.D. Power and Associates quality awards for vehicles produced at its East London plant and sold in the United States. World-class quality, consistently built in South Africa. Consistency and a process-driven approach has been the key to the success of products built in the plant, resulting in a string of quality accolades over many successive years:

2006

Synovate Award: Best local plant manufacturing passenger cars

- Synovate Award: C-Class achieves number one position in the medium segment

2007

Synovate Award: C-Class ranks number one in terms of product quality

- JD Power: Best local manufacturing plant in terms of initial quality

2008

JD Power: Best local manufacturing plant in terms of initial quality for the 2nd consecutive year

- JD Power: C-Class achieves second place

2009

JD Power: Gold Award

- Synovate Award for Best Local Passenger Car Best Local Passenger Car Manufacturing Plant.

2010

JD Power and Associates' Platinum Award for the best manufacturing plant in the world, supplying vehicles in the US market.

- Synovate Category Awards: Best Local Manufacturing Plant Passenger Vehicles

2011

JD Power IQS Gold Award: Highest ranked manufacturing plant supplying U.S. from Europe and Africa

- Synovate 2011 – Five Gold Awards and a Platinum Award!

2012

JD Power Silver Award: Manufacturing plant supplying U.S. from Europe and Africa – 2012 U.S. IQS

2013

JD Power Silver Award: second best manufacturing plant in Europe, Africa and America in terms of manufacturing quality

2014

JD Power Silver Award: second best manufacturing plant in Europe, Africa and America in terms of manufacturing quality

The plant produces Mercedes-Benz C-Class sedans for the local and United States markets, as well as completely-knocked-down Mercedes-Benz, Freightliner and Fuso trucks, and Mercedes-Benz bus chassis. In 2011, the following volumes were produced in the plant:

- W204 C-Class: 54 300 units
- Commercial Vehicles: 5 000 units

Purchasing:

Production Purchasing:

This department administrates production purchases for all vehicles manufactured by Mercedes-Benz South Africa. It is divided into three main commodities:

- Body in White, covering body panel and chassis components;
- Interior, exterior and electrical, including most of the trim mouldings, paint and electronic components;
- Powertrain, which covers all drivetrain, suspension, wheel and exhaust components as well as lubricants and sealants.

All contractual relations with suppliers are monitored in terms of Daimler AG's global Extended Enterprise programme. This also includes government and parastatal activities that may affect supply chain management and exports as well as cost planning and cost optimisation programmes.

Non-Production Purchasing

Purchasing Services at Mercedes-Benz South Africa, represents a central foundation within the organization at all its locations committing itself to a shared vision and mission. Increasing the efficiency of the Non-production Purchasing activities is the goal of the Purchasing Services management. Purchasing Services utilizes global and globally aligned processes and tools which have adopted from International Procurement Services (IPS) to identify and realise synergy opportunities and further cost reduction efficiencies throughout the company.

IPS has a clear vision: To be the recognised authority for Global Non-Production Materials and Service Management by 2010. They are committed to creating a structured approach to make this vision a reality. The further value the professionalism and work performance of our partners and encourage free scope of creativity.

They set the highest standards for both our suppliers and ourselves. Only in this way can they secure a sustainable competitive edge. Together they pursue mutual goals and our customers must be able to have confidence in our mutual performance.



Purchasing Services concentration is aligned to the Global Extended Enterprise programme. MBSA purchasing can be described as:

- Their processes are customer driven
- They expect their partners to be efficient companies
- They expect and promote supplier creativity and involvement
- They expect uncompromising cost, quality, cycle time and technology commitment
- They build and maintain ethical long term partnerships
- They believe in trust, fairness, open communication and information
- They will work to be their supplier's best customer and most valued partner
- They accept ecological responsibility
- They commit to social responsibility

Purchasing Services Business Tools

Mercedes-Benz South Africa Supplier Portal – Partner.Net This MBSA portal is a business-to-business solution intended to web enable the SAP R3 back-end system, as well as any other applications which could have value added benefits for MBSA or their supplier base. Making use of SAP Enterprise Portal technology, the aim is to develop a seamless, integrated solution, operating in a secure environment, whereby suppliers can carry out daily tasks, thereby strengthening the partnership and transparency between MBSA and its suppliers. The real value will be in man-hours saved, as well as additional costs that will be avoided due to lengthy processing times.

Purchasing Services has a specific role on the portal that is allocated to selected suppliers. The role gives the supplier access to maintain their RFQ's and view/download their Purchase Orders via the portal.

SAM – Supplier Application Module

SAM is a tool that standardises the supplier application process.

The supplier can access SAM on the internet. This will give prospective suppliers a quick and easy way to make an application, be assessed. After checking the profile the buyer can then either accept or decline the application by email. The online application calls for basic information from suppliers, including facts on finances, products and core competencies. The South African SAM also includes questions on Broad Based Black Economic Empowerment, eBusiness Readiness, Employment Equity and Quality Management Systems. The information captured by the online application form goes directly into MBSA's secure Lotus Notes database, accessible only by SAM Users.

Export:

The export division facilitates the component export by suppliers - a central element in the company's business strategy.

1.2.2 Mercedes-Benz Financial Services

Mercedes-Benz Financial Services South Africa (Pty) Ltd (MBFSSA) is wholly owned by Mercedes-Benz South Africa Limited, operating alongside it, to provide both passenger car and commercial vehicles clients through the dealer network. With a one-stop-shop approach, tailored finance and insurance packages are managed. Since its inception in 1997, Mercedes-Benz Financial Services South Africa (Pty) Ltd (MBFSSA) and has successfully financed more than 100 000 customers, offering them the ultimate benefit of peace of mind.

1.2.3 Sandown Motor Holdings

Mercedes-Benz South Africa (MBSA) holds a 62.6 percent share in Sandown Motor Holdings (Pty) Ltd, which owns dealerships in the Western Cape and Gauteng. 12.4% shareholding is held by Managing Director, Roy McAllister, with the remaining 25% vested in a BEE consortium called True Class Consortium. MBSA set a new benchmark for transformation in the motor industry when it concluded the deal with True Class Consortium in 2007, to the benefit of disadvantaged communities.

Sandown Motor Holdings (SMH) commenced trading in May 1982 when it was awarded the Mercedes-Benz franchise for Sandton. The company's head office is in Bryanston, Gauteng. SMH forms part of Mercedes-Benz South Africa's extensive dealer footprint, providing customers with exceptional sales and aftersales service.

2. Sponsorship

Photographer Adrian Steirn had a dream: to capture one of the world's greatest icons, Nelson Mandela, on film. His dream came true and turned into a vision to influence the future of our youth. That vision is the 21 Icons project. 21 Icons South Africa combines photographic portraits and television short films in a captivating series that shares the inspiring stories of South Africans who have reached the pinnacle of achievement in their fields of endeavour. These 21 icons have captured the global imagination with their dignity, humanity, and selfless struggle for a better world. In the words of Archbishop Emeritus Desmond Tutu, as told to Steirn, "Why is it that we admire people like Mother Teresa, Mahatma Ghandi, Nelson Mandela and Martin Luther King? The answer must be that it is because they are good." This simple yet profound attribute found in these icons, Steirn thought, could be used to inspire others to become citizens and leaders of tomorrow.



Desmond Tutu

Through 21 Icons, Steirn has captured prized pictures and video of 21 iconic South Africans, including Tutu, Professor Phillip Tobias, Nadine Gordimer, Ahmed Kathrada, and many more. The band of storytellers at 21 Icons does whatever it takes to get that one special picture that tells the story of an icon's incredible life. Through the highly personal short films and iconic photographic portraits of individuals such as Nelson Mandela, FW de Klerk, Desmond Tutu, Sophia Williams De Bruyn and Kumi Naidoo, 21 Icons aims to highlight the lives and work of men and women who have shaped our nation and the world beyond. The short films capture the intimate, often poignant conversations between Steirn and the icons.



FW De Klerk

Mercedes-Benz South Africa (MBSA) are proud to be a part of this inspirational project. Their pride is drawn from our long association with Nelson Mandela, which began when our East London employees hand-built a red S-Class for him upon his release from prison in 1990. When the man himself turned 90 in 2008, we gifted him with the best S-Class ever built - once again at our East London manufacturing plant.



Nelson Mandela

MBSA has played a small part in the journey of Nelson Mandela, and we consider it a fitting tribute to his legacy to be involved in a project to give inspiration to our youth by sharing stories of courage, heart and determination of people who have shaped the world in which we live and become the inspired icons of our time.

Says MBSA President and CEO, Dr Martin Zimmermann: "We believe South Africa truly stands as an example of how change can be achieved through respect and forgiveness, fired by inspirational leadership and courage, coupled with the power of passion and conviction. The 21 Icons project reminds us all of what humility, compassion, discipline and enthusiasm can achieve.

The lessons that can be learned from the lives of these icons could well lead to a renewal of spirit for our nation, and play a pivotal role in the emergence of tomorrow's leaders. This is why this project resonated with MBSA and why we were proud to become a partner."

3. Corporate social investment

The Mercedes-Benz group of companies in South Africa has a solid reputation for contributing toward nation building, stretching as far back as the establishment of its production facility in the country, 60 years ago. This legacy of good corporate citizenship lives on today through the group's formalised Corporate Social Investment (CSI) portfolio, which has evolved over the years to strategically align with the priorities of government in creating an empowered and economically independent population.

The focus of CSI echoes the general emphasis on sustainability, which is foundational to the organisation in its day-to-day operations. All projects supported make an enduring and lasting difference in the lives of beneficiaries. Project partnerships are developed with the aim of creating best practise models that can be replicated in more communities, increasing the overall impact on society.

Key focus areas are re-assessed annually to ensure that projects supported address real needs within society. At present these areas are: Education and HIV/AIDS. In addition, the employees of the group of companies amplify the passion for community upliftment by initiating projects that further support the CSI project beneficiaries. Employee volunteerism is gaining momentum in the group.

3.1 Education

Mercedes-Benz South Africa (MBSA) believes that as a nation South Africans need to put the correct building blocks in place to increase the economically active sector of the population. Education plays a pivotal role in creating this enabling environment, and receives focus as part of a sustainable and integrated approach to youth and whole school development. The company focuses on education in all areas – from pre-school to tertiary and adult basic education.

In addition, skills development in the technical fields of engineering and technology is essential to the future viability of the automotive industry, and receives emphasis, with the aim of building a pipeline of young people with relevant practical skills to join the sector.

African Angels Independent School:

African Angels Independent School, established in January 2012, is an independent learning centre situated in the East Coast Resorts area, near to East London. The school provides high quality primary school education for children from disadvantaged backgrounds. The school began with Grade R, 1 and 2 classes, with the intention of increasing by a grade every year to eventually include Grade 7. With the aid of funding provided, the school will over time expand into a full primary school, and it is anticipated that approximately 140 learners and over 45% of all families in the area will have a child enrolled at the school.

Laureus Sport for Good Foundation (LSGF):

Various large-scale sporting events held in the country since democracy, such as the 2010 Soccer World Cup, provide graphic proof that sport is a major force for social change in the South African context. The Laureus Sport for Good Foundation uses this same concept, facilitating the development and empowerment of the youth of the country through sport. Disadvantaged children of school-going age are given the tools to change their lives by participating in sporting activities, while also being equipped with life skills. 16 Projects are supported throughout South Africa. Laureus also invites sporting celebrities to become Ambassadors of the projects. These athletes share not only their knowledge and passion for success, but become positive role models to the children. Laureus aims to change the lives of youngsters who might otherwise become just another statistic in South Africa's landscape of poverty, crime and unemployment by providing them with an opportunity to build a productive life and develop into responsible, healthy and economically active adults. Another objective is to arrange staff engagement activities at different projects where employees share their skills and knowledge.

National Business Initiative (NBI): East London, Eastern Cape:

This business-government partnership in the Eastern Cape Province, has been set up to enhance the capacity of senior provincial officials from various government departments through coaching and mentoring. The ultimate goal is to improve the service delivery of provincial government. In addition to monetary and skills advisory support to this project, office space has also been made available to project co-ordinators within the Mercedes-Benz manufacturing plant office complex.

Improving service delivery in the province, where Mercedes-Benz South Africa has its award-winning manufacturing plant, impacts directly on economic trading and labour conditions, which is in turn beneficial to the industry. As an employer of thousands of Eastern Cape citizens, the company has a vested interest in supporting initiatives which will sustainably support government service delivery, and in 2012 employees are being mobilised to share knowledge and skills with beneficiaries of the project.

Rally to READ: Eastern Cape, Mpumalanga, Kwa Zulu Natal and Free State:

A long-standing partnership with the Rally to READ organisation and the Department of Education has already made a marked impact on the lives of many rural children. The focus is on improving literacy levels at selected rural primary schools during a continuous 3 year cycle.

The annual rallies take place in May and early June 2012, and both Mercedes-Benz South Africa and Mercedes-Benz Financial Services are regular participants, sending employee volunteers to deliver curriculum-aligned box libraries and sports equipment. An ongoing teacher training programme at the identified schools adds to the sustainability of the project.

Independent evaluations of the Rally to Read programme have shown that learners at the schools supported advance on average two years in reading skills and four years in writing skills, compared to learners at other rural schools. Employee participation is a critical element of the group's support, and various other interactive events are planned to augment the annual Rally outreach.

Improving the literacy levels amongst rural schoolchildren makes a sustainable contribution towards creating a successful and thriving business environment in the long-term.

School Transformation and Empowerment Programme (STEP): Border Kei Region, Eastern Cape:

Fifteen primary and secondary schools in the Eastern Cape Border Kei Region participate in this programme, which was initiated in 2009. The decision to establish this project in the particular area was motivated by the fact that East London is the home of the Mercedes-Benz manufacturing plant and the company is committed to investing in developing a new generation of well-schooled citizens here. All levels of the education hierarchy are included e.g. school managers, middle management, teachers, learners, and school governing bodies.

The objective is to deliver improved quality of teaching, increased learning and pass rates, ultimately improving the quality and quantity of successful matric candidates and equipping more learners to continue their studies successfully at tertiary institutions in the subjects of maths and science. In addition, Life Orientation education takes place, and Grade 9 learners are offered support with Subject Choice and Career Guidance.

East London based HIV & AIDS peer educators and other employees of the company interact with the schools to share their knowledge and skills, and form relationships with the beneficiaries.

School Transformation and Empowerment Programme (STEP): Gauteng:

The successful model which was created between 2009-2011 in the Eastern Cape, and which continues in 2012, is being replicated at 16 schools in the Tshwane West and South districts of the Gauteng Department of Education. A partnership programme is also under development with the German School in Pretoria, who manages an outreach initiative with a number of schools in Mamelodi and Eersterust.

Mercedes-Benz South Africa prides itself in creating sustainable and successful development models that can be replicated to impact a growing number of communities. This STEP initiative is one example of this.

The same objectives as those applicable to the STEP initiative in the Eastern Cape apply to the STEP activity in Tshwane. The Corporate head office of the Mercedes-Benz South Africa group of companies is based in Pretoria, and plans are underway to form closer relationships with communities in this area, facilitating numerous opportunities for employee volunteering activities.

St Anthony's Education Centre: Reiger Park, Gauteng:

Close to 2 000 disadvantaged youths and unemployed adults living in informal settlements annually receive artisan skills development (10 trades are being offered), and Adult Basic Education and Training (ABET). A matric re-write project is also conducted each year, which offers an opportunity to community members who are no longer in the position to attend school to complete their Grade 12 studies.

Motor industry requirements are accommodated in the artisan development programme through a Motor Mechanics artisanship, and from 2012 onwards this is being expanded to a MerSETA accredited learnership programme at Mercedes-Benz dealerships.

The objective is to improve the employability of disadvantaged members of society. Employees will become involved in a Wellness Day being presented to the community as well as to students attending St Anthony's education courses.

3.2 HIV AIDS

One of the first companies in South Africa to implement a comprehensive HIV/AIDS Workplace Programme in 2000, MBSA realised at an early stage the heavy toll that the disease could take on its most precious resource – its employees – if left unchecked. As early as 1991, the company followed the framework set by its German mother company, Daimler AG, to prioritise HIV/AIDS by instituting policies and procedures to protect infected employees from discrimination and stigmatisation. With a string of accolades from as far back as the 2002 Global Business Coalition on HIV/AIDS Award, to the most recent 2010 international Stevie Business Award, MBSA has provided a proven formula for tackling the disease from a collective and co-operative perspective, and has taken one step further on this journey by extending its support and expertise in the area to vulnerable communities.

Projects funded by MBSA's CSI programme are:

- Keiskamma Trust
- Sange Child and Youth Care Centre
- Ekukhanyeni Relief Project
- Siyakhana Health Trust
- Trucking Wellness

3.3 Employee Volunteerism

MBSA is known as a corporate that cares, and this mindset is also shared by its employees. As an extension of its corporate social investment portfolio, the group of companies has rallied socially-conscious employees to become more involved in its existing CSR projects in a structured and sustainable manner. For the purposes of increased impact, employee volunteerism initiatives provides further support and relationship building with beneficiaries, and contributes to MBSA as a great place to work. Since 2011, employees have conducted a number of outreach initiatives, under the umbrella of a co-ordinating committee called the Dreamweavers.

2011 initiatives supported by employees:

- Winter Collection for Ekukhanyeni creches,
- 6 Mandela Mondays activities,
- Mandela Day soup kitchen and HIV/AIDS clinic at taxi ranks in Pretoria
- Habitat for Humanity home build in Orange Farm.

Source:

Mercedes-Benz South Africa. 2016. www.mercedes-benzsa.co.za [Online]. Available:

<http://www.mercedes-benzsa.co.za/corporate-structure/>

<http://www.mercedes-benzsa.co.za/corporate-structure/mercedes-benz-south-africa/>

<http://www.mercedes-benzsa.co.za/corporate-structure/21-Icons/>

<http://www.mercedes-benzsa.co.za/sustainable-development/corporate-social-investment/>

(Accessed 13 September 2016).

....PTO/for questions

QUESTIONS

ANSWER ANY 3 (THREE) of the following questions:

QUESTION 1 (100)

Prepare a proposal to the management team of the MBSA group on:

- 1.1 Change management based on innovation and sustainability are seen as key drivers for organisational success. These drivers can be considered essential for establishing a competitive advantage when management applies an integrative approach, acknowledging the reciprocal nature and powers of these drivers. Analyse these concepts and explain the relevance of each in the context of managing change at MBSA.

(50)

- 1.2 How MBSA is establishing change interventions aimed at ensuring its fulfilment of corporate social responsibility in order to ensure sustainable business practices.

(50)

QUESTION 2 (100)

You are instructed by the top management of MBSA to compile a document considering the context of MBSA, its organisational structure and its offering of passenger and commercial vehicles.

The aim of this analysis is to establish to what extent change occurred and is taking place within the management practices of MBSA, illustrating 3rd wave characteristics and/or 4th wave characteristics within MBSA business strategies and practice.

QUESTION 3 (100)

Identify and apply each of the steps of a comprehensive change management process which could have been considered by the strategic team of MBSA with the launch of the following change intervention:

- MBSA assembly of the C-class Mercedes Benz

(You are allowed to make assumptions on C-class vehicle matters not presented in the case in order to apply your chosen intervention.)

QUESTION 4 (100)

Prepare a proposal to the management team of MBSA on:

- 4.1 The importance and value of servant leadership throughout a changing organisation such as MBSA, including the entities: Mercedes-Benz South Africa, for Vehicle manufacturing, sales and marketing; Sandown Motor Holdings, for Vehicle retail; and Mercedes-Benz Financial Services, for Vehicle finance and insurance.
(50)
- 4.2 Identify two (2) of the megatrends proposed by Clem Sunter (21st Century Megatrends) that have a direct impact on an organisation such as MBSA. Explain each of these trends and debate the relevance of these two selected trends to the MBSA business environment scenario presented in the case study.
(50)

QUESTION 5 (100)

MBSA functions within a continuous changing and evolving business context. The fifth wave supported by the Fifth discipline, is proposed as one solution in managing change within this demanding context of the contemporary era. Identify the principles presented by Peter Senge for developing a learning organisation and explain how each of these principles can be developed and implemented at MBSA.

TOTAL [300]

End of paper