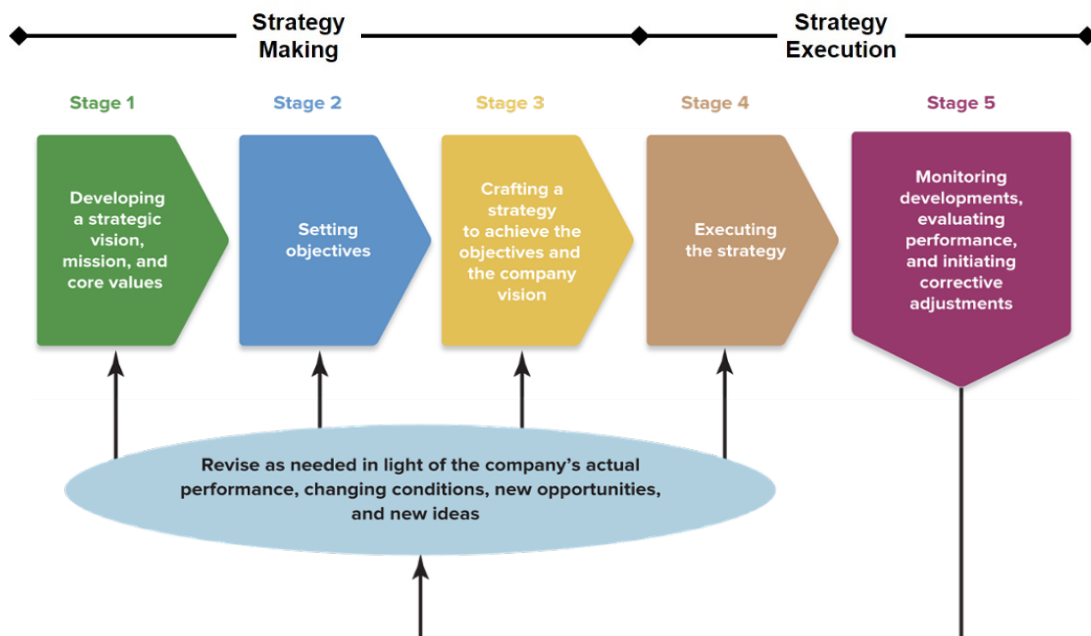


1. a. What does the strategy-making, strategy-executing process entail?  
 5 phases of making & executing strategy (*must elaborate more*):
  - 1) Developing a strategic vision of where company needs to head and what its future product/market/customer technology focus should be.
  - 2) Setting objectives and using them as yardsticks for measuring the company's performance and progress. (Objectives must be quantifiable or measurable, contain a deadline and spell out how much of what kind of performance by when...)
  - 3) Crafting a strategy to achieve the objectives and move the company along the strategic course that management has charted.
  - 4) Implementing and executing the chosen strategy efficiently and effectively.
  - 5) Evaluating performance and initiating corrective adjustments in the company's long-term direction, objectives, strategy, or execution in light of actual experience, changing conditions, new ideas and new opportunities.



- b. How to lead the strategic management process (6 actions):
  - Have a broad network – communicate with as many levels of your company => Staying on top of how well things are going
  - Making sure a company has a good strategic plan => Ensure 3 levels of management (Corporate, Business and functional) in accordance with the overall strategy
  - Putting constructive pressure on organizational units to achieve good results and organizational excellence
  - Pushing corrective actions to improve both the company's strategy and how well it is being executed
  - Leading the development of better competencies and capabilities
  - Displaying ethical integrity and undertaking social responsibility initiatives.
  -

Q2.

- a. What are the steps of a SWOT analysis and what are its payoffs?

Step: List out the company strengths, weaknesses, opportunities and threats in a table of 4 different columns and rows. In a table of 2x2, we respectively list out the things a firm does well or an attribute that enhances its competitiveness, what a firm lacks, does poorly, or a condition placing it at a disadvantage; potentials and external threats.

From this table, we must draw conclusions about a company's overall situation, hence acting on the conclusions to:

- Better match a company's strategy to its **resource strengths** and market **opportunities**
- Correct the important **weaknesses**
- Defend against external **threats**

Payoff: assisting strategy-makers in crafting a strategy that is well-matched to the company's resources and capabilities, its market opportunities, and the external threats to its future well-being.

b. SWOT Analysis: MAERSK

#### **STRENGTHS:**

- **Company culture:** Maersk is a company that has operations across global borders and thus deals with a vast variety of stakeholders from a number of cultures, ethnicities, and racial groups. The company culture of the company is thus international, dynamic, and centered completely on performance and value orientation.
- **Presence in core sectors:** The company has the presence in core sectors such as transport, logistics, and energy. Through five core businesses Maersk Line, APM Terminals, Damco, Svitzer and Maersk Containers they handle end to end supply chain needs of all customers. Through their energy business, they are ensuring that their roots are firmly embedded in the world of business.
- **Network:** The company has operations in around 130 countries across continents such as America, Africa, Asia Pacific, and Europe. The company caters to all kinds of customers irrespective of the size of their businesses. The presence in foreign trade and energy have ensured that their network is spread to even the remote corners of the globe.
- **Core values:** The business rests on core values like humility, upright attitude, unity, constant care, and the right environment for the right people. The core values of the business are reflected in each aspect of operations and also in the guidelines established by the business.
- **Strong customer relationship:** The customer relationship of Maersk is very strong and the engagement levels are high between the company and the client. The company develops innovative solutions to satisfy end to end solutions for supply chain management and thus the customer need not approach any other business for their supply chain needs.
- **Strategy:** The strategy of Maersk looks at value creation for stakeholders at all stages of their business. Though they have the presence in a number of sectors such as energy, transport, and logistics the three operate in synergy. The company focuses on agile

strategies which aim at enhancing the growing top line of their clients and identification of unforeseen business opportunities for their clients.

#### **WEAKNESS:**

- **Low volumes:** The competition in the transportation and logistics sector has grown profusely in the last decade and thus the volumes of business have significantly gone down. The unit cost of operation has been increasing consistently and the commercial challenges have been growing.
- **Losses in the energy business:** Maersk Drilling and Maersk Supply Service the two key brands in the energy operations of the company suffered massive losses in the last two years. In addition to this, there have also been heavy impediment charges as well as the reduction in the total portfolio values.
- **High costs of operations:** With a growing network the costs of operations of the company poses a critical challenge to the business. The higher rug rates and growing operational delays add to the increased spending of the company.

#### **OPPORTUNITIES:**

- **Growth in logistics technologies:** In the logistics sector there are a number of new technologies. These technologies not just help the customers to reduce their costs but also help the logistics companies streamline their operations. These technologies include are RFID, logistics outsourcing, and crowd logistics.
- **Increasing focus on emerging markets:** The group is increasing its activities in emerging markets to take advantage of the growing shipping business in these regions. For instance, in Latin America, APM Terminals opened Santos, Brazil's largest container terminal; and several greenfield and expansion projects were started in Mexico, Costa Rica and Peru. Furthermore, the group made an important investment in Russia in 2013 with the acquisition of National Container Company through the group's stake in Global Ports, making Global Ports the largest container terminal operator in Eastern Europe. In addition to port expansions, Maersk Drilling, Maersk Supply Service and Svitzer increased their efforts in West Africa; and Maersk Oil continues to explore and move towards production in Angola.
- **Strong outlook for the global marine freight market**
- **Strategic partnerships and acquisitions**

#### **THREATS**

- **Increased trade protectionism policies**
- **Unstable political events:** US-China trade war that affects US-China container trading route
- **Competition**

Q3. *In this question, the lecturer allowed us to use both real-life and imaginary examples.*

Negative impacts of low-cost strategy:

- Engaging in overly aggressive price cutting does not result in unit sales gains large enough to recoup forgone profits.
- Relying on a cost advantage that is not sustainable because rival firms can easily copy or overcome it.
- Becoming too fixated on cost reduction such that the firm's offering is too features-poor to gain the interest of buyers.
- Having a rival discover a new lower-cost value chain approach or develop a cost-saving technological breakthrough.
- Besides, we can mention that low cost strategies will reduce product innovation and make financial cuts in critical areas of the industry (customer service), hence may result in losing customers and business.

Example: Few years ago during low demand period, container shipping was competing each other aggressively in terms of low freight rate and timely delivery. However, one container line was trying to be the cost leadership by offering the lowest cost in the market. But due to low demand and low GDP growth, the revenue gained was not enough to cover the costs incurred. Hence the company was eliminated. Another example can be HMM joining the 2M Alliance to cut cost and utilize the space, but not gaining any profit.

Q4. Force Field Analysis for 1 of potential technological changes in maritime industry.

*(In this question, I will just list out the few most important drivers. Feel free to think up more)*

UNMANNED CARGO SHIP		
Driving Force	Indefinite force	Resisting force
Reduced crew cost (55)	Safety (Cyber security, transportation)	Infrastructure constraints (50)
Utilization of ship's space and fuel (45)		Cost of Implementation (30)
		Onboard maintenance (10)
		Disapproval from Union (10)

1. Resisting force

a. Infrastructure constraints (50)

Currently, there will surely be incompatibilities between existing marine infrastructure and unmanned vessels. And if even there are going to be compatible ports for this type of ship in the near future, the number of such ports will not be very high. Hence, unmanned ships can call at a limited number of ports and very few fixtures can be done, resulting in low revenue or even a loss.

b. Costs of implementation (30)

This huge cost is the capital expenditure in initially investing in the technology, especially in the early stages of its development. This is not just for the ship itself, but also the setting-up of onshore operations to monitor fleet movements. For a fully autonomous ship, the operating system and algorithm will be very complex to

calculate all risks and detect any hazard, as well as making decisions itself, increasing the difficulty for coders and in turn, investment costs.

c. Onboard Maintenance (10)

The lack of crew will make maintenance of moving parts incredibly difficult on long voyages and breakdowns could result in significant delays. As even if monitored by a system, vessels cannot totally eliminate the chance of technical problems happening, hence it will be a consideration for shipbuilders.

d. Disapproval from Union (10)

As there will be potential unemployment for ship crews when this type of ships becomes popular, disapproval from the Union is expected. However, in the mean time, lack of crew is still a big problem and cannot be solved in short term, it does not represent a big percentage.

2. Driving Force

a. Reduced Crew cost (55)

A three-year research project by MUNIN (Maritime Unmanned Navigation through Intelligence in Networks) predicted a saving of over \$7m over a 25-year period per autonomous vessel in fuel consumption and crew supplies and salaries. Especially in the current affairs when there is lack of skilled crews, an operating system will be more preferred.

b. Utilization of ship's space and fuel (45)

As ships now do not have crew, space previously used for accommodation and food/water storage can be converted to cargo space, hence allowing more cargo to be carried per vessel than before.

3. Indefinite Force

There are different perspectives on the safety issues of Unmanned cargo ship.

Pros: - no man -> reduce the chance of crew getting hurt/death when there are pirate attacks and increase safety of life

- Reduce human errors, one of the major cause of maritime accidents (75-96% of shipping accidents involve human error.

Cons:

- Cybersecurity remains a hot problem in today's world, not limiting to maritime industry. By being operated by AI system completely, the vessel is exposed to being hijacked and change its route (e.g by GPS proofing)
- The vessel is still prone to the chance of getting pirate attack.
- Collision between vessels still happen (e.g Andrea Doria and Stockholm off Nantucket 1956)