



POLYTECHNIC OF NAMIBIA
Department of Agriculture

QUALIFICATION: Bachelor of Technology: Agricultural Management	
QUALIFICATION CODE: 70BLAN	LEVEL: 4
COURSE: Strategic Management (Agriculture) IV Module 1	COURSE CODE: ASM4M1A
DATE: 17 November 2003	SESSION: 09h00 – 13h00
DURATION: 4 Hours	MARKS: 100

FIRST OPPORTUNITY EXAMINATION QUESTION PAPER

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MODERATOR: Mr E. Semango

**THIS QUESTION PAPER CONSISTS OF 5 PAGES
(INCLUDING THIS FRONT PAGE)**

INSTRUCTIONS

Answer ALL the questions.

1. Case Study: "Marketing is farmers priority"
2. Reengineering and work structuring

PERMISSIBLE MATERIALS

1. Calculator.

STRATEGIC MANAGEMENT

NOVEMBER 2003

ANSWER ALL THE QUESTIONS

QUESTION 1

Read the case study before answering the questions at the end of the case study. The mark allocated for each question will give you an indication of the time needed to answer each question.

If information is lacking in the case study (particularly with SWOT analysis), make your own assumptions and use practical examples, which are still applicable to the case study.

“Marketing is maize farmers priority”

The three finalists in the recent “Maize Man of the year competition agree that maize cultivation in Namibia has changed dramatically, especially in recent year. Previously farmers in the Maize “Triangle” could concentrate on production practices, but these days the marketing of their products enjoys top priority.

According to Tenu Avafia (Country Manager of the Trade Law Centre of Southern Africa) trade will now move on to a bilateral level, where no great concessions will be made by the big powers. Avia further reiterated that at a recent WTO meeting in Mexico, Cancun the one of the focal points was to look at possible farm subsidy cuts in developed countries.

One of the finalists says that the free market system offers opportunity to obtain as much as 50% more than your neighbor for your maize, provided that you market correctly. He found that the following split worked well during the past season: 25% of

the crop on pre-planting contracts; 25% on cash sales and the rest on future contracts. Although he favours pre-planting contracts, there is no recipe for marketing, except to carefully compare the risks of all the available options. A while ago one of the other finalists started preparing himself for the new milieu.

His first step was to conclude pre-season contracts with buyers. At the same time he started erecting a silo on his farm. He currently has a silo with a capacity of 1 200 tons on his farm and plans to expand it to 3 200 tons in the near future.

In this way he will be able to store approximately half of his total maize crop on the farm. The silos have good drying facilities. The latest addition to his marketing set-up is a computerized weighbridge of 100 tons. He also plans to follow a course in grain grading to give him complete control of the marketing of marketing his own maize.

With his own marketing planning position, he is trying to negotiate enough pre-season contracts to cover his total input cost. Approximately 30% of the crop is sold on pre-season contracts. The rest is handled on the basis of supply and demand. Because he has his own silo, it gives him the entire season to negotiate the best prices.

The last finalist support as many marketing strategies possible to negotiate the best possible prices. This includes finance contracts, which guarantee input costs, pre-season contracts for approximately a third of the crop, taking strategic action during the late growing season for the second third of the crop, while the last is stored for later release into the market.

For him, the greatest profitability, however, lies in adding value. A substantial portion of the maize is used for stock feed. All his livestock is marketed from the farm after being fattened. The maize grown on the farm is also used for dairy rations.

The recently appointed Manager of the Development Bank Of Namibia (DBN) said that the main focus of the institution would be to fund big projects at low interest rates.

Adapted from: Lanbouweekblad, October 02, 1998, p. 42 & The Namibian, October 06, 2003, p. 15

Questions

The Namibian Agronomic Board has approached you to develop a strategic plan and to do certain parts of the implementation for the maize farmers. If information is lacking from the case study, make your own assumptions and use suitable practical examples. During your environmental scanning, with specific reference to the macro environment, it is important that you analyze the current situation in the country and use this information for maize farmers strategic plan.

1.1 It is expected of you to do the following:

- Develop a vision (2)
 - Develop a mission (8)
 - Do a SWOT analysis (20)
 - Formulate strategic goals and objectives (5)
 - Do a gap analysis (5)
 - Identify and formulate strategies (10)
 - Evaluate and select strategies (5)
- [55]**

- 1.2 Explain what strategic and operational control measure you would recommend to monitor and control the implementation of a strategic plan. **[25]**

Question 2

Discuss the concept re-engineering and work structuring.

[20]

Total: 100