

05 The full syllabus – strategic level

This section sets out the specific syllabus for each of the three papers at the strategic level of the qualification. However, it is implicit in each case, that material included in the syllabus for any of the papers at the management or operational levels may also be relevant for the purposes of assessment.

PAPER E3 ENTERPRISE STRATEGY

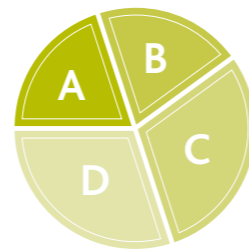
Syllabus overview

Paper E3 continues the integration of skills across functions, but concentrates on developing the knowledge and skills used in designing and implementing strategy. Strategy is developed in a context, and understanding how the organisation's external environment and stakeholders affect strategy development is important. Context and the internal capabilities of the organisation shape the generation and evaluation of strategic options. Implementing strategy involves tools and techniques associated with change management. Finally, the paper requires the application of tools to assist in the evaluation of the performance implications of a given strategy.

Syllabus structure

The syllabus comprises the following topics and study weightings:

A	Interacting with the Competitive Environment	20%
B	Change Management	20%
C	Evaluation of Strategic Options	30%
D	Implementation of Strategic Plans	30%



Assessment strategy

There will be a written examination paper of three hours, plus 20 minutes of pre-examination question paper reading time. The examination paper will have the following sections:

Section A – 50 marks

A maximum of four compulsory questions, totalling fifty marks, all relating to a pre-seen case study and further new unseen case material provided within the examination.

(Note: The pre-seen case study is common to all three of the strategic level papers at each examination sitting i.e. Paper E3, P3 and F3).

Section B – 50 marks

Two questions, from a choice of three, each worth twenty five marks. Short scenarios will be given, to which some or all questions relate.

E3 – A. INTERACTING WITH THE COMPETITIVE ENVIRONMENT (20%)

Learning outcomes		Indicative syllabus content
On completion of their studies students should be able to:		
Lead	Component	
1. evaluate the key external factors affecting an organisation's strategy.	(a) evaluate the impact and influence of the external environment on an organisation and its strategy; (b) recommend approaches to business/government relations and to relations with civil society; (c) discuss the drivers of external demands for corporate social responsibility and the organisation's response; (d) recommend how to manage relationships with stakeholders; (e) recommend how to interact with suppliers and customers.	<ul style="list-style-type: none"> Non-market strategy and forms of corporate political activity. External demands for responsible business practices and ways to respond to these. Stakeholder management (stakeholders to include government and regulatory agencies, non-governmental organisations and civil society, industry associations, customers and suppliers). The customer portfolio: Customer analysis and behaviour, including the marketing audit and customer profitability analysis as well as customer retention and loyalty. Strategic supply chain management. Implications of these interactions for Chartered Management Accountants and the management accounting system.
2. evaluate the impact of information systems on an organisation.	(a) evaluate the impact of the internet on an organisation and its strategy; (b) evaluate the strategic and competitive impact of information systems.	<ul style="list-style-type: none"> The impact of IT (including the internet) on an organisation (utilising frameworks such as Porter's Five Forces, the Value Chain). Competing through exploiting information (rather than technology), e.g. use of databases to identify potential customers or market segments, and the management of data (warehousing and mining). Contemporary developments in the commercial use of the internet (e.g. Web 2.0).

E3 – B. CHANGE MANAGEMENT (20%)

Learning outcomes		Indicative syllabus content
Lead	Component	
On completion of their studies students should be able to:		
1. advise on important elements in the change process.	(a) discuss the concept of organisational change; (b) recommend techniques to manage resistance to change.	<ul style="list-style-type: none"> External and internal change triggers (e.g. environmental factors, mergers and acquisitions, re organisation and rationalisation). Stage models of change. Problem identification as a precursor to change. Cultural processes of change i.e. change within the context of the whole firm.
2. evaluate tools and methods for successfully implementing a change programme.	(a) evaluate approaches to managing change; (b) compare and contrast continuous and discontinuous change; (c) evaluate tools, techniques and strategies for managing the change process; (d) evaluate the role of leadership in managing the change process.	<ul style="list-style-type: none"> The importance of managing critical periods of discontinuous change. Tools, techniques and models associated with organisational change. Approaches, styles and strategies of change management. Importance of adaptation and continuous change. Leading change.
3. recommend change management processes in support of strategy implementation.	(a) evaluate the role of change management in the context of strategy implementation; (b) evaluate ethical issues and their resolution in the context of organisational change.	<ul style="list-style-type: none"> Change management and its role in the successful implementation of strategy. The advantages and disadvantages of different styles of management on the successful implementation of strategy. Group formation within organisation and its impact on change processes within organisations. Business ethics in general and the CIMA Code of Ethics for Professional Accountants (Parts A and B) in the context of implementation of strategic plans.

E3 – C . EVALUATION OF STRATEGIC POSITION AND STRATEGIC OPTIONS (30%)

Learning outcomes		Indicative syllabus content
Lead	Component	
On completion of their studies students should be able to:		
1. evaluate the process of strategy development.	(a) evaluate the process of strategy formulation; (b) evaluate strategic options; (c) evaluate different organisational structures; (d) discuss the role and responsibilities of directors in the strategy development process.	<ul style="list-style-type: none"> Mission statements and their use in orientating the organisation's strategy. The process of strategy formulation. The identification and evaluation of strategic options. Strategic options generation (e.g. using Ansoff's product/market matrix and Porter's generic strategies). Real Options as a tool for strategic analysis. Note: Complex numerical questions will not be set. Scenario planning and long range planning as tools in strategic decision-making. Game theoretic approaches to strategic planning and decision-making. Note: Complex numerical questions will not be set. Acquisition, divestment, rationalisation and relocations strategies and their place in the strategic plan. The relationship between strategy and organisational structure. The role and responsibilities of directors in making strategic decisions (including issues of due diligence, fiduciary responsibilities).
2. evaluate tools and techniques used in strategy formulation.	(a) evaluate strategic analysis tools; (b) recommend appropriate changes to the product portfolio of an organisation to support the organisation's strategic goals; (c) produce an organisation's value chain; (d) discuss both qualitative and quantitative techniques in the support of the strategic decision making function.	<ul style="list-style-type: none"> Audit of resources and the analysis of this for use in strategic decision-making. Forecasting and the various techniques used: trend analysis, system modelling, in-depth consultation with experts (Delphi method). Management of the product portfolio. Value chain analysis. Strategic decision-making processes.

E3 – D. IMPLEMENTATION OF STRATEGIC PLANS AND PERFORMANCE EVALUATION (30%)

Learning outcomes		Indicative syllabus content
Lead	Component	
On completion of their studies students should be able to:		
1. evaluate the tools and processes of strategy implementation.	(a) recommend appropriate control measures; (b) evaluate alternative models of performance measurement; (c) recommend solutions to problems in performance measurement; (d) advise managers on the development of strategies for knowledge management and information systems that support the organisation's strategic requirements; (e) recommend changes to information systems appropriate to the organisation's strategic requirements.	<ul style="list-style-type: none"> • Alternative models of performance measurement (e.g. the balanced scorecard). • Business unit performance and appraisal, including transfer pricing, reward systems and incentives. • Project management: monitoring the implementation of plans. • The implementation of lean systems across an organisation. • Theories of control within organisations and types of organisational structure (e.g. matrix, divisional, network). • Assessing strategic performance (i.e. the use and development of appropriate measures that are sensitive to industry characteristics and environmental factors). • Non-financial measures and their interaction with financial ones. (Note: candidates will be expected to use both qualitative and quantitative techniques). • The purpose and contents of information systems strategies, and the need for strategy complementary to the corporate and individual business strategies. • Critical success factors: links to performance indicators and corporate strategy, and their use as a basis for defining an organisation's information needs.