COURSE STRATEGY GUIDE

CP 311 – Strategic Management

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This Course Strategy Guide provides an overview of the CP 311: Strategic Management course, in order to help the candidate understand the essence of this course and to provide a guide on how to prepare for the examination of this course. While this guide can be a valuable aid in preparation, the material in it will not be tested.

I. Purpose of this Course

The purpose of the Strategic Management course is to help the candidates to develop a solid foundation of business acumen, business management, leadership, and strategic thinking skills. These skills will enhance candidates' abilities to make strategic decisions.

This course focuses on a broad spectrum of industries and creates unique value by blending the strengths of our actuarial program with the essentials of a Master of Business Administration (MBA) Finance program. In this way, this course is different from other SOA courses as its scope of coverage goes beyond the traditional insurance industry. Candidates might note that this necessarily means the syllabus will cover some topics that do not directly apply to their current work but may prove useful in the future as they undertake new roles.

In conclusion, the goal is to prepare candidates to succeed in their careers whether in the insurance or **any** industry.

II. Recommended Approach in Preparing for Course Exam

Our recommended study approach is to first read the descriptions of the Learning Objectives and Learning Outcomes in the Syllabus; then read the Case Study in conjunction with the syllabus study materials in the order presented for each course topic. The recommended order is purposeful.

Keep in mind that each exam question is created by starting first with one or a combination of the Learning Objectives and Learning Outcomes. Each question will consider a context (such as one from the Case Study, described below) that entails a business situation or conflict. The insights or lessons learned from the syllabus study materials are there to help the candidate develop and apply a solution that best fits within the context of the exam question. Note that a solution to a given problem presented within the study materials is appropriate for the context used within those study materials, but not necessarily appropriate for the context of the exam question (often the context is that of a case study company and its business strategies and management practices). Since the exam is focused on the demonstration of critical thinking, the candidate must learn how to take the learning from one situation and apply them to a different

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situation. In creating such questions, this course seeks to emulate real-world situations which, most of the time, do not have solutions that conveniently appear within any textbook. Candidates are expected to apply the techniques or insights that they learn from the syllabus study materials to new real-world problems. The candidate uses the study material as a tool to gain insights about the Learning Objectives and Learning Outcomes. These insights expressed in a solution to an exam question demonstrate critical thinking.

III. The Case Study

A Case Study has been developed for this course. The purpose of having a Case Study as an integral part of the syllabus is to provide a context from which the candidates can internalize the study materials and apply some of the underlying concepts embedded in the study materials within the context of the Case Study companies.

The Case Study is purposely constructed to include businesses in various financial and non-financial industries. This allows candidates to gain insights into how enterprise risk management practices used in financial industries can also be applied in other industries and vice versa.

The Case Study also provides a platform to have multi-dimensional business problems for candidates to demonstrate their strategic decision-making skills. For example, the Case Study enables management subjectivity or cultural or bias considerations in addition to the purely technical aspects of business problems to make the best strategic decisions.

Also, exam questions using the Case Study may not have all the pertinent intelligence, may have conflicting intelligence, or different managers may be advocating different courses of action. This mirrors reality. But the managers must still make decisions. The Case Study creates a realistic view of what a business manager may face on a day-to-day basis and helps to prepare candidates to develop strategic and critical thinking skills and business acumen in analyzing the different situations presented in the Case Study.

The Case Study consists of a narrative Portable Document Format (PDF) file and an Excel spreadsheet with financial data for several of the companies included in the Case Study. The PDF file and the spreadsheet will be available to candidates when they sit for the exam.

IV. Course Syllabus Learning Objectives and Learning Outcomes

Strategic management concepts are widely recognized and used by many business leaders, consultants and advisors, strategy and business development managers, and entrepreneurs. Their use has increased over time in many countries. Today, many educational institutions are offering courses to help students understand their role and importance. Thus, it is important for our candidates to understand some of the underlying concepts of strategic management.

The Strategic Management course focuses on applying strategic management concepts and frameworks to develop and implement business strategies and solutions, and to make appropriate strategic decisions. Four topics are chosen for this course:

1. Introduction to Strategic Management
2. Strategic Budgeting, Forecasting, and Value Measures
3. Decision Modeling and Optimization
4. Organizational Behavior

Details of the Learning Objectives, Learning Outcomes and syllabus study materials associated with the Learning Outcomes for each of the four topics can be found in the Syllabus. The candidate should be familiar with the Learning Outcomes as described in the Syllabus. These Learning Outcomes represent the knowledge candidates are expected to be able to perform after completing this course and will guide the assessment committee when developing questions.

These four topics are chosen for the following reasons:

Topic 1: Introduction to Strategic Management

Strategic management helps organizations to set and implement business goals and strategies and to evaluate the performance of the strategies. It is a process to make an organization more competitive by analyzing internal and external factors and the value chain, making decisions, and taking action to create a competitive advantage. Strategic management can be implemented at the organization-wide leadership level, or at a department level or team level. The five included chapters of the *Strategic Management: Competitiveness and Globalization, Concepts* textbook clearly explain the different types of business strategies. They cover Learning Outcomes 1a(ii) to 1a(iv) and 1b(i) to 1b(ii).

In running any organization, it is essential for management to understand the organization's competitive environment and its competitive advantages. Without this understanding, the organization is unlikely to thrive and succeed under different economic, risk and business environments. Porter's five forces analysis framework was first published in Harvard Business Review in 1979. It is recognized by the business community as a method of analyzing the competitive environment of an organization. The *Understanding Michael Porter, The Essential Guide to Competition and Strategy* textbook explains Porter's framework very well and it will enhance the candidates' ability to analyze the competitive landscape and value chain creation. The textbook covers Learning Outcomes 1a(i), 1a(iv), 1b(i) and 1b(ii).

In the real world, the business environment is not static but dynamic and constantly changing. It is essential for business to respond to change in an effective manner. Effective change management is essential to increasing the probability of successful implementation of organizational changes. Topic 1 includes a change management article that satisfies Learning Outcome 1b(ii).

Two readings on operating models and strategic resource allocation expand on how organizations can connect long-term strategy to day-to-day decisions. They emphasize that having the right strategy is not sufficient - leaders must align governance, processes, and talent to deliver clarity and speed in execution. These articles cover Learning Outcomes 1a(iv), 1b(i) and 1b(ii).

Topic 2: Strategic Budgeting and Value Measures

Topic 2 expands the candidates' knowledge of strategic budgeting and forecasting and how they can create value and sustainable growth. The included chapters of the *Handbook of Budgeting* textbook cover the key concepts on budgeting while a chapter of the *Valuation: Measuring and Managing the Value of Companies* textbook and the advanced financial planning and analysis article cover the essential principles and concepts of forecasting. These materials together align with Learning Outcomes 2a to 2c and 2e.

This section also covers some key measures of an organization's value and their uses in strategic decision making. Understanding these concepts is important to running a sustainable business. Two textbooks cover the Learning Outcomes for this section:

Two chapters of *Damodaran on Valuation* and one chapter of *Financial Valuation* are chosen as the concepts of control value, synergy value, and valuation premium & discounts are important to valuing an organization. These chapters align with Learning Outcomes 2d and 2f.

In addition, five chapters of *Valuation: Measuring and Managing the Value of Companies* are included because they cover essential principles and concepts of measuring value creation in the business world. These chapters together also cover Learning Outcomes 2d and 2f.

Topic 3: Decision Modeling and Optimization

In Topic 3, the objective is to enhance candidates' knowledge of decision-making models for general managerial decisions within specified constraints. Well-prepared candidates will be able to apply and evaluate business decisions using quantitative and statistical methods. This is also the section where candidates can find similarity between actuarial models and decision-making models.

Four chapters from the *Data, Models and Decisions: The Fundamentals of Management Science* textbook provide a quantitative framework and method to evaluate business decisions. All four chapters cover Learning Outcomes 3a to 3c.

An article on a quantitative method to measure change management success is also included as this article addresses Learning Outcome 3c.

An article on tailoring decision-support tools to different levels of uncertainty is also included as it reinforces the application of appropriate methods under Learning Outcome 3a.

Topic 4: Organizational Behavior

Human behavior and cognitive biases have significant impacts on the effectiveness of decision-making processes within organizations. Thus, Topic 4 covers the role of organizational behavior in organizational decision-making and efficacy.

The articles "How Behaviours Impact Corporate Decision-Making" and "Tying Short-Term Decisions to Long-Term Strategy" and one chapter from *Judgment in Managerial Decision Making*

textbook cover human and behavioral impacts on organizational decision processes, which align with Learning Outcomes 4a and 4b.

The “Capital Bias” article, chapter 19 of the *Quantitative Enterprise Risk Management* textbook and the “Deciding How to Decide” article address cognitive biases, which align with Learning Outcome 4b.