

XP Actuarial Practice Exam – Strategic Management (CP311)

Practice Exam SAMPLE – 2025/26



1. (10 points)

Frenz has decided to investigate acquiring King Coffee, headquartered in Equabodia. The goal of the acquisition would be to expand Frenz's global reach.

Initial private discussions at an industry conference between Lotte Janssen, CEO of Frenz and Khan Ong, CEO and founder of King Coffee were positive. If an acquisition happens, Mr. Ong indicated he would stay on if given the freedom and capital to continue the company's expansion. He also wants the name to continue to be called King Coffee in Equabodia and, if the company expands its stores further, in Vietombia. In those conversations, Lotte Janssen has agreed in principle to Mr. Ong's desires.

Mr. Ong has said the acquisition price would be in the range of \$300 million.

Reasons for Acquisitions include:

- I. Increased Market Power
- II. Overcoming Entry Barriers
- III. Cost of New Product Development and Increased Speed to Market
- IV. Lower Risk Compared to Developing New Products
- V. Increased Diversification
- VI. Reshaping the Firm's Competitive Scope
- VII. Learning and Developing New Capabilities

(a)(5 points)

Assess each reason above as to whether it applies materially to Frenz's potential acquisition of King Coffee. Justify your answers.

ANSWER:

**** Question 1 continues on the next page ****

1. Continued

(b) (4 points)

(i)

Identify 3 key risks to Frenz with the potential acquisition of King Coffee from the list of “Problems in Achieving Acquisition Success” in *Strategic Management*. Justify your answer as to why they are key risks to Frenz.

ANSWER:

(ii)

For each of the 3 risks you identified in (i), describe a way to mitigate the risk.

ANSWER:

(c) (1 point)

Identify which one of Porter’s Five Forces would likely be the most reduced if this potential acquisition happened. Justify your answer.

ANSWER: