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How to tackle a strategy case

Cara C. Maurer wrote this technical note solely to provide material for class discussion. The author does not intend to illustrate either effective or ineffective handling of a managerial situation. The author may have disguised certain names and other identifying information to protect confidentiality.

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Cases offer a highly effective learning tool to develop critical thinking and analytical skills, which are essential to your ability to make good decisions as managers and strategists—provided you are fully engaging with each case and open to the challenging thinking and decision making each case demands from us. The simplified process suggested here extends beyond analysis of a strategy case to a process that you can follow and practice for strategic analysis and decision making in a variety of cases and in your future career.

At first, looking at a long complex case study can be confusing and overwhelming, and the path towards a solution may seem to be buried in a deep fog. You may be tempted to turn to the Internet or former students for solutions to assigned cases. Simply put, the more you engage in complex case analyses, the more you will complexify your thinking and train your brain to deal effectively with the tensions and complexities at hand. Over time, systematic analysis will become second nature to you, but first you need to use strategic frameworks diligently and repeatedly through all of the parts and linkages within the frameworks you are using.[[1]](#footnote-1) When you are working on a case as a team, resist the temptation to take a divide-and-conquer approach because it may seem more efficient. Instead, recognize that teams are a great asset for generating different perspectives and opinions that will improve the analysis. Take the necessary time for all team members to work through the same case in parallel, and then allow for debate and further analysis until you arrive at a final analysis and set of recommendations that take everyone’s contribution and perspective into account.

No case has a single correct answer! Some answers are better than others. What makes an answer convincing and solid ground for action is that it is systematic and complete in taking all major elements of analysis into account. Your analysis will likely include some tension. For example, you may find that the demands of the external context cannot be met with existing internal capabilities. Good analysis does not mean that you satisfy all demands equally and eliminate all tensions but that you take all of the competing forces into account and find a reasonable way to proceed. If your analysis has no tensions, chances are that you are missing something! Go back to reassess linkages between different elements. For example, are you able to actually deliver the value that you are promising to your customers? Are your strategic goals realistic given external conditions?

Every case is unique, as is every firm and every strategic business problem. This means that you can enter the analysis from different angles or entry points. However, a somewhat structured approach to working through a series of steps to support you in your thinking and decision making has benefits. The following series of steps has been proven to be effective for general guidance:

Step 1: Problem or issue

* What is the major problem, issue, opportunity, or decision presented in the case? If there is more than one problem, choose the most important one. Think about strategic issues that impact the entire organization over a significant length of time. This process is different from case analysis in functional courses (e.g. marketing, operations, human resources), where issues are more focused and contained to one particular function.
* Remember that strategy never happens in a vacuum but in context. Context refers to time and place and web of relationships. You will systematically analyze external context as part of the Diamond E framework, but it is helpful to consider this notion up front. Ideally, your analysis will incorporate a broad set of community-related stakeholders, but at a minimum evaluating macro (such as PEST) and micro (such as competition, supply, demand) forces is important.
* It also matters what your own frame of mind is going into the analysis. Our values, emotions, and taken-for-granted assumptions are always at play and may bias you positively or negatively towards an issue. If you have a strong tendency towards one side already before starting your analysis, pay even more attention to generating multiple perspectives of the issue.

Step 2: Current Strategy and performance

* What is the current strategy and how can you assess past performance? What are your expectations for future performance if strategy remains the same? Is the company in anticipatory, reactive, or crisis change? You will make different decisions about scope, scale, and pace depending on that assessment. What is the firm’s strategy (value proposition, strategic goals, product or market focus, core activities)? How does the firm position itself in relation to its competitors? Is there a good fit and consistency between the strategy components? As you are thinking about the financial performance of the firm, you likely have past financial trends and ratios. To keep focus here, think about the basics of how the firm makes money; think about the key metrics of the particular business and how they impact the profit equation: Profit = (Price x Quantity) – Costs. Simply powerful!

Step 3: Diamond-E framework

* Work through each link in the Diamond-E framework to identify the key implications for strategy. The Diamond-E framework connects the external environment with a firm’s strategy as well as with its resources and capabilities, the preferences of management, and its organization in a diamond shape. (For more detail, please refer to *Strategic Analysis and Action*[[2]](#footnote-2)).
* Are there tensions between what the firm needs to do (external contexts), can do (resources and capabilities), and wants to do (management preferences)? Focus on possible gaps and inconsistencies. You can judge the quality of a strategy or framework by assessing the consistency of connections between elements. If tensions exist, and they likely do, think about what it would take to resolve them and about their relative importance and priority, knowing that it is likely you cannot correct everything.

Step 4: Criteria

* How will you decide between alternatives? What would be the attributes of an effective strategy? Connect back to the issue or problem, the firm’s goals and strategy, elements of the Diamond-E, and so on. Decide on criteria **before** you develop and decide between alternatives to avoid forgone conclusions**.**

Step 5: Alternatives or Options

* Develop at least three distinct but possible strategic responses. Make sure your alternatives are comprehensive enough to address the main strategic issue(s) at hand rather than dealing only with a specific functional question. Also, avoid “strawmen” options—those alternatives might give the sense that you have looked at more than one option, but some of those options may not really have a viable chance at success. Offer both quantitative and qualitative analysis of each option. Recall the profit equation. How would each option impact the firm’s ability to make profits and to achieve its overarching strategic goals?

Step 6: Decision

* Pick one of the alternatives you have developed and explain why this one is a better choice than the others. This is a step where you will likely have to make some tough trade-offs. If the choice is too easy, you may have to set up strawmen options or bias your criteria and analysis towards your preferred option from the beginning.

Step 7: Implementation

* Think about who will do what, when, and how in order to bring the chosen option to life. Focus your attention especially on key gap-closing actions and inherent tensions that you need to overcome in order for the selected option to become the actual strategic direction. Divide actions into short-term, medium-term, and long-term, and think about how to allocate resources across key action areas. Consider again the impact on costs and timing.

You may find as you work through these steps that your approach moves from linear to more circular, meaning that, as you think about options, you end up developing a clearer sense of the issues, or as you think about implementation, you deepen your internal analysis of available resources and capabilities. This is good news, because it adds nuance and detail to your analysis. Having others go through the same series of steps and arrive at a different decision is also helpful and provides an opportunity for side-by-side comparison of the analysis and further debate before final decision making. Many people learn visually, and it may be helpful to draw out your analysis on a board or a screen so that you can see how a particular decision will connect with internal and external elements. Lastly, keep in mind that no tool, framework, or template will magically generate the correct answer by itself. Instead, using several different tools will push and support your thinking and analysis to make your strategic decision making more structured and rigorous.

1. This technical note makes frequent reference to frameworks and tools found in the following strategy textbook: Mary M. Crossan, Cara C. Maurer, W. Glenn Rowe, and Michael J. Rouse, *Strategic Analysis and Action,* 10th ed. (Toronto, ON: Pearson Publishing, 2021) [forthcoming]. [↑](#footnote-ref-1)
2. Mary M. Crossan, Cara C. Maurer, W. Glenn Rowe, and Michael J. Rouse, Strategic Analysis and Action, 10th ed. (Toronto, ON: Pearson Publishing, 2021) [forthcoming]. [↑](#footnote-ref-2)