Part I

You will be learning how to apply and integrate the results of your SWOT variables with the four generic business strategies discussed in this module.

**Step 1:**  Create a 5x5 table with the four strategies listed across the top and the four SWOT variables along the side as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | Low cost | Differentiation | Focus | Preemptive |
| Strengths |   |   |   |   |
| Weaknesses |   |   |   |   |
| Opportunity |   |   |   |   |
| Threat |   |   |   |   |

**Step 2:**  select one element from any of the analytical models we studied that contributes to each of the four SWOT variables.  For example, for Weaknesses, you may want to choose an element from Porter's Value Chain (say operations) and for opportunities, you may want to select something from the PEST analysis (say, sociocultural factors).  Select one also for Strengths and Threats.

**Step 3:** Enter the elements you have chosen with the corresponding SWOT variable.  Below, I have shown how I have selected "Strong Competitive Rivalry" for Threats.  Note that I could have also chosen high barriers to entry, high bargaining power of suppliers or customers, high substitutability (From 5-Forces analysis), or a specific political, economic, social, or technological factor (or from PEST) as well.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | Low cost | Differentiation | Focus | Preemptive |
| Strengths |   |   |   |   |
| Weaknesses |   |   |   |   |
| Opportunity |   |   |   |   |
| Threat:  Strong competitive rivalry |   |   |   |   |

Complete this process for all four SWOT variables.

**Step 4:**  This is the most challenging part.

Indicate what impact each strategy could have on each SWOT factor you have chosen by offering a business action that will address the SWOT.  I've chosen one threat:  Strong competitive rivalry.  Follow that factor across all four generic strategies.  How would a low-cost strategy address an industry environment characterized by intense rivalry?  What about a differentiation strategy?  Focus?  Preemptive?  In other words, you are considering the same industry threat - but addressing it entirely differently depending on the chosen strategy.  See the example below.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | Low cost | Differentiation | Focus | Pre-emptive |
| Strengths |   |   |   |   |
| Weaknesses |   |   |   |   |
| Opportunity |   |   |   |   |
| Threat:  Strong competitive rivalry | Undercut rivals on price through operational economies | Brand loyalty attracts repeat customers | Find an underserved market segment that  rivals are unwilling to serve | Beat the rivals out of the gate, establish dominant position |

Thus, the strategic action you choose to fill in a given blank should do two things:  1) offer a tactic for taking advantage of a strength or opportunity or for managing a threat or weakness, and 2) follow the basic thrust of the strategy in that column.

There are no right or wrong answers to this exercise, provided that your analysis is internally logical. That is, the factors your chose must align with the appropriate SWOT variable, and the business actions you choose to fill in the matrix must align with the proper strategy.

Take care to prepare a professional presentation of your table.  It should fit on one page and be readable.  You will probably have more luck with a landscape layout than portrait layout.  (In Word, click "File", then "Page Set-up")

If you are having trouble seeing how to integrate the SWOT factors with different strategies, the following readings may help get you started:

This article has some examples of how RBV variables can be used to leverage a cost or differentiation strategy.  It may be helpful.

n.a Competitive Advantage (2007).  Retrieved from:  <http://www.quickmba.com/strategy/competitive-advantage/>

This reading demonstrates how a cost, differentiation, or focus strategy can defend against Porter's 5-forces.

n.a. (2007).  Porter's Generic Strategies.  Retrieved from  <http://www.quickmba.com/strategy/generic.shtml>

Part II

For this case, you will be identifying the primary business strategy employed by CPK.  You will also be providing a critical analysis evaluating that strategy in the context of the strengths, weaknesses, opportunities and threats.

**Step One:** Which of the four strategies discussed in this module (see background materials) does CPK follow?  How do you know?

**Step Two:**  Using the process you learned earlier, integrate this strategy with the strengths, weaknesses, opportunities, and. This should give you some specific actions the company is taking relative to their strengths, weaknesses, opportunities and threats.  These actions are referred to as "strategic choices".  Do CPK's strategic choices align with the firm's generic strategy?  What are the points of disconnect?  You need to think critically about this step.  NO company achieves perfect alignment with its strengths, weaknesses, opportunites and threats, with its chosen strategy.  It is your job to uncover the discrepancies and problems.

**Step Three:**    Identify any specific sustained competitive advantages conferred on CPK by virtue of its strategic choices.

**Step Three:** In a 4-5 page paper,

* Discuss the effectiveness of CPK's' strategy in the light of its internal strengths and weaknesses, and external threats and opportunities.
* Has it created any sustained competitive advantages?
* Identify any unaddressed threats or missed opportunities.
* What can CPK do to build on its strengths and shore up its weaknesses by altering its strategic choices?
* Finish the paper by commenting on how your view of CPK's vision and mission has changed or has been reconfirmed by this process of strategic analysis.
* Would you make any suggestions to revise the strategy, mission or vision?

**Format:**

Consider the Case as a formal business report that you are developing for the Board of Directors and CEO as CPK's company consultant. This is a *professional* document.

**Executive summary**: a synopsis of the main points, conclusions and recommendations made in the longer report.

 **Introduction:**State the main purpose of the paper (thesis statement), what you hope to accomplish, and how you will go about doing it.

**Main Body**: The "meat" of the paper.  Emphasize analysis, not just description.  Delineate separate topics or sections with headings.

**Conclusion**: Summarize paper in the light of your thesis statement.