

A Situational Strategic Management Approach to Case Analysis: Classroom Methodology for Situation-Analytical and Critical Thinking

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This Approach is operationalized for classroom case discussions through a standardized situation-analytical methodology included in case guide notes. Students have a procedure to follow and indications of the kinds of information generally to look for and the kinds of places generally to find it. They are, however, left to find their own way so that they learn to become situationally relevant, find information in and of the situation at the time, and think analytically and critically for themselves. The standard methodology included in case guide notes provided to students constitutes this paper.

INTRODUCTION

The Situational Strategic Management (SSM) Approach has been described by Skipton, (2017) as a situational and therefore more real-world relevant basis for teaching and learning of case analyses in business school classrooms. The SSM Approach is a situational investigatory and information search methodology that is standardized to always be the same for all case analyses, so that students can learn to build their analytical tool-kit to use in real-world situations. The Approach methodology can be incorporated in a standard format into case guide notes provided to students as a road-map for their case analyses, indicating things to look for and places to look. Students must use their own critical thinking to situationalize, to find and use information in and of the situation at the time, without being told specifically what information to look for and where to find it, and what are the important questions to be asked. To the extent that students must find their own way (with some guidance) they are more likely to develop their own situation investigatory, analytical and critical thinking skills. This learning is thought to be a sound basis for real-world situational relevance.

The SSM Approach starts situation analysis based on Business Competitive Growth Strategy as described below as a constituent of Corporate Strategy. General methodological guidance provided to students for this analysis is included below in case note form.

GUIDE NOTE INTRODUCTION

1. Reminder on Learning of Critical Thinking Skills

In real strategic situations managers must rely on their own investigative, analytical, critical thinking and problem-solving skills. The following methodology is intended to assist development of these skills. It contains systematic, categorial and investigative situation analysis, making conclusions for problem-definition, and an approach to future strategy formulation for opportunity exploitation or problem solving. The methodology is more important than any given case-specific questions because it is a means, in all

cases and in real world situations, for identifying questions to be asked, information to be searched for, places where information may be found, and ways to think critically about findings to come to situational strategy conclusions.

2. Case-Specific Questions

[Questions to be answered by students may be provided in published case teaching notes. Such questions can be included here to indicate items for particular attention in students' SSM Approach analyses. It is most important, however, that students do not see these questions as "the questions to be answered" and so do not carry out their own situational analysis. In real-world situations, nothing is given and it is the analyst's job to identify the important questions to be asked and the information to be searched for.]

3. Concept of Corporate Strategy

This is the connection between the company and its environment, including customers and competitors. It is a central component of situational strategic management and consists of:

- Business Competitive Growth Strategy, including Strategy Components:
 - SC1. Strategy (customer – product-or-service) connections and directions
 - SC2. External customers, markets, competitors and stakeholders
 - SC3. Company resources and capabilities: quantity, nature and deployments
 - SC4. Company functions operations: quantity, nature and deployments
 - SC5. Company organization and people: quantity, nature and deployments

- Corporate Strategy for Competitiveness, including constituent strategies:
 - CSC1. Industry-market technology and product-or-service improvement strategy (based on customer – product-or-service connections)
 - CSC2. Company customer, market and stakeholder development strategy
 - CSC3. Company resources and capabilities development strategy
 - CSC4. Company functions operations and processes development strategy
 - CSC5. Company organization and people development strategyEach of these constituent strategies is focused on the corresponding strategy component SC1-SC5 as indicated above, including appropriate business and corporate dimensions.

- Corporate Strategy for Growth, including constituent strategies:
 - CSG1. Company industry-market technology and customer innovation strategy
 - CSG2. Company integrative growth and diversification strategy
 - CSG3. Company geographic and international business strategy
 - CSG4. Company multi-business strategy
 - CSG5. Company restructuring strategy (business/financial/organizational)
 - CSG6. Company stakeholder growth strategyEach of these constituent strategies contains the strategy components SC1-SC5 as indicated above, with appropriate corporate dimensions.

ORIENTATION IN THE SITUATION

Put yourself in the here and now of the case exercise or real situation.

Start with the orientation in the situation and some idea of the nature of the future strategic gap.

1. Date of the situation to be analyzed, and the date(s) of the latest financial statements and other information

In some cases this information is easily found and in others it is not. Depending on the case some indications can be given for where such information may be found. Ideally, students should be left to look for the information and to find what is available in the case. Similar guidance can be provided for the remaining Orientation steps 2 – 5 below, as appropriate.

2. The analyst's insider perspective. (In a company case this usually can be consultant to the CEO or manager decision-maker, or to the board of directors. In an industry or market analysis case the perspective can be that of a stockbroker analyst seeking to make a profitable investment.)
3. The initial strategic consideration, i.e., problem/opportunity or decision that indicates why the situation needs further study. Usually this will be only a symptom of the real fundamental or underlying problem that must be identified through analysis.
4. Why is the company or the decision-maker(s) facing this opportunity, problem, or decision here and now?
5. Where is the decision-maker or group of decision makers coming from? (What do they have to do or achieve in order to keep their jobs and make their bonuses?)
6. Sketch the Situational Strategic Gap that is perceived between expected results at some future time horizon versus desired results. This gap can be conveniently expressed in terms of sales revenue, but noting profits.

SITUATION ANALYSIS

Consider Business Competitive Growth Strategy for each of the company's business, i.e., product-customer, connections and analyze the past and present strategic performance and position.

Situation Analysis Process: Situational Data → Situational Information → Findings → Conclusions

Information to Look For

Information and findings on Managerial Concerns, Preferences and Objectives (MCPO's) for performance and position(ing) can be sought as follows:

Business Model (inc. Value Proposition)

- MCPO1. Customer value connections for products or services
- MCPO2. Business sales revenue, profitability and profits
- MCPO3. Industry key success factors, competitive differentiators and (dis)advantages
- MCPO4. Market exploitation and expansion

Market Competitive Performance and Position(ing)

- MCPO5. Customers, segments, markets and competitors

Company Financial Performance and Position(ing)

- MCPO6. Company financial statements

Assets and Resources Performance and Position(ing)

- MCPO7. Assets, resources and people (development), utilization and productivity

Societal and Stakeholder Relationships Performance and Position(ing)

- MCPO8. Stakeholder relationships and responsibilities

MCPO's are intended to be a "check-list" of what is generally important in the minds of strategic managers for the performance and positioning of the company. They are used here as a means of structuring a more definitive analysis whether or not any specific objectives are stated in the case. While the above ordering of MCPO's usefully may be followed in many situations it is up to strategists to determine which MCPO's are most important to them in their own specific situations. For example, if the company is making a financial loss the analysis usefully can be started with MCPO6.

Where to look for information

Strategy is relative to the business competitive environment, as the means to achieve managerial concerns, preferences and objectives. Strategy components are:

- SC1. Strategy (customer – product-or-service) connections
- SC2. External customers, markets, industry, competitors and stakeholders
- SC3. Company resources and capabilities: characteristics, quantities and deployments
- SC4. Company functions operations: characteristics, quantities and deployments
- SC5. Company organization and people: characteristics, quantities and deployments

Starting the Situation Analysis

This usefully can be started with consideration of Business Competitive Growth Strategy, including relevant MCPO’s 1-8 and strategy components SC1-SC5, as described above, and shown as a matrix in Figure 1 below. The matrix contains 40 individual MCPO/SC relationships as “boxes” that can be seen as places for relevant categorial information from the situation.

**FIGURE 1
BUSINESS COMPETITIVE GROWTH STRATEGY MCPO AND STRATEGY COMPONENTS
RELATIONSHIPS**

MANAGERIAL CONCERNS, PREFERENCES & OBJECTIVES	STRATEGY COMPONENTS				
	<i>EXTERNAL</i>		<i>INTERNAL</i>		
	<i>SC1 Strategy Connections</i>	<i>SC2 Environment</i>	<i>SC3 Resources</i>	<i>SC4 Operations</i>	<i>SC5 Organization & People</i>
<i>MCPO1. Customer Value</i>	MCPO1/SC1 Considerations	MCPO1/SC2	MCPO1/SC3	MCPO1/SC4	MCPO1/SC5
<i>MCPO2. Business Financials</i>	MCPO2/SC1	MCPO2/SC2	MCPO2/SC3	MCPO2/SC4	MCPO2/SC5
<i>MCPO3 Industry KSF's & Competitive (Dis)Adv's</i>	MCPO3/SC1	MCPO3/SC2	MCPO3/SC3	MCPO3/SC4	MCPO3/SC5
<i>MCPO4 Market Exploitation & Expansion</i>	MCPO4/SC1	MCPO4/SC2	MCPO4/SC3	MCPO4/SC4	MCPO4/SC5
<i>MCPO5 Customers, Segments, Markets & Competitors</i>	MCPO5/SC1	MCPO5/SC2	MCPO5/SC3	MCPO5/SC4	MCPO5/SC5
<i>MCPO6 Company Financials</i>	MCPO6/SC1	MCPO6/SC2	MCPO6/SC3	MCPO6/SC4	MCPO6/SC5
<i>MCPO7 Assets, Resources, People</i>	MCPO7/SC1	MCPO7/SC2	MCPO7/SC3	MCPO7/SC4	MCPO7/SC5
<i>MCPO8 Societal & Stakeholder Relationships</i>	MCPO8/SC1	MCPO8/SC2	MCPO8/SC3	MCPO8/SC4	MCPO8/SC5

It is for the analyst to decide what MCPO/SC relationships are most important to consider in any situation. It is suggested, however, that analyses generally can be started by searching for information on the business model, i.e., relationships between MCPO’s 1-4 and strategy components SC1 (strategy connections) and SC2 (environment). Types of information that can be sought include: Identification, Description, Characteristics, Quantitative, Qualitative, Deployment, Costs and other resourcing,

Performance, Positioning, Etc. MCPO/SC relationships can be used for analysis of the company and its businesses, and similarly for competitors and their businesses.

The analyst needs to build his or her own situation analysis in his or her own mind. The analysis must be a “sort out job” where information is identified in and of the situation at the time and explicitly categorized by the analyst. It is most important, therefore, that information is abstracted from the case study and written down for each Figure 1 MCPO/SC “box” as the analyst sees fit. There can be no situation analysis if items of information simply are highlighted where they occur in the case and left as such.

INVESTIGATING AND ANALYZING 1

What to look for: Performance and position data and information as indicated by MCPO’s 1-8

Where to look: Strategy Components SC1 and SC2, and later SC3-5

All MCPO analyses below may be carried on into projecting the company past-and-present trends and developments, and perhaps similarly for competitors, into the future. This is acceptable so long as the analyst notes these projections to pick up later and returns immediately to continue the complete past-and-present analysis. If past-and-present information is mixed with future imagination the logic of the analysis is lost.

For all of the MCPO’s below any case or manager statements of company mission, aims and objectives can be put in the relevant MCPO. The stated business or corporate mission of the company can be inserted under MCPO1 analysis. These statements can be compared with actual situational information.

MCPO1. Customer Value Connections for Products or Services

This is intended to structure observations on the company’s customers, market segments and competitors, and the products/services of the company, through the lens of the marketing mix. Any statements of business mission or objectives in the case can be noted here. Each product, product line or business line of the company that addresses a different customer segment will require separate identification of its relevant marketing mix. Important customer-market, financial and perhaps other performance information can be identified. This information may be searched for and analyzed here or in later steps, as may be seen to be appropriate.

Strategy component SC1 can be explored by using the marketing mix components as the framework for analysis: Product-or-Service (inc. features, quality, speed of availability), Price, Promotion, Placement (inc. distribution coverage, and delivery), and Purchase Experience (inc. accessibility and convenience). These items can be used as headings for information collection and for determining findings. Findings and conclusions on the People, i.e. customer segment actually being served (versus what may be targeted), can be made. It is the actual user customers or user segments that are identified. The traditional marketing segmentation descriptors, geographics, demographics, psychographics and relationships with the company, can be used to characterize the user segments. The company’s stated target segment may or may not be the observed user segment. Observations on how and how well the marketing mix that has been identified is delivering customer value, Key Success Factor coverage and competitive advantage may be noted for fuller analysis under MCPO3 below. Conclusions can be drawn re. MCPO1: Who really are the customers and how effective is the marketing mix in delivering customer value? Similar information can be sought for competitors.

Guidance on MCPO1 case-specific information to look for can be provided here, as considered appropriate. Similarly, following each of the MCPO and other procedural items or steps described below case-specific guidance can be provided as appropriate.

MCPO2. Business Sales Revenue, Profits, Profitability, Etc.

Where information can be found, company product line, and company geographic, customer segment, or large-customer-channel sales, profits and profitability can be determined. The business sales revenue and profits model can be identified here.

1. Product or product-line sales revenue, profits and profitability can be sought. Where there are a number of product lines they can be rank-ordered, e.g., by sales revenue, and 80/20 analysis carried out. If information is available over some time, past trends can be calculated as index numbers based on the calculation: $(\text{This Year}/\text{Base Year}) \times 100$. (Note that growth indices must be calculated using actual values and not percentages.) In a real situation it may be necessary to examine the taken-for-granted product categories used by the accounting department, as they may not relate sensibly to the customer segments that the company actually is selling to. Some sorting out of product accounting may be needed in order to get more appropriate information.

2. Customers are the other side of the company's customer-product relationships. Individual distributor customers, customer segments, e.g., geographic or customer group, also can be assessed for revenue, profits and profitability. Again, 80/20 analysis can be used where there are large numbers of geographic areas, customer segments or customers-channels. Where sufficient past actual information is available growth indices can be calculated again using the formula $(\text{This Year}/\text{Base Year}) \times 100$.

3. Product costings can be carried out here. Operations activity costs analyses can be left until later in the analysis and covered under Strategy Component SC4, Company functions operations. Human resources and organization costs, etc., can be analyzed later under SC5, Company organization and people.

4. Breakeven analyses can be carried out where information is available.

5. Market-share analyses for the company and competitors can be left until MCPO5 below.

MCPO3. Industry Key Success Factors, Competitive Differentiators and (Dis)Advantages

Industry Key Success Factors (KSF's) can be seen as what a company must be delivering in terms of its marketing mix in order that it remains competitive and does not lose relative to competitors in the market. Competitive differentiators are what a company does differently in its marketing mix, perhaps because of particular segment targeting. Competitive advantage is what a company must be doing in at least one of the marketing mix variables, and ideally the one that counts for the most in the eyes of the customer, to be better positioned and performing than competitors – and more profitable. The basis for this competitive advantage may be seen as a company's resource and operations deployments, capabilities and distinctive competence. Is the company more effective, more efficient and/or more flexible as a performer versus competitor companies?

Market analysis information obtained under MCPO5 is needed in order to definitively assess the effectiveness or competitive advantages of companies' marketing mixes. A company may be seen as more competitive if its unit sales and revenue are increasing faster than the average for its market or segment as a whole. This means that it must be gaining share relative to other companies. A similar statement can be made regarding profit margins: a company can be seen as more competitive if its profit margins and margin growth are higher than average. If a company's sales and profit margins are growing less than average then it can be seen as having some competitive disadvantages.

The company's assets, resources and capabilities, and operations ideally must be supporting the company's marketing mix in its coverage and delivery of industry key success factors, differentiators and competitive advantage(s). On the other hand, company assets, resources, etc., may be lacking or not well linked to the delivery of the marketing mix. Considerations and concerns therefore may be noted in the following analysis items, to be fully considered later on in this analysis.

- MCPO7. Assets, Resources and People Development, Utilization and Productivity
- SC3. Company Resources and Capabilities: Characteristics, Quantities and Deployments
- SC4. Company Functions Operations: Characteristics, Quantities and Deployments
- SC5. Company Organization and People: Characteristics, Quantities and Deployments

MCPO4. Customer Segment and Market Exploitation and Expansion

This is building on previous MCPO information for the company. What is management doing currently to exploit and expand its segment and market position and performance? These considerations can include the means through which the company is accessing markets and customers, i.e., internal development, in cooperation with some other company/ies (e.g., licensing, franchising, contract manufacture or sales, alliance, joint venture) or through acquisitions.

MCPO5. Customers, Markets, Segments and Competitors

This analysis is aiming to identify market or competitive developments or drivers that are reflecting or affecting: (1) customer requirements for product or service use and value; and, (2) Customer perceptions of and responses to the company's product or service and its overall marketing mix. Segment characteristics may be changing, and the bases for segmentation may be changing – especially if there are technology or technical design competitive drivers.

An analytical description of the market competitive environment can be done and the following information can be searched for:

- Market and segments identification and descriptions
- Price/quality and competitive characteristics of segments or markets
- Market and segment size (unit and \$), structure and growth, and industry production capacity
- Company and competitor market and segment shares (unit and \$)
- Marketplace competitors and nature of competition in the market
- Porter (1980) five-forces industry analysis
- Market and segment trends, developments and life-cycle considerations
- Existing, expanded and new markets or segments
- Industry technology – types, trends and developments, and life-cycle considerations
- Marketplace technical embodiment in design, identification for value, and trends
- Competitor technology, and technical design in products and service offerings
- Analysis of the macro-environment using PESTEL (Political, Economic (Geographic), Social/Societal, Technological, Environmental, Legal) factors and their trends and developments.

Trend Calculations

For growth rates on market performance and position measures over a number of past time periods index numbers can be calculated to express trends, as follows: $(\text{This Year}/\text{Base Year}) \times 100$. Typically, the Base Year would be the earliest year or what is considered to be some more appropriate later year in the past for which information is available. This calculation must be used with actual values, i.e., unit or dollar sales, and cannot be used with percentages, e.g., market share %'s.

Actuals and Percentages

Regarding market information it is useful always to think of actual values and percentages. If actual dollar or unit sales are available for the market and for competitors, calculate company and competitor sales as a percentage of the market to obtain market share percentages. If percentages are available, seek to find information to be able to calculate actual dollar or unit sales for the company and competitors. For completeness, always put actual totals and 100% figures into tables.

A Useful Relationship

$[\text{Company Sales } (\$ \text{ or unit}) / \text{Market Total Sales } (\$ \text{ or unit})] \times 100 = \text{Market Share } \%$. If any two of these measures are available the third one can be calculated. Often, the company sales revenue is not provided with market information but can be found from the income statement.

MCPO6. Company Financial Statements Analysis

Financial performance indicators will include \$ sales revenue, profits, profit margins, and returns. The detailed analysis of financial reporting information can be carried out here. Similar analysis for the company's market competitors can be carried out also. Items to be analysed will include:

1. Income statements (Trends in financial items, and items as percentages-of-sales)
2. Balance sheets (trends in items, ratios for working capital, liquidity and leverage, and items as percentages of total assets)
3. Performance (trends in margins, returns and utilization measures)
4. Capital structure
5. Shareholder value (trends and ratios)
6. Management financial preferences, objectives and strategies
7. Concluding description of current financial and performance issues, etc.

Trend Calculations

For growth rates on financial performance and position measures over a number of past time periods index numbers can be calculated to express trends, as follows: $(\text{This Year}/\text{Base Year}) \times 100$. The base year could be the earliest year or what is considered to be some more appropriate later year in the past for which information is available. This calculation must be used with actual values, e.g., \$ sales revenue, and cannot be used with percentages, e.g., profit margins.

Actuals and Percentages

Regarding financial information it is useful always to think of actual values and percentages. In the income statement, all items can be expressed as a percentage of sales revenue. This calculation will convert profit numbers to percentage margins. In the balance sheet, items can be calculated as percentages of total assets.

Markup and Margin

A markup is a percentage on cost, and a margin is a percentage of sales revenue. For example, if cost is \$80 and the markup is 25%, i.e., \$20, the selling price will be \$100. However, the profit margin in the selling price will be $20/100$, i.e., 20%.

MCPO7. Assets, Resources and People Development, Utilization and Productivity

The intensity of use of assets, etc., may be part of financial analysis where the appropriate ratio calculations can be found. Resources may be identified here and/or may be noted under Strategy Component SC3, Company Resources and Capabilities, (below) for further analysis. More detailed analyses of assets and the use of them can be done based on a Value-Chain framework if information is available. This analysis could be left until later and covered under Strategy Component SC4, Company functions operations, Human resources and organization costs, development, utilization, productivity, etc., can be noted here and analyzed later under SC5, Company organization and people.

MCPO8. Stakeholder Relationships, CSR, Ethics, Sustainability, Etc.

The focus of strategy often is on customers and competitors but all stakeholder relationships should be considered for a full picture of the strategic situation. All stakeholder relationships potentially can affect the cash flow of the company and can be targets for competitive and political threats.

INVESTIGATING AND ANALYZING 2: OTHER STRATEGY COMPONENTS

SC3. Company Resources and Capabilities: Characteristics, Quantities and Deployments

Resources and capabilities can be assessed with respect to the extent to which they support MCPO1-8 considerations for strategic positioning and performance. Resources can be seen as physical, financial,

human, technical and intangible. Capabilities may be seen as some combination of human-technical. Resources and capabilities can be identified where they are Valuable in delivering the marketing mix, addressing industry key success factors and supporting competitive advantages.

The Value Chain functions identified in Strategy Component SC4, Company functions operations, included below can be used as categories in which to look for company resources and capabilities that support and deliver the marketing mix, their quantitative and qualitative characteristics, and their deployment. Similarly, the “7-S” headings listed below in Strategy Component SC5, Company organization and people, also can be used as categories in which to look for resources and capabilities that support and deliver company competitiveness.

In textbooks, resources and capabilities are assessed according to “VRINEE” questions. A resource or capability may be identified as: **V**aluable where it is critical in satisfying customer need versus competition, i.e., critical in supporting the marketing mix of the company. To what extent is the resource or capability also: **R**are, (scarce and not readily available to all companies); **I**nimitable, (cannot be imitated); **N**on-substitutable; **E**nduring, (long-lasting or renewable); and **E**conomically appropriable, (the profits from the resource are wholly and directly appropriated to the company)? (Adapted from Barney, 1995.)

Resource deployments can include financial (budget) and other resource allocations to business or operating units and functions, and can be identified. In reality, the actual strategy direction and implementation is shown in the resource deployments that are made. Ideally, the functions operations that are most critical to strategy fulfilment should be primarily and properly and resourced. In reality, they may not be.

SC3 analysis may be carried on into projecting company resources and capabilities trends and developments into the future, and perhaps similarly for competitors. This is OK so long as the analyst returns immediately to finish the complete past-and-present analysis.

SC4. Company Functions Operations: Characteristics, Quantities and Deployments

Primary value chain (Porter, 1980) functions can be seen as supporting and delivering the marketing mix, addressing industry key success factors, and delivering competitive advantages. Possible relationships between mix items and value chain functions are indicated in Figure 2 below.

**FIGURE 2
MARKETING MIX AND CORRESPONDING VALUE CHAIN ITEMS**

<i>MARKETING MIX COMPONENTS</i>	<i>VALUE CHAIN FUNCTIONS</i>
Promotion Price (and Margin) Placement (Location) Purchase Experience	Marketing and Selling
Product Use and Functionality, Variety and Quality Speed to Market Price (Cost) Location (Outlets or Sources) After-Sales Service	Market Research and Product-or-Service Development Technology Research and Technical Development Manufacturing or Service Operations
Distribution Coverage and Delivery	Outgoing Logistics

Value chain support functions, e.g., Financial and general administration, human resource management, and management and information systems, can be brought into this analysis when primary value chain functions have been analyzed. Each value chain function can be described in terms of its quantitative and qualitative characteristics, and analyzed with regard to support for MCPO1-8 considerations for strategic positioning and performance. The analysis can proceed further by identifying for each function, SC3. Company Resources and Capabilities – financial, physical, technical, human and intangible (from above), and SC5. Company Organization and People (7-S items) (from below).

SC5. Company Organization and People: Characteristics, Quantities and Deployments

Analysis can be based on the “7-S” framework (Waterman, Peters & Philips, 1980; Pascale & Athos, 1982) and include identifying the following factors and the interactions between them, and obtaining relevant quantitative and qualitative information. The “7-S” items can be analysed with respect to the extent to which they support MCPO1-8 (and especially MCPO7 and Strategy Component 4) considerations for strategic positioning and performance. These items are: (1) *Strategy* – inc. basis for departmentation; (2) *Structure* (formal and informal); (3) *Systems* (inc. command, coordination, control and information); (4) *(Staff) People* – quantitative and qualitative characteristics, inc., attitudes, values, beliefs about the company, motivations; (5) *Skills* – inc. capabilities and expertise, and training and development; (6) *Style* of management; and, (6) *Shared values* of corporate culture, e.g., processes, attitudes, values and beliefs, and the unwritten rules for “how things are done around here.”

CURRENT BUSINESS COMPETITIVE GROWTH STRATEGY: ANALYTICAL CONCLUSIONS

MCPO1. Customer Value Connections – Findings and Conclusions

Any present mission, objectives and operating policies stated in the case can be noted.

1. Customer and Market Connections Direction and Positioning

This can be considered using the Ansoff, (1965) Product/Market (or-Segment) matrix shown in Figure 3. The following discussion is based on the primary categories of Market Penetration, Product Development, Market Development, and Innovation/Integrative Growth/Diversification.

**FIGURE 3
ANSOFF PRODUCT-MARKET MATRIX**

PRODUCT OR SERVICE	MARKET OR SEGMENT		
	<i>Existing</i>	<i>Geographic Expanded</i>	<i>New Users</i>
<i>Existing</i>	Existing Market or Segment Existing Product or Service (Market Penetration)		New Market or Segment Existing Product or Service (Market or Segment Development)
<i>Extended</i>			
<i>New</i>	Existing Market or Segment New Product or Service (Product or Service Development)		New Market or Segment New Product or Service (Innovation/ Integrative Growth/ Diversification)

(The matrix shown above is for existing or unchanging technology. If there is new technology then an additional row for “New Technology, New Product-or-Service can be added.)

The purpose of assigning the company’s product-customer relationships to boxes in the Ansoff matrix is to sort them and to be able to systematically consider them individually and characterize the present business strategy. As more information is found the categorization of particular businesses can change. The categorization or sorting of the company’s businesses also is used as the basis for future analytical projections and for future strategy formulation.

It is possible that current growth initiatives or possible future growth directions may be identified through carrying out the above past-and-present analysis. Although possible future strategies are not strictly part of current strategy identification it can be useful to note them in the matrix at this point so that they are not forgotten. Also, noting them in the matrix can be helpful later in the analysis in identifying further possibilities for the future.

2. Price-Quality (inc. Functionality) versus Market (Segment) Direction and Positioning.

Porter, (1980) generic strategy matrix concepts can be used to explore the price/quality versus market (segment) positioning for the company’s existing products or services in its existing segments and markets. Categories are: (1) Cost Leadership (Large market / Low(est) cost, low price); (2) Differentiation (Large market / Differentiation (higher functionality and quality, and higher price); (3) Cost Focus (Small or niche market or segment / Low(est) cost, low price); and, (4) Differentiation Focus (Small or niche market or segment / Differentiation (higher functionality and quality, and higher price). Analysts also may consider: (5) Speed versus large market; and, (6) Speed versus small market. (Speed may include availability, convenience and delivery aspects.)

These considerations can be applied to each of the customer-product relationships of the company as identified and categorized according to the Ansoff Product/Market-or-Segment matrix, as described above. The point of using the Porter framework is not to somehow assign each business to a category but, based on case situational information, to use the categorial framework as a guide to thinking about what actually are the price/quality/speed/market segment relationships of the company’s business(es).

Additional Findings from Above MCPO2-8 Analyses

For each MCPO1 Business Strategy (product/customer or market) connection that has been identified additional findings from above MCPO2-8 analyses, and situational strategy conclusions, can be noted. Strategy conclusions based on findings from other strategy component analyses can be noted:

SC2. External customers, markets, competitors and stakeholders

SC3. Company resources and capabilities: characteristics, quantities and deployments

SC4. Company functions operations: characteristics, quantities and deployments

SC5. Company organization and people: characteristics, quantities and deployments

Conclusions Regarding Opportunities, Threats, etc.

- The ordering of any conclusions is important because situation analysis works from the “outside-in”.
- Present External Opportunities, Threats and Concerns-Issues-Challenges, (based on MCPO5, business environment, findings) may be concluded.
 - Present External Competitive Advantages and Challenges-or-Disadvantages (based on MCPO1-MCPO4 business model findings) may be concluded.
 - Present Internal Competitive Strengths and Challenges-or-Weaknesses (based on findings for MCPO6, company financial performance, and MCPO7, assets, resources and people, in Strategy Components SC3, SC4 and SC5) may be concluded.

OTHER CORPORATE STRATEGY CONSTITUENTS: ANALYTICAL CONCLUSIONS

MCPO1-8 findings and conclusions regarding Corporate Strategy for Competitiveness, e.g., business and operational efficiencies and quality improvements, relative to each of the strategy components SC1-5

can be sought. Findings and conclusions on Corporate Strategy for Growth, in terms of its strategy-constituent activities and initiatives, (listed in the Introductory Items section above) can be sought. The analyst will have to decide how far to pursue this. Regarding Corporate Strategy for Growth: Is the business competitive growth strategy effectively by default the corporate strategy for growth, or is there a corporate strategy for growth that is driving business competitive growth strategy?

BUSINESS COMPETITIVE GROWTH STRATEGY: ANALYTICAL PROJECTIONS FOR THE FUTURE

For each of the company's customer-product relationships or business connections some analytical projections of the current strategy (based on MCPO's 1-8 and Strategy Components SC1-SC5) in the future environment can be carried out. Where are the business and the company expected to end up if it carries on doing what it is doing, in the way in which it is doing it, in the developing and changing future?

Based on the past-and-present findings for market competitive environment, positioning and performance (MCPO5) future projections of expected trends, developments and changes in the company's present business(es) (according to Figure 3 Ansoff categories) can be made systematically. Similar future projections of expectations can be made for MCPO2, business sales revenue, profitability and profits, and for MCPO6 company financial performance and position(ing). (Considering market, business and company financial performance together is deliberate. Perhaps the performance of the business model and the financial health of the company are expected to decline in the short-term and these things must be dealt with before a business growth strategy for the longer term effectively can be implemented.)

Where important in the situation, projections of other MCPO's and/or company internal strategy components (SC3-5, for resources, operations and organization) also can be made. These projections form the baseline, to the planning horizon, for envisioning the strategic gap between what performance and positioning is expected and what is desired. It is important to note the importance of the time frame. Analytically projected future trends and developments can be concluded to be future opportunities or threats even though they may not be impacting at the present time, and present competitive advantages can change to become future disadvantages. (If information to make a baseline projection is not available, a horizontal straight line can be projected at the level of present sales revenue performance, as an assumed baseline for the future.)

MCPO5 factors, and conclusions for present External Opportunities, Threats and Concerns-Issues-Challenges have been described above. These can be revisited with a future-projections perspective. Second, business model MCPO1-MCPO4 factors and present conclusions for External Competitive Advantages and Challenges-or-Disadvantages can be revisited with a future projection perspective, (and in light of MCPO5 projections and conclusions). Third, MCPO6, company financial performance, and MCPO7, assets, resources and people, factors and present conclusions for Internal Competitive Strengths and Challenges-or-Weaknesses can be revisited from a future projection perspective, (and in light of MCPO5 and MCPO1-4 projections and conclusions).

OTHER CORPORATE STRATEGY CONSTITUENTS: ANALYTICAL PROJECTIONS FOR THE FUTURE

The present Corporate Strategy for Competitiveness, and Corporate Strategy for Growth (as CSG constituent strategies) were considered above. Again, these strategies (in terms of their MCPO 1-8 and strategy component SC1-SC5 factors and findings) can be revisited from a future analytical projection perspective, and conclusions may be drawn regarding likely future external opportunities, competitive advantages, internal strengths, etc.

BUSINESS COMPETITIVE GROWTH STRATEGY: FORMULATION AND IMPLEMENTATION FOR THE FUTURE

Some desired objective for, say, sales revenue can be established for some chosen future time horizon. The difference between this and the analytically projected, baseline-expected sales revenue is the strategic gap at the future time horizon that must be closed through more effective business competitive growth strategy and implementation. Systematic consideration of this strategy for the future is based on the company's product-market(-or-segment) relationship(s) or business connection(s), and initially considering strategy components SC1. Strategy (customer – product-or-service) connections, and SC2. External customers, markets, competitors and stakeholders.

Business competitive growth strategy for the future can be formulated based on the previously Ansoff matrix-categorized business(es) of the company as used for future projections of performance and positioning. This formulation is based on present findings and future projections for MCPO 1-8 and strategy component SC1-5 items, and any conclusions for External Opportunities or Threats, Competitive Advantages or Disadvantages, Internal Strengths or Weaknesses, etc.

MCPO1. Customer Value Connections – Findings and Conclusions

Mission, objectives or operating Policies: Do these need to be formulated or revised for the future?

1. Customer and Market Connections Direction and Positioning

Most of the company's existing or presently developing business connections likely were assigned to the Market Penetration box in the Figure 3 Ansoff product/market matrix. To close a strategic gap, in increasing order of difficulty and risk, business connection(s) can be moved or initiated sequentially in the directions of situational Product Development, Market Development and Innovation/Integrative Growth/Diversification.

For each business, or potential business, example external business environmental, and business model MCPO considerations are:

- MCPO5. Customers, segments, markets and competitors
(What market and competitive opportunities are there for exploiting or establishing viable and profitable business connections? What are the threats and issues?)
- MCPO1. Customer value connections for products or services
(What business connection possibilities are likely to be viable and profitable in the future?)
- MCPO2: What are the estimated business sales revenue, profits and profitability performance? Breakeven? Business sales and profits model? Etc.
- MCPO3. Industry key success factors, company competitive differentiators and (dis)advantages
(Recognizing differentiators and advantages that the company has (or does not have), how can they be used to exploit or establish viable and profitable business connections in the future?)
- MCPO4: What customer segment and market exploitation and expansion modes, sequencing and timing are needed and must be established?

The following MCPO factors and conclusions (as mentioned above) all can be revisited with a future strategy-formulation-and-implementation-planning perspective:

- MCPO5 factors and conclusions for present-and-future-projected External Opportunities, Threats and Concerns-Issues-Challenges can be revisited.
- Business model MCPO1-MCPO4 present-and-future projected conclusions for External Competitive Advantages and Challenges-or-Disadvantages can be revisited.
- MCPO6, present conclusions for company financial performance, and MCPO7, assets, resources and people, present-and-future-projected conclusions for Internal Competitive Strengths and Challenges-or-Weaknesses can be revisited.

2. Ohmae Competitive Advantage Matrix Categories

For possible future continuing or developing business connections in each Figure 3 Ansoff product/market direction or category, Ohmae, (1983) matrix categories can be used to explore possible competitive positioning, based on the following categorial relationships: (1) Key Factors for Success (Compete directly (but wisely) / Existing product offered) using means of Intensify Functional Differentiation; (2) Aggressive Initiatives (Compete directly (but wisely) / New or creative product offered) using means of Ask “Why –Whys;” (3) Relative Superiority (Avoid head-on competition/ Existing product offered) using means of Exploit Competitor’s Weaknesses; and, (4) Strategic Degrees of Freedom (Avoid head-on competition/ New or creative product offered) using means of Maximize User Benefit. The object of this exercise is not just to “pick a category” but to use the thinking represented by the matrix categories to inform the analyst’s own situational critical thinking regarding possible competitive positioning for continuing or developing business(es) in the future.

3. Porter Generic Strategy Matrix Categories

For possible future continuing or developing business connections in each Figure 3 Ansoff product/market matrix direction or category, Porter, (1980) Generic Strategy matrix categorial thinking can be used to explore price/quality versus market (segment) positioning for each of these connections. These Porter categories are: Cost Leadership, Differentiation, Cost Focus and Differentiation Focus as described above (and Speed also can be considered). Again the object of this exercise is not just to “pick a category” but to use the thinking represented by the matrix categories to inform the analyst’s own situational critical thinking regarding possible price/quality/segment competitive positioning for continuing or developing business(es) in the future.

Additional Information from MCPO’s 6-8

When business strategy possibilities for the future have been visualized as above, additional company performance and internal considerations related to MCPO’s 6 and 7 can be brought in relative to each possible product-customer or market connection. Example considerations are:

MCPO6: What will be the effect of the future possible business connection developments on corporate financials? What corporate financial performance is required to be achieved by the future possible business developments?

MCPO7. What are assets, resources and people development, utilization and productivity performance are required for the future possible business developments, and for financial performance?

It may be appropriate to consider MCPO8, stakeholder relationships for some specific business(es) but usually these relationships can be left for consideration at the corporate level, under Corporate Strategy for Growth. See below.

Strategy Implementation based on Strategy Components SC3, SC4 and SC5

Where strategy for the future is being considered and a planning perspective is being used, Strategy Components SC3, company resources and capabilities, SC4, functions operations, and SC5, organization and people, can be the stuff of strategy implementation. Each of these strategy components has its MCPO’s 1-8 considerations. Implementation considerations may be facilitated by considering the MCPO’s sequentially by number, across all Strategy Components SC3-5. For example, for any particular future possible business connection, and considering some MCPO’s:

- MCPO1. Customer value connections for products or services: What SC3 Company resources and capabilities, SC4 Company functions operations, and SC5 Company organization, systems and people characteristics, quantities and deployments are needed to support the marketing mix for this business connection?

- MCPO2. Business sales revenue, profits, etc.: What SC3, SC4 and SC5 costs are required and what levels of costs will enable the needed pricing and profitability for the possible business?

- MCPO3. Industry key success factors, competitive differentiators and (dis)advantages: What SC3, SC4, and SC5 quantities and deployments are needed to meet key success factors, establish competitive

differentiators, overcome any competitive disadvantages and build competitive advantages for this business connection to compete effectively?

OTHER CORPORATE STRATEGY CONSTITUENTS: FORMULATION AND IMPLEMENTATION FOR THE FUTURE

Ideally, there always should be continuing Corporate Strategy for Competitiveness improvement activities and initiatives across all Strategy Components SC1-SC5. The above analysis may have identified competitiveness improvement considerations under MCPO7, assets, resources and people development, utilization and productivity. If so, these can be used as a basis for considering competitiveness improvements for the future. These considerations can start with existing businesses in existing segments or markets, i.e., in the Market Penetration box of the Figure 3 Ansoff product/market matrix, and focusing on strategy components SC1, business connections, and SC2, external environment. Other strategy components, SC3, resources and capabilities, SC4, functions operations, and SC5, organization and people can be considered later, and also they can be viewed from a more corporate perspective.

The company presently may have an explicit Corporate Strategy for Growth for the future that is driving its business competitive growth strategies. On the other hand, the summation of the company's business competitive growth strategies may be, by default, the company's corporate competitive growth strategy. Will the current mission, objectives and operating policies be suitable for the future? If not, why not and what revised mission, objective or operating policies would you recommend, and why? With these things in mind consideration can be given to (re-) establishing some explicit corporate competitive growth strategy for the future, including its constituent strategies as listed above.

Corporate Strategy for Growth (CSG), as appropriate constituent strategies, can be formulated. It is likely that CSG1, company industry-market technology and customer innovation strategy, and CSG6, company stakeholder growth strategy, always will be needed whatever the company's particular strategic business, market and financial situation. Other CSG constituent strategies likely will be more situation dependent. Similar to Business Competitive Growth Strategy, each of these CSG constituent strategies has MCPO's 1-8 and strategy components SC1-SC5 considerations as shown in Figure 1 above. These considerations are the business connection or functional operational areas in which business activities take place, to implement and execute the strategies and deliver MCPO results and performance.

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