

TERM PAPER
Fall 2010
ProfessorENZ
HADM 4441: Strategic Management

OVERALL GUIDELINES

PAPER DEFINED:

1. Select a Company. This paper requires that you select a company and examine it from the perspective of a strategic thinker.
2. Conduct an Analysis. You are to conduct an analysis of the organization you select so that you can understand and appreciate the desires of key organizational stakeholders, the industry environment, and the firm's position relative to its stakeholders and industry.
3. Offer Recommendations. The knowledge you acquire by conducting an analysis of the organization is to be used to identify strategic dilemmas facing this firm and to offer suggestions for how managers can set goals and direct the organization's resources in a way that corrects weaknesses, overcomes threats, takes advantage of strengths and opportunities, and, ultimately, satisfies stakeholders.

PURPOSE:

The purpose of this term paper is to enhance your skills at critical thinking and logical analysis. The ability to critically and logically analyze strategic dilemmas and to present persuasively your arguments will serve you well, no matter what you do in the future. Employers consistently report these to be skills they desire in employees (see Chung-Herrera, B. G. Enz, C. A., and Lankau M.J. (2003). "Grooming Future Hospitality Leaders: A Competencies Model", Cornell *Hotel and Restaurant Administration Quarterly*, 44 (3) 17-25 for a detailed discussion of these and other key leadership competencies for success in the hospitality industry).

I don't care if you come up with perfect solutions to all the problems faced by your chosen firm. I *do* care if you *argue your case well*. Do NOT just gather many articles and then repeat their contents. Build up your own argument. This is the only way you add any value, and this is the only way you'll learn anything. **Frame your argument with the concepts we cover in class.** These are your analytical tools with which to make sense of the strategic issues faced by your firm. Anybody can "BS" about a firm. It's much harder and much more valuable to critically and logically analyze a firm. If you get beyond basic BS, you'll start to build a very valuable analytical tool chest – one that you can carry around with you long after you've forgotten about the particular firm you studied.

This paper doesn't have to be painful. Consider this paper an opportunity to study a firm that interests you. This paper can enhance your knowledge of a firm in which you would like to work. Set a work schedule that ensures things don't pile up until the last minute.

SELECTING A COMPANY TO STUDY:

You should choose a public firm. Data are more available on public firms. Also, it is wise to choose a firm that has relevant strategic issues to explore—otherwise, you will flounder as you struggle to define the industry and find relevant strategic issues. New firms and undiversified firms are sometimes poor choices, since new firms tend to have little history, and undiversified firms (they have only one line of business) tend to have few interesting strategic moves to analyze.

BEFORE YOU SELECT A FIRM, be certain it has encountered meaningful strategic issues such as diversification, mergers/acquisitions, international expansion, alliances/joint ventures, and corporate governance in the past, and should grapple with at least one of these strategic issues in the future. **You may NOT choose any firm that is the subject of one of the course cases.**

CONDUCTING RESEARCH

What is research? Think of it as search, and search again (RE-search). You've got to do a lot of digging. You must dig up specific facts and figures to support well-reasoned positions built on the analytical frameworks we'll cover in class. Research is NOT OPINION OR EDITORIAL (don't use phrases like "I feel", "I think", "In my opinion", etc.) and it is NOT VAGUE (don't use words like "often", "many", "usually", etc., if you can use specific figures instead). Research is tough to do – you have to sift through plenty of data in order to find relevant information. It takes time, patience, and perseverance.

It is common for student papers to state something along the lines of:

"Segment X of the general environment encompasses factors A, B, and C. Segment X is important for Industry Y to pay attention to because changes in factors A, B, or C can affect Industry Y. Thus, Industry Y should be alert for changes in factors A, B, and C."

Sure, this is true, but it adds no value because it stops short of any insight. If a manager read this, it would not help her. Instead, she needs to see the results of actual research. Don't just say that something is important, and pass the buck to others to do the research. Dig up the facts and write about what trends are actually going on with factors A, B, and C. You must DO THE RESEARCH.

Student papers also have a tendency to be vague, offering fluffy statements with no support, such as: "There is a trend toward increasing levels of factor Q in the general environment." Says who? Assume no one believes you unless you provide specific figures from a credible source. Numbers, numbers, numbers! And not just numbers from a single period. It adds no value to state: "Factor Q was at Level P in Year Z." OK, but how is that relative to other years? Numbers are relative (Is \$1 million a lot of money? Depends – to me, yes; to Bill Gates, no). If there's no context to compare against, these numbers mean nothing. SHOW INFORMATION OVER TIME so that the data has a context in which to be interpreted.

To get the hang of this, pretend you have a "BS Bird" on your shoulder. Every time you write a statement, BS Bird says, "That's bullsh**! The exact opposite is true!" The only way to stop BS Bird is to prove him wrong. To prove him wrong, you must use and properly cite relevant and credible sources. Be sure to provide references in an endnote format. Full citation is necessary.

Plagiarism

When you conduct research, you most likely will not be gathering the data yourself. Sometimes when using “secondary” data the line between plagiarism and research gets fuzzy but by and large, the line is very clear. Don’t cross it. If you’re unclear, ask. Some basic rules include ensuring you properly credit the original source and avoid repeating extended passages of others’ writing.

DELIVERABLES

There are three deliverables you must produce: (1) selection of a company, (2) an outline of the environmental and internal analysis sections of the paper, and (3) the final paper. The company selection is due 9/27, the outline is due 10/27, and the final paper is due 12/10.

Company Selection - Due 9/27

In order to ensure that you are on the right track and proceeding in a timely fashion, you must select your company by September 27th. Submit the following:

1. Describe the firm you selected.
2. What is interesting about this firm?

Be sure the company you select meets the criteria previously described under the “Selecting A Company to Study” heading. You have to live with this firm all semester, so don’t make a hasty choice.

Outline - Due 10/27

1. Write a one page introduction (see the final paper guidelines below for details).
2. Prepare a detailed outline of the environmental analysis and the internal analysis sections of the paper.
3. Perform a five forces analysis, a SWOT analysis, a competitor profile analysis, an activity map of the activity system and a value chain for the company. Submit the analyses in summary form.

Final Paper - Due 12/10 at Noon

It is not easy to complete a paper at the same time as you study for finals in other classes. You should consider completing the final report prior to the due date. DO NOT wait until the last minute. Experience has shown that those who wait until the last minute perform the worst. Instead, set appropriate goals along the way, and ensure you meet them.

The report should be about 20 pages long (single-sided, 12-point font, double-spaced, 1" margins) excluding cover page and references, but including all supporting tables, figures and the appendices. Stapled final papers are fine – no need for fancy plastic covers or other binding.

Your report will be judged on how well it analyzes the external environment (identifies opportunities & threats), assesses the firm's current state (presents strengths and weaknesses, in terms of a firm's resources, capabilities, core competencies, core rigidities, effectiveness of value chain structure, etc.), discusses prior or current corporate-level strategic actions of the firm (specific details about the pros & cons), and presents a convincing argument for the strategic actions the firm should take in the future.

Whatever your recommendations, summarize the reasoning behind each recommendation, and then explain what the effects of implementing this recommendation are likely to be. Be comprehensive—don't just look at the positive side. What are the risks involved with implementing your recommendations? Obviously the overall result should be favorable, but don't sugarcoat the process. How difficult will it be to implement? What are some issues that may make it difficult to implement? Bolster your arguments with strategy concepts and empirical facts—this is where most students go wrong. And be specific – if you recommend an acquisition, which firm? At what price? Where will you get the money? How will you integrate the firm? If it's international expansion, where, how, why, when, etc.?

The report should be submitted in hardcopy only. No electronic submissions.

GRADING

The final paper will be judged according to the following general criteria:

1. ***Content (75% of grade)*** - were assertions supported well with facts? Were both the pros and cons of strategic decisions discussed? Were the correct analytical tools used? Were they used properly?

The content of each section is weighted as follows:

- Environmental Analysis – (15%)
- Internal Analysis – (15%)
- Situation Analysis – (10%)
- Recommendations for the Future of the Company - (30%)
- Analytic Appendices – (5%)

Recommendations are weighted most heavily because this is where your true contribution lies. Do not run out of steam and skimp on recommendations – offer specific ideas with specific pros and cons for this specific firm.

2. ***Organization (10% of grade)***—was it structured logically? Did it flow well?
3. ***Writing style (15% of grade)***—were paragraphs and sentences properly formed? Was it primarily grammatically correct? Was it well integrated so as to appear as a seamless document, not a collection of parts?

Criteria	Excellent (A / A-)	Good (B+ / B / B-)	Satisfactory (C+ / C / C-)	Marginal (D+ / D / D-)	Failure (F)
Content (75%) The term paper provides analysis that is supported with facts. Both the pros and cons of strategic decisions are discussed. Appropriate analytical tools were used to arrive at the recommendations.	Clear and concise discussion of issues and challenges, resulting in a comprehensive strategic analysis. Critically evaluated and successfully applied strategic management concepts. Comprehensive use of analytic tools. Recommendations are very clear and very well-supported by factual arguments or opinions.	Thorough discussion of issues and challenges, resulting in a very good strategic analysis. Evaluated and applied strategic management concepts. Good use of analytic tools. Recommendations are clear and well-supported by factual arguments or opinions.	Satisfactory discussion of issues & challenges, resulting in a reasonable strategic analysis. Satisfactorily evaluated and applied strategic management concepts. Basic analysis completed. Recommendations are reasonably clear and are satisfactorily supported by factual arguments or opinions.	Barely adequate discussion of issues & challenges, resulting in a weak analysis. Barely adequately evaluated and applied strategic management concepts. Missed important analyses. Recommendations are weak and are supported by barely adequate factual arguments and opinions.	Basic or no discussion of issues & challenges, resulting in a very poor strategic analysis. Unable to apply strategic management concepts. Lacked depth in analysis. Recommendations are unclear and mainly supported by opinions.
Organization (10%) The term paper is organized logically and flows well.	Composition flows in satisfying, surprising, or compelling sequences that go beyond simple established forms. Patterns of exposition, analysis, and/or argument are fully unified and proceed with authority and/or originality. Paragraphs or sections fully realize their portion of topic ideas and supporting details.	Overall, quality writing, with a few syntax or grammar errors noted.	Composition flows in predictable and logical sequences (makes transitions between most paragraphs and sections). Patterns of exposition, analysis, and/or argument proceed according to purpose of the composition or assignment task (unified composition). Paragraphs or sections generally cohere with topic ideas and supporting details.	Composition transitions sporadically from cohesive to disjointed, causing the reader to have to reread certain sections in order to grasp the concepts being conveyed.	Composition fails to flow in predictable and logical sequences (lacks transitions between paragraphs and sections). Patterns of exposition, analysis, and/or argument proceed without obvious connection to purpose of the composition or assignment task (lacks unity). Paragraphs or sections do not cohere with topic ideas and supporting details, or lack topic ideas and supporting details.
Writing Style (15%) The paragraphs and sentences in the paper were formed properly. The paper was grammatically correct. The paper was well integrated so as to appear as a seamless document, not a collection of parts.	Language usage impresses reader (clear, concise, polished prose). Sentences supple, varied, and clear. Few noticeable editing errors. References correctly cited.	Overall, quality writing, with a few syntax or grammar errors noted. Most references cited correctly.	An occasional problem with grammar, syntax, and/or vocabulary, but language does not otherwise stand out to reader. Sentences generally sound in construction, but may be uneven in their economy, variety, and clarity. Occasional editing errors. Not all references cited.	Grammar, syntax and vocabulary issues were quite noticeable, but did not detract from the overall presentation. Little effort to cite references.	Problems with grammar, syntax, and/or vocabulary distract reader and detract from overall presentation. Sentences frequently unsound in construction and/or lacking economy, variety, and clarity. Frequent major editing errors. No citing of references.

THE FINAL PAPER GUIDELINES

STRUCTURE OF THE PAPER (MAXIMUM OF 20 PAGES)

Your paper should include the following sections, introduction, environmental analysis, internal analysis, summary of situation, and recommendations for the future of the company. The paper should be double-spaced and no longer than 20 pages in total. You should allocate the following pages to each section (approximate guidelines – one size doesn't fit all, but try to stay somewhat within these page ranges)

Suggested structure and page lengths (see pg. 433-441 in textbook):

- Introduction - two paragraphs (1 page)
- Environmental Analysis – (4 pages)
- Internal Analysis – (4 pages)
- Situation Analysis – (2 pages)
- Recommendations for the Future of the Company - (5 pages)
- Analytic Appendices – (4 pages)

Introduction (1 page)

Begin with a brief introduction of the company. The introduction sets the stage for the rest of the report and should include a brief description of the defining characteristics of the firm, including some of its outstanding qualities, past successes, failures, and products or services. The industries in which the firm is involved are also identified.

Environmental Analysis (4 pages)

The next section of your report should cover your analysis of the external environment including an industry analysis and an examination of key external stakeholders and the broad environment. Your research findings should be summarized, with an emphasis on identifying industry growth and profit potential and the keys to survival and success in the industry. Some organizations are involved in more than one industry. Consequently, a brief but separate industry analysis is done for each of the industries in which a firm is involved.

The Broad Environment

A complete environmental analysis includes an assessment of the broad environment, including social influences, economic influences, political influences, and technological influences. These areas are evaluated only as they relate to the industry in question. They should be evaluated at the domestic and global levels, if appropriate. Forces in the broad environment may pose threats or provide opportunities.

Industry Analysis

The first step in industry analysis is to provide a basic description of the industry and the competitive forces that dominate it. Porter's Five Forces are evaluated as follows, along with other relevant issues:

1. What is the product or service? What function does it serve? What are the channels of distribution?
2. What is the industry size in units and dollars? How fast is it growing? Are products differentiated? Are there high exit barriers? Are there high fixed costs? These are some of the forces that determine the strength of competition among existing competitors.
3. Who are the major competitors? What are their market shares? In other words, is the industry consolidated or fragmented?
4. Who are the major customers of the industry? Are they powerful? What gives them power?
5. Who are the major suppliers to the industry? Are they powerful? What gives them power?
6. Do significant entry barriers exist? What are they? Are they effective in protecting existing competitors, thus enhancing profits?
7. Are there any close substitutes for industry products and services? Do they provide pressure on prices charged in this industry?
8. What are the basic strategies of competitors? How successful are they? Are competitors likely to retaliate to competitive moves or countermoves? How rapidly do they respond?
9. Is the industry regulated? What influence do regulations have on industry competitiveness?
10. Are any other external stakeholders important in this industry? Examples might include labor unions, special-interest groups, financial institutions, or local communities.
11. To what extent is the industry global? Are there any apparent advantages to being involved in more than one nation?

The findings of this part of the analysis will help you decide whether the industry is "attractive" (growing and profitable) and worthy of further investment (i.e., time, money, resources). It will also help you identify areas in which the firm may be able to excel in an effort to create a competitive advantage.

Strategic Issues Facing the Industry

A thorough environmental analysis provides the information needed to identify factors and forces that are important to the industry in which your organization is involved and, therefore, your organization. These factors and forces may be categorized as follows:

1. *Driving forces in the industry*, which are trends that are so significant that they are creating fundamental industry change, such as the opening up of Eastern Europe or networked computer communications. Each industry has its own unique set of driving forces.

2. *Threats*, defined as noteworthy trends or changes that threaten growth prospects, profit potential, and traditional ways of doing business.
3. *Opportunities*, which are important trends, changes, or ideas that provide new opportunities for growth or profits.
4. *Requirements for survival*, identified as resources and capabilities that all firms must possess to survive in the industry.
5. *Key success factors*, which are factors firms typically should possess if they desire to be successful in the industry.

Having completed an analysis of the external environment, you are ready to conduct a more specific analysis of the internal organization.

Internal Analysis (4 pages)

Understanding industry trends, growth prospects, profit potential, and key strategic issues can help you critique an organization's strategies and evaluate its strengths and weaknesses. For example, what might qualify as a strength in one industry may be an ordinary characteristic in another industry. A good organizational analysis should begin with a general evaluation of the internal organization.

Evaluation of Strategic Direction and the Internal Environment

The following questions are useful in beginning to assess the internal organization:

1. What is the company's strategic direction, including its vision, business definition, and values? If these factors are contained in a formal mission, share it. If not, you may want to write one. Remember that organizations have a strategic direction even if it is not written down.
2. How has the strategic direction changed over time? In what way? Has the evolution been consistent with the organization's capabilities and planned strategies?
3. Who are the principal internal stakeholders? In particular, who are the key managers, and what is their background? What are their strengths and weaknesses? Are they authoritarian or participative in their management style? Is this appropriate for the situation? What seems to drive their actions?
4. Who owns the organization? Is it a publicly traded company with a board of directors? If there is a board and you know who is on it, is the composition of the board appropriate? Is there an individual or group with a controlling interest? Is there evidence of agency problems? How active are the owners, and what do they value?
5. What are the operating characteristics of the company, including its size in sales, assets, and employees, its age, and its geographic locations (including international operations)? Does the company have any unique physical resources?

6. Are employees highly trained? If a union is present, how are relations with the union?
7. How would you describe the organization's culture? Is it a high-performing culture? Is it supportive of the firm's strategies?

Financial Analysis:

A financial analysis should include a comparison of ratios and financial figures with major competitors or the industry in which the organization competes (cross sectional), as well as an analysis of trends in these ratios over several years (longitudinal). Financial ratio analysis can provide an indication as to whether the firm is pursuing appropriate strategies.

Poor financial trends are sometimes symptoms of greater problems. For example, a firm may discover that administrative costs are increasing at a faster rate than sales. This could be an indication of diseconomies of scale or the need for tighter controls on overhead costs.

Financial analysis is also used to indicate the ability of the firm to finance growth. For example, managers of a firm that has very high leverage (long-term debt) may have to be less ambitious in their strategies for taking advantage of opportunities. On the other hand, an organization with a strong balance sheet is well poised to pursue a wide range of opportunities. Strong financial resources are often difficult to imitate in the short term.

Analysis of Resources and Capabilities

The foregoing analysis of the internal environment provides an excellent starting point for identifying key resources and capabilities. For example, outstanding resources and capabilities may result from (1) superior management, (2) well-trained employees, (3) an excellent board of directors, (4) a high-performance culture, (5) superior financial resources, (6) effective knowledge-generating processes, or (7) the appropriate level and type of international involvement. However, these potential sources of competitive advantage barely scratch the organizational surface.

You also should evaluate the organization's primary value-chain activities to identify resources and capabilities. These activities include its (8) inbound logistics, (9) operations, (10) outbound logistics, (11) marketing and sales, and (12) service, as well as the support activities of (13) procurement, (14) technology development, (15) human resource management, and (16) administration. In addition, an organization may have (17) an excellent reputation, (18) a strong brand name, (19) patents and secrets, (20) excellent locations, (21) outstanding learning capabilities, or (22) strong or valuable ties (i.e., alliances, joint ventures, contracts, cooperation) with one or more external stakeholders.

All of these potential resources and capabilities (and many others) have been discussed in the textbook. They form a starting point that you can use to help identify the potential sources of competitive advantage. Each company has its own unique list.

It is useful to screen resources and capabilities based on their long-term strategic value. This process entails asking several questions:

- Does the resource or capability have value in the market?
- Is the resource or capability unique?
- Is there a readily available substitute?

Positive answers to the first two questions and a negative answer to the third mean that the resource or capability has the ability to provide a source of competitive advantage. Two additional questions are then asked:

- Do organizational systems exist that allow realization of potential?
- Is the organization aware of and realizing the advantages?

Opportunities can exist if an organization is not taking advantage of sources of competitive advantage, either because it is unaware of them or because systems are not yet in place to take advantage of them. A final question is then asked:

- Is the resource or capability difficult or costly to imitate?

If it is difficult or costly to imitate the resource or capability, it can be a source of sustainable competitive advantage. A final part of this analysis is to determine whether the resource or capability can be applied to multiple business areas. If this is the case, it can be classified as a core competency or capability.

Performance Evaluation

The next step in internal analysis is to describe and critique the organization's past strategies. In critiquing strategies, you will need to describe them in detail, discuss whether they have been successful, and then evaluate whether they fit with the industry environment and the resources and capabilities of the organization:

1. What is the company's pattern of past strategies (corporate-level, business-level, international)?
2. How successful has the company been in the past with its chosen strategies? How successful is the company now?
4. For each strategy, what explains success or failure? (Use your environmental and organizational resource analyses to support your answer.)

Summary of Situation Analysis: SWOT & TOWS (2 pages)

On the basis of your environmental and organizational analyses, you should be in a position to draw some conclusions about the situation your organization is facing, called a situation analysis. Strengths are defined as firm resources and capabilities that can lead to a competitive advantage. Weaknesses are resources and capabilities that the firm does not possess, resulting in a competitive disadvantage. Note weaknesses may not be obvious, so do some serious research. Each of the resources and capabilities identified during the organizational analysis should be measured against the factors identified in the environmental analysis.

Opportunities are conditions in the external environment that allow a firm to take advantage of organizational strengths, overcome organizational weaknesses, or neutralize environmental threats. Consequently, now that the organizational analysis is complete, you should reevaluate your list of opportunities to determine whether they apply to your organization. You should also evaluate threats to make sure they are applicable to your firm. Threats are conditions in the broad

and operating environments that may impede organizational competitiveness or the achievement of stakeholder satisfaction.

A TOWS analysis is a tool for creating strategies, but may also be applied to the development of more specific tactics and actions. Take your key strengths, weaknesses, opportunities and threats and place them in the TOWS Matrix. Look to identify different strategies that would do the following: WI Strategies - Minimize both weaknesses and threats. WO Strategies – Minimize the weaknesses and maximize opportunities. ST Strategies - Maximize the strengths while minimizing threats. SO Strategies – Maximize strengths and opportunities.

Culminate with an assessment of the business strategy of this firm. Do NOT be one-sided – don't make this read like an advertisement for the firm. You need to be critical – surely this firm is not the greatest thing since sliced bread.

<u>TOWS MATRIX</u> <u>Worksheet</u>	<u>Strengths</u> 1 2 3 4	<u>Weaknesses</u> 1 2 3 4
<u>Opportunities</u> 1 2 3 4	<u>SO Strategies</u>	<u>WO Strategies</u>
<u>Threats</u> 1 2 3 4	<u>ST Strategies</u>	<u>WT Strategies</u>

Recommendations for the Future of the Company (5 pages)

It's time to earn your keep – give some solid advice that the firm's managers can use. Your recommendations should logically flow from your research in the prior parts of the paper. Thus, your paper should have a clear thread running through it, such that it builds up to your recommendations. Stated differently, your recommendations should not be a surprise; support for them should come from the prior parts of the paper.

Your environmental and organizational analyses helped you evaluate the past strategies and strategic direction of the firm, as well as develop a list of strengths, weaknesses, opportunities, and threats. The next step is to make recommendations concerning the strategies the firm may want to pursue in the future. If the firm is not a stellar performer, this should be an easy task. However, even firms that have been highly successful in the past should consider taking advantage of opportunities and should respond to threats. History has taught us that firms that are unwilling to move forward eventually decline.

Strategic Direction and Major Strategies

You should probably begin your strategic recommendations by focusing on the strategic direction and major strategies of the firm. Based on your earlier analyses, you may want to consider adjustments to the mission of the firm, including its vision or business definition. Determine whether the business definition is still appropriate, given your environmental analysis. Is your dominant industry stagnant? Is it over-regulated? Is competition hurting profitability? Should you consider investing in other industries? If so, what are their defining characteristics? What core competencies and capabilities could be applied elsewhere? What opportunities could be explored that relate to the corporate-level strategies?

The business-level strategy should also be considered. If you determined earlier that the business-level strategy is not as successful as it should be, what adjustments should be made? Could the company have more success by focusing on one segment of the market? Or if the company is pursuing a focus strategy, would broadening the target market be appropriate? If the company is following cost leadership, would a differentiation strategy work better? If differentiation doesn't seem to be working very well, would a cost leadership strategy be better? Finally, would a best-value strategy be the most appropriate?

It is possible that you may want to leave the strategic direction and major strategies alone, especially if the organization has enjoyed recent success. Regardless of whether you altered the direction and strategies, at this point you have now established what you think they should be. The direction and corporate- and business-level strategies provide guidance for fine-tuning an organization's strategies. Each of the recommendations you make from this point on should be consistent with the strategic direction and major strategies of the organization. At this point, it is time to explore strategic opportunities further.

Evaluation of Opportunities and Recommendations

Using the strategic direction and corporate- and business-level strategies as guides, strategic opportunities should be evaluated further. These alternatives were generated during earlier analyses. They include opportunities that allow a firm to take advantage of organizational strengths, overcome organizational weaknesses, and neutralize environmental threats. Evaluation of opportunities means much more than simply accepting them on the basis of earlier environmental and organizational analyses. They should also be evaluated based on factors such as the following:

1. *Value added to the organization.* Some alternatives may have high potential for growth in revenues, whereas others may be oriented toward improving efficiency, eliminating problems, taking advantage of organizational strengths, or any of a wide range of other factors. Make sure that you look at long-term value as well as short-term value.
2. *Organizational resources required to implement the alternative.* The actual dollar costs to an organization are often difficult for a student to estimate. However, you should always provide a description of all of the resources needed to carry out the alternative.
3. *The extent to which the alternative fits within the organization.* Base this part of your analysis on such things as whether the alternative takes advantage of current distinctive competencies, the ability of the organization to successfully execute the alternative, and whether the existing culture, management, and resources of the organization will support implementation of the alternative. Make sure to specify whether this alternative is consistent with the current strategic direction of the company or requires new direction.

4. *Risks associated with the alternative.* Consider such things as financial risk, risk to the firm's reputation or its existing strengths, and risk to particular stakeholder groups, such as employees, managers, customers, or suppliers. Part of this analysis should anticipate the reactions of competitors to the strategy and what could happen if they respond adversely.
5. *Future position.* Will the strategy continue to be viable as the industry and the broad environment undergo their expected changes? Will it provide a foundation for survival or competitive success?

The result of this analysis should be a recommendation or recommendations that the organization should pursue. Through this entire process, remember that many companies identify areas of strength that are no longer capable of giving the company a competitive edge. What was a key to success yesterday may be a requirement for survival today.

Implementation and Control

Recommendations should always be accompanied by an implementation plan and basic controls. The following are major questions that should be addressed during this section of the report.

1. How do the recommendations specifically address concerns that were identified during the analysis?
2. What will be the roles and responsibilities of key internal *and* external stakeholders in carrying out the recommendations, and how are they expected to respond? What actions should be taken to smooth out the transition period or avoid stakeholder discontent?
3. Does the organization have the resources (funds, people, and skills) to carry out the recommendations? If not, how should the organization proceed in developing or acquiring those resources?
4. Does the organization have the appropriate systems, structures, and processes to carry out the recommendations? If not, how should the organization proceed in creating the appropriate systems, structures, and processes?
5. What is the appropriate time horizon for implementing recommendations? What should the organization and its managers do immediately, in one month, in six months, in a year, etc.?
6. What are the roadblocks the organization could encounter while implementing the recommendations (i.e., financing, skilled labor shortages)? How can the organization overcome these roadblocks?
7. What desired outcomes or changes should the organization expect once the recommendations have been implemented? How will the organization know if the recommendations have been successful? In other words, what objectives are associated with your recommendations?
8. What were some of the major assumptions you made with regard to the external environment? Which of these factors, if different from expected, would require an adjustment to your recommendations?

Tips To Avoid Being Tactical

Stay away from basic marketing suggestions, such as “Improve your reputation” or “Advertise more” or “Offer better customer service,” etc. Also, avoid discussions of minor tactical moves. Instead, suggest strategic actions such as specific countries to expand into, firms to acquire, etc. For example, if a firm offers special promotions, changes prices, adds a new amenity, etc., these are generally not major strategic actions. Instead, these are considered tactical actions – smaller actions that adjust a current strategy. Many marketing changes are in this category. While these types of adjustments are important, they’re simply not what we’re focusing on in this class.

We’re focusing on strategic moves – moves that are much larger and more significant in scope. They stem from some of the same needs that bring about tactical actions, but they are much grander in scale. For example, if a quick service company like Burger King sees a trend toward low-carb eating, that company may add a new item to its menu. That’s a tactical move. What you want to focus on in your report is something more along the lines of Burger King buying the Atkins (Diet) company, or forming an alliance with Atkins, or expanding into other countries without a low-carb trend. You do NOT want to simply recommend that Burger King increase its advertising or start a new campaign to emphasize its low-carb options; sure, that’s part of it, but not our focus here. Long story short, you want to stick to the types of actions that are strategic such as those discussed in Chapters 5–6.

Whatever your recommendations, summarize the reasoning behind each recommendation, and then explain what the effects of implementing this recommendation are likely to be. Be comprehensive—don’t just look at the positive side. What are the risks involved with implementing your recommendations? Obviously the overall result should be favorable, but don’t sugarcoat the process. Bolster your arguments with strategy concepts and empirical facts—this is where most students go wrong. And be specific – if you recommend an acquisition, which firm? At what price? Where will you get the money? How will you integrate the firm? If it’s international expansion, where, how, why, when, etc.?

Analytic Appendices (4 pages)

The appendices are to summarize your analyses of the company. Your appendices can include charts or graphs that provide a summary of your various analyses. For example you may wish to include a five forces analysis, a SWOT and TOWS analysis (on same page as a TOWS analysis), a competitor profile analysis, a value-chain analysis, or a map of core competencies. Use the appendices to summarize your analyses, do not use the appendices to summarize information obtained directly from other sources such as annual reports (Note the only exception is an appendix of financial ratios).