1. **Analyze corporate-level strategy**. To analyze corporate-level strategy, you first need to

define the company’s mission and goals. Sometimes the mission and goals are stated

explicitly in the case; at other times, you will have to infer them from available in-

formation. The information you need to collect to find out the company’s corporate

strategy includes such factors as its lines of business and the nature of its subsidiaries

and acquisitions. It is important to analyze the relationship among the company’s

businesses. Do they trade or exchange resources? Are there gains to be achieved from

synergy? Alternatively, is the company just running a portfolio of investments? This

analysis should enable you to define the corporate strategy that the company is pursu-

ing (for example, related or unrelated diversification, or a combination of both) and to

conclude whether the company operates in just one core business. Then, using your

SWOT analysis, debate the merits of this strategy. Is it appropriate given the environ-

ment the company is in? Could a change in corporate strategy provide the company

with new opportunities or transform a weakness into a strength? For example, should

the company diversify from its core business into new businesses?

Other issues should be considered as well. How and why has the company’s strat-

egy changed over time? What is the claimed rationale for any changes? Often, it is a

good idea to analyze the company’s businesses or products to assess its situation and

identify which divisions contribute the most to or detract from its competitive advan-

tage. It is also useful to explore how the company has built its portfolio over time. Did

it acquire new businesses, or did it internally venture its own? All of these factors pro-

vide clues about the company and indicate ways of improving its future performance.

2. **Analyze business-level strategy**. Once you know the company’s corporate-level strat-

egy and have done the SWOT analysis, the next step is to identify the company’s

business-level strategy. If the company is a single-business company, its business-

level strategy is identical to its corporate-level strategy. If the company is in many

businesses, each business will have its own business-level strategy. You will need to

identify the company’s generic competitive strategy—differentiation, low-cost, or

focus—and its investment strategy, given its relative competitive position and the

stage of the life cycle. The company also may market different products using different

business-level strategies. For example, it may offer a low-cost product range and a line

of differentiated products. Be sure to give a full account of a company’s business-level

strategy to show how it competes.

Identifying the functional strategies that a company pursues to build competitive

advantage through superior efficiency, quality, innovation, and customer responsive-

ness and to achieve its business-level strategy is very important. The SWOT analysis

will have provided you with information on the company’s functional competencies.

You should investigate its production, marketing, or research and development strat-

egy further to gain a picture of where the company is going. For example, pursu-

ing a low-cost or a differentiation strategy successfully requires very different sets

of competencies. Has the company developed the right ones? If it has, how can it

exploit them further? Can it pursue both a low-cost and a differentiation strategy

simultaneously?

The SWOT analysis is especially important at this point if the industry analysis,

particularly Porter’s model, has revealed threats to the company from the environ-

ment. Can the company deal with these threats? How should it change its business-

level strategy to counter them? To evaluate the potential of a company’s business-level

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strategy, you must first perform a thorough SWOT analysis that captures the essence

of its problems.

Once you complete this analysis, you will have a full picture of the way the com-

pany is operating and be in a position to evaluate the potential of its strategy. Thus,

you will be able to make recommendations concerning the pattern of its future actions.

However, first you need to consider strategy implementation, or the way the company

tries to achieve its strategy.