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STRATEGIC MANAGEMENT

24

REAL & CONTEMPORARY
CASE STUDIES



Desclée De Brouwer


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24 Real & Contemporary Case Studies



DESCLÉE DE BROUWER

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Introduction

This book gathers a selection of current case studies of real companies that were prepared by its three authors to deepen the study of Strategy.

It is intended to be an aid for those who wish to further the study of the practical applications of strategic analysis and strategic management. The aim is for students to be able to identify the key concepts in the day-to-day reality of companies and to be able to apply the analysis techniques previously studied to the real situations faced by these companies.

The authors are professors in the Strategy area of Deusto Business School with extensive experience in the courses of Strategic Analysis and Strategic Management, both in undergraduate and postgraduate programmes at DBS and other prestigious international institutions. They are former students of Antonio Freije Uriarte, creator of the School of Management of what was known for years as “La Comercial”, today known as Deusto Business School.

Thanks to Antonio Freije, for whom we would like to express our admiration, gratitude and affection, we were introduced to a method in which we first delve into the theoretical concepts and then try to master them by applying them to real case studies. These case studies are characterized by the fact that they are not excessively long and that they deal with real companies faced with specific problems of current interest for our analysis. Unlike other cases commonly used by other business schools, which provide a wealth of information and have a very open approach, ours include a summary or a part of the reality that we are interested in using.

The information for the preparation of each case study was obtained from public sources, such as the information contained in corporate websites: Annual Reports, Income Statements, Investor Information, etc., as well as in financial and business publications and other public information sources. The year in which the case was prepared and the year in which

it was updated, if applicable, are indicated on the first page of each case. Further information related to the industry or other data of interest that we considered appropriate to include are also referenced. We also specified which cases had to be simplified for pedagogical reasons.

It should be noted that, in most cases, this information was assessed by current senior management members, so we were able to exchange views and compare notes before drafting these case studies, in order to focus each of them on those aspects that seemed more relevant in a specific situation. Thus, for example, for the Grifols case study, we chose to analyze the strategic move made by this company in order to set up business in Egypt after the plasma shortage resulting from the pandemic. In the case of Siemens Gamesa, we focused on the merger of these two companies, since the combination of their capabilities and the use of synergies made this strategy an interesting subject of study. Gestamp's case study was written at a time when the new CASE (Connectivity, Autonomy, Mobility Services and Electricity) trends were forcing manufacturers in the automotive components industry to reinvent themselves.

It goes without saying that, should there be any errors or misinformation, the sole responsibility lies with the authors of this work. Moreover, we are aware that in spite of the numerous revisions and corrections there will still be errors, mistakes and omissions.

While it is true that this publication seeks to be useful to anyone who wants to further delve in Strategic Analysis and Management, it is no less true that this work arises from the natural teaching interaction between people who are ready to learn and people committed to facilitating the learning process. Thus, for years we have been driven not only by the idea of providing students with case studies where they can apply their knowledge in order to deepen their understanding and scope, which we could have accomplished with any invented case, but also of providing our students with current and practical knowledge that could be of help both for the future practice of the consulting profession, where appropriate, and for the development of their career in any of these sectors of activity.

This book contains 24 case studies that were designed over the last ten years, covering a broad spectrum of industries ranging from global commodity markets (the merger between Glencore and Xstrata) to electric cars (Tesla); consumer industries such as the mobile phone industry (Apple's growth and the emergence of Xiaomi) or the food industry (the Spanish brewing industry, Ebro Foods, Danone, ElPozo Alimentación or Galletas Gullón), through industrial sectors such as seamless stainless steel tube manufacturing (Tubacex), aircraft component industry (ITP and Zodiac) or the automotive component industry (Grupo Antolín and Gestamp), in addition to hollow glass manufacturers such as Vidrala, or table glassware manufacturers such as Vicrila.

The energy industry is also present, with the cases of Iberdrola, Siemens Gamesa and Canadian Solar trying to open the horizon to renewable energies such as solar or wind power. In the construction industry there is the ACS case; and in the restaurant industry we included the purchase of Nevera Roja by Just Eat. The hospitality industry is present in the NH Hoteles case.

Finally, regarding the biotechnology industry during the recent pandemic, we thought it would be interesting to address issues such as the Pfizer / Biontech alliance for the development and marketing of a vaccine against Covid-19, the spectacular growth of Grifols, or the purchase of Pharmasset by Gilead to find a cure for chronic hepatitis C.

Some of these documents had to be updated as the company evolved, making their subsequent strategic analysis even more valuable and interesting.

When putting the cases in order, we could have sorted them by chronological order or by sector of activity, for instance, but as this work was created mainly for educational purposes, we classified them based on the learning objectives they comprise.

As for the theoretical framework used as a basis, we followed a classic conceptual scheme of Strategic Analysis which includes, starting from the company's objectives, External and Internal Analysis, as well as strategy formulation at two levels: corporate and competitive strategies. The fundamental reference texts we worked with for the theoretical part include: FREIJE URIARTE, A. and FREIJE OBREGÓN, I. (2019). *La estrategia empresarial con método* (4th edition). Bilbao: Desclée De Brouwer, S.A.; JOHNSON, G., WHITTINGTON, R. and SCHOLE, K. (2015). *Fundamentals of Strategy* (3rd ed.). Harlow: Pearson Education Limited; JOHNSON, G., WHITTINGTON, R., SCHOLE, K., ANGIN, D. and REGNÉR, P. (2020). *Exploring Corporate Strategy: Text & Cases* (12th ed.). Harlow (UK): Pearson Education Limited; PORTER, M. E. (2008). *On Competition*. Harvard Business Press.

In Strategic Analysis, we considered it essential, due to its importance, to include a section on strategic purpose and objectives. Thus, in several cases we included the possibility of assessing how the different strategic moves affect the objectives of the company as a whole, as well as each of the stakeholders. In order to do this, we based our research, once again, on the work of the following authors: FREIJE URIARTE, A. and FREIJE OBREGÓN, I. (2019). *La estrategia empresarial con método* (4th ed.). Bilbao: Desclée De Brouwer, S.A., JOHNSON, G., WHITTINGTON, R. and SCHOLE, K. (2015). *Fundamentals of Strategy* (3rd ed.). Harlow: Pearson Education Limited; SCHOLE, K., JOHNSON, G. and WHITTINGTON, R. (2010). *Fundamentos de estrategia*. Madrid: Pearson Educación, and PORTER, M. E. and KRAMER, M. R. (2011). Creating Shared Value. *Harvard Business Review*, 89 (1), 62-77.

External Analysis involves analyzing both the macro-environment and what we called industries and sectors, as well as the strategic group of competitors and customers. For the analysis of the macro-environment, the techniques commonly used are the PESTEL analysis that allows for the selection of the key drivers for change and the development of scenarios. Here we followed FREIJE URIARTE, A. and FREIJE OBREGÓN, I. (2019). *La estrategia empresarial con método* (4th ed.). Bilbao: Desclée De Brouwer, S.A., and JOHNSON, G., WHITTINGTON, R. and SCHOLES, K. (2015). *Fundamentals of Strategy* (3rd ed.). Harlow: Pearson Education Limited.

When delving into industries and sectors, we relied on the strategic model known as “Porter’s Five Forces”, introducing its comparison over time and with the support of the product life-cycle theory. In addition to the aforementioned authors, here we based our work on PORTER, M. E. (2008). The Five Competitive Forces That Shape Strategy. *Harvard Business Review*, January, 78-93.

In Internal Analysis, the concept of distinctive capabilities was studied as the combined resources and capacities, paying special attention to their sustainability. The fundamental references for this part were: BARNEY, J. (1995). Looking Inside for Competitive Advantage. *Academy of Management Executive*, 9 (4), 49-61; PORTER, M. E. (1985). *Competitive Advantage: Creating and Sustaining Superior Performance*. New York: Free Press; and PRAHALAD, C. K. and HAMEL, G. (1990). The Core Competence of the Corporation. *Harvard Business Review*, 68 (3), 79-91.

With regard to competitive strategy, we started from Porter’s classification into differentiation and cost leadership strategies; and we also considered the theory of the strategy clock, which helped us to assess the current situation of these companies, many of them with hybrid strategy approaches. We mainly relied on the works of JOHNSON, G., WHITTINGTON, R. and SCHOLES, K. (2015). *Fundamentals of Strategy* (3rd ed.). Harlow: Pearson Education Limited; PORTER, M. E. (1980). *Competitive Strategy. Techniques for Analyzing Industries and Competitors*. New York: Free Press; PORTER, M. E. (1985). *Competitive Advantage: Creating and Sustaining Superior Performance*. New York: Free Press.

For the analysis of corporate strategy, we started from Ansoff’s classification and went on to include aspects such as the position of the starting business in the life cycle, as well as top management’s attitude towards markets and the achievement of objectives. In this part, we relied mainly on the work of FREIJE URIARTE, A. and FREIJE OBREGÓN, I. (2019). *La estrategia empresarial con método* (4th ed.). Bilbao: Desclée De Brouwer, S.A.

Based on this same model, we mainly focused on the different components of the strategic evaluation process for each business alternative: market potential, capabilities profile, synergies and competitive advan-

tage. Likewise, although other cases of corporate strategy can be used for the same purpose, we decided to include two cases specifically focused on the assessment of the development of the strategy by organic or inorganic growth, including strategic alliances.

Figure 0.0 shows the 24 case studies, indicating their contribution to the proposed learning objectives, so that they can be selected according to their interest at any given time.

We would like to add just a few more words in order to explain that the solutions to the exercises are not included because we intend to encourage our students, both in undergraduate and postgraduate courses in Business Administration and Management, to implement their own learning process and practical application.

In the field of strategy we frequently deal with unstructured problems, those in which a multitude of variables interact with each other in a way that is difficult to reduce to a model, for which it is not possible to work out a solution in advance, but we can take increasingly better approaches to them through a trial-and-error process. This type of subject encourages the solving of practical cases in groups, and this is how we have been doing it, because the possibility of discussing a problem from different points of view and approaches is an incredible enriching experience, and thus the analysis can be more meaningful.

To do this, they must first enter into the reality presented to them, understand what the company is about, what it does and what it is experiencing, as well as the situation it is trying to face. Once this reality is understood, they must accept the responsibility of guiding the company by adopting a good approach, carrying out the strategic analysis, applying the concepts and techniques studied. Once again, what is important is not only the final solution, but how they get there, the way in which they select and apply techniques and concepts to reach conclusions that they must be able to interpret and turn into coherent approaches, bearing in mind that in some cases different approaches are possible.

Finally, we would like to reiterate our thanks to Antonio Freije, our former professor and a beloved and revered teacher today, for everything he taught us, not only by sharing his knowledge but also leading by example.

A very special mention must be also made of Professor Fernando Gómez-Bezares, whose guidance and good advice, as always, have been fundamental.

It only remains for us to thank each and every one of our students who have taken these courses for all their effort. Their hard work, their in-depth analysis, debates and questions, have made it possible to improve the cases and our own understanding of them. It is thanks to their enthusiasm and their appetite for learning that we have embarked on this adventure.

Figure 0.0. List of Cases and Their Contribution to Learning Objectives.

Cases		Objetives	External Analysis	Strategic Capability	Competitive Strategy and Competitive Advantage	Corporate Strategy	Strategy Evaluation	Strategy Development
1	Concentration in the Global Commodity Market: the Glencore-Xstrata Merger	X						
2	Ebro Foods, S.A.: From Azucarera Ebro to Ebro Foods	X						
3	The Brewing Industry in Spain		X					
4	Tesla Motors: From the Roadster to the Model S			X	X	X	X	
5	Gilead Buys Pharmasset to Boost the Development of a Hepatitis C Treatment				X		X	
6	Vidrala: The Formation of a European Hollow Glass Group					X		
7	Pfizer-BioNTech Alliance for the Development of a Covid-19 Vaccine					X		X
8	Just Eat Buys La Nevera Roja						X	X
9	Danone Group: from an Artisanal Yogurt Maker to a Global Food Group	X				X		
10	A Century of Restructuring and Divestitures: the Vicrila Case	X						
11	ElPozo Alimentación: Ensuring the Highest Quality through Integrated Process Control			X		X		

	Cases	Objetives	External Analysis	Strategic Capability	Competitive Strategy and Competitive Advantage	Corporate Strategy	Strategy Evaluation	Strategy Development
12	NH Hotel Group's International Expansion	X		X		X		
13	Gullón or Healthy Growth	X		X		X		
14	ACS and Activities Related to Infrastructure Development	X		X		X		
15	Grifols: from a Clinical Analysis Laboratory to a World Leader in Plasma Derivatives and Hospital Supplies	X		X		X		
16	Apple and the World of Smartphones: Innovation and New Competitors		X	X	X	X		
17	From the Mechanical Repair Shop to a TIER 1 Manufacturer of Interiors for the Automotive Industry: the Case of Grupo Antolín	X		X		X		
18	Tubacex: the Struggle for Global Leadership in a Niche Market		X	X	X	X		
19	Siemens Gamesa Renewable Energy: the Search for Synergies		X		X	X		
20	ITP Aero: from a Component Manufacturer to TIER1 Supplier in the Aerospace Industry	X	X	X		X		
21	Gestamp: International Growth and Innovation in the Automotive Components Sector	X	X		X	X		
22	Iberdrola: Renewable Growth	X	X	X		X		
23	Canadian Solar and Vertical Integration in the Solar Photovoltaic Industry	X	X	X	X	X		
24	From an Inflatable Boat Manufacturer to a World Leader in Aeronautics. The Case of Zodiac Aerospace					X		