# **Case Introduction**

**The following pages contain basic-level company and industry profile data to assist you with your assessment in both Course 1 on ‘Strategy Formulation’ and Course 2 on ‘Strategic Capabilities’.**

Note: The information in this document is presented at a basic level only. You are expected to complete significant further research on the organisation, its competitors and the environment to satisfy the requirements of your two assessments.

## Topic

The company, category and geographic location for the Assessment 1 and 2 is:

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| **Company** | IKEA in Sweden (Ikea Svenska Försäljnings AB) |
| **Industry/Sector** | Home Furnishings Retail |
| **Geographic market** | Sweden |
| **Problem** | What does the organisation need to do to strengthen strategic agility and innovation while enhancing supply chain resilience and advancing sustainability goals? |

**Assessment 1 and 2 Summary**

In Assessment 1, you will need to analyse the environment where the nominated organisation and the targeted industry or sector operate within the chosen geographic market. This involves identifying trends, opportunities, and threats for the next 3-5 years using various theoretical frameworks.

For Assessment 2, you will build on the key insights from Assessment 1. You will apply strategic frameworks to make recommendations for the organisation. These recommendations should focus on leveraging the organisation's strengths to exploit identified opportunities and mitigate risks from threats.

*Important:*

Ensure that all submitted work meets Deakin's academic integrity standards. Use Turnitin to check for originality, as a similarity score of 20% or higher will be reviewed and may lead to penalties. Further, this is an individual assessment, and collaboration is not encouraged to maintain academic integrity.

This assessment is at Level 9 of the Australian Qualifications Framework (AQF), equivalent to a Master’s Degree. It requires advanced knowledge, critical thinking, deep analysis, and practical application. The time required to complete the tasks at the level required depends on your study experience, and stage in the program. Typically, you may need 10-15 hours per week. However, if you are early in the Deakin MBA Global program, you may need an additional 5 or more hours per week to improve your research and critical analysis skills.

You must pass MBG771 Strategy Formulation before taking the MBG776 Capstone Unit, as stated in the latest student handbook.

*Helpful databases:*

While undertaking this Unit, you may find the following [databases](https://www.deakin.edu.au/library/a-z/databases) within Deakin Library helpful:

* Passport *(also known as Euromonitor Passport; GMID; Global Market Information Database; Passport GMID)*
* Statista
* D&B Hoovers

# **Case Study: IKEA Sweden in detail**

### Current Challenges:

IKEA Sweden is navigating a complex landscape characterised by multiple challenges requiring strategic and innovative responses. One of the foremost challenges is managing supply chain disruptions and the escalating costs of raw materials and transportation. These issues have been exacerbated by global events, leading to significant operational hurdles. Additionally, IKEA strives to address growing sustainability concerns, focusing on reducing the environmental impact of its operations and products. This includes implementing more sustainable practices and materials to meet both regulatory standards and consumer expectations.

The shift in consumer preferences towards online shopping and home delivery presents another significant challenge. As more consumers opt for the convenience of online purchasing, IKEA must adapt its business model to enhance its e-commerce capabilities and provide a seamless digital shopping experience. Furthermore, geopolitical tensions and trade conflicts risk IKEA’s global operations, potentially disrupting its supply chains and affecting market access.

In the labour market, IKEA faces the challenge of attracting and retaining talent, particularly for frontline positions. The competitive nature of the labour market requires IKEA to implement effective strategies to become an employer of choice, ensuring it can maintain a skilled and motivated workforce.

### Future Challenges (3 – 5 years):

Looking ahead, IKEA Sweden anticipates several challenges over the next five years. A key priority will be accelerating the transition towards a circular business model, increasing the use of recycled materials, and minimising waste. This transition is crucial for sustainability and long-term operational resilience. Additionally, IKEA must continue to adapt to evolving consumer preferences, particularly the rise of conscious consumerism where customers prioritize ethical and sustainable products.

Leveraging technology and data analytics will be vital for enhancing the customer experience and optimizing operations. As technology advances, IKEA will need to integrate innovative solutions to meet customer expectations and streamline its processes. Expanding into new markets and adapting to local cultural preferences will also be essential for growth. This expansion requires a deep understanding of diverse market dynamics and the ability to tailor offerings accordingly.

The impact of climate change on raw material sourcing and supply chain resilience will remain a critical concern. IKEA will need to develop strategies to mitigate these impacts, ensuring the sustainability and reliability of its supply chains.

### Increasing competition

The competitive landscape for IKEA Sweden is expected to intensify with the increased presence of several significant players. Amazon, with its vast e-commerce platform, is expanding its home goods and furniture offerings, posing a substantial threat to traditional retailers. Wayfair, another major online furniture retailer, is rapidly gaining market share and challenging IKEA’s dominance. Alibaba is also making significant inroads into the global furniture market through its various platforms, further intensifying competition. Additionally, local startups are innovating with smart furniture and sustainable materials, appealing to environmentally conscious consumers and adding pressure on IKEA to continuously innovate.

The entry of Amazon and Wayfair will push IKEA to further develop its online shopping experience and logistics capabilities. As Alibaba expands globally, IKEA will need to enhance its digital presence and adapt to different market dynamics. The innovation from local startups with smart furniture and sustainable materials will require IKEA to continuously innovate and improve its product offerings to stay competitive.

### Potential impact on IKEA's strategic agenda

In response to these challenges and competitive pressures, IKEA is prioritizing several strategic initiatives. Strengthening its online presence and improving the digital shopping experience are critical components of its e-commerce expansion strategy. By enhancing its digital capabilities, IKEA aims to meet the growing demand for online shopping and home delivery.

Sustainability remains a core focus, with IKEA continuing to lead in sustainable practices. This includes increasing the use of recycled materials and developing energy-efficient products. Investing in smart furniture technology is another strategic priority, catering to the rising demand for connected home solutions.

Enhancing the customer experience is also pivotal. IKEA is exploring the use of augmented reality (AR) and virtual showrooms to create immersive in-store experiences that attract and retain customers.

### Competencies and capabilities impact

IKEA’s competencies and capabilities play a crucial role in its strategic initiatives. Known for its cost leadership and wide product range, IKEA offers affordable, well-designed furniture and home goods supported by a vast product assortment. The unique customer experience, characterized by large stores with a wide variety of products, enhances customer satisfaction and loyalty.

Further, sustainability and innovation are integral to IKEA’s identity. The company is committed to becoming circular and climate positive, investing in sustainable materials and innovative retail formats to maintain its competitive edge.

### Strategic response

To address these challenges, IKEA is focusing on several strategic responses. Digital transformation is a key area of investment, with plans to enhance its e-commerce platform and leverage data-driven customer insights. Sustainability initiatives are being accelerated to achieve a circular economy and promote sustainable living. Enhancing the customer experience through technology, such as AR and VR for product visualization, will help IKEA differentiate itself from competitors and attract a loyal customer base.

In summary, IKEA Sweden is navigating a dynamic and challenging environment that requires strategic agility and innovation. Although digital transformation, sustainability, and customer experience are part of the DNA of IKEA, the organisation seeks to solidify its market position and achieve long-term success amidst intensifying competition and evolving consumer preferences.

\*\* case end \*\*

# **Assessment 1 Brief**

Students must pass this assessment to pass the course and the overarching Deakin unit.

## Overview

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| **Brief Description of the Assessment Task** | For this assessment, you will be provided with a case snippet of a company, including basic background information about its structure, operations and performance. You are to assume the role of a new CEO brought in to formulate a new strategy for this organisation. |
| **Details of the Student Output** | You will prepare a written report of ~ 2,500 words that identifies and prioritises the environmental and governance issues a selected organisation faces and provides evidence-based strategic recommendations that will contribute to organisational growth. |
| **Grading and Weighting  (% Total Marks for the Unit)** | 50% |
| **Unit Learning Outcomes (ULOs)** | This task assesses your achievement of the following ULOs:   * **ULO1**: Research and analyse the organisational environmental and governance factors to assist in the diagnosis of complex organisational issues and formulate evidence-based recommendations. * **ULO2**: Utilise analysis and decision-making tools of strategic management to support the activities of strategy evaluation, formulation and implementation in a variety of organisational contexts. |
| **Graduate Learning Outcomes (GLOs)** | This task assesses your achievement of the following GLOs:   * **GLO1**: Discipline-specific knowledge * **GLO5**: Problem-solving |
| **How and when you will receive feedback on your work** | The grader will provide feedback on each component mentioned in the rubric. They may also add areas of improvement or may suggest recommendations for improvement. |
| **When and how to submit your work** | The submission report needs to be uploaded as a Microsoft document (.docx) file on the upGrad platform before the assessment deadline mentioned on the platform. |

## **Assessment 1: Environmental Analysis and Strategic Assessment**

### Introduction

You are the newly appointed CEO of the organisation. The Board of Directors has tasked you with conducting a comprehensive analysis of the external environment to identify trends, opportunities, and threats that the organisation will face in the next 3-5 years. This analysis will form the foundation of your strategic recommendations and is crucial for your confirmation as the permanent CEO.

### Requirements

1. **Industry and Sector Performance Analysis**

* Conduct a detailed analysis of the furniture retail industry, focusing on supply chain dynamics, sustainability trends, consumer behaviour, and competitive landscape.
* Identify key performance indicators and benchmark the organisation against its competitors.
* Use scoring and weighting to assess the significance of different industry trends and their potential impact on the organisation. Include a prioritisation matrix in the appendix to visually represent the most critical trends. Include all source citations.

1. **Macro-environmental Analysis:**

* Use PESTEL analysis to explore political, economic, social, technological, environmental, and legal factors impacting the organisation.
* Assess how these factors will influence the operations and strategic positioning of the organisation.
* Evaluate the potential impact and likelihood of each PESTEL factor. Apply a scoring system to prioritise which factors are most critical for strategic planning. Include this prioritisation in the appendix. Include all source citations.

1. **Competitor Analysis:**

* Identify and evaluate a minimum of three direct competitors, and not less than two potential or emerging competitors.
* Conduct a SWOT analysis of each competitor (direct and potential/emerging) strengths, weaknesses, market strategies, and potential impact on the organisation.
* Compare these against the organisation’s position in the market to highlight potential strategic responses. Include all detailed SWOT analyses in the appendix, including source citations.

1. **Industry Forces Analysis:**

* Apply Porter’s Five Forces model to assess the competitive intensity and attractiveness of the industry.
* Discuss the implications for the organisation’s strategic decisions.
* Score each force based on its impact on the organisation. Use a prioritisation matrix to identify which forces are most significant for strategic decision-making. Document the analysis and scoring in the appendix, including source citations.

### Deliverable:

* A written report (~2500 words) summarising your findings and analysis.
* Include an executive summary, detailed sections for each analysis, and a conclusion with identified opportunities and threats.
* An appendix containing all applied models (PESTEL, Porter’s Five Forces, etc.), showing how you arrived at the priorities for focus, with cited references for the information used in your analysis.
* Use Harvard referencing for all sources cited.

### Example Sections for the Report:

**Executive Summary:**

* Summarise the key findings from each analysis.
* Highlight the prioritised trends, opportunities, and threats.

**Industry and Sector Performance Analysis:**

* Detail the findings and significance of key industry trends.
* Include a prioritisation matrix in the appendix to show the most critical trends.

**Macro-environmental Analysis:**

* Present the PESTEL analysis with an emphasis on the most impactful factors.
* Provide a scoring table in the appendix to justify the prioritisation.

**Competitor Analysis:**

* Discuss the strengths and weaknesses of key competitors, such as Amazon, Wayfair, Alibaba, and local startups.
* Include detailed SWOT analyses in the appendix for transparency.

**Industry Forces Analysis:**

* Summarise the results of Porter’s Five Forces analysis.
* Provide a prioritisation matrix and scoring details in the appendix.

**Conclusion:**

* Identify the top opportunities and threats based on the prioritisation process.
* Justify why these issues should be the focus of the organisation's strategic planning.

**Reference list**

* Provide a comprehensive reference list following Harvard referencing style for all sources cited in your report.

**Appendix:**

* Detailed documentation of all applied models.
* Step-by-step analysis, scoring, and data points.
* Cited references for all information used in the analyses.

## Guidance for completing the Assessment:

* **Application of Frameworks:** Students must accurately apply all the specified frameworks (e.g., PESTEL, Porter’s Five Forces, SWOT etc) to achieve a pass. Thorough and precise use of these tools is essential for a comprehensive analysis.
* **Additional Frameworks:** Students are permitted (but not required) to include any additional frameworks they feel would enhance the analysis and evaluation of the topic. The use of relevant and justified additional frameworks will be positively considered.
* **Evidence-Based Analysis:** All analyses and recommendations must be supported by data and referenced sources. Ensure that your work is evidence-based, with clear citations using Harvard referencing style.
* **Professional Presentation:** Reports must be professionally presented, free of typos and grammatical errors, and well-structured. Adherence to formatting and referencing guidelines is mandatory.
* **Appendix Requirements:** The appendix must contain detailed documentation of all applied models, including step-by-step analysis, scoring, and data points, with cited references for the sources of information used. This transparency is crucial for validating your conclusions and recommendations.

By following these important notes, you will ensure that your assessments meet the high standards expected at Level 9 of the AQF and demonstrate your advanced strategic management capabilities.

## **Assessment 2 Brief**

Students must pass this assessment to pass the course and the overarching Deakin unit.

## Overview

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| **Brief Description of the Assessment Task** | Congratulations. Although the board has not reviewed your report, they have approved for you to move forward with the second half of your proposal.  Building on the insights gained from your environmental and strategic assessment analysis in Assessment 1, your task in Assessment 2 is to develop strategic recommendations that leverage the organisation’s capabilities and address the identified opportunities and threats.  You will formulate actionable strategies that demonstrate your ability to create and implement effective business strategies. |
| **Details of the Student Output** | You will prepare a written report of ~2,500 words that provides a brief summary of the key findings from Assessment 1, analyses the internal environment, evaluates the current business and corporate-level strategies, examines organisational design and strategy implementation, and develops strategic recommendations addressing the major priorities you recommended. The report should include an appendix with all applied models and cited references. |
| **Grading and Weighting  (% Total Marks for the Unit)** | 50% |
| **Unit Learning Outcomes (ULOs)** | This task assesses your achievement of the following ULOs:   * **ULO3:** Evaluate an organisation’s strategic capabilities in improving organisational performance. * **ULO4:** Select appropriate concepts, theories and tools in order to aligning internal and external resources to build strategic capability. |
| **Graduate Learning Outcomes (GLOs)** | This task assesses your achievement of the following GLOs:   * **GLO1**: Discipline-specific knowledge * **GLO5**: Problem-solving |
| **How and when you will receive feedback on your work** | The grader will provide feedback on each component mentioned in the rubric. They may also add areas of improvement or may suggest recommendations for improvement. |
| **When and how to submit your work** | The submission report needs to be uploaded as a Microsoft document (.docx) file on the upGrad platform before the assessment deadline mentioned on the platform. |

## **Assessment 2: Strategic Recommendations and Capability Development**

### Introduction

Based on the insights gained from your environmental and strategic assessment analysis in Assessment 1, you are now required to utilise additional strategic frameworks to develop actionable recommendations for **IKEA Sweden**.

Your task is to propose actionable strategies that leverage the organisation’s capabilities and address the identified opportunities and threats identified in Assessment 1. This will demonstrate your ability to formulate and implement effective business strategies.

### Requirements:

1. **Overview of External Environmental Conditions:**

* Provide a brief summary of the key findings from your analysis in Assessment 1.
* Highlight the most critical trends, opportunities, and threats facing the organisation.

1. **Internal Environmental Conditions:**

* Analyse the organisation’s internal environment, focusing on strategic and dynamic capabilities.
* Discuss the organisation’s resources, competencies, and distinctive capabilities using the value chain framework.

1. **Business and Corporate-Level Strategies:**

* Evaluate the organisation’s current business-level and corporate-level strategies.
* Assess the effectiveness of these strategies in the current environment and identify areas for improvement.
* Note: use two subsections – 1) Corporate Level Strategies; and 2) Business Level Strategies

1. **Organisational Design and Strategy Implementation:**

* Examine how the organisation’s organisational design supports its strategies.
* Discuss recent structural changes, centralisation levels, and their appropriateness for the strategic direction.

1. **Strategic Recommendations:**

* Develop strategic recommendations to enhance the organisation’s competitive advantage.
* Address the capabilities and competencies of the organisation of prioritised areas identified in Assessment 1.
* Provide detailed action plans for implementing these strategies.

### Example Sections for the Report

**Executive Summary**

* Summarise the key findings and strategic recommendations.
* Highlight the prioritised strategies.

**Overview of External Environmental Conditions**

* Briefly summarise key findings from Assessment 1.
* Highlight critical trends, opportunities, and threats using frameworks such as SWOT, PESTEL, and Porter’s Five Forces.

**Internal Environmental Conditions**

* Value Chain Analysis: Identify IKEA’s primary and support activities, focusing on value creation and cost efficiency.
* VRIO Analysis: Evaluate IKEA’s resources and capabilities for competitive advantage.
* Resource-Based View (RBV): Analyse IKEA’s resources and competencies to understand its distinctive capabilities.

**Business and Corporate-Level Strategies**

* **Corporate Level Strategies**:
  + Use Ansoff’s Matrix to assess IKEA’s growth strategies.
  + Evaluate the portfolio of product lines using the BCG Matrix.
* **Business Level Strategies**:
  + Apply Porter’s Generic Strategies to evaluate IKEA’s competitive strategy.
  + Apply the Strategic Clock to analyse IKEA’s competitive positioning in more detail.
  + Assess the effectiveness of these strategies and identify areas for improvement.

**Organisational Design and Strategy Implementation**

* McKinsey 7S Framework: Analyse how IKEA’s organisational design aligns with its strategy.
* Centralisation vs Decentralisation: Assess the appropriateness of IKEA’s organisational design.
* Change Management Models: Examine recent structural changes and their implementation effectiveness.

**Strategic Recommendations**

* Balanced Scorecard: Develop recommendations focusing on financial, customer, internal business processes, and learning and growth perspectives.
* Blue Ocean Strategy: Identify new market spaces for innovation.
* Digital Transformation Frameworks: Provide action plans for enhancing digital capabilities.
* Customer Experience Frameworks: Enhance customer experience by mapping and improving key touchpoints.

**Conclusion and Strategic Action Plan**

* Summarise the strategic action plans to deliver the recommendations.
* Justify the prioritisation of these strategies and their expected impact on the organisation’s competitive advantage.

**Reference List**

* Provide a comprehensive reference list following Harvard referencing style for all sources cited in the report.

**Appendix**

* Include detailed documentation of all applied models (Value Chain, VRIO, etc.).
* Show step-by-step analysis, scoring, and data points with cited references.

## Guidance for completing the Assessment

* **Start Early:** Begin with a review of Assessment 1 to identify key insights and gaps.
* **Conduct Additional Research:** Use the recommended databases to gather more data and validate your analysis.
* **Apply Frameworks Thoroughly:** Ensure each framework is applied accurately and relevantly to IKEA’s context.
* **Focus on Clarity and Coherence:** Present your findings and recommendations clearly, ensuring logical flow and coherence.
* **Follow Referencing Guidelines:** Adhere to Harvard referencing style meticulously to avoid penalties.

### Deliverable

* A written report (~2500 words) presenting your strategic recommendations.
* Include an executive summary, detailed sections for each requirement, and a conclusion with a strategic action plan.
* An appendix containing all applied models (value chain, capability analysis, etc.), showing how you arrived at the priorities for focus, with cited references for the information used in your analysis.
* Use Harvard referencing for all sources cited.

### Evaluation Criteria

* Depth of Analysis: Thoroughness and accuracy of your analysis.
* Strategic Insight: Quality, and originality of your strategic recommendations.
* Evidence-Based Approach: Use of data and strategic management tools to support your analysis and recommendations.
* Professional Presentation: Clarity, coherence, and professionalism in the presentation of your report.
* Adherence to Harvard referencing style is mandatory.

### Resources

* Deakin Library Databases
* Academic books, scholarly articles, and industry reports
* Relevant case studies, videos, and readings provided through course materials

By completing these assessments effectively, you will demonstrate your ability to apply strategic management concepts and frameworks, conduct thorough environmental analyses, and formulate actionable strategic recommendations and an action plan for a leading global organisation.