1. How well is the firm’s present strategy working?
2. What are the firm’s resource strengths and weaknesses and its external opportunities and threats?
3. Are the firm’s prices and costs competitive?
4. How strong is the firm’s competitive position relative to rivals?
5. What strategic issues does the firm face?

**Question 1:** How well is the present strategy working?
1. Determine the current strategy of company
2. Examine key indicators of strategic and financial performance

**Question 2:** What are the firm’s strengths, weaknesses, opportunities and threats?
1. Resource **Strengths**
2. Resource **Weaknesses**
3. Market **Opportunities**
4. External **Threats**

For a company’s strategy to be well-conceived, it must be matched to both its resource strengths and weaknesses, its best market opportunities and any external threats to its well-being.

**Question 3:** Are the company’s prices and costs competitive?
Assess whether a firm’s costs are competitive with those of rivals (crucial!). For this you should:

<table>
<thead>
<tr>
<th>…look at using these key analytical tools in general situations:</th>
<th>…and look at these key numbers in the Capstone simulation:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Strategic cost analysis</td>
<td>1. Within-segment comparisons of labor costs</td>
</tr>
<tr>
<td>2. Value chain analysis</td>
<td>2. Within-segment comparisons of material costs</td>
</tr>
</tbody>
</table>

**Question 4:** How strong is the company’s competitive position?
A company’s competitive strength in the marketplace hinges on …
1. Whether firm’s position can be expected to improve or deteriorate if present strategy and skill at implementation is continued
2. How a firm ranks relative to key rivals on each industry KSF (see the Weighted Assessment handout)
3. The degree to which a firm’s competitive advantage is sustainable or whether it finds itself at disadvantage relative to rivals, as well as the…
4. the ability of firm to defend its position in light of:
   a. industry driving forces,
   b. competitive pressures, or
   c. the anticipated moves of rivals.

**Question 5:** What strategic issues does the company need to address?
Based on the answers to the preceding questions what items should be on the company’s “worry list”? This requires thinking strategically about…
- Pluses and minuses in the industry and competitive situation
- Company’s resource strengths and weaknesses and attractiveness of its competitive position

A “good” strategy must address “what to do” about each and every strategic issue!