

Kasemann Cheese Company Case Study

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Developing Strategic Options

1.1 SWOT Analysis of Kasemann Cheese Company

The principal purpose of this SWOT analysis is to establish the strategies that Kasemann Cheese company can exploit to maximize its opportunities, combat threats, build on its strengths, and eliminate its weaknesses. As one of the companies that have built themselves from scratch and attained the reputation of a household name, Kasemann Cheese Company has numerous strengths that can assist it in thriving and having a competitive advantage against its competitors. The existing company strengths have the potential to aid the company in shielding its market share within the existing markets and enabling it to penetrate new markets. Weaknesses are areas where Kasemann Cheese Company can improve. An impeccable strategic SWOT analysis for the company is vital in building on its competitive advantage and strategic positioning in the industry. Below is a breakdown of Kasemann's SWOT analysis:

Strengths- Internal Strategic Factors

- Kasemann Cheese Company has a good and successful track record of producing healthy, low-fat cheese.
- Good Returns on Capital Spending- Kasemann Cheese Company is in a relatively good position to effectively implement and execute new products given that it already has the equipment and materials- this will boost its capital returns and develop new income streams.
- Strong distribution network – Over the years, Kasemann Cheese Company has established a dependable distribution network in the Gippsland region of Victoria that has managed to extend to other nearby markets.
- Strong Customer Base- The company is famous for producing less-fatty cheese. With the increasing number of health-conscious consumers, Kasemann has a huge receptive market for this kind of cheese.
- Robust Brand Portfolio – Kasemann Cheese Company has committed itself to building a solid brand portfolio over the years. The less-fatty cheese products have the potential to initiate expansion into new national and even international market entries for the company.
- Mechanization of processes ensures consistent quality in Kasemann Cheese Company products. It has allowed the company to ramp up and cut down based on the existing market demand for the product.
- Successful track record of integrating technology—Kasemann Cheese Company has adequately integrated modernized technology to simplify its procedures and build a consistent supply chain.

Weaknesses-Internal Strategic Factors

- The gross profit margin and net contribution percentage of Kasemann Cheese Company are below the industry average.
- There are noticeable gaps regarding the range of products at Kasemann Cheese Company. This lack of discretion can act as a foothold for new competitors.
- Capital demand is high compared to the income the company generates, forcing the company to requisition extra capital to invest in the channel. This can have negative repercussions on the long-term growth of Kasemann Cheese Company.
- The marketing of Kasemann Cheese products leaves a lot to be desired. Even though the company is a household brand and possesses unique products, its positioning is not distinctly described, which has the potential to steer competitor attacks on this segment.
- Kasemann Cheese Company has sub-standard product demand forecasting capabilities. If not addressed, this will lead to a higher rate of losing out on potential opportunities.
- Investment in Research and Development is below that of the fastest-growing players in the same industry. Even though Kasemann Cheese Company's expenditure is above the industry average for Research and Development, it has not managed to match the leading players in the market.

Opportunities- External Strategic Factors • The trending veganism lifestyle can pose market opportunities for Kasemann Cheese Company since it has an existing cheese with less fat content. • The current economic uptick and increasing customer spending in fast-food outlets such as pizza joints provide an opportunity for Kasemann Cheese Company to capture new customers and increase its market share. • The introduction of new environmental policies will foster a level playing field for all industry players. It will introduce a substantial opportunity for Kasemann Cheese Company to exploit its advantage in its modern technology and secure market share in its less-fatty cheese product line. • The Australian government's inclination toward green living opens an opportunity for Kasemann Cheese Company to be nationally accepted by the state.	Threats- External Strategic Factors • The lack of a consistent supply of unique products is a threat—Kasemann has always developed new products, but only in response to developments by other similar companies. This irregularity has led to high and low swing percentages over many years. • Local distributors have upped their game, posing a serious threat as competition has become intense. • The price of raw materials is at its peak and can threaten the Kasemann Cheese Company's profitability.
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1.2 Future Strategies for Kasemann Cheese Company

The prime strategic intent of the company encompasses becoming the industry leader within the Australian market and markets around the globe. To this end, Kasemann Cheese Company has made outstanding strides, particularly in expanding its market penetration and developing a unique product portfolio (Chernatony, 2010). This will be instrumental in facilitating the company's penetration of new market territories both in Australia and globally to ensure that the percentage of sales and profit margins are maximized to the fullest. It is paramount that the company finds a way to infiltrate as many markets as possible to make more sales, consequently generating a return on the company's overall investment.

There are five competitive strategy options that a company can utilize when approaching any potential market to have a competitive advantage and become a market leader. The framework of the five strategies is summarized in Figure 1. Contingent upon the issues facing Kasemann Cheese Company, the strategy that appears to be most suitable is the best cost provider (Laforet, 2017). This is based on Kasemann Cheese Company's top product line: different cheese and cheese products. As a consequence of the company's ability to be the best cost provider, it can secure an advantage over similar industry players as it has the competence to attract consumers. Besides, being the best cost provider will give the company an edge of appeal within the target market, specifically the new consumers.

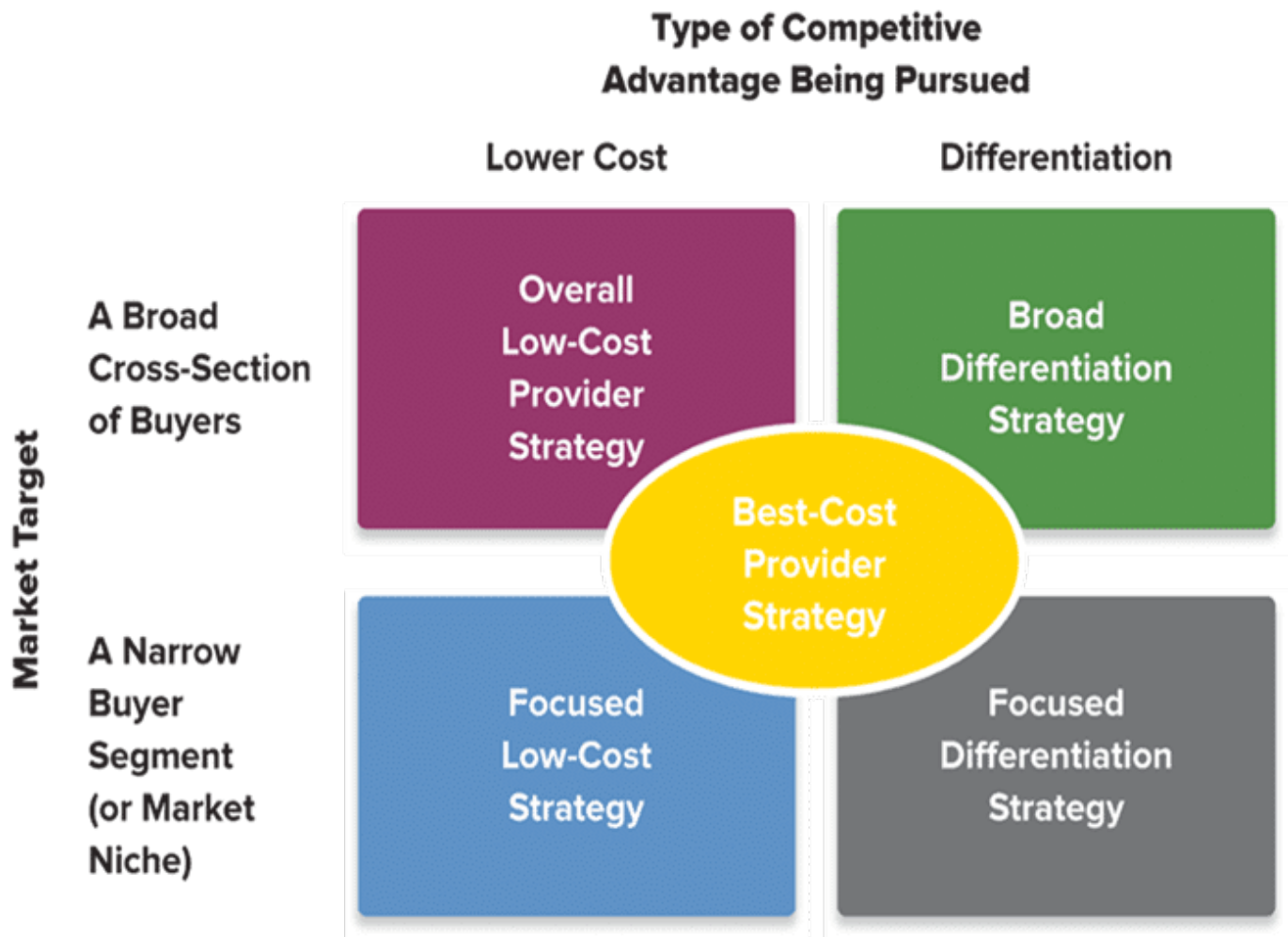


Figure 1: Best-Cost Provider Strategy

Developing Corporate-Level Strategy and Business-Level

2.1 Corporate-Level Strategy and Business-Level Strategy

Kasemann Cheese Company needs to employ the best cost-provider strategy to provide its consumers with a higher production value to parallel the money spent on its products. This strategy will only be fruitful by ensuring that the consumer products offered are exceptional in value and quality. The price needs to be lower than the market price offered by competitors. In this case, Kasemann Cheese's strategy will yield rewards only if high-quality cheese and cheese products are provided to the target markets while making sure the same products are affordable and not costly (De Mooij, 2013). This will, without any doubt, give Kasemann Cheese Company a competitive edge over other industry players.

2.2 Reasons For Choosing the Best Cost Provider Strategy

To implement the selected strategy, it is mandatory to consider the crucial elements that facilitate the execution of these strategies both within and outside the company. Issues such as organizational structure cause concern when executing a competitive strategy because they can impact a company's corporate culture regarding the culture, processes, and activities existing in a company (Laforet, 2015). These concerns can either prevent or support the effective execution of a generic strategy. Likewise, the company's corporate culture may not accommodate the strategy of choice.

Kasemann Cheese has a good organizational culture that will enable easy adoption and execution of the best cost-provider competitive strategy. It is worth noting that the company majorly consists of dairy farmer suppliers who also play the role of major stakeholders (Nolan, 2017). In this regard, Kasemann Cheese possesses a corporate culture that endorses cooperation and harmony in terms of pulling resources together to ensure an affordable final product. Additionally, the company embracing modern technologies and investing in skilled and experienced personnel will ensure that up-to-standard products are produced for the customers' value for money.

2.3 Values Drivers

Every successful company has distinct capabilities that add worth to its existing products. The value-added translates to profits earned by the company. Kasemann Cheese Company should not take the listed value drivers as an unalterable and autonomous framework by assigning the same importance to all processes. The effective value drivers require Kasemann Cheese to understand that not all processes are required to adopt the same value drivers. Figure 2 below breaks down a list of processes that need to be exploited to augment the company's products.



Figure 2: Value Drivers

2.4 Reasons for Strategies Above

For the company to make strides concerning its market expansion plans, it is paramount that the stated value drivers are fully implemented. The value drivers will not cause any resource strain to the company as they align well with the company's financial ability. Kasemann has ensured that it offers the best products at a fairly affordable price by investing in standard production processes. Kasemann Cheese's financial strategy has always extended its annual budget to cover unplanned economic activities with the potential to offer huge returns (Lucassen et al., 2017). In that sense, the listed value drivers will best complement the company's objectives to delve and venture more into untapped territories, which will increase the company's revenue.

2.5 Relationship Between the Two Strategies

The inimitable route toward a best-cost strategy is for a company to assume a business model that embraces a company that incorporates value drivers with the lowest fixed costs compared to the costs absorbed by the competitors (Chakrabarti et al., 2021). These two strategies will enable Kasemann Cheese to sell its products at low prices and not be forced to endure the expenses brought

about by inducing the value drivers to each product line. Individually, this will be a low-cost strategy; however, offering unmatched quality products will be a sure bet for Kasemann Cheese to have a competitive edge.

3. Strategy Implementation

Implementing and executing an effective strategy calls for team effort, which requires the leadership of the company's team (Ajose et al., 2022). Each person involved with the strategy implementation should have specific responsibilities and duties. It is paramount that the entire organization comprehends the role of the strategy implementation team in easing responsibility delegation. For a company to achieve its strategic objectives, commitment starts with the company management. However, it does not end there. They must be able to communicate the intended plan to the employees in order to garner their support. If there is no commitment from employees, the rest of the organization will not be committed either, impacting its performance and sustenance of competitive advantage (Becker, 2004).

Organizations have struggled to implement their strategies for a very long time. According to studies, 80% of organizations set up strategies but fail to implement them, and only 14% of the organizations implement the strategies well (Ajose et al., 2022). KCC has developed several strategies that aim to compete with its rivals and expand the organization. However, several shortcomings may lead to implementation problems. Ineffective communication is one of the major problems that has affected dozens of organizations and made them fail to execute their strategies. KCC might be faced with vague communication tools early on, which is wrong for the people, leading to failure in the execution of strategies. A successful strategy must be well communicated and clear to people because communication is important in strategy execution.

Misalignment, which is the lack of coherent consistency between diverse corporate strategies, is another critical element that affects the execution of any business strategy. Kasemann has faced challenges regarding the availability of an experienced workforce and dependability in good leadership. This has led to the overreaching of corporate issues due to the failure to implement operational management. These changes and the company's inability to manage them pose future problems to management and the company as a whole, leading to failure to implement the strategies.

Business strategies fizzle out or even stall altogether when a company cannot monitor and track progress over time. It is the responsibility of any company's monitoring and evaluation department to ensure that the set objectives are working according to plan. The issues regarding poor leadership at Kasemann Cheese and lack of accountability are just a few of the chief causes that have led to the company's failure to be on par with or above its competitors. This is noteworthy since the company has existed in the industry for many decades.

4. Strategy Evaluation

Strategy evaluation is a crucial exercise to measure the viability of the set strategies before implementation. Choosing an evaluation model that aligns well with the organization's objective is optimal. The theory of constraints (TOC) is a structured management method that focuses on actively regulating the restrictions that deter a company from growing towards its goals—which are profit-making and effective resource use. Kasemann Cheese is limited concerning the company's expansion, which will inevitably lead to demand for cash flow and other miscellaneous liabilities (Benzaghta et al., 2021). The company has been forced to borrow since it cannot keep up with the escalating demand. Product and market expansion is the only remedy for alleviating all the constraints. This model suits Kasemann Cheese since the expansion will lead to diverse markets. Its greatest advantage is that it is a household name, and its product quality is recognized in the market. The recognition of the products in the entire Dutch market will give the company a competitive edge since it can capitalize on its low-fat cheese product line. The product supply has been readily accepted in other regions outside the Netherlands, giving the company the advantage of diversifying to other regions (Grigoryan et al., 2020). This will mean more revenue and huge profit margins, and as such, the company will attain the financial ability to compete on level ground with the giants in the industry.

5. Corporate Culture and Leadership in Strategy Execution

Creating a corporate culture with individuals who are receptive to learning is important. Entrepreneurs should convert their companies into learning organizations to motivate non-restricted communication and exchange of thoughts and ideas (Beller et al., 2021). The yearning and the ability to embrace learning will convert this intangible asset into the ultimate competitive advantage (Lucassen et al., 2017). Kasemann has current values and traditions that every person working for the company needs to follow. The strategic leaders within the organization have to ensure that the company culture and tradition are upheld to the highest standards possible. Inevitably, the two aspects can sometimes collide. The leaders are forced to choose, and most of them will lean towards being innovative. The company should ensure that the two concepts are clearly understood to mitigate this. Measures have to be implemented to prevent company values from being a barrier to success.

It is inevitable that disputes will occur when a new strategy is implemented. It is how the company handles these conflicts that makes the difference. Kasemann Cheese is famous for its culture of focusing on production and generating revenue for the company; however, the company has, on more than one occasion, abandoned its values for the sake of new strategies and the achievement of set objectives. It is crucial that the corporate culture and the company values are always in sync for the competitive strategies to be successfully executed.

Kasemann Cheese Company has a culture of practising democracy, which means that the Chief Executive Officer is voted in through democracy to assume his duties for some time. In addition to that, the company has a culture of honouring high-performing employees. This strategy works well and will continue to create success for the company.

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