

TIM 105/205, LECTURE # 3 (10/3/13)

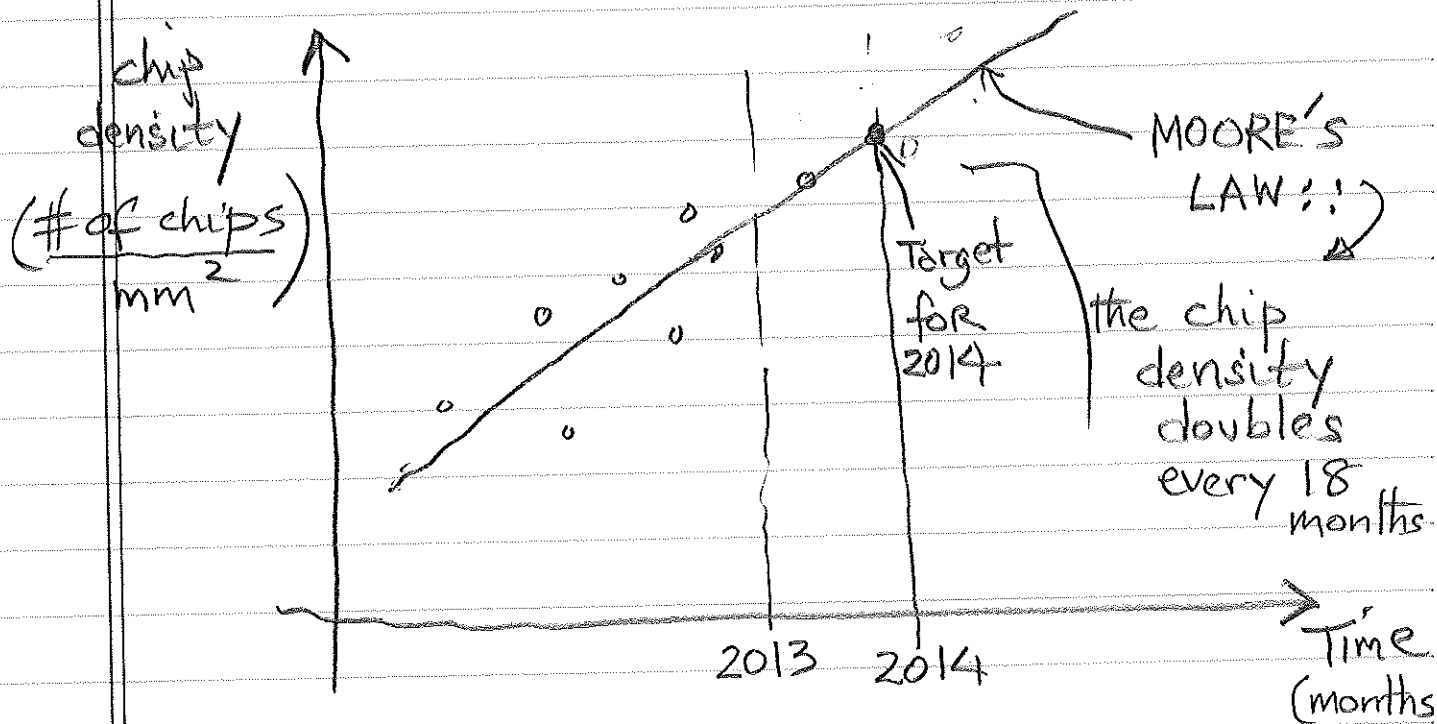
Agenda:

1. Functional Maps
 - Technology Forecasting
(Disc Drive Industry)
2. Industry Analysis
 - Information Technology Industry
3. Company Analysis
 - INTEL
 - Structural Analysis of
Industries & Company

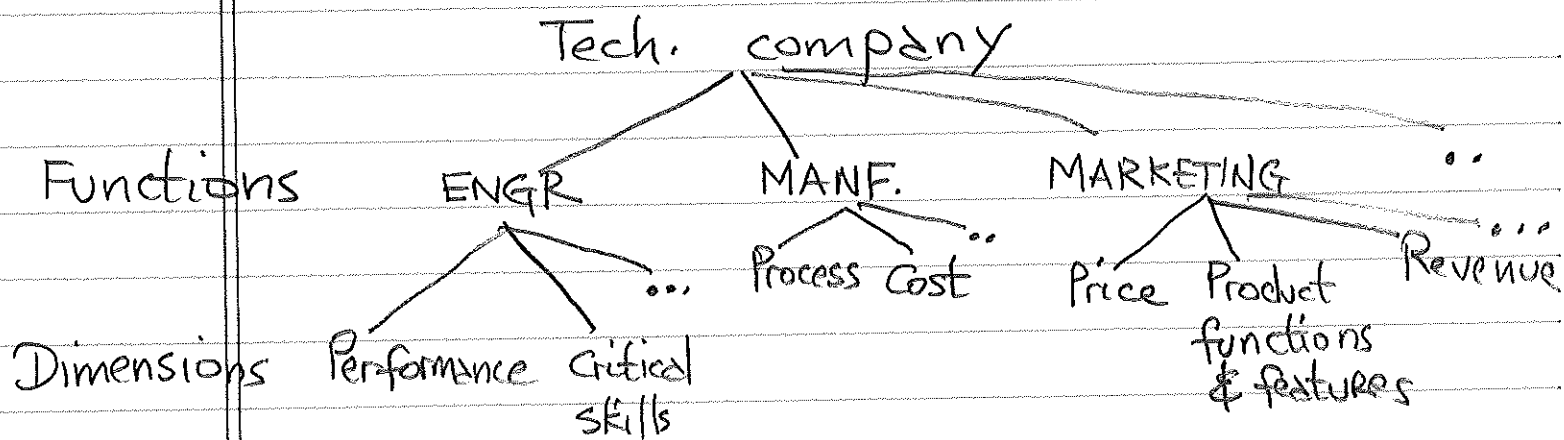
1. Functional Maps

Q: How does a technology company like Seagate or Intel set targets for what it plans to do in the next few years?

Answer: By creating the appropriate functional maps that enable forecasting of the appropriate technology or product evolution.



A functional map captures the evolution (in time) of some key dimension (technology and product performance, pricing, sales revenue, ...) of some key function (engineering, manufacturing, marketing) in the technology company



You are now ready to do Problem #1
on HW #2: Disk Drive Industry (DDI)

Read the DDI handout on the TIM105 website

A functional map can in the form
of a graph, or a table, or a matrix

From the DDI handout, a simple
revenue map is:

Year	1958	→	1976	→	1993
Revenue (\$) (sales)	≈ 0		\$1B		\$18B

Briefly review the functional maps
in the DDI handout

Figure 1.4 → Evolution of technologies

Figure 1.3 → Pricing

Figure 1.7 → Computer Technology, Disk
Drive Technology evolution

2. Industry Analysis & Company Analysis

- Read the "Lecture Notes in Competitive Strategy (LNCS) handout" on the class website

- Read the "Intel" Case Study on the class website

- Attempt Prob # 2 on HW # 2

- Use the "Guidelines for Analyzing Case Studies" handout

A guide to using the Lecture Notes on Competitive Strategy

"Outer Process" ; Pages 17-19

Stage 1 : company analysis

stage 2 : Industry analysis

stage 3 : Assessment & evolution of the company

Historical development of competitive strategy (Section 2)

Industry Analysis → The "Positioning" framework [Section 3]

5-step process for Industry Analysis (Pages 11-15)

Functional Maps (Section 4, Page 15)

Competitive Strategy (CS)

Terminology

Industry : competitors, new entrants, substitutes, and suppliers for some technology or product type

e.g. consumer electronic industry, health-care industry, ...

Markets : buyers or customers

Two broad approaches to CS

"Outside-In" approach

"East Coast" (Harvard, \approx 1980)

↓
Porter

⏟
"Positioning" school

"Inside-Out" approach

"West Coast" (Stanford \approx 1990)

↓
Burgelman

⏟
"Leadership" school

Competitive Strategy: The "Positioning School" (Porter, 1980)

Example: PC industry \approx 1980s

Process

1. Create a map of the industry/market landscape in which the company is embedded (see next page)
2. Perform a five (six) forces analysis of the industry/market structure (see next page)
3. Determine the attractiveness (as measured by profit potential, in particular, ROIC) of the industry
4. Decide on the company's position or competitive strategy
5. What are the relationships between the players in the industry/market?

PC Industry ≈ 1980s

Competitors:)
PC Industry

- IBM
- DELL
- HP
- Apple
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