

TIM 105/205, LECTURE #4 (10/8/13)

Agenda:

1. Complete the Industry/Market landscape for the PC industry (see above)
2. Complete Competitive Strategy (Steps 2-5 from L#3)
3. Integrated Development Strategy
4. HW #2

Readings (Class web-site)

1. Lecture Notes in Competitive Strategy
2. Disk Drive Case Study (HW#2, Prob. 1)
3. INTEL Case Study (HW#2, Prob 2)

The ...
...
for the ...

Step 2: Perform a 'five forces analysis' of the industry/market structure

— For each force, there are a set of determinants that affect the strength or intensity of that force

For example: The force, F_1 , "Rivalry between competitors", is affected by concentration (how many?) & size (\$) of the competitors

— A list of the key determinants for each force is given in Table 1 of the "Lecture Notes in CS" (website)

— For each force, determine the qualitative (Low, Medium, High) strength of that force

Step 3 : Determine the attractiveness of the industry as a whole (Qualitative) by

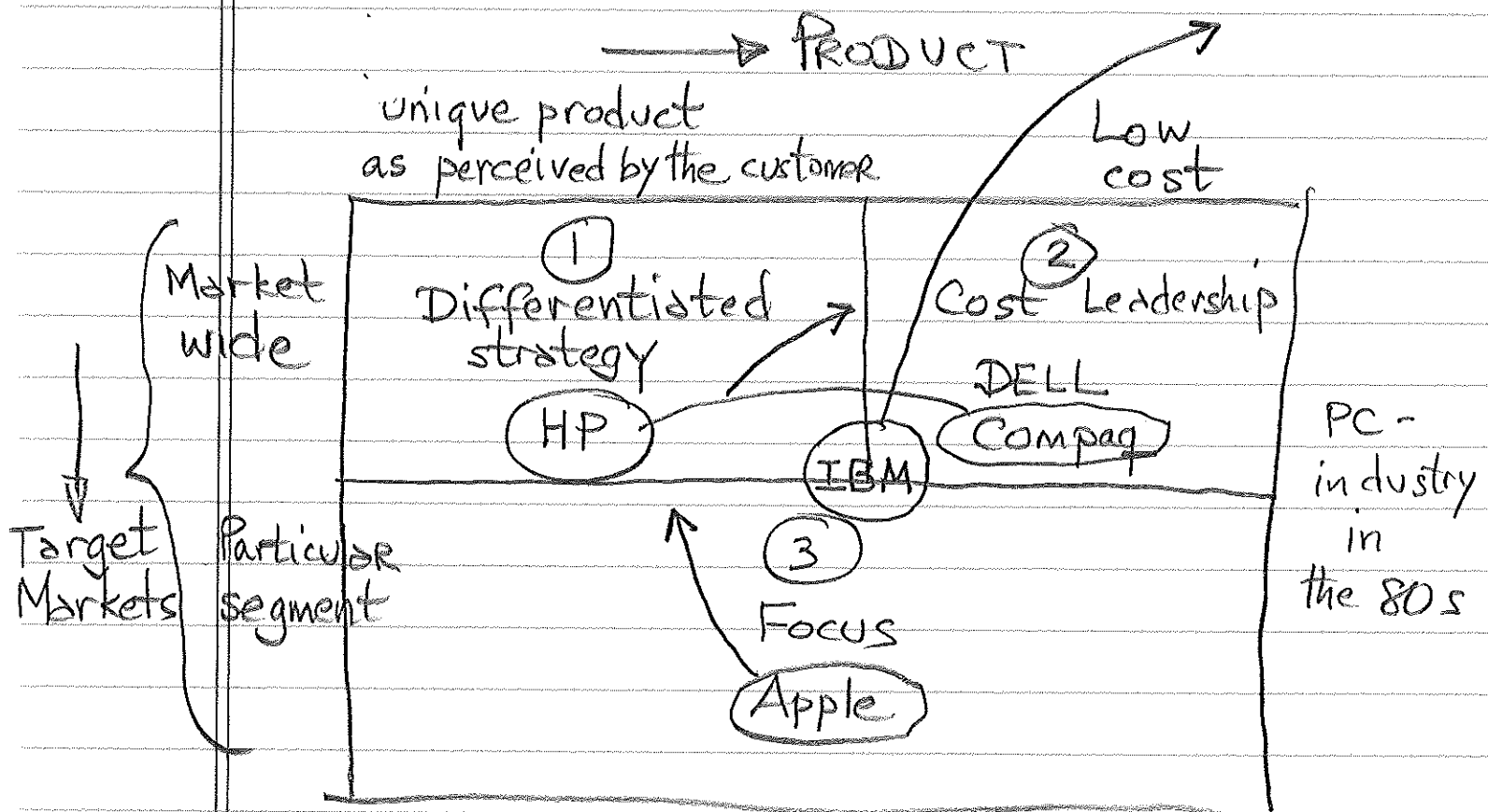
The attractiveness of the industry, (e.g. PC industry) is determined by the cumulative strength of the five forces

If the cumulative strength of the 5 forces is high, the industry is not attractive for a new entrant.

The inverse of "threat of substitutes" is the "barrier to entry" for the substitute

If the "threat of substitutes" is low ; then the "barrier to entry" is high

Step 4 : Decide on the company's position or competitive strategy to compete successfully in the industry/market landscape



According to Porter, for a company to be successful in a particular industry, it must adopt one of 3 strategies or positions

- Differentiated strategy
- Cost Leadership
- Focus
- ~~Stuck-in-the-middle~~

Comment: Competitive strategy is dynamic

⇒ Companies change their position
with time

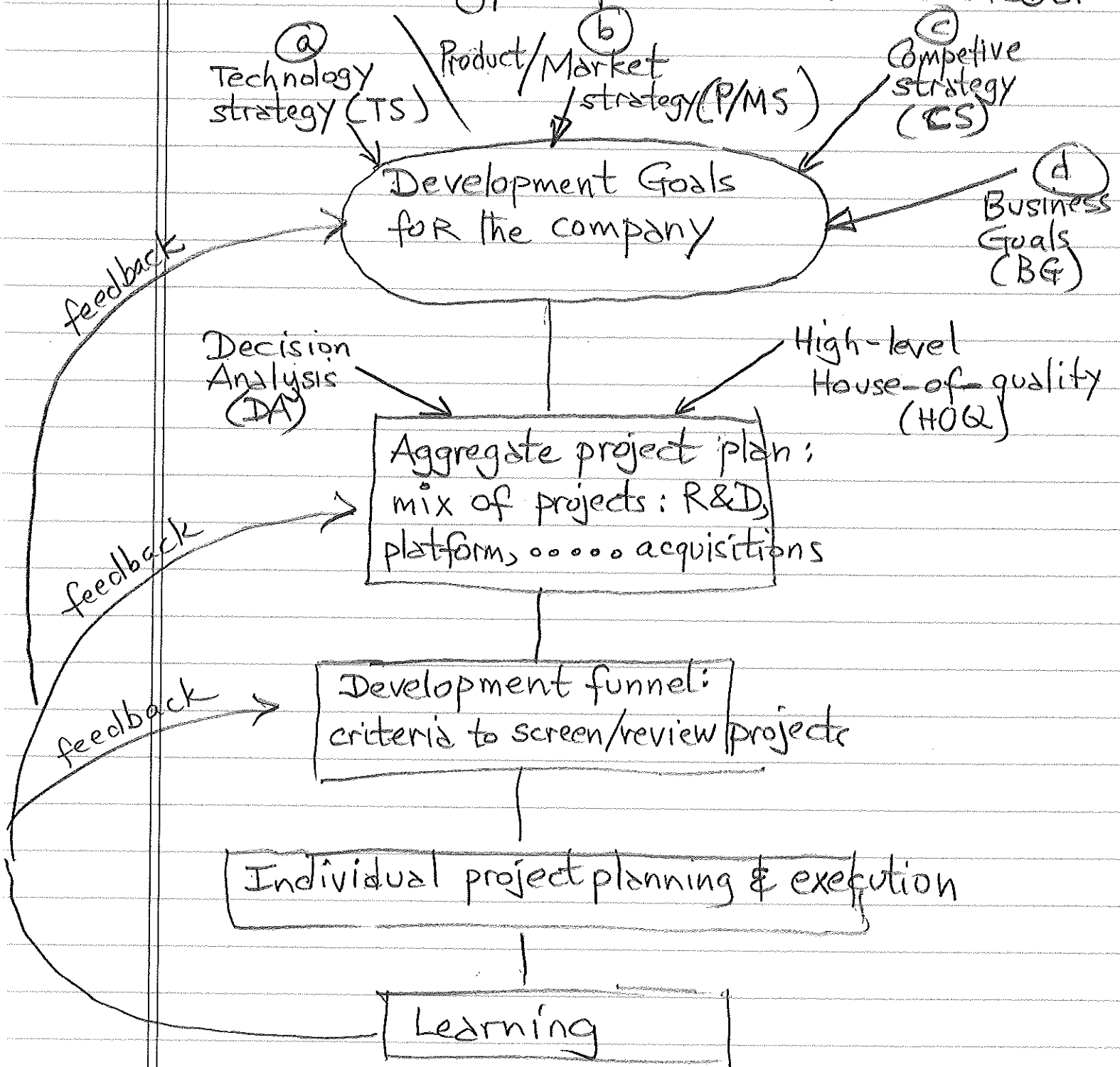
Step 5: Determine the relationships
between the set of players
in the I/M landscape

Example: The INTEL CASE study
(HW #2, Prob 2)

- What relationship should INTEL (Competitor) have with its Suppliers?
 - Single Sourcing
 - etc.
- What relationship did it have with its BUYERS (computer manufacturers)?
e.g. "INTEL INSIDE"
ETC.

INTEGRATED DEVELOPMENT STRATEGY FRAMEWORK (IDSF)

All Technology companies should have an IDSF



Technology Strategy (TS)

Simple version

Example

- What are the core technologies that will give the company a technological advantage over its competitors?

Cisco ↘
- advanced, state-of-the-art Network Technologies (routers, switches) for a wide variety of customers

- What is the company's approach to product & technology development? }

↓
world leader in Network Tech. based on R&D, product development, and acquisitions

Product/Market Strategy (P/MS)

simple version

- what differentiates the company's product from its competitors

- what markets does the company serve

example

- Cisco
- reliability
 - security
 - Quality of service focus to its customers

- Cisco
- Enterprise (Fortune 100)
 - Service Providers (Comcast, AT&T, ...)
 - Commercial
 - Consumers

Business Goals:

- Annual Sales Revenue (\$)
- Growth (%)
- Profit (\$)
- Profit Margin (%)
-

In addition, all companies have a VISION and a MISSION statement.

Developmental Goals :

These are concrete technology/product & market goals,

consistent with & aligned to the TS, P/MS, and the CS, that the company needs to set in order to achieve its business goals (BGs)

Examples :

- What products and technologies should be developed over the next year, next 2 years, etc.
- What sales volume (# of units of product sold per year) should be set for each product?

ETC.