

**The Competitive Landscape**

1) The Global Economy - increasing economic interdependence leads to increased competition amongst firms and blurring of boundaries

2) Technological Changes - Alters the nature of competition and can create unstable and inorganic competitive environments

Hyper competition: As a result of the changing competitive landscape, market stability becomes a thing of the past.

Main drivers of hypercompetition are emergence of a global economy and rapidly changing technology

**Real World Examples**

Technology helps poor Chinese farmers expand their business and bring their products to the online market.

<http://www.businessweek.com/articles/2014/01/15/technology-gives-a-lift-to-chinas-rural-farmers>



**Strategic Competitiveness**

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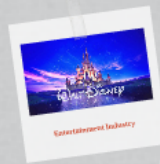
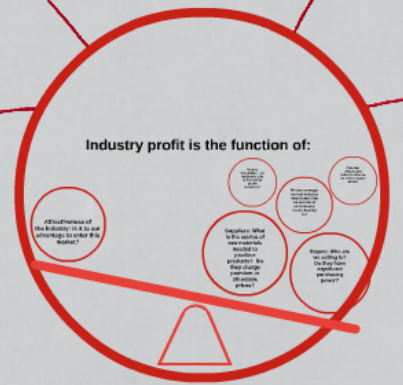
includes what the firm can do and will not do

can lead to a competitive advantage if other firms are unable to replicate it

example: Walt Disney's movies, fast automated ride to date



Disney's Animation Studios logo (1929) shows the company's commitment to quality and innovation. The studio has produced some of the most beloved and profitable movies in the world. Disney's success is due to its focus on storytelling, character development, and high-quality animation. The studio's commitment to quality and innovation is evident in its long history of producing award-winning films.



Choose Wisely....

**Disney Consumer Products**

Consumer Products Industry



**Best Strategies (Rue Above Average Returns)**

Cost Leadership Strategy: Produce goods at lowest possible cost before competitors (Walmart)

Differentiation Strategy: Produce goods that customers are willing to pay premium prices for that are of the highest quality and hard to imitate (Gucci brand)

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**Guided by Mission & Vision**

Vision: What the firm ultimately wants to achieve

Coca Cola's vision includes components associated with its People, Portfolio, Partners, Planet, Profit, and Productivity.

Portfolio: "Bring to the world a portfolio of quality leverage brands that anticipate and satisfy people's desires and needs."

Planet: "Be a responsible citizen that makes a difference by helping build and support sustainable communities."



Mission: "To refresh the world - in mind, body and spirit... To inspire moments of optimism - through our brands and actions... To create value and make a difference everywhere we engage" - Coca Cola

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# Strategic Management Of Technology

## Harvard Case Solution & Analysis

TheCaseSolutions.com

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Choose Wisely....




**Porter's Five Forces**

1. Rivalry among existing firms  
2. Threat of new entrants  
3. Bargaining power of suppliers  
4. Bargaining power of buyers  
5. Threat of substitute products or services

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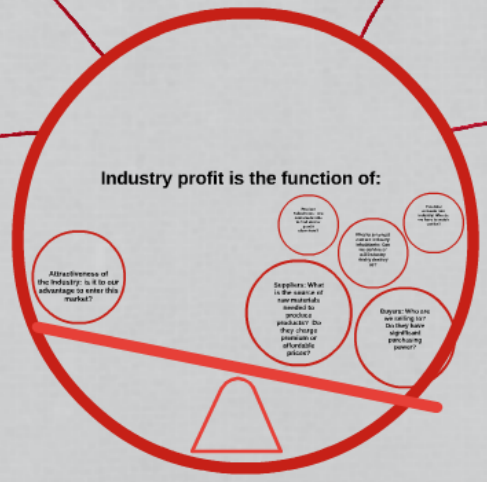
- Includes what the firm will and will not do
- Can lead to a competitive advantage if other firms are unable to imitate it
- example: Walt Disney's Frozen - grossed \$870 million, best animated film to date



Disney's Animation Genie: <http://www.businessweek.com/articles/2014-02-21/genie-awards-frozen-are-hot> <http://www.bbc.com/news/entertainment-arts-25348488>

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## **Strategic Management Process**

- **the entire set of commitments, decision, and actions needed for any firm to achieve strategic competitiveness that includes:**
    - 1) ***Analyzing* external /internal environment for sources of "strategic inputs" (resources, capabilities, core competencies)**
    - 2) ***Creating* a vision and mission that will guide your company's strategy making processes**
    - 3) ***Implementing* the strategy to obtain above average returns**
- \*Must be maintained, an ongoing process**

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## **The I/O Model of Above Average Returns**

- **Find the most attractive industry to compete in**
- **Grounded in economics**
- **External environment is the dominant force when firm makes strategic decisions**
- **Industry > choice of managers within organization**
- **Performance indicative of: range of industry properties, economies of scale, barriers to entry, diversification, differentiation, & degree of firm concentration within industry**
- **Research - 20% of profitability explained by choice of industry it competes in**