

emeranTl3

becRvītūa nigkarRokYRoECg

Technology and Competitiveness

I. ekal bMl gēnemeran

ekayeB l bBaēmeranTB nisStngGacy l nUcMmYcMddxagerkan³

- ø \TB l énbecRvītūaēl karRokYRoECg
- ø yUšasRkYRoECg
- ø tVnāTbsbecRvītūakgkarbegl RTBūsm, tP

II. esckppn

enACBUT2eyg)anBPakSæTæ l hīnkamYcM Ed l nAGayskl el akmarkapšbptQbQrkū
 enābecRvītūaKānīnkamYEd l)anEkERredorsēnArbsmnsScatēGaykanEtRbestelg nig)an
 beglrebbeFBaNCkmfPrhūdl kaEkERredobRokYRoECgrbsRkmhūenAel tPsaEfmetotpg.
 enAkūCBUTBenH eygnīskSābEnbēTæ l tVnāTbsbecRvītūanAkūyUšasRkYRoECgrbs;
 GgPāB nig tVnāTbsbecRvītūakgkarbegl] sSāhkmfP.

-KvīrMkelgvi faethīnkaGKEd l nAGaymankakMhēnkarRokYRoECg?

-ethīnka sak l TānāC³\TB l d l GgPāB nigRoet smYyagddēmp?

RosīnēkūcNānīnkaēnkarRokYRoECgTānāBgEpkel mū dābecRvītūaetGgPāB
 cMācRtUesjy l BGKēdh, tPbT l nīgBaēnH?

-etbecRvītūabeghKINsm, tRokYRoECgyagddēmpxū?

sbcgcaRakRokYRoECg edh, tsran nig rkcMhrbsRkmhūedayēbRfbnYKINPāB nigkatbnY
 vtBātēdhmīnEmnCaFRokYRoECgytGegūenāet dūenHGgPāBRtUēronRokYRoECgedayBgEpkel l
 mū dābecRvītūaij] TāhrN RkmhūGacrKSatM ēnp l itP l besvakmpGayenAdEd l EtRkmhū
 RtUēnhtM (add value) d l Gt fCtānrbPāBepSg²vij .

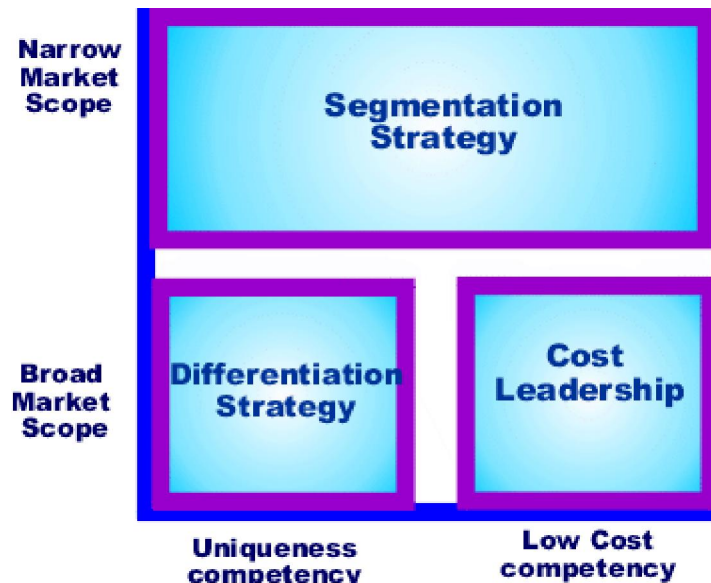
- ø \TB l énbecRvītūaēl karRokYRoECg

tankarskSānACMm² becRvītūaKā] bkrNūM gFnFan nig vtBātēdhēpSg² eTAcap l itP l nig

esvakmp ddenHThpI bpl itPaBrbsRkmhBpEpKThRsgeTael I Technology. karRokYRoECg GacCatM KNPAB esvakmpPABxsbEbkKäbspl itpl besvakmpEdI TpSarRtUkar. enAel ItpSar bcd,nmanpl itpl CæChkBgRokYRoECgKäyagxdkæ]TahrNæUCapI itpl TdtSsn¾4tsBpning]bkrNæGLicRtdicnanaCædm. RkmhuxbcU eTakan,TpSaredaypl itpl itpl rbsxhæGaymantM TabCagKdRokYRoECg RkmhuxbcU totcU eTakan,TpSaredaypl itCa pl itpl fæEdI TpSarBManman EtCæscckRtUkarbsTpSar.

ddenHeTabCaRkmhbmY GacmanPABxhngPABxSayCæChkæFæbeTAngKVRokYRoECgrbsxh yagNæKæMaykarRokYRoECgrbsGgPABGæSMc)antamry¾yitSæRokYRoECgBtsManKW

- √Cost advantage/Cost Leadership or
- √Differentiation



Porter's Generic Strategies

yitSæRfædm (Cost Advantage Strategy)

CayitSæRplyEdI GgPABBiayameFyagNæGaykeyCaGkpI itEdI eRæfædmTabbM RoeyæCn¾ edm,eGaypl itpl besvarbsxhænAküTpSarmantM Tab. eTabCayagNæKæMaypl itpl rbsæK RtUtemM eTAGæFæbeTAngpl itpl EdI manKNPAB nngGæcbMj bMlgrbsGtifCnpgEdr.

‘In a cost advantage strategy a firm tries to become the lower cost producer in the industry. However, its product must be seen as comparable to products of the quality and other expectations of the buyers.’

Differentiation strategy

yT\$asphGgPBBuayamp l it pl itpl besvadi xsEbkBK (Unique) edaytMeTael Epk NamyentMkarbsGtifCn ehlypl itpl TjendGacel ktM dl GtifCnEfmeTot .
kgyT\$asphGgPBBcatxUEgedm,bBj bMlgGtifCnel EpkmY ehlyedm,ppl tM TjendETA
GtifCnRkmhRtUKittM xsxsBltPsfmpta .

'In differentiation strategy, a firm tries to produce something that is unique with respect to certain dimensions that are widely valued by buyers. The firm may position itself to cater to some or all of those dimensions. For providing these valued attributes the firm will charge a premium.'

minfayT\$asNamYedl eyhKVeBndet becvltuaGacc rhcMkeGaykaGnutlyT\$asph
TajBrxagel ITTV)anPaBeCkC%)an.]TahrN_AirAsia Airline ebRas; Technology (Online
Booking, Paperless Ticket...) edm,GnutlyT\$asphCost Leadership cMnkFnaka ANZ Royal
ebRasbecvltua ATM (Automatic Teller Machine) nig Internet Bank edm,Gnutkrapl ;
esvakmpWorld-Class Bank CHGtifCnkgrbet skmBa (CayT\$asphdifferentiation) .
edm,GnutlyT\$asphTjendGgPBBMetBnituetael NTB becvltuel bMbRaxagelkam³

✓Value Chain rbsGgPBeTael GtifCn nig

✓Industry Structure (Competitive Strategy)

RkmhEdl qatvKWRkmhEdl BuayanebRas;becvltuedm,ERoS Value Chain rbs;
GgPBeTael karkatbnryefedm bEk l MrPaxsEbkBkEnpl itpl besvakmp
kgnYenHggPBBMetBnituetael l Technological Core Competencies rbsGgPbpgedr .

✓\TB l rbsbecvltuetael l industry structure KMetRtU)anKBnitUBl perspective of firms already
existing in the industry and also from the perspective of potential entrants, suppliers and buyers.

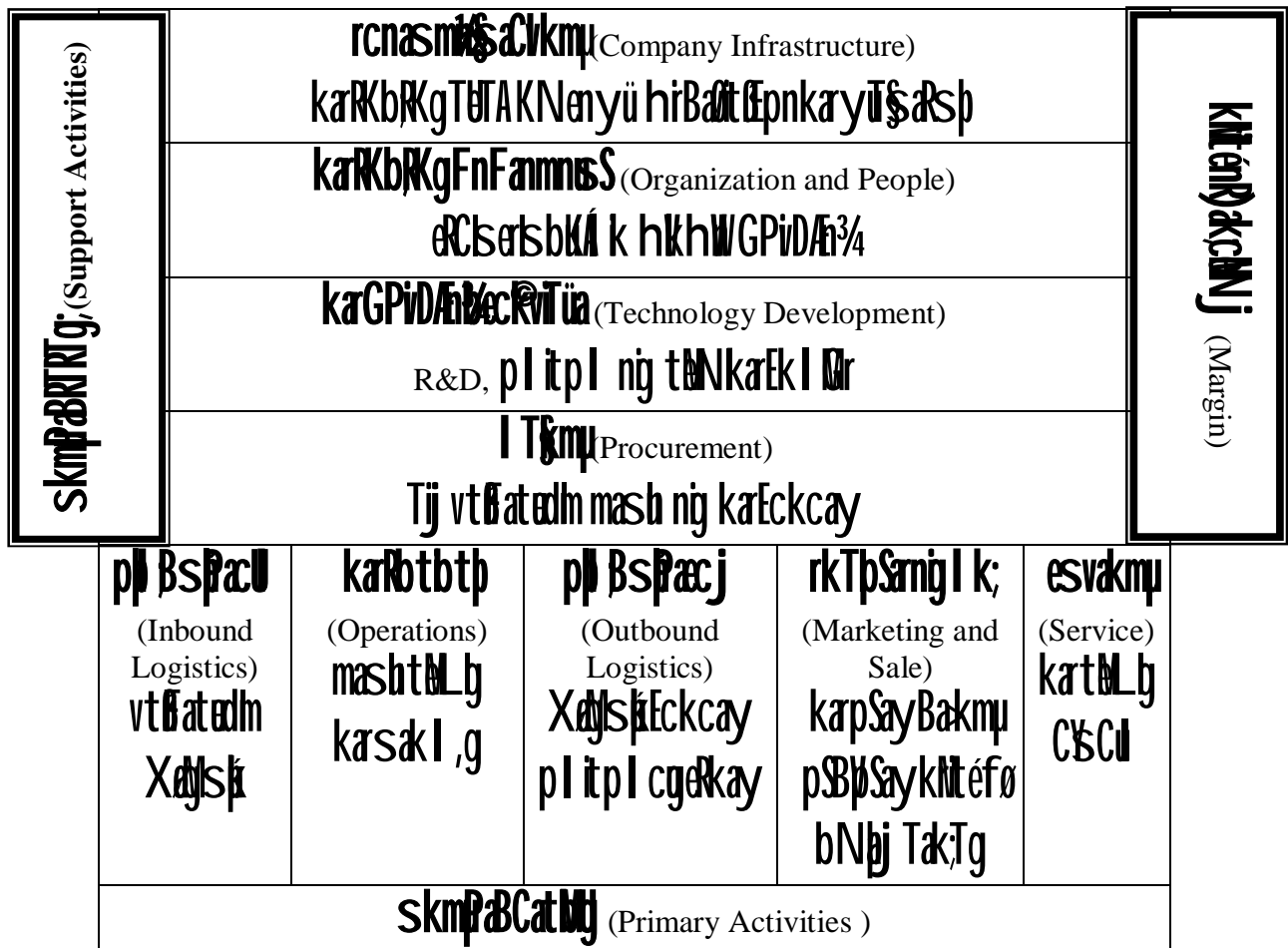
✓enAb l RkmhucabepnebRasbecvltuaRkmhukMetvPaKetael ITsSn³xagel CaCag em Et
eTael itM bPBTansmyrbsbecvltuetmymx .

Porter's Value Chain

meFua)ay l nyedm,tabepnkavPaKGgPBBmy KWreFUGayR)akdnkEngEdl pl it pl itpl
rbsRkmhbmYRtU)ansKgcvtM TETA . A Value Chain CalbkrNPab,skmpBtM Edl
begleLg edaycabepbRtU)atedmCaml daa Edl)anBGkpl ;eqaleTasrskmpBtM benEdl

TakTgkğkapl it nig rkTpSarpl itl pl besvkmunig bBadeyGkEbgEckTTV pl itpl cg
 ekay ehlyeGayFekçU etAkğedGkeRbRasmatbpl . rbxagerkamCa]TahrNen Typical Value
 Chain skmpBRTlg. (Support Activities)

vtBatedm a kapl itel ktMj a kapl it a Gkpl itpl itpl a GkEckcay a Gkl kray



Porter's Value Chain

etRkmhRtU Adapt Value Chain rbsxüedayrebbNædm, HbR)asyt\$asb Cost Leadership

nig Differentiate Strategy?

-rütAyBrxagerkamCaskmpBén Value Chain kğkaGnutlyt\$asb Cost Strategy nig

Differentiate Strategy

Firm Infra-structure Human Resource Management Technology development Procurement	Few management layers to reduce overhead costs		Standardized accounting practices to minimize personnel required		Margin	
	Minimize costs associated with employee turnover through effective policies		Effective orientation and training programs to maximize employee productivity			
	Effective use of automated technology to reduce scrap page rates		Expertise in process engineering to reduce manufacturing costs			
	Effective policy guidelines to ensure low cost raw materials (with acceptable quality levels)		Shared purchasing operations with other business units			
	Efficient layout of receiving dock operations	Effective use of quality control inspectors to minimize rework on the final product	Effective utilization of delivery fleets	Purchase of media in large blocks Sales force utilization is maximized by territory management	Thorough service repair guidelines to minimize repeat maintenance calls Use of single type of repair vehicle to minimize maintenance costs	Margin
	Inbound Logistics	Operations	Outbound Logistics	Marketing and Sales	Service	

Value Chain Activities: **Examples of Overall Cost Leadership**

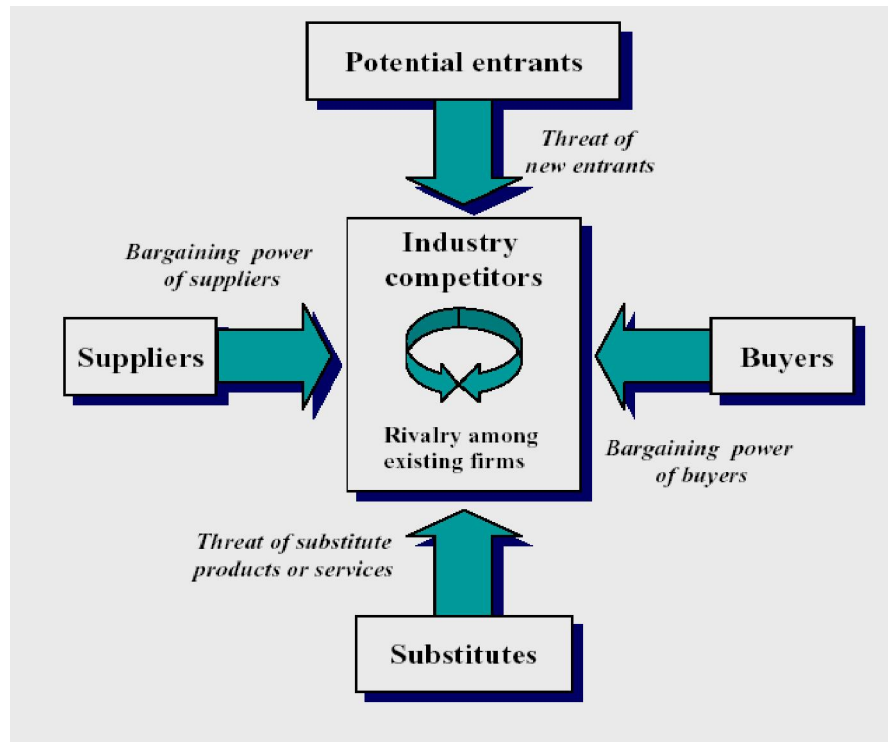


Porter's five forces model of Industry/Market

a) EsyI B₁profitable EdI manenAk₁TpSr fætRtUc₁kecj rWU eTATpSarenH

b) Es gibt 3 T8-Indikatoren für die Rentabilität der Unternehmen, die in der folgenden Tabelle dargestellt sind:

ekhelLg (By firms operating in that industry to understand the forces impacting upon industry profitability and change how they operate to become more profitable themselves.)



Five Forces Porter Model

Competitive Rivalry

r)ajCÜ eTÄkanTpSrxs;ehlyPäBcMj enAküTpSrticnAeBl ³

The force will be high and the industry less profitable when:

- mankMhGkRbKtRbECg (There are a lot of competitors)
- p l it p l enAküTpSrticnAeBl ²Kä (There is little difference between the products)
- KRbKtRbECgxaj (Competitors are strong i.e. big, have financial support, economies of scale)
- I Mkkükarckecj BtTpS (There are exit barriers e.g. high cost of leaving a market). The keeps competitors in a market they might otherwise leave.

Competitors can be analyzed by asking the following questions?

- What are their objectives?
- What are their strategies? (e.g. cost leadership, differentiation, market penetration, product development etc.)
- What are their strengths and weaknesses? (SWOT Analysis/ Value Chain)
- How will they react to our offensive moves (e.g. price cuts)?
- What threats do they pose?

Ultimately through understanding the competition the company can define a strategy which will enable them to address any potential threats they may pose and take advantage of any

weaknesses to ensure the company continues to be profitable. Competitor intelligence (gaining information about competitors) and acting upon this is therefore a vital way to remain profitable in a competitive environment.

Threat of new entrants

Porter's Five Forces: Threat of new entrants

The force will be high, and the industry less profitable when:

- Barriers to entry are low (New companies can easily enter the market)
- New entrants are likely to or intend to enter the market

Factors that can act as barriers to entry include:

It is harder to enter the market when there are significant barriers to entry. These can include:

- High costs of entry e.g. production facilities, IT, Building, Factory
- Patents (Law)
- Customer contracts in place
- Cost advantages of existing competitors are significant (e.g. due to scale of operation)
- Strong brands amongst competitors

Buyer Power

Porter's Five Forces: Buyer Power

The force is high, and industry less profitable when:

- Customers are large and provide a large proportion of company profits
- Customers can switch between competitors easily
- Many substitutes

Supplier Power

Porter's Five Forces: Supplier Power

Supplier power is high, and industry less profitable when:

- There are few alternative suppliers.
- Cost of changing suppliers is high.
- Many substitutes

Substitutes

Porter's Five Forces: Substitutes
The force is high, and industry less profitable when:
There are many substitutes for the product or service.
The cost of switching to a substitute is low.

(Substitutes are products which fulfill the same needs as the needs met by the product in the industry being examined. A substitute of cinema might be the theatre, DVD's, sport or other forms of entertainment.)

Where customers can have there needs met from many different types of products, it becomes easy for them to switch, if prices rise for instance. This makes profitability in the industry low. Switching Cost is also one of example of **Substitutes**.

clBPakSa (Discussion)

clBPak Industry Structure énTpSarsNakrkğextpsmrab tamry³ Five Forces Porter

Model

III- tñatTbsbecRvltiğkarbeglRTBüsm, tp The role of technology in the creation of wealth

becRvltia-CaGkibeglRTBüsm, tp

karGPiDñbecRvltia-CaöPBdsMankğkareFtGayescdkeRcMh.

RTBüFn-CaöPBsMan;Tl2

RTürÜlñg FnFannmsS-CaöPBsMan;Tl3

✓ Technology – Creation of Wealth

✓ Technological development – the most important source of economic growth

✓ Capital – the 2nd most important source

✓ Physical and human capital 3rd most important source

Long-wave Cycle

-rbkKñhij EpkvltiasaSpeglteGayman karéRbDitbecRvltia]TahrN_karkeXij BGtñbeyacñ_

rbSßñbsGkvltiasaSp)annaGayeKCaEkeçBññMbeR)askg]sShkmpSg² dñCaLaser.

-karéRbDitbecRvltiabeglteGaymanpI itpI fß

-pI itpI fß naGaybegl)anTpSarfß ñg]sShkmpfß

-]sShkmpfßñññéçRbDitpI itpI ñg tññkarepSg² EdI naGayTpSarkanEtFMTA²

-enAßI EdI beçRvltiarkkanEtéçh GkRokYRoEcçabepñman CayfæhtGacnaGaymanPaß

el bI bñI TßBpI itkmp

-Paßel bI bñpI itkmpGackatbnR)akñhij kññGRtabraC½GaCvkmpñg GRtaGtkağaeFV

Gacekñmanelg

✓ Subsequent economic turmoil in financial markets may lead to depressions.

✓ New science and new technology may provide basis for new economic expansion

V-Strada Conclusion

beginning, technology is the only way to achieve competitiveness through technology is the only way to attain sustained growth and profitability. (Achieving competitiveness through technology is the only way to attain sustained growth and profitability.)

It is a very important aspect of technology strategy. (This requires a firm to develop its technology strategy very carefully based on a good understanding of how technology can influence its competitiveness advantage.)

SBPaks Discussion Question

Case study "Alliance and technology race" ngeqly SM.