

Glossary of Competitive Strategies

Industry Type

Emergent Industries = early, formative stage, market unproved, technological know-how either proprietary or collaborative efforts, entry barrier relatively low, marketing focused on getting first time buyers to try the product, most companies are undercapitalized.

Key strategic factors include financing, choice of market segments, positioning for viability without jeopardizing initial short term gains, staving off aggressive entrants, and managing rapid expansion

Entrepreneurial Strategies

Board or focused differentiation = technological or product superiority

On-going technological or product improvement

Adopt dominant technology or design features in the market

Form alliances with key suppliers

Form alliances with firms of related or complementary technological expertise

Capture first mover advantages in value chain components and experience curve effects

Pursue new buyer groups, and new applications (joint venture or partner if financing constrained)

Attract first time buyers with price – then advertising as familiarity increases

Use price cuts to attract subsequent layers of buyers into the market

Industry Type

Turbulent High Velocity Industries = rapid-fire technological change, short product life cycles, new competitors entering market (often with heavy backers or already established players), frequent new competitive moves by rivals (including mergers +acquisitions), buyer requisites and expectations evolve rapidly.

Key strategic factors include competitor analysis, market and product monitoring, managerial readiness capacity, bottleneck analysis, executive decision structures, fast reactive times, flexible and adaptive resource structure.

Rapid Growth Strategies

React and respond, defend and protect, plan and anticipate, strengthen capabilities and value chain components, take proactive initiatives and aggressive offense, influence the game, intimidate rivals, pioneer and lead technological and product innovation.

Aggressive R&D investment, develop managerial readiness environment, partner with suppliers and firms with related or tie-in products, initiate time-paced moves on a consistent basis, maintain vigilant monitoring of product innovation potential, maintain high market visibility, integrate Internet technology and communication to increase response time and market innovation.

Type of Industry

Growth Industries = focus on sustaining and increasing market share, intensifying economies, linking value chain components, expanding product line, expanding product mix, increase technological and product innovations, enhance core competencies, streamline managerial capacity, fortify and extend competitive advantage, leverage existing resources and capabilities into potential new businesses, re-investment in R&D, promote global arenas.

Key strategic factors include holding market position, manipulating mobility barriers, intensifying competitive moves, increasing bargaining power with suppliers and buyers, identifying product substitutes, raising entry barriers, identifying growth potential with strategic fit, enhancing intellectual, human, and technological capital, monitoring competitive rivalry, developing internal capacity for strategy monitoring, growing financial portfolio, developing long term potentials while balancing current business portfolio.

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Growth Strategies

Broad and/or focused differentiation
Overall cost leadership
Relevant price competition
Broad or focused geographic targets
Standardized product or facility
Specialization by product, market, or feature
Proprietary technology in product and/or manufacture (patents, exclusive contracts)
Dominate distribution channels both inbound and outbound
Implement high technology work systems
Dominate a niche / seize on vacant niche
Add depth and breadth to the product line and/or mix
Horizontal merger or acquisitions
Diversify business portfolio (vertical integration, conglomerate portfolio)
Develop alliances and partnerships to offset costs of expansion
Invest in economies in all relevant components of the value chain
Invest in capacity ahead of demand
Integrate Internet technologies in value chain innovation.

Type of Industry

Mature Industries = buyer saturation, market demand consists of replacement sales, growth dependent on attracting new buyers and increasing usage by existing buyers, capacity expansion slows, incremental product differentiation, profitability slows or falls, increased consolidation.

Key strategic factors include attracting new buyers, increasing buyer usage, seducing competitor market share, limiting bargaining power of buyers, reducing capacity to fit slower growth, aggressive internal evaluation of product line or mix, evaluation of appropriate global opportunities, satisfying shareholders, monitoring new technological

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improvements and applications, accurately evaluating consolidation potential, avoiding complacency. Dangers include short sightedness, entrenched managerial methods, poor timing, slow response time, over expansion in capacity, advertising, and promotion in the face of slower growth, failure to reduce costs, and lack of competitor and market analysis.

Viability Strategies

Cut product lines where returns no longer justify manufacturing and inventory costs.
Re-design industry value chain to increase utilization of high tech systems and design.
Overall cost leadership - examine value chain controls & opportunities
Increase ancillary and secondary lines.
Acquisition strategy for competing firms.
Global expansion
Expand core competencies and resource capabilities
Integrate Internet technology in value chain innovation.

Type of Industry

Declining Industries = stagnant market growth, earnings slipping, lack of commitment among competitors, inability to adapt to technological changes, product obsolescence, specialization no longer an advantage.

Key strategic issues include identifying remaining product innovations, aggressive pursuit of operating efficiencies, staving off cash drain, focus on cash flow and ROI, maintaining confident and realistic appraisal of market potential, recognizing competitor end-game moves.

Re-positioning Strategies

Identify and move into market niches where growth potential exists.

Incremental quality and innovation product differentiation.

Internal managerial, value chain, and consolidation strategies.

Type of Industry

Crippled Industries = performance, returns, and managerial capacity is in crisis, burdensome debt, spotty or non-existent operating efficiencies, deficient resources, overcapacity, unutilized capacity, competitive moves misjudged, ill-timed, costly, floundering reactive posture, misreading of market signals, inability to adapt to market and technological shifts.

Turnaround Strategies

Reduce assets (plant, equipment, land, patents, inventories, subsidiaries)

Prune product line and mix

Shift to rebuilding market position

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Overhaul internal operations, functional capability, value chain redesign (requires rigorous use of findings from situation, competitor, industry, and internal analyses)

Increase revenue through price cutting, increased promotion, sales force, customer service, and speedy product innovations.

Cut costs throughout the value chain and restructure debt.

Type of Industry

Terminal Industries = long term prospects are unattractive, product substitutes rapidly consuming SOM, rejuvenation too costly and only marginally profitable, maintaining current SOM too costly, increase in sales no longer influenced by outbound logistics, alternative product markets need resources, position in diversified portfolio is minor or insignificant, contribution to overall business portfolio is weak or insignificant.

Key strategic issues include executive foresight and detachment, accurate evaluation of remaining portfolio, managerial repositioning, timing

Endgame Strategies

Liquidation of assets, job elimination, close up shop.

Harvesting available cash flow before getting out by phasing out unprofitable business(es), paring down operations, capital investment, and outbound logistics.

Bankruptcy and re-structuring (Chapter 11 vs. Chapter 13)

Type of Industry

International/Global Industries = manufacture, assembly, sale, and/or distribution in, to, and from foreign markets. Scope may be narrow multi-country (international scope) or wide universal scope (global)

Key strategic factors include entry barriers, capitalization, product customization, exchange rates, political climate, host nation restrictions and cultural practices, managerial expatriation, executive experience, strategy customization, assessing partnerships and alliances, selecting locations, technology transfer, host nation competitors, tax and profit sheltering.

International/Global Strategies

Manufacture in foreign country. Assembly in foreign country. Export to foreign market. Import raw materials from foreign country. Import finished product from foreign country. Franchise business. License technology or product to foreign producer or distributor. Differentiation on a global scale. Focus on an international scale.