



Strategy needed

But not strategy responsible

Strategy needed: competitive strategy (Porter)

- ◆ No more choice!!!
- ◆ Universalization and internationalization force an organization to be able to take each decision at the adapted level.
- ◆ Supply Chain Management force to have a strategic and operational organization able to exceed the local interests in order to find the total logistic chain interest.
- ◆ quality management which aim at the customer satisfaction, forces to become transverse.

Strategy needed: competitive strategy (Porter)

- ◆ Best goal: having the most powerful competing advantage
 - ◆ Which is not the monopolistic vision on its market
- ◆ The exploitation of the interconnections is essential to get an advantage over competing/competitor
- ◆ competing advantage is only valid in a given context
 - ◆ its research thus passes by the analysis of the influential factors of the environment.
- ◆ strategy development should not be any more an "artisanal " process.

Strategy needed: competitive strategy (Porter)

- ◆ Best goal: having the most powerful competing advantage
 - ◆ a marked will
 - ◆ never fruit of the chance, or will be sucked down by the "centre gate"
 - ◆ The organization must
 - ◆ stick to the selected strategy
 - ◆ be adapted for the exploitation of the interconnections
- ◆ Activity is a relevant level of analysis to identify an acquired potential competing advantage (or one to be developed).

Strategy needed: competitive strategy (Porter)

- ◆ Best goal: having the most powerful competing advantage
 - ◆ The development of a strategy must use a competing advantage already obtained or potential, which is the only way to have a length in advance on its competitors.
 - ◆ 2 main categories:
 - ◆ competing advantage by the costs
 - ◆ competing advantage by differentiation.
 - ◆ A strategy must aim one and only one of this two types of advantage for a considered market segment, otherwise « the centre gate » will be the result.

Strategy needed: competitive strategy (Porter)

- ◆ Best goal: having the most powerful competing advantage
 - ◆ competing advantage by the costs
- ◆ all that makes possible to obtain
 - costs of realization of the "chain of value« activities lower than those of the competitors
 - an optimized chain of value compared to those of the competitors on the sector or coveted segment
- ◆ The adopted strategy : offering prices definitely lower than competition.

Strategy needed: competitive strategy (Porter)

- ◆ Best goal: having the most powerful competing advantage
 - ◆ competing advantage by the costs
 - ◆ competing advantage by differentiation
- ◆ all that makes it possible to offer to the market segment coveted a differentiated offer from that of competition, with a limited and adapted overcost in order to offer a creation of value for the customer
- ◆ The adopted strategy: offering an optimum solution in term of performance for the customer.
 - definitely higher pure performances
 - Lower cost for implementation by the customer.

Strategy needed: competitive strategy (Porter)

- ◆ Best goal: having the most powerful competing advantage
 - ◆ competing advantage by the costs
 - ◆ competing advantage by differentiation
- ◆ must be coherent with the factors of success of the sector
- ◆ formulated only by referring to a sector or segment
- ◆ a priori, not transposable with others.

Strategy needed: 5 concurrence forces (Porter)

- ◆ The five Porter's forces correspond to the five actors who structure a sector and his key factors of success
 - competitors
 - new potential entering
 - substitute products offerer
 - suppliers
 - customers

Strategy needed: 5 concurrence forces (Porter)

- ◆ The five Porter's forces correspond to the five actors
- ◆ The competitors fight within the sector to increase or simply maintain their position. There exists, between the actors, more or less intense relations of force, according to
 - ◆ the strategic character of the sector,
 - ◆ the attraction of the market,
 - ◆ its development perspective,
 - ◆ the existence of "barriers at the entry and the exit",
 - ◆ the number, the size and the diversity of the candidates,
 - ◆ the importance of the standing fixed overheads,
 - ◆ the possibility of carrying out economies of scale,
 - ◆ banal or perishable character of the products.

Strategy needed: 5 concurrence forces (Porter)

- ◆ The five Porter's forces correspond to the five actors
- ◆ The competitors fight within the sector to increase or simply
- ◆ New potential entering are those working in other sectors and which threaten to enter the considered sector.
- ◆ Their number depends on
 - ◆ the attractivity of the sector
 - ◆ the number and difficulties of the barriers at the entry
 - ◆ the importance of the reprisals of the actors
 - ◆ the bad perspective in the activity field and resource of the original field of the new potential entering

Strategy needed: 5 concurrence forces (Porter)

- ◆ The five Porter's forces correspond to the five actors
- ◆ The competitors fight within the sector to increase or simply
- ◆ New potential entering are those working in other sectors
- ◆ Substitute products offerer is in activity on other sectors which, at the time of an innovation, offers a new product meeting the customer requirement of the sector
 - type of "competitors" can be related to factors such as
 - the maturity of industry,
 - the absence of differentiation of the products,
 - the facility of realization of technology transfer,
 - a virulent competition in the sector of origin.

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- ◆ Substitute products offerer is in activity on other sectors
- The capacity of negotiation of the suppliers
- The concept of supplier covers all the upstream actors of a sector .

Strategy needed: 5 concurrence forces (Porter)

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- ◆ Substitute products offerer is in activity on other sectors
- The capacity of negotiation of the suppliers
- ◆ The capacity of negotiation of the customers.
 - ◆ Customers: end-users, prescribers and distributors.
- ◆ power is a function of
 - ◆ the standardization of the products
 - ◆ the importance of the costs of purchase
 - ◆ the importance of the customer for the firm

Strategy needed: 5 concurrence forces (Porter)

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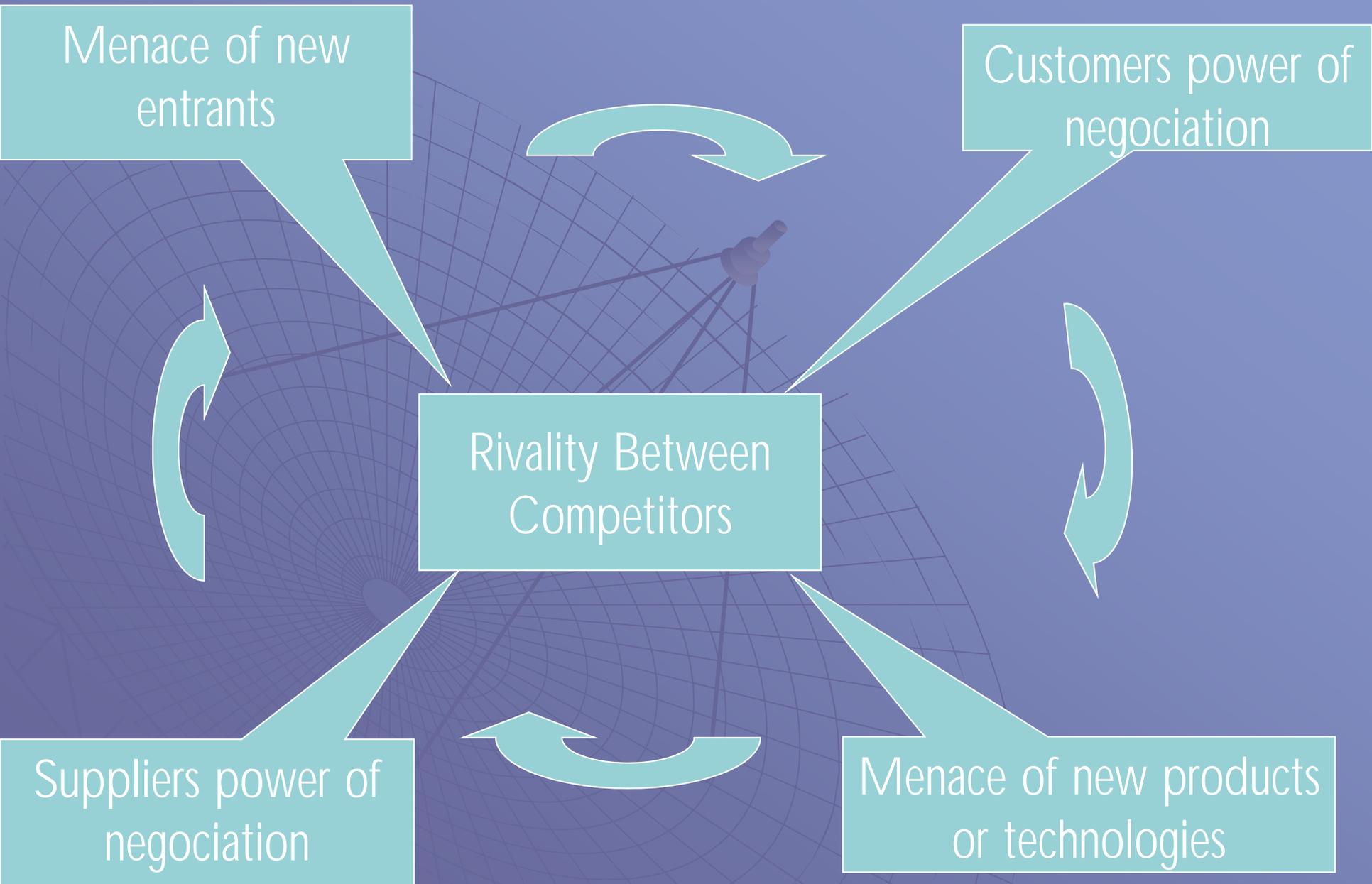
- ◆ in each sector, all the actors are present and fight permanently, exerting force which it is essential to identify in order to clearly see the key factors of success of the sector and to work out a strategy taking of account realities present and future of the sector, such as its potential profitability.

- ◆ the standardization of the products

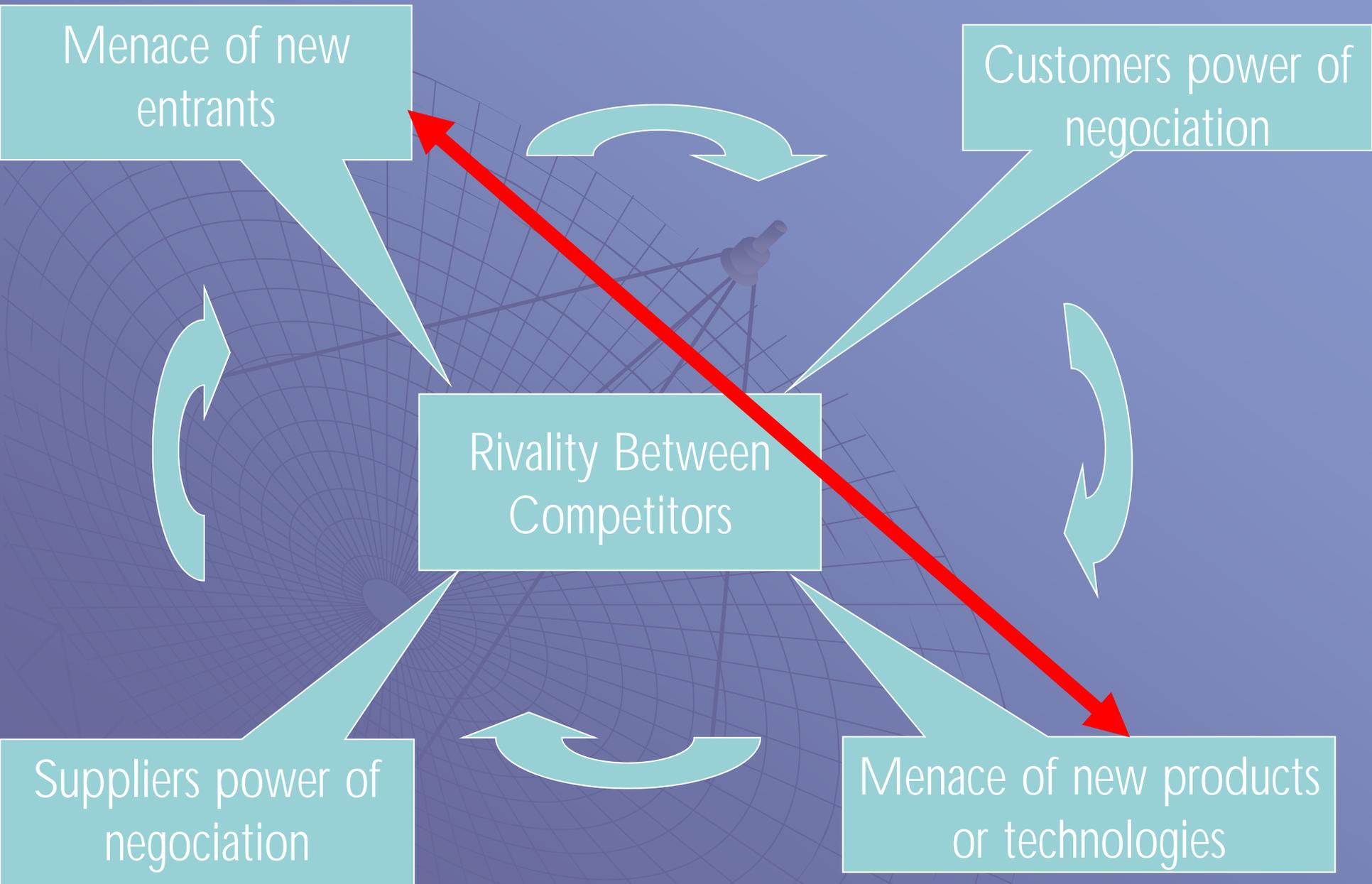
- ◆ the importance of the costs of purchase

- ◆ the importance of the customer for the firm

The Porter's forces



The IC line



Strategy needed: 3 generic strategies (Porter)

- ◆ Differentiation
obtain a competing advantage by offering a product or service with high added value to a broad target, with low volumes but of strong margins.
- ◆ Domination by the costs
obtain a competing advantage by offering a low cost product with a broad strategic target, weak margins but consequent volumes .
- ◆ Focusing
obtain an advantage by offering a product with a restricted strategic target, by adopting a chain of value very well adapted to the hopes of the target .

Strategy needed: without generic strategies (Porter)

- ◆ You will be sucked down in the center gate
- ◆ Without posted will for one of the three strategies, one is found without true competing advantage on the considered segment or sector
- ◆ dominated by
 - ◆ the costs
 - ◆ by the entities having clearly worked out their strategy
 - ◆ the quality of its products or services is not that high of those of the entities having chosen explicitly differentiation.
- ◆ The profitability of the investments is not high.
- ◆ A choice should then be made: to leave the sector or to obtain a competing advantage.
- ◆ more the period of not-strategy will have lasted, more difficult and expensive will it be to obtain a real competing advantage.

Strategy needed: Barriers (Porter)

◆ for the mobility

- structural rigidities of the sector which partition the competitors in homogeneous groups in term of strategy (domination by the costs, differentiation or focusing)
- prevent from easily moving inside the sector
- voluntarily installation by one which want to protect their segment from the intrusion of competitors.
- fruit of the natural structure of the sector,
- Ex: to lock the distribution systems, to close the access to the raw materials, to exploit the experiment, to make publicity, to protect technology,
- The barriers for the mobility are close to the barriers for the entry. The ones apply to a segment of the sector whereas the others apply to a whole sector

Strategy needed: Barriers (Porter)

- ◆ for the entry
- ◆ structural rigidities of the sector which oblige those wishing to enter to carry out a consequent effort.
- ◆ oblige new entering to carry out significant investments before arriving at balance and awaited profitability.
- ◆ requirements in capital, costs of transfer, economies of scale, access to distribution, the existence systems of patents, capacity of reprisals from the present actors, public subsidies, national preferably ...

Strategy needed: Barriers (Porter)

- ◆ for the exit
- ◆ structural rigidities which oblige a firm to remain in activity on a sector or a segment on which profitability is not so good
- ◆ specific fixed assets to an activity, existing contracts with the customers, cost, public image related to the exit, lost of the negotiation ability with the partners, loss of confidence from the shareholders, loss of synergy or interconnection, political aspects, psychological and emotional reasons...
- ◆ rising barriers for the exit can be beneficial if it constitutes a barrier at the entry for the sector. it is necessary however that potential entering take into account these barriers when they evaluate the profitability of an entry on the sector
- ◆ the barriers for the exit constitute a factor of reduction of the profitability of a sector because they oblige to remain in spite of a less attraction.
- ◆ induce fights without mercy to survive on the sector, fights which decrease more its profitability