



Introduction: Course Outline

Enterprise Management for Computer Scientists
Fall 2017



Introduction to the Unit

Today we will...

- Provide an **overview** of the course
- Explain the **assessments**
- Cover the first topic, the **external business environment**

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Assessment



100% Coursework

30% Reflective Report

- Assignment of 2000 words, **due by 3PM, Nov. 10th**
- Electronic submission via Blackboard and Turnitin
- Automatic check for plagiarism

70% Business Report

- Assignment of 2500-3000 words
- Choose between two assignment options

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A Few Words of Warning...

- The assignments will take longer than you think
- Time management is key
- Effective reflection takes some practice

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Weekly Plan

- The course consists of **lectures** and **case studies/tutorials**
- You are expected to **read** materials outside of lectures
- You are expected to **prepare** for and **participate** in case studies: they WILL help you with the assignments
- Time is given each week to ask questions about the assignments or any other issues

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Case Study Sessions

Provide the opportunity to undertake tasks similar to those you will perform in the assignments

- Weeks 2, 5, 8, and 10
- Please come prepared: internet-enabled devices (laptops, etc.) are strongly encouraged (phones will not work)
- Necessary for the first assessment, plus guidance for the second

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A Guide to the Course

- You will be provided with straightforward theoretical frameworks
- You will be asked to apply these frameworks to case studies throughout the semester, and then in the assignments
- The questions I'll ask don't have right or wrong answers
- The goal is to help you to "think like professionals"
- **You will be marked on the quality of the information you find, and your ability to analyse it and draw reasonable conclusions**

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Manchester Enterprise Centre

Venture Further

**Want to start-up your own business?
Here's your chance to make it a reality.**

Our annual business start-up competition is now open for entries until 29 March 2017.

There are prizes of up to £10,000 to be won and it's open to students and recent graduates from across The University of Manchester – not just business students.

Find out more at www.mbs.ac.uk/venturefurther

/EnterpriseAtManchester
 @EnterpriseMCR #VentureFurther



Blackboard...



Blackboard is your main source of information

- Resources to prepare for lectures and case study sessions
- Summative assessments and submission links
- Extra information about the course (e.g. guidance on reflection)
- Discussion boards are available for you to ask questions

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The External Business Environment

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Models

This week we will focus on **environmental scanning**

- PESTEL
- Porter's Five Forces

...and how these models can be applied to explain
opportunities and **threats** (weeks 2 and 3)

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What Should a Business Do?

"The purpose of business is to create a customer. Not products, not profit—customers. Mind the customer and the store will take care of itself."

—Peter Drucker

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Total Bundle of Satisfaction



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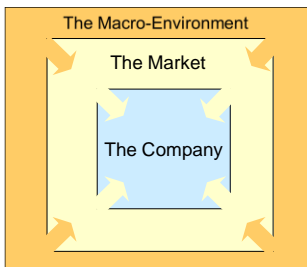
What Business Are We In?

What is the mission of the University?
 What are its values and objectives?
 How will it achieve them and when?
 Who are the stakeholders?

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The Company

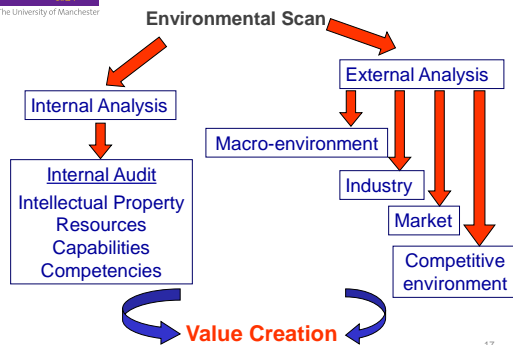


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Analysing the Business Environment

- We will look at several **analytical tools** over the course of this unit
- Generally speaking, we'll look first at the big picture, before focusing on specifics
- The big question: **can we make sense of a complex, uncertain world?**

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Consider the University...

- What key issues does it face in the next three years?
- PESTEL offers a simple tool to help with the analysis...

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PESTEL Analysis

- Political Factors
 - Government stability
 - Taxation policy
 - Foreign trade regulations
 - Social welfare policies
- Economic Factors
 - Business cycles
 - GDP trends
 - Interest rates
 - Money supply
 - Inflation
 - Unemployment
 - Disposable income

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PESTEL Analysis, Part II

- Sociocultural Factors
 - Population demographics
 - Income distribution
 - Social mobility
 - Lifestyle changes
 - Attitudes to work & leisure
 - Consumerism
 - Levels of education
- Technological Factors
 - New discoveries & developments
 - Speed of technology transfer
 - Rates of obsolescence
 - Government and industry focus on technological effort
 - Government spending on research

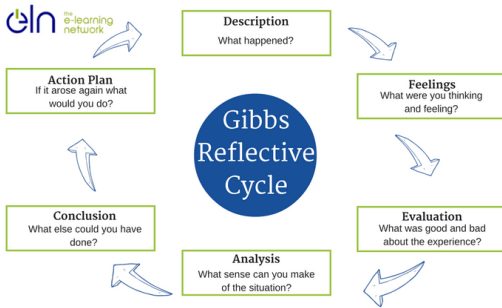
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PESTEL Analysis, Part III

- Environmental Factors
 - Waste disposal
 - Energy consumption
 - Environmental protection laws
- Legal Factors
 - Monopolies legislation
 - Employment law
 - Health and safety
 - Product safety

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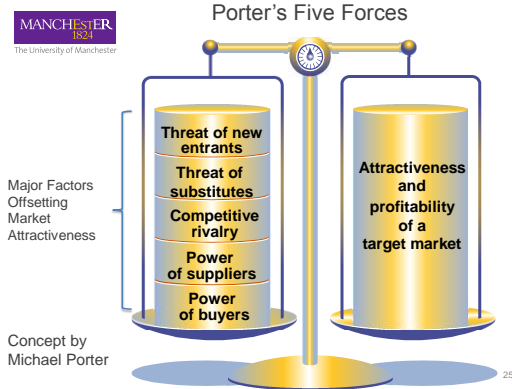
- Reflective report—look at the assignment closely
- Think about your experiences today and going forward
- Think about how your learning could be improved...

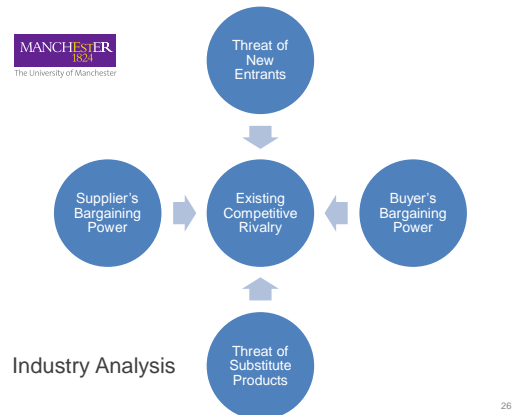
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Industry Analysis

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Porter's Five Forces, Cont'd

- Helps identify all sources of competition
- Used at the level of strategic business units
- Looks at trends and how forces might change
- Considers steady changes and discontinuities
- Forces are not independent
- Competitive behaviour may seek to disrupt forces



Force #1: Threat of New Entrants

Entry Barriers:

- Economies of scale (electrical components)
- Capital requirements (chemicals vs. dot.com)
- Access to distribution channels (brewers)
- Experience (hoover, Microsoft)
- Expected retaliation (Kellogg's)
- Legislation/Government action (regulation)
- Differentiation (speed of delivery)

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Force #2: Threat of Substitute Products

Reduces demand for a "class" of products

- Product for product substitution (email)
- Substitution of need/benefit (repairs)
- Generic substitution (holidays vs. guitars)

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Force #3: Bargaining Power of Buyers

The power of buyers tends to be high if there are

- A large number of small suppliers
- Alternative sources of supply
- Low costs of switching suppliers or low risk
- Threats of backward integration if price/quality not right

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Force #4: Bargaining Power of Suppliers

The power of suppliers tends to be high if there are

- Few suppliers (BBC/NHS)
- Powerful supplier brands (INTEL)
- High costs of switching suppliers—rare parts (aerospace)
- Threats of forward integration if supplier doesn't get margins it seeks
- Highly-fragmented customers

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Force #5: Existing Competitive Rivalry

Competitors in balance—similar size, high rivalry

Market growth rates—important

High fixed costs—low margins

Look at the capacity and demand

Differentiation—customer loyalty

High exit barriers (fixed assets or redundancy)

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Extra Reading (Coursework!!!)

- Read through Porter's original paper, "The Five Competitive Forces That Shape Strategy"
- Watch the YouTube video of Michael Porter posted on Blackboard (or other videos: there are many)
- Apply the model
 - Conclusions?
 - Limitations?

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Bring your laptops/tablets!

For Next Time...

- Prepare for the first case study, where you will analyse the **online poker** industry using PESTEL:
 - 1) Estimate the value of the UK online poker market at the present time (in £s).
 - 2) Do you feel the market is likely to increase, stay the same, or decrease in size over the next three years? Why?
 - 3) Who are the key competitors in the market? Can you give me an indication of their market share or value?
 - 4) Use the PESTEL tool to analyse the external environment.
 - 5) What do your group feel are the four most important trends for a UK-based business wishing to start up in online poker to consider in the next three years?
 - 6) What key opportunities and threats can you identify?
 - 7) What are your conclusions and recommendations?

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