



MODULE: Strategic and Change Management

Key Factors for Future Competitive success

An industry's key success factors (KSFS) are those competitive factors that most affect the ability of industry members to prosper in the marketplace – the particular strategy elements, product attributes, resources, competencies, competitive capabilities and market achievements that spell the difference between profit and loss.

Identifying KSFs, in the light of prevailing and anticipated industry and competitive conditions, is always a top priority analytical and strategy-making consideration.

An industry's key success factors can usually be deduced from an analysis of the industry and competitive environment. The factors that are most important to future competitive success flow directly from the industry's dominant characteristics, what competition is like, the impacts of the driving forces, the comparative market positions of industry members and the likely next moves of rivals.

In addition, the answers to three questions help identify an industry's key success factors:

1. On what basis do buyers choose between the competing brands of sellers? That is, what product attributes are crucial?
2. Given the nature of competitive rivalry and the competitive forces prevailing in the marketplace, what resources and competitive capabilities does a company need to have to be competitively successful?
3. What shortcomings are almost certain to put a company at a significant competitive disadvantage?

Common types of KSFs

Technology-related KSFs	<ul style="list-style-type: none"> • Expertise in a particular technology • Expertise in scientific research • Proven ability to improve production processes
Manufacturing-related KSFs	<ul style="list-style-type: none"> • Ability to achieve scale economies • Ability to capture learning/experience • Quality control know-how • High utilisation of fixed assets • Access to skilled labour supplies • High labour productivity • Low cost product design and engineering • Ability to manufacture or assemble products customised to buyer specifications
Distribution-related KSFs	<ul style="list-style-type: none"> • A strong network of wholesale distributors / dealers • Strong direct sales capabilities
Marketing related KSFs	<ul style="list-style-type: none"> • Breadth of product line and product selection • Well known and respected brand name • Fast, accurate technical assistance • Courteous, personalised customer service • Accurate filling of buyer orders • Customer guarantees and warranties • Clever advertising
Skills and capability-related KSFs	<ul style="list-style-type: none"> • A talented workforce • National or global distribution capabilities • Product innovation capabilities • Design expertise • Short delivery time capability • Supply chain management capabilities • Strong e-commerce capabilities
Other types of KSFs	<ul style="list-style-type: none"> • Overall low costs • Convenient locations • Ability to provide fast, convenient after-sale repairs and service • A strong balance sheet • Access to financial capital • Patent protection

Companies that stand out or excel on a particular KSF are likely to enjoy a stronger market position; being distinctively better than rivals on one or two key success factors tends to translate into competitive advantage.

Key success factors are the product attributes, competencies, competitive capabilities, and market achievements with the greatest impact on future competitive success in the marketplace.

Hough, Thompson, Strickland and Gamble (2008) Crafting and Executing Strategy McGraw Hill London