Assignment 2

This assignment covers chapter three, **Internal Analysis: Distinctive Competencies, Competitive Advantage, and Profitability**, and chapter four, **Building Competitive Advantage through Functional-Level Strategy**.

Chapter 3 Questions:

1. Define value creation for customers and the components that can be used to determine value creation per unit. How value creation is related to competitive advantage?
2. What is a value chain? Why is efficiency so important in an organizations' value chain activities?
3. What building blocks in value creation can an organization use to sustain competitive advantage? How best you can sustain competitive advantage?
4. What does internal analysis help a company to determine? How does this process contribute to the overall health (value creation, competitive advantage, profitability) of a company?
5. Why do companies fail? How does competitive advantage relate to failure? If competitive advantage is not maintained, what would be the consequence for a company?

Chapter 4 Questions:

1. What are functional level strategies? How they relate to competitive advantage of a company? How can functional level strategy contribute to efficiency?
2. Describe economies of scale and how it relates to competitive advantage. What strategic significance does economies of scale have for a company? What it does with the competitive advantage of a company?
3. How does innovation relate to competitive advantage? What can be done to sustain innovation in a company?
4. How does customer relations contribute to competitive advantage? What is the effect of customer relations on value creation and its components?