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Assignment 2

MGMT 510 50 A 2020/Spring-Bus Strategy & Management Principles

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01/24/2020

Chapter 3 Answer:

*1.*

An Organization/Firm creates its own values from series of events identifies as Value Creation. Value creation is a benefit that a customer provides for a product by excluding the Cost to actually make the product. It is considered to be the primary source of any Organization. It has increasingly become famous as one of the best management goal than financial measures, most of which is achieved by imposing cost-cutting which produces short term results but at the same time increases long term growth in the market.

Cost and Differentiation are known for positional advantages given the Organization is in the market/industry as a Leader in either of the two aspects. Elements that can be used to determine value creation per unit includes HR, Companies Infrastructure, Logistics & Information Systems. Any Organization should take range of value creating activities into consideration to create increasing overall value than its competitors.

A superior value can only be created through differentiation or by lower costs. Therefore, a competitive advantage is what makes it possible for an Organization/Firm to create higher profits for the company and a greater value for its customers

*2.*

Value chain is described as the total set of activities that a Firm/Business carries out to create a service/product for their customers. The total value delivered by a Firm/Organization is the total sum of the value built throughout the Organization. Porter’s value chain consists of various primary and support activities which includes Inbound and Outbound logistics, operations, sales, marketing and Services. Efficiency is another important factor to a Firm/Organizations value chain. Cost and Profits are impacted depending on how value chain activities are performed. If a high value product is provided to the customers, indirectly the Organization is building its competitive advantage in the market. To achieve this an Organization engages in a hundred and Thousands of value chain Activities for achieving respective outputs

*3.*

There are four Building Blocks of Competitive Advantage an Organization/Firm can use, they are listed as follows

Competitive Advantage – low cost & Differentiation

Superior Innovation

Superior Efficiency

Superior Quality

Out of all, Innovation is known to be a core component among the Strategies carried out by a Business. This activates/enables a Business to constantly grow and differentiate. This is the key that focusses and Strengthens Organizational/Firm Strategies and helps the Firm to standout from other companies. Efficiency on the other hand is a relation between input and equivalent output. Organization operating efficiently can also result in cost reduction. Ensuring efficiency involves improvement in specific areas aiming to save cost, energy, space, time and efforts. To Achieve quality, Mangers integrate all Functions of an Organization/Business by constant improvement efforts. Customers later determine whether the efforts made by the organization to promote quality of the product are worth buying. Customer Responsiveness depends on Organization’s ability to identify and respond to changing customer requirements. In order to effectively respond customers, a Firm/Organization needs to identify and understand Customer Requirements through interaction

An Internal Analysis is nothing but a full assessment of a Firm’s Cost Position, Competency and Competitive Capability in the Market. It is processed to extract valuable information about the Firm/organization Strengths, Weakness threats and Opportunities. It helps in determining the competitiveness of firm/organization in the industry as well as its potential opportunities by helping business obtain and manage resources. The business can also deliver outstanding value to its customers by understanding its competencies in the existing market. The outcome/result of an Internal Analysis can help the organization acquire a good position in the market, especially when it chooses/adopts strategies to outrun its competitors and gain advantage over them. This contributes to overall health of the company. Therefore, an internal analysis provides important metrics that can be used to amend Business Strategies

Companies fail because of their poor Strategic Commitments. A company needs to change its Strategies to adjust according to the evolving market conditions. Every Company/Organization should design and implement its Competitive Strategy to deliver Advantages in the current Market. In order to avoid failure and sustain competitive Advantage, a company should keep on delivering continuous improvement and learning, by focusing on Building blocks of competitive advantage and by following best practices in the current market. By Identifying factors that affect strategy makes the organization monitor important values and fine-tune their decision to take advantage of the Opportunities and changes. Business Environment is always dynamic, if an organization does not hold a competitive advantage against its rivalry, it is considered to fail. Competitive advantage is directly related to failure. Therefore, the component of speed and changing Business Strategies to comply customer needs comes into existence

Chapter 4 Answer:

Functional-level Strategies are meant to improve a Firm/Organization ability to achieve Quality, Efficiency, Innovation and through Customer Response by gradually improving production and by lowering costs. Every Company/Organization should perform functions such as Marketing, Finance, Productions, HR, Operations, Research and Development. It is very important that an Organizational Resource is developed and carefully coordinated so that the Business level Unit Strategies can be efficiently and effectively accomplished. The Efficiency of an Organization/Company is directly dependent on the quality of brilliance developed by each department which is termed as the core basis of Functional Level Strategies. Efficiency can be enlarged by considering flexible model of Manufacturing Technologies, by reducing customer defect rates, leveraging Research & Development to design and implement product, Best Leadership etc, are few of them which provides commitment towards efficiency

Economies of scale is considered to be an important and crucial source of cost advantage. It is defined as the increase in total output by increasing the average cost per unit. Economies of scale does not mean a business can produce a better product or service, but it is more to concentrate on how much a Business can offer a product or a service at lower price. Firms/Organization that can deliver their product or services at a lower price can have a clear competitive advantage as they can weaken their competitors on price/cost in the current market. Therefore, Economies of scale is said to have strategic significance as small scale Business can label their products at the same level as their competitors by still gaining Profits when compared to their rivalries in the market. This makes a considerable barrier to entry provided that a huge amount of capital is always required to acquire a size of Business to be competitive in the market. Organization producing on a big scale can have comparative advantage from economies of sale

Organizations constantly strive with the challenges of achieving competitive advantage over their competitors, in these kinds of scenarios developing an innovative edge may mean survival one way or the other to remain as a top contender in the Market. Innovation is considered as the most important and critical component which helps a company develop its own innovative ideas and produce a product which is unique on its own, this helps the company standout from other Competitors producing same product in the market. By providing proper Training, Research and Development to the staff helps to increase not only the job performance but also helps in developing creativity and problem-solving skills.

The current era and market conditions we live in is empowered by customers. Competitive Advantage is no longer defined by a Product, logistics or Technology. It is solely dependent on customer satisfaction/relationship they hold with the company. Customer Satisfaction is one of the key components which provides huge competitive advantage which results in high profits. A satisfied customer is highly likely to stay with the organization for a long period of time and will be less interested in the same product offered by its competitor in the market. If the customers cannot recognize the value provided by Business, then the value is not said to be in existence. Most of the Organization/Firms believe in going after Strong customer relationships as one of the integral parts of their Strategy. It has been clearly proven with strong Customer relationship a company is said to be more productive with satisfied Customers