

M5L14. Porter Competitive Value Chain - Support Activities

Slide #1



In this topic, we will discuss the support activities of Michael Porter's Competitive Value Chain.

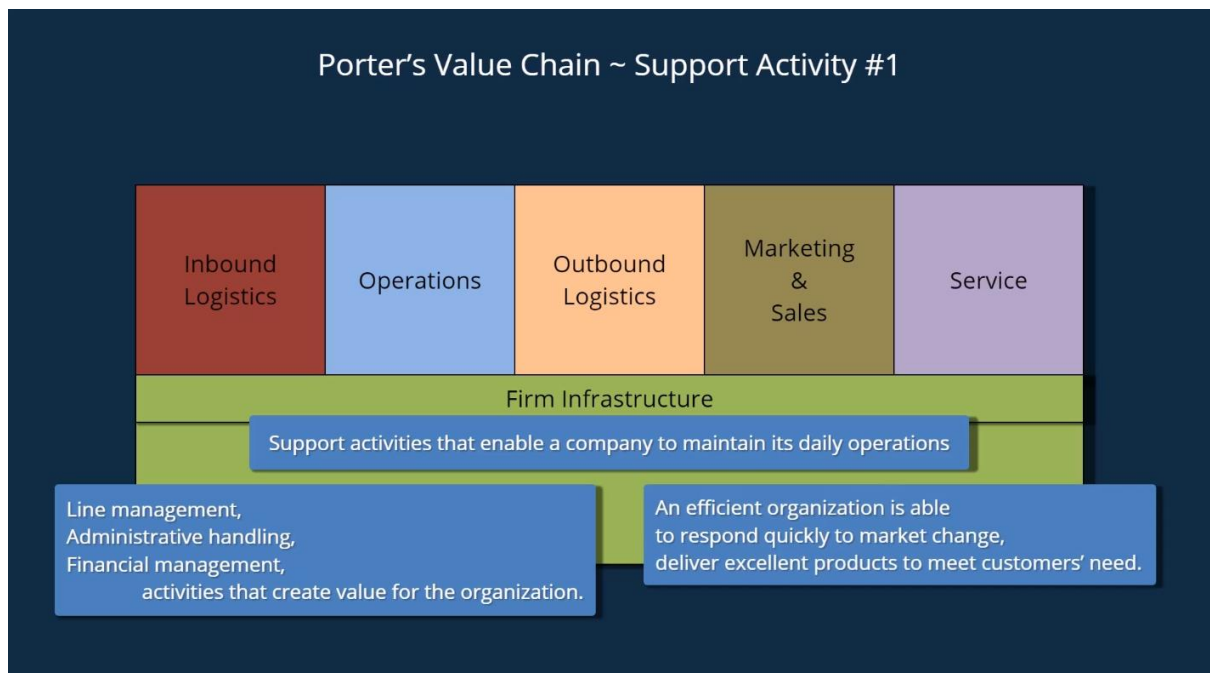
Slide #2



Support activities within the Porter's Value Chain Analysis assist the primary activities, and those support activities form the basis of an organization.

There are four elements of the support activities.

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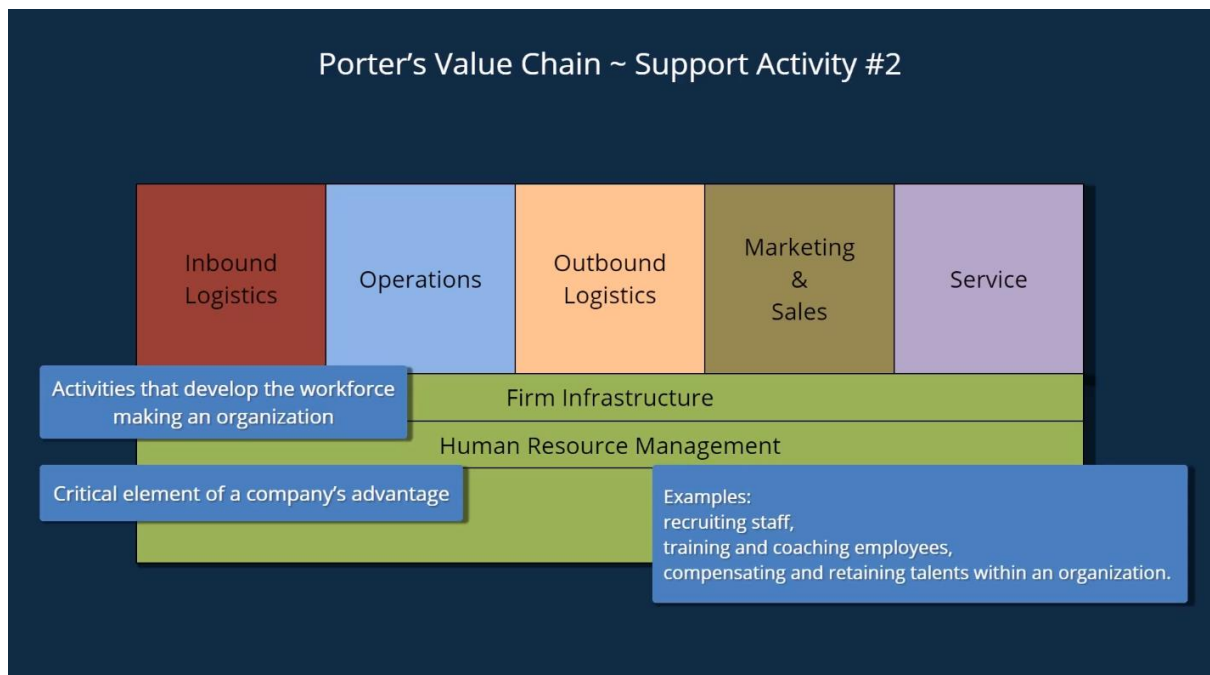
First activity is a firm infrastructure.

This concerns the support activities within the organization that enable a company to maintain its daily operations.

Line management, administrative handling, and financial management are examples of these activities that create value for the organization.

An efficient organization is able to respond quickly to the market change, and also to deliver excellent products to meet the customer's need.

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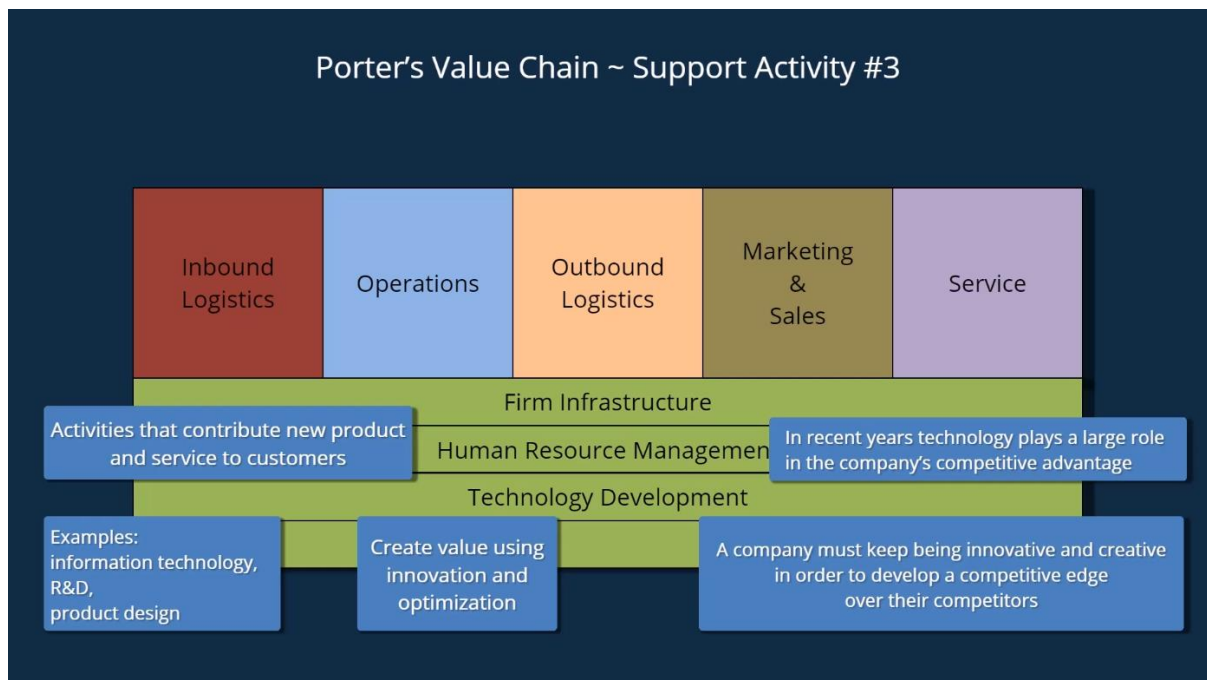


Human resource management is the second line of support activities.

The human resource activities include those that develop the workforce, making an organization. It is a critical element of a company's advantage.

Examples of those human resource activities are recruiting staff, training, and coaching employees, as well as compensating and retaining talents within an organization.

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The third element of support activity is technology.

Technology development activities include those activities that contribute the new product and service to their customers.

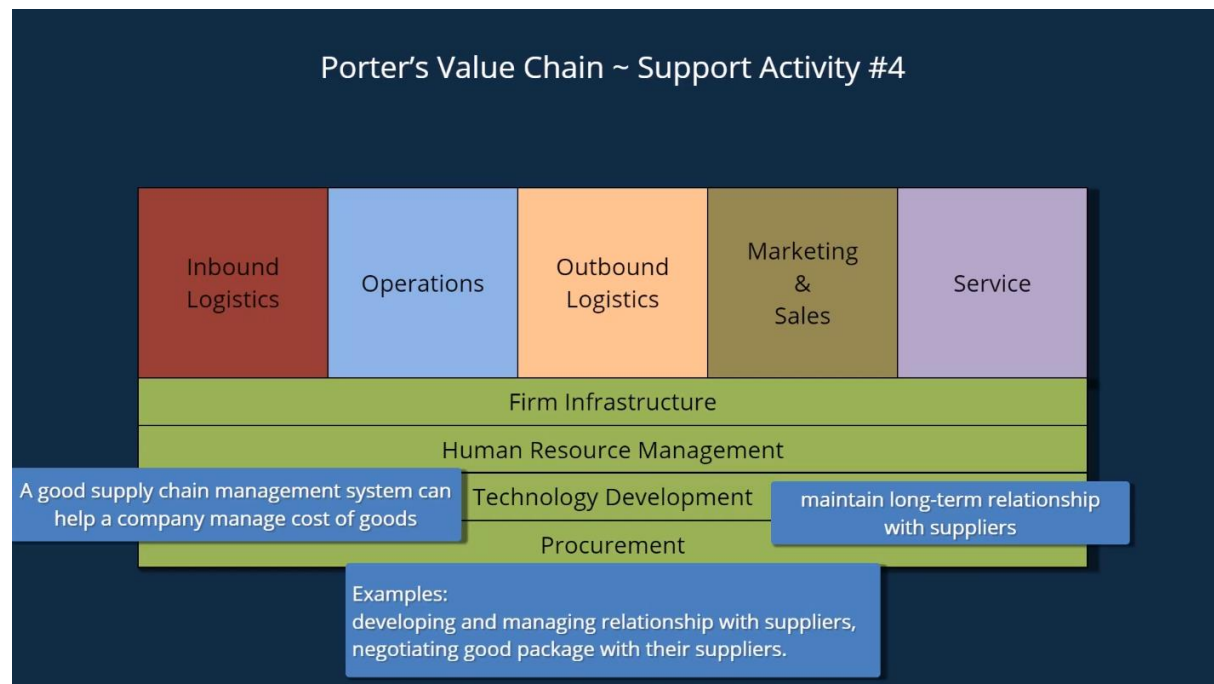
Examples are information technology, research, and the development of an organization, as well as the product design.

Those technology activities create value using innovation and optimization.

In recent years, technology has played a large role in the company's competitive advantage.

A company must keep being innovative and creative in order to develop a competitive edge over their competitors.

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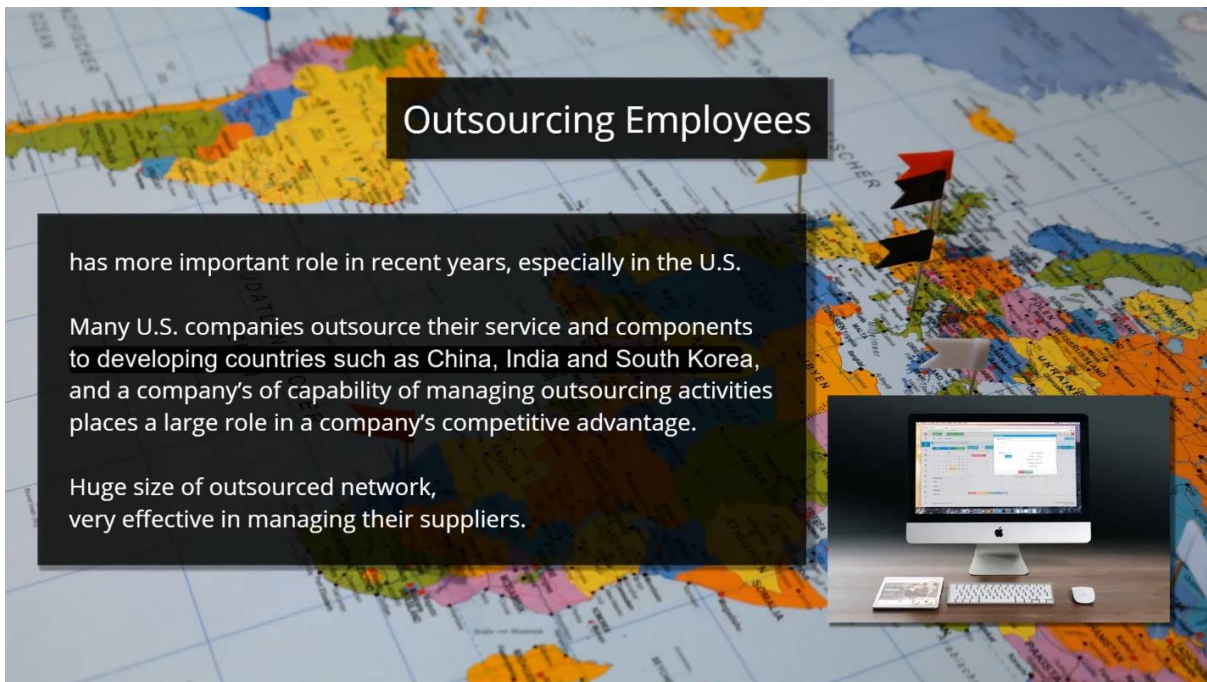


Procurement is another line of support activities.

A good supply chain management system can help a company manage the cost of their goods and maintain a long-term relationship with their suppliers.

Examples of procurement activities include developing and managing relationships with suppliers and negotiating good packages with them.

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Outsourcing Employees

has more important role in recent years, especially in the U.S.

Many U.S. companies outsource their service and components to developing countries such as China, India and South Korea, and a company's capability of managing outsourcing activities places a large role in a company's competitive advantage.

Huge size of outsourced network, very effective in managing their suppliers.

I want to emphasize that outsourcing employees has a more important role in recent years, especially in the U.S.

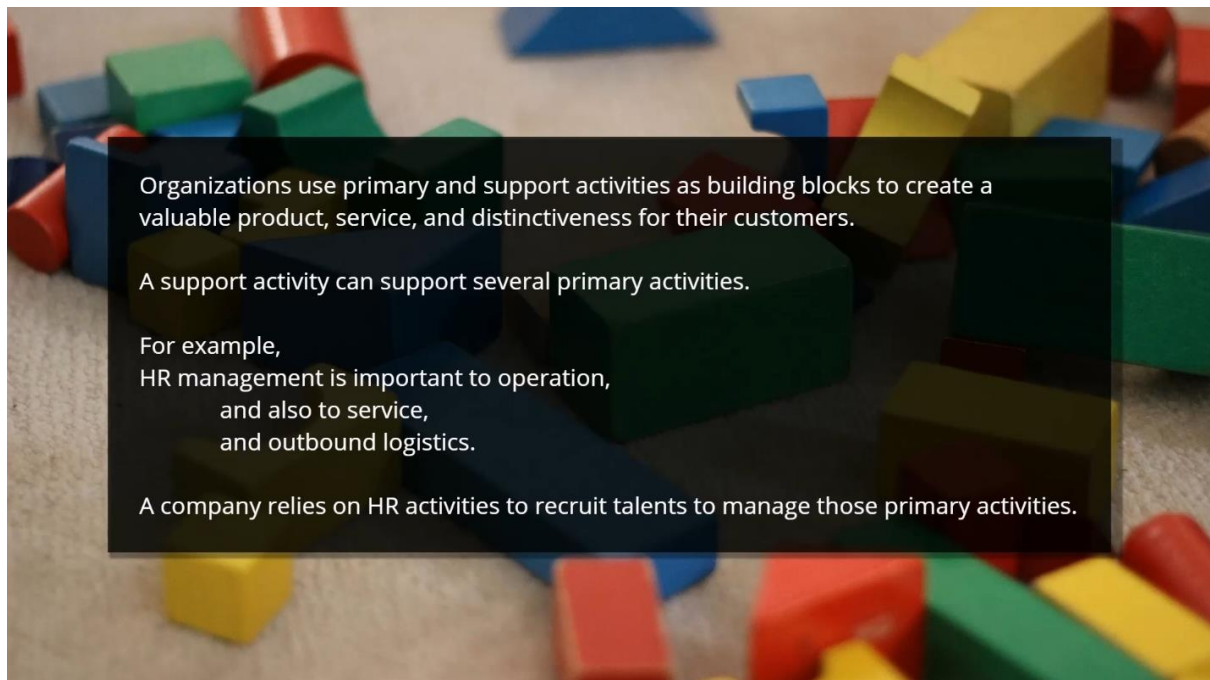
Many U. S. companies outsource their service and components to the developing countries such as China, India, and South Korea.

A company's capability of managing outsourcing activities places a large role in a company's competitive advantage.

A good example is Apple Computer.

The company has a huge size of outsource network and is very effective in managing their suppliers.

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Organizations use primary and support activities as building blocks to create a valuable product, service, and distinctiveness for their customers.

A support activity can support several primary activities.

For example,
HR management is important to operation,
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A company relies on HR activities to recruit talents to manage those primary activities.

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