# M5L14. Porter Competitive Value Chain - Support Activities

## Slide #1Porter's Competitive Value Chain - Support Activities

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

## Slide #2Porter's Value Chain - Support Activities

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.

## Slide #3Porter's Value Chain - Support Activity #1

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.

## Slide #4Porter's Value Chain - Support Activity #2

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.

## Slide #5Porter's Value Chain - Support Activity #3

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.

## Slide #6Porter's Value Chain - Support Activity #4

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.

## Slide #7Outsourcing Employees

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.

## Slide #8Organizations use primary and support activities

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

A support activity can support several primary activities.

For example, human resource management is important to operation and to service and outbound logistics.

A company relies on human resource activities to recruit talents to manage those primary activities.