

Ch 03

Labour productivity = $\frac{\text{Gross Domestic Product}}{\text{Total Paid Hours}}$

primary indicator of our per capita income.

Canada has not increase its productivity.

In 2014. Labour productivity: Ca \$50/h U.S 67/h No 78/h.

Productivity Paradox: computer have no impact productivity of economics.

IT:

1. move output from the same inputs.
2. better output
3. faster output.

Structure of competition : 1. software 2. tech support.

Benefit of IT for customer: 1. more efficient

"Tech for tech's sake" 2. change the nature of the competition.

consumer can get better and cheaper service.

The improve of productivity: 1. do thing right \rightarrow efficiency
2. do the right thing \rightarrow effectiveness

value-creating / Primary activities
Support activities.

Value chain: a network of value-creating activities.
and each step of the chain add value to the product/service.

Primary activities: 1. Inbound logistics: Receiving and storing inventory.
2. Operation: Using input to create final products.

(Adds values directly). 3. Outbound logistics: Retrieving and distributing the product.
4. Marketing & Sales: Convincing the customer to purchase.
5. Service: Support the ~~the~~ customers' use.

Support 1. Firm infrastructure.

Activities. 2. HR.

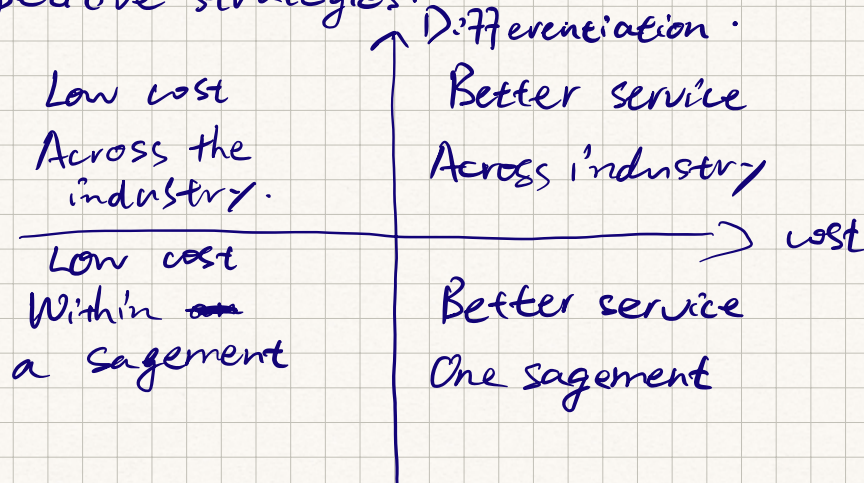
(Does not add values but contributes to production, sales, support). 3. Technological development.
4. Procurement.

Support Activities \Rightarrow increase profit margin.

Porter's Five Forces Model

1. Bargaining power of customers.
2. Threat of substitutions.
3. Bargaining power of suppliers.
4. Threat of new entrants.
5. Rivalry among existing firms.

Competitive strategies.



Technological innovations:

1. Sustaining technologies: the change to maintain the rate of improvement in customer value.

2. Disruptive technologies: new package of attributes to accepted mainstream products.

Diffusion of Innovation

1. knowledge (the innovation came up).

2. persuasion (interested in the innovation).

3. decision (consider the pros and cons of adopting)

4. implementation (use, and decide to continue).

5. confirmation (use the innovation to its full potential).

Competitive advantage

Products & Services.

1. creating new product. → have

2. enhance existing products or services. → better

3. differentiating their product from their competitors. → unique

Business Process.

1. Locking in customers → switching costs.

2. Locking in suppliers → make it easy to connect to and work with organization.

3. Establish alliances with other organizations.

1) standards 2) product awareness 3) market size.

4) purchasing costs.

4. Reduce costs.

1) increase profitability. 2) higher shareholder value.

3) more cash 4) fund further innovation.

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