

Strategic Management Course

Oct. 2005 – June 2006

Lessons 11 & 12 : External Context -

Industry Analysis

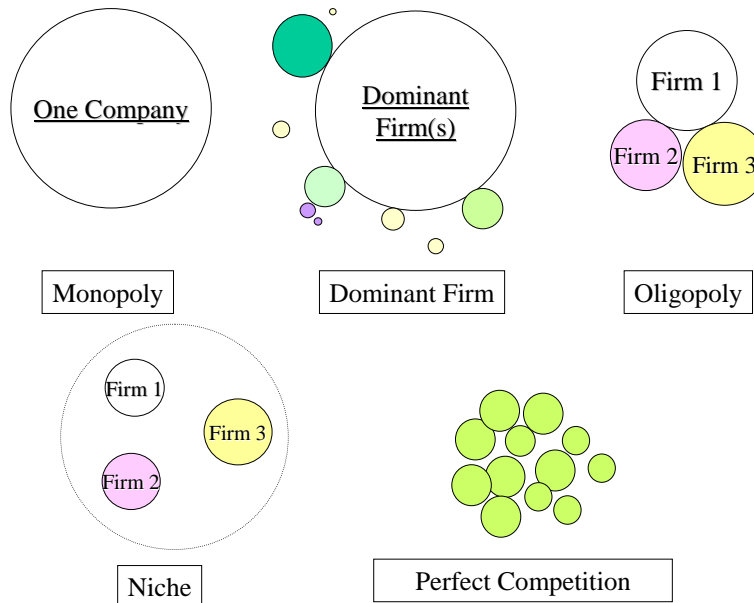
Prof. David Ward

Course Outline and Contents

- Introduction to Strategy and Strategic Management
- Business Strategy
- Competitive Advantage
- Internal Context: Organisation Design
- Market Organisation and Competitive Advantage
- ➔ External Context: Industry Analysis
- The Spectrum of Competition and Niche Markets
- Competition in Concentrated Markets
- Entry and the Advantage of Incumbency
- Creating and Capturing Value in the Value Chain
- Globalisation and Strategy
- Current trends in Strategic Management
- Strategic Management in a Changing Environment

Spectrum of Competition

Lessons 9 & 10



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From Monopolies to Perfect Competition

Monopolies are found in industries where a single company dominates and there is no competition. In the **dominant firm** there is 1 firm (or a few firms) surrounded by a cluster of firms. **Oligopoly** competition is typical of industries where the number of companies is limited and there is a strategic interdependence. **Niche markets** imply localised competition and very strong product differentiation. **Perfect competition** can be viewed as the other extreme of the competition spectrum i.e. the direct opposite to monopoly competition.

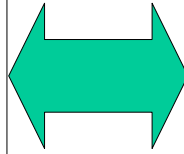
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Product Differentiation Lessons 9 & 10

Competitive Intensity
decreases as products
become less
undifferentiated and the
number of the players
reduces.



Competitive Intensity
increases as products
become more
undifferentiated and the
size of the players is
relatively small.

Monopoly

Perfect
competition

Behaviour

When product differentiation is low and competition is high this effectively acts as a profit-destroyer. This is especially true if market growth is low or stagnant. Consumer preferences are about the main characteristics that existing (or potential) products possess. In other words what consumers care about or prefer (other than price of course).

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The Categorisation of Differentiation

- **Horizontal differentiation:** concern those products where the consumers disagree about which product is better. Examples: Soft drinks, food, beer, shampoos
- **Vertical differentiation:** concern those products where the consumers perceive quality in a vertical manner and *agree* on how the products are ranked. Examples: cars, hotels, holiday retreats

How would you differentiate a service such as water, gas, electricity?

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Hor. and Vertical Differentiation

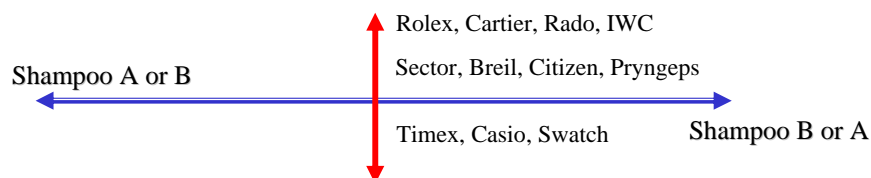
Lessons 9 & 10

Horizontal differentiation: concern those products where the consumers disagree about which product is better.

Examples: Soft drinks, food, beer, shampoos

Vertical differentiation: concern those products where the consumers perceive quality in a vertical manner and *agree* on how the products are ranked.

Examples: cars, hotels, holiday retreats,



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Niche Markets and Product Differentiation

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When product differentiation is low and competition is high this effectively acts as a profit-destroyer. This is especially true if market growth is low or stagnant.

Benetton

- Colourful knitwear (maximising manufacturing efficiency and effectiveness)
- Young age groups (e.g. 0-12)
- Branding strategies (United colours of Benetton, 0-12)
- Product positioning (focused)
- Promotional strategies (e.g. shops, F1, advertising)

What allows companies to differentiate their products?

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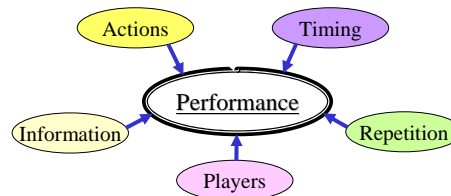
Strategic Interaction...

Lessons 9 & 10

Differentiation, Competition and Interaction:

Where product appeal tends to overlap so competition tends to be more fierce. Consequently where differentiation is strong, competition tends to be slack and soft. In an extreme differentiated market or niche segment the predominance turns (can turn) into a monopoly. The conclusion is that products compete more intensely the closer they are in terms of characterisation (less differentiation) although a lot can depend on the strategic interaction.

Elements of Strategic Interaction



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.....Strategic interaction

Players: These are the companies whose actions affect each other. Actions: The choices available to incumbent companies can condition competition especially when it concerns investments, time-to-market, production output etc. Timing: Timing may be critical not just for first movers but also for those who want to follow. Information: There is also the exploitation of information within and between companies. This exploitation of information allows managers to make the right decisions. Repetition: Often in oligopolistic firms there is a long competitive history and interaction leads to a more cooperative behaviour and the opportunity to leverage reputation repeatedly.

Companies (entities) can also agree on cooperative behaviour so as to reduce competition – a good example is price/policy fixing

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The Case of Pirelli Real Estate Lessons 9 & 10

In the coming years one of the biggest waves of public administration innovation will be the out-sourcing of non-core activities e.g. cleaning, road maintenance, maintenance etc.

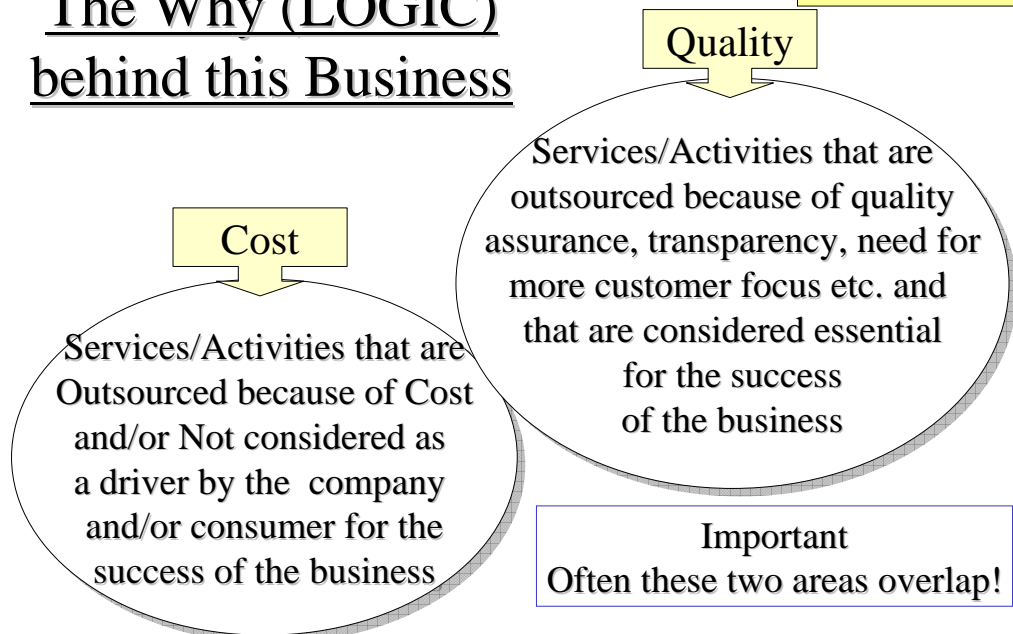
This sector is now known as the Facility Management business which includes General Services activities.

This business in Italy alone is estimated to be worth 33Billion euros (almost 2 Italian government annual budgets).

- The Pirelli real estate case is an example of a strategy that was developed perhaps by chance but nevertheless to meet specific company (running) objectives and market needs.
- The company has grown from 10 people to over 1200 people in 10 years! It has purchased the knowledge it needed!!!

The Why (LOGIC) behind this Business

Lessons 9 & 10



What could happen?

- New legislation (European or national)
- More (or less) bureaucracy.
- Market remains very fragmented.
- Big (bigger) companies (incl. The Mafia) move in and take over.
- Change of government or social-political perspective.
- Government focus becomes cost and not quality.
- Government cutbacks or irregular payments
- Irregular government tenders (timing and planning)
- Competition remains national or moves to a Dominant scenario.
- Etc.....

Keywords of Lessons 9 & 10

- | | |
|-------------------------|------------------------|
| • Monopoly | • Concentrated |
| • Oligopoly | • Customers |
| • Dominant | • Needs |
| • Niche | • Repetition |
| • Perfect competition | • Knowledge management |
| • Customer Satisfaction | • Services |
| • Preferences | • Quality |
| • Differentiation | • Cost |
| • Positioning | • Facility Management |
| • Players | • General services |
| • Actions | • Core |
| • Timing | • Non-core |
| • Information-knowledge | • Running objectives |

I left you with these questions

Can you think of companies or industries that started or still are monopolist in nature?

Can you think of dominant firm examples of competition?


Can you think of a Niche market that has become an oligopoly industry or vice versa?

What allows companies to differentiate their products?

Can you think of examples where information provides a competitive advantage? How does Knowledge management link to competitive advantage?

Lessons 11 & 12 – External context and Industry Analysis

- Back flashes of Lessons 9 & 10 and open questions
- Entry and the Advantage of Incumbency
- Types of Incumbency Advantage
- Entry barriers
- Strategically Creating Incumbency Advantage
- Creating and Capturing Value in the Value Chain
- Value Creation and Value Capture
- The Value Chain and Buyer or Supply Power
- Capturing Value
- Creating Value
- Introduction to Trends and Discontinuities

 This lesson was based on pages 119 to 148 of the recommended textbook or pages 143 to 180 in the Italian version of the textbook.

Possible Exam Questions

How does information and knowledge management link to competitive advantage? Discuss the reasons why or why not a dominant firm might or might not consider attacking smaller competitors to increase market share?

Define the terms trends and discontinuities. Provide at least 3 examples of trends then discuss the importance of tracking trends in the context of deciding a strategy.

Explain links between differentiation, competition and strategic interaction. Describe the five elements of strategic interaction starting from timing.

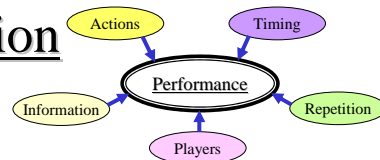
Sun Tzu, Ti and Knowledge

- Although this lesson speaks about niche markets the real focus is KNOWING the market(place) and therefore acquiring the necessary KNOWLEDGE.
- According to Sun Tzu's third rule (Ti) knowing the terrain is essential to have an invincible strategy.
- This lesson will also introduce the concepts of trends-discontinuities, innovation, life cycle and value.
- The external context will be treated both as an opportunity and a question of intelligence.

Interaction

- As seen with the recent electricity black-outs in North America-Canada, London, Italy (excl. Sardegna) systems are now so integrated that one failure can cause the whole system to fail.
- Markets, especially since globalisation and the rise of the internet and telecommunications, are also interlaced. So much so that it is impossible to adopt a universal business policy. Companies are therefore globalising (to reap the benefits of economies of scale and faster turn-around) and localising (to reap the benefits of customerisation) .

Oligopoly: Strategic Interaction



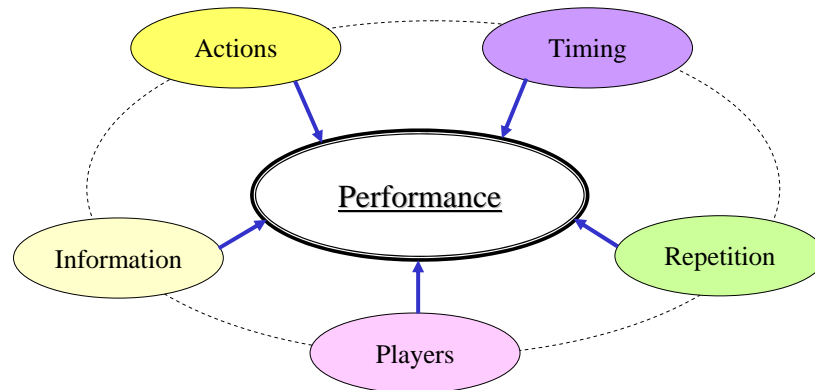
There are two key features of oligopoly:

1. Few, large (i.e. large market share) companies,
2. The behaviour of these firms will determine how the incumbent firms will perform.

However, there is a set of 5 elements (ACTIONS, TIMING, INFORMATION, PLAYERS, REPITITION) that help to understand and systematically think about strategy and the interaction it has with with oligopolistic companies.

In other words these elements affect their behaviour and condition the performance of the company.

5 Elements of Strategic Interaction



Notes: The dashed line implies that there is an interdependency between all 5 elements and performance

Sun Tzu's 5 Elements

- The way (tau): incite the people so they (follow) believe the ideas of the leader(s).
- Atmospheric condition (t'ien): Cold and hot (yin and yang), seasons (cycles)
- The terrain (ti): Risky or easy, close or far,
- The Leader (Chiang): his qualities; sincerity, intelligence, audacity etc.
- The Tactics (fa): Flexibility, Military hierarchy

5 Elements of Strategic Interaction

Players: These are the companies whose actions affect each other.

Actions: The choices available to incumbent companies can condition competition especially when it concerns investments, time-to-market, production output etc.

Timing: Timing may be critical not just for first movers but also for those who want to follow.

Information: There is also the exploitation of information within and between companies. This exploitation of information allows managers to make the right decisions.

Repetition: Often in oligopolistic firms there is a long competitive history and interaction leads to a more cooperative behaviour and the opportunity to leverage reputation repeatedly.

Timing

In ideal conditions to analyse differences in strategy effectiveness implies that all companies make decisions simultaneously.

To move first means potentially impressing and setting a std. for the industry thus gaining competitive advantage. The same is true when, for example, announcing increasing (or decreasing or moving) production output.

However, announcements need to be followed by actions and premature announcements not only can sacrifice advantage but are based on less information and are therefore more prone to risk and failure.

Timing leads to

Announcements, Planning, Actions, Leading, First movers or Followers, Adapting strategy etc.

Players

It is not just about how many but it also about:

- Who
- Where
- When

Sometimes when there are limited competitors the strategy might be to control the entry of a few incumbents or even 'facilitate' their 'exit' from industry (e.g. could G.M. slowly take over FIAT)

In general though, the more incumbent firms the more competition and the more incentive to produce more output.

Information

There are many types of information that can affect competitive intensity, for example:

- What firms know or believe to know about each other.
- What actions firms have taken (i.e. knowing who will be the first mover)
- Market knowledge such as conditions, pricing etc.
- There is also know-how. Knowing how and Knowing in general will be key to the success of many companies especially large corporations.

Information can take many forms: experience (knowing the customer), data (data mining), intelligence (insider trading), networking (sales networks, word-of-mouth)

From Manpower to Intellectual Power

More recently large companies have begun to realise the competitive potential of archiving, accessing, assessing and communicating (internal or external) knowledge, this activity is known as Knowledge Management (KM).

In essence we are moving from Manpower to Intellectual power. As globalisation continues more NON-CORE activities will be outsourced (e.g. Levi jeans) and only the true CAPABILITIES will be kept in-house.

Can you think of examples where information provides a competitive advantage? How does Knowledge management link to competitive advantage?

Dominant Firms

Dominant firms are usually the leaders of the market and this will continue as long as there is a large (competitive) difference with its smaller competitors.

In dominant firms with smaller enterprises the dominant part will continue to control until their leading product/market is dominant.

To overturn this situation smaller competitors cannot (just) rely on under-pricing because it takes time to mount an effective challenge. Think of issues such as quality, brand, distribution etc.

Can you think of reasons why a dominant firm might not consider attacking smaller competitors?

Antitrust

Definition: Opposing business monopolies in the context of unfair competition with the deliberate (an act of conspiracy) scope of reducing competition and pushing a monopolistic strategy. Concentrated markets raise two types of antitrust issues:

1. **Aggressiveness:** Large companies bully their smaller counterparts (e.g. Microsoft) and push competition out of the market. In most countries this does not legally constitute violation of antitrust laws. A very aggressive pricing policy (product dumping) could however, be judged unfair competition.
2. **Collusion:** Where companies decide not to compete i.e. price fixing. Examples: Car Insurance and Petrol Vendors in Italy.

Can you provide examples of antitrust?

Anti-Antitrust

The WTO meeting in Cancun (Sept. 2003) failed because the smaller and poorer countries decided NOT to open their markets in fear of being overwhelmed by their richer counterparts (EU, USA etc.).

Certain countries use anti-dumping policies such as increasing or imposing taxes on imported goods. Do you think this is fair and beneficial for the poorer country?

The Car Insurance and Petrol Vendors scandal sparks a question are monopolies really a threat for the consumer?

Possible Thesis topic “Who’s right the NO GLOBAL MOVEMENT or the WTO?”

Types of Incumbency Advantage

Scale advantages: economies of scale often slows or even prevents entrants from entering the business e.g. one thing is selling whole cheese (farmer) another is selling sliced cheese (Kraft).

Cumulative investment: this refers to advantages deriving from a cumulative effect of investment such as training (e.g. car mechanics and service centres).

Learning economies: repetition and the acquisition of skills in doing a certain job efficiently and effectively often translates into economies for the company and therefore an advantage (e.g. the Japanese).

.....Types of Incumbency Advantage

- Promotional advantage: to build brand awareness requires long term promotional investments but once this is achieved future entrants will have the same if not harder learning curve in order to compete (e.g. Nokia versus Orange).
- Consumer loyalty: Loyalty programs are good examples where the consumer is “obliged” to fly only one airline, the same happens with hotels, rental cars, credit cards, supermarket points etc.
- Innovation advantage: next page

Innovation Advantage

The innovation or product development process is split into steps. Henceforth in order to make a breakthrough and/or develop a next generation of product implies building on a series of skills, learnings, inventions etc. Often this series of elements provides companies with an “innovation advantage”. More often than not it leads to intellectual property.

Innovation=
Invention+.....+Exploitation

NB Innovation can be anywhere: product, process, distribution, service but inevitably impacts the value of the offering

Exploitation



Invention

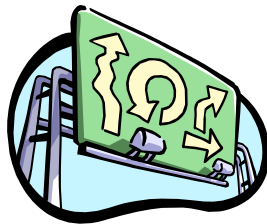
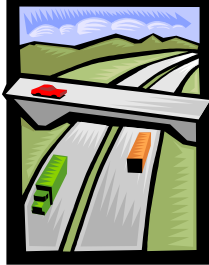
From Declared to Latent Needs

Many companies emphasise declared needs too much in their strategies often making them one of the major drivers in product feature enhancement.

Those companies that are *close to the customer* not only do they take less time and effort in defining and delivering declared needs but are also very good at discovering latent needs.

When sensitivity to latent needs becomes second nature part not only does it effect culture and creed , it becomes much more difficult for the competition to offset this advantage. Apply, Sony and 3M are very good examples of this.

The road to Exploitation is long

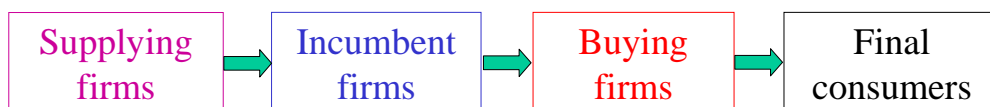


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Value Chain



The above is the traditional upstream to downstream model. But there many examples where supplying firms deal directly with the consumer e.g. factory outlet shops, corner shops like farms etc.

Value Capture

Competition limits buyer or supplier power thus in a perfect competition industry there is no buyer or supplier power as non of them are dominant.

NB Once a buyer is in possession of a product preventing a resale or defining sale conditions becomes difficult and can effect the selling price (and depress the market).

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Capturing Value: The Eight Mistakes Buyers Make

1. Cutting off your nose to spite your face

Buyers also want to maximize the business impact of outsourcing a process, however, when a supplier is told only to focus on cost, that's all they worry about and this denies the existence of the other attributes that can create value.

2. Using the wrong pricing vehicle

3. Not providing significant consequences for good or bad behaviour.

4. Not creating clear and definable boundaries

5. Eliminating the opportunity for aggressive supplier prices

6. Tying the hands of the supplier (or buyer)

7. Writing a one-sided contract

8. Failure to understand your own limits

Creating Value

The creation of value depends on the “investments” made by the firm in the value chain e.g. investments in cost reduction or product development, training and deployment, promotion, coordination, incentives, resource creation etc. can all increase value.

Coordination and Incentives

Creating value may also be achieved by simply working better (coordination) or providing incentives with/for buyers and suppliers.

Good examples of coordination are the Japanese car and Indian bicycle industries. Incentives are things like franchising shops, strategic alliances, fidelity cards etc.

More on Coordination

Therefore creating value and relative policies urges companies to invest in solving coordination and incentive problems.

For example coordination/incentive issues may be tackled/overcome by setting up long term contracts and exchanging information under an intellectual property agreement. In fact as the parties learn more about the systems and personnel at the other firm, they can further reduce costs as the time and effort to do the basic work decreases, thus increasing value.

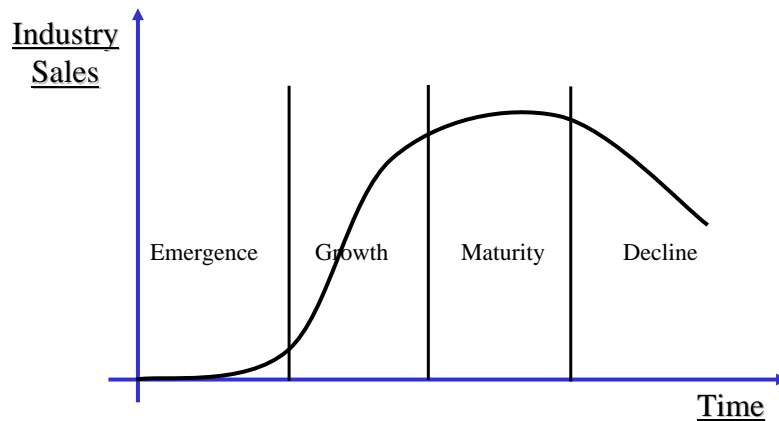
However, this implies that both parties invest in value-creating relationships e.g. buying the same ordering system software, or sharing development costs and resources, joint-project management, joint ventures etc.

Coffee Break

you have 10 minutes!

Trends and Life Cycles

Often trends help us to understand the birth of a new life cycle, the direction a company should take or even the birth of new or a cluster of industries.



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Examples of Trends

- New Markets and Globalisation
- Further education (eLearning and continuous education)
- Social Demographics (immigration, ageing population etc.)
- Human rights (European law court)
- Consumer protection (extension of DOC, birth of associations etc.)
- Technology (process, product, manufacturing etc.)
- Transport and infrastructures (car pooling, HS trains, cheap air travel)
- Legislation (EU)
- Standards (ISO9000, ISO14000 etc.)
- Food safety (BSE, e-Coli etc.)
- Health (from good health to fitness to well being)
- The environment (e.g. Kyoto agreement)
- Nationalisation and Privatisation
- Political (e.g. more or less democracy, enlargement of Europe)
- Private-public sponsorships
- CSM, CSR.....

Can you think of any more trends, may next waves?

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Evaluating Trends

There are essentially two ways to evaluate a trend (large or small):

1. By quantitatively acquiring and processing market data. The output is numerical and statistics is the tool. This is the preferred Western world approach.

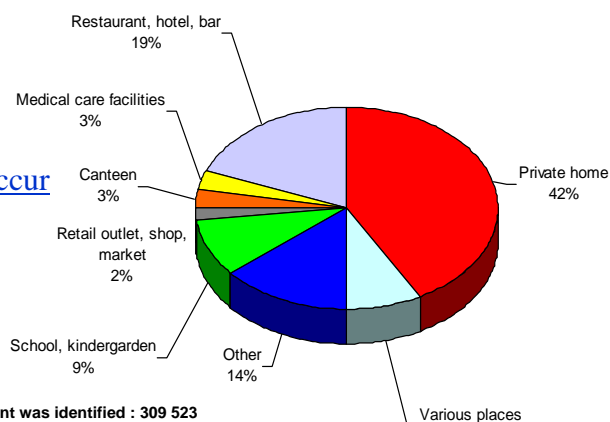
2. By qualitatively acquiring and processing customer data. The output is typically non-numerical and can reveal some very surprising results. This is the preferred Asian world approach.

In both cases the scope is evaluate-uncover the trend and decide if it impacts or should impact your strategy. Here are a couple of examples and in different formats.

Food Safety and Quality

- Recent crises (BSE, E.Coli, Listeria, Salmonella...)
- Consumers are more aware about food safety issues and rights

Places where Outbreaks Occur



No. of outbreaks in which agent was identified : 309 523
(European Commission , Health & Consumer Protection Directorate-General)

Example of Technology Prediction

	1995	2000	2005	2010
TIME/EFFORT				
Laundry Process Time	2-1/2 hr.	1-1/2 hr.	1 hr.	1/2 hr.
User Involvement Time (% of Total Process Time)	100%	50%	25%	10%
Capacity KG	3-10 Kg	3-11 Kg	4-12 Kg	4-12 Kg
Wrinking (% need ironing/pressing)	50%	20%	10%	0%
EASE OF USE				
Size/W t. (Portability)	29-100 Kg	26-95 Kg	24-90 Kg	20-85 Kg
# of Cycles Used	3	2 - 5	1-infinity	1-infinity
Unskilled unable user (Expert User)	80%	40%	20%	10%
No Use & Care Guide Required (Customer Instruct SIR)	4%	2%	1%	0%
NOISE REDUCTION				
dbA	X	X-6db	X-12db	Room Amb.
Sound Quality (S.Q.U. in % of Line)	0%	20%	60%	100%
RESOURCE EFFICIENCY				
KWH / Energy Factor	1.9KWH/3.18	1.5 KWH/2.5	1.2 KWH/2.1	1.0 KWH/1.9
Water l/KG	7.3-22 l/KG	7.3-18l/KG	5.5-7l/KG	4.5-5l/KG
ALL FABRIC CARE				
% Fabrics Washed by Whirlpool Machines	50%	70%	80%	100%
PERFORMANCE				
Whites (delta Units)	X	X-10 Delta	X-15 Delta	X-20 Delta
Stain/Pretreat (% of stains removed)	20%	40%	70%	100%
Dye Transfer / Sort (sorting required)	100%	90%	50%	0%
Clothes Look Like New (cycles)	10	20	40	50

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General Trends in National Markets (Belgium)

	Volumes Evolution 98-2001 (Tsd units)	Average price evolution 98-01 (Euros)
Ovens	70.1 → 74.6	613 → 593
Hobs	164.8 → 167.9	440 → 449
Hoods (2000)	151.6 → 151	295 → 301
BI Cooling	110.9 → 106.7	553 → 554
BI Dishwashing	70.7 → 69.8	758 → 757
MWO (FS & BI)	243.6 → 234.6	278 → 238
TOTAL (excl. MWO)	568.1 → 570	484 → 486

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THE DAIMLERCHRYSLER MERGER



Chrysler Corporation

Daimler-Benz AG



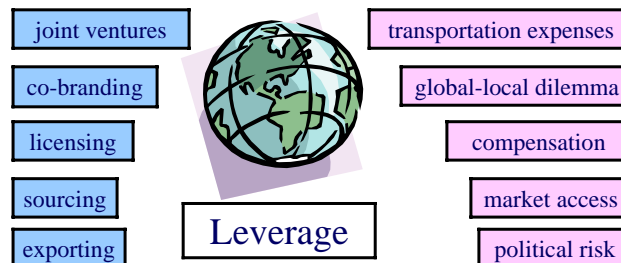
➤ Before the Merger

Car manufacturers	1998 Sales	1998 Profits	1998 Market Share
GM	161,315	2,956	14.5
DaimlerChrysler	154,615	5,656	13.9
Ford Motor	144,416	22,071	13.0
Toyota	99,740	2,787	9.0
VW	76,307	1,261	6.9
Nissan Motor	51,478	0,217	4.6
Fiat	50,999	0,692	4.6
Honda Motor	48,748	2,386	4.4
Renault	41,353	1,500	3.7
Peugeot	37,540	0,539	3.4

Courtesy of Federica Ciceri (ESE thesis 2003): data in MUS\$

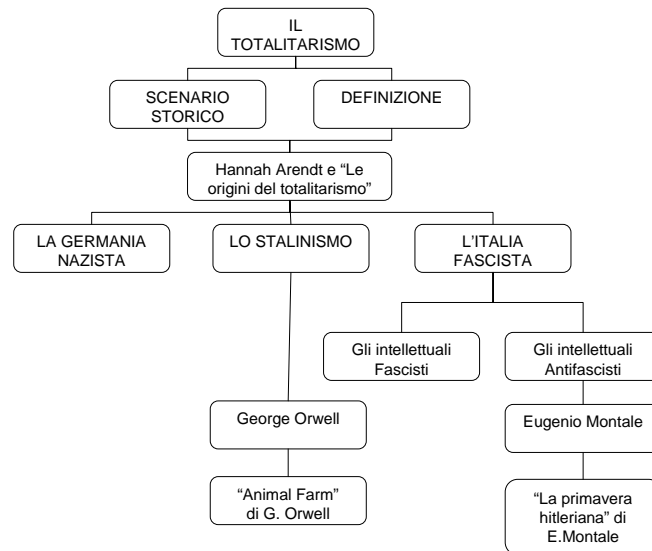
DaimlerChrysler's US Automotive Advertising Spending in Magazines (USD in Million)

Brand	2002	2001
Dodge	65.9	85.0
Chrysler	108.3	82.7
Jeep	53.3	51.3
Mercedes-Benz	28.5	36.0

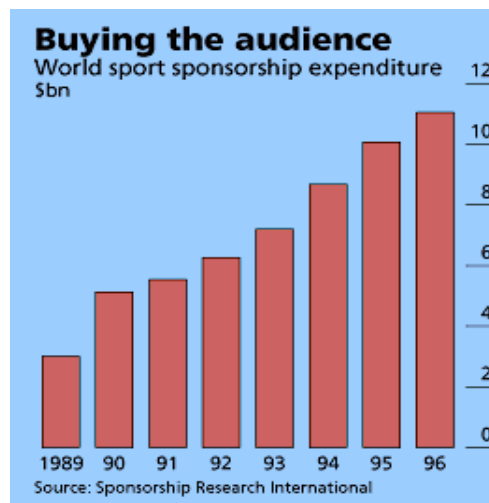


MERCEDES-BENZ: THE GLOBAL EXPANSION

Structuring to make things Clear



Sponsorship of sporting events continues to quickly increase



CONSUMER & LIFESTYLE

Source: "The Paymasters," *The Economist*, June 6, 1998.

Lifestyles and Mindstyles

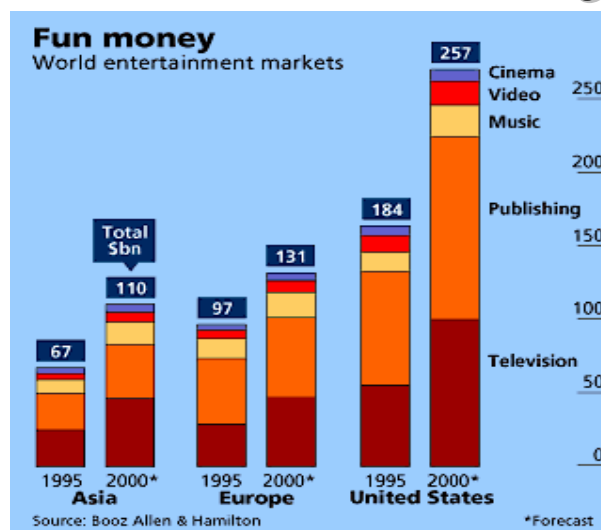
From

- How old are you?
- Standalone, dedicated rooms
- Product to service
- Alignment
- Drugs are bad
- Environmentally friendly
- Old
- Matter
- Linear relationship
- Two mutually exclusive poles of attraction
- 9 to 5 office work
- Ownership
- Being subjected to nature
- Time = money
- Average
- Stand alone dumb objects

To

- How old do you feel?
- Networked home
- Experience economy
- Creativity
- Drugs are cool
- Environmentally zero tolerance
- New beliefs
- Software
- Borderless relationship
- Complementary multipolarity
- Flexible time, work from home
- Just use it!
- Playing God
- Time = life
- Hgh end/ low end - polarisation
- Connected intelligence

Worldwide expenditures on entertainment are rising



CONSUMER & LIFESTYLE

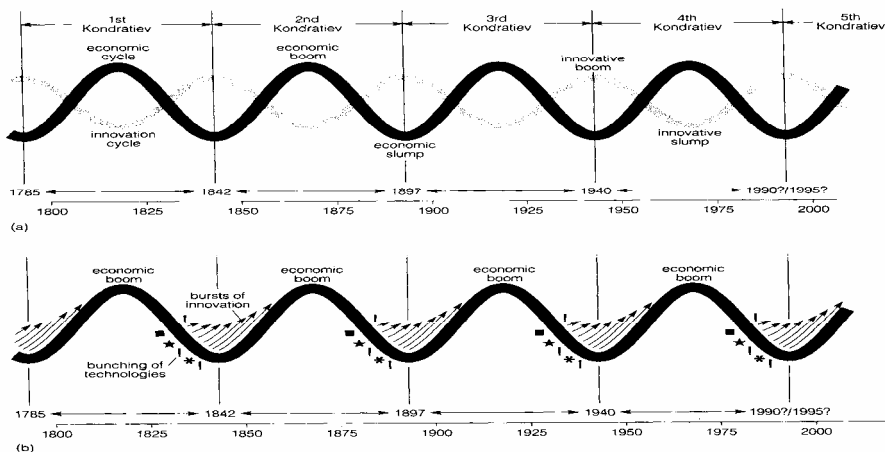
Kondratiev Cycles

↳ In 1926 Kondratiev (a Russian economist) claimed that economies were following a cyclic pattern which was very closely related to innovations.

↳ Kondratiev mapped of all inventions and innovations from around 1750. He examined when inventions occurred and linked them to commodity prices, wages, production of industrial goods, trade, economic growth and diffusion.

↳ Economists have since examined K's theory confirming both a cyclic economic pattern a close link with innovations.

↳ They have also defined that a full turn-around in economies of 45-55 years, with innovations preceding by about 20 years.



Can you see any cycles in your company/work place?

Examples of (Incredible) Innovation

Chips

Saratoga Springs, New York, 1853 (Inventor: George Crum, Redskin and chef).

Hamburger

Medieval times in Asia, later from Germany to the USA, 1880 circa.

Hot dog

1500 a.C., Babilonia. In Frankfurt (1850's) the famous Wurstel sausage was created, it was then exported to USA and called the "dachshund" sausage.

Ketchup

300 a.C., Rome invention of a very spicy sauce, that was adapted by the Chinese and later by the English in the 18th century (who added tomatoes) and called it 'ketchup'.

These 4 innovations have provided an even bigger innovation, i.e. they have clustered together.
What is this innovation called?

FAST FOOD - e.g. McDonalds

Other examples of good inventions:

- *Sandwich*
- *Toothpaste (.....with urine)*
- *Toilet paper (that initially failed!)*
- *Tissue paper (Kleenex)*

Keywords of Lessons 11 & 12

Players	Entrants
Actions	Coordination
Timing	Creating value
Information	Life cycles
Repetition	Kondratiev (cycles)
Knowledge management	Brand awareness
Antitrust	Leverage (of suppliers)
Innovation advantage	Exploitation
Value chain	Suppliers and buyers
Value capture	Incumbency
Trends and Discontinuities	Cumulative investment
Prediction	Scale advantage
Innovation	Antitrust
Clustering (of innovation)	Learning (economies)
Man power	Intellectual power

Summary of Questions

Can you think of examples where information provides a competitive advantage? How does Knowledge management link to competitive advantage?

Can you think of reasons why a dominant firm might not consider attacking smaller competitors?

Can you provide examples of antitrust?

Can you think of any more trends, may be next waves of innovation?

Can you see any innovation cycles in your company/work place?

Hand outs or Suggested Readings

- Francesco Rizzi's ESE thesis: *Strategie Vincenti per la Rivitalizzazione di un marchio nel settore Automobilistico* (2003)
- Bendor-Samuel P. Capturing Value: The Eight Mistakes Buyers Make, (<http://www.bpo-outsourcing-journal.com/issues/oct2001/everest.html>).
- Brown S., When a Business Strategy to Create Value means Spending More, (<http://www.bpo-outsourcing-journal.com/issues/mar2002/everest.html>).
- Freeman C. (1995), Innovation and The Strategy of a Firm, ch. 3.1, pp.98-105, Product Design and Technological Innovation, Open University Press.

.....Hand outs or Suggested Readings

- Georgi Pecenikov's ESE thesis: *Sun Tzu applied to the Financial markets* (2003)
- Sun Tzu: L'arte della guerra (2003), pp. 21-22, Superbur Classici.