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竞争战略

COMPETITIVE STRATEGY

大卫·福克纳
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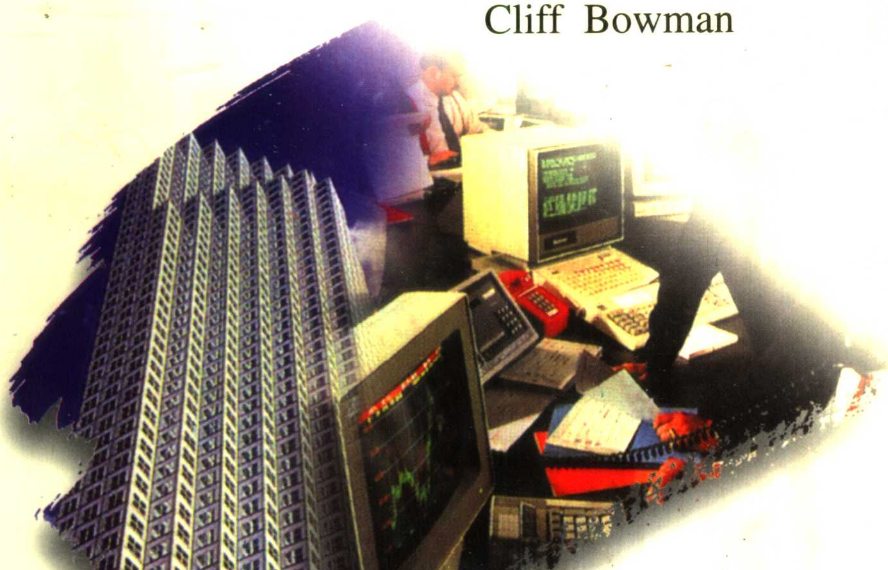

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出 版 说 明

《工商管理精要系列·影印版》是中国人民大学出版社和西蒙与舒斯特国际出版公司继《工商管理经典译丛》之后，共同合作出版的一套大型工商管理精品影印丛书。

本丛书由欧洲著名管理学院和管理咨询公司的教授和专家撰写，它将90年代以来国际上工商管理各专业的最新研究成果，分门别类加以精练浓缩，由享誉世界的最大教育图书出版商Prentice Hall出版公司出版。每一本书都给出了该专业学生应掌握的理论框架和知识信息，并对该专业的核心问题和关键理论作了全面而精当的阐述。本丛书虽然篇幅不长，但内容充实，信息量大，语言精练，易于操作且系统性强。因此，自90年代初陆续出版以来，受到欧洲、北美及世界各地管理教育界和工商企业界读者的普遍欢迎，累计发行量已达数百万册，是当今国际工商管理方面最优秀的精品图书之一。

这套影印版的出版发行，旨在推动我国工商管理教育和MBA事业的发展，为广大师生和工商企业界读者，提供一套原汁原味反映国外管理科学研究成果的浓缩精品图书。有助于读者尽快提高专业外语水平，扩大知识面，掌握工商管理各专业的核心理论和管理技巧。

本丛书可作为管理院校的专业外语教材和各类企业的培训教材，对于那些接受短期培训的企业管理者、MBA学生，以及想迅

速了解工商管理各专业核心领域的师生来说，本丛书更是极具价值的藏书和参考资料。

为了能及时反映国际上工商管理的研究成果，中国人民大学出版社今后将与 Prentice Hall 出版公司同步出版本丛书的其他最新内容并更新版本，使中国读者能借助本丛书，跟踪了解国际管理科学发展的最新动态。

1997 年 8 月

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Introduction

A useful distinction can be made between the content of strategy and the process of strategy. By strategy **content** we mean what the strategy is about: for example, is it corporate-level strategy, or a business unit strategy, or functional or operational strategy (e.g. a marketing strategy)? The **process** of strategy is concerned with the means by which strategy is developed.

1.1 Levels of strategy

There are three distinct levels of strategy as shown in Figure 1.1.

Corporate strategy is the concern of organizations which are a collection of relatively independent businesses, sometimes called Strategic Business Units (SBUs). Corporate strategy is fundamentally concerned with the logic or rationale of the corporation. Put simply, corporate strategies address the questions 'Which businesses should we be in?' and 'How should we run them?'. There are various arguments put forward to justify the multi-SBU corporation:

- **The portfolio argument:** by grouping together separate businesses they can be more effectively managed, particularly with regard to the management of finance. For example, the cash generated by one maturing business unit can be used to fund the development of another unit which is in a phase of rapid growth.

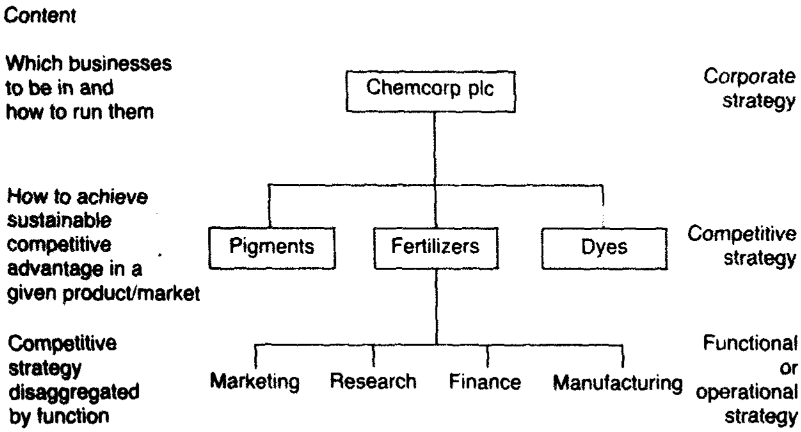

Figure 1.1 The three levels of strategy

- **The synergy argument:** here the rationale for the corporation rests on there being important similarities between SBUs. This permits the sharing of resources between SBUs which helps individual businesses either to lower costs or to compete more effectively in their markets.
- **The core competences argument:** if the corporation has developed a particular capability, this may be 'leveraged' across other business units to gain competitive advantage. For example, Honda's expertise in small four-stroke petrol engines enabled them to move into cars, lawn-mowers and outboard motors.

Competitive strategy is the essential concern of this book, although there are several references in the book to links between competitive and corporate strategy. Competitive strategy, also known as business-level or SBU strategy, is essentially concerned with the competition of products and services in the marketplace. There are three fundamental questions which must be addressed at this level of strategy:

1. Where should we compete? (Which markets, and which segments within those markets should we concentrate on?)
2. What products should we compete with?
3. How will we gain sustainable competitive advantage in these chosen markets?

If the management team does not have answers to these questions, then the business does not have a clear, thought through and understood competitive strategy.

Functional strategy is concerned with interpreting the role of the function or department in delivering the competitive strategy. In this sense, functional strategy is driven by competitive strategy. Thus every competitive strategy can be translated into congruent marketing strategies, financial strategies, personnel strategies and so forth at the functional level.

1.2 The strategy process

The **process** of strategy refers to the way in which the strategy comes about in the organization. Strategies can be deliberately established (through analysis, leading to a plan or a mission for the business) or they can emerge through a series of seemingly unconnected operational-level decisions. In practice few competitive strategies are determined purely by a planned process or a purely emergent process: these are best viewed as two ends of a continuum.

As the rest of the book focuses on the **content** of competitive strategy, in this chapter we will address some of the more significant issues concerning the **process** of strategy.

Unfortunately, it appears that even when a team of managers plans the future direction for the firm, these well-intentioned plans often fail to be realized. The process by which the strategy comes about seems to affect the chances of the strategy being implemented. For example, if the strategy has been drawn up by outside consultants, the members of the executive team may not be particularly committed to implementing the plan (because they were not sufficiently involved in the process). The plan may have been produced in response to a corporate-level (HQ) demand. In this case the strategy may have been written to satisfy corporate requirements, but it might not be adopted wholeheartedly by the business-level (SBU) team. Genuine ownership of the strategy by those responsible for implementing it is vital to its success.

Even where the team itself has agreed the strategy, there may be significant problems in implementation. The tendency towards maintaining the existing ways of doing things, and the resistance to change can be overwhelming. (This is explored further in Chapter 8.)

The 'Mission Statement' as a way of changing or setting the strategic direction of the business has, unfortunately, been devalued to some extent. This has happened where the Mission Statement is seen as a fashion item ('we must have one'), and where it consists of 'motherhood' statements* which no-one really believes can be acted upon.

Attempts deliberately to shape the strategy of the business may have foundered in the past either through weaknesses in the planning process itself, or through cynicism and a lack of ownership of the strategy amongst members of the top management team. Clearly, there is little point in drawing up a perfect competitive strategy if there is no chance of it being implemented.

Therefore, the process of determining the strategy needs to be one which generates the required levels of top team commitment. This usually means that the team itself should be responsible for coming up with the strategy, as involvement in the process usually generates commitment to the outcome. However, there is an additional process issue that must be recognized, where the top team is involved in the strategy process: the problem stems from the shared and common experiences of the team.

If the managers in the team all have similar experiences (perhaps they have worked in the same organization or the same industry for many years) then the way each manager sees the world, is likely to be quite similar. They are likely to share the same assumptions about, for example, the firm's strengths, about customers and their needs and about competitors. The problems stem from the fact that these shared assumptions are implicit. They are rarely made explicit, and hence are rarely debated or discussed. So, when the team discusses strategy, unless these assumptions are revealed and challenged in some way, they will inevitably influence the emerging strategy. These assumptions underpin the strategy debate.

The techniques and frameworks that are introduced in this book are there to help a team explore and challenge some of these implicit assumptions. The techniques we introduce should be used to broaden and deepen the strategy debate within the firm. In order to use some of these frameworks, new information will need to be

*A 'motherhood statement' implies a statement with which every reasonable person may be expected to agree. The state of motherhood is a virtuous one: hence 'we must put the customer first' is something of a motherhood statement.

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generated, and issues that are not routinely discussed in management meetings will need to be addressed.

This book does not attempt to set out a foolproof process, or a set of checklists for strategy development. The ideas presented here need to be incorporated into an ongoing strategy process, and in this way the quality of the discussions should be enhanced.

The establishment of a competitive strategy should not be viewed as a yearly event, a ritual that has little impact on the reality of the organization. The strategy debate should be continuous – it should inform the agenda of top team meetings. Establishing a competitive strategy is the most important role of the top team at business unit level. This requires the intelligent management of the tensions between more routine operational issues, which may be urgent and important, but are essentially short term, and the longer-term development of sustainable competitive advantage.

These two aspects of top management activity must be integrated, because it is only through the transformation of routine operational activities that true competitive advantage is built. Competitive strategy can only be implemented through changes at the routine, operational level, so these two agendas, the short-term and the longer-term need to be creatively managed if competitive strategy is to be implemented.

1.3 Plan of the book

Delivering value to the customer is the cornerstone of competitive strategy. We therefore begin with an exploration of the Customer Matrix (Chapter 2). This simple device allows us to examine the basic strategy options that might be pursued by a firm with a given product in a selected market segment. It emphasizes that to gain sustainable competitive advantage the firm must deliver ever higher levels of Perceived Use Value (PUV) to customers at lowest Perceived Price.

In order to assess the relative effectiveness and efficiency of the firm, that is, its underlying core competences compared with those of its competitors, we employ the Producer Matrix (Chapter 3). The two matrices are designed to enable us to gain a depth of understanding about the following:

- The dimensions of perceived use value.

- Need-based segments of demand.
- The competitive positions of the firm's current products/services.
- The competences required to compete successfully.
- The relative cost positions of competitors.

Chapter 4 then considers how to assess the attractiveness of the competitive environment, and in particular to assess the relative individual strengths of competitors. Chapter 5 takes the analysis into the future, and into the realms of the real world of uncertain outcomes, building a model for the development of possible alternative scenarios. It enables us to ask questions such as: How might needs change? Will new firms be attracted into the market? Will demand in a segment increase or decrease? What broader environmental trends are likely to have an impact on the market, and how will they affect competition? Thus a picture emerges of the evolving competitive arena, which can then be used to help formulate a strategy.

Chapter 6 sets out a range of strategy options if acceptable performance cannot be predicted from continuing with the same product and market strategy. A simple system for evaluating alternative strategies is then described and applied.

To deliver the chosen strategy the firm has three alternatives:

- Joint development.
- Acquisition.
- Internal development.

Chapter 7 discusses some of the issues involved in the two higher-risk implementational strategies of finding an alliance partner for joint development, and acquiring a company in order to increase the firm's core competences.

Chapter 8 discusses some of the implications of implementing by internal development. In particular it concentrates on the issue of identifying blockages to change, and overcoming them by attempting to change some of the characteristics of the firm's culture to make it more closely aligned with the needs of the new strategy. Chapter 9 then provides the book with a brief synoptic conclusion, re-emphasizing the complementary roles of the Customer Matrix and the Producer Matrix in the process of competitive strategy development.

2

The Customer Matrix

Firms compete for customers, and competitive strategy is essentially about meeting the needs of customers more effectively than your competitors are able to meet them. In this chapter we introduce a simple device, the 'Customer Matrix' to explore issues in competitive strategy.

The vertical axis of Figure 2.1 ('Perceived Use Value') refers to the satisfaction experienced by the buyer in purchasing and using the product or the service. Perceived Use Value and Perceived Price represent the two components of 'value for money'. The Customer Matrix separates these out to assist us in analyzing competitive strategy. Perceived Price refers to the elements price that the customer is concerned with: for example, in purchasing a heating system for a house, the customer may not only be concerned with the initial cost of the installation (the price of the boiler, radiators, fittings, etc.) but may also be interested in the running costs of the system over the years (fuel costs, maintenance, etc.).

If a firm's product is positioned at point A in the chart, and the products of other firms perceived by the consumer to be alternative suppliers are positioned around point A (represented by the Xs in Figure 2.1), then as far as this consumer is concerned all the firms are offering equivalent products, and are charging very similar prices. This situation can be found in many industries, not just those that are supplying 'commodity' products, like coal or potatoes. In any circumstance where consumers perceive the products or services on offer to be more or less the same, the industry approximates to the circumstances depicted in Figure 2.1. This could be the case in, for example, the personal computer market, or in the choice of estate agencies.

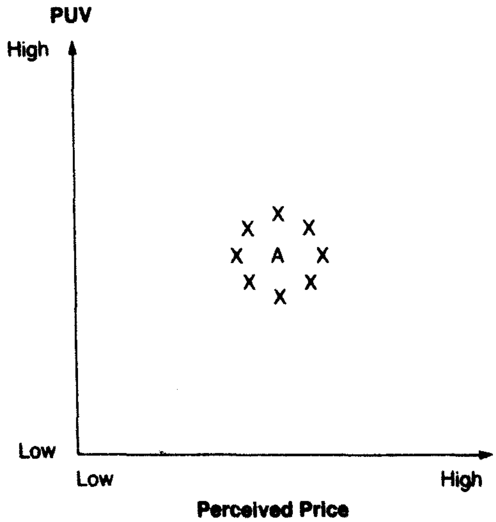

Figure 2.1 The Customer Matrix

If firm A is facing the situation depicted in Figure 2.1, what are the options available for improving its competitive position? As things now stand in the industry it is likely that all the firms will have a similar share of the market. So how can firm A improve its share? There are various moves that could be made in the chart that could improve the firm's competitive position: for example, the firm could cut price, or raise the PUV of the products or services it offers. These two basic strategic options will now be explored (see Figure 2.2).

2.1 Cutting price

Here the firm moves west in the Customer Matrix, offering the same Perceived Use Value as the competition, but at a lower price. Such a move should lead to firm A gaining share. However, this may depend on the type of products or services being offered. In some markets buyers perceive lower prices to mean lower Perceived Use Value. In other words, price is being used as an indirect way of measuring use value, where the customer reasons that 'If it's cheaper it can't be as good as the others.' If this was the situation facing firm A then a cut in price would move the firm to the

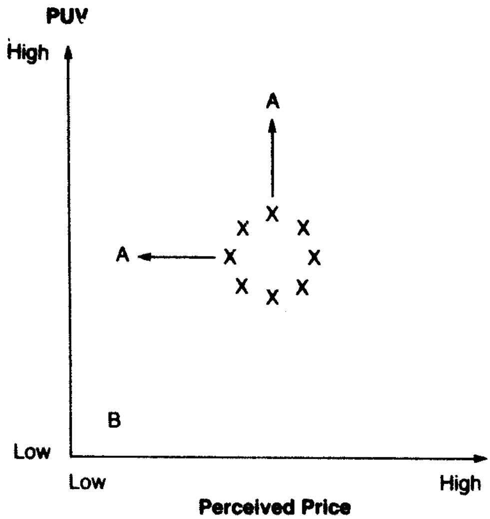

Figure 2.2 Basic competitive moves on the Customer Matrix

south-west, to a position offering lower Perceived Use Value at lower prices (position B in Figure 2.2). Managers need to be alert to this possibility. It often occurs when customers are unfamiliar with the purchase situation and they seek to reduce the riskiness of the purchase by using price as a proxy for value (e.g. when buying hi-fi equipment, dishwashers, perfume).

Let us assume that consumers are not using price as a proxy measure of Perceived Use Value, in which case the price cut moves firm A due west on the chart. This move should increase sales for firm A (and maybe in the industry as a whole if new customers are attracted into the market by the new lower prices). However, other firms are likely to respond to the move by cutting prices to match firm A's. The net result of the competitors' moving west with firm A is to reduce the average price and profitability of the industry.

Competitors can, then, imitate firm A's price-cutting strategy very rapidly. How, then, can firm A hope to gain sustainable competitive advantage from competing on price? Firm A must be able continually to drive down prices and sustain lower prices for a longer period than its competitors. This can only be achieved if firm A has either the lowest costs in the industry, or if the firm is able to sustain losses for extended periods, through subsidies from another part of the firm, or from the government.

If a firm is not the lowest-cost producer then the competitor with lower costs can always cut prices further, or sustain low prices for longer than firm A. To ensure that the firm is *the* lowest-cost producer it is necessary to be aware of the cost levels of competitors. Without cost information on competitors the management cannot be confident of achieving the lowest cost position, and this information is usually very difficult to obtain.

So if a firm chooses to compete on price it needs to have lower costs than its competitors. This involves exploiting all sources of cost reduction that do not affect Perceived Use Value (e.g. economies of scale, learning from experience, 'right first time' quality, just-in-time manufacturing). To be confident of achieving the lowest cost position the firm needs to have a clear picture of its own costs, and the costs of competitors. If a firm is able to achieve the lowest cost position it could choose to drive out competitors by sustaining very low prices. If, in the course of pursuing this strategy the firm is able to establish barriers to prevent other firms entering or re-entering the industry it could then opt to raise prices and hence profits, confident of its ability to defeat any potential entrants.

The risks of competing on price include the following:

- The firm may not be able to achieve the lowest costs in the industry. By definition only one firm can be in this position.
- The first firm to compete by cutting prices is likely to provoke its competitors into matching its lower price position as a defensive measure to protect market share. This could lead to a price war, with margins for all but the lowest cost players being cut to the bone.
- The emphasis on cost cutting encourages the management to focus inwards onto the internal operations of the firm. This may mean that little attention is focused on changing trends, tastes and competitive behaviour in the marketplace.

The last point can lead to a vicious circle for the firm. The inward orientation results in the firm lagging behind changing trends in the marketplace, and the firm's products are likely to become less competitive (they have lower Perceived Use Value than the competition). This forces the firm into competing on price, which reinforces the inward, cost-cutting orientation.

When markets are in decline (either temporarily due to recession, or permanently due to changing customer needs) firms may find themselves having to compete on price. But, as we have seen, unless a firm has low costs (preferably the lowest costs) it will

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