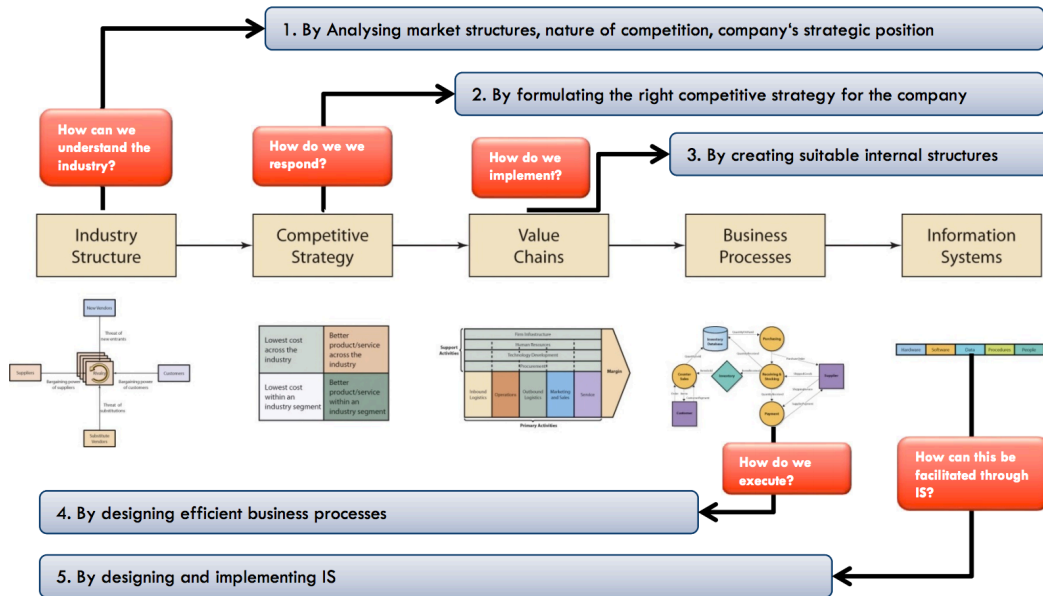


# Competitive Strategy

## How does competitive strategy formulation affect IS?

Steps to designing objectives:

- Organisations examine industry structure to understand opportunities and risks and devise competitive strategy (understand environment)
- Devise competitive strategy – plan to manoeuvre environment.
- Design organisational structures and processes to implement strategy.
- Design, buy and implement IS to execute processes.



## Porter's 5 Forces

To understand business environment, need to understand stakeholders that have influence.

Systematically analysing whether each force is strong, moderate or weak.

Two common mistakes in analysis:

- must come up with a summary judgement for each force and evaluate the magnitude of each to a scale.
- Factors both for and against the force does not mean a force is moderate – make a clear opinion/judgement.

- Bargaining power of customers
- Bargaining power of suppliers
- Threat of new entrants
- Competitive rivalry

- Threat of substitutes – same utility and satisfaction of needs but different type of product potentially using a different type of technology. Some substitutes can change markets. Producers can be aggressive and push products to become the mainstream.

## Porter's Five Forces Model

