

BUSS1000 - Lecture 3

Layers, levels and environments

- They are layers because they're built on each other – interdependent
- **Macro** – highest level layer, impacts all orgs to some degree
- **Industry (sector)** – all orgs that produce the same product/service
- **Competitors (market)** – within an industry some orgs may be competing more closely

Value chain (first framework, Porter 1985)

- Process by which orgs take inputs, add value and produce outputs

Consists of:

- **Primary activities** (things the customer interacts directly with) – operations, marketing, service, inbound/outbound logistics
- **Support activities** – firm infrastructure, HR, tech development, procurement
 - need to operate over all the primary activities
- very idealistic and linear, not a very flexible model. Better suited for manufacturing industry

RBV Resource Based View

- Family of frameworks e.g. VRIN
- Certain assets give sustainable competitive advantage (finding out what your strengths are)

VRIN - Value, Rareness, Imitability and Non-substitutability

Resources and capabilities lead to competitive advantage when they are:

- **Valuable** – allows firm to exploit opportunities
- **Rare** – possessed by few competitors
- **Imitable** – other firms cannot obtain them (or for higher cost)
- **Non-substitutable** – no other strategically equivalent resources

- Fails to recognise resources do not exist in isolation (catalysts, cause/effect etc)
 - e.g. Starbucks sells horrible food, but if it didn't people would likely go elsewhere because they often look for food when ordering a drink
- Fails to recognise the creation of resources
 - therefore unable to predict potential disruptors
 - e.g. a taxi license is very valuable but VRIN fails to identify the existence of Uber

Starbucks in Australia example

- Valuable? Yes Rare? Yes Imitable? Yes
- Non-substitutable? Not in Aus. Australia has a long standing and predominant coffee culture which Starbucks failed to break into

SWOT Strengths, Weaknesses, Opportunities, Threats

- SWOT analysis is used to examine an organisation
- however it is fairly one dimensional, doesn't necessarily gauge how good/bad something is (severity)

Strengths	Weaknesses	Opportunity	Threats
Big successful powerful brand in many international markets Recognisable Existing infrastructure and finance	American (foreign) brand	Huge coffee market Strong tourism industry	Aus already has a very strong coffee market, hard to break existing preferences

Limitations of analysis: People