

# MANAGING IS FUNCTION

## **Internal Scanning: Organizational Analysis**

# AGENDA FOR TODAY

- Competency & VRIO Framework
- Product life cycle
- Organisation structure
- Experience Curve &

# Core and Distinctive Competencies

A competency is the cross-functional integration and coordination of capabilities.

Source:

Essentials of Strategic Management. J. David Hunger & Thomas L. Wheelen

# VRIO FRAMEWORK

Used to evaluate a firm's competencies.

- VALUE
- RARENESS
- IMITABILITY
- ORGANIZATION

Source:

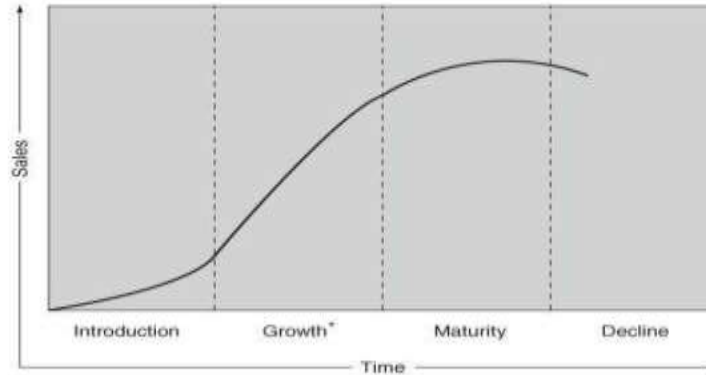
Essentials of Strategic Management. J. David Hunger & Thomas L. Wheelen

# PRODUCT LIFE CYCLE

- Introduction
- Growth
- Maturity
- Decline

Source :- Hunger, J. D., & Wheelen, T. L. (2003). *Essentials of strategic management*. New Jersey: Prentice Hall.

# Product Life Cycle Graph



**FIGURE 4.4 The Product Life Cycle**

\*The right end of the Growth stage is often called Competitive Turbulence because of price and distribution competition that shakes out the weaker competitors. For further information, see C. R. Wasson, *Dynamic Competitive Strategy and Product Life Cycles*, 3rd ed. (Austin, TCX.: Austin Press, 1978).

# What's Next?

1) Stop the Production

Ex : Orkut vs Facebook

2) Diversify

Ex : Kellogg's Nutri-Grains

# Organisation Structure

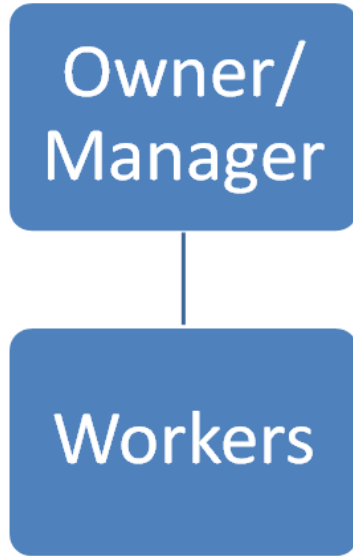
Organisation structure is the hierarchical arrangement of lines of authority, communications, rights and duties of organisation.



# Types of organisation structure

- Simple Structure
- Functional structure
- Divisional structure
- Strategic business units (SBU)
- Conglomerate structure

# Simple and Functional Structure



## Divisional Structure



Source:-Hunger, J. D., & Wheelen, T. L. (2003). *Essentials of strategic management*. New Jersey: Prentice Hall  
<http://www.fowlerwestrup.com/downloads/SBU%20Concept%20of%20Business%20Structure%20and%20Management.pdf>  
<http://www.businessdictionary.com/definition/organizational-structure.html>

# Experience Curve

## Experience Curve 40%

1x = 10,000 units cost \$20/unit

2x = 20,000 units cost \$12/unit

## Reason of Exp. Curve

Lower raw material cost

More experience

## Merits

Lesser threat of new entrants

Brings stability (**Boeing Market leader**)

Ref:- Lamb, C., Hair, J., & McDaniel, C. (2011). *Essentials of marketing*. Cengage Learning.

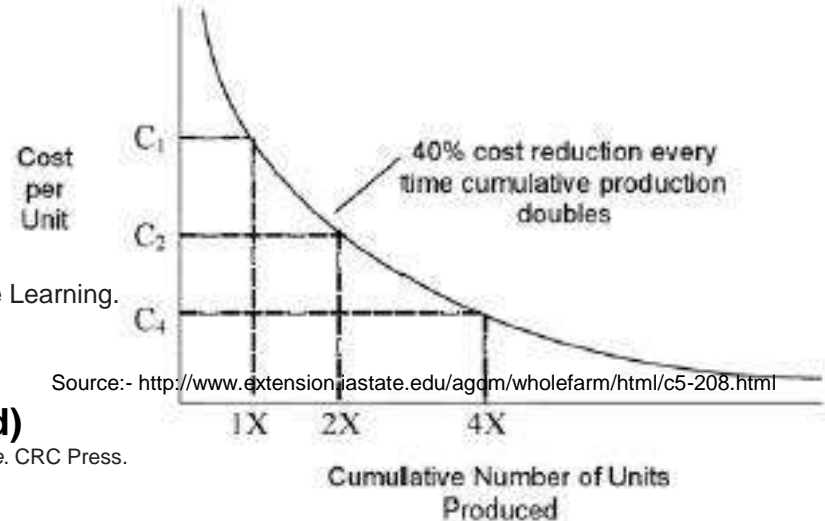
## Demerits

Doesn't work in every industry

Competition makes it painful (**Ex. Toyota beats Ford**)

Ref:- Monden, Y. (2011). *Toyota production system: an integrated approach to just-in-time*. CRC Press.

Figure 1. 40 percent experience curve



# Branding

**Brand:-** “A brand is a name given to a company’s product which identifies that item in the mind of the consumer.” Apple?

**Why is it important?**

- Philosophy
- Positioning
- Presence
- Loyalty

**Tiandi Yijia**

Ref:-Hunger, J. D., & Wheelen, T. L. (2003). *Ess*  
<http://www.strategynewmedia.com/why-is-brandir>

Image:- [http://prototypebranding.files.wordpress.com/2010/11/asset\\_brand\\_model.jpg](http://prototypebranding.files.wordpress.com/2010/11/asset_brand_model.jpg) ,  
[http://wp.production.patheos.com/blogs/theanchoreess/files/2014/07/man\\_leaning\\_on\\_big\\_red\\_question\\_mark.jpg](http://wp.production.patheos.com/blogs/theanchoreess/files/2014/07/man_leaning_on_big_red_question_mark.jpg)



*ment*. New Jersey: Prentice Hall.

