



COMPETITIVE ADVANTAGE & VALUE CHAIN

SISTEM INFORMASI

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Definition of Competitiveness

- Objective of a business is to make a profit.
- Profit based on providing value to customers.

How can a business assure **value to customers**?

A good competitor knows:

- Which **products and services** it offers.
- Who its **customers** are.

Competitive Advantage

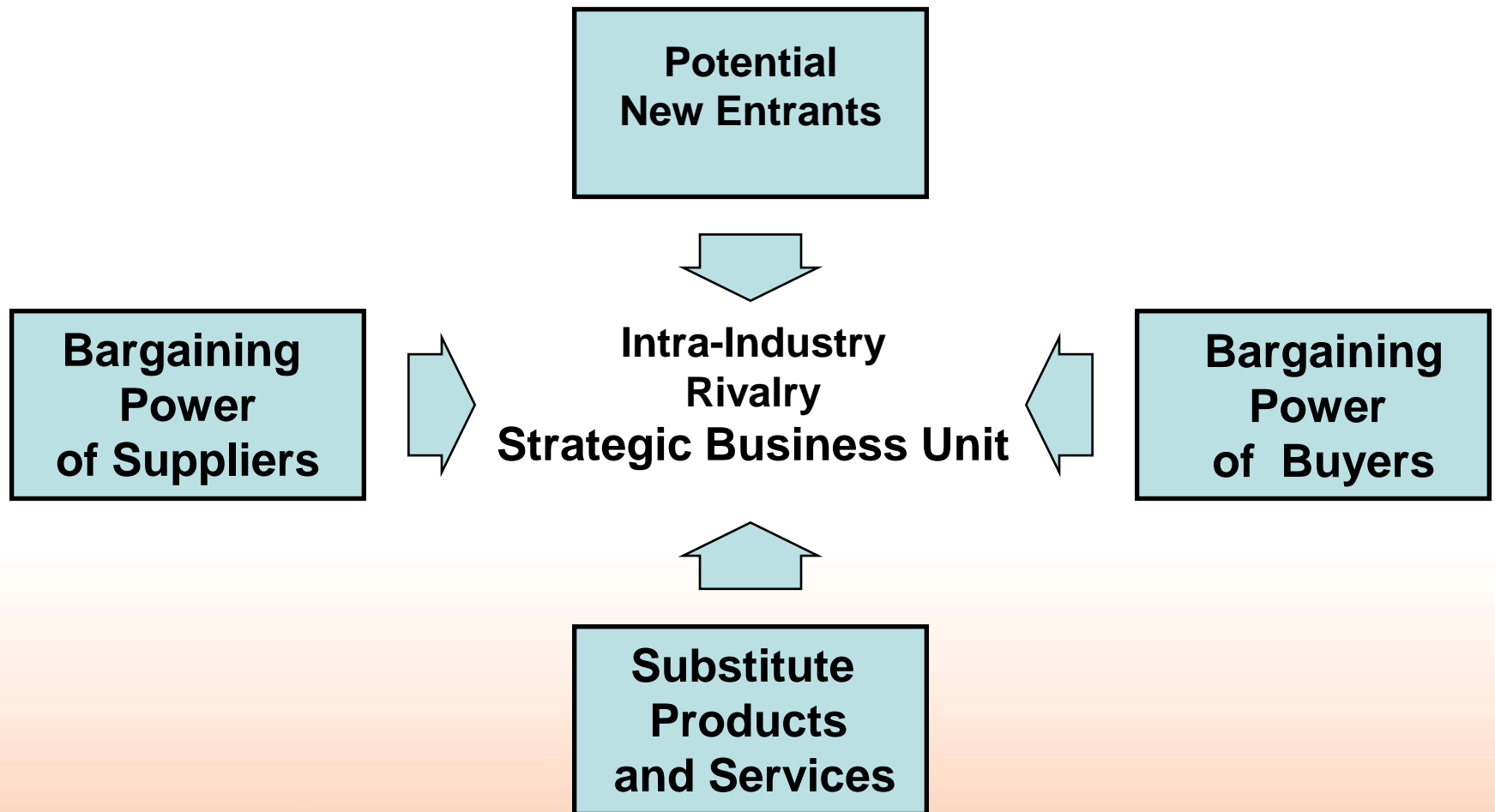
To assure positioning for profit, a company must maintain competitive advantage.

- Methods that are achievable and sustainable.
- Work smarter.
- Assess whether Information Systems are appropriate to gaining a competitive advantage
- Focus on three primary inputs: HR , Capital, Technology.

Porter Competitive Model (1)

- Used to understand and evaluate the structure of an industry's business environment and the threats of competition to a specific company.
- Was not developed for IS use.
- Breaks an industry into logical parts, analyzes them and puts them back together.

Porter Competitive Model (2)



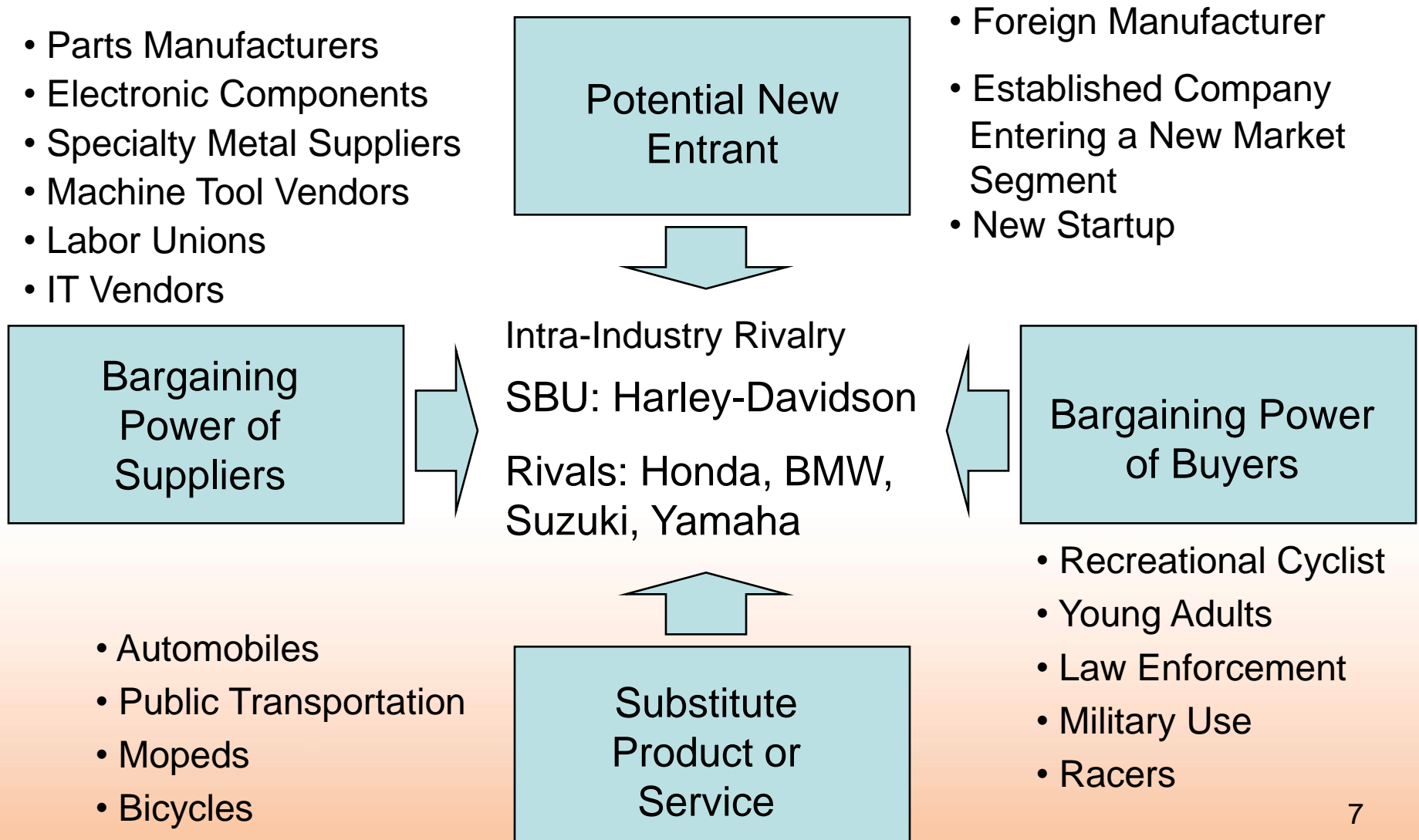
Key Industry Analysis Factors

- Collecting the data.
- Determining which data is important.
- Selecting an appropriate overall approach.
- Deciding on the logical starting point.

Porter Competitive Model

Heavyweight Motorcycle Manufacturing Industry

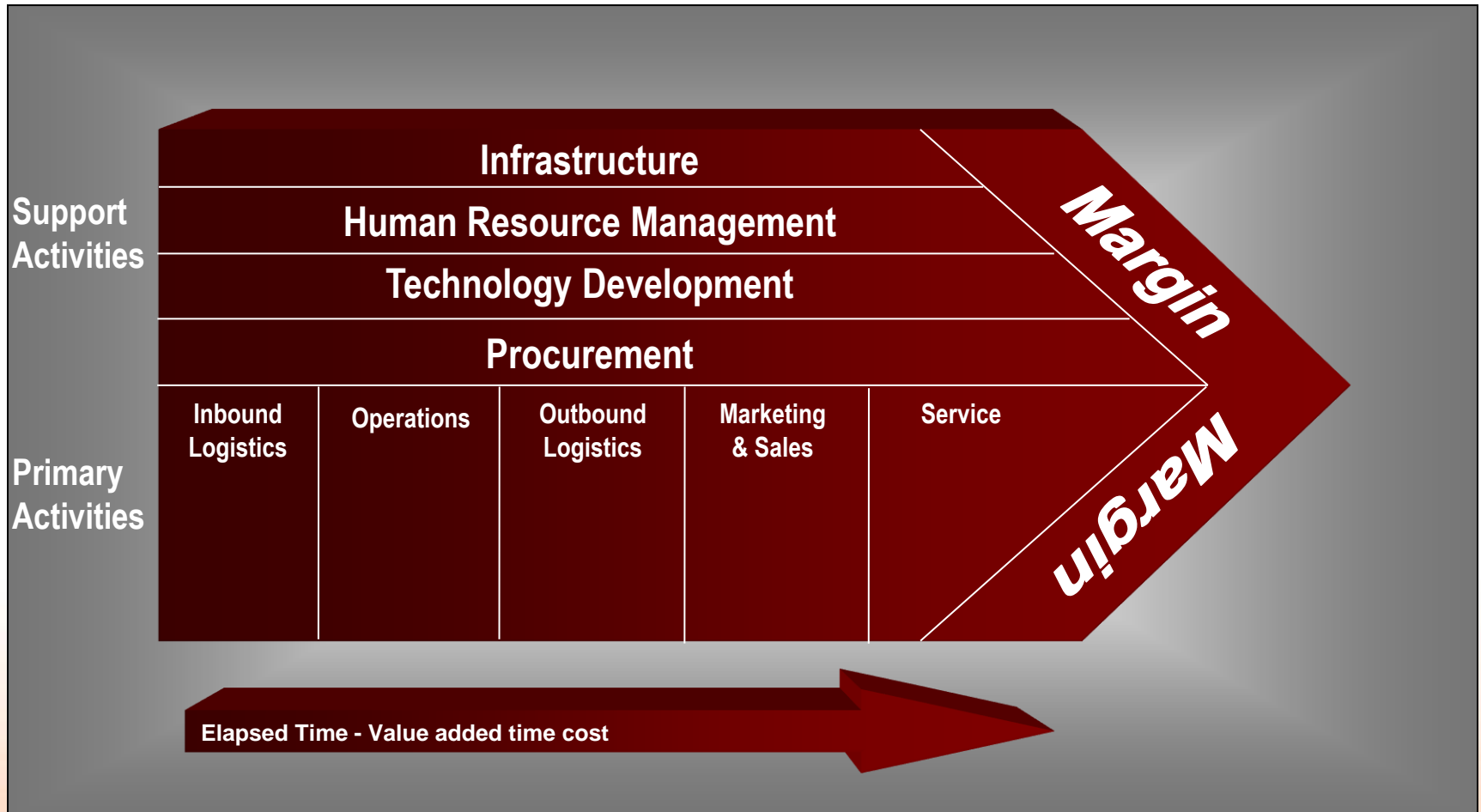
North American Market



Michael Porter's Value Chain

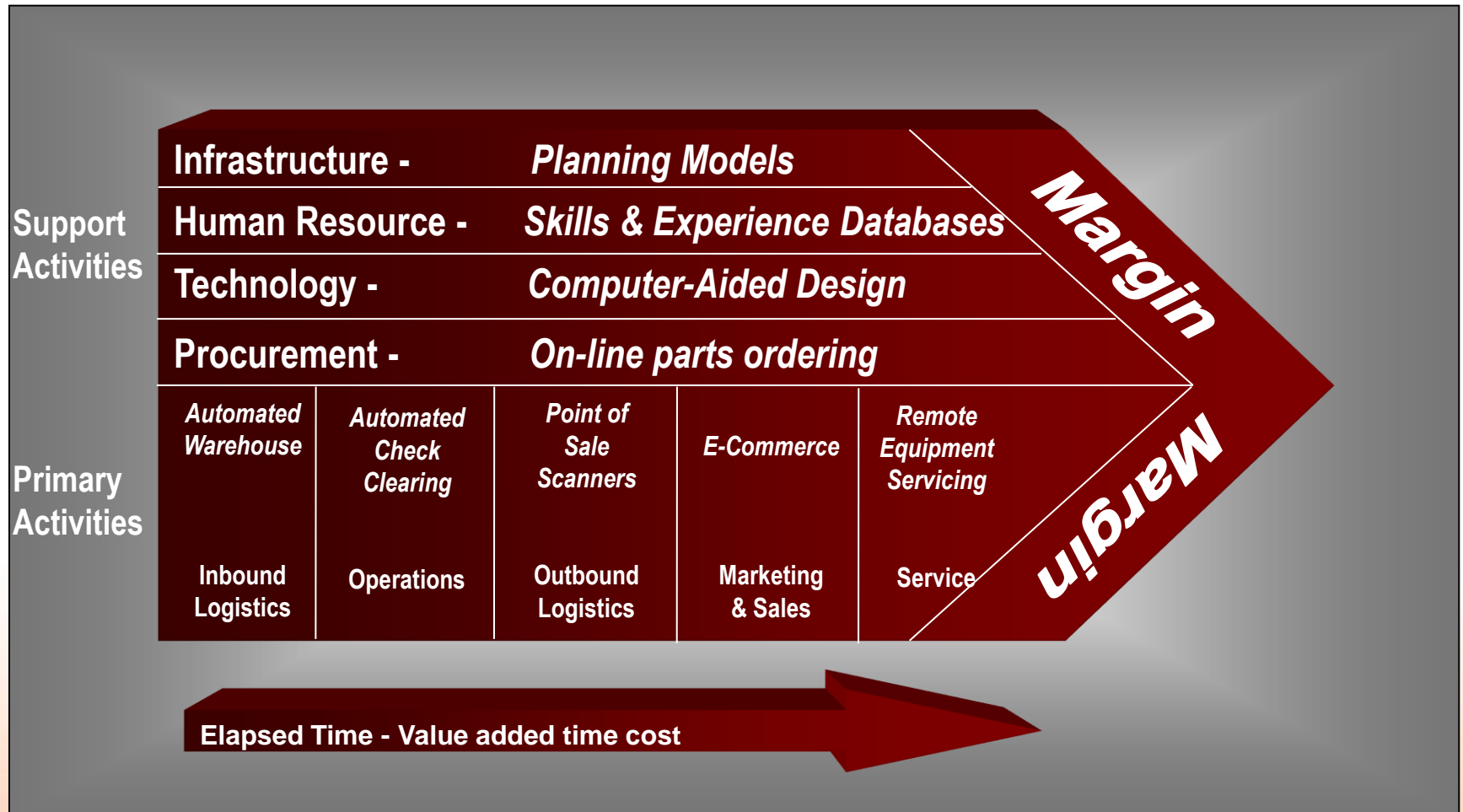
- Developed by Michael Porter but different from competitive model because it focuses within the company.
- Analyzes the cross-functional flow of products or services within an organization that add value to customers.
- The Value Chain can be used to determine where IS can strengthen the flow of primary and support activities within an organization.
- Every segment of an organization needs IT and IS to be competitive. So this model is essential to visualizing the flow of activities within segments through the use of IS and IT.
- Benefit : - Identifies value processes
- Identifies areas for cost improvement

Porter's Generic Value Chain



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Potential IS Contributions



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Primary Activities

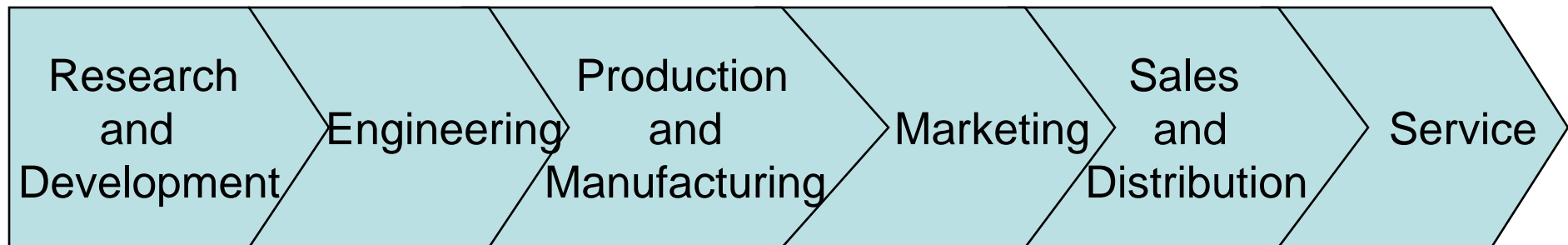
- Inbound logistics - activities associated with receiving, storing, and disseminating inputs to the products or services
- Operations- activities associated with transforming inputs into the final products or services
- Outbound logistics - activities associated with collecting, storing, and physically distributing the products or services
- Marketing and sales - activities associated with providing a means by which customers can buy produce and the means for inducing them to buy
- Service - activities associated with providing service to enhance or maintain the value of the products or services

Support Activities

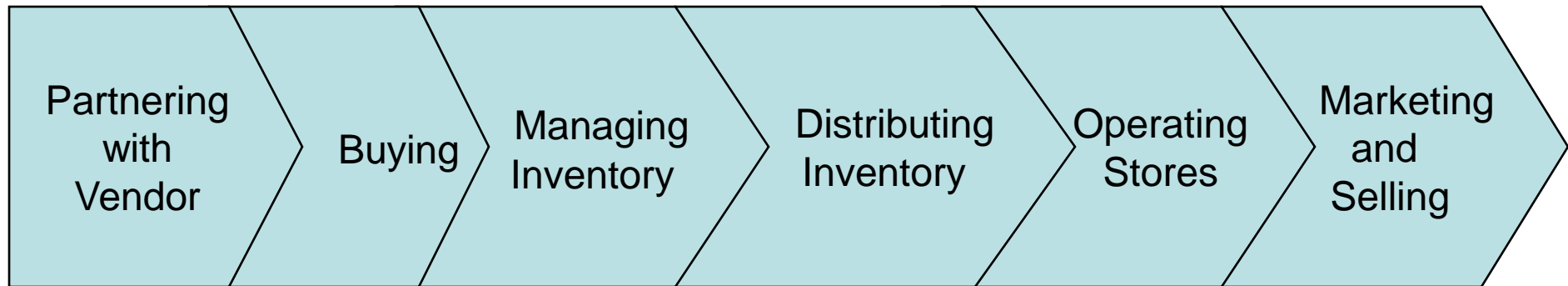
- Procurement - the function of purchasing inputs to firms value chain
- Technology Development - the know-how, procedures, or technology embedded in processes that are intended to improve the product, services, and/or process
- Human Resource Management - activities involved in recruiting, hiring, training, developing, and compensating all types of personnel
- Firm Infrastructure - activities that support the entire value chain (e.g. general management, planning, finance, accounting, legal, government affairs, quality management, etc.)

Porter Value Chain

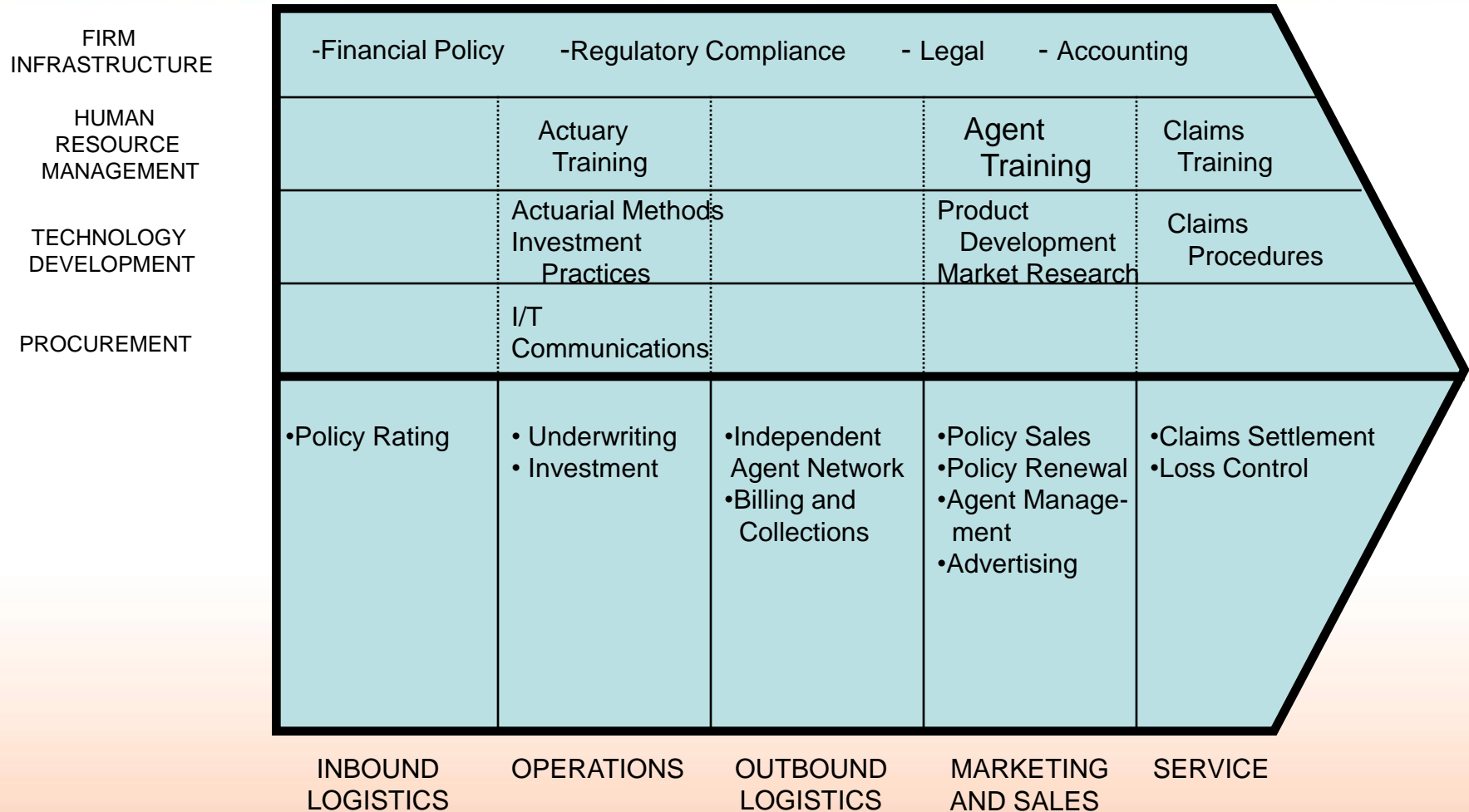
Manufacturing Industry Value Chain



Retail Industry Value Chain



Property and Casualty Industry Value Chain



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Technologies in the Value Chain

