Differences. BPI VS BPR.

1. while BPI is done to improve processes within the existing organizational structure, BPR is done to create dramatic improvements to enable the organization to break away from conventional wisdome and approaches.

2. BPI is a preventive technique that should be applied as a principle across the business whether or not there are problems, while BPR is often applied to fend off impending disaster's.

3. BPI is often seen as running repairs / maintenance and can be used to achieve quick wins while BPR focuses more on the improvement of organizational operations enterprise-wide.

Problems in success:-

- Integration difficulties
- Inadequate evaluation of target
- Large or extraordinary dept.
- Inability to achive synergy
- Too much diversification
- Too large

Integration difficulties:-

that companies often encounter can take many forms. Major amongst them are linking different financial and control systems. building effective working relationships, problems related to differing status of acquired and acquiring companies, executives and melding disprate corporate cultures.

(2) Inadequate valuation of target:-

Another potential problem is that acquiring companies may pay too much for acquired businesses. This can occur a number of reasons.

Acquiring companies may not thoroughly analyze

Question No (4)

Buisness Process Improvement:-

It is a continual process that aims at attaining through continual improvement by reiterating the process.

Buisness process ReEngineering:-

It is a strategy based on aspiration which aims to redesign the process almost from scratch you go first for customer value propositions.

BPI VS BPR

Both BPR and BPI essentially aim to improve the system. Buisness process reengineering involves completely changing the process for an overall different results, which is the opposite of incremental buisness process improvement.

the target company, failing to develop adequate knowledge of it true market value.

(3) Large of Extraordinary dept.

Many acquires, in addition to overpaying for targets, may be forced, due to market conditions, to finance acquisitions with relatively light cost dept.

(4) Inability to achive Synergy:-

Acquiring Companies also face the challenge of correctly identifying and valuing any synergies that are expected to be realized from the acquisitions this is a significant problem because, to justify the premium price paid for target companies managers may overestimate, both the benefits and value of synergy.

Overcoming entry Barriers:-

Barrier's To entry are factor's associated with a market or with the firms currently operating in it that can increase the expense and difficulty new firms encounter.

The higher the barrier's to market entry, the greater the probability that a firm will acquire an existing firm to overcome them.

Increased diversification:-

It is a corporate action whereby a company takes a controlling interest in another company to expand its product and services offerings.

Reshaping firm Competitive Adv:-

An acquisition can reduce the rivalry with the industry, thereby reducing the negative affect on the financial performance. It also reduces dependence on certain products and markets, which alters the competitive scope.

Question No (3)

Reasons for Acquisitions:-

- Increased market power.
- Overcoming entry barriers.
- Cost of new product development and increased speed to market.
- Lower risk compared to developing new products
- Increased diversification
- Reshaping firm competitive advantage.
- Learning and developing new capabilities.

~~Problems~~

Increased market power :-

- primary reason for acquisition.
- usually is derived from the size of the firm and its resources and capabilities to compete in the market place.
- If a firm achieves enough market power it can become a market leader, which is the goal of many firms.

the resource to its fullest, then it cannote hope to gain a competitive advantage.

Strategic planning:-

Hooley et al. have suggested that the marketing paradigm and the RBV are not unreconcilable, and that external strategic planing is still important for success.

In an RBV centric organization, leaders should select strategies that best exploit internal resources relative to external oppertunities and competetion.

This can involve many different strategic positions, due to variety of forms which resources can take.

1- price positioning
2- Quality positioning
3- Innovation positioning.
4- Service positioning
5- Benefit positioning
6. Tailored positioning

These various strategies have been postited as being significantly less rigid, and depend on resources available to the firm.

VRIO Framework :-

- Valuable

Resources are valuable if they can help to increase the value of the service or product supplied to customers.

- Rare :-

Any resources - both tangible or intangible - which can only be accuired by one or very few organization may be considered rare.

- Low Imitability :-

If an organization holds resources which are valuable or rare, they can at least achieve a competitive advantage in the short term.

- Organised to capture value :-

Resources do not necessarily convey a competitive advantage to the organisation, its systems and its processes are not designed to exploit

1- Heterogenous :-

The first major assumption is that resources, skills and capabilities must vary significantly from one organisation to another. If these organizations had the exact same set of resources and individuals, they would not be able to employ varying strategies in order to compete with one another, as other organizations would be able to follow them step-by-step.

(2) Immobile :-

The second assumption of RBV is that resources are immobile, and thus unable to move freely from organization to organisation. e.g (employee movement) at least over the short term. Due to this, organisations are unable to quickly replicate, the resources of rival organizations and therefore implement the same strategies. Intangible assets. Knowledge, processes, intellectual property, etc. are 100% Immobile –

1. Tangible Assets.

Physical things, for example, property, land, products and capital. these are resources which can generally be bought easily on the market and thus offer little competitive advantage, as other organizations can also acquire identical assets quickly if they should like.

2. Intangible Assets:-

This refer's to items and concepts that have no physical value but can still claim to be owned by the organization. this may refer to any reputation, trademarks or intellectual property which the organization may posses.

Assumptions of RBV :-

there are two significant, critical assumptions of RBV. that resources must also be:

P(t)

Question No (2)

Explain resources based view ?

Resource - based view :-

It is a managerial frame work used to determine the strategic resources a firm can exploite to achieve sustainable competitive advantage.

The core idea of the theory is that instead of looking at the competitive business environment to get a niche in the market or an edge over competition and threats, the organization should instead look within at the resources and potential it already has available.

Types of Resource :-

With in an RBV model, there are two main types of resource (assets), which will likely be familiar to accountants and financial specialists

will look to develop differentiation, but only within one or a smaller number of market segments, As these organizations have identified a smaller consumer group to focus on, they can more specifically appeal to the needs and wants of this group than could an organization which is attempting to differentiate for a wider population.

this approach is the most common niche marketing strategy. Small business can use this method to force themselves into a niche, developing unique products which can be sold for higher prices than similar undifferentiated products, often due to specialist knowledge or innovation compared with other businesses.

A good example would be craft beer companies, who can charge a higher price compared with large brewers due to the uniqueness of their products.

- Industry-wide distribution with in all major channels.

Cost Focus :-

Cost focus refers to organizations who seek to develop a lower-cost advantage, but only within a small market segment. these products will generall be basic, vaguely similar to the average market-leading products, and will be acceptable to a sufficient number of customers in order to make a profit.
An example would be budget food items or other household ~~costs~~ tools stocked only by small, local supermarkets, Another would be a low-cost regional airline which focuses only on specific routes.
these products are often reffered to as "me too's"

Differentiation Focus :-

In a differentiation-focus strategy, the organization

- Use of bargaining power to negotiate low production cost.
- Access to effective distribution channels.

Differentiation :-

The general focus of differentiation-led organizations is to make their products different or more attractive than any other with in the industry. To achieve a competitive advantage these organizations generally target larger markets and focus on differentiation on a much wider scale with in the industy than would a cost-led Company.

Here are the most imp traits associated with differentiation-led organizations:

- Strong research, development and innovation.
- Superior product quality.
- Recognisable branding, effective branding and marketing.

Cost Leadership :-

This strategy generally consists of an organization attempting to gain a market share by appealing to cost-conscious or cost-restricted customers. Therefore it is the aim of the organization to become the lowest cost producer in their chosen industry.

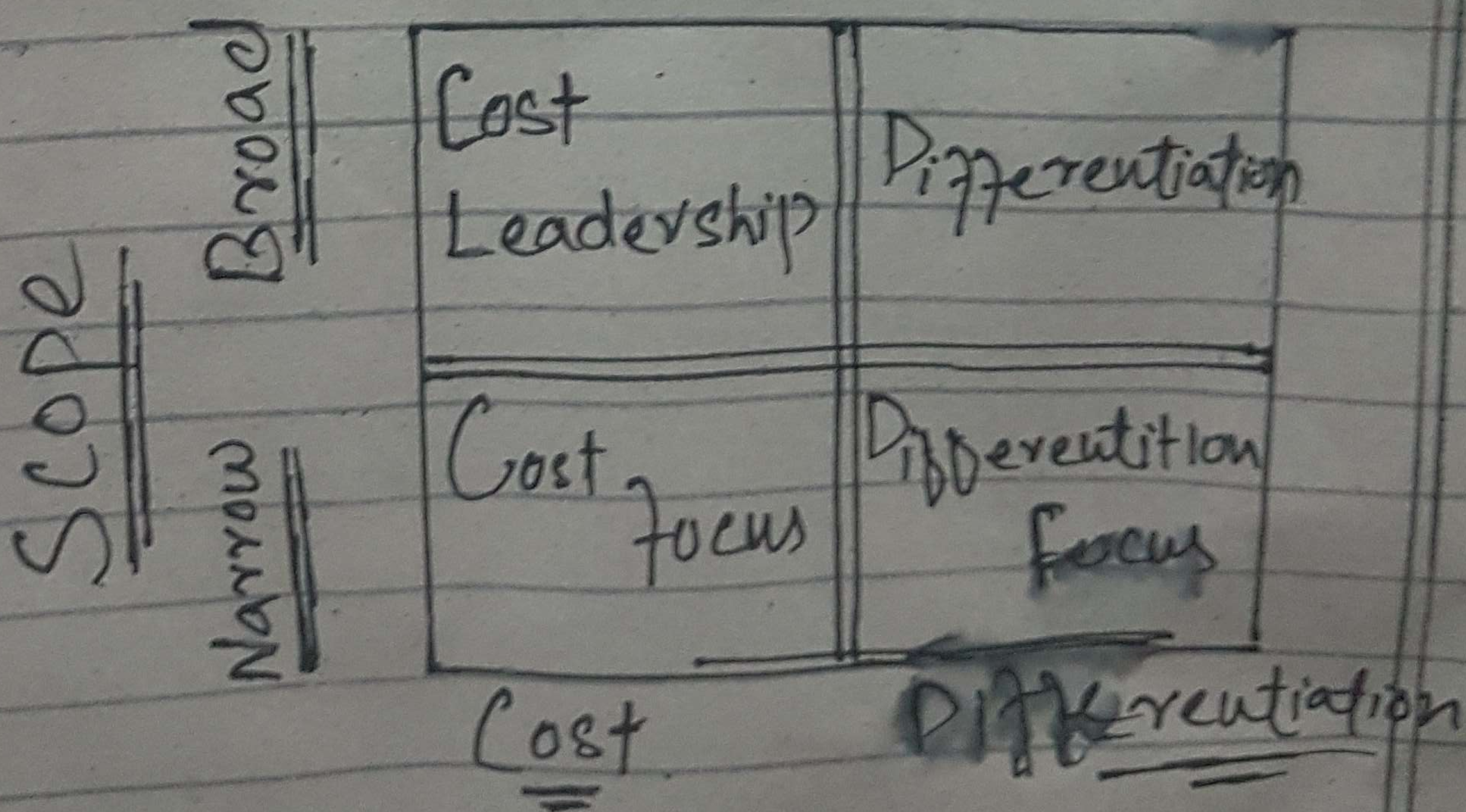
Some organizations with cost leadership may also sell products for below the market average, allowing them to gain a greater share of consumers than their competitors - particularly if their product margins can still remain high due to low production cost.

Organizations exhibiting cost-leadership often exhibit a number of traits and attributes which make them suited for this approach:

- Access to capital or technology required to drive costs down.
- High level of productivity.
- High efficiency and capacity utilization.
- A low-cost base (e.g. labour, materials, facilities) and a method of maintaining this.

Example:-

lets take the UK supermarket industry, some supermarkets, such as Waitrose and Marks & Spencer advertise themselves as the luxury option, providing premium products and services, contrast this with budget supermarkets such as the German-based companies Lidl and Aldi, whose main selling point is the low prices of their products.



Question No (1)

(1) Explain porter's generic strategies from both target scope and advantages:-

Porter's generic strategies :-

It describe how a company pursues Competitive advantage across its chosen market Scope.

There are three generic strategies, either lower Cost, differentiated, or, focus. A company choses to pursue one of two types of Competitive advantage, either via lower costs than its Competition or by different-iating itself along dimension valued by customers to command a higher price. the generic strategy reflects the choices made regarding both the type competitive advantage and the Scope.