

# [Motivational speech: competitive advantage and international business](https://assignbuster.com/motivational-speech-competitive-advantage-and-international-business/)

Competitive advantage is a state of being at a better position than other interested parties in a common subject matter that has an exclusive ownership (Adcock, 2000). This means that interested party’s gain is another’s loss. Competitors in business often achieve this by outdoing one another through creation of greater value to customers within the same industry or market. This value is generated through lowering the prices of a commodity or service to appeal to the existing customer base. The market term for this phenomenon is, getting in touch with their purchasing power. When a firm lowers the price of its products in relation to similar products by competitors, the firm is able to appeal to more customers within the some market thus entice them into preference of their own products. The other value creation alternative is through establishing and availing greater and further benefits for the same commodities and services in order to justify the existing high prices in the same market (Adcock, 2000). The consumer base is currently very knowledgeable about value for money and thus a good firm would always identify their queries and justify any deficit in valuation by giving extra benefits that do not necessarily cost the firm more. An example can be when a firm after having super normal profits on one of their many products let’s say cooking fat. They can repackage the remaining stock before it goes bad and offer them under promotions for any customer who buys a certain value of products from the firm especially the high priced ones’.

Cost, Benefit and Focus Strategies

A firm can achieve competitive advantage through the cost leadership strategy which entails not necessarily being the lowest priced producer of a commodity in the market. A firm may have the same priced goods but of a higher quality than the competition. This normally involves investing in mass productions so as to minimize production costs. Use of technology can also ensure saving of operational and production costs that would lead to better quality goods than the competitors. The current global trends in production have it that firms invest in continuous research in quality verses cost sectors and always fighting compromise of quality for profits sake. Benefit leadership strategy is closely linked with cost leadership because this involves provision of higher quality and extra satisfaction way above the customer satisfaction. This is the phenomenon of maintaining quality within the same costs budget of the firm but not passing any additional expenses to the customer. A majority of the firms in competition always have the benefits and cost leadership so much in mind that they forget the primary essence of the products and services they offer. Degree of focus is how much the firm gets involved in all activities in promoting sales of a certain product like differentiation yet still manage to maintain close analysis and quality improvement in the original product intended purposes (Grant, 2005). His is the primary reason for customers needing the product. Firms have been known to come up with so many benefits for products that it ends up being for a totally different purpose. This leads to lose of customers. Therefore a focus strategy is seen as having a much narrow segment for an existing product so that a firm either ends up with an advantage in terms of cost or differentiation of products. This therefore ensures customers loyalty because they identify with the original product and competitors are consequently discouraged from engaging in direct competition. Due to a small customer base focus, the focus strategy makes it possible to customize their products to suit individual customer needs.

Price elasticity of demand is the change in units of demand for a product in response to a unit of change in price of the same product. Understanding the price elasticity of a firm’s product would help determine the pricing levels for a maximum sale volume to be achieved (Grant, 2005). When price elasticity is done, normally a cross evaluation of the pricing levels of the competitors is considered in the determination of the prices set for a firms own product and the best measure is the responsiveness of the common customer base shared by the firm and its competitors.

Factors and strategies that allow a firm to sustain competitive advantage

For a firm to sustain its competitive advantage there are certain factors that must be put into consideration. But before tht, we must understand what sustainable competitive advantage is; sustainable competitive advantage is the central point of your corporate strategy (Grants, 2005). It is important because it allows for improvement and maintenance of your enterprises competitive position within the market. This advantage enables the business to survive over its competitors for a long period of time.

Competition is an important aspect in the new economy that cannot be done away with. This attributed to the fact that customers want things done in a cheaper and faster. Additionally, more often than not they want it their way. Therefore, for qualitative and quantitative shift in competition, an organizational change is required (Adcock, 2000). It is important for sustainable competitive advantage must be built in your corporate capabilities and must be renewed constantly.

To remain competitive in the market, the organization must remain unique and distinct in its capabilities. This distinctiveness and uniqueness forms the ground for competitive advantage. In order for a company to achieve a sustainable competitive advantage, the company has to constantly and continuously develop the existing and come up with new resources and capabilities that are in line with the ever changing market conditions. One of the most important resources that pop up in the new economy is knowledge which is important in creation of assets. Your company to sustain competitive advantage is determined by the capabilities that you posses i. e. distinctive and reproducible capabilities (Grants, 2005). How you combine these two to come up with synergy is also important. Your distinctive capabilities are the characteristics that your company has that cannot be copied by your competitors while distinctive capabilities are of different kinds such as exclusive licenses, teamwork, strong and effective brands, effective leadership, patents and applied knowledge. At the same time, there are the reproducible capabilities which can easily be bought, created or acquired from elsewhere. They include things like financial, technical and marketing capabilities. The distinctive capabilities must be supported by appropriate set of complementary reproducible capabilities so as to enable the company to sell the distinctive capabilities within the market it operates from.

Leaders are therefore responsible for building an organizational capability. Leaders must possess the ability to translate the organizational direction into action and process. A good leader must portray the following abilities:

Be able to build your organizational infrastructure. Be able to influence variety within the company. Be able to set up teams that are in a position to working. Be able to design human resource systems that are effective enough. Be able to make change to happen.

It is also important to note that each company has its organizational culture which include; the shared experiences, norms, assumptions and values that shape both individual and group behavior. As a leader, it is important to note that culture plays an important role in the success of an organization.

IBM (International Business Machines) is a technology and consultancy company in the United States of America. It has for over 15 years transformed for the better from minimal sales of hardware and other services to a successful provider of electronic hardware and software within the technology industry. IBM employed product differentiation thus successfully invested in a broad range of solutions which captured a larger section of the technological market across the world. The IBM transformation was due to its appreciation of the opportunities in the market and how its existing assets and competencies could be restructured or reconfigured to suit the changing environment in technology. Through differentiation, they were able to explore new markets and also exploit their own mature products for customization in order to satisfy the already existing market.

The launch in 1995 of the New Coke product a soft drink, which replaced the existing classic coke in Mexico, failed terribly. Consumers did not like the improved flavor according to the Fortune Magazine during the same year. The result was re-introduction of the old flavor to calm the already angered and loyal consumers of Coke in Mexico.

2. Multinational Corporations (MNCs)

Riskss

MNCs are faced with additional risks in their operations as compared to Domestic companies. These fall mainly under international environmental factors such as political risks and foreign exchange risks (Grant, 2005).

There is risk of miscommunication of policies and directives brought about by language barriers created by the far spread geographical regions involved in multinational corporations. Despite the measures put in place to ease this problem majorly through translated versions of each of the corporation’s policies and instructions, the extra time and resources involved in these ventures also leads to major delays in decision making. This could be a major setback if the corporation’s business and smooth running is totally dependent on speed and articulate execution of instructions.

Economic forces create setbacks to the running of multinational corporations. Foreign exchange risks due to fluctuation of foreign exchange rates of the countries involved and uncertain tax systems play to make the operations of MNC’s labored and complex.

Several political risks are faced by MNCs. Different governments have different policies on employment procedures in relation to wages, commodity pricing, and interest rates (Grant, 2005). For a multinational corporation to manage its diverse employee base management it has to synchronize its operations with those of each country involved and this may be a setback to business. Multinational corporations also have to deal with a variety of government regulations procedures and conditions placed on them and also maintain their focus on productivity unlike Domestic corporations who only have to contend with a single government.

Opportunities

MNCs have a diverse workforce drawn from across different geographical, cultural and economical divides. This is a great motivator to the employees as it provides for interaction with different cultures from all over the world. A motivated workforce leads to increased performance. This diversity is also a factor to acceptance of the company’s products and services across a larger market and an increased sense of customer satisfaction (Adcock, 2000).

MNCs get the access to wider perspectives, more input in terms of ideas and innovativeness which keeps the dynamism flowing in the structures, policies and procedures and as a result, constant growth and development. This also leads to faster and better solution to problems due to continuous flow of new and better ideas.

Strategies to Take Advantage of Opportunities

The best approach for multinational corporations to maximize on the opportunities presented to them is to carry out thorough research and investigations on the policies of the countries they are involved with or are aiming to get involved with. This is to have enough background information on their regulatory actions, legal actions, human resources available, policies on wages and commodity prices as well as the different work cultures of the countries in question (Grants, 2005). Equipped with this kind of information, the MNC’s management will then be in a better position to set up its operations in harmony with the countries involved. This will pave way for smooth running of their projects.

Strategies to Limit Risks

To deal with the political risks, constant review of national government’s policy actions in relation to the company’s policies and directions is essential. In case of impeding fluctuations in inflation rates, change in legal structures and policies, they would be better prepared to deal with the problem. This may also be applied in dealing with economic risks such as fluctuations in interest rates, exchange rates and commodity prices (Grants, 2005).

To cover the risks of communication and geographical barriers, MNC’s may adopt approaches such as setting up of branches in the involved countries which would be run as autonomous units but with top branch management in direct communication with the central MNC’s management. Another such strategy is to set up joint venture companies or subsidiary companies in the respective countries which would be run by the policies of the countries involved but under the guidance of the Multinational company management.