

The history of acer incorporated business commerce essay



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Acer Inc. was founded by Stan Shih, his wife Carolyn Yeh, and a group of five others as Multitech International in 1976. Acer is headquartered in Hsinchu City, Taiwan. It began with eleven employees and \$25, 000 in capital.

Initially, it was primarily a distributor of electronic parts and consultant to microprocessor technologies, but overtime it emerged as a PC manufacturer.

In 1997 Acer began its incursion into laptops with the purchase of Texas Instruments mobile PC division. Acer has an impressive timeline starting from it conception in 1976. (Acer, 2010)

In 1976 to 1986 Multitech begins with the commercialization of microprocessor technology. At this time Multitech establishes manufacturing operations, and plays a significant role in commercialization of the use of computers in Taiwan. (Acer, 2010) According to Honi, Tarng, & Chu the products functional differentiation was an important basis for competition. Acer in order to handle various costumer needs became vertically integrated. This structure allowed Multitech to achieve coordination between the steps in the value chain by making purchasing choices administratively. (Honi, Tarng, & Chu, 2000)

As IBM compatible computers become the dominant design which forced the new PC industry to change the competitiveness criteria. This change forced the PC industry to undergo a structural change from vertical integration to vertical disintegration. (Honi, Tarng, & Chu, 2000) In such specialization environment, companies coordinate with other through external transactions. (Honi, Tarng, & Chu, 2000) PC technology changes rapidly making the PC product life cycle shorter.

1987 to 2000 Acer expanded its strategic and geographic grip of the PC industry and becomes one of the top ten PC retailers. Multitech changes its name and becomes Acer. By this time Acer has a growth rate of 45 %. Acer acquires the Texas Instruments mobile PC division in 1997. It is the acquisition of the mobile PC division that gives Acer the opportunity to invade the PC manufacturer sector of the business. (Acer, 2010) Acer at this time has relatively limited resources compared to IBM, HP, or Toshiba. However Acer's success is based on their ability to operate in a rapidly technologically changing environment, logistics. (Honi, Tarng, & Chu, 2000) In 2000 as part of Acer's re-engineering, splits off its OEM manufacturing business unit, and changes its focus to global marketing of its brand products. (Acer, 2010)

2001 to 2007 Acer evolves from a producer powerhouse to a globally recognized computer brand. Acer's utilization of the Channel Business Model provides Acer with the ability to maintain business growth. (Acer, 2010) Acer explains the Channel Leveraged Business Model as placing the customers at the center of their business and surrounding themselves with dedicated, quality partners. By creating this process Acer allows their clients to have the speed, choice and flexibility to make it easy to work with Acer. (Acer, 2010) Acer does this in different ways: committed partnerships with open communication conduits.

Characteristics to Innovation and Changes in Acer

Acer has an established network of Channel Partners that helps deliver service and support. Their ecommerce infrastructure streamlines business

transactions. This model gives Acer the strength of relationships with supply chains that give the company speed and flexibility, information, and service delivery with no single point of failure. (Acer, 2010) Partnerships give Acer the leverage that it could not have by itself. Leverage that the partners existing infrastructure has such as supply chains and distribution which in the end minimize costs to the company and ultimately the consumer. (Acer, 2010)

Honi, Tarng, & Chu refer to the Channel Business Model as joint venture and collaboration. Some of the risks in specialization come from both demand and supply sides. The benefits of collaboration/partnerships are numerous, particularly when the companies are operating in a volatile environment.

Honi, Tarng, & Chu mention as an example that as innovation is expected to be more frequent, sharing of information in the design stages between key players in the chain reduces the time to bring new products to the market.

Partnerships in this type of business environment are no longer confined to two way alliances. Today's groups are linked together for common purposes. Within a network or group, companies may be linked together through joint alliances, or collaborations. (Acer, 2010)

Since a specialized firm can focus on its core competence to obtain reaching economies of scale, getting the learning curve and receiving benefits from corporate advantages the firm can reduce its average costs rapidly and perform business functions efficiently. (Honi, Tarng, & Chu, 2000)

2007 2008 Acer mergers with Gateway, E-ten Info Systems Co. Ltd. and

Packard Bell which strengthens their global presence with a new multi-

product approach and has strengthen its partnerships. Acer's goal is to close
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the gap from the world's number two PC maker. Acer comes out with the New Aspire Gemstone Blue design as the first series of notebook to incorporate full HD 18.4 and 16 LCDs with extra wide 16:9 aspect ratio, Blue-Ray Disc drive, and Dolby Surround. Acer enters the high-end gaming market with the launch of the Aspire Predator series. The Predator offers two-way and three-way NVIDIA, SLI visuals with 1.5 GB dedicated to high performance graphics. The liquid cooling system using a constant flow of water ensuring that the CPU runs cool under demanding conditions.

2009 and beyond, Acer unveils the first set of Acer Temp Smartphone series, Acer is voted as Readers Digest gold-medal computer Trusted Brand in Asia for the 11th consecutive year. (Acer, 2010) Acer make public the new Aspire Timeline series notebooks. (Acer, 2010)

Acer's process innovation comes from the fast food model to increase flow efficiency. The PC maker needs to survive in this highly competitive environment; Acer placed the component manufacturers in countries with low labor costs. The finished product units are assembled at or near the market. (Honi, Tarng, & Chu, 2000) The logistics are then shortening the shipping distances and time require for transporting the components to the place of assembly. (Honi, Tarng, & Chu, 2000) This is where the fast food model comes into play.

The fast food model separates the organization into two groups, Strategic Business Units (SBU) and Regional Business Units (RBU) to facilitate its global logistic operations. (Honi, Tarng, & Chu, 2000) The SBUS takes care of the component manufacturing in the Philippines, Malaysia, Souchow in

mainland China. The RBU is responsible for the assembly and adjustment for its regional market. (Honi, Tarng, & Chu, 2000)

The client-server organization to increase information and flow efficiency serves in the process of order entry, product shipment, tracking, replenishment of warehouse inventory, invoicing, purchasing, accounts receivable, accounts payable, and various forms of planning. (Honi, Tarng, & Chu, 2000) Most of the waste of time occurs in delays between the processes usually due to the lack of integration. Acer uses the client-server business model composed of business units, subsidiaries, and affiliate companies. All the entities operate independently, are separate according to product line and territories. The parent company sets basic rules to guide the companies, however the system is flexible to make prompt decision making based on the conditions of local markets without losing the benefits of a multinational company. (Honi, Tarng, & Chu, 2000)

In the year 2009 Acer ranked second in the industry with a 13.5% growth, principal competitors are Dell Inc.; Fujitsu Siemens Computers; Hewlett-Packard; NEC Corporation; net income in 2008 11,742,135. Acer has become a very successful multinational but Honi, Tarng, & Chu warn that there are new challenges ahead for Acer.

One of the items that Honi, Tarng, & Chu mention is that with the developing trend of integration of computer, communication and consumer electronics direct channels such as mail order and internet transaction, more innovation in global logistics may emerge that may alter the business in the future.

Honi, Tarng, & Chu conclude by saying that Acer's advantage has been (a) assembly innovation; (b) process innovation; (c) joint venture; (d) sales strategy innovation. It has been this process that Acer has managed to change the way business is done and forced stakeholders to change their roles and redefine the value boundaries. Good logistics, mutual adjustment with partnerships which have allowed for flexible leverage Acer can deliver the best products. Innovation has been the key to successful market penetration for Acer. (Honi, Tarng, & Chu, 2000)

Strategic Planning Methodology for Innovation (SWOT Analysis)

Company Strengths:

Acer is a private corporation that has found a niche in providing technical innovation as well as PC production.

Acer hires matter experts technical support and production. The reason behind this hiring procedure is to make sure that staff is in touch current industry standards and use this information for the benefit of the company.

Acer has a strong, engaged management team that has found a way to merge, assimilate and participate with other companies to make Acer a success.

Company Weaknesses:

One of Acer's weaknesses is the company's ability to sustain continuous innovation in a market that is constantly changing.

Second: Acer is a Taiwanese firm. Customers have the perception that products made in Taiwan are cheaper, lower quality and reliability. This factor according to Honi, Tarng, & Chu will put a lid on sale prices and may make it difficult for distributor and consumers to maintain brand loyalty to Acer products.

Third: as a result of the ensuing of a lower margin would hardly be able to motivate distributor to carry Acer products.

Creditor/Suppliers Domestic

Creditors and suppliers: in order to operate Acer needs large amounts of capital so the corporation has adopted a global branch/local touch approach. (Honi, Tarng, & Chu, 2000) Branch companies around the world and headquarter forma a collaborative organization, to prevent domination. Acer allows joint ventures with large loyal computer distributors which can posse s more than 50% ownership. This single agreement allows that local Acer (with firms around the world) to be listed as local stock and be free to seek capital for their own expansion. In other words Acer global creditors are local creditors and global suppliers are local suppliers linked to Acer.

Costumer Profiles

Acer s primary market is the United States. Therefore thrends on the U. S. are what make up the customers for Acer. In the U. S. PC s, laptops, handheld devices have become a sort of an appliance. Large companies must have computer, most families in the U. S. have a computer, students,

even senior citizens what to stay in touch with family via computers and the internet.

Case Systems and Application of the Systems

A Technology-Based Functional Model (technology is the integration mechanism) (Lars & Sundbo, 2005)

System 1:

Robert Anderson in his book *Innovation Systems in a Global Context* uses the definition of system of innovation given by the Organization for Economic Cooperation and Development as a network of institutions in the public and private sectors whose activities and interaction initiate, import, modify and diffuse new technologies.

Production System

Fast food system: In order to solve the problem of the logistics of production in low wages countries, links to the delivery of finished product Acer adopted the Fast Food system. In this model Acer separated its organization into two groups, Strategic Business Units (SBU) and Regional Business Units (RBU), to facilitate its global logistic operations. For example the SBU takes care of the components manufacturing that is based in Taiwan, such as Acer peripherals monitors. Acer has a rule of transporting components according to three categories. 1st: identified the components that have a long product life cycle such as a keyboard, monitor. 2nd: products produced by SBU that have a shorter life cycle and change little, such as main boards and CD-ROM drives; these are shipped by air. 3rd: products that have a short life cycle and

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change quickly, such as CPUs and hard disks. These are purchased directly from the suppliers by the RBU. (Honi, Tarng, & Chu, 2000) This process of innovation is founded on the assembly innovation technique, where the SBU functions like a central kitchen and the RBU functions like a sales point. (Honi, Tarng, & Chu, 2000)

System 2:

Global branch/local touch: Acers uses joint-ventures in order to speed production, delivery, financial funding, and costumer support. In different regions, Acer s RBU forms these joint-ventures with large local computer distributors. This process is also called minority ownership strategy. (Honi, Tarng, & Chu, 2000)

Challenges to Innovation and Their Solutions - Environmental Analysis
(Pearse/Robinson):

1. Remote environment:

Current economic factors are not in favor of any of the IT industry because of the depression . People s perceptions are that they need to limit their purchases in order to avoid going into debt. Lending factors could also affect the access to credit for example to support innovation. Salaries, wages and new hires may become and issue in order to make sure there is enough capital to operate so the equipment required is a want not a need. Having said that there businesses that grow during a depression. And example of such industry is education. Colleges, universities, technical schools grow

during this period of time. These companies, private and state would be one of the primary clients for companies such as Acer.

Technological factors: Technology is ever changing. New equipment, software and hardware for businesses, as well as individuals are available. Companies involved in businesses that thrive during economic duress may want to wait for new equipment, software and hardware for students, employees may have to wait until the company sees that affect of economics on their company affect their bottom line.

a. On the other hand companies that depend on technological advances such as the medical industry or the IT businesses would make an effort to provide their employees or students with the most up to date software and equipment in order to stay competitive. An example of this is Provo College is planning to invest up to \$5, 000 dollars per computerized patient dummies that simulate patients in hospital settings. Getting this equipment ensures that nursing students have critical information about how to manage patients.

Social/political factors: current political for internal support for American workers which may further support educational environment. Larger numbers of people who would enter school as adults would pressure the system to get more equipment for the educational process. New technology forces companies to adapt; in the medical field Utah has chosen to standardize medical information so all parties involved can have access to patient records. This decision on the side of the medical establishment

needed new software, and equipment to make sure that they can all cooperate in this endeavor.

As the baby boomer and baby Jones generation gets closer to retirement many job opportunities will present challenges for companies that may need computers that have adjustable screen size for an aging workforce.

2. Industry environment:

The competitive landscape

A. Dell Inc. Similar products: desktops, laptops, servers, printers, projector. , U. S. based company, locally/globally recognized name.

Competitive prices for similar Acer equipment.

B. Fujitsu Siemens Computers similar products: network equipment, IT support, system integration Japanese based company, locally/globally recognized name.

C. Hewlett Packard - Similar products: commercial PCs, consumer PCs, workstations, handheld computers, calculators, software and services, imaging and printing. HP has a retiring and replacing equipment to assist companies in planning and acquiring technology. U. S. based company, locally/global recognized name.

Competitive prices for similar Acer equipment.

D. NEC Corporation – similar products: IT service, IT products, network systems, social infrastructure, personal solutions, electronic devices.

Japanese based company, locally/globally recognized name.

What is different?

Competitors

Their advantage Acer s advantage

Single corporations does not have to worry about global stake holders.

Mainly U. S. staff that may not understand all the global trends.

Tuned to local supply and demands from the U. S. market.

Locally financed U. S. stock market.

Plenty of joint ventures and collaboration around the world.

Diversity of staff where ever Acer has collaboration.

Global cooperation that can keep an eye in world trends.

Globally financed anywhere there are Acer partnerships.

Not severely affected by local disaster events. Since Acer has many partnerships they can move production to less affected areas.

3. Opportunities:

1. Acer has the ability to continue to be a technology leader in the world by continues to stay current with computer and software trends. Acer has the opportunity to capture clients who have left other companies after getting lost in the system. Acer s adoption of the minority ownership strategy allows for local companies to deal directly with clients complains, needs, and requests. Companies organized in such way are called Cellular Form Organizations. Each team, strategic business unit, form has an entrepreneurial responsibility to the larger organization. (Honi, Tarng, & Chu, 2000)

2. Acer can surpass their competition by continuing to follow the 3-6-2-1 principle. Acer takes three months for product design and manufacturing, six months for sales, and one month for clearance of the inventory. (Honi, Tarng, & Chu, 2000)

Summary External Threats:

1. Heavy IT industry competition by other top IT companies.
2. Acer has managed to solve some of the problems associated with globalization; new challenges remain to be solved. According to Honi, Tarng, & Chu paid assembly costs have decreased so much that Acer has very little room for improvement in this area.
3. Honi, Tarng, & Chu advice Acer to watch for the integration of computer, communication, and consumer electronic trends that will be a new aspect of logistics management for Acer.

Critical Issues:

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I believe may have some blind are that they have not planned in their potential for growth. Some of these blind spots could have a potential cause for frustration on both clients and partners. Another critical issue is that the baking industry seems to have changed the way they process loans denying credit to potential partners. For a company that depends on small enterprises to support its local business this could be a problem since many of the clients and suppliers have are locally based. The lack of financial acquisition could create serious financial difficulties.

Role of Ethics and Responsibilities

Business ethics are based on principles of integrity and fairness focused on internal stakeholder issues such as product quality, customer satisfaction, employee wages and benefits, and local community - environmental responsibilities.

Martin states that innovation incorporates inventiveness of technology that has impacts communities, individuals, and the planet. In Systems Theory the relationships in a system can trigger a butterfly effect on other parts of the system, or even throughout the entire system. (Kemp, 2010) In capitalism the systems theory would seek to create relationships in the system that provide larger profits. The triple bottom line explains that in order for a corporation to be successful it needs to meet the triple bottom lines which are: 1) sufficient material goods, 2) sustainable ecological systems, 3) good quality of life, qualified by individuals as well as community-oriented services. (Warmoth, 2006)

Martin suggests that there are some rules that innovation should follow in order to operate ethically. Innovations happen in a community that has existing norms and relationships. How will innovation influence and affect the community? Stakeholders: who will be impacted by the innovations? Disruption: who is adversely affected by this innovation? Is the company maintaining the rights, autonomy, and the dignity of the community by not treating them as a means to the goal of innovation? Responsibility: has to be shared by the corporation and the community.

According to the World Business Council of Sustainable Development (WBCSD, 2003) ethical corporate social responsibility is a business commitment to contributing to sustainable economic development, working with employees, their families, the local community, and society at large to improve the quality of life. Acer has adopted the Three Ones and Three Multiples philosophy. This approach means that Acer is one company, one brand and one global team and multiple suppliers, multiple product lines, and multiple channels.

Acer has established relationships with its stakeholders and based on shared efforts/intents, fully sharing their policies within all the company environments. All corporate partners are required to adopt any changes to environmental protection standards. They are also required to comply with changes to the product design. For example recycling, low toxicity emission, and any other policy changes. (WBCSD, 2003)

Effects of Leadership Ethics

According to Bass and Steidlmeier explain that the ethics of leadership have three supports: (1) the moral character of the leader, (2) the ethical values embedded in the leader's vision, articulation, and program which followers either embrace or reject, and (3) the morality of the processes of social ethical choice and action that leaders and followers engage in and collectively pursue.

There are many reasons for choosing the appropriate leadership in an organization. However according to the Wallace Foundation Project there are two functions that encompass the core of what leadership is; these two functions are providing direction and exercising influence. (Leithwood, Seashore, Anderson & Wahlstrom, 2004) In the research that I came across about leadership styles these two items were prevalent in the discussion of effective leadership. I chose Richard Hall's supportive leadership style. (Hall, 1999, p. 141) This type of leader has consideration for subordinates, has consultative decision making, and does not micromanage but rather delegates work and authority to the subordinates. (Kemp) This leadership style closely resembles the transformational leadership style in J. W. MacLean and William Weitzel's The book Leadership: Magic, Myth, or Method? Mentioned in the 1996 Society for Human Resources Reader, part of Dr. Kemp electronic lecture series.

According to Lominger there are about 67 core competencies that make a good leader and management team for any organization. These competencies are closely linked to management styles, leadership traits and capabilities. In an educational setting the chosen leadership style is closely related to educational outcomes. The Wallace Foundation in their October <https://assignbuster.com/the-history-of-acer-incorporated-business-commerce-essay/>

2007 Conference Educational Leadership a Bridge to School Reform coined the term Cohesive Leadership System. This system supports leadership standards, training, and progressive educational environment for the betterment of the school system. (Leithwood, Seashore, Anderson & Wahlstrom, 2004) What are the desired leadership competencies? What kind of decision making is involved in this type of management style, and how does this leader manages clients and staff?

As mentioned before Lominger mentions over 67 core competencies for a successful leader. Charisma to motivate employees, stakeholders and students alike is one of the characteristics that I would like to talk about first. This charismatic leader is interested in the work and non-work activities of the people they manage. This manager understands that productivity is linked with subordinate wishes, desires, work environment, family relations, and productivity. (Lominger, 2008) This leader is compassionate and thinks of others needs first. This leader is approachable by subordinates and relates well with equals. (Lominger, 2008)

In the same way the supportive leader inspires a sense of direction because they understand the vision, mission and long term purpose of the agency. (Kemp) This approach allows the leader to make bold moves in directing others, managing diverse populations, and taking initiative while challenging the status quo . (Lominger, 2008) Ongoing changes in direction or purpose are guided by active listening in the part of the leader. This leader seeks new information, is open to new guidelines and is willing to experiment and keep discussion channels open for learning. (Lominger, 2008)

Principles and Practices for Implementing Innovation Change Management Plan (Kemp, 2008)

Change management implies considerate planning, sensitive implementation with consultation with all the people involved by the changes. Change needs to be implemented with realistic, achievable and measurable items. What does the company wants achieve with this change, why does this change need to happen, and how is the change going to happen. If the stakeholders are involved is easier to sale the idea of the change for all the parties involved.

Specific changes needed are:

1. Strengthening the assembly process and the organization activities might be a possible improvement. (Honi, Tarng, & Chu, 2000)
2. Aspects of logistics management may become an issue in the future because of the emergent trend of the integration of computer, communication and consumer electronics. (Honi, Tarng, & Chu, 2000)

Inclusion: inclusion of all stakeholders, in particular all global partners responsible to meet corporate and clients needs.

Managing Change: Since Acer is a global company is the responsibility of Acer s managers to facilitate and enable change. Change needs to be presented in such as way that employees would like to adopt the changes rather than forcing people into change.

Success Change: Kotter

1. Increase urgency: corporations need to inspire people to move, make objectives real and relevant.
2. Build the guiding team: the right team can get commitment from employees.
3. Get the vision right: remind employees of the mission/vision of the company.
4. Communicate buy-in: Involve as many people as possible.
5. Create short-term wins: achievable goals. Finish current stages before starting new ones.
6. Empower action: remove obstacles to progress, enable constructive feedback, support to employees from leaders; reward and recognize progress and achievement.
7. Don't let up: encourage persistence.
8. Make change stick: reinforce the value of successful change.

According to Bean implementation can be one of the hardest things to do. CIO Magazine in their article Innovation How to Implement New Ideas explains how Proctor & Gamble organize the innovation flow. P & G use the SIMPL Simplified Initiative Management and Product Launch. This process is broken into six phrases: discovery, the search for opportunities and ideas; design, where concepts turn into prototypes; qualify, where ideas are

validated; ready, preparing for the launch; launch, and leverage. Others like Standor Hospital & Clinics add a risk analysis prior to launch.

Mills manages innovation in five synchronized ways: setting goals and targets; creating and satisfying management expectations; balancing effort against results; coordinating effort in the other streams; delivering a satisfactory return on investment from the whole program. By establishing innovation capabilities a corporation needs to establish specific roles and responsibilities in regards to innovation. The company needs to facilitate employees and teams to innovate autonomously, creatively, through training, mentoring and coaching. Employees must be encouraged to actively participate and be rewarded for their participation in the program. (Mills, 2000)

Austin on the other hand believes that there are five essential steps to implement change. Identifying stake holders: stakeholders can be identified based on their power to help or hinder change. Align arguments to build momentum: if the company can build a sense of connection and ownership among stakeholders they can be the supporters of the change. Create and Engagement Strategy: once stakeholders are connected to the plan the change leader can propose deadlines, and order of actions. Identify Trigger Events: these events can be competitor s actions, changes in regulations, changes in support from stakeholders, or any other shift in the original plan. Plan to Be Wrong: since innovation change or implementation are new to a corporation there should be build in the idea that something can go wrong and prepare to deal with unexpected issues that may arise in the process of implementation. (Austin, 2009)
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Austin also recommends taking into account how employees may behave towards the change. Employees are also stakeholders and sometimes they may oppose the changes. How is the company going to sale the idea to the employees? Austin says that companies need to give employees time for process the reaction and assist them in the process.

Application of innovative Processes and Theories to individual Organizations
(Glor, 2003)

In the 2003 meeting for Innovation in Governance and Public Administrations in Bahia Brazil Glor discusses three aspects to implementation innovation: first is the desire to innovate and the finances to support innovation; second is effective implementation and consequences, and third the context of innovation and which innovations are chosen. (Glor, 2003)

The will to innovate; Glor explains that businesses, governments, etc. avoid solving problems. They ignore the problems or provide inadequate resources when they do act. Glor s first suggestion is to create the will to act to correct issues though innovation. There are many reasons why individuals, governments, and corporations do not adopt innovation. Among those reasons Glor inform us of the power of institutions, fear of change, and the most important reason is people. People who acting as themselves or in behalf of a company, or an institution do not want to change and influence innovation. The will to innovate comes from two reasons, innovation that arises as a reaction of a crises and needs. (Glor, 2003) Innovation can be also created as a response to create a market for new items to sale, (proactively). (Glor, 2003)

Even though Glor speaks of effective implementation of innovation in the public sector one can gather that it can be applied to the private sector. Management is a key to administering the speed in which innovation is adopted, implementing innovation appropriately, keeping communication open and effective. Management also plays a key role in providing training, and methods of evaluation to demonstrate success.

Glor explains the las