

Michael porters value chain

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To recuperate their market share, Smart Chips Company needs to redesign its product in a way that it has a competitive advantage over the cloning microchips. To bring about these drastic changes, the firm will have to determine how to incorporate the value chain activities to create value and competitive advantage.

The primary value chain activities are:

Inbound logistics: It includes the receiving, storing, and inventory control of input materials.

Operations: The process of transforming inputs into outputs.

Outbound logistics: These are the activities required to get the finished product to the customers including warehousing, order fulfillment, distribution management.

Marketing and sales: The actions associated with getting the buyers to purchase the product: advertising, pricing, promotion, etc.

Services: Activities that maintain and enhance the value of the product e. g. repair services, customer support, training, installation, etc. (" The Value Chain," 2010)

Smart Chips Company's profit and market share depend on its efficiency of performing these activities, together with value chain support activities. The value chain support activities include administrative infrastructure management, human resource management, technology (R&D), and procurement.

In order to develop a competitive advantage, Smart Microchip Company must-have resources that are superior and cannot be replicated by the competitors. A cost analysis should be performed to assess the areas where

the cost can be reduced. The company must create a cost advantage either by reducing costs at each level of the value chain or by reconfiguring the entire value chain.

Better marketing can also help in increasing the number of sales for the firm. Promotion and service play an influential part in the marketing of a business. With effective marketing, Smart Chips can also use product positioning, and quality checking as a means of gaining competitive advantages over clone microchips. This may lead the company towards the road to sustainable success.

SWOT analysis will also be helpful to Smart Chips. It is a tool used by companies to assess their strengths and weaknesses, and opportunities and threats in the market. It is a simple way of evaluating a firm's current performance, future prospects, and economic climate. It helps in developing strategies to remain competitive. (Edwards, 2011)