

Value chain



Identify what you believe to be the firms " core" competencies and its " distinctive" competencies. Explain how, or if, these competencies result in a competitive advantage that is valuable, rare, and inimitable.

Introduction

Google is multi-billion dollar organization that deals in internet search, advertising and cloud computing. It started as a college project for the founders Larry Page and Sergey Brin and soon grew to become one of the largest and fastest growing organizations in the world. Its growth was not simply due to the rapidly growing online industry, but based on carefully determined strategy based on its core competencies. This paper discusses the core competencies of Google and how they provided the company with a competitive advantage in a market that was undefined, undifferentiated and had enormous number of potential competitors.

Core Competencies

Core Competencies are those capabilities or products of the organization that form the central base of its operations, or on which the organization can add on or build further its products or services (Campbell and Luchs,). It is that set of capabilities that are central to the organization and that form the inner platform on which it can build the business further. In the case of Google, its core competency is the ' Internet Search' ability. ' Internet Search' is not only the basic format for Google on which the multi-billion dollar organization initially started, but, it also forms a core part of its additional business operations like Google AdWords, Google AdSense, Google Applications and other innovative business models that Google has developed overtime. The Internet search capacity is based on accuracy, credibility and speed at which Google is able to deliver its search results –

and its ability to do so better than its competitors makes it the favourite search engine among the customers and determines the business revenues that it can generate on add business like AdWords, AdSense etc.

Distinct Competencies

Distinct Competencies is a related concept to core competency, and it again means a set of distinct capabilities that make the organization differentiated and better at doing things than its competitors. In the case of Google, its distinct competencies that underpin its Search Engine operations are its technology, its highly trained and creative workforce, and its innovative and creative approach to making Internet search quicker and accurate and its commitment to balancing ethics and personal freedom in its online operations.

Competitive Advantage

A firm is said to have a competitive if it is able to sell its products at a much higher price than the costs that it had incurred during the procurement and production of that product, and the difference in its revenues and costs is higher than it is for the competitors (Porter & Kramer, 2006). A competitive advantage is achieved when the organization is able to produce a product that cannot be produced or replaced by other organizations, - meaning that the product is rare – in appearance, in quality or any other feature. In addition, a competitive advantage is also gained when the organization is able to streamline all its activities, its value chain, in such a manner that the most cost effective combination of processes are achieved which deliver better value to the customer.

In the case of Google, its core competency of providing ‘lightening fast high quality Internet search’ differentiates it from other search engines.

The core competency of Google in Search Engine makes it the best suited service provider for not only direct generic searches but also establishes its credibility for online ads delivery as it uses the same technology for matching ads to the contents. The value that it gives the customer (advertisers and website owners) is in terms of cost and time savings and more targeted promotion of their services or products as the visitors are already searching for the product. Other search engines are also do the same – but, they do not have the underpinning attribute of accuracy, credibility, access to extremely large database, speed of search, or ethical search results. Thus it can be seen, that based on its core capabilities (technology, people, strategic perspective), Google is able to deliver value that is rare in the age of an open Internet that lacks regulations or external policing

The search engine module can be emulated and modified and as such it is not inimitable, but, it is the act that Google manages to provide the customers the benefits of a large database search, delivers high quality results at a fast speed, and balances freedom with self-developed ethical frameworks, makes it inimitable.

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