

Others

[Business](#)



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Module Case Study: Business Question Industry drivers of change are the forces that carry the most weight in the industry in general. These factors push firms to alter their strategies because the industry evolves. Drivers of change have their roots at the periphery of the macroeconomic environment and, in majority of industries, the inner segment of the microenvironment. Different industries have different drivers of change, but the most common include: consumer awareness, lifestyle changes, change in retailers' interest, shift towards store goods, marketing innovation, technological change, entry or exit of key competitors, globalization, the Internet and the new dynamics it creates, decline in business risk and uncertainty, changes in efficiency and cost, changes in the long-term growth of the industry, changing societal issues and concerns, changes in product acquisition and use, influx of technical knowhow in more companies and countries, changes in government policy and regulations, and rising preference among consumers for differentiated goods rather than commodity goods (Hill and Jones 61).

Question 2

Industry key success factors (KSFs) are the forces that have the biggest influence on companies' ability to flourish in their respective industries. They include core competencies, product features, business outcomes, specific strategic factors, resources, and competitive capabilities that determine the difference between profit and loss and, eventually, between competitive ability and failure (Hill and Jones 48). By their true nature, KSFs are so important that all industry stakeholders must be wary of them; they are the determinants of market success. They are also the doctrines that define whether a firm will be financially and competitively capable. When identifying any industry's KSFs, three questions can be used to guide the

process. These are:

a) On what grounds do consumers decide which brands of sellers to pay for?

What product features are important?

b) What resources and competitive strengths must a seller have to achieve competitive success?

c) What is required for sellers to attain a sustainable competitive advantage?

Different industries have different KSFs and, in some cases, KSFs have even varied from time to time in the same market as competitive factors and driving forces of change evolve (Hill and Jones 34).

Question 3

Competitor

Main KSFs

Competitor A

Core competencies, product features, business outcomes.

Competitor B

Specific strategic factors, resources, and competitive capabilities.

Competitor C

Product features, strategic factors.

Competitor D

Financial results, competitive capabilities.

Competitor E

Resources, product differentiation.

Relevant Financials for Competitor A

2013

2014

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Industry Average

Current ratio

2. 43

2. 21

2. 8

Return on Assets

1. 21%

6. 27%

10. 03%

Return on Equity

2. 69%

11. 35%

19. 46%

Profit margin on sales

1. 28%

2. 83%

4. 1%

Debt ratio

79. 26%

84. 11%

50. 0%

Price/Cash Flow Ratio

2. 18%

2. 92%

4. 05%

Source: Hill and Jones (81).

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Colin's Latest Relevant Financials

2013

2014

Cost of Goods Sold

\$ 5, 032, 439

\$ 5, 824, 607

EBIT

\$ 726, 342

\$ 804, 613

EBITDA

\$ 915, 539

\$ 1, 213, 105

Net Income

\$ 563, 218

\$ 736, 451

Stock Prices

\$ 8. 35

\$ 10. 45

Outstanding Shares

100, 000

142, 000

Source: Hill and Jones (84).

Competitor A has more financial resources compared to other companies, but it has huge debts that have lowered its investor appeal and affected its ability to secure financing for key projects. Other firms post average profits but have managed to reduce their debt and achieve slow but stable growth.

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Question 4

Colin's alternatives include reinventing products in order to achieve differentiation. Other options include targeting new markets in which competition is not as stiff (Hill and Jones 26). There is also the option of adopting more aggressive marketing strategies that ensure the market share does not decline. This will facilitate direct competition with rivals and maintain relevance despite prevailing conditions. Finally, another alternative includes accumulating more resources to support the financing of commercial activities and to achieve stability.

Work Cited

Hill, Charles W. L., and Gareth R. Jones. *Strategic Management: An Integrated Approach*. 10th, Illustrated ed. Mason, OH: South-Western, Cengage Learning, 2013. Print.