

Strategic management and production differentiation efforts

[Business](#), [Management](#)



Government policies can have a significant impact on the average profitability of firms in an industry. Government, however, is not included as a potential threat in the five forces model. Should the model be expanded to include government (to make a "six forces" model)? Why or why not? 2. How would you add complementary to the five forces model? In particular, if an industry has large numbers of complementary, does that make it more attractive, less attractive, or does it have no impact on the industry attractiveness?

Justify. 3. Which firm will have a higher level of economic performance: (a) a firm with valuable, rare, and costly-to-imitate capabilities competing in a very attractive industry or (b) a firm with valuable, rare, and costly-to-imitate capabilities competing in a very unattractive industry? 4. Will a firm currently experiencing competitive parity be able to gain sustained advantage by studying another firm that is experiencing competitive advantage? Why or why not? 5.

Firms engage in an actually called "forward pricing" when they establish, during the early stages of the learning curve, a price for their product that is lower than their actual costs, in anticipation of lower costs later on, after significant learning has occurred. Under what conditions, if any, does forward pricing make sense? What risks, if any, do firms engaging in forward pricing face? 6. When economies of scale exist, firms with large volumes of production will have lower costs than those with smaller volumes of production. The realization of these economies of scale, however, is far from