

Introduction about competitive advantage commerce essay



First of all, I would like to define what is competitive advantage? Competitive advantage will be exists when the company is able to deliver the same benefit as what the competitors delivering but in a lower cost (cost advantage), or deliver benefit that exceed these of competing products (differentiation advantage). Thus, competitive advantages give the company capable to create great value for its customers and great profits for itself.

As what Michael Porter mentioned two basic types of competitive advantage are the Cost advantage and Differentiation advantage.

Cost competitive advantage.

To achieve this kind of advantage in the company all what the company should do is to offer the better products to the customers with reduced cost compared to the competitors. For example, HP has achieved sustainable cost competitive advantage over all its competitors by being able to produce highly quality laptops at a cheaper rate.

Differentiation competitive advantage

The organization can achieved Differentiation competitive advantage if it is can make better values with its competitors.

Distinctive Competencies

Value Creation

Resources

Cost Advantage

Or

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Differentiation Advantage

Capabilities

Figure 1: Competitive advantage Models

As we have in Figure 1 describes a competitive advantage model. we have seen from the model combination of the organizational human resources and material resources and capabilities forms the distinctive abilities to make the organization able to make a difference with respect the cost advantage of differentiation advantage, which will creates values for the organization and the customers. This is a good way based on the theory that more benefit to the company itself to reach a goal continually, like in the company, we should have quality and capability compare with the competitor.

How Competitive Advantage helps to the Hewlett- Packard Company.

HP Company one of those IT companies which is biggest in all over the world with quarterly yearly about \$97. 1 billion . This company able to remain this great record in the competitive advantage over the competitors. The sustainable competitive advantage able to achieve the benefit for the company with many ways that does not has other choice except sustaining like this record. Gain of the competitive advantage has increased the company's revenue well.

In 2006, HP achieved better revenue about \$91. 7 billion, in the same time the revenue of IBM about \$91. 4 billion, as for the revenue of the company in 2007, became much better about \$104 billion, and it became the first IT

company arrived to revenue more than \$100 billion, and it continued to progress did not stop at this level, acquisition of the EDS in 2008, also jacked up the revenue to \$118.4 billion. The competitive advantage start gained and afforded since HP attributed to leadership position in the world technology with groups strategically assigned to drive industry leadership in the main technology areas.

The Personal Systems group is responsible about the work station, mobile computing equipments and PCs that coming from lead the business and consumer. As for the imaging and printing group their responsibly is how to get the successful for record in forms of printing devices, as for the imaging and printing group their responsibly is how to get the successful for record in forms of printing devices. The performance of these HP groups makes HP Company almost the best among of its equals. In January 2010 a report from Gartner and IDC Market Research Firms, there is a wide gap between HP and Dell. HP was the 6th largest world software company.

As for 2008, it was global leadership position in laser, Inkjet, large format and multifunction printers market and the second IT service provider throughout the world. All these results did not come by chance, but this company got these result by maintain some degree of superiority on the competitors. In the end we can get one thing that, all the benefits the company got is based on the competitive advantage.

Analysis of Competitive Advantage in HP Company.

The HP Company has an ability to afford and achieve competitive advantage well-deserved. The company took the way that to Simplifies the

technological experiments for the customers. This is including to all the services start from printing, personal computing, services, software and IT infrastructure, this is very important to let all HP products usable and with simply from the users. There is only one way can analyze HP competitive advantage is by discussion of HP values, where HP values are associated with the set out by the founding HP leaders.

Those unique ways underscoring for the decision-making as for the advancement of the firm it is just like a map, and HP pioneers based on the corporate culture on integration and reinforcement from critical opposites position. The useful thing from this practice is, use the benefits of the approaches as the case and Balancing associated risks, and also there is another way the competitive advantage of HP Company is through developing cross functional individuals.

Unlike other companies that just hire staffs and train them for a specific job requirement to be assigned to such staffs throughout their stay in the organization, HP makes sure that all her employees move more than four to six functional areas with the company to allow them to work more than one departments of the company and thereby effectively managing the organizational knowledge through effective sharing among its staffs. It has been widely agreed that in this knowledge era, effective knowledge management will surely lead to achievement of competitive advantage.

The reason to make HP Company strong is the quest for developing the employee, because the developing of the employees very important to progress the company, so because of this reason the company able to

achieve effective organizational in 2004, Miller recognized that since 1980, became too busy with all the employee retraining program that call (SJS) Software Job Skills. The company requested to retraining employees who may naturally be laid-off, that makes the company to be able to afford its competitive advantage when the employees every time continue to be relevant and compliant with the new trend organizational need and employees are considered important in the performance of every organization.

Organizational competitiveness is coming by implementation of knowledge management and its benefits. Knowledge management helps to reduce the product cost as a result of the possibility of re usability; this allows the organization to be able to offer services of the same quality even better than that of its competitive at a relatively low cost. This is important way to gaining competitive advantage.

In addition, the implementation of knowledge management brought about better employee productivity and coordination which has a positive result which effect on organizational performance, also have another important factor in everywhere is service deliver powered by the real time communication facility.

As HP has wise saying as following “ If only HP know what HP knows!” It means that the required knowledge and skills for solving your problem resides somewhere within the company. This means that the company has achieved a lot through effective communication. All these account for achieving sustainable competitive advantage.

According to Lava, Feyhl and Kakourus (2005), the business supply chain can't achieve to using only the Operation Research or from the global era, this methods is move faster in the business environment, will require a lot of time which might result in to delay in the service delivery and thereby negatively affect customer satisfaction. Planning of HP came out with that which is combines the optimization ability.

HP have a same opinion that the risk that related with the product by the demand, the component of price and uncertainty the stock and all of the company influence the revenue and profits. Based on Ngali, Hwang, Sanghera, Gaskins, Pridgan, Thuvston, Mackenvoth, Branvold, Scholler, and Shoemaker (2008), the management group that made by HP and they develop and build that model by mathematics, the business process and software to planning and developing risk by the product. This is having a lot of advantages for the company.

Since 2006, HP can get \$ 7 billion from the spending by saving the cost from \$ 128 million. This is made a benefit for the company and gives the contribution to the competitive advantage continually from the company.

The products of HP are always better than that of its competitors and such a refinery and marked a second from time to time to meet the changing technical needs of customers.

Only in November 2009, HP Storage Works XP9000 introduced new network storage as a system that is designed primarily to meet the bullish trend to the explosive growth of data and to improve the performance of applications

using the file based outside a measure of engaging has the ability to manage information more efficiently use a space name alone.

This brought the company's most popular networking in the community since such creativity is required in virtually all organizations that deal with large data. The work of a very efficient storage in data storage is known for the relatively low leisure time.