

# Ethics of performance management assignment

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The Irrelevance of Porter's Five Forces for the BIB Software Industry For the software Industry the use of strategic market and competitive Intelligence has not been particularly well executed by many vendors. MI and CLC for software vendors differs greatly from the more established practices for COP, Pharmacy or manufacturing -?? often what works well for these other Industries has little relevance for software vendors. The main difference: the intensely fast pace of constant change for most of the software industry. "Time" is measured in nanoseconds.

As such the software industry requires a greater focus on MI and CLC. But often actual practice goes not include the most beneficial aspects. Market Intelligence is essential for creating strong product strategy and for fine-tuning that strategy as industries, markets, customers, the product space, and competitors evolve over time – again usually very small windows of time. Core decisions for businesses must be based on reasonable understanding of significant and likely future events – what the potential Impact could be, good and bad.

Market Intelligence Is the dynamic means for uncovering the right future-pointing Intelligence as early as possible, averting "nasty surprises" and discovering new opportunities. Strategic market Intelligence differs from business research (and traditional business intelligence) through context a certain mindset held while the research and analysis phases are done. The market intelligence professional always has in mind the organization, its business and product space, the industry, customers and target markets, and the drivers behind the need for intelligence.

It's an ongoing sense of the impact of what could be uncovered the ramifications of what seemingly unconnected Items of Intelligence could mean for the company. It ensures that business decisions and product direction are customer-focused, market-driven, and laity-based. Where software companies go wrong with MI and CLC efforts is limiting activities to directly supporting sales in tactical ways, focusing only on pointless programs for "killing the competition", and endless feature/function battles that are meaningless in today's commoditized markets for software solutions.

Another wrong turn has been the adherence to Porter's Five Forces as a model for product strategy and for market and competitive intelligence, undoubtedly influenced by MBA school curricula in the eighties and nineties, much of which has now proven useless to many enterprises. Porter's Five Forces: The Magic Model that Doesn't Work I recently read Steve Dining's article on the demise of Michael Porter's Monitor Group consulting firm. Porter invented a model for corporate "strategy" based on 'Five Forces' that has been treated almost as a reverential artifact for many years.

Dining's article brought me back to my own thinking years ago on why Porter doesn't work for software companies. I never have really used Porter for strategic market intelligence for the software industry – instead I developed a matrix that I refer to Porter's model as an "artifact" because it is no longer relevant to today's arrest, if it ever really was. It's linked too business context set in the Eighties, when corporate strategy focused on inside-out objectives such as beating competitors and sustaining profitability with no

connection to value delivered to customers – chest- thumping instead of serving customers.

There was a great deal more market predictability and regularity. Today's markets obviously have become volatile and not so predictable; businesses are now challenged to create new business models multiple times during the life of the enterprise to survive and thrive. Five Forces Model Fails the Software Industry Because Porter's Five Forces model is based on non-changing market conditions, it is limited or even harmful for dealing with dynamic, ever-changing industries and markets.

Well, the software industry never sits still, and this has intensified in recent years. And the customers of software vendors are also facing uncertain and fluctuating markets, which adds further complexity when seeking insight for future trends regarding customer needs and wants. Professionally, Porter was not experienced in any industry, in any hands on sense, when he created the Five Forces model, so he didn't have practical experience to fully explore or prove out his model.

If you don't understand the software industry, how people interact with software and rely on software to improve their own enterprises, then any indirect models will likely have little relevance. Under Porter, competitive intelligence is not about going to market competitively to meet customer needs and desires – it's about “beating” everyone including the customer. The customer is not a partner but a conquered spoil of war. Not exactly the best path to engendering customer experience excellence – perhaps Porter's

model is one of the reasons that many enterprises have done such a bad job of focusing on the customer.

MI and CLC better serve a software company when its purpose is to understand the competitive landscape well enough to seek out paths that diverge from the “herd” so that the company carves out undeserved markets and better understands customer needs. Porter’s aggressive modeling around “competition” has misguided organizations into becoming obsessed with destroying the competition. Other areas where Porter’s model comes up short: The value of partner ecosystems including supply chain  
Predicting future trends Identifying new customer segments