Essay on strategic management

Business

Microsofthas been highly adept at co-opting the competition to preserve their PC operating system monopoly. Adding innovations pioneered by others (such as an Internet browser) to their Windows product strengthens their operating system monopoly by shrinking the market opportunity for their most innovative competitors. Parameters; Strengths and WeaknessesFrom an investment perspective the problem with human capital and the knowledge it embodies is that neither can be owned. When an enterprise hires an employee in effect it is licensing that person's knowledge, experience and skills. Invest in a plant and the result turns up on your balance sheet as an asset.

" This leads to a collective tendency to under-invest in human capital—more inefficiency that affects society as a whole. It's bad for stockholders and firms, and it's bad for the people who work in them, since research has found that workplace training is an important determinant of workers' future earnings capacity."[1]A proper hedging strategy is more than just a collection of hedging actions, as Microsoft's Comdex booth in 1998 demonstrated. Described as being much more like a Middle Eastern bazaar than a trade show, the space displayed not only Microsoft's second version of Windows, but DOS version 4. 0, OS/2 (which it was developing withIBM); new versions of Word, Excel, and other applications for the Macintosh; and a Unix system developed by another company.

" To further hedge its bets, Microsoft invested heavily in building skills in graphical user interface design and object-oriented programming that would be important no matter what operating system won. This represents more than just a set of hedging actions."[2] " The strength of Microsoft's competitive advantage can be measured by looking at the ratio of added value to the firm's gross or net output. Each dollar of Microsoft's sales costs only 76 cents to produce. Microsoft's net output is the $1. 1 billion difference between the cost of the materials it bought and the value of the output it sold.

It achieved this with only $450 million of labor and capital, representing a cost of 41 cents per $1 of net output."[3]The absence of a dominant e-learning vendor disadvantages the e-learning industry and means that even the largest enterprises have to work with a network of small vendors to build the solution they need. The absence of a dominant vendor also means that no one has had the market clout to enforce de facto e-learning standards for the industry to rally round. Microsoft's solution strategy is software focused on the organizing, analysis, and report functions of the computer intelligence (CI) process. The entry of data into the database is a manually intensive operation. What are the Opportunities and Threats? Key CI questions should attempt to discover which technologies would be the best and most profitable to integrate into Microsoft's activities.

Therefore new technologies often act as plug-ins to existing technologies. CI should determine who your best potential partners are thereby often determining how successful a firm will become. Many companies have prospered by partnering with Microsoft. Development Strategies" Software suites were integrated with the Windows operating system rather than developed as add-on applications, which reduced development costs and in turn led to substantial reductions in the price of software. Microsoft's domination of the software industry extended further into the development of Internet software.

“[4] Because the Internet, electronic commerce and a more rapid regional adoption of information technologies are increasingly significant components of all of any competitors recovery strategies, less integrated, more networked forms of production such as the kind we describe will be ever easier to embrace. This is not a minor issue, given the large and growing role that mobile wireless networks are playing globally. “ Mobile wireless providers have identified many applications for which they believe customers will pay, including games, streaming audio/video content, transactions and information services. Mobile wireless data applications represent an immense revenue opportunity, if done right.”[5]Research Design, Methods and PurposeValue Chain AnalysisEmpirical study indicates as competition drives down the price of personal computers, the expansion of the Internet are expected to drive down the prices of Internet services and content, leaving software “ the only element in the value chain.” In other words, Windows would soon be the only profitable product related to the Internet market.

This strategic assessment would be valid as long as Microsoft catered to the demand for Internet-ready computers by integrating its browser into Windows and giving it away, as well as by making all other Microsoft software products Internet-functional. Internal Methodolgy Strategy. “ The demand both for scale and for closer, faster, and more cost-effective interactions between different stages of the value chain have been a driving force in shifting core functions, such as production, outside the boundaries of the firm into networks."[6] Therefore Microsoft electronic channels offer clients the opportunity to gain incremental revenues by acquiring new customer segments or locking in current buyers. Academics and managers consider that cooperation is no longer incompatible with competition.

In other words, competition and cooperation can coexist. Wal-Mart's agreement with Microsoft, for example, is aimed at developing an on-line retailing service capable both of reaching potential customers who do not buy from their stores and of getting deeper into the wallets of current consumers by providing them with a broader range of products. The extra convenience of on-line shopping may also encourage existing customers to spend more. Eventually, the entire inventory of current store items will be offered. ConclusionFinally, Microsoft geo-centrism means a situation where the headquarters and subsidiaries across nations are viewed as a single system. Strategic decisions are made at the parent company and its subsidiaries after considering their overall effect on the entire company.

Although a geocentric firm focuses on worldwide opportunities and threats, it pays attention to the needs of the host country as well. " The incentive system encourages the subsidiary managers not only to consider the interest of their own subsidiaries but also to think about the interests of the entire company. The geocentric orientation welcomes strategic alliances more than ethnocentric and polycentric orientations because of its worldwide view and network philosophy."[7]