

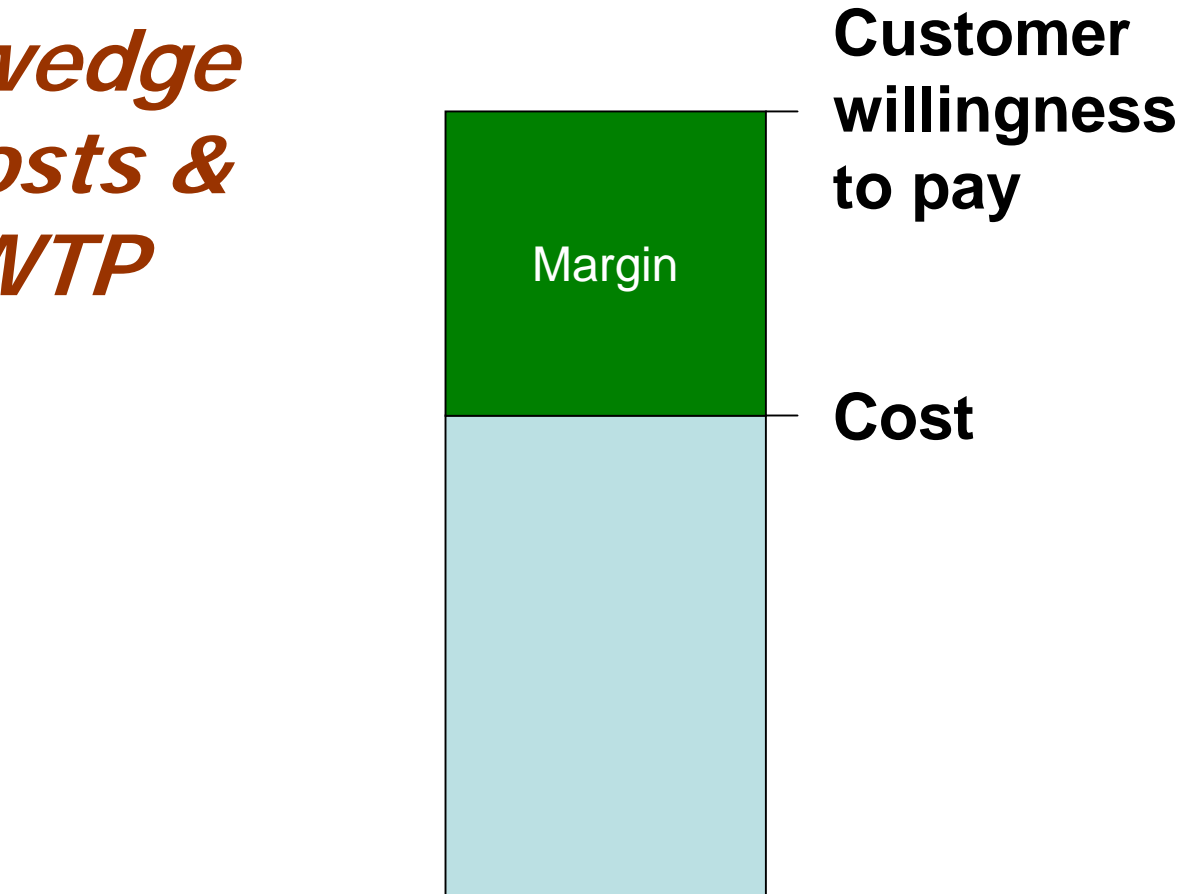
Value Capture & Competitiveness in Global Markets

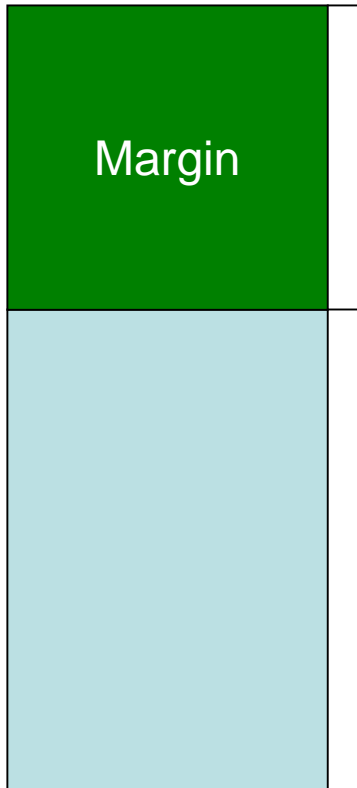
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The challenge for a firm is to drive a wedge between costs & customer WTP





**Customer
willingness
to pay**

Cost

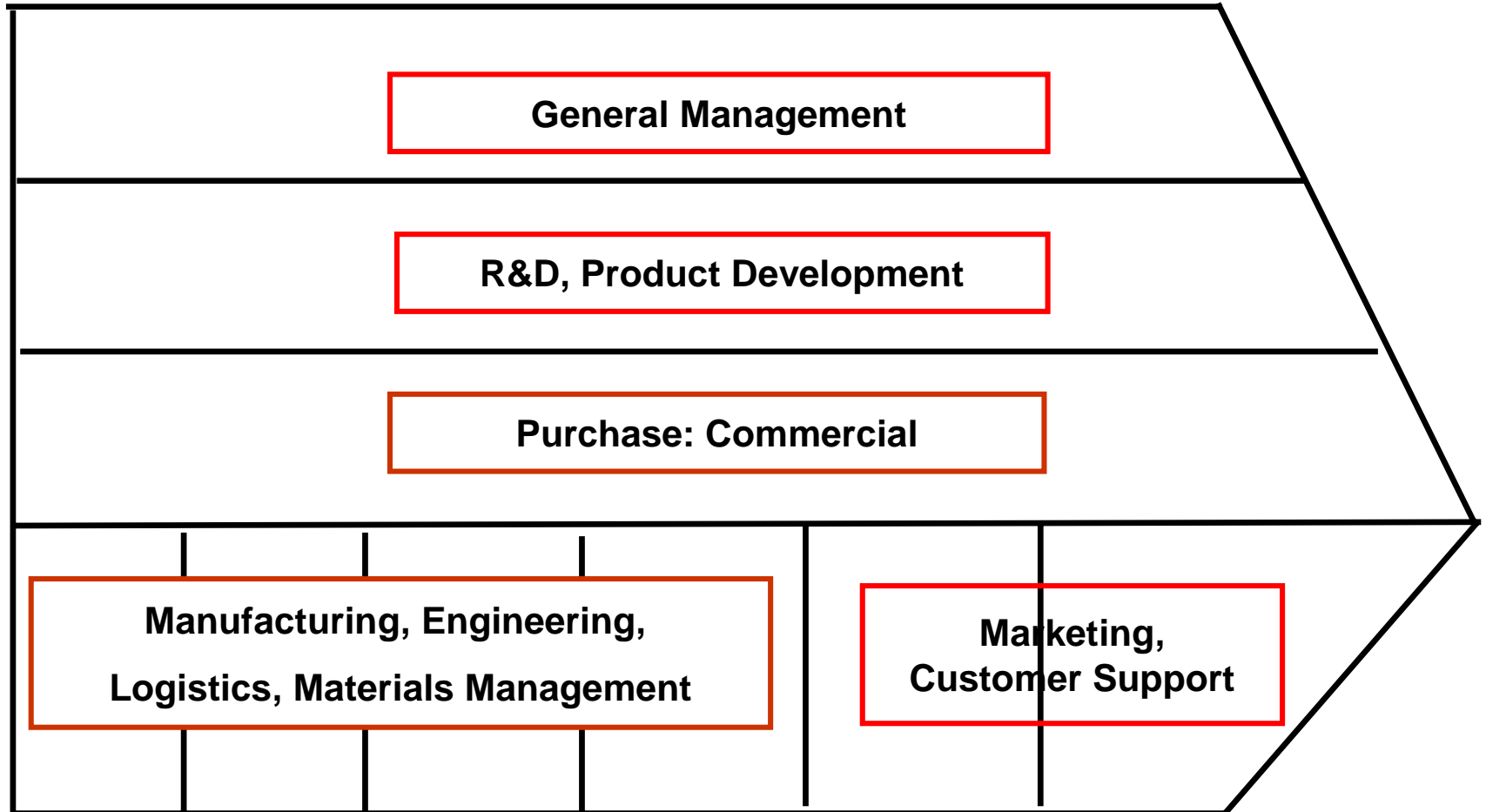
**Enhanced
by branding,
proprietary tech,
switching costs**

**Threatened by
maturity, cost
knowledge,
commoditisation**

The Strategy Perspective

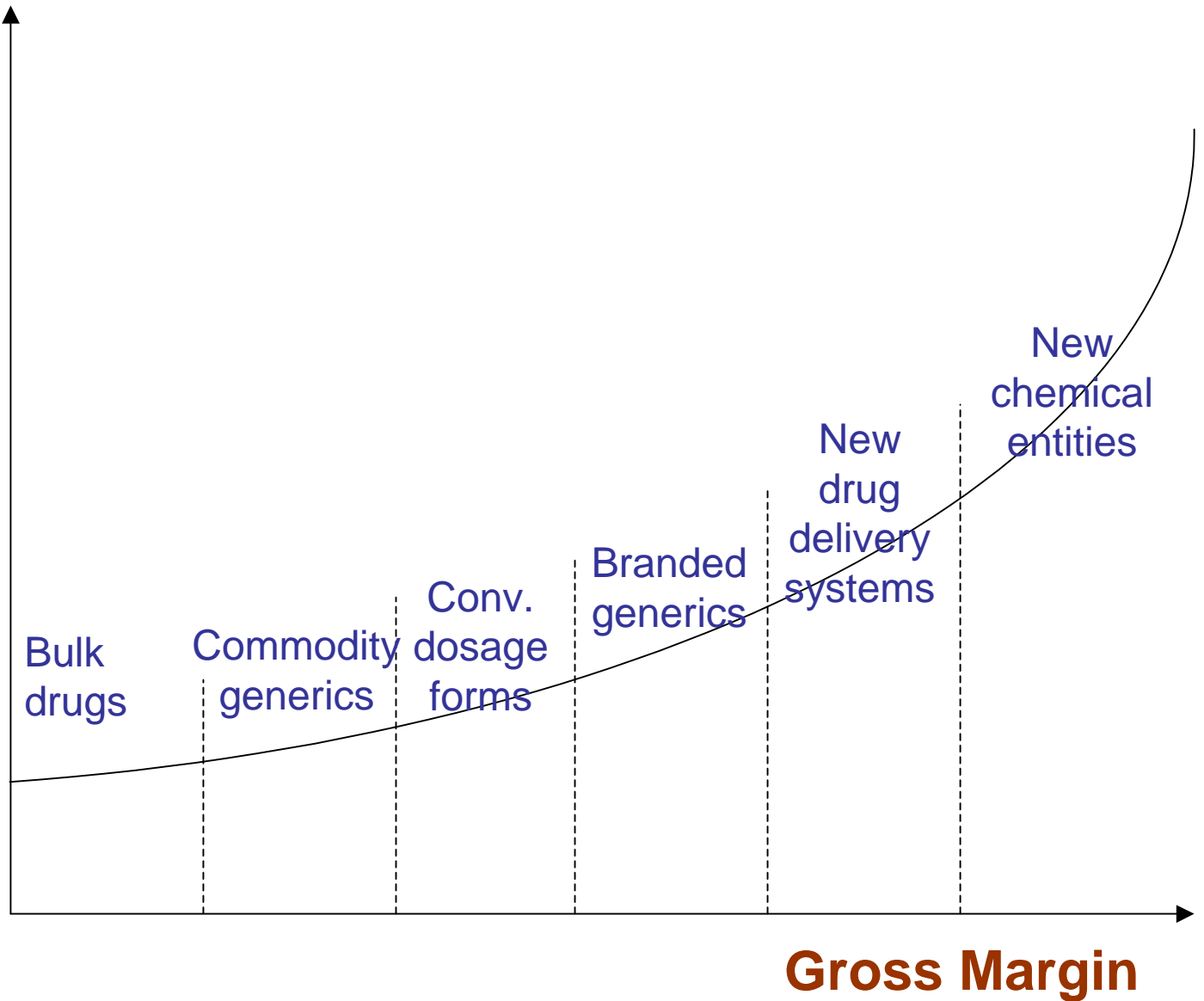
- ***Vision, mission, policies***
- ***Positioning*** the company in its environment so as to minimize the impact of the competitive forces in the industry
- Achieving ***competitive advantage***, i.e. above average performance on a sustained basis
- Achieving a ***fit*** between the different elements of the organization and between the organization & its environment

THE VALUE CHAIN



Source: Porter, 1980

**Tech/
Mktg
Complexity**

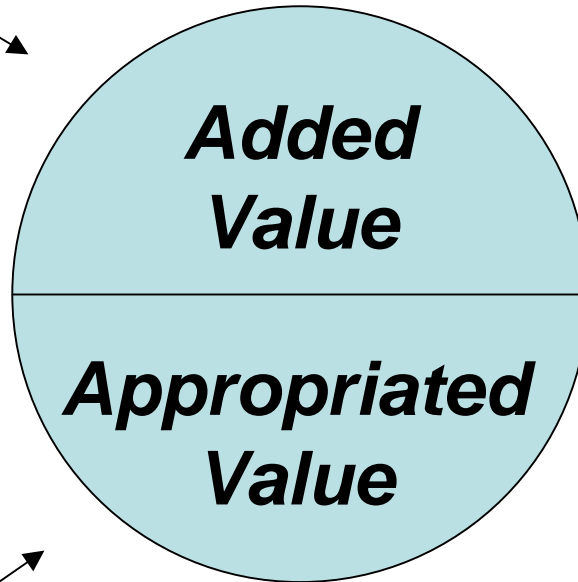


The Pharmaceutical Value Curve

[Source: Ghoshal, Piramal & Bartlett, 2000]

Imitation

Substitution



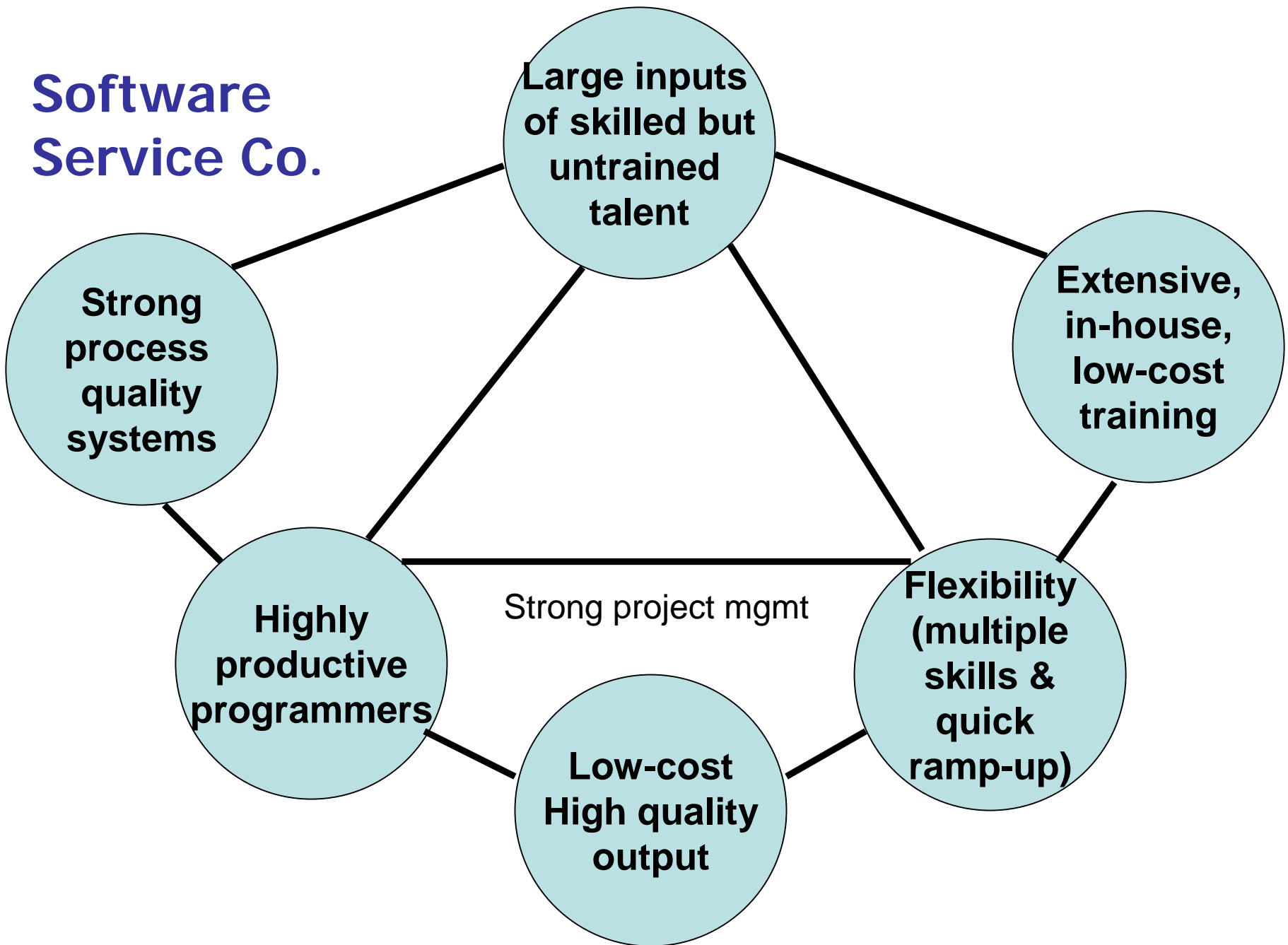
Slack

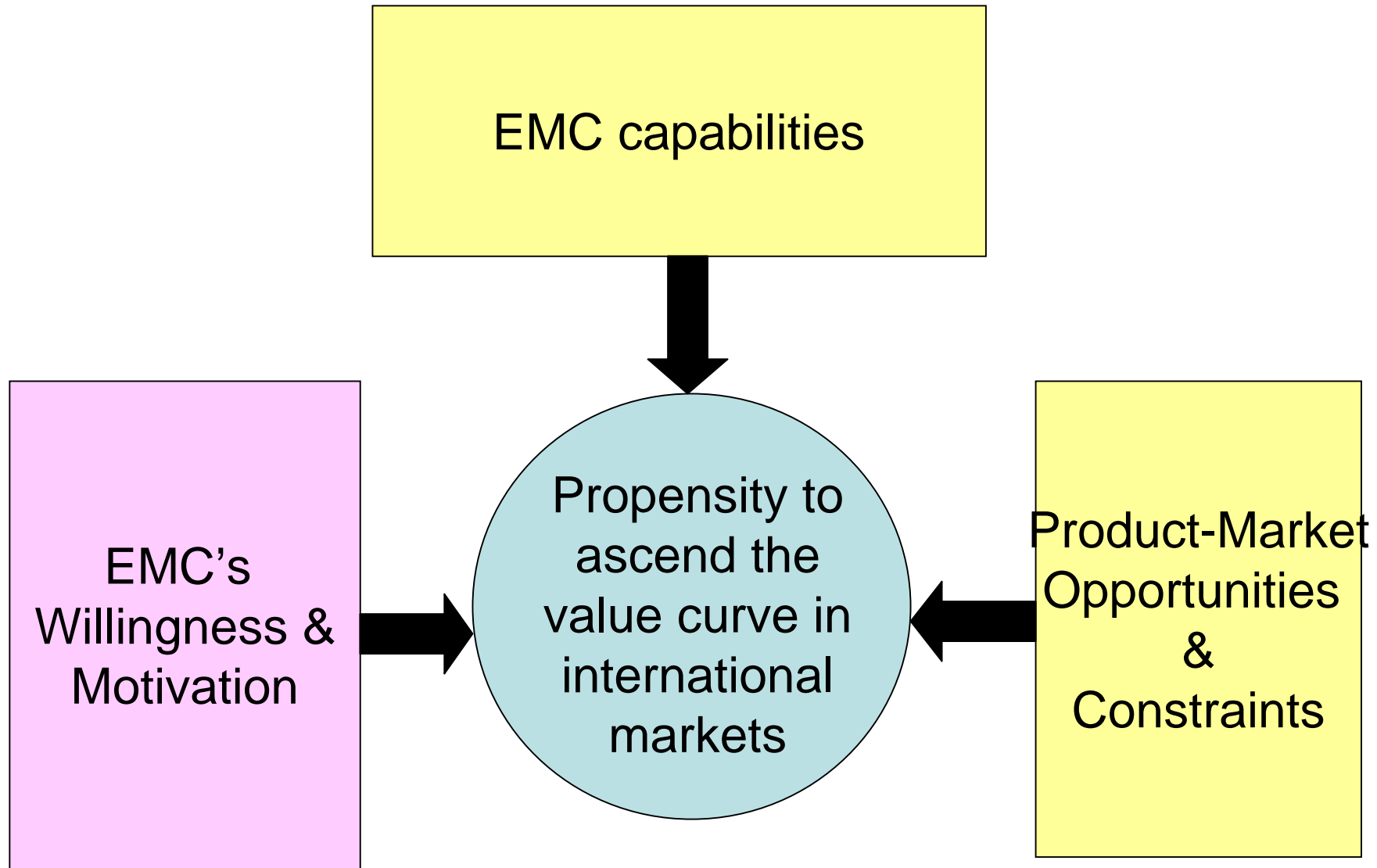
Holdup

The Four Threats to Sustainability

[Source: Ghemawat, 1999]

Software Service Co.





Factors influencing EMCs' propensity to ascend the value curve

[Source: Krishnan & Kumar, 2003]

Motivation

- (+)** Influence on competitive position
in domestic market
- (+)** Identification of high value position
with national pride
- (+)** Existence of role models
- (+)** Sudden decline in performance as trigger

- (-)** Resource scarcity mindset
- (-)** Perception of lack of familiarity
with external markets
- (-)** Existence of lower risk options

Capabilities

Strategic historical factors

Business model & strategy
Internationalization strategy
Company origin

Contextual factors

National diamond
Government policy
Level of complexity

Internal/Organizational factors

Absorptive capacity
Leadership

Product-Market Opportunities & Constraints

Discontinuities in markets and technologies

Pressures on buyers to
disaggregate supply chains

Extent of hyper-competition

Synergy between country-of-origin
and product/service offered

Availability of knowledge in the market

Ability to penetrate decision-making networks

Restrictions on market access

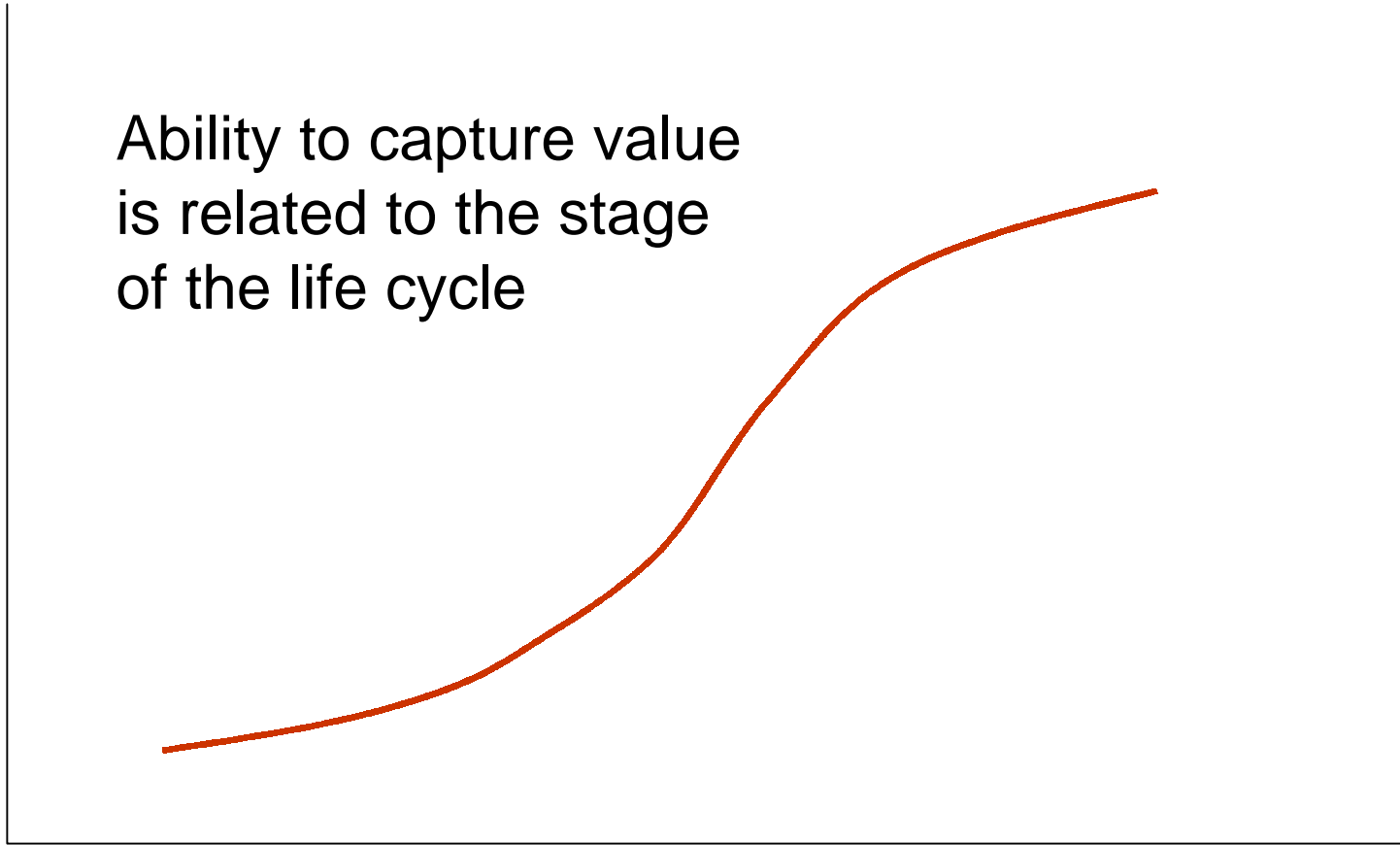
“Later Stage” Ascent: Lessons from Samsung Electronics

- Trigger crucial
- Role models can be external
- Willingness to make investment in intangibles
- Willingness to eschew lower risk options
- Contextual factors as facilitator – CDMA in Korea
- Absorptive Capacity
- Discontinuities in markets & technologies
- Availability of knowledge to fill gaps

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Quantity

Ability to capture value
is related to the stage
of the life cycle



Time

Product/technology/industry life cycle

References

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Thank you

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