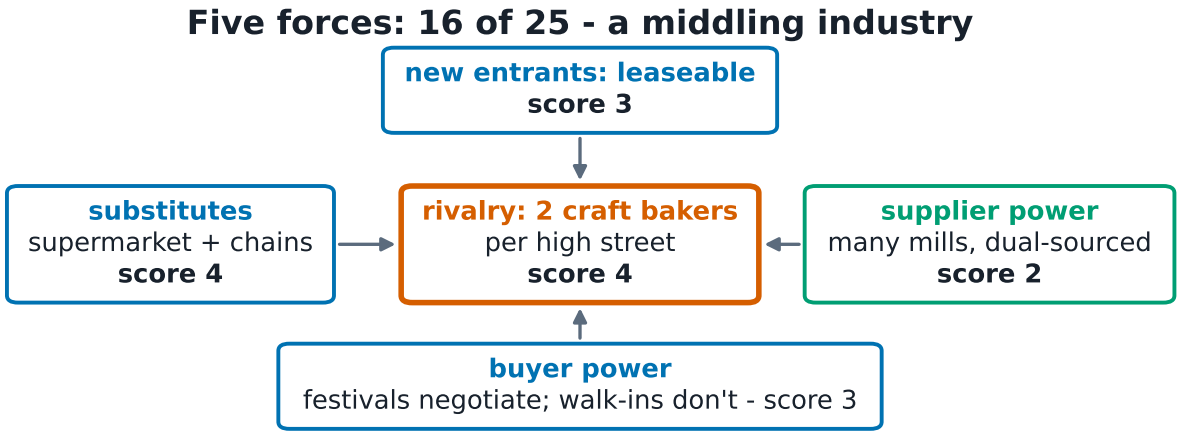
Exercise walk-through

12.2
Competitive strategy

University Business

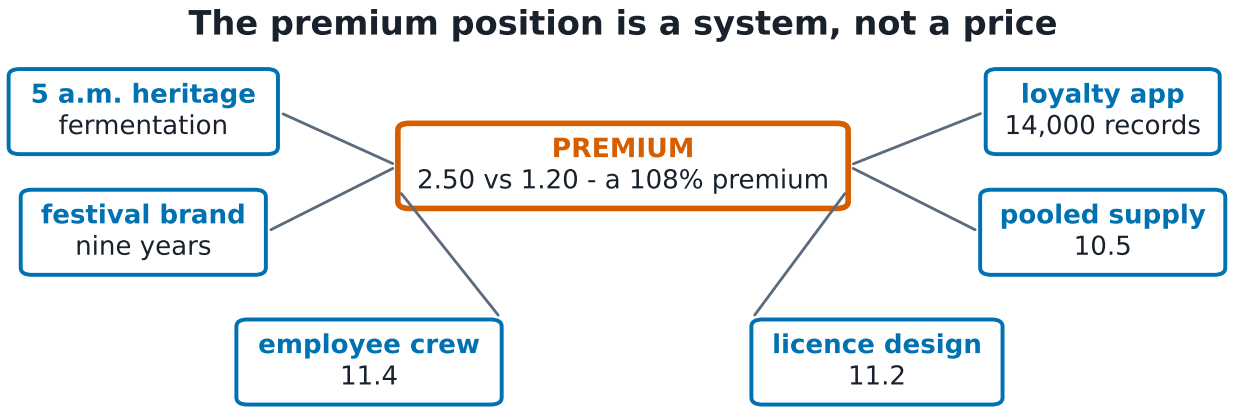
Industry and internal analysis: score, then act



total 16 of 25: the profit must come from position; industry average 6%, top quartile 11%

Five forces score 16 of 25; the bun earns an 8% margin.

Competitive strategy: position, fit, equilibrium

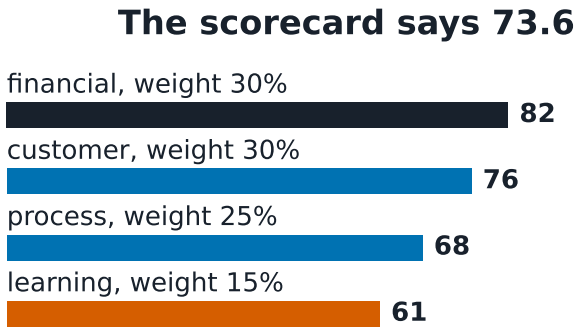


the 2.50 bun: materials 0.95 + labour 0.70 + energy 0.20 + distribution 0.15 + overhead 0.30

= cost 2.30, margin 0.20 (8%) - against the supermarket cost line of 1.60

> Six reinforcing activities carry a 108% price premium.

Implementation and organisation: the index, then the gap



index = 82(.30) + 76(.30) + 68(.25) + 61(.15) = 73.55

execution gap
strategy needs 32 supervisory h/wk
the roster has 28 - gap 4 hours

the cascade
objective - measure - target - initiative - owner
repeat purchase 34% - 45% by the festival

> Scorecard index 73.55 hides a 4-hour supervision gap.

Exercises 2.1·2.2

2.1 Find the rival's dominant strategy, with the comparisons. [3]

2.2 Is Specialty dominant for the roaster? Show both comparisons, then find the equilibrium. [4]

Exercises 2.1·2.2

2.1 Find the rival's dominant strategy, with the comparisons. [3]

2.1

- Hold dominates Follow: against Specialty $12 > 8$; against Everyday $10 > 6$.

2.2 Is Specialty dominant for the roaster? Show both comparisons, then find the equilibrium. [4]

2.2

- Specialty is NOT dominant: $18 > 13$ against Hold, but $9 < 11$ against Follow.
- Rival holds (dominant); against Hold, Specialty $18 > 13$: equilibrium (Specialty, Hold), 18 / 12.

Exercises 2.3·2.4

2.3 The Everyday blend's margin per pack, and the two reasons the analysis kills it. [4]

2.4 The rival launches its own specialty line. Explain in two lines why fit, not secrecy, is the roaster's defence. [3]

Exercises 2.3·2.4

2.3 The Everyday blend's margin per pack, and the two reasons the analysis kills it. [4]

2.3

- $2.20 - 2.35 = -0.15$ a pack.
- Unprofitable, and it spends the brand's scarcity attacking a cost curve the roaster cannot beat - stuck in the middle.

2.4 The rival launches its own specialty line. Explain in two lines why fit, not secrecy, is the roaster's defence. [3]

2.4

- Copying the beans buys the cost without the willingness to pay: the roaster's system (origin visits, in-store grinding, the subscription) is what Follow cannot carry - which is why Follow pays the rival 8 against Hold's 12.