

Competitor Analysis

		TOOLSCORP		COMPETITOR #1		COMPETITOR #2	
	WEIGHT	RATING	SCORE	RATING	SCORE	RATING	SCORE
CRITICAL SUCCESS FACTORS							
	1.0						

TABLE 3-6 An Actual CPM for Tupperware

Critical Success Factors	TUPPERWARE			AVON		RUBBERMAID	
	Weight	Rating	Score	Rating	Score	Rating	Score
Advertising	0.15	1	0.15	3	0.45	4	0.60
Customer Service	0.03	3	0.09	2	0.06	1	0.03
Price Competitiveness	0.05	2	0.01	3	0.15	4	0.20
Top Management Expertise	0.14	4	0.56	3	0.42	2	0.28
Product Quality	0.08	4	0.32	3	0.24	2	0.16
E-commerce	0.09	1	0.09	3	0.27	2	0.18
Financial Position	0.15	4	0.60	3	0.45	2	0.30
Customer Loyalty	0.04	4	0.16	3	0.12	1	0.04
Global Expansion	0.08	4	0.32	2	0.16	1	0.08
Sales Distribution	0.06	4	0.24	2	0.12	1	0.06
Market Share	0.08	2	0.16	4	0.32	3	0.24
Product Line Offerings	0.05	4	0.20	2	0.10	3	0.15
Total	1.00		2.99		2.86		2.32

Source: Based on information provided by Eddie Guzman and David Campbell Jr.

TABLE 3-7 Key Questions About Competitors

1. What are the major competitors' strengths?
2. What are the major competitors' weaknesses?
3. What are the major competitors' objectives and strategies?
4. How will the major competitors most likely respond to current economic, social, cultural, demographic, environmental, political, governmental, legal, technological, and competitive trends affecting our industry?
5. How vulnerable are the major competitors to our alternative company strategies?
6. How vulnerable are our alternative strategies to successful counterattack by our major competitors?
7. How are our products or services positioned relative to major competitors?
8. To what extent are new firms entering and old firms leaving this industry?
9. What key factors have resulted in our present competitive position in this industry?
10. How have the sales and profit rankings of major competitors in the industry changed over recent years? Why have these rankings changed that way?
11. What is the nature of supplier and distributor relationships in this industry?
12. To what extent could substitute products or services be a threat to competitors in this industry?

SWOT ANALYSIS

STRENGTHS

Internal

FACTOR - with DESCRIPTION	EXPLANATION OF WHY FACTOR IS IMPORTANT
1.	
2.	
3.	
4.	
5.	

WEAKNESSES

Internal

FACTOR - with DESCRIPTION	EXPLANATION OF WHY FACTOR IS IMPORTANT
1.	
2.	
3.	
4.	
5.	

OPPORTUNITIES

External

FACTOR - with DESCRIPTION	EXPLANATION OF WHY FACTOR IS IMPORTANT
1.	
2.	
3.	
4.	
5.	

THREATS

External

FACTOR - with DESCRIPTION	EXPLANATION OF WHY FACTOR IS IMPORTANT
1.	
2.	
3.	
4.	
5.	

TN - Knoxville, Nashville, Memphis

SWOT Matrix

Strengths**Weaknesses**

Opportunities**SO Strategies****WO Strategies**

Threats**ST Strategies****WT Strategies**

FIGURE 6-3

A SWOT Matrix for a Retail Computer Store

Strengths		Weaknesses	
1. Inventory turnover up 5.8 to 6.7 2. Average customer purchase up \$97 to \$128 3. Employee morale is excellent 4. In-store promotions = 20% increase 5. Newspaper advertising expenditures down 10% 6. Revenues from repair/service in store up 16% 7. In-store technical support persons have MIS degrees 8. Store's debt-to-total-assets ratio down 34%		1. Software revenues in store down 12% 2. Location of store hurt by new Hwy 34 3. Carpet and paint in store in disrepair 4. Bathroom in store needs refurbishing 5. Total store revenues down 8% 6. Store has no website 7. Supplier on-time-delivery up to 2.4 days 8. Customer checkout process too slow 9. Revenues per employee up 19%	
Opportunities		Threats	
1. Population of city growing 10% 2. Rival computer store opening 1 mile away 3. Vehicle traffic passing store up 12% 4. Vendors average six new products/yr 5. Senior citizen use of computers up 8% 6. Small business growth in area up 10% 7. Desire for websites up 18% by realtors 8. Desire for websites up 12% by small firms		1. Best Buy opening new store in 1 yr nearby 2. Local university offers computer repair 3. New bypass Hwy 34 in 1 yr will divert traffic 4. New mall being built nearby 5. Gas prices up 14% 6. Vendors raising prices 8%	
SO Strategies		ST Strategies	
1. Add 4 new in-store promotions monthly (S4, O3) 2. Add 2 new repair/service persons (S6, O5) 3. Send flyer to all seniors over age 55 (S5, O5)		1. Hire 2 more repair persons and market these new services (S6, S7, T1) 2. Purchase land to build new store (S8, T3) 3. Raise out-of-store service calls from \$60 to \$80 (S6, T5)	
WO Strategies		WT Strategies	
1. Purchase land to build new store (W2, O2) 2. Install new carpet/paint/bath (W3, W4, O1) 3. Up website services by 50% (W6, O7, O8) 4. Launch mailout to all realtors in city (W5, O7)		1. Hire 2 new cashiers (W8, T1, T4) 2. Install new carpet/paint/bath (W3, W4, T1)	

Example for Addendum

External Factor Evaluation

[illegible]

External Factor Evaluation

[illegible]

Example

TABLE 4-10 An Actual Internal Factor Evaluation (IFE) Matrix for UPS, Inc.

Key Internal Factors

Strengths	Weight	Rating	Wt. Score
1. Completed first phase of Worldport expansion, increasing sorting capacity 15 percent growing to 37 percent	0.09	4	0.36
2. First major airline to successfully operate a 100 percent Stage III fleet three years in advance of Federal regulations	0.07	4	0.28
3. Five out of every six UPS drivers come from part-time ranks (pro-motion within)	0.07	3	0.21
4. Over 4,000 UPS drivers have driven for 25 years or more without an avoidable accident	0.06	3	0.18
5. Dividends of \$0.47 per share paid and increasing	0.06	4	0.24
6. Average daily volume for Next-Day Air and Deferred Products in-creased 2.8 percent and 4.3 percent respectively	0.06	3	0.18
7. Have yielded 1.71 percent cost and production efficiencies, improving operating margin	0.06	4	0.24
8. Owns 80 percent of joint venture headquartered in Dubai with 20 percent option to purchase	0.08	3	0.24
9. Streamlining Domestic Package segment, reducing U.S. regions from five to three and U.S. districts from 46 to 20	0.07	3	0.21
10. Purchased 130 hybrid vehicles, adding to UPS alternative fuel vehicle (AFV) fleet	0.07	4	0.28

Weakness

11. Approximately 254,000 UPS employees are members of a union	0.03	1	0.03
12. Approximately 2,800 UPS pilots	0.03	1	0.03
13. Approximately 3,400 UPS ground mechanics	0.03	1	0.03
14. Inability to identify sufficient operating cost savings to result in at least 300 furloughs for airline pilots	0.04	1	0.04
15. Top executives diversity percentage is low (25 percent)	0.03	2	0.06
16. Over 4,000 UPS drivers have driven for more than 25 years and are now eligible for retirement	0.04	1	0.04
17. Top executives' tenure in current position five years or less	0.03	2	0.06
18. 80 percent of all UPS U.S. small package delivery services guaranteed	0.02	2	0.04
19. With ~408,000 employees, expenses relating to health and pension benefits are high	0.03	1	0.03
20. 41.7 percent of top UPS executives are cross-trained	0.03	2	0.06
TOTALS	1.00		2.84

THE GRAND STRATEGY MATRIX

- ▶ **Quadrant I** (rapid market growth/strongly competitive)
 - ▶ continued concentration on current markets (market penetration and market development) and products (product development) is an appropriate strategy
- ▶ **Quadrant II** (rapid market growth/weakly competitive)
 - ▶ unable to compete effectively
 - ▶ need to determine why the firm's current approach is ineffective and how the company can best change to improve its competitiveness

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THE GRAND STRATEGY MATRIX

- ▶ **Quadrant III** (weakly competitive/slow market growth)
 - ▶ must make some drastic changes quickly to avoid further decline and possible liquidation
 - ▶ Extensive cost and asset reduction (retrenchment) should be pursued first
- ▶ **Quadrant IV** (strongly competitive/slow market growth)
 - ▶ have characteristically high cash-flow levels and limited internal growth needs and often can pursue related or unrelated diversification successfully

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Steps in a QSPM

1. Make a list of the firm's key external opportunities/threats and internal strengths/weaknesses in the left column of the QSPM.
2. Assign weights to each key external & internal factor.
3. Examine the Stage 2 (matching) matrices, and identify alternative strategies that the organization should consider implementing.

Steps in a QSPM (cont.)

4. Determine the Attractiveness Scores (AS).
5. Compute the Total Attractiveness Scores.
6. Compute the Sum Total Attractiveness Score.

Quantitative Strategic Planning Matrix (QSPM)

- **Quantitative Strategic Planning Matrix (QSPM)**
 - objectively indicates which alternative strategies are best
 - uses input from Stage 1 analyses & matching results from Stage 2 analyses to decide objectively among alternative strategies

Example

QSPM

TABLE 6-7 The Quantitative Strategic Planning Matrix—QSPM

Key Factors	Weight	Strategic Alternatives		
		Strategy 1	Strategy 2	Strategy 3
<i>Key External Factors</i>				
Economy				
Political/Legal/Governmental				
Social/Cultural/Demographic/Environmental				
Technological				
Competitive				
<i>Key Internal Factors</i>				
Management				
Marketing				
Finance/Accounting				
Production/Operations				
Research and Development				
Management Information Systems				

QSPM Example: a Retail Computer Store

TABLE 6-2 A QSPM for a Retail Computer Store

Key Factors	Weight	STRATEGIC ALTERNATIVES			
		1		2	
		Buy New Land and Build New Larger Store		Fully Renovate Existing Store	
		AS	TAS	AS	TAS
Opportunities					
1. Population of city growing 10%	0.10	4	0.40	2	0.20
2. Rival computer store opening 1 mile away	0.10	2	0.20	4	0.40
3. Vehicle traffic passing store up 12%	0.08	1	0.08	4	0.32
4. Vendors average six new products/year	0.05	—	—	—	—
5. Senior citizen use of computers up 8%	0.03	—	—	—	—
6. Small business growth in area up 10%	0.10	—	—	—	—
7. Desire for websites up 18% by Realtors	0.06	—	—	—	—
8. Desire for websites up 12% by small firms	0.06	—	—	—	—
Threats					
1. Best Buy opening new store nearby in 1 year	0.15	4	0.60	3	0.45
2. Local university offers computer repair	0.03	—	—	—	—
3. New bypass for Hwy 34 in 1 year will divert traffic	0.12	4	0.48	1	0.12
4. New mall being built nearby	0.08	2	0.16	4	0.32
5. Gas prices up 14%	0.04	—	—	—	—
6. Vendors raising prices 8%	0.03	—	—	—	—
	1.00				

QSPM Example (cont.)

Strengths					
1. Inventory turnover increased from 5.8 to 6.7	0.05	—	—	—	—
2. Average customer purchase increased from \$97 to \$128	0.07	2	0.14	4	0.28
3. Employee morale is excellent	0.10	—	—	—	—
4. In-store promotions resulted in 20% increase in sales	0.05	—	—	—	—
5. Newspaper advertising expenditures increased 10%	0.02	—	—	—	—
6. Revenues from repair/service segment of store up 16%	0.15	4	0.60	3	0.45
7. In-store technical support personnel have MIS college degrees	0.05	—	—	—	—
8. Store's debt-to-total-assets ratio declined to 34%	0.03	4	0.12	2	0.06
9. Revenues per employee up 19%	0.02	—	—	—	—
Weaknesses					
1. Revenues from software segment of store down 12%	0.10	—	—	—	—
2. Location of store negatively impacted by new Hwy 34	0.15	4	0.60	1	0.15
3. Carpet and paint in store somewhat in disrepair	0.02	1	0.02	4	0.08
4. Bathroom in store needs refurbishing	0.02	1	0.02	4	0.08
5. Revenues from businesses down 8%	0.04	3	0.12	4	0.16
6. Store has no website	0.05	—	—	—	—
7. Supplier on-time delivery increased to 2.4 days	0.03	—	—	—	—
8. Often customers have to wait to check out	0.05	2	0.10	4	0.20
Total	1.00		4.36		3.27