

**SI422: Strategy & Policy** *(Furman)***Assignment #2: Competitive Positioning & Relative Cost Analysis**

***PLEASE READ THE ASSIGNMENT BELOW CAREFULLY BEFORE YOU BEGIN!***

**Purpose**: The primary goals of this assignment are: (a) to demonstrate the ability to conduct background research on the competitive activities and strategies of firms in an industry and (b) to demonstrate your command of Competitive Positioning and Relative Cost analysis, and (c) to apply your understanding in a professionally-written 1-page memo.

**Timing**: The assignment will be **due Thu-Oct-03.**

**Content**: To complete the assignment, please complete the following steps:

* **(1)  Choose an industry and plot the competitive positions of 3-5 firms in the industry based on your background research (Exhibit 1)**
* **(2)  Plot the cost structure and profits on the positioning chart (Exhibit 2).** It might be that you do not have full information to the cost structure of all the firms, but you can make assumptions based on the firms financial statements.
* **(3)  Conduct a relative cost analysis for 2 firms within the industry (Exhibit 3)**

• Choose two firms from the industry that have different competitive positions; consider one of these to be “your firm” and the other firm as a “top rival”. For each firm identify 4-7 of the most important strategic activities performed by those firms and perform a relative cost analysis for each firm that notes the impact of firm activity choices on costs, willingness-to-pay, and associated profits.

- ***Tip:*** *An example to use for reference is the snack cakes mini-case in the Rivkin & Ghemawat reading!*

**(4) Suppose that you are a junior consultant and that your manager asked you to complete this assignment by writing no more than one page memo that achieves the following:**

(a) Explains the purpose of the memo in the subject heading and very first sentence of the memo (b) Defines your industry precisely (applying the SI422 definition for industry in a clear way) and identifies

the firms you have chosen to analyze. (c) Summarize your competitive positioning analysis and the relative cost analysis of your “client firm,”

explaining (d) Lastly, explain whether/why your firm’s strategy gives it competitive advantage. **Compare this to the**

**actual profitability of the firm as reported on exhibit 2.**

*We recognize that obtaining detailed cost estimate and a complete understanding of firms’ activities will be difficult given the time constraint and research limitations. Making assumptions (especially about costs & prices) is absolutely OK as long as those assumptions are based on sound research and reasoning. (For example, if you were to compare the strategies of BU and the University of Phoenix Online, you could reasonably estimate that the costs of IT is greater for U-Phoenix while the costs of buildings and dorms is greater for BU. Thinking carefully about differences in activities and applying frameworks is substantially more important in this assignment than the precision of cost estimates.*

***Feel free to structure your memo around issues (3a)-(3d) above, treating each issue as a separate mini-section***

**Some writing tips:**

• Check for grammar & typographical errors! • If you use an exhibit, ***summarize its key points in the text.*** Often, your target audience (manager, colleagues, friends, parents, dog, etc.)

will not look at attached exhibits unless you give them a specific reason. If you put the key messages in the text, this will increase the

probability that readers will recognize them; they can then seek details in the exhibit itself. • Your memo’s Text & Exhibits should communicate your analysis clearly, even if looked at separately. • Write in **active voice** wherever possible. • Avoid **colloquialisms, clichés, journalistic language, imprecise statements, unsupported generalizations, unnecessary phrases, and**

**redundancy** whenever possible.

**Administrative Details:**

o Please use 1.5 or double-spacing on the memo, along with 12 point font & 1 inch margins on top/bottom/sides o Papers will be considered late if not turned in at the beginning of class.

**\* NOTE: This is an *individual* assignment. All analysis and writing should be yours alone. If you use any outside sources (beside the Porter article or our class discussions), please cite them.**