HYPERCOMPETITION BECAUSE

- RELATIVELY MANY PLAYERS AND PROFITS ARE INTERMITTENT
- NATURE OF COMPETITION IS DISRUPTIVE & DISCONTINUOUS

MORE ON SILICON VALLEY

GLOBAL BUSINESS STRATEGY

COB, SJSU & FBSIB, MIIS

FALL 200

D’AVENI’S 7Ss

- VISION FOR DISRUPTION
  - superior stakeholder satisfaction
  - strategic soothsaying
- CAPABILITY FOR DISRUPTION
  - speed
  - surprise
- TATICS FOR DISRUPTION
  - shifting the rules of the game
  - signaling strategic intent
  - simultaneous & sequential strategic thrusts

FRUIN'S GOOD FENCES

- TRAD THEORIES OF THE FIRM DON'T DEAL WELL WITH OPEN BORDERS & PROPERTY RIGHTS CONFUSION
- AGREEMENT THAT OPEN BORDERS ARE NEEDED IN VOLATILE MARKETS AND WITH COMPLEX PRODUCTS
- HOW ARE PROPERTY RIGHTS TREATED UNDER CONDITIONS OF OPEN BORDERS

FRUIN'S GOOD FENCES II

- JAPANESE FIRMS ARE OPEN WITHIN FORMALIZED NETWORKS (bus groups)
- PROPERTY RIGHTS BELONG TO ORG MORE THAN INDIVIDUALS, BUT
  - higher transfer prices
  - supplier associations for network governance; multilateral rather than bilateral bargaining
  - pay for performance

FRUIN'S GOOD FENCES III

- OPEN BORDERS ARE FORMS OF PARTICULAR, FORMALIZED TRUST
- ORGANIZATIONAL RATHER THAN INDIVIDUAL PROPERTY RIGHTS
- GOODWILL RATHER THAN LEGAL RIGHTS
- IMPROVES ON TRADITIONAL MODEL BUT SUFFERS AGAINST S.V. MODEL

FRUIN'S GOOD FENCES III

- OPEN BORDERS ARE FORMS OF PARTICULAR, FORMALIZED TRUST
- ORGANIZATIONAL RATHER THAN INDIVIDUAL PROPERTY RIGHTS
- GOODWILL RATHER THAN LEGAL RIGHTS
- IMPROVES ON TRADITIONAL MODEL BUT SUFFERS AGAINST S.V. MODEL

SAXENIAN'S AUTARCHY

- ROUTE 128 vs. SILICON VALLEY
- DIGITAL COMPUTER, DATA GENERAL ('Soul of a New Machine')
- BETWN 1975-90, 3x AS MANY NEW TECH JOBS IN S.V.
- S.V. HOME OF 39 OF 100 FASTEST GROWING ELECT FIRMS (Boston=4)

SAXENIAN'S AUTARCHY

- FIRM-BASED SYSEMS vs. REGIONAL NETWORK
- DURING THE 1980s, MASS MIRACLE RAISED $3 BILLION IN VENTURE CAP
- DURING THE 80s, S.V. RAISED $9B
- 75% RAISED LOCALLY FOR Rte 128 cos AND 130% FOR S.V. FIRMS

SAXENIAN'S AUTARCHY

- DIGITAL'S MATRIX ORGANIZATION vs. H-P'S DECENTRALIZED DIV STR
- H-P'S OPENNESS TO MRKT TRENDS AND STATE-OF-THE-ART IN S.V.
- JOE DeNUCCI, FORMER DEC EMPLOY IN P.A.: "DEC P.A. is a completely diff. World…adversaries are external…far more aggressive and "prove-it" mindset." (p286)

SAXENIAN'S LAST WORD

- COMPARING Rte 128 and S.V.
- REGIONS AS NETWORKS OF RELATIONSHIPS RATHER THAN COLLECTIONS OF ATOMISTIC FIRMS
- TRANSCEND DISTINCTION BETWN WHAT'S INSIDE & WHAT'S OUTSIDE FIRMS