WHAT IS STRUCTURAL ANALYSIS?

PORTER & INDUSTRY STRUCTURE

6 BARRIERS TO ENTRY

- GOVERNMENT POLICY
- ECONOMIES OF SCALE
- PRODUCT DIFFERENTIATION
- CAPITAL REQUIREMENTS
- ACCESS TO DISTRIBUTION CHANNELS
- COST ADVANTAGES, NOT SCALE-BASED
  - PROPRIETARY TECHNOLOGY
  - FACTOR ADVANTAGES
  - LOCATION
  - LEARNING

RETALIATION IS MORE LIKELY WHEN

- A HISTORY OF VIGOROUS RETALIATION IN INDUSTRY
- ESTABLISHED FIRMS WITH SUBSTANTIAL RESOURCES
- SLOW INDUSTRY GROWTH
- WHEN CURRENT PRICE LEVELS DO NOT EXCEED ENTRY DETERRING PRICES

INTENSITY AMONG RIVALS IS HIGH WHEN

- COMPETITORS ARE NUMEROUS
- COMPETITORS EQUAL IN SIZE & POWER
- INDUSTRY GROWTH IS SLOW
- HIGH FIXED COSTS
- LOW SWITCHING COSTS
- CAPACITY COMES IN LARGE INCREMENTS
- PRODUCTS/SERVICES COMMODITY-LIKE
- RIVALS ARE HETEROGENEOUS

WHEN ARE EXIT BARRIERS HIGH?

- SPECIALIZED ASSETS ARE NUMEROUS
- FIXED COSTS OF EXIT ARE HIGH, SUCH AS LABOR AGREEMENTS
- INTERRELATIONSHIPS IMPORTANT
- EMOTIONAL COSTS, SUCH AS TRUST ARE HIGH
- POLICY BARRIERS TO EXIT, SUCH AS EMPLOYMENT POLICIES

STRUCTURE & COMPETITIVE STRATEY

- UNDERSTAND POSITIONING & 5 FORCES
- INFLUENCE POWER BALANCE & ALIGNMENT, thru innovation, differentiation
- EXPLOIT CHANGE, INCREMENTAL & RADICAL
- KNOW WHEN TO HOLD'EM & WHEN TO FOLD'EM