

## Chapter 2 Competitiveness, Strategy, and Productivity

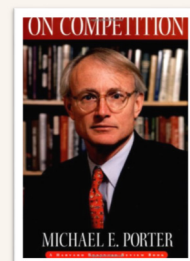
- Competitiveness
- Operations Strategy
- Productivity and Competitiveness

### Competitiveness

- Corporate Strategy
- **Operations Strategy**: the means by which operations implements the firm's corporate strategy and helps to build a customer-driven firm

Low cost, **Differentiation**, Focus

- 產品/服務的價格
- 提供具有特色的產品/服務
- 聚焦並反應特定的市場需求



## Service Strategy: Focus

Cost and differentiation for a particular **target market**, not the entire market.

- Buyer Group: (USAA insurance and military officers)
- Service Offered: (Shouldice Hospital and hernia patients)
- Geographic Region: (學校餐廳)

Target market could be too small.

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## SWOT Analysis

- **S**trength, **W**eakness, **O**pportunities, and **T**hreats

### Core Competency

- Special attributes that give a company a competitive edge.



### Order(service) Qualifiers

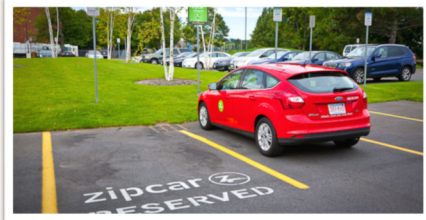
Characteristics that customers perceive as minimum standards of acceptability to be considered as a potential purchase.

### Order(service) Winners

Characteristics of an organization's goods or services that cause it to be perceived as better than the competition.

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## Service Innovation: Car Sharing



Best suited to urban locations where there was a dense base of potential users, parking was expensive, and the need to drive was limited.

### 4 simple steps to zipcar freedom



1.join



2.reserve



3.unlock



4.drive



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## Case Questions

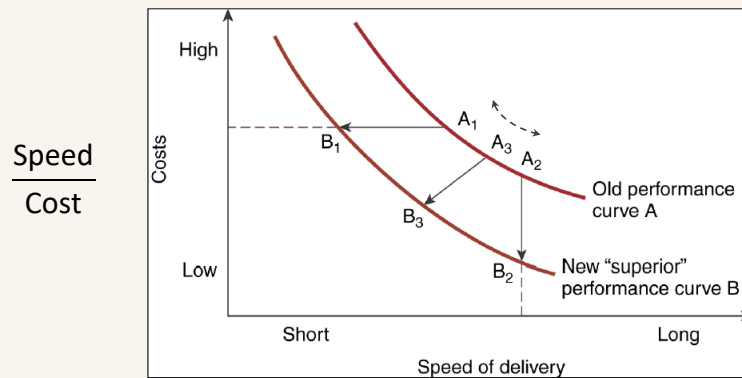
- Identify the target market.
- What is the service winner?
- What are the weakness and threats?



## The Notion of Tradeoffs

$$\text{Value} = \frac{\text{Quality}}{\text{Cost}}$$

不能每一項都輸對手一點點...



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## The Story of lativ

lativ

lativ成立於2007年，每年的營收呈倍數成長，已達新台幣40億元，成為網路平價服飾品牌霸主。lativ的品牌承諾，從推出台灣製造的polo衫開始：「為了讓台灣既存的成衣廠持續運作，推出量大便宜的產品，維持產線的運作...使用的布料、生產製程與國際品牌是完全一樣的」



車縫

車縫師傅一針一線將布料拼縫起來，精確的細節不僅需要技術也考驗著這些老師傅們的耐力及眼力。



修剪線頭

成衣廠有許多像這樣的長者，平時跟著老花眼鏡專注的修剪衣服上多餘線頭。年紀大了難免會有疏漏，給您收到的衣服有不明顯的小線頭，請您多多包涵！

這樣的長者還在為提供給大眾好的衣服在默默的工作



整熨

整燙師傅動作熟練的快速來回熨燙，看著旁邊整燙好的的衣服每每經過這裡都讓人相當感動。

這位老師傅也是一樣，lativ給這些長者工作的機會

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## The Strategy and the Crisis

2012年初，lativ表示產能不足，為了繼續滿足「品質好和便宜」的承諾，必須把生產線拉到海外。接著主張「品質」才是lativ創始至今的核心價值，並移除網站上的產地標示。

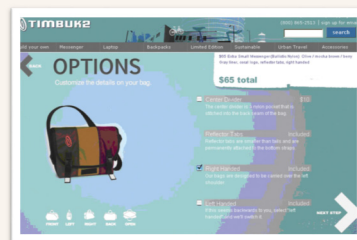
網路掀起了抵制風潮，輿論認為lativ當初以「為台灣成衣業留下一條生路」為訴求起家，現在卻以台灣產能不足，而將製造外移，lativ在消費者心目中的地位再也無法回復了。



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## The Tao of Timbuk2

- Indestructible bags that are worn daily for a decade.
- Each bag is custom designed.
- Deliver directly to the customer in only two days.
- Timbuk2如果保持現狀，高成本將迫使它喪失整個中低價市場。
- Timbuk2如果將生產線外移，缺乏原有特色將削弱它在高價市場的競爭力



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## Operation Decisions vs. Strategy

Operation Decisions	Affect
Product and service design	Costs, quality, liability and environmental
Capacity	Cost structure, flexibility
Process selection and layout	Costs, flexibility, skill level, capacity
Work design	Quality of work life, employee safety, productivity
Location	Costs, visibility
Quality	Ability to meet or exceed customer expectations
Inventory	Costs, shortages
Maintenance	Costs, equipment reliability, productivity
Scheduling	Flexibility, efficiency

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## Competitiveness Supported by Operations

**Low price** Standardized work, material, and inventory requirements. Maximum use of resources

**High quality** Higher cost for product and service design, and process design, and more emphasis on supplier quality.

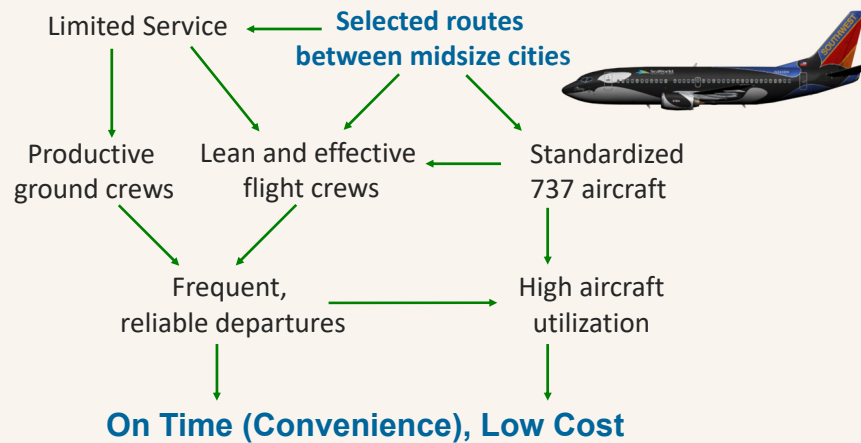
**Quick response** Extra capacity, and higher levels of some inventory items.

**Newness/innovation** Entails large investment in R&D

**Product or service variety** Requires high variation in resource; higher worker skills needed, inventory management more complex; and matching supply to demand more difficult.

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## Southwest Airlines 以作業能力實現策略目標



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## Strategic Service Vision

### Target Market Segment

Who is our intended customer?

### Service Concept

What are the most important elements of our service from the customer's perspective

### Operating Strategy

How will we differentiate ourselves from our competitors?

### Service Delivery System

How will we provide this differentiated service?

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## Service Vision of Southwest



Service Delivery System	Operating Strategy	Service Concept	Target Market Segment
			<ul style="list-style-type: none"> <li>• State of Texas residents</li> <li>• Business traveler who drives because of inadequate service</li> <li>• Inexpensive family travel on weekends</li> </ul>

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## The Alamo Drafthouse



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## Case Questions

- Identify the target market.
- Define the service concept.
- What is the operating strategy?
- Describe the service delivery system.



## Measuring Performance

- Key Performance Indicators link to operation strategy/competitive dimensions and spot the need for changes in operations
- 主要客戶重視甚麼？
- 企業生存關鍵是甚麼？客戶不一定重視
- 將訓練與績效結合，將績效與獎懲結合



## What Should We Measure?

- Cost: 總成本、單位成本、員工生產力、設備使用率
- Time: 訂單周期時間、交期表現、顧客等候時間
- Quality: 產品維修率、顧客流失率、資料正確率
- Flexibility: product mix, 每年的新產品/服務的種類
- Service: 顧客滿意度、缺貨率、服務頻率

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## A Good Measure Should Be

**Specific.** Objectives should specify what they want to achieve.  
Are they clear and unambiguous?

**Measurable.** Can we put a value on the KPI? Eg How much,  
how long, how many?

**Achievable.** Are the targets you set achievable and attainable?

**Relevant.** Are the measures relevant to the overall goal and  
strategy of the company?

**Timely.** Are the timescales realistic and how often do you  
measure?

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## Performance: a relative measure

□  $\text{Productivity} = \frac{\text{Output}}{\text{Input}}$

□  $\text{efficiency} \neq \text{effectiveness} \neq \text{productivity}$

□  $\text{Need Comparison } \frac{P_1 - P_0}{P_0} \times 100$



□ 本公司全年的碳排放量從2015年的1200萬噸降至2016年的1120萬噸，可見本公司在節能減碳上的成果顯著

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## How to Calculate Productivity

- Total measure

$$\frac{\text{number of products}}{\text{Labor(\$)} + \text{Materials(\$)} + \text{Energy(\$)} + \text{Overhead(\$)} + \dots}$$

$$\frac{\text{Value of all products (\$)}}{\text{Labor(\$)} + \text{Materials(\$)} + \text{Energy(\$)} + \text{Overhead(\$)} + \dots}$$

- Partial measures

$$\frac{\text{Output}}{\text{Labor}} \text{ or } \frac{\text{Output}}{\text{Capital}} \text{ or } \frac{\text{Output}}{\text{Machine}}$$

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## iPhone 7 成本價出爐？

CNN Money針對iPhone 7 做出了成本估算，其中各主要部件的成本價分別為：

螢幕：37 美元  
電池：4 美元  
相機模組：26 美元  
邏輯板：74 美元  
揚聲器：11.5 美元  
機殼：22 美元



其他部件部分，大約是 117.5 美元，因此加總起來一台 128GB 的 iPhone 7 成本價約為 292 美元，以官方售價 750 美元來看，收益為 458 美元。

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## Lessons Learned

- What are important to customers? What are order winners?
- Competitiveness來自產品設計、系統設計、人員訓練、作業管理、顧客服務等，並由市場評量
- lativ vs. Timbuk2
- Competitiveness是相對的，沒有永遠的優勢
- Competitiveness將反映在各種績效指標

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