

Strategic Management - The Competitive Edge

Prof. R. Srinivasan

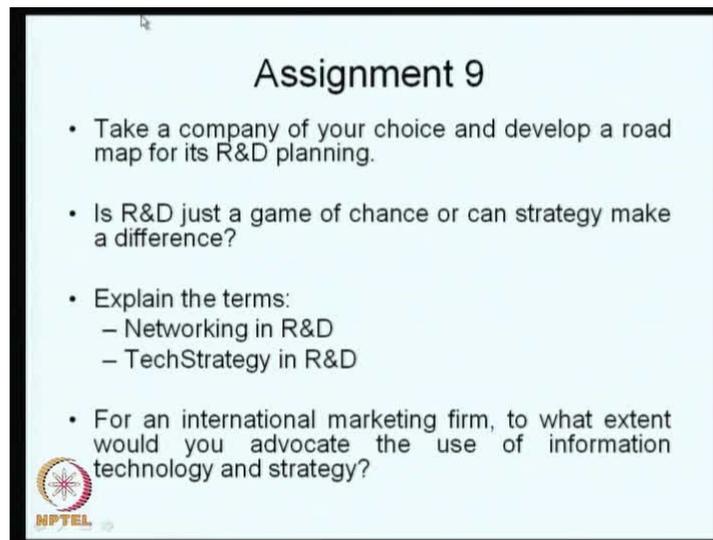
Department of Management Studies

Indian Institute of Science, Bangalore

Lecture No. # 34

Small and Medium Enterprises

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Assignment 9

- Take a company of your choice and develop a road map for its R&D planning.
- Is R&D just a game of chance or can strategy make a difference?
- Explain the terms:
 - Networking in R&D
 - TechStrategy in R&D
- For an international marketing firm, to what extent would you advocate the use of information technology and strategy?



Welcome to this class. Before we go further, I would like you to attempt two more assignments on what we have covered recently. This will be your assignment 9 and there will be one more assignment which will follow, that will be assignment number 10. These are the types of questions I would like you to attempt. This is on the R and D and strategy which we discussed in such great length. So, what I wanted to look at is, take a company of your choice, and develop a road map for its R and D planning.

So, as I was discussing in the lectures, R and D is now becoming quite important in the business context. So, companies are looking at R and D, to really help them to stay in the business and also to grow. So, this is what I was trying to tell you in the previous classes. Initially, it looks as the technology is driving the market, but once you put something new into the market, then you have to recognize that market is driving the technology. Market is asking for more and more with respect to product attributes. And when these

attributes are being demanded by the market, the R and D comes into picture to see how it can be incorporated in the design of the product; and then the production departments will follow. This is what I was trying to tell you in the earlier classes. Take a company, any company of your choice, you can take an automobile company or you can take an electronic company, so many changes are taking place in these types of industries or you can take an IT company also, see how you can attend this question.

The second question, I want you to look at is - is R and D just a game of chance or can strategy makes a difference? The earlier notion was, R and D was an additional department in the company. So, the importance given to R and D in the company context to that extent was reduced; it is no longer so.

So, R and D is a part of the main stream; it is as important as the manufacturing department. So, as I use to discuss and as I have already discussed in my earlier classes, R and D has to work in tandem with a marketing, bring the customer feedback and then translate it up to design; all this is assuming new forms - new terminologies. The one terminology which is being greatly used in (()) is the quality function deployment now - QFD for short; this is being used in the form of development of house of quality matrices - matrix 1 2 3 and 4. This is used to come out with new products; **the new** the main idea of using all these techniques is to cut the time to market, that is bring the new product faster into the market. So, **do not take**... the company should not take its own sweet time to come into the market. So, **this is...** R and D is no longer a game of chance and you have to be strategic in R and D. How you can be strategic in R and D? You can take examples and discuss.

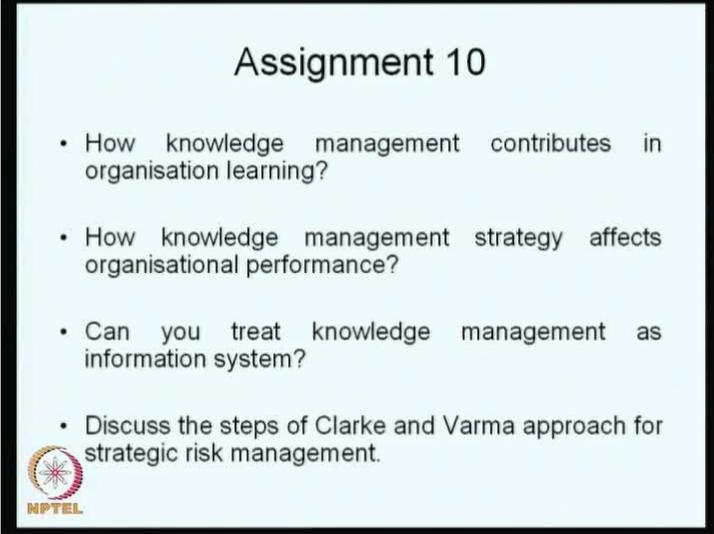
The third question I wanted to look at is, explain the terms networking in R and D and tech strategy in R and D. See, some companies have got certain collaborations with foreign company; some companies have got some collaborations or some team work assignments with other R and D organizations, including universities, labs in universities, and also in the Indian context, labs in the Indian Institute of Science itself or IITs. So, how is this networking going to help these companies? You can take examples, if you take the institute of science itself, you have Bell, you have ISRO, you have HAL, having very close tie-ups with the Indian institute of science.

Similarly, you have BHEL also working very closely with the institute of science. So, you can look at these types of organizations and how they are making use of the R and D facilities, in a place like the Institute of Science; **not necessarily...** you need not necessarily take the Institute of Science, you can take other things also and look answering this question.

The fourth question which I would like you to answer is, for an international marketing firm, to what extent would you advocate the use of information technology and strategy? So, I was discussing in my classes, how this information technology has evolved in organizations. So, initially started as a compilation of reports; so, looking at payrolls, then, providing management with information systems.

So, started as an MIS, then started transforming itself to DSS - that is, the decision support systems - then, further on, as it is right now, you are looking at information technology in the form of strategic information systems; that is, you are looking at this IS as a feed for taking strategic decisions. So, we have discussed number of examples in the classes; so, you can take a few of them and answer this question.

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Assignment 10

- How knowledge management contributes in organisation learning?
- How knowledge management strategy affects organisational performance?
- Can you treat knowledge management as information system?
- Discuss the steps of Clarke and Varma approach for strategic risk management.

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The next assignment which I would like you to answer, this will be your assignment number 10. How knowledge management contributes in organization learning? So, you look at the function of knowledge management; so, we have looked at it. So, we say that, there will be a Chief Knowledge Officer, all those. So, how is the organization learning

in the process? So, this is what is called the learning organization, which we have discussed. So, organization also learns through this knowledge management exercise; so which we have discussed at great length in the classes. So, I would like you to take some examples and attend this question.

The next question which I want you to look at is, how knowledge management strategy affects organizational performance? So, this is where the role of the CKO - the Chief Knowledge Officer or the Knowledge Strategist comes to the fore. So, you have to look at his role in a more focused manner; how he can really contribute to improving the performance of the organization.

Suppose, you want some information on handlings, some aspect of a project, where you get stuck; this Chief Knowledge Officer or this Knowledge Strategist, if you approach him, if he provides you the answer through his knowledge management tools, which he has gathered in the organization, then the performance of the organization radically improves. So, several such instances are visible especially in IT companies, because we are taking large number of projects in different countries, face different types of situations, where this knowledge management is having a vital role to play; and this knowledge management strategy impinges on the performance of the organization.

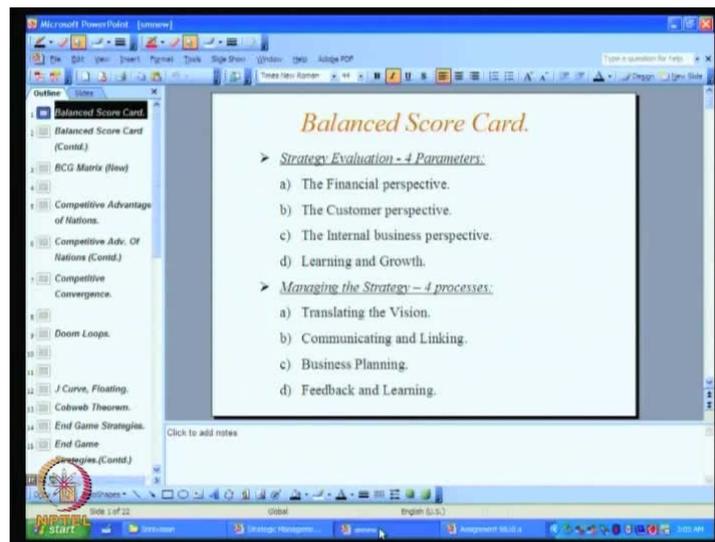
The third question which I would like you to look at is, can you treat knowledge management as information system? So, this questions just asks you, is knowledge management system and information system the same? So, the answer obviously is, it is not really the same. So, the knowledge management has to be managed in a different manner, you have different levels as I pointed out to you. So, you have this Chief Knowledge Officer, all these people coming into play. And they are the people to help you out in knowledge management, which you are not looking at from that angle in the information system side.

Then, I wanted to look at this approach, which we have looked with respect to strategic risk. So, discuss the steps of Clarke and Varma approach for strategic risk management. As I mentioned to you in the classes, in the present day set up organizations - that is, in the present business day landscape - organizations should be willing to take some risk. So, it is not a risk free environment; so, organizations should be willing to take some risks and they have to face the consequences of that risk. So, you can defend yourself to

a certain extent against this risk; and this is what, this Clarke and Varma approach mentions to you. So, just have a look at that, and if you can explain this through different examples, that would be nice.

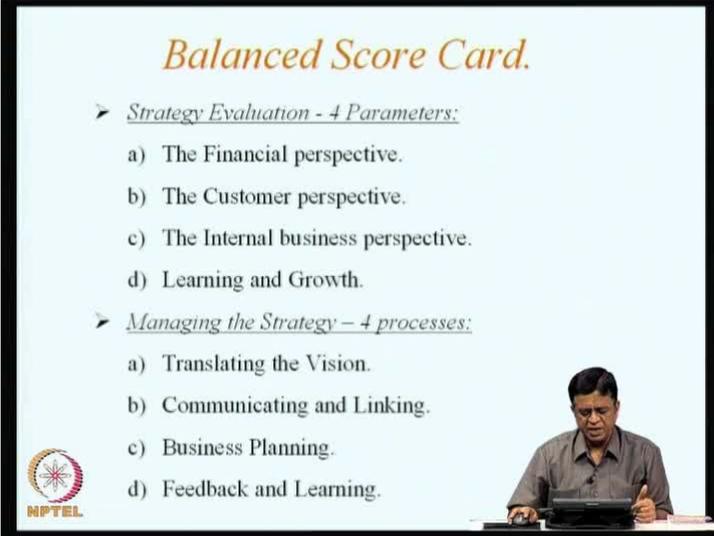
So, these are the two assignments, which I would like you to attempt; then, we continue further. So, when we looked at organizations, we said, we can make use of this balanced score card.

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So, this balanced score card can be used for strategy valuation. So, we can look at four parameters with respect to the organization; that is, the financial perspective, the customer perspective, the internal business perspective, the learning and growth.

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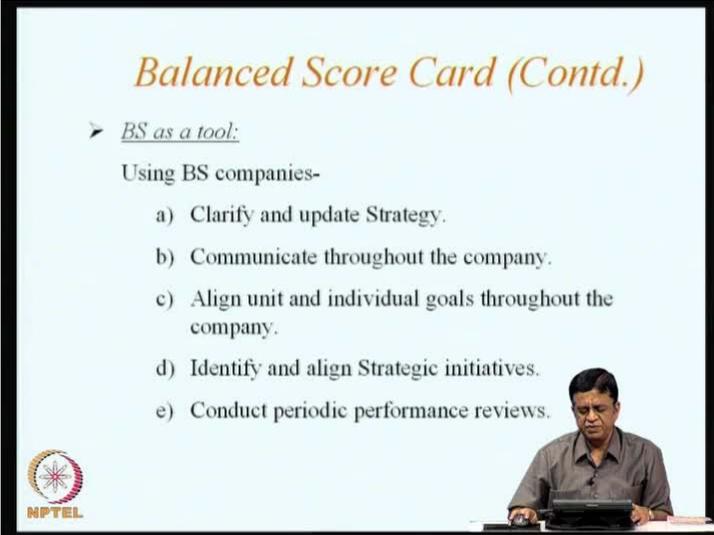
Balanced Score Card.

- Strategy Evaluation - 4 Parameters:
 - a) The Financial perspective.
 - b) The Customer perspective.
 - c) The Internal business perspective.
 - d) Learning and Growth.
- Managing the Strategy – 4 processes:
 - a) Translating the Vision.
 - b) Communicating and Linking.
 - c) Business Planning.
 - d) Feedback and Learning.

So, we said, all these can be used to manage the strategy. Managing the strategy can be through four processes; that is, translating the vision, communicating and linking, then business planning, feedback and learning.

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Balanced Score Card (Contd.)

- BS as a tool:

Using BS companies-

 - a) Clarify and update Strategy.
 - b) Communicate throughout the company.
 - c) Align unit and individual goals throughout the company.
 - d) Identify and align Strategic initiatives.
 - e) Conduct periodic performance reviews.

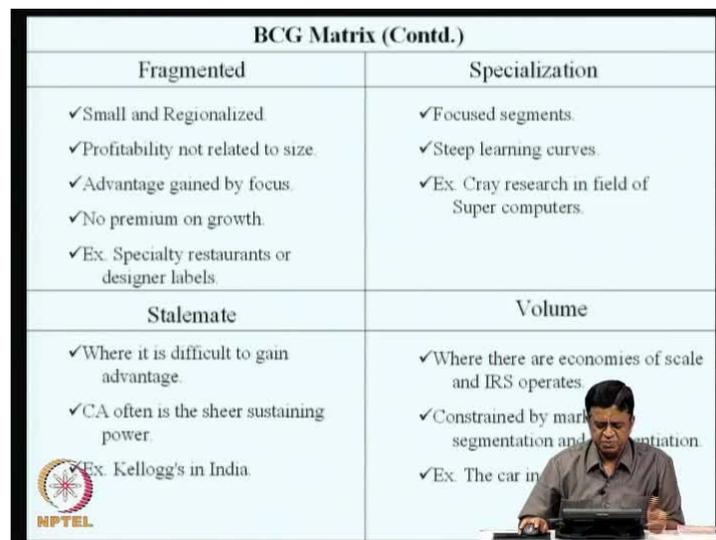
 

Then, we said, we can use BS - that is the Balance Score Card - as a tool to clarify and update strategy, communicate throughout the company, align unit and individual goals throughout the company, identify and align strategic initiatives and then conduct periodic performance reviews.

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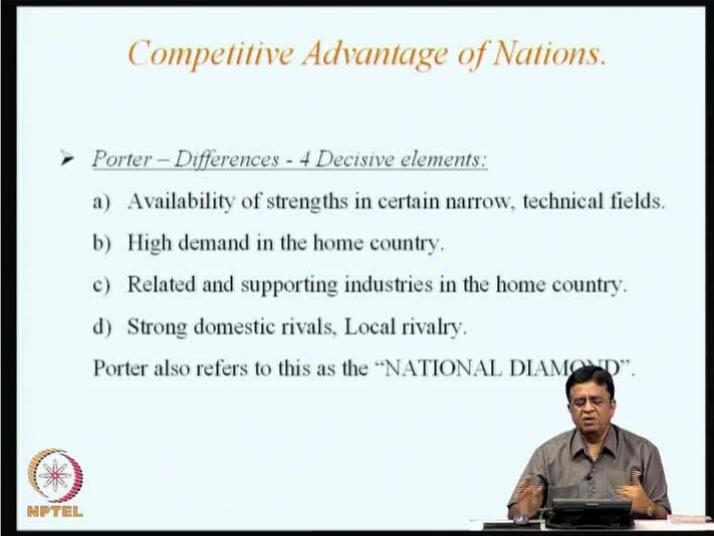


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So, in fact, if you really see the BCG matrix - **new** - is looking at this using some of these tools. So, making of use of this competitive advantage versus the number of approaches. Then, we also discussed - what is meant by fragmented, what is meant by stay specialization, what is meant stalemate, what is meant by volume? We discussed with number of examples.

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Competitive Advantage of Nations.

➤ *Porter – Differences - 4 Decisive elements:*

- a) Availability of strengths in certain narrow, technical fields.
- b) High demand in the home country.
- c) Related and supporting industries in the home country.
- d) Strong domestic rivals, Local rivalry.

Porter also refers to this as the “NATIONAL DIAMOND”.

Now, using all these, we looked at competitive advantage with respect to a company. Now, the question that, one gets exercised in right now; we looked at competitive advantage with respect to a company, is there something called competitive advantage with respect to a nation? Can there be a competitive advantage for a nation? So, this was also being discussed by Porter; he says that, nations also can derive competitive advantage. So, there are four decisive elements, which really differentiate, which can differentiate one nation from the other. What are those four decisive elements? One is the availability of strengths in certain narrow, technical fields.

So, there are some industries or some niche areas, where the expertise is available only in a particular country. So, one of the examples which I have given you, which I can repeat is, the oil wells in Kuwait when they caught fire, the company which can put out these oil fires is in the United States only; it is the only company which can put out this oil fire, but putting out the cost of this oil fire is quite huge.

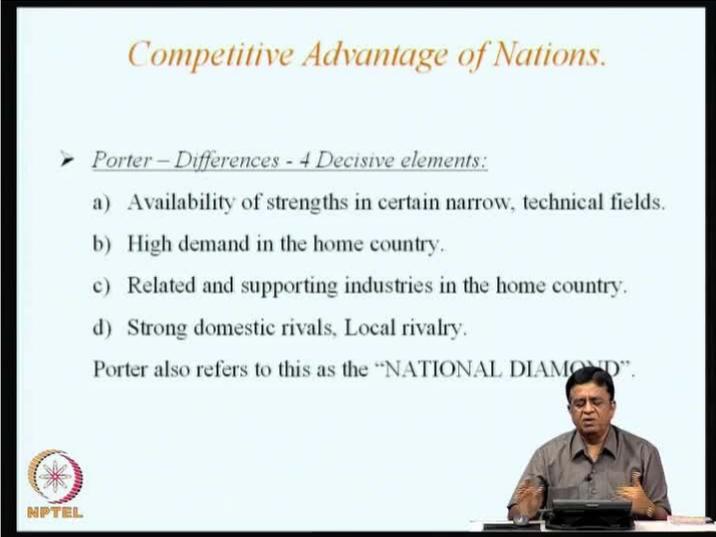
So, the money this company wanted from Kuwait, in fact, was nearly 3 years of their GDP, so which was agreed to after lot of deliberations, discussions, so on. Suppose, you have this type of a strength in a certain narrow, technical field, what will that be called? That will be your niche; it is your niche market strength. This niche market strength many times is capitalized by the United States; it has a niche market strength. Now, where is the niche market strength of the United States which it is capitalizing on? If you

really look at it, it is the nuclear market. So, the nuclear market is giving the United States a terrific advantage - competitive advantage - with respect to other nations.

The second decisive element is high demand in the home country. Suppose, you produce products which are greatly sort after in your own country, then, what is going to happen? You are creating a situation, where the domestic demand itself is very high. So, when the domestic demand is very high, it is very possible the ripple effects will also create international demand. Now, the amount of export that you can do, with respect to that particular product to that extent will be limited, but at the same time, you can derive price advantages due to this high demand market.

Then, the third one is the high demand, that you are experiencing in the domestic market and the ripple effect; then, third decisive element is the related and supporting industries in the home country.

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So, you have a situation with respect to India - what is really the strength of the Indian market? If you look at it, one is the availability of labour which is educated at a lower cost - availability of educated labour at a lower cost compared to other global countries; that is the one, which is making the Indian IT market to score in the global committee of nations.

So, if India is really exporting its services - the IT services or the IT enabled services - this factor is contributing tremendously; this is where the leadership quality is really getting exhibited. So, this is the type of thing which can help a nation.

Then, the fourth one is what is called strong domestic rivals, local rivalry. So, you have a strong competition domestically also. **Let us say you provide an industry...** Let us say an industry-a provides you this talented educated labour at a particular cost, then there may also be other industries in the same nation, which can provide this same educated talented labour even at a lower cost. So, there can be a very strong domestic competition. When there is a very strong domestic competition, there could be a strong local rivalry, but it can also lead to better outputs from the market at a lower cost. So, the cost per unit of the output is likely to come down.

These things - these four decisive elements - Porter refers to as national diamond; so, this is refer to as national diamond by Porter: one is the availability of strengths in certain narrow, technical fields; second is the high demand in the home country; third is the related and supporting industries in the home country; then, fourth is the strong domestic rivals or the local rivalry. Then, all the four put together, if a nation can derive certain edge over other nations through this. Then, it will certainly give it a competitive advantage.

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Competitive Adv. Of Nations (Contd.)

➤ *Generalizations for Strategic management:*

- a) Devaluation is bad for competitiveness.
- b) Relaxing antitrust is bad.
- c) Relaxing product safety and environmental regulation is bad.
- d) Deregulation is good.
- e) Promoting inter-firm cooperation is bad.
- f) Orderly marketing agreements are bad.
- g) Increasing defence contracts are bad.



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Now, what are the lessons through this competitive advantage of nations to strategic management? This is Porter's view, kindly note this. This how Porter looks at it; he says that, devaluation is bad for competitiveness; so, a nation should not devaluates currency too many times or too frequently. It is not going to infuse confidence in the business circles; this is the type of inference that he is trying to drop. When you try to analyze this, this appears quite rational. So, a country should not devalue its currencies frequently. Then, what is the type of inferences you can draw, if this devaluation keeps on happening frequently? Then, one of the things which you can draw is the economy of the country is not in good shape. Because the economy of the country - that particular country - is not in good shape, the other countries are putting pressure to devaluates currency; so that, there were currency will get stronger or will becomes stronger against this currency.

Now, what is the type of situation that will come in? Now, you have what you call again a circular effects which comes in, in order to pay back the loans which this country has taken, it starts approaching the international lending institutions, like the international monitory fund or the world bank, all these types of institutions. Then, what is going to happen? They provide them this credit line - that is, the nation, this nation is provided the credit line - and again this has to be reimbursed back to the lending institution.

So, you are forced to take money from this international lending institutions and your interest rate or the payment, that you are making to that extent will also go up, because your currency is devalued. Now, in this also the stronger nation will benefit, because they have contributed to this setting up of this international lending institutions as well. So, this is how devaluation can affect; it can affect the business landscape, it can also affect the economy of the country, overall, it is not a good thing to have this types of devaluation.

So, if you look at our own country, so if you look at what was the scenario back in - say 80s, 1 US dollar was hovering around 9 to 10 rupees; that is, 1 US dollar was equal to about 9 to 10 rupees. What is the present day comparison? In 2010, if you look at, what is the type of US dollar hovering around? It is hovering around 45 to 47 rupees, right now; you sometimes touching 48 also; it had gone beyond 50 also, an year back or one and half years back; it has now come down to 47-48 that type of setting; so, it is hovering between 46 and 48.

What does that mean? It means there is a 400 percent jump, more than 400 percent jump between the 80 figures and the 2010 figures; that is, in the last 30 years, dollar has strengthened more than 400 times against the Indian rupee. So, you can now imagine all the effects that can come in.

Now, relaxing antitrust is bad. So, what is this relaxing antitrust? So, you are developing many antitrust legislations, so you do not want what you call monopoly competitions, you do not want a single company to become a monopoly.

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So, if you look at the Indian context itself, you had **Mico** - now, it is Bosh - so the this Mico was is the producer of this par plugs, which is used in the automotive industry and its market share was more than 98 percent. So, when it wanted to expand again, the government put a lid saying, that it is already a monopoly industry in this particular product line. So, this is not the good - this thing to go.

So, it was acting like a monopoly; so, this antitrust was again invoked in the United States against this Microsoft Company. So, it was invoked saying that Microsoft is doing certain things, which are not in good taste. So, antitrust legislations were invoked against this company, as you know. So, to that extent relaxing this antitrust is not good, this is the view of Porter. When you analyze it also, it looks to be whole **day**.

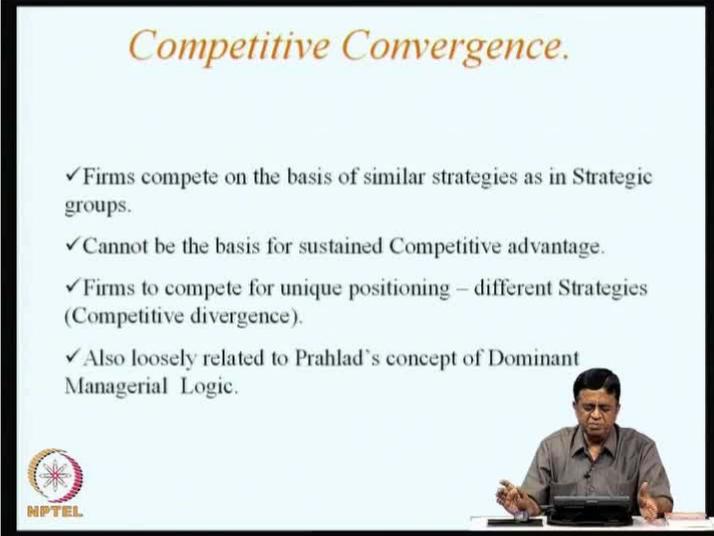
Then, relaxing product safety and environment regulation is bad. This again understandable; you cannot compromise with safety and you cannot compromise with environmental regulations as well; this is going to affect the nation. So, many times some of this air disaster which take place, where some safety regulations have been compromised; **it can not only...** or these types of disasters **are** very dangerous to the travelling public; that is, in fact, killing the almost all the passengers, but it can also put the entire aviation industry itself of the country in poor light. So, this is very understandable; so, you cannot compromise on the product safety or the environmental regulation.

Deregulation is good. When you look at deregulation, what are you trying to do? You had a deregulated market; when it is a deregulated market, you have number of competitors, number of players, you find that the market fixes the price for your product. Earlier, when you are a monopoly player, what was happening? You had a situation where the player was fixing the price; now, it is the market fixing the price to a certain extent, the buyer is getting certain advantages in the scenario.

The next one, promoting inter-firm cooperation is bad. So, what does this mean? What does Porter mean by this? He says, according to him, 2 or 3 firms joining together for certain interest of their own, without competing; so, you have removed the competitive element of the scenario. These firms are trying to promote their own interest, not the interest of the other players. So, this is not a good thing.

Then, orderly marketing agreements are bad. Again the same thing, earlier according to him. And the increasing defense contracts are bad. That is, what it mean? He things that, too much of spending on defense, giving too many contracts with respect to defense are not good for a nation. But if you really see, what is happening? If you take our own country, defined that we are surrounded by neighbors, whose defense expenditure is constantly on the increase. So, in order to defend our country, our expenditure also gets to increase; that is the defense expenditure. So, when this defense expenditure gets to increase, we try to get equipments for defense from different nations. So, this is the type of effects which can follow. But some nations gain by this also, because they supply arms and other equipment to other countries; so a country like the United States gains by this claim.

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Competitive Convergence.

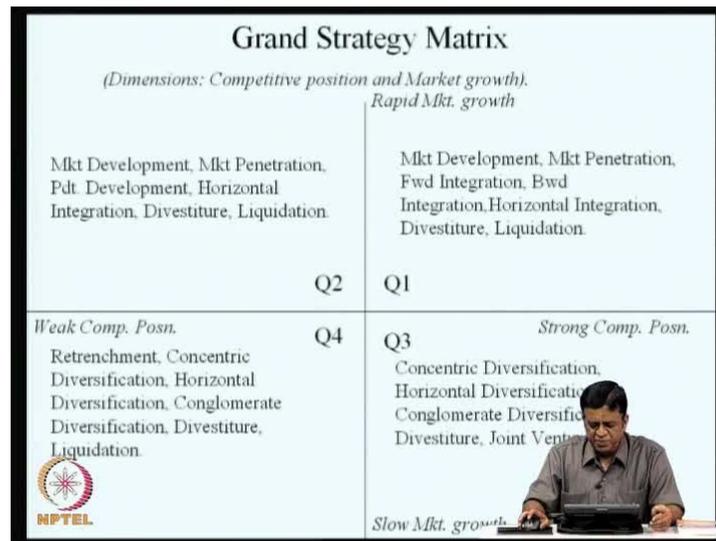
- ✓ Firms compete on the basis of similar strategies as in Strategic groups.
- ✓ Cannot be the basis for sustained Competitive advantage.
- ✓ Firms to compete for unique positioning – different Strategies (Competitive divergence).
- ✓ Also loosely related to Prahalad's concept of Dominant Managerial Logic.

Now, what is this competitive convergence? This is what we said with respect to competitive advantage of nations; earlier, these are the views of Porter. Now, we look at competitive convergence: firms compete on the basis of similar strategies as in strategic groups; cannot be the basis for sustained competitive advantage; so, just by doing this, that is firms competing on the basis of similar strategies, if the firm thinks that it can have sustain competitive advantage, and that can be extended to nations also, it would be wrong.

Firms to compete for unique; what is the answer? Where does the answer lie? The answer lies in firms to compete for unique positioning; that is, you have to look at different strategies or unique positioning of your firms, so that there can be competitive divergence. So, it can help the nations also. So, this was being advocated by Prahalad - the management guru from our side - in his concept of dominant managerial logic. So, just passed away this year, very well-known strategic thinker, he was advocating this concept of dominant managerial logic. In this logic, you look at the unique positioning with respect to a firm.

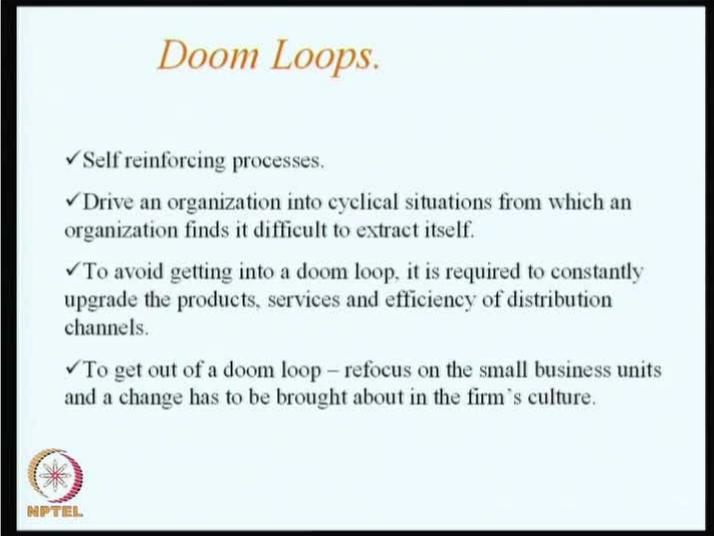
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So, now, all these gives you to look at strategy in a different way. You can look at strategy in what is called a grand strategy matrix. There the dimensions can be competitive position and market growth; and you can look at a weak competitive position to a strong competitive position, from a slow market growth to a rapid market growth.

So, you have your four quadrants; here, Q1 Q2 Q3 and Q4. In Q1, you have the market development, market penetration, forward integration, backward integration, horizontal integration, divestiture and liquidation. Then, in Q 2, you have a market development, market penetration, product development, horizontal integration, then divestiture, and then liquidation. Then, the weak competitive position - look the Q 3 looks at concentrate diversification, horizontal diversification, conglomerate diversification, then the divestiture and joint ventures. Then the Q 4 looks at weak competitive position, where you have retrenchment, concentric diversification, horizontal diversification, conglomerate diversification, divestiture and liquidation.

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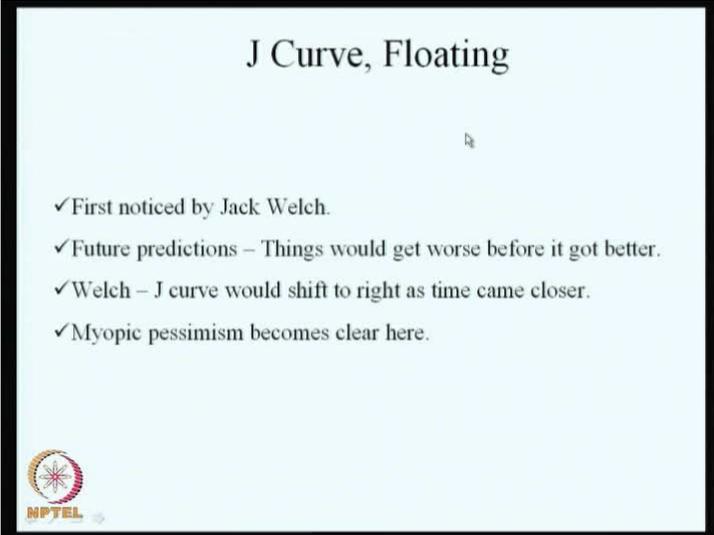
Doom Loops.

- ✓ Self reinforcing processes.
- ✓ Drive an organization into cyclical situations from which an organization finds it difficult to extract itself.
- ✓ To avoid getting into a doom loop, it is required to constantly upgrade the products, services and efficiency of distribution channels.
- ✓ To get out of a doom loop – refocus on the small business units and a change has to be brought about in the firm's culture.

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So, we have discussed all these points, when we looked at diversification. So, the country can also derived advantage by the firms competitive positioning as well. So, this is where these strategies can be helpful for the companies as well.

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J Curve, Floating

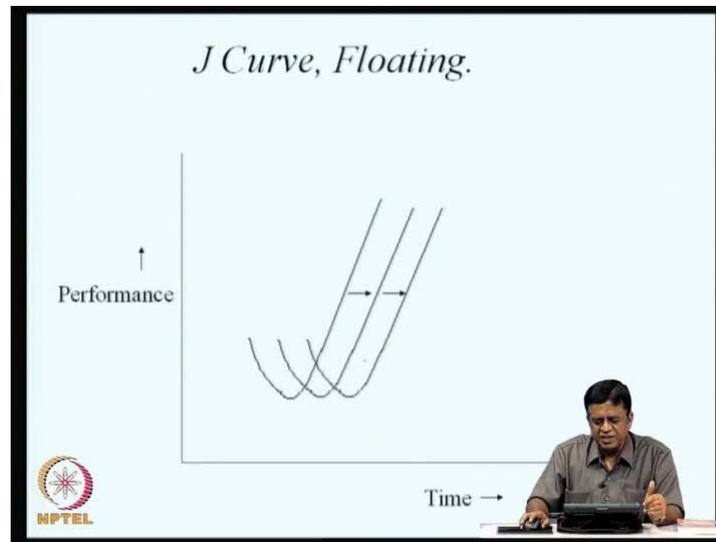
- ✓ First noticed by Jack Welch.
- ✓ Future predictions – Things would get worse before it got better.
- ✓ Welch – J curve would shift to right as time came closer.
- ✓ Myopic pessimism becomes clear here.

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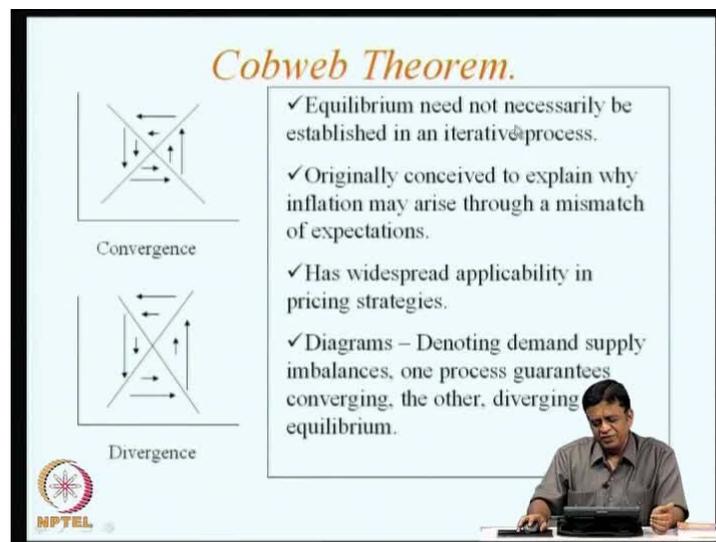
The only thing which **the country**, the company should avoid is, to get into doom loops which we have discussed. So, this is many people have cautioned countries, which are in this technology business.

So, they have kept on cautioning them, that technology is changing or likely to change fast. So, one such person was this Jack Welch; so, he noticed what is called the J curve - so this J curve would give some future predictions. So, what is the type of future predictions, this J curve might give? According to Welch, the J curve would shift to right has time came closure. So, a Myopic pessimism becomes clear here.

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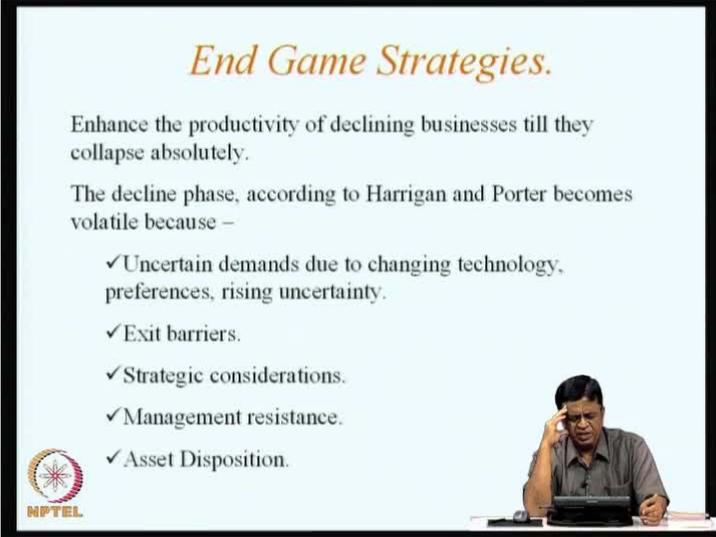


How does the J curve look like? The floating J curve, when you start looking at the performance versus the time, the J curve if you can see is shifting towards the right. So,

there are other theorems which I have also coming now, this something called a Cobweb theorem. What is this Cobweb theorem, which we discussed, we looked at convergence and divergence. So, this Cobweb theorem looks at convergence and divergence in this manner; that is, equilibrium need not necessarily be established in an iterative process. Originally conceived to explain why inflation may arise through a mismatch of expectations. Now, what is the present scenario? If you look at the present scenario, the present scenario is where you keep on looking at pricing. So, you keep on looking at pricing, you keep on applying the what you call the game theoretic solutions also, for pricing in different market scenarios; so, all this is looking at the market through this Cobweb theorem. So, you have that top theorem where you are converging - the top diagram where you are converging, you have the bottom diagram where you are diverging.

So, the diagrams where you are really converging or denoting demand supply imbalances, one process guarantees converging and the other diverging or disequilibrium.

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End Game Strategies.

Enhance the productivity of declining businesses till they collapse absolutely.

The decline phase, according to Harrigan and Porter becomes volatile because –

- ✓ Uncertain demands due to changing technology, preferences, rising uncertainty.
- ✓ Exit barriers.
- ✓ Strategic considerations.
- ✓ Management resistance.
- ✓ Asset Disposition.

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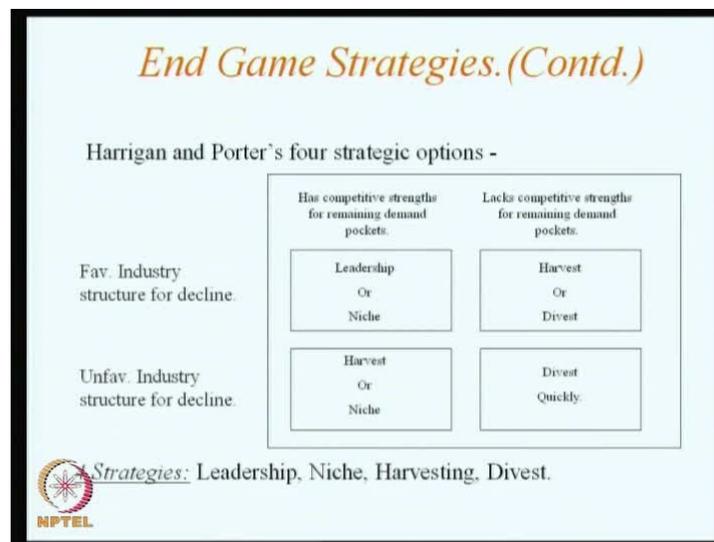
So, this is what is happening on the Cobweb theorem. Then, all these leads you to thinking, suppose, a company when it goes through all these is not able to really pull along finds itself in real hot waters, what should it do? For that also, some suggestions

are made; that is, these are called end game strategies. That is, your business is declining, you are thinking the business may collapse, all these types of things.

Now, what should such a company or a business do? So, this end game strategies help in enhancing the productivity of declining businesses till they collapse absolutely, given by these two people Harrigan and Porter. The decline phase according to Harrigan and Porter becomes volatile, because uncertain demands due to changing technology, preferences, and rising uncertainty, then the exit barriers, the strategic considerations, the management resistance, then the pressure to dispose of the assets.

So, you have uncertain demands on your technology, then your exit barriers not allowing you to exit so smoothly. Then, the strategic consideration, suppose, you exit align what is the impact that it will have other lines? Then, what is the type of resistance the management might offer? So, might get from its other labour forces or other quarters. Then, how do you dispose of the assets of this firm? Suppose, you have to say this companies business is declining, let me salvage, **let me** whatever is possible.

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So, these two people have given what is called strategic options. They, according to them, four strategic options are possible. Suppose, let us say, you have a favorable industry structure for decline. **An unfavorable**, they are going to looking at it for a favorable industry structure or an unfavorable industry structure. Now, with respected industry,

they are saving has competitive advantage for remaining demand pockets, lacks competitive strengths for remaining demand pockets.

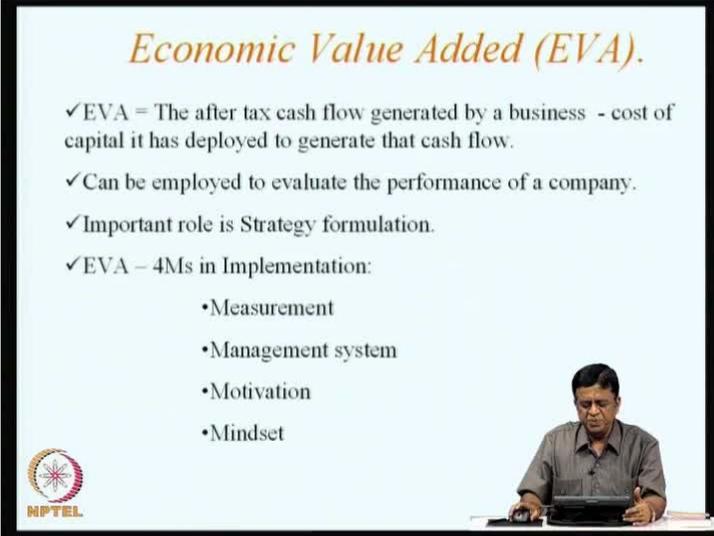
So, suppose like industry has certain strengths which it can capitalize in certain demand pockets, then still they advocate, look at leadership, Niche, harvesting or divesting, considering wherever you are with respect to these options. That is suppose, you have certain strengths in certain demand pockets and you have a favorable industry structure, you can still take the leadership and get better salvage value for your particular products or product line, before you exit the scenario.

So, the last one is where you have an unfavorable industry structure and you also do not have competitive strength in that particular demand in that pockets, then in such a scenario, you must divest quickly, so that at least you get whatever is perhaps possible.

So, the first one position which you which is being said is, see, the suppose you have a favorable industry structure for decline, but you lack competitive strength - that is the business units lack competitive strength - then, two options are given: harvest or divest; that is, harvest to make some good salvage value; divest to make whatever is possible.

Similarly, if you have an unfavorable industry structure for decline, but you are having competitive strength in the demand pockets, then again you can look at it for harvesting or creating a niche strategy, to get whatever good salvage value that is possible from the this thing.

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Economic Value Added (EVA).

- ✓ EVA = The after tax cash flow generated by a business - cost of capital it has deployed to generate that cash flow.
- ✓ Can be employed to evaluate the performance of a company.
- ✓ Important role is Strategy formulation.
- ✓ EVA – 4Ms in Implementation:
 - Measurement
 - Management system
 - Motivation
 - Mindset

So, all these brings you to some terminologies which are being used right now in the business scenario. The businesses use what is called the Economic Value Added - they call it by the name EVA. What is this Economic Value Added? The Economic Value Added stands for the after tax flow generated by a business; that is, the cost of capital, **it has deployed** after tax flow generated by a business minus the cost of capital it has deployed to generated that cash flow.

So, how much money you have really used up to generate certain money from the business? So, it can be employed to evaluate the performance of the company. So, you many times you just wonder what is this after tax cash flow. So, whatever is due to the tax, you deduct all that; that is the cash flow, that is available, that is generated by the business.

Now, you take the cost of capital, that you have invested to generate that cash flow. Find out where you are, that will be the economic value added. Suppose, you find that your 100 rupees has generated 2 rupees let us say, then the question that one can reasonably ask, a hypothetical figure which I am trying to give is - was so much effort required to generate these two rupees? So, which the company has to answer or has to give plausible answers to this type of a situation, because there are other investment opportunities where the company need not have exhorted so much, but could have got a better return.

So, can be employed to evaluate the performance of a company, can be having a very important role in strategy formulation, we look at EVA in terms of 4Ms: one is measurement, second is the management system, third is the motivation, and fourth is the mind set.

So, this is where the top management can be really helpful in getting a better EVA for its product. So, all this is looking at the same things which we looked at earlier also; we are looking at all these things to see whether through the firms, a nation can also derive competitive advantage; that is, through better performance of the firms, a nation can derived competitive advantage. The answer obviously is by better performance of your industries, a country can also derive or can also have competitive advantage.

We stop here, we continue in the next class.

Thank you.