

External Analysis

CEA

Industry Growth Rate	9
Ease of entry of new firms	8
Intensity of competition	6
Product substitutability	8
Dependency on supporting products	6
Customer bargaining power	7
Vendor bargaining power	5
Technological sophistication	8
Rate of innovation in industry	9
Industry management capabilities	3
Average	6.9

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IAA	
Growth Potential	9
Ease of entry of new firms	3
Ease of exit	8

Market Diversity	8
Profitability	5
Vulnerability	4
Concentration	7
Product Sales	6
Specialization	5
Brand Identification	6
Distribution	7
Price Policy	4
Cost Position	4
Service	8
Technology	7
Integration	7
Average	6.125
Score	98

Score the following factors on a scale of 1 to 10

Factors related to Environmental Stability

	Score	
Product substitutability	2	Use CEA Score
Price elasticity of demand	2	If elasticity is high score low
Intensity of competition	3	Use CEA Score
Dependency on supporting products	4	Use CEA Score
Governmental regulations	3	If regulations have a negative impact score low
Capital market access	8	High access = high score, low access = low score
Barriers to entry into market	5	Use 10 - CEA score
Industry management capabilities	6	Use 10 - CEA score
Rate of innovation in industry	5	Use CEA score
Demand variability	4	If highly cyclical or variable then score low
Overall environmental vulnerability	9	Social, political aspects of the environment (take into account)
Customer bargaining power	4	Use CEA Score

Factors related to Industry Strength

	Score	
Industry Growth Rate	7	Use CEA Score
Entry of new firms	6	If many firms are entering or have entered the industry then score low
Dependency on supporting products	7	Use CEA Score
Technological sophistication	8	Use CEA Score
Vendor bargaining power	7	Use CEA Score
Capital intensity	8	High capital intensity then high score
Life cycle affects	8	Intro = 1-4, growth = 3 - 10, maturity = 6-9, decline = 1-4
Normalized cost structure/profitability in industry	6	Unstable cost structure + poor profitability = low score
Financial stability of top 20% of competitors	8	Strong then score high, weak then score low
Industry productivity/capacity utilization	8	High = high, low = low
Average industry resource utilization	8	High = high, low = low

Factors determining financial strength

	Score	
Ability to sustain effort in cyclic demand	8	Each factor must be considered with respect to industry
Stability of costs	3	Use CCP data / 10, compare to industry leader
Corporate capital structure	6	Calculated and compared to industry
Ability to compete on prices	4	Use CCP data / 10, compare to industry leader
Degree of leverage, financial stability	2	Use CCP data / 10, compare to industry leader
Liquidity, available internal funds	3	Use CCP data / 10, compare to industry leader
Profitability, return on investment	3	Use CCP data / 10, compare to industry leader
Ease of exit from the market	1	Use CCP data / 10, compare to industry leader
Interest coverage	3	Calculated and compared to industry
Access to capital when required	2	Use CCP data / 10, compare to industry leader
Average collection period	3	Calculated and compared to industry

Factors determining competitive advantage

	Score	
Ability to take advantage of Growth potential	8.1	Each factor must be considered with respect to industry
Vulnerability	8.1	Use IAA score compared to competition
Product/brand recognition or identity	8.1	Use vulnerability map to determine, compare to industry
Management capability	8.1	Use IAA score, compare with competition
Brand loyalty	8.1	Use CCP data if competition data not available
Competitive capacity	8.1	Use CCP data if competition data not available
Technical capability	8.1	Use CCP data if competition data not available
Product life cycle effect	7	Determine from life cycle analysis by comparing to industry
IFE indicator	7.55	IFE number X 2.5 compared to competition
Integration	7	Use IAA score compared to competition

w, positive or no impact score high.
core.

ibacco industry would score low)

in score high.

cline = 6-0
w, Highly stable cost structure + profits = high

to the competition.

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ng with industry and competition

Strategic Position and Action Evaluation (SPACE) With Your Numbers

Factors determining competitive advantage:		Factors determining environmental stability:	
Ability to take advantage of Growth potential	4.86	Product substitutability	1.2
Vulnerability	4.86	Price elasticity of demand	1.2
Product/brand recognition or identity	4.86	Intensity of competition	1.8
Management capability	4.86	Dependency on supporting products	2.4
Brand loyalty	4.86	Governmental regulations	1.8
Competitive capacity	4.86	Capital market access	4.8
Technical capability	4.86	Barriers to entry into market	3
Product life cycle effect	4.2	Industry management capabilities	3.6
IFE indicator	4.53	Rate of innovation in industry	3
Integration	4.2	Demand variability	2.4
		Overall environmental vulnerability	5.4
		Customer bargaining power	2.4
Total:	46.95	Total:	30.6
Average:	4.7	Average:	2.8
Average - 6 =	-1.3	Average - 6 =	-3.25

Factors determining industry strength:		Factors determining financial strength:	
Industry Growth Rate	4.2	Ability to sustain effort in cyclic demand	4.8
Entry of new firms	3.6	Stability of costs	1.8
Dependency on supporting products	4.2	Corporate capital structure	3.6
Technological sophistication	4.8	Ability to compete on prices	2.4
Vendor bargaining power	4.2	Degree of leverage, financial stability	1.2
Capital intensity	4.8	Liquidity, available internal funds	1.8
Life cycle affects	4.8	Profitability, return on investment	1.8
Normalized cost structure/profitability in indus	3.6	Ease of exit from the market	0.6
Financial stability of top 20% of competitors	4.8	Interest coverage	1.8
Industry productivity/capacity utilization	4.8	Access to capital when required	1.2
Average industry resource utilization	4.8	Average collection period	1.8
Total:	48.6	Total	22.8
Average:	4.418182	Average	2.07

	X	Y	
Factors determining financial strength:	0	2.1	
Factors determining industry strength:	4.42	0	
Factors determining environmental stability:	0	-3.25	
Factors determining competitive advantage:	-1.3	0	
Factors determining financial strength:	0	2.1	
	0	0	
	3.1	-1.2	
Final combined placement is at:	3.11,-1.18		3.326334 1.803787
	0	0	
Final generic vector ends at:	5.61	-2.12847	



