Competitive Advantage: Creating And Sustaining Superior Performance

Michael E. Porter
Synopsis

The essential complement to the pathbreaking book Competitive Strategy, Michael E. Porter’s Competitive Advantage explores the underpinnings of competitive advantage in the individual firm. Competitive Advantage introduces a whole new way of understanding what a firm does. Porter’s groundbreaking concept of the value chain disaggregates a company into "activities," or the discrete functions or processes that represent the elemental building blocks of competitive advantage. Now an essential part of international business thinking, Competitive Advantage takes strategy from broad vision to an internally consistent configuration of activities. Its powerful framework provides the tools to understand the drivers of cost and a company’s relative cost position. Porter’s value chain enables managers to isolate the underlying sources of buyer value that will command a premium price, and the reasons why one product or service substitutes for another. He shows how competitive advantage lies not only in activities themselves but in the way activities relate to each other, to supplier activities, and to customer activities. Competitive Advantage also provides for the first time the tools to strategically segment an industry and rigorously assess the competitive logic of diversification. That the phrases "competitive advantage" and "sustainable competitive advantage" have become commonplace is testimony to the power of Porter’s ideas. Competitive Advantage has guided countless companies, business school students, and scholars in understanding the roots of competition. Porter’s work captures the extraordinary complexity of competition in a way that makes strategy both concrete and actionable.

Book Information

Hardcover: 592 pages
Publisher: Free Press; 1 edition (June 1, 1998)
Language: English
ISBN-10: 0684841460
Product Dimensions: 6.1 x 1.8 x 9.2 inches
Shipping Weight: 1.9 pounds (View shipping rates and policies)
Average Customer Review: 4.5 out of 5 stars (See all reviews) (81 customer reviews)
Best Sellers Rank: #24,407 in Books (See Top 100 in Books) #6 in Business & Finance > Economics > Economic Theory #21 in Business & Money > Management & Leadership > Information Management #28 in Business & Money > Management & Leadership > Management Science
Customer Reviews

Michael Porter is the founding father for strategies in a competitive context. This pioneering book represents some of his best thoughts on business and corporate strategy. Chapter 1 is a summary of his first landmark book - "Competitive Strategy". So if you just want to buy one of his bestsellers, then buy "Competitive Advantage". The book's most important contribution is the concept of the VALUE CHAIN. Today, you won't find an MBA who doesn't know this idea. This book gives you all the details on the value chain. And it even tells you exactly how the value chain is translated into his two generic strategies: Cost Leadership and Differentiation. Most strategy books devote a separate chapter to this idea. If you want to get a more than a superficial understanding of the value chain, you simply have to read Porter's book. This book also gets to the core of how synergies are created and when diversification might work. Curiously, Porter chooses the term interrelationships for synergies (you know, a term for a nice idea that rarely occurred in practice...). Being a business development manager, I have strategic thinking as part of my key areas. This book is still a reference guide for me. Obviously though, Porter's views cannot stand-alone. If you're looking for critical views on Porter's ideas, then consider buying Hamel & Prahalad's "Competing for the Future" (1994) or Kim & Mauborgne's "Blue Ocean Strategy" (2005). Beware: You have to read Porter's Harvard Business review article "What is Strategy" from 1996, if you want his own response to the critics. Warning: You cannot work seriously with strategy without having understood Michael Porter's core concepts.

This is the second of the classic volumes by Michael Porter. The first was Competitive Strategy and it outlined the general methods and industry analysis. This volume, Competitive Advantage, is more complex and offers methods for understanding what a firm is and does and how it creates value. We all know the term value-chain; it was introduced here. The complexity comes from trying to define firms when no two businesses (firms) are alike. Then add to that considerations about how do these firms compete with each other, to what degree, and in which ways? The book is 15 chapters grouped in four parts. The four parts are: 1) Principles of Competitive Advantage, 2) Competitive Scope Within an Industry, 3) Corporate Strategy and Competitive Advantage, 4) Implications for Offensive and Defensive Competitive Strategy. Chapter 15 is entitled "Attacking an Industry Leader". This is the culmination of the book and lets you know that it does have a practical focus. Of course, as a more practical book of theory (seems like an oxymoron, doesn't it?), it cannot discuss every situation or approach. Nevertheless, this is an important book. It not only deserves a place on every businessperson's shelf, it rewards careful reading and re-reading. This is the second of the classic
volumes by Michael Porter. The first was Competitive Strategy and it outlined the general methods and industry analysis. This volume, Competitive Advantage, is more complex and offers methods for understanding what a firm is and does and how it creates value. We all know the term value-chain; it was introduced here. The complexity comes from trying to define firms when no two businesses (firms) are alike.

Download to continue reading...


Dmca