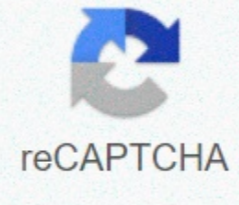




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Product life cycle examples 2015-2019

Some people are constantly talking about the downsides of borrowing money, but understanding credit and loans is critical for those who want to make home investments and other large purchases. In fact, knowing the life cycle of the loan and how to get the most out of different types of loans can give you purchasing power in achieving your ambitions. There is a lot for the borrower to understand before making an appointment with the loan officer. Regardless of the type of loan coming out of it, there are five basic steps for each loan cycle. And so it starts - the search for credit - but before the borrower comes forward, they must shop. Sometimes, sticking to your firm bank is smart because it builds your relationship with them, which is more useful than you might think. This is especially true in getting approved, because they know your spending history. And on things like a mortgage on a \$300,000 home, an additional percentage here or there may add up to thousands of dollars. Meet a loan officer or study the terms to clarify whether it is possible to obtain a loan. If not, the loan officer may be able to propose alternative solutions to the borrower. Once you start the application, it's a simple process involving a credit check. You'll need recent payment heels, maybe a letter from the employer and maybe two years of income tax files, W2s and 1099s. Knowing what is required and getting organized, because it doesn't just save trouble, it makes you look like a better prospect. A credit check will be performed. They may contact their employer. The borrower may receive full approval immediately or may be conditional on the basis of further supporting documentation. Or, something less or less can be rejected or offered than they had hoped to get. Getting full approval usually comes to get all the correct documents in the system before applying (and meet borrowing requirements, of course). Once approved, there will be a signing contract with the advance payment schedule. The condition of the loan may be to buy loan insurance, which ensures that the lender gets paid should calamities or diseases that be resolved by you. This insurance can be prohibitive, so make sure you understand what you agree to, and remember you can always go somewhere else or reject the terms/loan at this point instead. Not all lenders require insurance, and some do not make it available at reasonable prices, in which case it can be a good choice. Hey, you've succeeded and got your loan depending on your loan purposes and how to pay the money varies. To get a car loan, the money may go directly to the trader. Or maybe you're looking for a car that hasn't been decided yet, in which case you may deposit cash into your account to spend when it is ready. On a debt consolidation loan, the lender Of all the bills covered by the loan - everything from your electricity bill to your car loan, if that's what your intention was - then you'll have a zero balance on all that debt (until the next billing cycle, anyway) and then you'll start payments. Ask the lender earlier in the process how it will be disbursed, if you are unsure. Typically, an automatic monthly payment is set up for the payment schedule. It can be possible every two weeks, even weekly, for things like mortgages, and those who are eligible should be considered, as studies show these loans tend to pay faster and incur lower interest. Check the fine printed before paying things early, and some lenders will punish this. If you are already able to pay things early, be careful to determine you want the lump sum payments credited with the capital of the loan, that is, the amount you borrowed, not against capital plus interest. Once you are yellowing in the final payment, be sure to contact your lending institution to see if there are any hidden loopholes or interest amounts you may not have expected. There are strange horror stories from those who thought they had paid a loan, only to get burned by not realizing the terms of payment. Student loans are disbursed before the start of the study, and they are then granted a grace period of six months after the end of the education period. After that, it's an estimated 10 years of repayment. A misconception is that a loan cannot be repaid until the grace period expires, but smart borrowers will make fixed and small payments against the principal of the loan throughout their education, which can save them a lot for long-term interest. Read about the struggles many face in paying off student loans before you take one, and just borrow what you need; it's not free money and student loan forgiveness is much harder than most students. There are different types of personal loans, then more than a dozen types of commercial loans, each with its pros and cons. With personal loans, most of them have higher costs or associated risks. Groucho Marx was famous for his sarcasm, refusing to join any club that would make me a member, and the same can be said about accepting loans from certain sources, such as payday loans, because the terms are so stacked in favour of the lender. It's a warning scenario, so let the buyer warn. Unsecured loans are personal loans that can be taken without having to use anything as collateral. Interest rates may be higher, because the lending organization perceives the risk to be higher. Student loans fall into this category. Secured loans either need a co-sign or a guarantee in case the borrower must default on their payments. Lenders feel more secure about this type of loan loan, so tend to have lower fees and However, the risk lies with the borrower, as the missed payments mean that the financial guarantee is taken by the bank, regardless of the amount remaining on the loan. Alibaba's credit lines can be revolving of money, at the borrower's discretion, with an interest in what is used until it is repaid. Like a credit card, kind of, but with cash are usually the best interest rates. More risky loans include things like a property loan in which one takes a loan using your car as collateral, as well as payday loans, where one gets a small loan for a quick repayment. The problem with both, especially the payday variety, is the interest and fees can be as high as 391%. These are the types of loans that should be taken only in real despair. Debt consolidation loans take care of multiple debts by combining them into one loan at once. This can increase the outstanding debt, but the simplicity of monthly weighted interest loan repayment can be worth it for, for example, 10 different debts the borrower pays the minimum amount on during monthly forward balances, especially if that means that payments are on time and a better credit rating is established. Fixed and variable rate loans have a fixed interest rate throughout the loan period - the most common personal loan - or a rate that varies with the high and falling principal lending rate over the course of the loan. There are four stages of the product's life cycle after the product is introduced to the market. Some marketing experts speak of a fifth case, which is more developed in nature. However, different dynamics occur during each of the four phases of the product's life cycle, affecting company advertising, pricing and product strategies. Managers and business owners should be aware of the four stages of the product's life cycle, because failure to monitor it can significantly hamper sales and profits. The introduction stage of the product's life cycle is when people start to find out. Product quality is important during this case, as companies want to build a repeat business. Additionally, the company may choose either to price its products relatively high or below average. Companies can quickly recover production costs as prices rise. However, many companies use a lower pricing strategy to build market share or a loyal customer base. If demand for the product is high, sales will rise at the growth stage. Companies may also add a variety of products to appeal to more customers. Companies usually maintain their prices stable during the growth phase, according to QuickMBA.com, an online business reference site. Companies use higher profit margins to advertise or get additional business from recurring customers. Companies usually need to hire more people during the growth phase to better serve customers. Advertising sections may increase their expenses to to a wider audience. During maturity, the market becomes more saturated. It becomes difficult to add customers. Some companies will add new features to their products to attract customers away from competitors. Companies may also try to find new uses for their products or markets to extend the life of their products. For example, a consumer products company may start selling its soap to factories and plants. Therefore, companies usually emphasize their differences from competitors in their ads and promotions. Companies may also lower prices when more competitors enter the market. Some competitors are likely to lower prices, so other companies will do the same to avoid losing customers. Products inevitably become obsolete or outdated. Black and white television is an example. During the downturn, companies may make final attempts to distinguish between their products or to create new markets for them. However, some companies will offer new products, especially if technology changes. Their current products can be sold or discontinued. In January-February 1979, in the HBR case, we reviewed the concept of the process lifecycle, in contrast to the most knowledgeable product lifecycle, and suggested that the framework that included both concepts provides a more useful way to explore strategic options than a framework based on only one of them.1 We proposed the product process matrix as a way to combine these concepts within the framework of describing alternative business strategies and examining their effects on the company's manufacturing organization. In our previous article, we were limited to exploring issues related to the placement of companies in the matrix; that is, to choose how a company prefers to compete (see gallery I): Exhibition I match the main stages of the product and the process of life cycles to the left or to the right of the diagonal matrix (which means, respectively, greater product diversity and more rapid product change, or less, more stable products). Above or below the country matrix (which means either flexible, less capital-intensive or more mechanized, cost-effective, and rigid). We then studied the familiar concept of distinctive efficiency - the idea that each company should identify and exploit those resources, skills and organizational characteristics that give it a comparative advantage over its competitors - and used it to link the company's manufacturing efficiency to its product and market efficiency. We also considered the administrative implications of product selection and practical attitude versus others in the industry. While this choice relates to the company's distinctive efficiency, this option reflects the additional dimension of viability and dominance in considering different positions on Finally, we have explored the problems that multinational companies face when their different divisions are located in different areas of the matrix. We have proposed ways in which these companies can organize their industrial functions in order to better deal with this diversity. If nothing changes in the world, this matrix frame may serve as an interesting assistant to more traditional strategy drafting models - add a nuance here and some extra look there. The problem for corporate governance is that everything always changes, simultaneously. Markets are evolving and maturing, processes are undergoing technological changes, and costs and prices are constantly exposed to forces ranging from the Organization of Petroleum Exporting Countries (OPEC) to operational changes leading to the learning curve. The impact of these external forces is often a change in the company's position on the matrix, relative to many of its competitors, whether the company makes any changes in its products or practical structures. If these changes and their effects are not recognized, the result could be a series of serious internal problems. These problems can usually be managed because they arise from fundamental structural contradictions and shortcomings. Good managers hired to deal with may become lambs. In observing a number of manufacturing companies that have fallen into trouble, we are struck by the sense of intargetlessness, low level of penetration of the wire, and lack of perspective that usually tends to permeate them. While there may be a variety of causes of their problems, two of them stand out as particularly important. The first is that coordination and mutual understanding between marketing and manufacturing functions has collapsed. Secondly, one or both jobs have lost their sense of focus; they no longer feel competent and tacitly understanding of the priorities that come when both marketing and manufacturing know that they are doing something particularly good for the company and that the market wants it. The change in position provides an excellent way to understand why these problems occur and how to minimize them. No matter how focused and well-coordinated the company is, any change in the relative positioning of its products or production processes would expose it to two types of risk. The first follows a change in either dimension without a similar change in the other so that there is a decrease in concentration and increased difficulty in coordinating manufacturing and marketing. a company that automates the production process without understanding the problems that are likely to cause this automation to regulate its marketing is laying the foundation for A sharp future relationship between the two jobs. It also weakens its competitiveness as effectively as companies that have more closely coordinated and synchronized changes in their product structures and processes. The second difficulty, which may be more serious than the first, is followed when the company tries to respond to a change in one dimension by expanding its activity on the other, such as responding to a product shift, not as the interview shifts in the production process but by adding an additional process. Loss of focus need for focus is completely understood by marketing people. They fragment markets and design products, prices, promotional strategies and sales organizations to meet the specific needs of each sector. If the needs of one sector are quite different from those of another, they are reluctant to pursue different strategies and often use different people to respond to these needs. Focusing on a limited part of activities is just as important in manufacturing, but unfortunately resistance to fragmented changes and gradual expansion often tends to be less there. The operation of packaging for a factory for major consumer products provides an example of this latter difficulty. The only reason the Division existed in the company was to provide a low-cost source for a highly specialized packaging product. This section, which has been assessed as a profit centre, found that it could significantly increase its revenue and profits if its core product lines increased with some of the new, less standardized and higher-priced products. However, as the Division pursues these additional work, it has faced pressure to change its operation so that it can better meet the needs of its new customers. In response to these pressures, the division has begun to ease the focus it has been on for several years. Another example is a company that has found its standard product line faced by other companies more marketing-oriented that have been seeking to divide the market and target specialized forms of product for each sector. When the company responded by expanding its own line of specialty products, it found that standardized, large-scale production processes were not economical in those low sizes and could not compete effectively with other companies that designed their operations for the specified size and standardized products for their segments of the market. In both examples, if the company had considered coordinated and compensatory changes in both product and process dimensions, it would have chosen options that had maintained or increased its competitive ness rather than merely attempting to expand its business to one dimension or another, thereby weakening its previous efficiency. While the concept of matrix can The causes of many failures in previously sound companies, can provide more useful insights into product planning and process changes. Since growth planning focuses management's attention on decisions on both product activities and processes, growth is a natural framework for the next part of this discussion. Planning for growth companies usually seeks to achieve four key types of growth. Moving from the simplest types to more complex, these can be summarized as follows: 1. Simple growth of sales volume within the product line and existing market. Expanding the production line within a single market, using an existing process structure (often called product multiplication). 3. Expanding the structure of the process (commonly called vertical integration). 4. Expansion of new products and markets. While there are other forms of growth, they can generally be seen as variations or groups of these four types. Understanding the demands they may place on manufacturing and marketing can do much to help plan for continued coordination and focus on these functions. Type 1: Simple growth consists of the simplest forms of growth of increasing the volume of output that is met with an existing production line and the current production process. This type of growth opportunity requires very stable conditions - in terms of competitors, technology and market tastes - with the only change in market size. Unfortunately, these conditions are the exception rather than the rule, and therefore even when the company limits itself to somewhat narrow product activities and processes, periodic changes are required as markets and technologies mature. In the context of a single production line and a single process structure, the additional changes in each reflect a kind of simple growth. However, the company must now make two types of decisions. The first relates to both the entry and exit strategies of a specific market, and the second is the strategy to be followed during the company's participation in that market. The concept of matrix is useful in studying and planning each of these. Entry and exit strategies. In the first area, the company tends to follow one of four strategies for entry and exit. In summary, the company: a. Enters early and then, when technology stabilizes, tight profit margins, and larger companies that follow the C strategy begin to emerge, it leaves this product and tries to exploit the company's superior flexibility and technological skills in the preliminary stages of some new products. B. Enters early and grows with the industry and seeks to be a major factor in the business throughout the entire product lifecycle. C. Waits on the sidelines until some degree of product and stability process occurs and then enters the industry, so that it can better exploit its more huge Distribution, marketing resources. D. Waiting to enter, he expects to follow Strategy C, but when he enters, he fails to obtain a sustainable market position and therefore chooses to withdraw without having achieved an adequate return on his investment. As shown in the second exhibition, the four sectors from the product market of the matrix can be used to form a Latino box that represents the sets of entry and exit strategies available to the company. The second exhibition combinations of entry and exit strategies until relatively recently, were considered a natural or most desirable B strategy, while A and C were examples of either lost nerves or lucky accidents, respectively. It was the successful company model that developed a new product that became the basis for a major industry and then rode on its back to success. Polaroid and zeroxyol provide classic examples. But such a strategy can put enormous pressure on the company, especially when its industry matures rapidly. The same people who were able to introduce the new product to manage its development could be asked to be a commodity. The type of production process, the level of capital density, marketing skills, and distribution channels, in fact the personality of the entire company, must undergo a profound change within a relatively few years. The microwave oven works provide an example of this change. As market leader since the early 1960s, Leighton Industries Atherton has emphasized flexibility in its production facilities to respond to the frequent changes in products required by the rapidly growing youth market. With the market expected to mature in the late 1970s, however, with more manufacturers of traditional devices entering, and increased competition from Japanese imports, Leighton was recently forced to revise its previous policies regarding the extent to which vertical integration and more spontaneous production processes were moving. By the early 1980s, Leighton Atherton will be a very different company, requiring different skills, regulatory practices, and possibly a different management style, if it is to continue to mature with the market successfully and maintain its position earlier. C strategy is preferred especially by large national or multinational companies that focus high production systems, stable and low volumes, and variable costs. These companies can exploit large sales force distribution channels, advertising expertise and market influence in general, and have easy access to capital markets to obtain the funds required by the size and intensity of capital in the competitive way. A number of large companies that were seduced by Joe Go go in the late 1960s in entering small markets, quickly changed and found to regret that they were simply not very good, or, in Not better than small businesses that were competing in the same markets. Most of them have since retreated to do the things they can do well. Although Strategy A is still largely regarded as a strategy for young men, it has become increasingly attractive for companies that prefer not to compete in largely low-margin companies, and many very diverse companies whose managers view their work as one of managing a portfolio of assets. Managers of these companies are willing to use the cash flow of mature products, at the end of product life cycles, to finance the growth and success of products or affiliates in the earlier stages, and to liquidate these products (and their associated companies often) completely when they are no longer able to achieve the company's profitability goals. The implementation of strategy D, which enters late and departs early, is likely to be deliberately pursued, as there is not enough time to reap the necessary benefits to justify the initial investment. However, this strategy is seen from time to time, as evidenced by the experience in calculators from Rockwell International. In 1974 Rockwell entered the business calculator but came out only a few years later, having failed to get a debatable position in the industry. Rockwell had several problems, but these may simply represent the cumulative challenges the company faces by waiting to enter the business until the industry started far down the diagonal. Even with relative success, the costs associated with starting a large-scale operation at that point can be significant, as Kodak's entry into instant photography demonstrates. Another form of late entry difficulty that the matrix concept demonstrates is entering the lower right quadrant with a completely new production process. Since the product is already a commodity item, the process must be continuous and highly efficient to be competitive. Success in entering this phase will be extremely difficult in a proven process, but it will be compounded if a new process is to be developed without benefiting from gradual passage through the early stages of the life cycle of the process. Recent efforts in coal gasification and shale processing appear to be examples. tracks on the matrix. Once the company chooses an entry-and-exit strategy for the market, management must choose a strategy for both products and practical developments. While this should be based in part on an assessment of how the market develops and the reaction of competitors, management should consider a variety of strategies. One way to view these options is the possible paths on the matrix. The industry usually advances down the diagonal of the matrix. Of course, if this always happens, it will be possible to fold a two-dimensional matrix into one dimension and base analysis and projections on any of the product's lifetime or on the basis of a practical life cycle. But, although the movement along the diagonal is a composite pattern (average industry, in a sense), it is a much less likely pattern for any individual company to follow. This is because companies tend to make only one type of change at a time - either changing the product structure or changing the structure of the process. At a certain point the company usually faces a clear choice either

between alternative product structures, given the structure of the existing production process, or between alternative process structures to produce the existing product structure. Progress down diagonal, if this happens, thus usually involves a series of vertical and horizontal steps almost alternately. Moreover, the size and frequency of these steps are dictated more by the rate of product maturity and technological innovation than by the wishes of companies. As a result, it is rarely possible to move smoothly down the diagonal. However, by consistency in its decisions over time, the company can lean in one direction or another - moving almost parallel lybetween the diagonal but either above or below it - or try to stay as close to the diagonal as possible. There is no better choice; it is just a matter of companies preferring one method of competitive behaviour or another. Maintaining a higher position of diagonal maintain flexibility to change products, production volume, and operations quickly, will reduce the capital needs of the company. However, it will make the company vulnerable to competitors who can reduce its price, offering greater reliance on delivery, and possibly stricter specifications for the product as well. If the product life cycle moves very quickly towards lower and more standard products, these companies may suddenly find themselves above the diameter, with old plants, outdated, ineffective, high cost of products and unnecessary flexibility. Nor is it necessarily preferable for the company to try to put itself under the diameter. The relevance of this strategy depends largely on how quickly and evolving the product is over the product's life cycle. Moving vertically down after the operation usually means a reduction in cost per unit but an increase in capital investment and a break-even point. As long as there is no significant change in the design of individual products, or the size of the cross-product mix in the production line, the company may achieve a significant competitive advantage of such a decision. Conversely, the quest to maintain a position under diameter can lock the company into a range of facilities and manufacturing capabilities that will make it difficult to respond to market changes that usually accompany movement along the product life cycle. Moreover, if the product progresses very quickly, the company may not receive its expected return from increasing mechanization even after the next step in product development makes it obsolete. This explains why the investment recovery period required in the electronics industry is usually less than 18 months and sometimes as low as 6 months, while it is usually 8 years or more in the steel and oil industries. The company must also protect itself from the possibility that the product's life cycle will be reversed after it moves towards a more standardized production process. This is the familiar phenomenon of the proliferation of products that companies often give up when trying to stimulate sales in a relatively mature market. This can cause the company's manufacturing strengths to become incompatible with its marketing strategy, especially if it is already less than diagonal before the transition. William Abernathy's research in the automotive industry has indicated that product innovation tends to drive in the early stages of product progress through the product's lifecycle, while process innovation takes the lead later.2 Although this analysis may carry in most cases, a number of counter-examples can be identified. They suggest that innovation may follow a more complex pattern, with processes and products changing leadership roles more than once. An example of this pattern is in the radio electronics industry. It followed the standard life cycle until around 1955, when process innovation (printed RTL using transistor) produced the mini battery a wireless device, and a product innovation (FM and stereo receiver) followed. Recently, the innovation of another process (microcircuits) has led to the development of another product, low-cost CB radio (transmitter as well as receiver). For radio, maturity seems to have been a transient phenomenon. The Ford T model offers another example of products that have rushed to maturity. When Alfred Sloan of General Motors competes against this commodity product by offering a variety of products, he caused the industry to re-breed. A recent HBR article argues that such a rebirth - the ability to create a variety in a standard product, which is actually moving it back along the product's continuous lifecycle - is the key to success for marketing organizations.3 A related issue perhaps more interesting is to determine why some products never seem to complete their progress down the diagonal matrix. Instead, it seems to have stopped at some point. Classic examples are the construction of houses and furniture, both of which appear to be victims of the development of a captured product. There are already processes that will carry both producers down the diameter if the further consolidation of products allowed by the consumer. In the case of the construction of the house, this seemed to have become possible with the generalization of the mobile home, however, Anything, this product has become less standardized over the past decade. The mobile home industry now finds itself in the same frustrating predicament as the more traditional home industry. Once the industry stops progressing (other examples include construction equipment, dhows and clothing), the main question is how it can start again. The answer to this question does not seem to lie in the process of innovation, given the failed attempts in both home construction (units of houses built of plastic or metal components) and furniture (molded or compressed plastic forms). The failure of these industries to achieve the systemic efficiency of the automotive industry is not due to the lack of practical opportunities but to the inability of the market to standardize. As expected, the company is moving away from the country matrix in either direction, and is becoming increasingly distant from its competitors. This may make them more vulnerable to their attacks (depending on their success in exploiting the advantages of their position). This position may also make marketing coordination with manufacturing more difficult, as the two functions will develop different skills and priorities, and will be able to respond to various types of opportunities. 11. Companies do not find, in rare or non-unusual way, that they have become extremist in the matrix and must consider radical remedial action. Most small companies entering a mature industry start as a look, and therefore have to solve the problems associated with approaching the country matrix while dealing with the usual small business problems of lack of working capital, lack of depth of management, and the conflict between enterprise management methods and bureaucracy. Learning curve. A final aspect of movement along both the product and the practical dimensions of the matrix that is particularly relevant to the simple growth planning company Type 1 is the concept of learning. Some companies have used the so-called experience effect, or learning curve, which argues that product costs (in fixed dollars) should fall at a constant rate each time cumulative production doubles, as the basis for their competitive strategy.4 This learning phenomenon explains, for example, why companies with higher market shares tend to be more profitable (as measured in terms of return on investment) than their competitors.5 Unfortunately, it is their competitors.5 Unfortunately, this phenomenon of learning explains why companies with higher market shares tend to be more profitable (as measured in terms of return on investment) than their competitors.5 Unfortunately, they tend to be more profitable (as measured in terms of return on investment). The term learning curve strategy suggests a black or white option: either to be followed or no one follows it. Progress along the product life cycle alone, without any change in the process used (i.e. proceed horizontally across the matrix), still offers many opportunities to reduce costs - by redesigning the product, simplifying the product line, and developing improved raw Spare parts, increased sales volume, the use of less expensive distribution channels, and the fact that over time the organization simply learns to do its job better. Similarly, moving vertically down the matrix provides other opportunities to reduce costs, through economies of scale, improved material handling technology, improved tools and equipment as well as reduced labour costs through automation. The so-called experiment curve is simply a combination of these two effects resulting in movement down the diagonal matrix. In other words, the experience curve reflects the overall improvement in unit costs that can be obtained by combining product development with process development. The company prefers to follow a supradiagonal path (see third show) thus reducing its chances of reducing costs, so that, when it reaches a certain level of product consolidation, it may be able to reduce the cost of its unit only 90% of its previous value after each doubling the cumulative volume. However, it will maintain its flexibility to follow market movements quickly and limit its capital investments. The third exhibition is a possible learning curve strategies & note: the 80% learning curve means that unit costs will be reduced to 80% of their previous value each time the cumulative volume doubles. The company that chooses to follow a path down the diagonal may achieve greater cost reductions for a certain level of product consolidation than those that follow a path on the diagonal. The seriousness of this strategy is that these cost reductions may make the company extremely inflexible in changing products, and the benefits may be short-term. A company that tracks the evolution of more balanced products and process changes so that it remains near the diagonal matrix can achieve faster rates of learning than those consistently higher but slower learning rates than those below it. However, this approach benefits from potential cost improvements that can come from both dimensions while maintaining flexibility to respond to market shifts. For many companies, this flexibility deserves lost improvements in the costs available by seeking more aggressive to unify the process. As with other aspects of the strategy examined in this article, there is no single answer that suits all companies. The best strategy for a particular company depends on its resources, skills, market situation, competitive pressures and overall business philosophy. The real issue is not whether improved learning will be pursued as the driving force behind marketing and production decisions, but at the degree to which these possibilities of improvement will guide management actions. Depending on whether the company seeks simple type 1 growth by following product movement and process on the diagonal, rather than above or below it, it will largely determine the learning improvements that are likely to be achieved. 2. Product growth in the context of our matrix, this type of growth represents the expansion of the production line. This growth can occur in two ways. One is by adding more standardized products while maintaining the menu, and less uniform products. The addition of new products, along with the frequency in dropping part of the production line, represents a shift to the left on the product dimension. Marketing believes that good service requires a complete line. Manufacturing believes that almost any sale can appear to make a net contribution to general and fixed costs. As a result, even when the company is in capacity, it can sometimes be extremely difficult to reach consensus on the decision to narrow the production line. Another way this type of growth can occur is to add special features to an existing, more standardized production line. This product expansion also represents a right-to-left movement on the matrix that runs counter to the mainstream of the product life cycle (which assumes continuous product uniformization). This is often a cyclical problem in capital-intensive industries where companies seek to use existing capacities to meet the specialized needs of a number of secondary markets. The real danger posed by the growth of the spread of these products, as many companies know well, is that it may put unreasonable pressure on the company's product processes. In order to avoid such problems, management must selectively add products and take action on physical facilities, regulatory structures and operating procedures that compensate for many of these breeds. (We discussed these and other actions in our previous article.) Type 3. Vertical integration growth based on expanding production process (vertical integration) can also be understood more clearly using our matrix. Similarly to product spread, this form of growth occurs when the company maintains existing operations and adds either less standardized and more flexible processes (forward integration) or more standardized and less flexible processes (rear integration) in the hope of increasing sales volume, market response or reducing costs and improving reliability. The problems that companies often face when they merge vertically, even in the simplest cases where they begin to make a portion they previously purchased from an external supplier, can be significant. What is usually involved is not just expanding the company's operations but producing a completely different product that may be at a very different point on the matrix. In other words, the company may have to think in terms of an additional matrix for this component or raw material and develop strategies for it that are very different from those selected for the original final product. If not, The company may be inclined to produce a new part with a completely inappropriate organizational process and structure. The experience of Trus Joist Corporation, which manufactures floor and roof support systems for residential and commercial construction, provides an example of a single approach to this problem. Before 1970, the company used sawwood as a major raw material in its products, which were manufactured and assembled in a number of regional factories. These small and flexible factories were consistent with the company's production line, markets and system-built strategy. However, when it developed and introduced Micro-Lam, a unique laminated structural material, as an alternative to sawwood in many of its products, the company's working period became much wider than it used to be. Given the capital intensity of the Micro Lam production process and its high standardization, Truss Khois chose to separate the production process and organize itself as if it were in two separate markets, although it expected to use all of its Micro Lam production as raw material for its plants. Type 4: The growth of new markets through the expansion of new markets, type 4, is more difficult to deal with than the other three types, because it may follow any of the multiple paths. If a company can avoid the spread of products, for example, market expansion may simply mean an increase in volume (type 1 growth). Alternatively, the company may want to reflect the individual requirements of the new market by creating a new matrix and developing a separate strategy for that market. This reflects the approach taken by Truss Joost when the process was expanded. More commonly, the company's involvement in a new market is under pressure to expand its product line - in fact, to fall horizontally on the matrix. This creates a situation that most companies find particularly difficult to deal with, because the production and marketing sides of the business face problems (different but integrated) at about the same time - marketing because they try to adapt themselves to a new market that is not adequately suited to the production process, and production because it tries to adapt to new products that put similar pressures on its process. This situation often leads to what can be described as a breakeven creep phenomenon. In an effort to stimulate demand, the company enters a new market or offers a new product. This step is initially successful, but the current process is unable to meet the added volume and complexity without additional investments (more capacity, different equipment, make more instead of purchase, or more powerful inventory control system). Success tends to generate failure. Increased investment raises the company's break-even point. Expected gains from increased sales volume. This motivates the company to pursue additional markets and products out of the fund in which it finds itself. In a summary of this article and its predecessor, we tried to introduce and implement a framework that can help the company diagnose its strategic development, think creatively about potential future strategic directions, and clearly engage both marketing and manufacturing in the coordination and implementation of its competitive objectives. Moreover, in analysing the different opportunities and pressures that companies face as markets and technologies evolve, our half-measures illustrate why companies can easily stray. Another advantage of this approach is that it encourages company managers to think creatively about their strategy for process development: what types of practical changes are appropriate and when should they occur? Managers can then use this framework to position themselves along these two dimensions so that both marketing and manufacturing are responsible for a limited or concentrated range of products and process characteristics. The concepts outlined in this article and in our previous article can be useful in the following ways: 1. Identify the right mix of manufacturing facilities, identify the main manufacturing objectives of each plant, and monitor the progress of those goals at the corporate level. 2. Review investment decisions for facilities and equipment in terms of consistency with product and process plans. 3. Determine the direction and timing of major changes in the company's production processes. 4. Evaluating product and market opportunities in light of the company's manufacturing capabilities. 5. Choose the appropriate process and product structure to enter the new market. 1. Linking manufacturing process and product life cycles, HBR January-February 1979, p. 133. 2. See William J. Abernathy and Phillip L. Townsend, Technology, Productivity, and Process Change, Technological Forecasting and Social Change, Vol. 7, 1975, p. 379; James Otterback and William J. Abernathy, Dynamic Model of Product Process and Innovation, Omega, December 1975, p. 639. 3. Nariman K. Dalla and Sonia Yusbah, Lance Product Lifecycle Concept, HBR January-February 1976, p. 102. 4. Winfried B. Hirschmann, Profit from the Learning Curve, HBR January-February 1964, p. 125. 5. 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