

# NOTES & EXAMPLE: Harley-Davidson Motor Company

Thursday, 12 September 2013 1:52 p.m.



Notes in purple,  
Example in blue,  
Things of note in orange and red.

## VISION



Get hints from the case -- find the values of the company, if it is customer-centric or design-centric, etc.

- To be a **global leader** in fulfilling dreams and providing extraordinary **customer experiences** through mutually beneficial **relationships** with our stakeholders.

## CUSTOMERS

- **Motorbike enthusiast** - who are willing to spend money on a unique bike
- **Wealthy men** - who have money to spend on a high quality, unique bike

## SUPPLIERS

- **Motorbike parts**
- **Porsche**
- **Specialist paint suppliers**

## PORTER'S FIVE FORCES



of the **INDUSTRY** not the **COMPANY!**

- **BUYER** power is dependent on number of CHOICES FOR THE CUSTOMER within the industry.
- **SUPPLIER** power is dependent on the number of CHOICES FOR THE COMPANY for supplies in the production or performance of their product or service.
- **BARRIERS TO ENTRY** determine the threat of new entrants. One of the greatest barriers to entry is **time**; other barriers include capital, knowledge and patents. Brand reputation is **not** a barrier to entry.
- **THREATS OF SUBSTITUTES** concern substitutes OUTSIDE your industry - eg. if you are analysing the airline industry, then substitutes are **not** the brands of airlines available, but are alternative modes of transport such as trains and cars and ferries.
- **EXISTING RIVALRY** can better be assessed as the aggressiveness of competition between companies/brands within the industry.

Harley-Davidson's industry is the **heavy motorbike industry**.

- **Supplier Power:** HIGH - Harley-Davidson has customised parts that only few firms worldwide can supply.
- **Buyer Power:** LOW - only two companies that produce heavy motorbikes: Harley-Davidson and Victory.
- **Threat of New Entrants:** LOW - the technical knowledge for making heavy motorbikes is not easily developed.
- **Threat of Substitutes:** HIGH - substitutes for heavy motorbikes include light motorbikes, scooters, etc.
- **Existing Rivalry Between Competitors:** HIGH - there are only two main companies

## PORTER'S GENERIC STRATEGIES

- 💡 Use the **dimensions** of the strategies matrix, **don't look at the name!**
  - Market: broad or narrow? Describe.
  - Cost: high or low? Describe.
  - Name **generic strategy**.

Harley-Davidson uses a **differentiation** strategy.

- **Broad market:** anyone can buy a Harley-Davidson provided they can afford it.
- **High cost:** Harley-Davidson motorbikes are expensive.

## PROCESSES & VALUE CHAIN ACTIVITY

- 💡 For processes, see an attached list for examples.

- ! **Use the EXACT SAME WORDING as given in the Value Chain diagram.**  
**FIRM INFRASTRUCTURE is NOT a company process (but establishing it is).**

- 💡 Use the question to answer the question: "how *process* **generates value**".  
Justifying your answer with evidence "from the case **ONLY**" means **no social knowledge** (pretend you know nothing apart from what is given to you in the case, even if it is an obvious marketing ploy).

## INFORMATION SYSTEMS (SPECIFIC AND BROAD)

- 💡 **Cheat:** Replace 'process' with 'system' in the list to get a list of **specific systems**. Also see pg. 154.

### BROAD INFORMATION SYSTEMS:

- ★ - **ERP** - enterprise resource process
- **CRM** - customer relationship management
- **SCM** - supply chain management
- ★ - **TPS** - transaction processing system
- ★ - **DSS** - decision support system: internal information
- **EIS** - external information system: industry reports, competitors' reports, etc.