
What were the key problems faced by Acer in developing the Aspire? What recommendations would you make to Acer in developing the Aspire? What recommendations would you make to Acer for future market strategies and for product development, based on this experience?

Key Problems:

The Acer global strategy was to build a global brand while maintaining the independence and entrepreneurial spirit that accompany regional autonomy. This strategy can be effective in enabling the company to empower its leadership to make decision that would be address the demand of their particular market. It also encourages entrepreneurship and fast implementation of ideas removing barriers associated high complex hierarchical structures and centralized organizations. However, this strategy have several key problems, which came forward during the development of Aspire. First, the firm does not have a formal communication structure in place to ensure that the objectives of the different regional groups are aligned. As a result, different regional heads are making decisions based on his/her regional goals only. Second, the firm does not have a single brand to promote to ensure that consumers know exactly what type of product they are buying in an Aspire brand. As a result, a high-class trendy brand in Singapore translates into a low-class commodity brand in Europe resulting in brand dilution. The global image associated with the Aspire brands remains a mystery. Third, there was no sense of common culture and common ownership for the company and its product. Different regions are very territorial, not only in terms of market segments, but also in terms of ideas, as shown in the development of Aspire product design. And finally, the firm does not have a clear incentive structure to ensure that the different regional groups focus not only on their individual objective, but also on the overall firm objective. As a result, there's not much synergy between the regions, and each region sometimes compete with one another.

Framework used:

Before making recommendations for Acer, I'd like to discuss the framework that we need to consider. The most appropriate framework is Bartlett and Goshals, which identifies the three leverage points that a firm can have in a successful internationalization strategy. Achieving success in all three leverage points is extremely difficult. These three areas are efficiency, knowledge leverage, and responsiveness. By evaluating the Aspire projects performance in this area, we can determine where the weaknesses in their strategy and execution. After identifying the weaknesses, we can proceed to offer some recommendations.

Knowledge Leverage - WEAK:

Acer was not able to capitalize on the knowledge leverage because the product development phase was confined to the Americas. There was also deep distrust between the AAC and the SBU product managers. The design was kept hidden until the very last minute and even the four engineer sent from Taiwan to help in the development process had little say in the product design, which created frustration and distrust. There was a lack of coordination between the style of the product and the manufacturability of the product. As a result, the final product had a number of deficiencies that could've been prevented if the design and manufacturing teams were integrated more effectively. There was also manufacturing delays that cost the firm an addition 3-5M in shipping. Also, because ownership of initial product development was confined the Americas, the other regions felt a need to add their own personal changes to the design after the rollout. Hong Kong for example, added and removed features that would be more applicable to their market. Other countries did the same, resulting in multiple configurations of the same product. Had the firm used the knowledge leverage more effectively, much of these problems would be avoided.

Responsiveness - STRONG:

Acer was able to respond to local demand effectively. The regional managers know how their products are different and even which target market is most appropriate for their product. Thus, adapting to local customer demand is an area of strength for the Aspire project.

Efficiency – WEAK

In terms of efficiency, the company can do more to leverage global economies of scale and comparative global locations. In the beginning the company was designing the product in the Americas and manufacturing the product in Asia, with very little communication infrastructure. Also, during the second rollout, the company focuses on standardization; it did not do so initially which resulting in lower margins.

Recommendations to Acer

In terms of developing the Aspire, you need to establish which features can be regionalized and which cannot. Therefore, you have control over product design, which is ultimately linked to product image. I would also ensure that the design team works with product managers from other regions to get their input on how this design will sell in their local markets. This will not only ensure that the product is attractive globally, but will also give the regional managers a sense of ownership for the original product because they were involved in the design. I would recommend more frequent interaction because designers and manufacturing engineers and have periodical meetings where they can get each others input. Because product quality is key, I would give the engineer the ability to override or “send back to the drawing board” product designs that will hamper superior quality. I would also involve product designers in the manufacturing process so that he/she will consider manufacturing challenges when designing a product.

In terms of future market strategy, I would recommend that Acer have a clear objective for a brand and stick to it, regardless of where the product will be sold. The product needs to have a consistent global brand and this brand should be determined by the best positioning of the product in the most lucrative market. If Acer finds that it cannot sell to the same target market using the same brand in different regions of the world, then it should consider having different brands for similar products, depending on where the product is marketed. Perhaps regional brands will be more effective than global brands.

If the firm decides to rollout a global brand, then it needs a centralized department in charge of global brand management. Therefore, regions have to first get approval from this branding center, before rolling out advertisements of product changes that would tarnish the brand.

Finally I would recommend employee regional exchanges, so that employees can transfer valuable knowledge base from region to region, which will open up communication and help build a unified culture for the company.

Comments:

- Nice and clear layout of the issues to address and the main problems faced by Acer
- Good use of framework: as a tool to map the differences between the actual and the desired positions of the firm. Between the required and the existing capabilities.
- Clear and concise set of recommendations.
- Overall, you make it clear that creating the networks needed to operate across borders is neither an easy nor a quick task. It requires lots of money, time and effort, and the alignment of industry dynamics, firm strategy and organizational structure.

Good analysis