

Global Supply Chains and Competition across the China Straits

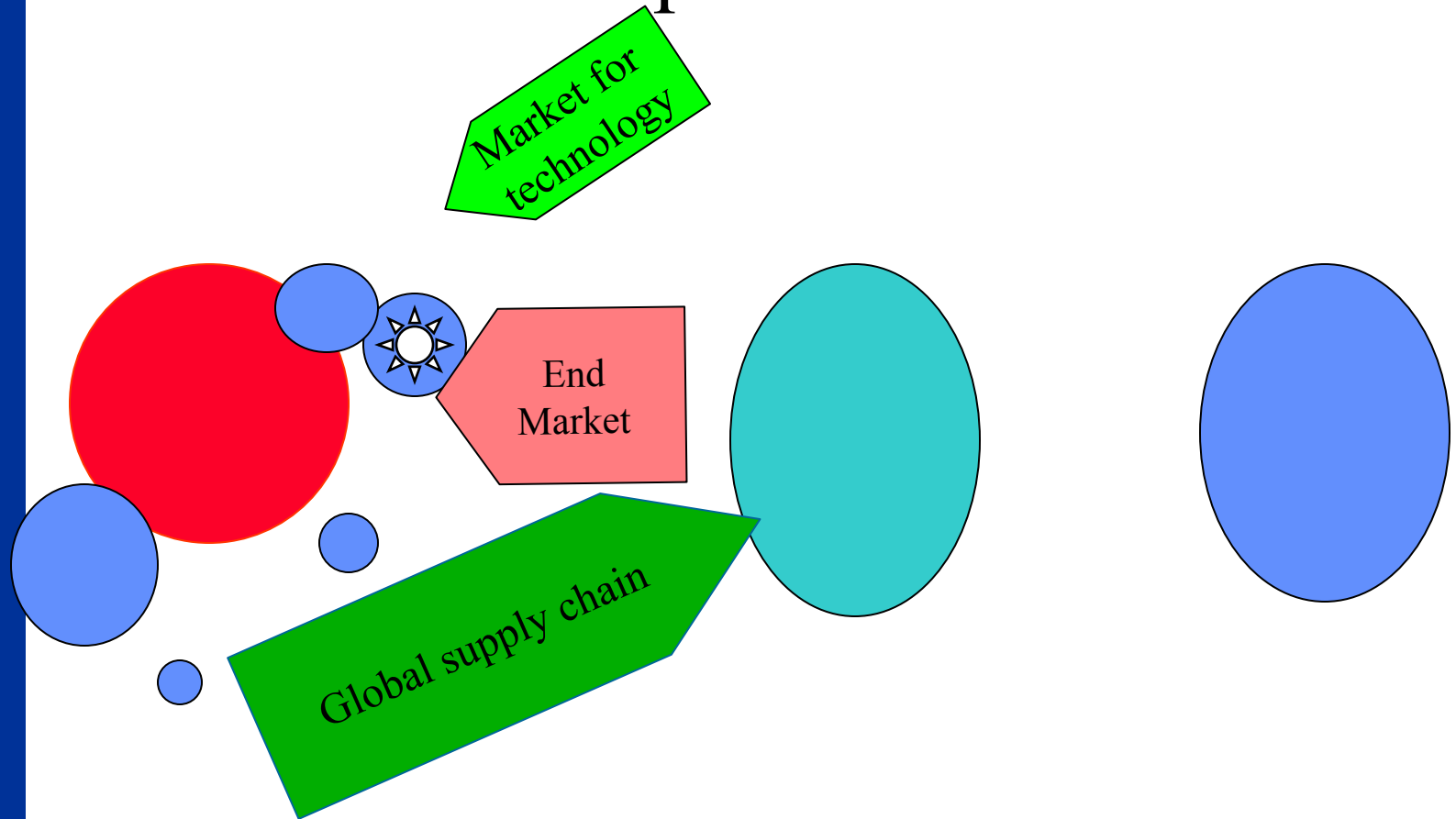
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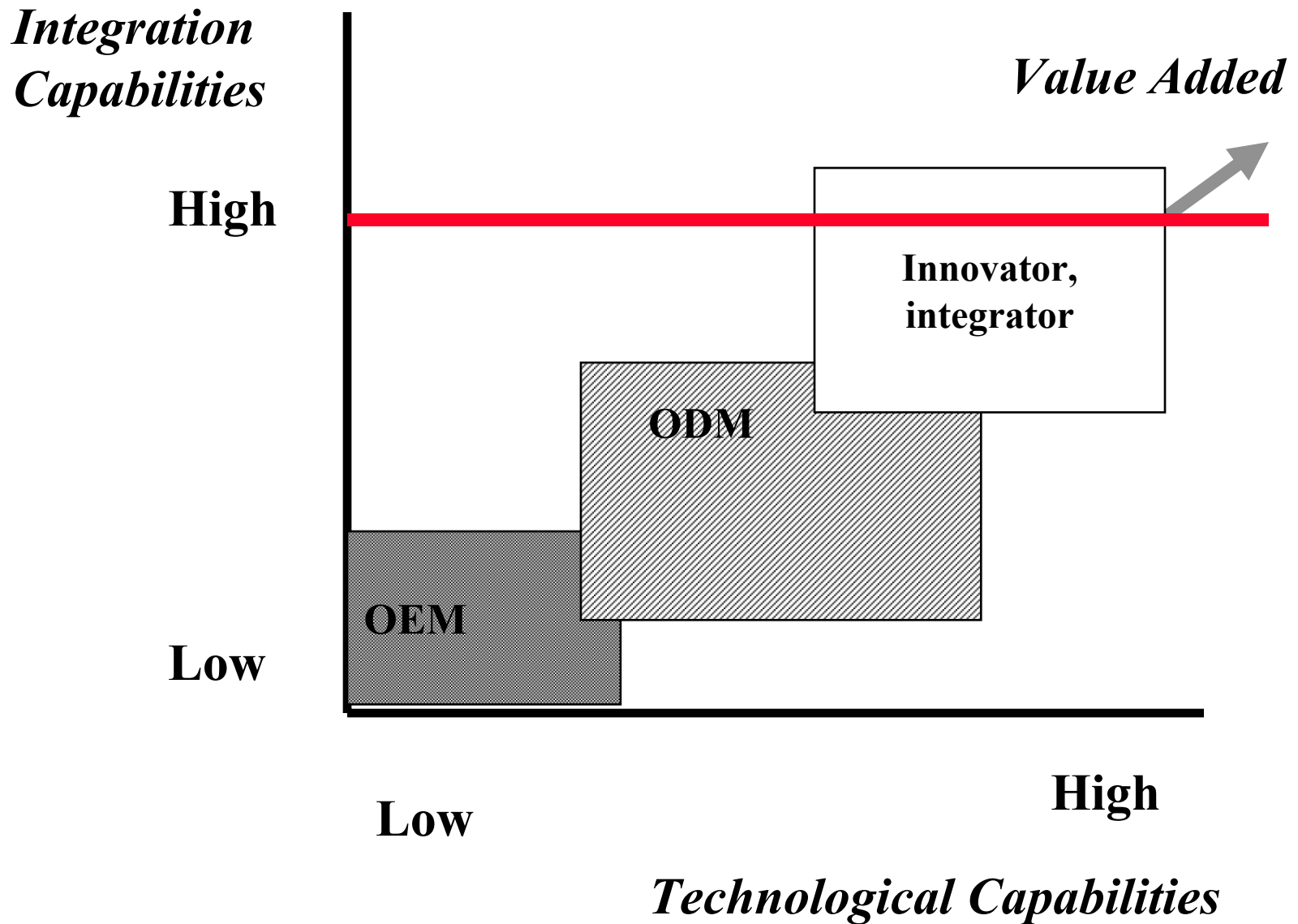
Why do firms go abroad?

- Classic motivation: Exploiting firm-specific competitive advantages
 - Resource-seeking
 - Market-seeking
 - Labor-seeking
- Additional motivation: Expanding firm-specific competitive advantages
 - Technology-seeking
 - Lead-market engaging
 - Competition matching

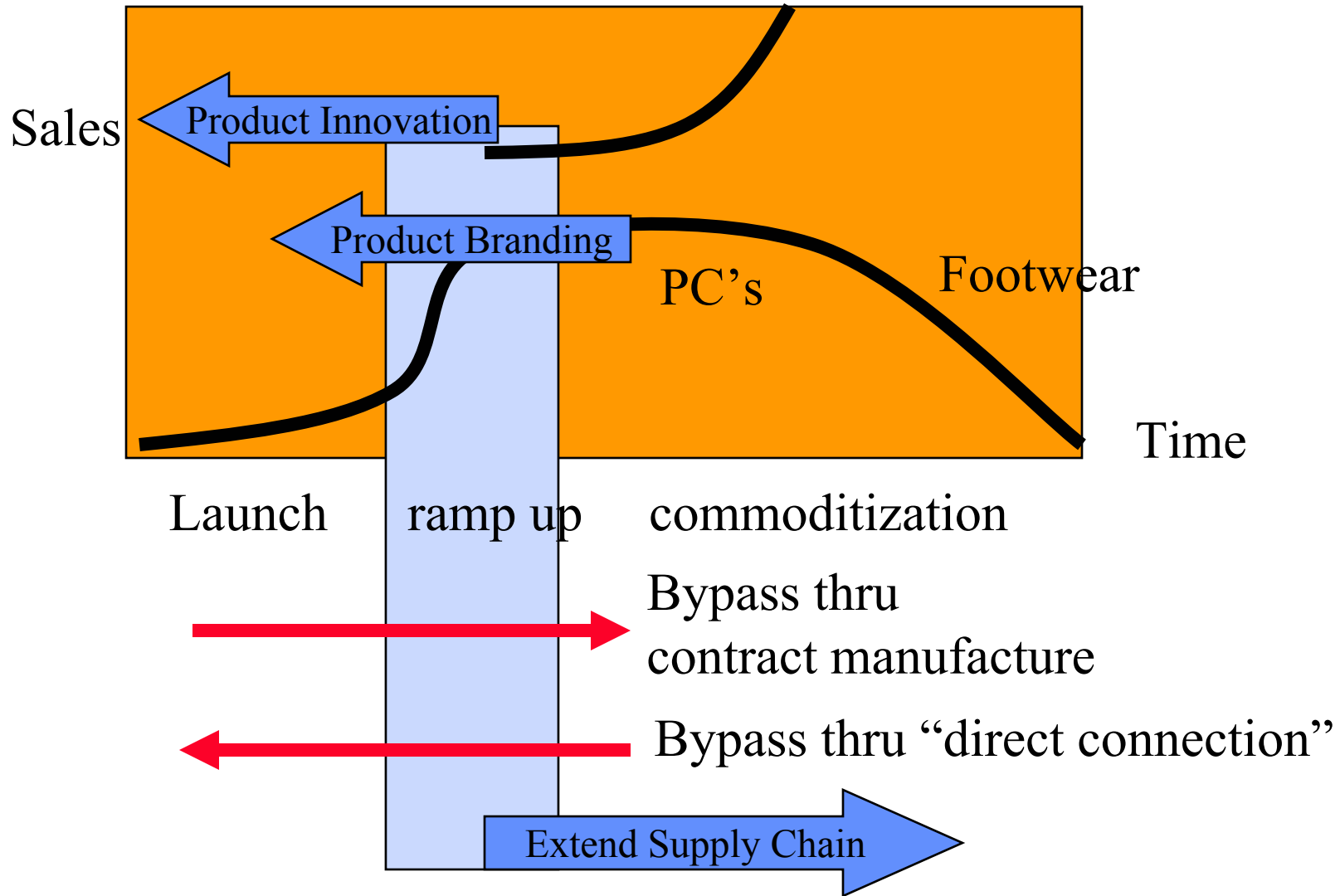
Where do China and Taiwan fit in this picture?



Taiwan's evolving positioning



Taiwan in the Product Life Cycle



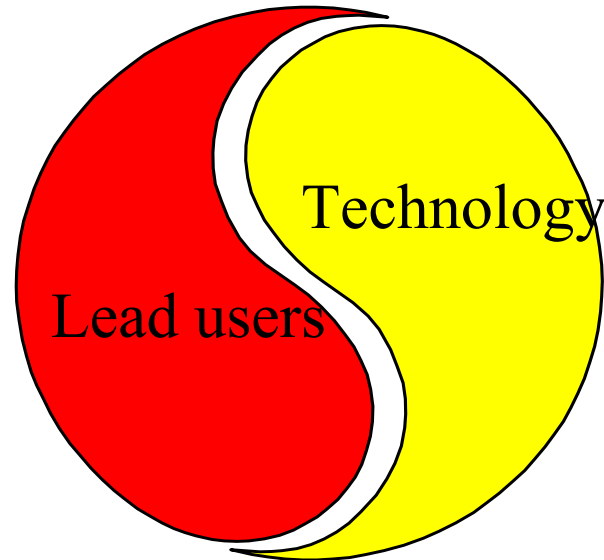
Acer and the Aspire

- Where does it fit into this framework?
- Would it have solved “Acer’s” competitive problem had it worked?
- Why didn’t it work?

Acer and BenQ

- What's the strategy
- How does it solve Acer's Competitive Problem?
- What (critical factors) are required for it to work?

Finding/riding new product life cycles



- Increased product market knowledge
- Increased technology capacity
- Continued leadership in “ramp up” product engineering
- Continued “trust” with lead market players
- Direct expansion into lead markets

Extending Taiwan's "Sweet Spot"

- Continued supply chain leadership
- Increased service competence
- Direct expansion into low cost regions

Complementary services

- Design capabilities
- Supply chain capabilities
- Finance capabilities
- Market sensing capabilities
- Marketing/branding/service capabilities
- General management capabilities
 - within Taiwan
 - global direct operations
- All involve increasing knowledge base

Complex Strategies

- Taiwan (and other manufacturing cost based economies) is vulnerable since activities are quite easily replicable domestically and internationally (arbitrage)
- Complex strategies (Combining arbitrage and capabilities that are hard to replicate)
 - TSMC
 - Quanta
 - Mitac/Synnex