

Assessing the Balance of Power in a Business Situation

The Porter's 5 Forces tool is a simple but powerful tool for understanding where power lies in a business situation. This is useful, because it helps you understand both the strength of your current competitive position, and the strength of a position you're looking to move into. With a clear understanding of where power lies, you can take fair advantage of a situation of strength, improve a situation of weakness and avoid taking wrong steps. This makes it an important part of your planning toolkit.

Conventionally, the tool is used to identify whether new products, services or businesses have the potential to be profitable. However it can be very illuminating when used to understand the balance of power in other situations too.

How to Use the tool:

Five forces analysis assumes that there are five important forces that determine competitive power in a situation. These are:

- Supplier Power - Here you assess how easy

it is for suppliers to drive up prices. This is driven by the number of suppliers of each key input, the uniqueness of their product or service, their strength and control over you, the cost of switching from one to another, and so on. The fewer the supplier choices you have and the more you need supplier's help, the more powerful your suppliers are.



Ranjan Saheed

■ Buyer Power - Here you ask yourself how easy it is for buyers to drive prices down. Again this is driven by the number of buyers, the importance of each individual buyer to your business, the cost to them of switching from your products and services to those of someone else, and so on. If you deal with a few powerful buyers they are often able to dictate terms to you.

■ Competitive Rivalry - What is important here is the number and capability of your competitors: if you have many competitors and they offer equally attractive products and services, then you'll most likely have little power in the situation. If suppliers and buyers don't get a good deal from you, they'll go elsewhere. On the other hand,

if no one else can do what you do, then you can often have tremendous strength.

■ Threat of Substitution - This is affected by the ability of your customers to find a different way of doing what you do, for example; if you supply a unique software product that automates an important process, people may substitute by doing the process manually or by outsourcing it, if substitution is easy and substitution is viable, then this weakens your power.

■ Threat of New Entry - Power is also affected by the ability of people to enter your market. If it costs little in time or money to enter your market and complete effectively, if there are few economies of scale in place, or if you have little protection for your key technologies, then new competitors can quickly enter your market and weaken your position. If you have strong and durable barriers to entry, then you can preserve a favorable position and take fair advantage of it.

Key Points

Porter's five forces analysis is an important

tool for assessing the potential for profitability in an industry. With a little adaptation, it is also useful as a way of assessing the balance of power in more general situations.

It works by looking the strength of five important forces that effect competition:

- Supplier Power - The power of suppliers to drive up the prices of your inputs
- Buyers Power - The power of your customers to drive down your prices
- Competitive Rivalry - The strength of competition in the industry
- The threat of substitution - The extent to which different products and services can be used in place of your own
- The Threat of New Entry - The ease with which new competitors can enter the market if they see that you are making good profits (and then drive your prices down). By thinking through how each force affects you, and by identifying the strength and direction of each force, you can quickly assess the strength of the position and your ability to make a sustained profit in the industry.

You can then look at how you can affect each of the forces to move the balance of power more in your favor: **-Ranjan Saheed**



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We are looking for a result oriented, dynamic and energetic individual who can reflect the values represented by DIMO, with a proven track record, to be the General Manager in the TATA Commercial Vehicle Spare Parts division.

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General Manager - TATA Commercial Vehicle Spare Parts Division

Requirements:

- Age below 40 years
- A Degree / professional qualification in Marketing
- A Post-graduate qualification will be preferred
- 5 Years experience in a managerial capacity
- Applicants who are unable to present qualifications may apply if they possess 10 -15 years of industry experience with 5 years of managerial experience in a similar capacity
- Strong leadership skills

Responsibilities

Monitor market conditions, assess competition, devise and implement market strategies appropriately with innovative campaigns to achieve objectives and profit of the business unit, manage working capital, increase customer satisfaction and effectively lead the sales team.

All applications will be dealt with strict confidentiality.

Please send in your Curriculum Vitae with the names and contact details of two non-related referees, with the post applied for stated on the top left corner of the envelope, within 7 days of this advertisement to reach the address given below.

General Manager - Human Resources

Diesel & Motor Engineering PLC

No. 65, Jetawana Road, Colombo 14.
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General Manager - TATA Commercial Vehicle Service Division

Requirements:

- Age below 40 years
- A Degree in Mechanical Engineering
- A Post-graduate qualification will be preferred
- 5 Years experience in a managerial capacity
- Applicants who are unable to present qualifications may apply if they possess 10 -15 years of industry experience with 5 years of managerial experience in a similar capacity
- Strong leadership skills

Responsibilities

This role will be responsible for the direction, productivity, profitability and achievements of the engineering workshop's operations through development and management of individuals, working capital management and formulating strategies to ensure that operational goals are achieved.

All applications will be dealt with strict confidentiality.

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GREAT OPPORTUNITIES TO JOIN LOLC AL-FALAAH THE ISLAMIC BUSINESS UNIT OF THE LOLC GROUP

LOLC AL-Falaah is in search of dynamic and results oriented personnel for the development and marketing of the Islamic financing business.

LOLC AL-Falaah, is a dedicated business unit set-up within the regulatory framework of Lanka ORIX Finance Company Ltd. which is a wholly owned Subsidiary of Lanka ORIX Leasing Company PLC.

The opportunities are available at the Business unit located in Rajagiriya and in our Channel network across the country.

ASSISTANT MANAGER DEPOSITS & SAVINGS MOBILIZATION - ISLAMIC BUSINESS UNIT, HEAD OFFICE

The ideal candidate should be a young self-motivated individual who has the potential and commitment to develop and manage LOLC Al-Falaah's Deposits & Savings portfolio. The candidate will be required to canvass, serve and maintain our valued investors with an exceptional personalized service. The scope of work also requires the selected person to assist & strategize marketing and sales activities of the entire channel network.

A proven track record of a minimum of 3-5 years experience in a similar capacity in the banking and finance sector is a key requirement. A recognized diploma/degree in marketing/banking & finance from a recognized institution is preferred while a diploma in Islamic banking & finance would be an added advantage fluency in English, Sinhala and Tamil together with excellent communication and interpersonal skills are key attributes for this position.

CREDIT MARKETING OFFICERS/EXECUTIVES - ISLAMIC BUSINESS UNIT

(COLOMBO, MATARA, KURUNEGALA, ANURADHAPURA, NUWARA ELIYA, BADULLA, NAWALAPITIYA, KOCHCHIKADE, CHILAW, MAWANELLA, MATALE & AKKARAIPATTU)

The position will require selected candidates to market the Company's complete range of Islamic financial products including Lending facilities and Deposit mobilization in the above mentioned regions.

For all positions listed above, a proven track record of minimum 1-3 years experience in a similar capacity in the banking & finance sector and completion of the GCE Advance Level in one sitting is a key requirement. A recognized qualification in Marketing/Banking & Finance from a recognized institution is preferred while a Diploma in Islamic Banking & Finance would be an added advantage. Experience in carrying out sound credit appraisals/evaluations is essential.

Fluency in English, Sinhala and Tamil together with excellent communication and inter personal skills are required for this job in order to maintain sound relationships with all stakeholders. Computer literacy and possession of a valid riding/driving license are also required.

BRANCH ASSISTANT ACCOUNTANT - ISLAMIC BUSINESS UNIT

(KATTANKUDI, KALMUNAI, AKURANA, ODDAMAVADI)

This is an excellent opportunity for a young, self-motivated individual to assume the role of Branch Assistant Accountant with the potential to perform in a challenging working environment. The post requires the selected candidate to implement a precise execution of all finance processes in the assigned branch. The candidate must be a team player who can win the confidence of the team members at the respective service centre. Effective communication and organizational skills with the talent for multi-tasking will certainly be a definite edge.

The key responsibilities also involves accepting and banking cash/cheques, handling and maintaining the petty cash float and preparing daily collection summaries. Computer literacy and experience in a similar capacity would certainly be an added advantage when considering for this position.

The selected candidate should be a full/part qualified Accountant in ICASL/CIMA/ACCA and/or a graduate in management/business studies with minimum of 3 years experience in an executive capacity. Familiarity with credit related documentation and related experience in a financial institution will be an added advantage.

If you believe you are the right candidate for the above post, send us your resume along with the contact details of two non-related referees to reach us on or before the 1st of November 2010 to the address given below. Please mark the post applied for on the left hand corner of the envelope. Canvassing in any form will be a disqualification. Candidates may also apply online at www.topjobs.lk/lolc or e-mail your CV to careers@lankaorix.com



Islamic Business Unit

Lanka ORIX Finance Company Ltd.

An LOLC Group Company

The Recruitment Centre - LOLC GROUP,

No. 100/1, Sri Jayawardanapura Mawatha, Rajagiriya. Tel: 011-5880880, Fax: 011-2861616

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