

Rivals and Analyzing Business Growth Potential

SUBMITTED BY: Knowledge@Wharton Summer Educator

SUBJECT(S): Management

GRADE LEVEL(S): 9, 10, 11, 12

≡ OVERVIEW:

Students will examine the “rivals” element in Michael Porter’s framework for analyzing business growth potential, known as The Five Competitive Forces. They will apply this knowledge in developing a growth strategy for a business, product or service.

≡ NBEA STANDARD(S):

- Management, II. Management Theories

≡ RELATED ARTICLES:

- [“Show Me the Money: Analyzing Porter’s Five Forces”](#)
- [“Get Your Lemonade, Here! And Business Tips from Mikaila Ulmer”](#)
- [“Aquaman Wields His Power for DC Entertainment”](#)

Common Core Standard(s):

- *Speaking & Listening:* Initiate and participate effectively in a range of collaborative discussions (one-on-one, in groups, and teacher-led) with diverse partners on grades 9–10-11-12 topics, texts and issues, building on others’ ideas and expressing their own clearly and persuasively.

- *Speaking & Listening*: Present information, findings and supporting evidence clearly, concisely, and logically in such a way that listeners can follow the line of reasoning, and the organization, development, substance and style are appropriate to the purpose, audience and task.

Objectives/Purposes:

- Students will learn about the “rivals” aspect of Porter’s model in the context of a chocolatier’s expansion plans in the Chinese market.
- Students will explore the “rivals” element of Porter’s model in reference to their own projects.

Knowledge@Wharton Article: [“The Bitter and the Sweet: How Five Companies Competed to Bring Chocolate to China”](#)

Other Resources/Materials:

- Computer with projector capability
- Background information on Porter’s Five Forces framework can be found on Wikipedia: http://en.wikipedia.org/wiki/Porter_five_forces_analysis
- [Porter’s Five Forces Worksheet](#)
- [Porter’s Five Forces PowerPoint](#)

Activities:

- 1) Give students an overview of Porter’s Five Competitive Forces model of analysis. Use the graphic provided on Wikipedia to give students a visual representation of the five forces, and emphasize that you will be addressing each of these more in depth over the next several days. (8 mins)
- 2) Share that today’s lesson will explore the first of the five forces: **Rivals**.
 - Definition: In Porter’s model, rivals are the existing direct competitors in the industry.
- 3) In this next segment, you will guide students in their thinking about “rivals” as they will later explore a parallel business, product or service of their own choosing.

1. Distribute the article: “The Bitter and the Sweet: How Five Companies Competed to Bring Chocolate to China” for students to read silently. (The article chronicles western chocolatiers’ attempts to move into the newly opened Chinese market.)
2. As you work through this segment, you will need to select one chocolatier to focus on among all the other competitors. I suggest Mars.
3. Record students’ responses on the board to the following questions:
 - i. In what ways do these companies already compete outside China (e.g., in terms of taste, quality of product, availability in market, advertising strength, affordability, location of manufacturing)?
 - ii. Using information from the article, what can you infer about each competitor’s management savvy? Were you shocked by anything reported about the chocolatiers’ attempts to do business in China?
 - iii. Who do you think is the weakest competitor in this group and why?
 - iv. Who do you think understood the new customer best? Any thoughts about how they accomplished this?

- 4) Following the discussion, direct students to work with a partner to determine who the rivals are for a business, product or service of their choosing. They will continue to refer back to this business, product or service throughout the unit to gain practice in applying Porter’s framework independently. Distribute the Five Forces worksheet to students so that they can record their work during this segment. (If computers and Internet service are available in the classroom, permit students to do research using these resources.)

- 5) Have each pair of students share their list of rivals with the whole class. Encourage students to offer suggestions and critiques about their peers’ lists.

- 6) Wrap up the discussion by underscoring any notable comments made during the sharing period and clarifying any points students misunderstood.

Practice Outside of the Classroom: For homework, have students continue to do research about the product, service or industry they are examining for this exercise.

What Worked and What I Would Do Differently: To do this exercise correctly, students must have access to the Internet to research their product, service or industry. In the summer program, the students did not have such access, so I gave students the opportunity to use the one computer we had access to in the classroom for about 10 minutes each (really not enough time). I also worked with the small groups individually to help them think about each of the five forces in relation to their product, business or service. This is actually very helpful even if students have

access to computers. The share-out times were helpful, too, because each student has different types of knowledge about all kinds of products. They enjoyed talking about what they knew.

It is a good idea that students select a simple product or service to study, rather than something complex or too broad. Some good examples that students studied in the summer were Tastykake and Old Spice. With the emergence of independent cupcake bakeries such as the Buttercream Cupcake Truck in Philadelphia, and the decline of Tastykake in general, this was a good industry to analyze — especially with regard to understanding the role of *Entrants*. Other students focused on the return of Old Spice as a major player in men's grooming products. In recent years, there has been an explosion of new players vying to serve young males' interested in smelling good on a budget (e.g., Axe, Dove Men's collection). In this case, exploring the *Customer* element of Porter's model was particularly interesting as we figured women were still largely involved in product selection for men.

5