**Classmate A**

**1. How is it that, even among the best performing industries, only some companies do well? How can some companies in poorly performing industries still do well?**

According to Porter, higher profits will result from either product differentiation or cost leadership. Companies which perform better compared to other companies within the same industry are companies with differentiated products which offer their customers variety and produce brand loyalty , or companies that have found a way to produce at a lower cost and therefore generate more profit. In order for the companies to do well, such organizations must have a strong leadership with long term strategies in place. For example, in the Brewers industry, a few companies have captured the major market share, these companies offer a variety of products and are able to benefit from economies of scale thereby reducing their costs and improving their profitability (AB InBev has 47.7% of the market share and sell about 200 products). Such companies also have a strong brand name and excellent strategies to achieve their goals. Companies such as CBEV within the industry have a smaller market share and product offering and they are unable to perform as well as the others.

 This works both ways, even in poorly performing industries such as the consumer electronics industry where margins are very slim and competition is fierce, companies such as Whirlpool, Samsung Electronics, and LG Display Company limited are able to perform well due to the various products they offer (product differentiation)  and the strategies they adopt  which leads to a better performance.

**2. Generally speaking, for companies in the same industry, what factors would explain differences in company performance over the long term?**

For companies in the same industry, factors that would explain the differences in the company performance over the long term would include a strong and focused leadership that would provide the necessary vision and mission statement for the company and determine the guidelines to achieve such goals. Successful companies will also need to establish and implement strategies that will enable them achieve a competitive advantage.   Such companies would need to be innovative and continually monitor the changing environment and their competitors. Furthermore , the companies must constantly ensure that they meet the actual needs and preferences of their customers which vary and change from time to time. Therefore, factors such as leadership, company strategies, company competitive advantage, innovations, industry environment and competitor activities can all help in explaining differences in company performance over the long-term. .

**Classmate B**

**1.    How is it that, even among the best performing industries, only some companies do well? How can some companies in poorly performing industries still do well?**

In any given company, there are multiple possible reasons for success or failure. In even the best performing industries, companies can be internally under-performing. There are many aspects to profitability besides having desired products. Companies must properly utilize supply chains, marketing, accounting, human resources, advertising, public relations, and research and development to maximize their competitiveness within any given industry. Of course, this list is not all-inclusive. It also does not mention perhaps a few of the most important aspects of organizational success—leadership and culture. The education of businesspeople and students on the critical importance of these foundations of success is a multi-million dollar industry in itself.

 Conversely, companies in poorly performing industries can still do well by being internally sound businesses. As students we are taught the foundations of successful businesses. Businesses can follow these guidelines and hope for the best. They can also simply want success more than the others. As previously stated, sometimes success or failure begins with culture and a vision. With a winning culture, vision, and efficient execution, success should be possible even in losing industries.

**2. Generally speaking, for companies in the same industry, what factors would explain differences in company performance over the long term?**

This question can be answered in the same fashion as number one. What seems to differentiate this question, however, is the inclusion of “long term”. Again, a focus on the long term would suggest the impact of culture and vision. Both serve as foundations for long term success. While a vision can be created quickly, its successful execution is usually long term. Similarly, a strong corporate culture cannot be created overnight. Historically speaking, Southwest Airlines has been a strong example of a company that once stood out in its industry because of an enhanced and well-defined company culture. In this example, the culture and vision were embodied for decades by CEO Herb Kelleher.

An additional explanation or driving force behind long term performance also has to be self evaluation and subsequent planning for future competitiveness. Most companies use either strategic or scenario planning to try and forecast the future better than others. In many cases, talented individuals can predict trends earlier than others, thus setting their companies up for continued success. In other cases, long term survivability comes down to luck or the demise of others (being the last man standing).