

# **ACER CASE ANALYSIS**

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## **1. How ACER was named? Please describe how Stan Shih took coultural implication into account when choosing ACER for the name.**

To change the perception of low quality, low price that associate the “Made in Taiwan” label, Acer adopts an exotic name suitable for expansion into world-wide marketplace. Asian consumers tend to equate Western names with quality.

“Acer” comes from the Latin for “active, sharp, incisive,” qualities which Acer corporate culture was built. It carries the connotation of winner or ace. It is short and easy to remember.

## **2. How did ACER build its brand name and boost its brand image in a global market?**

The foundation for Acer’s brand-building strategy was a consistent commitment to supplying high quality, innovative merchandise. Being first on the market with technological breakthroughs to catch media attention helps to increase the perceived value of Acer product.

Contrary to the low profile adopted by many of its Asian competitors, Acer continually used PR channels to promote its goals and achievements. Acer use high-profile advertising such as the displays on the luggage trolleys in international airports around the world. In addition to print campaigns, broadcast advertising is used.

Acer looked for the most cost-effective routes to brand building. Their brand-building strategy was a consistent commitment to supplying high-quality, innovative merchandise. Acer deployed its R&D capability aiming at being the first on the market with technological breakthrough, which will in turn helped media attention. Acer also used strategic alliances with overseas companies to raise awareness of the brand name.

In addition, Acer used public relations channels to promote its goals and achievements. With adequate financial resources, high-profile advertising was stepped up. For instance, Acer advertising displayed on luggage trolleys in international airport and in the late 1995, despite suffering from low brand awareness, Acer doubled its media budget and begin broadcast advertising in addition to print campaigns in the US.

### **3. Please describe and explain Shih's fast-food model.**

Shih's fast-food business model is a metaphor to mirror the computer market.

Computer clone makers all over the world have poor product quality and inferior image. On the other hand, McDonald has become a worldwide fast-food chain store by having a simple menu, systematic operations and one unified brand name. Adopting McDonald's model, Acer regional business units become fast food stores that assembles "fresh" PCs for local customers.

Components like power supplies are shipped to assembly site to keep costs low. Motherboards are shipped via air transport to ensure fast delivery. Components that become obsolete quickly like CPUs, hard drives and memory are purchased locally.

After adopting this model, Acer inventory turnover rate improved and this led to a higher return of equity and better economies of scale. Acer can also tailor individual products to suit the needs of different customers with the latest technology. This decentralization of operations enabled Acer to survive the price cutting challenge posed by industry leaders such as IBM and Compaq.

#### **4. Please describe what factors (strategies) contributing to ACER's success in a global market.**

Three strategies contributing to Acer's success globally are "fast-food business model", "client-server structure", and "global brand, local touch" strategy.

##### **The Client-Server structure**

The client-server relationship is an analogue of Acer's organizational structure. Strategic business units (SBUs), responsible for R&D, manufacturing, product management and OEM sales, generally function as the servers. Regional business units (RBUs), take the lead on distribution, service and marketing, act as the clients.

In addition to acting as clients for the SBUs' products, the RBUs also act as "servers", providing local market intelligence and "best practice" to SBUs and other RBUs. Acer's client-server structure achieves low cost, high efficiency, and great flexibility.

In this management structure, each business unit plays the independent operating "client" as well as the support-providing "server" for other businesses. For example, Acer Peripherals Inc. is the "client" manufacturing monitors, while it is also the most professional and efficient "server" with economies of scale to provide products to the regional business units, which are responsible for regional and local sales and marketing operations.

In a centralized structure, all resources are concentrated in the headquarters. As a result, the headquarters takes all the risks. In a client-server structure, on the other hand, each unit is allowed to shoulder its own risks and make its own decisions.

The "client-server" structure facilitated the creation of the multimedia Aspire PC in 1995.

Aspire was designed by Frog Design, a California company, while Acer Inc.'s powerful PC product expertise developed the tooling and internal PC technology. Acer Peripheral Inc. added innovative monitor and keyboard technological assistance, and much of the creative work behind the global promotion campaign was supported

by Acer operations in the US, Singapore and South Africa – it represents a success of Acer’s client-server management system.

### **The “local touch, global brand” strategy**

The strategy includes local shareholders and the “21 in 21” concept, i.e., 21 publicly listed companies by the beginning of the 21<sup>st</sup> century. Eventually, Acer will become a consortium of borderless networked companies with a majority of local ownership in each country. The foundation of the “local touch, global brand” philosophy is the formation of joint ventures with local partners. This is a way to integrate global talent and capital reserves to achieve a leading position in local market.

The “21 in 21” strategy of majority local ownership provides a strong incentive to local executives. Because of this strategy, Acer has created a basic environment for establishing solid partnership and encouraged colleagues to reduce risks and quickly grasp opportunities.

### **5. What is ACER’s core corporate culture? Please comment on which aspect of the corporate culture do you think contributes to the corporate success.**

Acer’s core corporate culture is decentralized management and decentralized structure. Shih believed “human nature is essentially good” and he himself set an example of equality and frugality. Acer offered opportunities for committed talent anywhere.

The “fast-food business model,” “client-server” structure and local shareholders majority are an inter-connected mechanism. For instance, if there were no “client-server” structure when implementing the “fast-food business model,” whenever a regional business unit runs into any difficulties with component supplies, it will rely on headquarters to solve the problem. But under the strategy of a “client-server” structure, each local operation is already a “client” with independent operating

capability. It can no longer rely on headquarters for everything and will be forced to establish its own independent operation.

However, if there is no incentive for an overseas subsidiary to take operating responsibilities, it will still rely on headquarters eventually. Allowing the implementation of “local shareholders majority” will enable local executives to truly dedicate themselves to managing the company. Otherwise, the result of delegation only brings about failure to each unit.

As a result, Acer is able to produce PCs that are customizable and built with the “fresh” technology.

**6. In preparing your job application, please list at least five major reasons that you think the HRM should consider you for an interview.**

**Tong Ming Yin Terry (50440714)**

I can work under pressure and manage multiple issues including client relations, vendors, schedules and deadline simultaneously.

Previous experience has trained me to be a fast learner. I am comfortable to work alone or in team.

I am a very stable worker requiring very little training. I have been dependable all my life, and I am at a point in my career where I do not plan on changing jobs.

I want to start my career with a progressive employer that allows me to use my skills, talent and values to achieve success for the firm.

I lost my job when the company reduced the work force for economic reason. Learning from the experience, I find that persistence and determination is more important and am more resilient psychologically.

## **Wong King Yat Lawrence (50394059)**

### **1. Past working experience**

Past working experience tells employers what aspects of the profession I have been engaging in the past, and how much knowledge I know in that particular area.

### **2. Educational background**

A good educational background, say a first-class honour in English for Professional Communication with scholarships and awards gained in university, may be a crucial factor for interview selection, because it can tell how much effort I've put in studying the subject and how much I've learnt in my university life.

### **3. Knowledge about the industry**

The employers want to know how much background information I know about the industry so that once they hire you, I have already known what is new and upfront in the industry.

### **4. Ambition**

Aiming high and having a clear-defined goal can tell the employers how much I want to achieve in the coming years.

### **5. IT skills**

Computer knowledge is essential in modern workplace because presentation and word processing are required to get jobs done impressively. In Hong Kong, knowledge of Chinese computing is an additional requirement.

### **6. Social activities engaged in university**

Social activities I have participated in university, for example the student mentoring scheme, tells how big the social relationship I developed with others. The HRM can use this as an indicator on how sociable I get on with other colleagues.

### **7. Language proficiency**

Good language competency means being able to communicate with others well. Good writing style is needed in writing reports and good oral skills are needed for business negotiations. So, telling the HRM what languages I am competent with is a must.

8. Hobbies

Hobbies can tell what kinds of culture or sub-culture I engage in.

9. Character and personality

Character and personality can tell what managerial style I am in and what type of decisions I will make.

10. Expected salary

Expected salary could be stated so that the employers know my expected reward financially.