

**A Strategic Management Plan for
Company A Semiconductor Limited**

A Management Research Paper

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EXECUTIVE SUMMARY

Semiconductor has been one of the fastest growing and most innovative industries throughout the post-war period. It has to cope with constantly changing technologies, and have experienced constantly changing competitive advantages as well as lead and lag times.

The semiconductor industry was officially initiated in 1947 with the discovery of the transistor at Bell. Semiconductor devices, however, had been produced for quite a long time even before this. The dynamics of the world semiconductor industry show a continuously evolving pattern of innovativeness and competitive advantages across firms and across countries.

Today, the semiconductor industry is widely recognized for its key role in economic growth as a multiple lever and technology enabler for the whole electronics value chain.

One of the industry's distinct characteristics that position it uniquely in the economy and in the global competitive arena includes the need for high degrees of flexibility and innovation in order to constantly adjust to the rapid pace of change in the market. Many products embedding semiconductor devices often have a very short life cycle. At the same time, the rate of constant price performance improvement in the semiconductor industry is staggering. As a consequence, changes in the semiconductor market not only occur extremely rapidly but also anticipate changes in the industries evolving at a slower pace. Yet, another consequence of this rapid pace is that established market strongholds can be displaced very quickly.



According to the ibef.org, there are two major factors for semiconductor sector's growth; Pull factor and Push factor. Under the **Pull factor** are; (1) Significant export potential, (2) Increased semiconductor content in electronic industry, (3) Unprecedented growth in domestic consumption of electronic goods, (4) Growth in chip design industry. While for **Push factor** are the following; (1) Availability and scalability of talent, (2) Quality of talent, (3) Talent cost advantage, (4) Quality of technical education.

According to Fred David (2011), strategic management can be defined as the art and science of formulating, implementing and evaluating cross-functional decisions that enable an organization to achieve its objectives. As this definition implies, strategic management focuses on the integrating management, marketing, finance / accounting, production / operations, research and development, and information system to achieve over-all organizational success.

This study was prepared for Company A Semiconductor Ltd. to assess the current situation, and define opportunities to further improve its overall operations, remain profitable, effective and cost efficient manufacturing site against subcontractors and other semiconductor manufacturing sites and competitors, local and abroad, and number one site preference of its Headquarters company's world-wide volume.

Major challenges for Company A Semiconductor Ltd. are; consistency of being cost effective by having the lowest cost per pins among other sites, its subcontractors, and competitors; local and abroad, maintain its quality, beat subcontractor yields, qualify other devices that are currently loaded in subcontractors and load it in Company A



Semiconductor Ltd, improve its Overall Equipment Efficiency (OEE), convince its headquarters to invest and add more Automated Production Line (APL) to further increase its capacity as to accommodate pulled-in loading from subcontractors and capitalize its competitive advantage as the fastest in terms of cycle time among all sites, subcontractors and competitors, to build and qualify first build samples of the new products and deliver to customers on time.

Based on the overall's matrixes result, Company A Semiconductor Ltd.'s general objective and strategy is to use Horizontal Integration approach hence to gain control over subcontractors as its competitors. A portion of the strategies is to address and fix internal issues, capitalize its strengths to overcome weaknesses.

From the IE result, Company A Semiconductor Ltd. falls under quadrant V that means the company should hold and maintain its current strategies while the SPACE matrix says quadrant 1, meaning, the company is so aggressive with its current strategies based on Fred David's Strategic Management book. It's the same quadrant as indicated in the GSM matrix's result.

Specific action plans are outlined in Chapter VIII while the projected financial impact was calculated and indicated in Chapter IX.



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