

PART I VIDEO CASE STUDY Cisco systems

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Leonard Bosack and Sandy Lerner, a married couple who worked as computer operations staff members at Stanford University, founded Cisco Systems in 1984. Lerner briefly moved on to direct computer services at Schlumberger, but returned full-time to Cisco in 1987. The name 'Cisco' was derived from the city name, San Francisco. Cisco Systems develops and sells networking and systems communications technology products and services. Based in San Jose, California, Cisco Systems has three main brands that they promote: Cisco, Linksys and Scientific Atlanta. While they originally specialized in the enterprise (business) market, Cisco has branched into the home networking market as well. The company went public in 1990. The founding couple walked away with a lot of cash, and later divorced. During the peak of the dot com boom, Cisco was the most valuable company in the world. In 2000 Cisco Systems was valued at more than \$500 billion. Today, Cisco Systems, Inc. designs, manufactures and sells Internet protocol (IP) – based networking and other products related to the communications and information technology industries worldwide.

Basically, Cisco has two types of customers: direct customers (key accounts = large enterprises) and indirect (smaller) customers, which are taken care of by the Cisco distribution partners. Cisco regards these external distribution partners as a direct extension of the company and wants to share its own success factors to help them become more



Source: Getty Images.

successful. In addition, the end customer experience should be the same whether purchasing directly from Cisco or through Cisco partners. Customer satisfaction is the cornerstone by which Cisco and its partners are aligned to achieve customer retention and loyalty.

Questions

1. Define the core competence of Cisco systems.
2. Describe the type of buyer-seller relationships that Cisco Systems have developed in order to increase their international competitiveness.
3. How do Cisco Systems increase the internal competences among employees, so they can better handle the external relationships to key customers?

Please look at the video clips at www.pearsoned.co.uk/hollensen.