College, Career & Life Planning

Choosing The Right Industry/Field

The industry (or field) you choose has a major influence on your career opportunities (i.e., promotions, personal development), your financial well-being (i.e., salary, opportunity for raises, company stock value) and your quality of life It is more fun to work in a growth industry. Lay-offs and facility closings are financially and emotionally painful for employees and their families.) An employee with average capability in an attractive industry frequently makes more $$$ and enjoys more rapid career advancement than a more capable employee in an unattractive industry.   Also, the longer you work in an industry/field, the more difficult it is to switch if your first choice turns out to be a poor one. You become "labeled" with that industry or occupation. For example, "Tom's an automotive guy." "Sarah is an accountant." Once you have been in the job a couple of years, your compensation will have risen above the "entry-level". Even if you are willing to take a pay cut, it may be difficult to convince your company to let you move into another function or to convince another company in an unrelated industry to hire you. ***So consider the factors below (and other relevant information) when selecting an industry and choose wisely!***

Choosing The Right Company (or Organization)

The company you choose will also influence your career opportunities, your financial well-being and your quality of life. If you are part of a "winning team", growth and profitability are more likely. Company growth and profitability usually translates into more career opportunities (i.e., promotions, personal development) for employees, less risk of losing your job from a lay-off and more financial rewards (i.e., company stock price, profit sharing). Working for a winning company is more fun and it conveys more status/pride/esteem (just like a winning team does in sports). You tend to learn more at the best companies (just like sports) and competitors are more likely to seek you out with job opportunities involving salary increases and promotions.   Don't get stuck in a future job interview needing to explain why you picked a loser for your first job! ***Consider the factors below (and other relevant information like your personal fit with the company culture) when selecting a company!***

Industry Characteristic	Attractive Industries	Unattractive Industries
• **Market size & growth rate**	Large, rapidly growing market.	Shrinking market. Less need for the product or service (maybe due to demographic changes).
• **Intensity of competition**	Few competitors. Limited foreign competition. Companies compete primarily on product/service quality and other "non-price" value to the customer. No price wars between competitors.	Many aggressive, struggling competitors focused on "cut-throat pricing" to compete. Everyone offers the same product/service with few differences.
• **Opportunities and threats**	New applications and/or markets are emerging. Opportunities to provide expanded services and new products to existing and new markets. Few threats.	Foreign competition, new laws, product obsolescence or other factors threaten primary business. Few opportunities.
• **Ease of Entry or Exit the market**	Difficult for new competitors to enter the market (e.g., technology, brand name, resources required). Easy for weak companies to redeploy assets (e.g., equipment and facilities) and leave the industry.	Easy for new competitors to enter the market. Difficult for weak existing competitors to leave (e.g., difficult to redeploy people/equipment, legal restrictions, contractual obligations).
• **Seasonal and Economic Cycle**	Economic cycle and seasonal (e.g., Xmas) factors have no negative influence on business. Steady growth throughout the year and economic cycle.	Huge sales swings driven by the economy (e.g., advertising industry) or time of year (i.e., toy industry)
• **Industry profitability (Net Income/Sales Revenue)**	Profit margins are high and growing. All or most companies in the industry are profitable.	Many companies in the industry are unprofitable. Margins are low and declining. (e.g., Airline industry)
• **Demographic Trends (i.e., age, income levels, population growth, single/dual income families)**	Favorable trends in population characteristics (e.g., age, income, growth) for this industry. (For example, an aging population benefits the healthcare industry. Growth in dual income families with children benefits Pre-School industry)	Unfavorable trends in population characteristics negatively impact industry.
• **Impact of Laws, Taxes and Government Regulations**	Supportive government policies (e.g., government subsidies, tax benefits to encourage the industry's competitiveness in global market)	Increasing government restrictions (e.g., limit tobacco advertising, pollution emission, sin tax, liability legislation)
• **Degree of risk and uncertainty**	Limited business risk. Predictability in market development, technology and competition.	High business risk/uncertainty (e.g., Litigation-prone, rapid product obsolescence, dramatic shifts in government policy, sales driven by latest fad)
• **Technology Trends**	Technology advances provide opportunity for growth in product use and market size. (For example, cell phones can be used to make calls, send messages, surf internet, take pictures).	Existing products/services likely to become obsolete by new technology. (e.g., computers impact on typewriters, internet potential impact on traditional retail businesses)

Company Characteristic	Attractive Companies	Unattractive Companies
• **Relative Market share (vs. competitors)** *Share = Company Sales/Industry Sales*	Largest market share in the industry. Twice as large as the next largest competitor.	Small company. Many larger competitors.
• **Market share trend**	Growing. Winning new customers and increasing business levels with existing customers.	Declining. Losing customers and not winning new ones.
• **Profitability (vs. competition) and trend** *(Net Income/Sales Revenue)*	Higher profitability than competitors and profits and/or profit margins are increasing.	Lower profitability than competitors and profits are declining or business is incurring losses.
• **Competitive Advantage**	Strong and sustainable advantages over competition (e.g., costs, brand image/reputation, product or service quality, size, favorable access to market)	Little or no advantage over competitors' products or services. Competitors have advantages that are important to our customers.
• **Company's strength vs. market needs**	Company's strength (e.g., product) is a very important factor to the market. Customers need "what the company is good at".	Company has little or no competitive advantage in meeting any significant market need.
• **Vulnerability to key suppliers or customers**	No customer is more than 10% of the company's total sales. Many suppliers are available to the company for key inputs (e.g, labor, raw materials).	Company relies heavily on 1 or 2 customers for the bulk of its revenue. Company relies heavily on a key input from a single supplier (i.e., union labor with single plant, "patented" purchased component)
• **Technology and innovation capabilities**	Technology leader. Track record of successful innovation in products, technology and markets.	Follower. Waits for competitors to take the lead, then tries to catch-up. Usually produces an inferior imitation.
• **Brand name recognition and reputation**	Strong brand image and reputation. Clearly viewed as the market leader and a "low-risk" purchase by customers (e.g., Nike, Starbucks, Harley-Davidson, Toyota)	Little brand recognition. Company does not have a strong or positive image in the marketplace. Poor reputation for quality or service (compared to its competitors).
• **Management Strength**	Experienced. Successful track record in industry. Innovative. Pro-active. Create a team environment with dedicated, enthusiastic, customer-oriented employees. Strategic focus.	Limited industry experience. Weak or mixed record of performance. Many employees are unhappy and choose to leave the company. Frequent management turnover. Reactive.
• **Financial Strength**	Strong balance sheet. Limited or reasonable debt levels. Strong Credit Rating. Generate cash. Profitable.	Excessive debt. Weak credit rating. Late on payments to suppliers/employees. Unprofitable. Cash "strapped".

Where to Get Information

- Market Size/Growth Rates: Industry Publications, Internet Search
- Industry Characteristics: Industry Publications, Internet Search, Company or Competitors 10K Financial Reports, Career Guide to Industries **http://www.bls.gov/oco/cg/home.htm**
- Financial Information: Annual Reports and 10K Financial Reports (from Public Company Websites)
- Market Share/Trends: Industry Publications and Company Financial Reports
- Competitive Strength: Industry Buyer's Guides/Performance Ratings, Company's current or former employees and/or customers.
- Management Strength: Industry Publications Rating Management, Company's current or former employees and/or customers.
- Company Information: Annual Reports, 10K (detailed annual financial report), Hoovers **http://www.hoovers.com/free**
- Industry Info/Trends: **http://www.census.gov/econ/census02/guide/INDSUMM.HTM#schedule**
- Demographic Trends: **http://www.census.gov/econ/census02/guide/index.html**
- Job Interviews with the Company
- Talk to friends/family that work or have worked in the industry or know someone who does or did.
- Talk to your school alumni who work in the industry and are willing to share their experiences/knowledge.
- General Industry Magazines: Forbes, The Economist, Fortune, Business Week
- General Industry Info Sources
    - Compustat
    - Standard & Poors Register of Corporations, Directors and Executives
    - Dun & Bradstreet Million Dollar Directory
    - Moody's Manual