Competitive advantage

Telecommunications management & strategy

Ewan Sutherland

GSTIT.edu.et

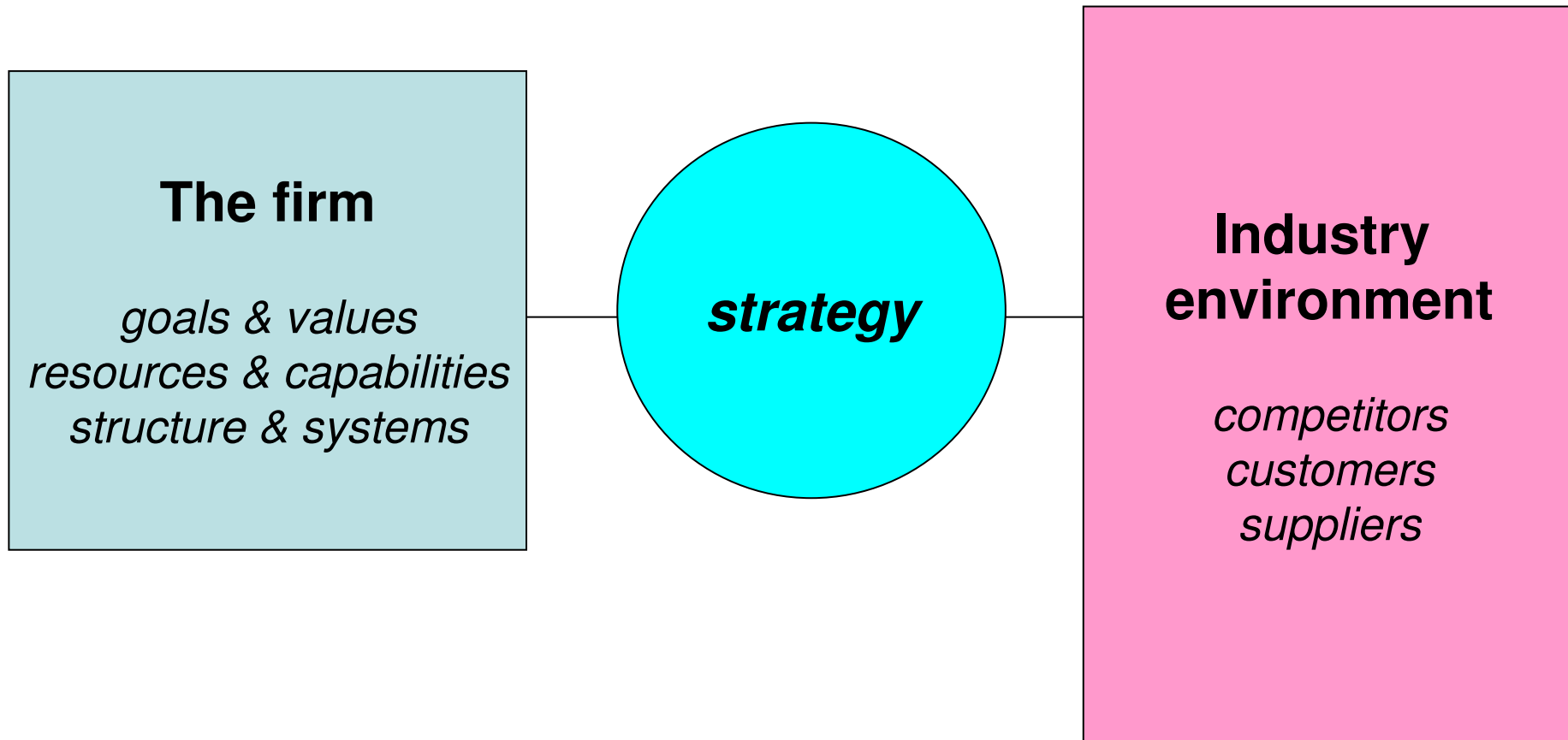Graduate School of Telecommunications & Information Technology

Introduction

- Competitive advantage
  - resources and capabilities
  - value chain
  - core competences
- Grant - Chapter 5
- Case study: Eastman Kodak

Resources and capabilities

- A basis for formulating strategy
- Identify and appraise
- Evaluate the potential for competitive advantage
- Formulate strategies
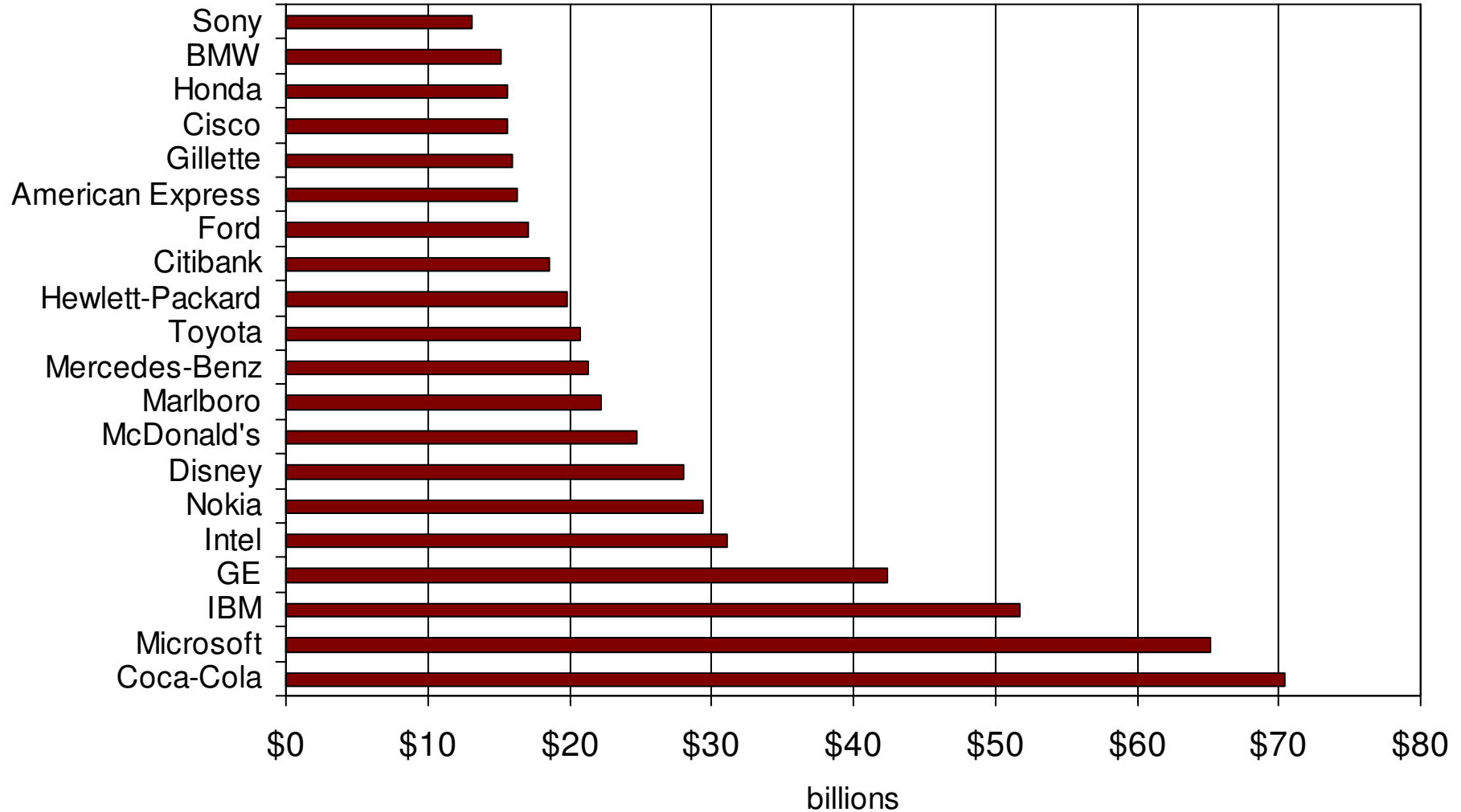- Identify means to develop useful resources and capabilities
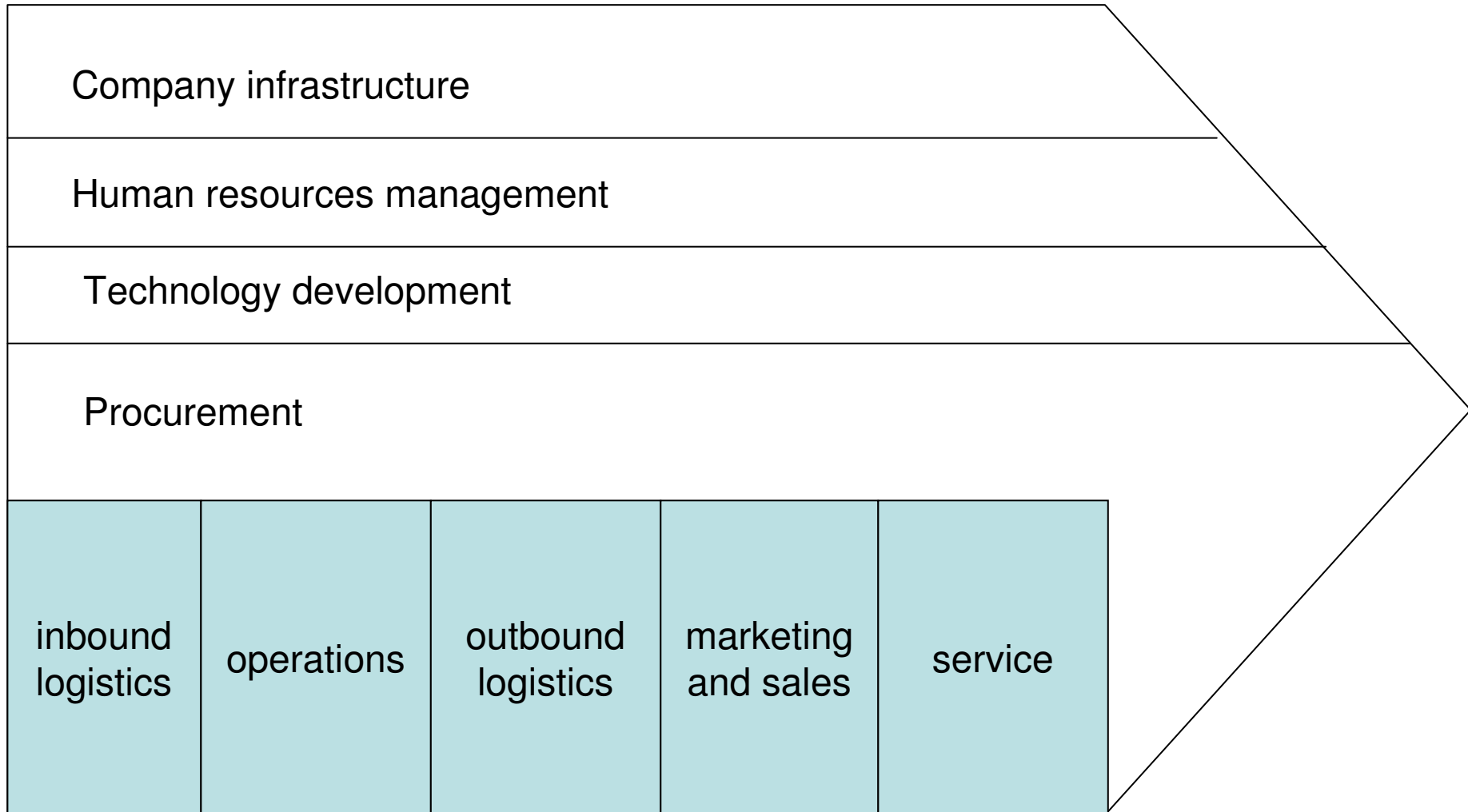
Resources and capabilities

The firm

goals & values
resources & capabilities
structure & systems

strategy

Industry environment

competitors
customers
suppliers

Resourced-based view

- Deploying the existing resources

- Filling resource gaps

- Developing future resources

- Tangible:
  - financial
  - physical

- Intangible:
  - technology
  - reputation
  - culture

- Human:
  - skills and know-how
  - capacity for communication
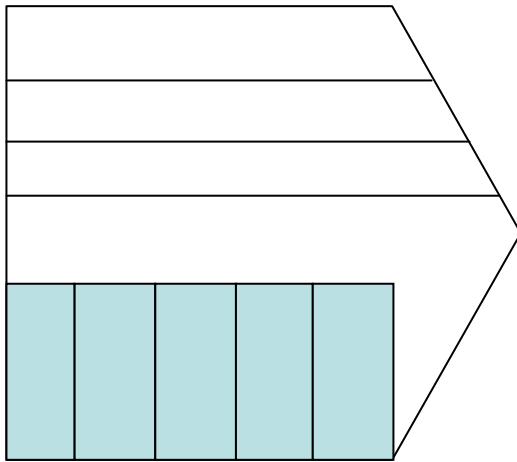 - motivation

World's most valuable brands

Value chain

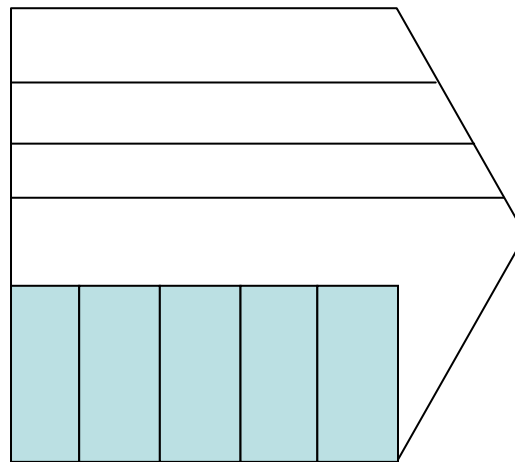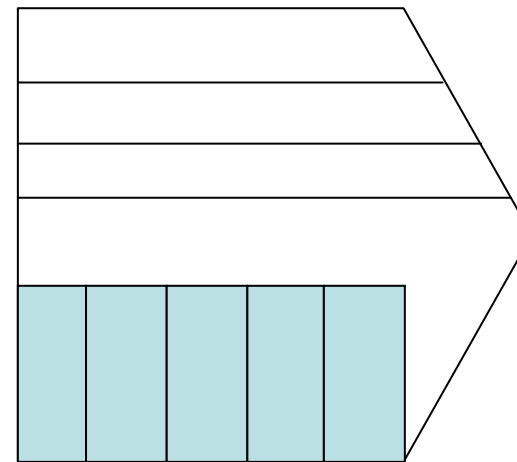| Company infrastructure | | | | |
Human resources management				
Technology development				
Procurement				
inbound logistics	operations	outbound logistics	marketing and sales	service

Sequential value chains

Supplier

Firm

Buyer

Coffee value chains

http://www.africacncl.org/CCA_Summits/2005_Downloads/The%20Coffee%20Sector%20%20Presentation%20-%20Kenya.ppt

Retailers

Milling

Roasting

Primary
Processing
(wet)

Hospitality
industry

Farming
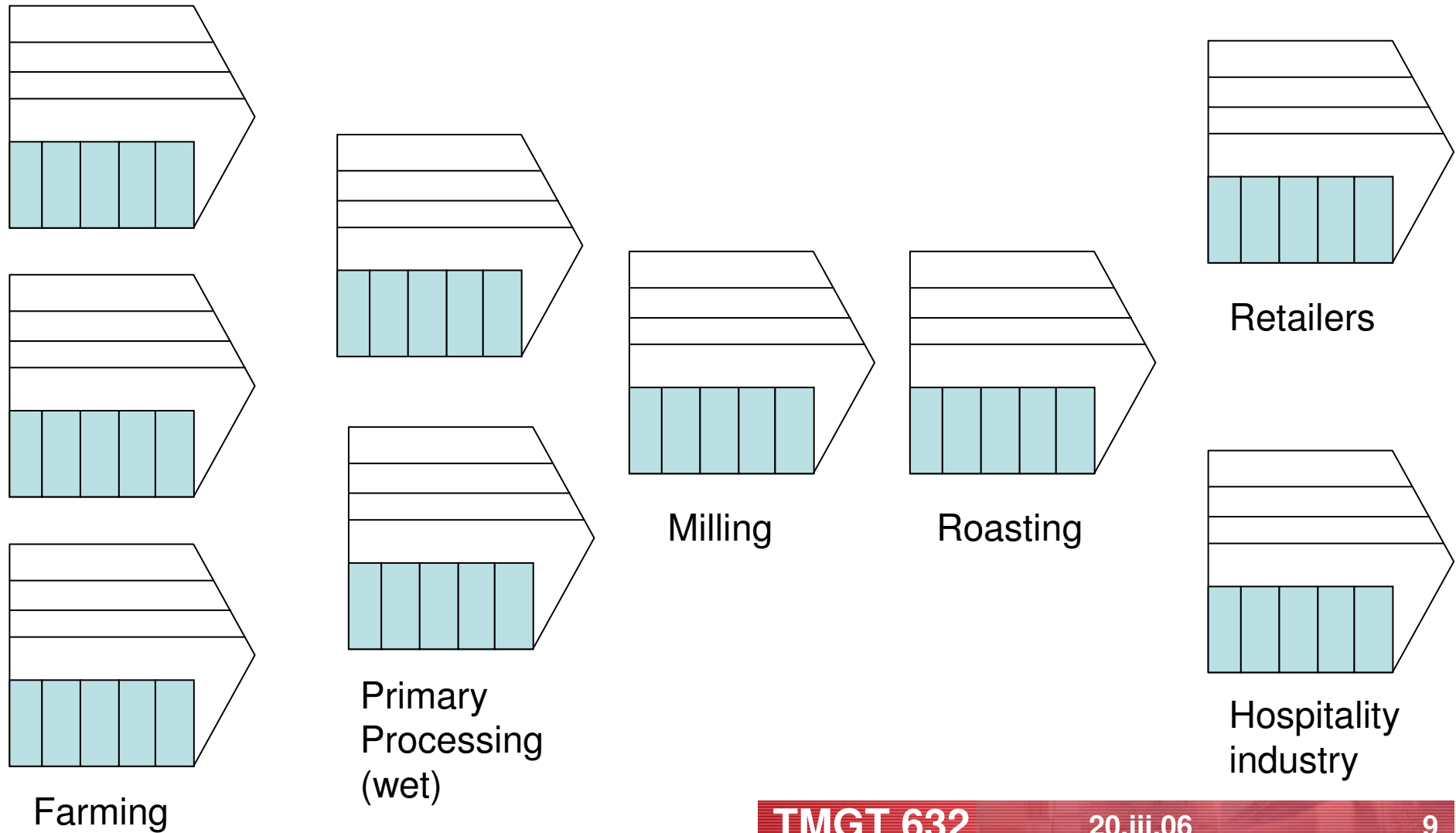
Hierarchy of capabilities

- Cross-functional
- Broad functional
- Activity-related
- Specialised
- Single-task

Profit-earning potential

- Extent of competitive advantage established:
  - scarcity
  - relevance
- Sustainability:
  - durability
  - transferability
  - replicability
- Appropriability:
  - property rights
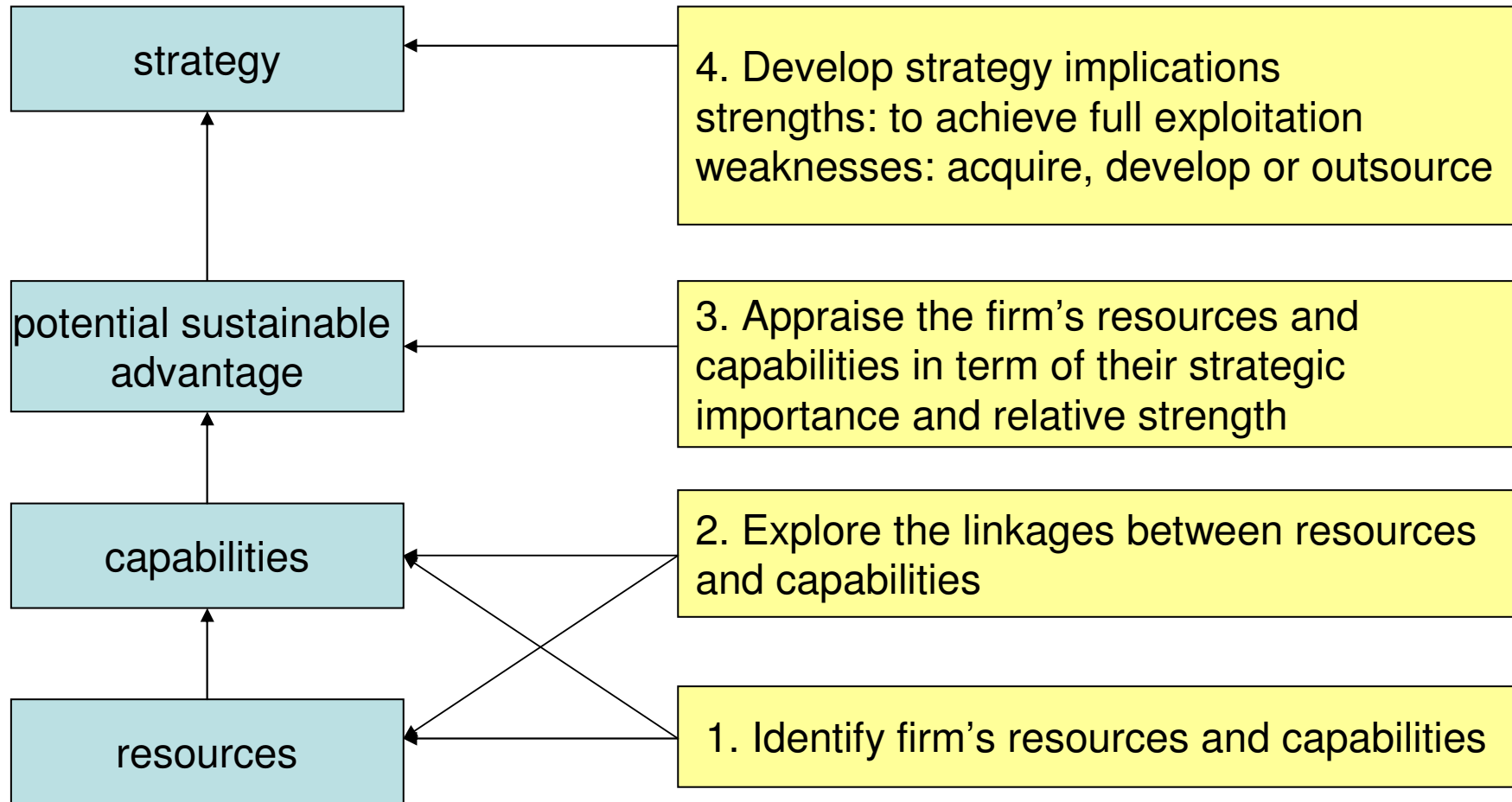 - relative bargaining power
  - embeddedness

Practicalities

- Identify key resources and capabilities
- Appraise resources and capabilities
- Develop strategy implications

Capability development

- Mergers and acquisitions
- Strategic alliances
- Incubators
- Product sequencing
- Managing the process

A framework

strategy	**4. Develop strategy implications** strengths: to achieve full exploitation weaknesses: acquire, develop or outsource
potential sustainable advantage	**3. Appraise the firm's resources and capabilities** in term of their strategic importance and relative strength
capabilities	**2. Explore the linkages between resources and capabilities**
resources	**1. Identify firm's resources and capabilities**

Knowledge-based view

	tacit knowledge	explicit knowledge
tacit knowledge	socialisation	externalisation
explicit knowledge	internalisation	combination

tacit
knowledge

FROM

explicit
knowledge

TO

tacit knowledge

explicit knowledge

Ewan Sutherland

- http://.www.3wan.net/teaching/strategy2006/
- 3wan [at] 3wan.net
- skype://sutherla

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