

ALERTNESS, DISCOVERY, AND CAPABILITIES-BASED STRATEGY

How entrepreneurs can apply these concepts to start, grow and manage a business.

ALERTNESS

Successful entrepreneurs notice opportunities in the market that others don't; it's often as simple as the opportunity to buy at a lower price and sell at a higher price.

USING ED PLETNER AS AN EXAMPLE

Ed noticed that surplus computerware individuals and firms wanted to dispose of could be resold as individual units for a profit on platforms like Ebay.

DISCOVERY

Entrepreneurs discover new knowledge over time – about the needs or plans of others, about their own abilities, about available resources and about technological possibilities. These discoveries help markets become more efficient and are therefore valuable.

USING ED PLETNER AS AN EXAMPLE

Ed discovered an opportunity to help customers with disposal of their digital waste, an increasingly important need that the market was not meeting efficiently.

CAPABILITES-BASED STRATEGY

Entrepreneurial firms take a resource-based view of strategy: they focus on specific resources and capabilities to deliver value to customers and as sources of competitive advantage.

USING ED PLETNER AS AN EXAMPLE

Ed developed specific competencies and certifications for electronics recycling , data and IP destruction, asset recovery and logistics that set the firm apart from others and made it a leader in its field in engendering security and confidence for its customers.

USE THE VRIO FRAMEWORK TO DEVELOP YOUR OWN CAPABILITIES-BASED STRATEGY:

VALUABLE

Do resources and capabilities enable firms to exploit an external opportunity or neutralize an external threat, i.e. enhance competitive position?

RARITY

How many competitive firms already possess these valuable resources and capabilities?

Rarity is a source of competitive advantage.

IMITABILITY

Are firms without this resource or capability able to obtain it or develop it at the same or lower price?

Inimitability is a competitive advantage (although it seldom lasts).

ORGANIZATION

Is the firm organized to exploit the full competitive potential of its resources and capabilities? Organization includes not only structure but also such elements as processes and methods, controls, recruiting and talent management.