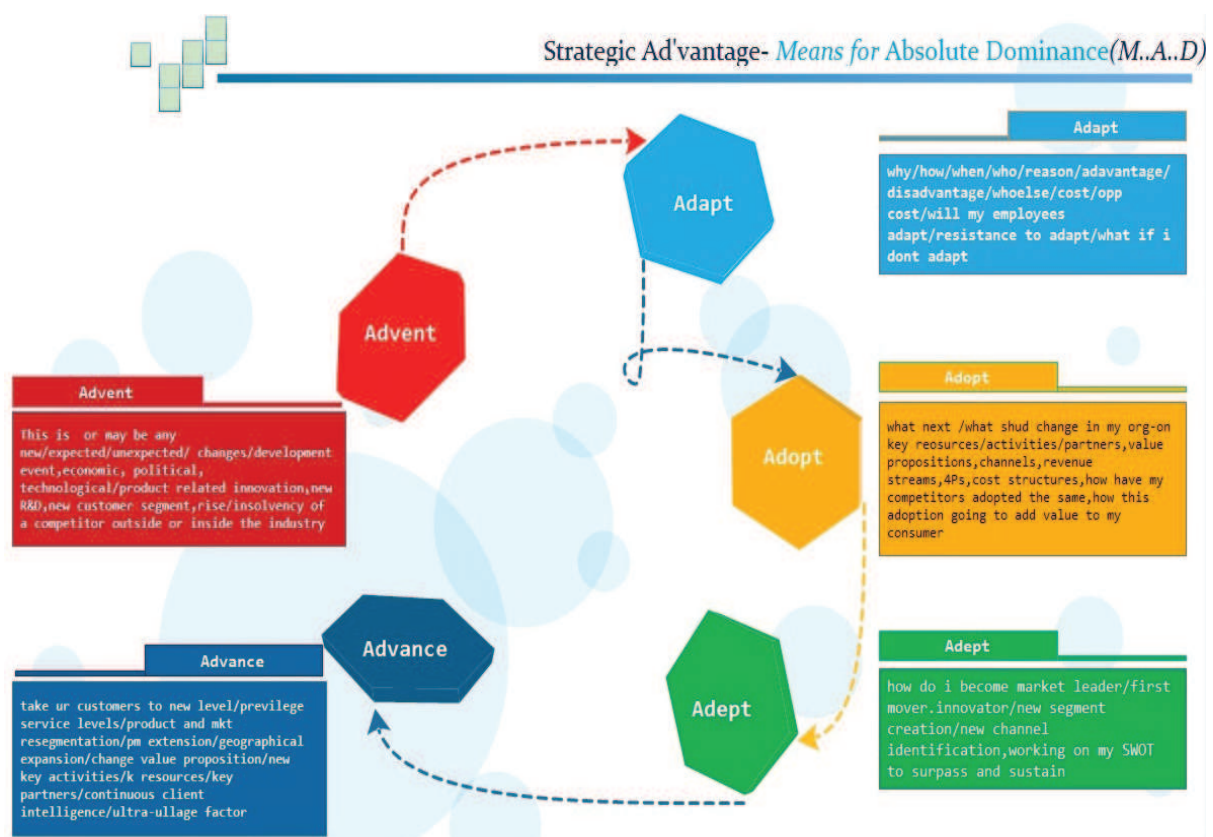


## STRATEGIC AD' VANTAGE- 'MEANS' FOR ABSOLUTE DOMINANCE

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**Abstract:** The ever-changing dynamic nature of the universe and in this context the economies and the markets, forces the economists and the strategists across and around, to continuously rethink, rework on the course of action. In other words they are always in search of an appropriate move and this appropriate move usually is to have recourse to value analysis and value engineering. The study of the rise and dominance of certain organizations across, reveals how and what strategies were/are executed in order to sustain and master the *advent* of the circumstances or an event or situation (and these, most of the times are unexpected and may present an opportunity or a threat), the ways they follow to *adapt*, *adopt* and finally *adept* before the organizations *advance* to the next level. This paper is an attempt to propose a strategic model to understand and work out on strategies that have been/are/that can be, executed during the various stages of *advent*, *adapt*, *adopt*, *adept* and *advance*, so as to create a sustained Strategic Advantage that shall be the 'means' for ABSOLUTE DOMINANCE.



**Keywords:** Strategy, Competitive Advantage, Business Models.

**Introduction:** The mechanism of wheel of life is such that it always allows a man to remain at the top for some time and this amount of time

depends on man, as it is rightly said that life always tests for a level of commitment. If a man remains committed, then obviously he remains

at the zenith of success for a considerably long time. We can also link the prosperity of businesses to that of man's and to be more specific it can be said that fate of business is a function of fate of all the people who are associated with the firm. Whatever said and done, the obvious intention of any business is to rise, thrive and dominate, for as much time as possible.

The paper intends to attempt an approach for firms to rise, thrive and dominate. Usually the approaches of the firm take into account some standard conditions under which the firms operate and strategies are also designed under those conditions. That kind of approach paves the way, because of the inherent nature of the nature to be unpredictable, to an approach that makes firms design and develop strategies to deal with both predictable and unpredictable world to an extent.

The paper starts with Advent-that deals with arrival of any event, situation and circumstance or any of various external factors that the firm or the elements of business model confronts with and then has Adapt-capacity of the firm to adjust with the advent, based on the firm's internal factors. The paper then mentions about strategies that it may adopt and adept before the firm thinks of advancement seeking new opportunities.

The Strategic Ad' vantage- is an attempt to propose a model to the firms that is a 'means' to achieve their ambitions of Absolute Dominance.

**Advent:** Time, like wind cannot be contained, hence cannot be controlled. Human mind like time and wind is always on the go. The differences can be-time always move in one direction i.e. forward where as human mind swindles between past and future and rarely is found to be in present. Like some great epics opine, that mind can be made to remain in the stable state by continuous meditation and auto suggestion, so that it stops thinking about those that are not required and does not create its own

illusionary, rather delusionary world. All successful achievers in various fields are examples of controlled and stable mind. In fact a controlled and stable mind is a must for accurate thinking.

The mind and brain or we could say that the spirit inside us always aims advancement or progress. When a man starts longing for advancement, which means it is a change, and every change alters and questions the present state of surroundings and every altered state of surroundings throws at us both favorable and not so favorable situations which may be referred to as opportunities and threats.

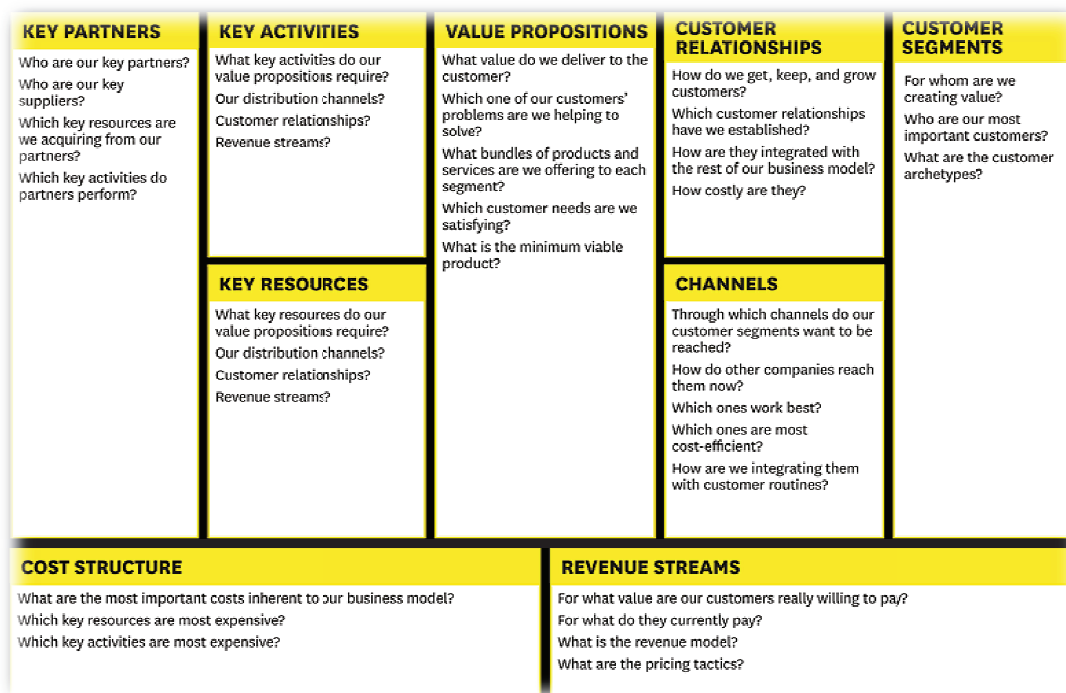
A crystal clear thinking mind knows that -firms are run by people .i.e. competent people. When someone says that firms are doing well or not doing well, they mean that people in the firms are doing well, when they say people, it also means that the mind and spirit of those people are doing well or not well.

A glance of the business world throws some interesting facts-the world is run by handful of companies, powerful companies for e.g.- Microsoft, Exxon Mobil, Google, Amazon, Honda and Ford, Fed Reserve to name a few(remember 80:20 rule),It means the business world is run and controlled by few extremely competent people. If you were to think of top 10 people who made the world as to what it is today, it is again that handful of people like Mahatma Gandhi, Abraham Lincoln, Albert Einstein, Thomas Alva Edison, Henry Ford, Wright Brothers etc. So we can safely dare to assume that it is few powerful brains that were ignited and enlightened and enriched, because of which progress happens and there were and are brains which were perverted and that has led to disasters as well. It means that behind any powerful businesses there is one or more extremely powerful brains that make business thrive, that makes them innovative, adaptive and adoptive and progressive.

As this discussion on 'Ad' vent is about arrival of

something, and that something certainly is not as same as present, it becomes imperative to know and guess and be ready based on previous experience and other techniques-what all can Advent and what it means to business. The Ad' vent is basically referred to any event or a situation or a circumstance that can be either external to the firm or sometimes internal to the firm. Going by the dictionary meaning of advent, it is assumed here that advent means arrival-of

any event/situation/circumstance and it is in essence external to the firm. Since the discussion is about Advent-which primarily here refers to external environment, the firm's internal environment and other parameters would fall into the concept of adapt. Two things are important from the point of understanding Advent 1) the business model of the firm 2) various external factors. A sample Business Model (BM) diagram is shown for reference.



Let us now draw our reference to what all external factors can a firm confront and on what all elements of BM it may have an impact upon. External environment basically is an Advent that firm does not have a control upon yet it is sure to make an impact and affect the firm. The best way to understand external environment is by the study of PESTLE and Michael Porters Five Forces and how they affect each element of Business Model. Since the entire concept of Strategic Advantage is to have an Absolute Dominance, the understanding of this proposed model would be thorough only when we study

the impact of Advent, Adapt, Adopt, Adept and Advance not only on the elements of BM of the firm under consideration, but also on the elements of BM of the suppliers, customers and competitors of the firm.

It would be apt to have an external factor analysis and evaluation matrix so that it would be easy to determine the impact of these external factors on every element of BM and then an assessment of overall impact on the firm(also on suppliers, customers and competitors)can be made. A sample of the same is given below

BM \ EFAES	KP			KA			KR			VP			CR			CCH			CS		
	W	R	WR	W	R	WR	W	R	WR	W	R	WR	W	R	WR	W	R	WR	W	R	WR
Political																					
Economical																					
Social																					
Technological																					
Legal																					
Environmental																					
Substitutes Threat																					
New Entrants Threat																					
Bargaining Suppliers																					
Bargaining Consumers																					
Industry Rivalry																					

### External Factors wrt Elements of Business Model

The company depending on the industry it operates and also considering the attractiveness of industry need to assign ranks to those parameters where as weights are assigned as per industry standards. Ranks are firm based while weights are industry based. Once done with assigning the weights (W-weights are assigned anywhere between 0 to 1) to each parameters wrt each elements of BM, the firm can now give ranks(R) to them (ranks to be between 1 to 4(highest) depending upon its importance in the firm's activities. Multiplying the ranks with the weights (W\*R) will give a weighted score that

needs to be totaled. The total of the all the elements and then the average of the totaled scores of all elements of BM will give a score anywhere between 1-4, which would be required later to be plotted on a GE matrix

The reason for this exercise is to find out how which of the listed external factors will have an impact on which element of BM and how strong or weak is the impact of this external factor on BM element. Now how the company behaves or acts to these is again a factor of its own internal capabilities which gets discussed in the next section of adapt.

**Adapt:** The previous section has detailed the impact of external factors on every element of BM, though most of the times the elements of BM may not have any control on any or some of these external factors, but these factors for sure will have its impact on the elements (high or low impact)

The impact is bound to create some kind of disturbance or turbulence in the elements of the firm. Shifting our focus on to Darwin's theory for a moment reveals that only the fittest survives. So it can be said that the firm that is strong to deal with this external environment not only survives, but sustains and dominates as well. The strength of the firm will assist the same in adjusting or ADAPTING to the external factors.

Common sense thinking reveals that any Advent or Change is a continuous and ongoing process. Sometimes the change happens suddenly and sometimes gradually. Change is perceived to be abrupt or sudden to those who are unprepared or fail in forecasting or it may be lack of experience in forecasting and managing. It means that when Advent is always on, the process of adjusting or adapting is also on, always. This means even the remaining phases like adopt, adept and advance are also continuous process and hence the strategies that get developed and implemented are also continuous and hence we term it as Strategic Intelligence

Now whether the firms can adapt or not or whether the firms want to adapt or not is a function of external factor, the firm's own core competency and also availability of resources (men, machine and money).

The firm usually behaves in 3-ways whenever confronted with an Advent state. The firms either respond proactively, or it just reacts or it acts defensively and which out of 3-ways it chooses to respond again depends on organizational arrangement. In fact the 3 ways of adaptation can be classified as unstable, stable and neutral.

Unstable adaptation is a state of complete vulnerability, where the firm acts defensively and the reasons could be that adaptation requires extended core competency and resources which the firm may not possess at that point of time. These kind of adapting firms are called defenders. A stable adaptation is a state where the firm instead of acting defensively, keeps itself open to the advent and reacts to every advent. This is possible for the firm because of its strong market intelligence, which helps it to react and adapt without any substantial delay. These firms are called analyzers. A neutral state of adaptation is a state where the advent may or may not have any consequence which is possible because of strong market intelligence, strong forecasting techniques and presence of highly skilled and experienced team. In fact these kinds of firms are so strong that, they sometimes are the only reasons of advent, as they are always on the lookout for opportunities to advance. These are called prospectors.

If the organizational structure of the firm is top-bottom or boss centered, important strategic signals from the lower levels of management are ignored because authority is based on one's position in the firm and this kind of organizational structure limits the access to external information and hence the capacity of the firm to adapt to external complexity is lower than possible under organic arrangement. This kind is referred to as mechanistic arrangement. If the organizational structure is of an organic type, the firm remains open to external information and in such a case the authority in the firm derives from the expertise regardless of one's position in the firm. This has a participative leadership style. In between the organic and the mechanistic arrangement, there exists a bureaucratic style, where in the subordinates are allowed to participate on a limited basis in the evaluation and elaboration of the strategy.

Since the adaptation approach followed by the firm is a function of core competency and resources, it is vital to understand and study the firm's strength and weakness and then determine the ability to adapt. The firm in addition to its own willingness and capacity to adaptation may also be interested to know if its suppliers, clients and competitors are capable, and willing to adapt. Hence we come to a point where the study, analysis and evaluation of internal factors/capabilities wrt various elements of BM become mandatory. So applying the internal environment elements to the elements

of BM and applying the industry specific weights and firm assigned ranks, and multiplying the ranks to weights and totaling the weighted scores will help us know where the firm stands. The scores of each element of BM decide how fast or not a firm can adapt. Also the firm has to think of opportunity cost of self, clients, suppliers and competitors. All the above mentioned, decides how fast and efficiently a firm can adapt. To summarize adaptation is all about firm's strength to adjust, survive, sustain and dominate the external environment.

BM IFAES	KP			KA			KR			VP			CR			CCH			CS		
	W	R	WR	W	R	WR	W	R	WR	W	R	WR	W	R	WR	W	R	WR	W	R	WR
Human resources																					
Machines																					
Technology																					
Policies																					
Brand Strength																					

**Internal Factors wrt Elements of Business Model**

**Adopt:** Once the firm has conducted the internal factors analysis and evaluation, it is now clear with its strength and weakness better than before and hence , knows whether and if ,and how better it can adapt to the advent. At the same time it would have also known how far its suppliers and competitors are adapting

Once the firm knows that it has to adapt and if it has adapted, in order to perform better and faster it needs to adopt some strategies which the firm may or may not have worked before. If a reference can be drawn from BCG matrix-it would help understand to find out the current

status of the product wrt to market growth rate and firm's market share, But as McKinsey Matrix puts across, it requires more external and internal parameters to decide the position of the product in the market as, it is difficult to judge the position of the product with only 2 parameters market growth rate (external) and market share(internal).

Now plotting the external and internal factors analysis and evaluation scores on a McKinsey Matrix gives us the following picture.

The image below shows what strategies can be possibly adopted if the scores lie in different



quadrants. The firm can decide to adopt one or more of the below strategies keeping its core competency and resources into consideration.

- Integration strategies-forward, backward or horizontal integration
- Intensive Growth strategies-market penetration, market development and product development
- Diversification strategies-related diversification and unrelated diversification
- Defensive strategies-retrenchment, divestiture and liquidation.
- Market timing strategies-first mover or late mover

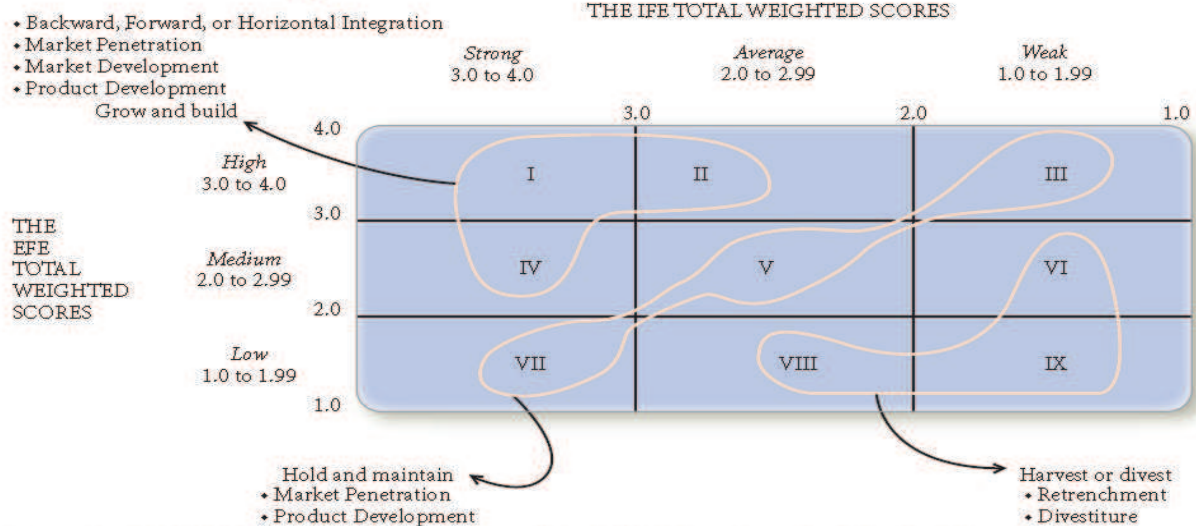
f) Market location strategies-offensive and defensive tactics

g) Other strategies-JV, M&A, Collusion and Strategic Alliances

h) Generic Strategies-Low cost or best value differentiation or focused market approach

Since the firm has already conducted an internal and external evaluation wrt various elements of BM, it is now clear of its strengths and weakness and hence it can decide to choose which of the above can be adopted, whether to adopt one or more strategies, and if more than one strategies is decided to adopted, should they be implemented one after another or all at the same time.

### The Internal-External (IE) Matrix



Source: Adapted. The IE Matrix was developed from the General Electric (GE) Business Screen Matrix. For a description of the GE Matrix see Michael Allen, "Diagramming GE's Planning for What's WATT," in R. Allio and M. Pennington, eds., *Corporate Planning: Techniques and Applications* (New York: AMACOM, 1979).

**Adept:** Once the firm has finalized on the strategies being adopted, the next step would be to getting into perfect execution of those adopted strategies i.e. adept. Being adept in executing strategies requires intense will power and commitment from those who design, develop and from those who actually implement it, hence it is believed that participative – leadership style often helps in better execution of strategies. Strategies can be better executed if all those whose implement are considered while the strategic decisions are being designed and

developed.

Going with the BM diagram, the firm has to prioritize regarding which parameter of BM the firm should be thorough with or be adept into. For some firms, managing the Key Partners would be a priority to become adept into, while managing the customer channel and customer relationship may be a priority for e commerce and banks respectively. Once the firm knows the priority of adept'ing, then accordingly resources can be allocated for effective and efficient implementation of the same.

Using McKinsey 7 S framework, the firm can streamline its men and resources so that the learning and the experience curve can be kept as low as possible. The firm can work to getting adept in the following areas

- a) Style-having a participative style of leadership
- b) Structure-firms can have leaner structure and management, clean and clear cut goals and responsibilities, proper and well defined coordination among all concerned, decentralized and speedy communication.
- c) Systems-high end control systems to monitor and evaluate the progress and process. The firms can perform better by capacity building; create self learning systems to reduce the learning curve.
- d) Staff-The firms can reduce the learning curve and make people perform better by rewards and recognition programs, it can also design the roles and responsibilities in a manner so as to make execution of strategies not only thorough but also faster.
- e) Skills-To go up the learning curve and achieve goals faster, developing skill sets and allocating the best people to the right work becomes very important. Continuous training or developing an e-learning module (self learning method) is one such step in that direction.
- f) Shared Values-it is believed that the group that is into design, development and execution of strategies should have a common vision, mission ,goals and priorities so that getting it thoroughly executed takes less time

Adept stage of this entire strategic advantage is to do with getting thorough with all those processes so that there is perfect execution of the developed strategies.

**Advance:** The last of the 'means' of strategic advantage is Advance. Firms after a adept allocation of best people for the adept execution of adopted strategies, becomes proactive and

actively start seeking for newer opportunities i.e. advance-ment in their business.

Market development, product development, diversification, joint ventures, mergers and acquisitions happen to quite natural choice of companies wanting to seek advance-ment. But before firms can venture into any of the above said possibilities, it is also crucial for the firm to find out if they can possibly advance in any or all of the elements of business model, for e.g. automatic managing the inventory. Similarly they can work out an advanced way of value proposition and advanced way of managing customer channels and client relationship.

Advancement can happen in better and leaner product design, better marketing and sales techniques, advanced way of managing brand, advanced customer service levels etc.

**Conclusion:** Strategic Advantage-'means' for Absolute Dominance (M.A.D) is an out and out a structured process of understanding the business model of the firm, the advent of the external factors that has an impact on the various elements of the business model in the form of opportunities and threats, understanding of the firm's strengths and weakness by analyzing the impact of various internal factors on the elements of BM so that the firm gets to know its adaptive capability. It is about the possible strategies that firm decides to adopt after having its points plotted on the matrix and finding out ways as to get adept in execution of those strategies. Finally the concept speaks about the advance-ment the firm seeks both wrt the elements of BM and expansion opportunities available to the firm. Though uncertainties and infinite energies exist in nature, by having alternative plans ready, and by honest and sincere intentions and efforts in the execution of strategies, the ambition of the firms to have absolute dominance in its circle of competence may be achieved.



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