

# SESSION 2

## ANALYZING YOUR KEY DIFFERENTIATORS: KEY RESOURCES AND CAPABILITIES

1. Key resources and capabilities
2. A business Model that creates value

# Agenda

- Key resources and capabilities
- A business Model that creates value

# Session structure

## Session organization

Section	Activity	Time allocation
First quarter	<b>Opening &amp; Energizer</b>	10mn
Second quarter	<b>Learning</b>	60mn
Third quarter	<b>Application or learning</b>	40mn
Fourth quarter	<b>Wrap up &amp; session evaluation</b>	10mn



## Key objectives

1. Identify the key resources of your company
2. Understand how to build un business model that drives value creation



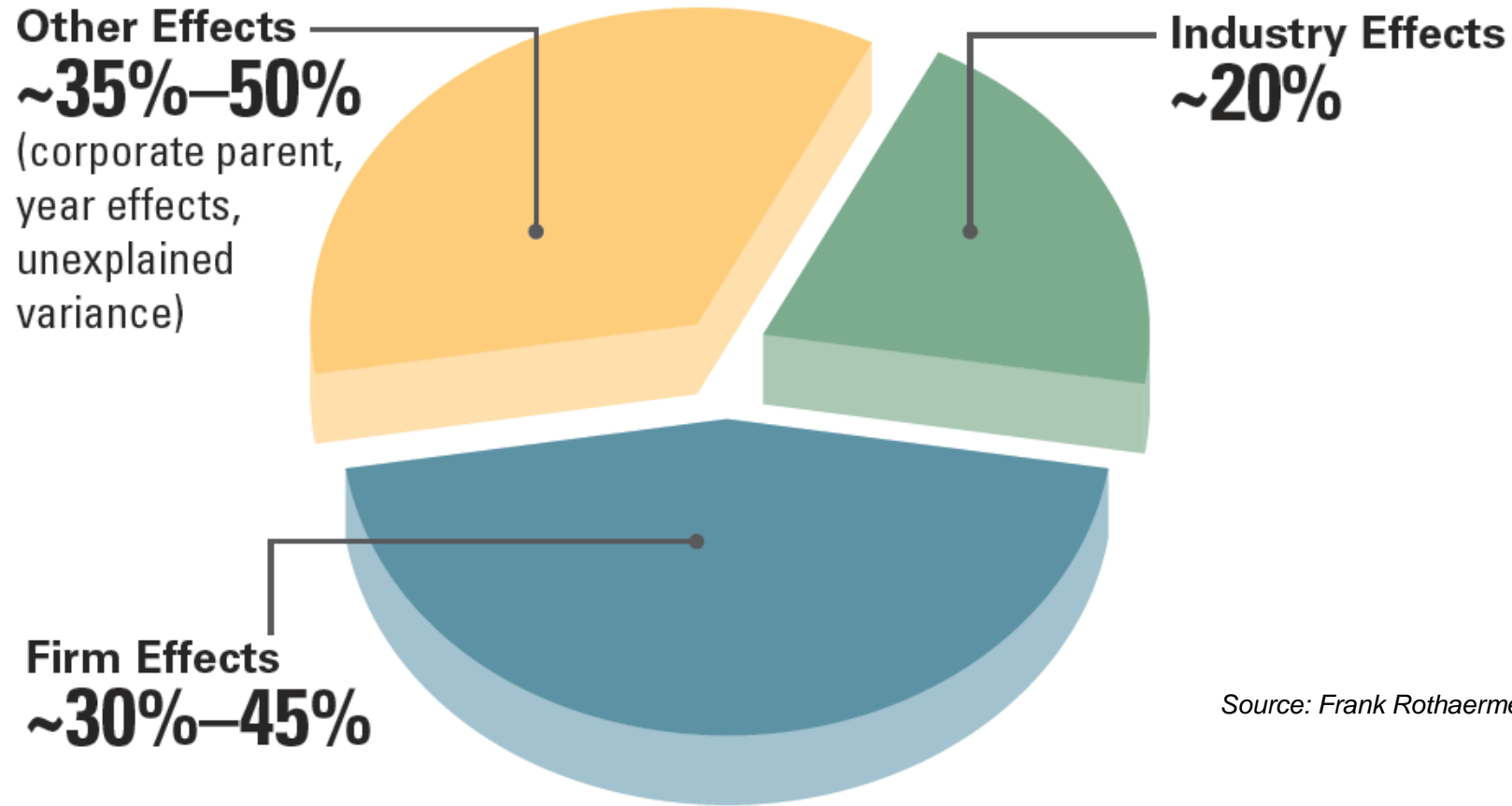
## Session 2

Analyzing your key differentiator

- **Key resources and capabilities**
- A business Model that creates value

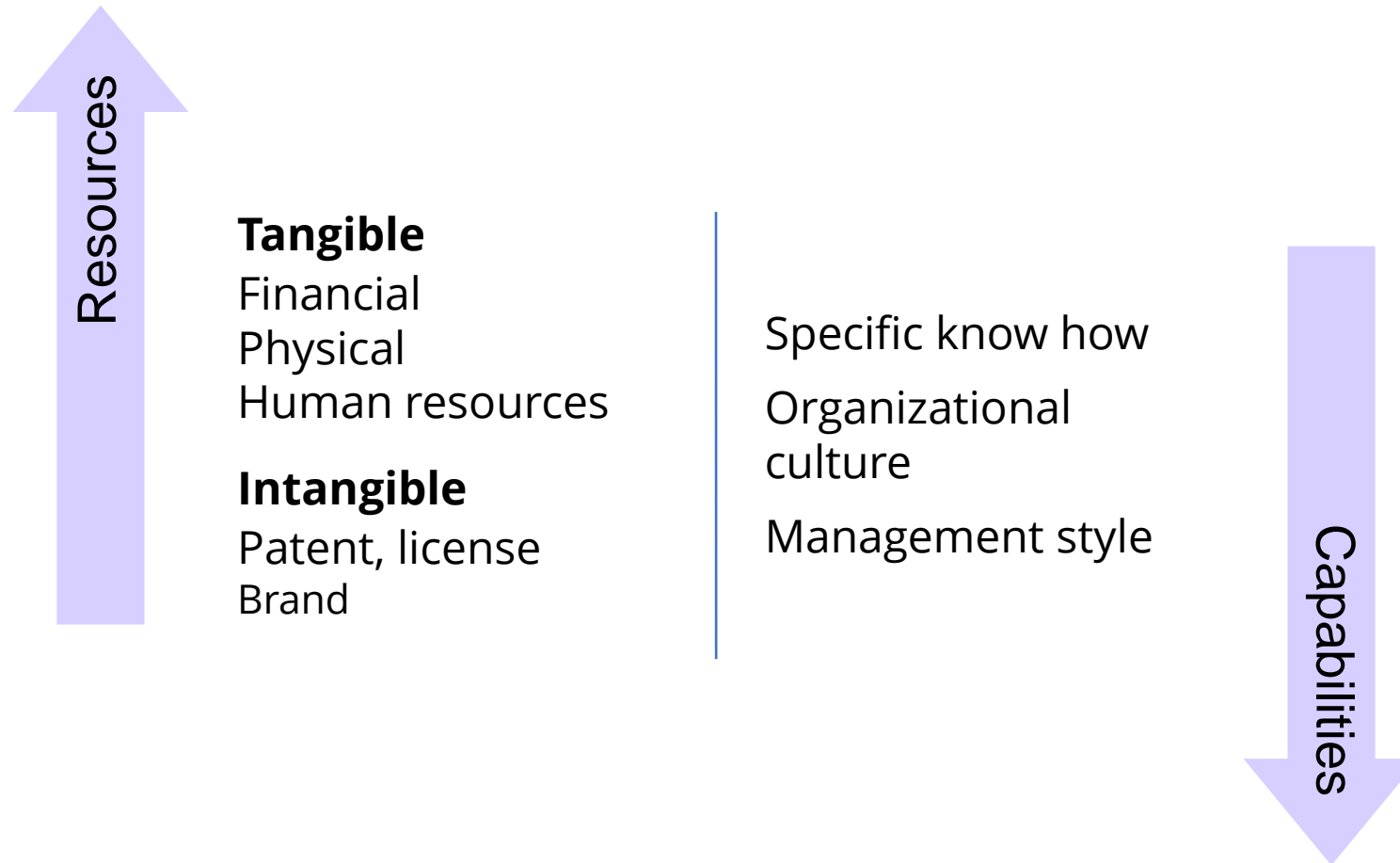


# Industry vs. Firm Effects in Performance



Source: Frank Rothaermel

# Nailing your strategic resources



Source : *Competing on resources : strategy in the 1990's*, J.Collis & C. Montgomery, *Harvard Business Review*, July-August 1995

# Brands as intangible resources

2021	2020	Logo	Name	Country	2021	2020
1	3		Apple		\$263,375M	\$140,524M
2	1		Amazon		\$254,188M	\$220,791M
3	2		Google		\$191,215M	\$188,512M
4 =	4		Microsoft		\$140,435M	\$117,072M
5 =	5		Samsung Group		\$102,623M	\$94,494M
6	8		Walmart		\$93,185M	\$77,520M
7 =	7		Facebook		\$81,476M	\$79,804M
8	6		ICBC		\$72,788M	\$80,791M
9	12		Verizon		\$68,890M	\$63,692M
10	19		WeChat		\$67,902M	\$54,146M

Source:  
<https://brandirectory.com/rankings/global/table>

# Capabilities

Is what the firm does and can do with its resources with the purpose to improve value creation? Usually what the firm can do better the others

Example of capabilities

- Qualify sale lead
- Manage information security system
- Risk management for a bank
- Client credit scoring
- Investment appraisal for an investment firm



**Competitors:** Sony and Microsoft

**Resources:**

Patents, Copyrights, know-how in making video games, Human: Shigeru Miyamoto (he created Mario & Zelda)

**Capabilities:**

Nintendo has produced the most valuable video game franchise ever : **that's its**

**capability**

1. Mario :700 million copies
2. Pokémon: 346 million copies
- ....
6. Wii: 200 million copies



# Identifying key resources and capabilities with the VRIO Model



Valuable?	Rare?	Difficult to Imitate?	Exploited?	Competitive Advantage
✗				Non sustainable Business
✓	✗			Sustainable Business model
✓	✓	✗		Profitable Business model
✓	✓	✓	✗	Long term Profitable Business model
✓	✓	✓	✓	Business with Competitive Advantage

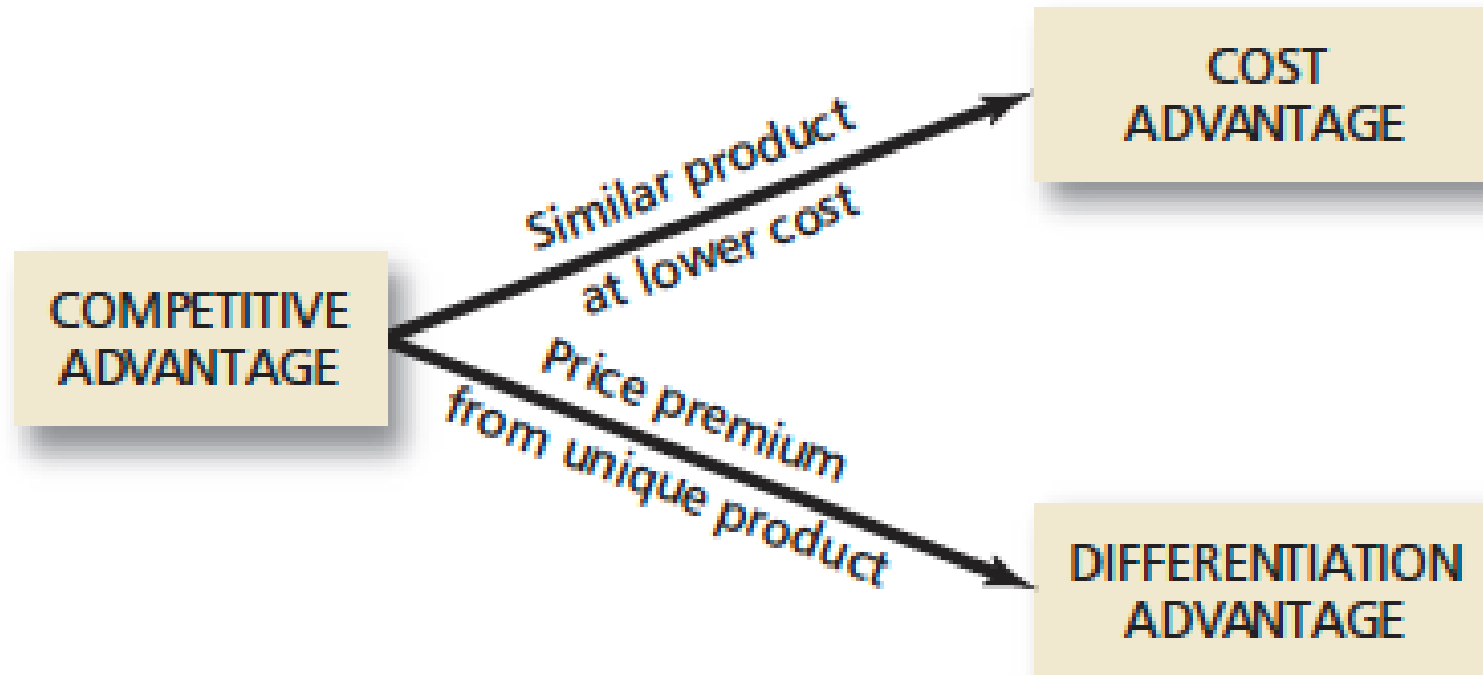
# Example: Netflix



Core Competency	Valuable	Rare	Inimitable	Organized	Result
Innovation	✓	✓	✓	✓	Competitive Advantage
Brand equity	✓	✓	✓	✓	Competitive Advantage
User base	✓	✓	✗	✓	Temporary Advantage
Global Presence	✓	✓	✗	✓	Temporary Advantage
Product mix	✓	✓	✓	✓	Competitive advantage
User experience	✓	✓	✗	✓	Temporary advantage
HRM	✓	✓	✗	✓	Temporary advantage

Source: <https://abhijeetpratap.medium.com/vrio-analysis-of-netflix-2a67751f9408>

# Two type of competitive advantage



Source: Contemporary Strategy Analysis, R. M. Grant

# Activity: Build your own VRIO

- Define your competitive edge: Do your company have cost advantage or differentiation advantage?
- Create the VRIO of your company (Can be done with groups)

## Session 2

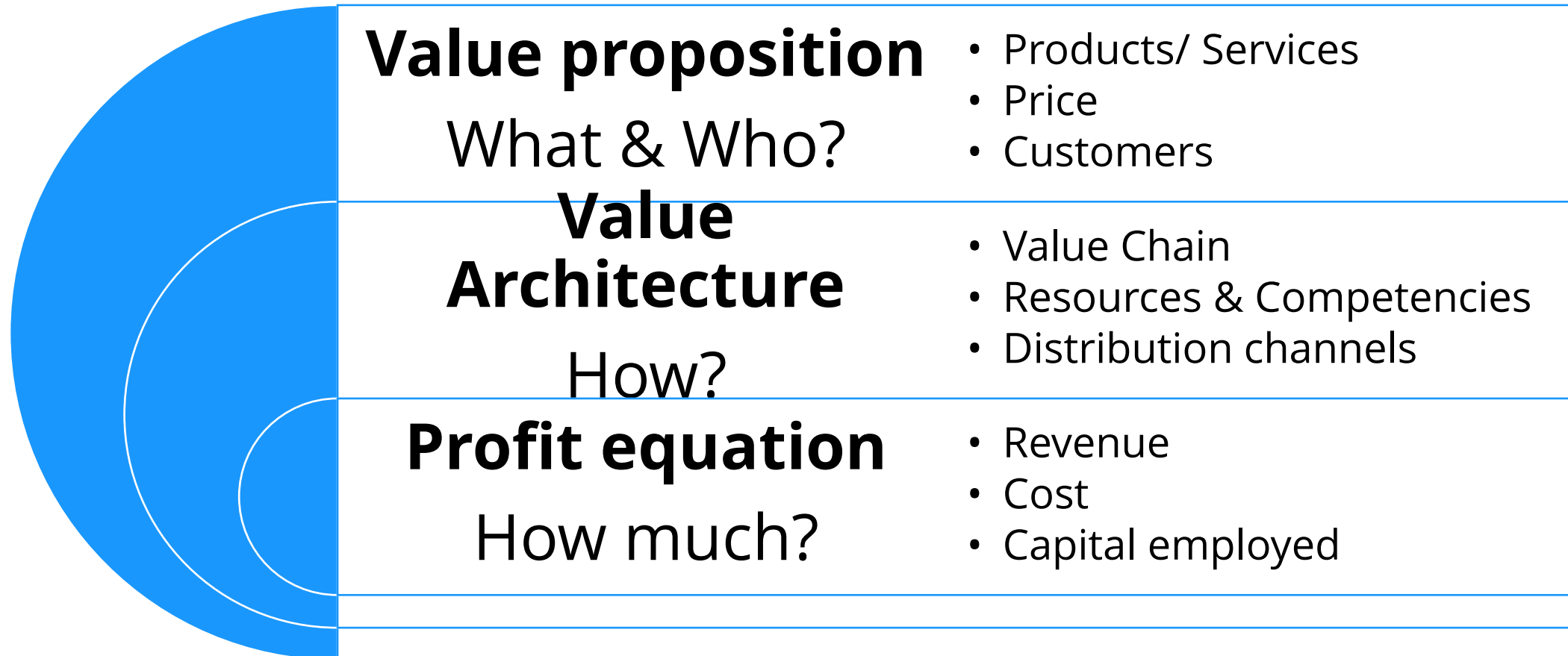
### Analyzing your key differentiator

- Key resources and capabilities
- **A business Model that creates value**

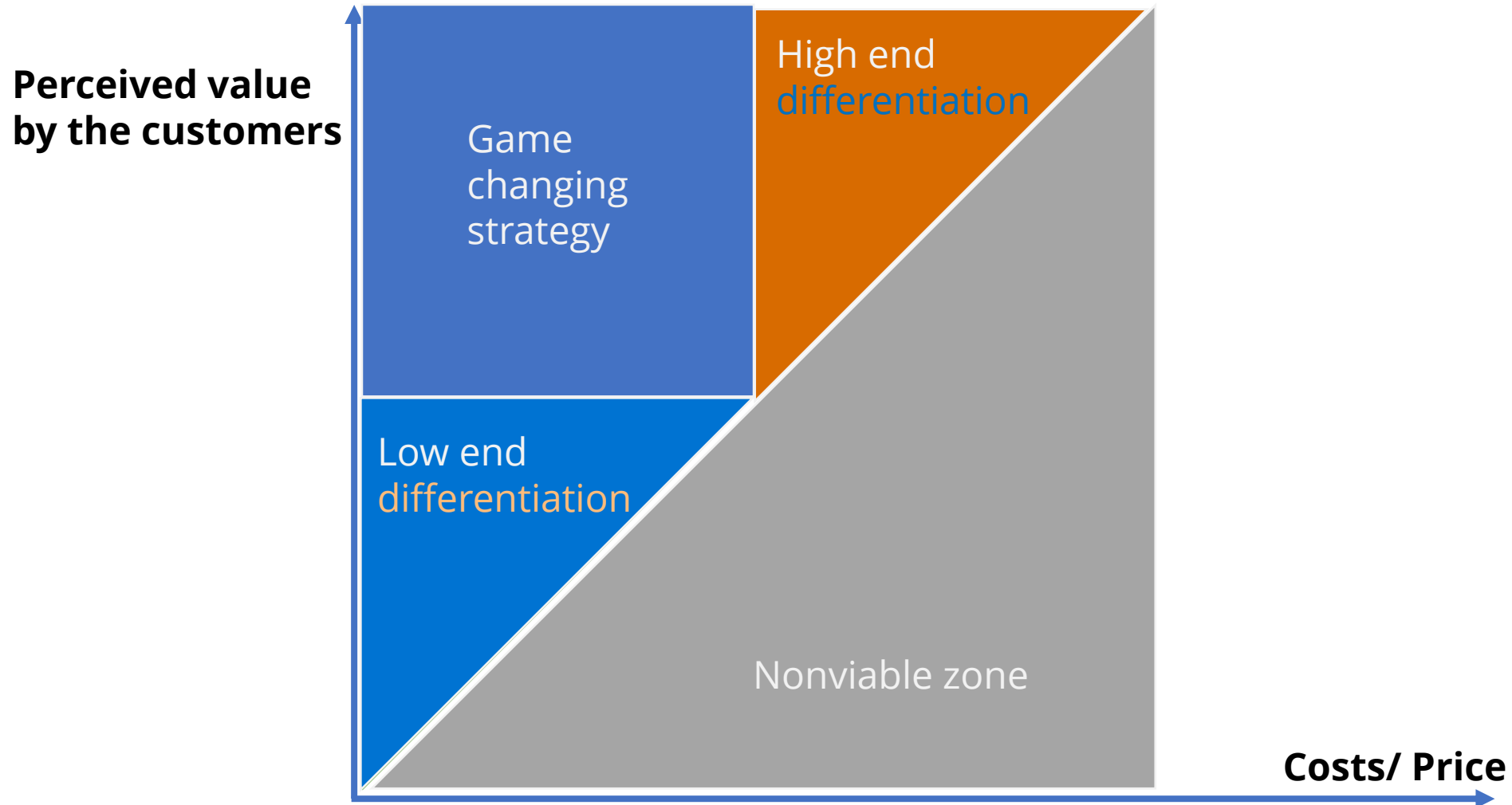




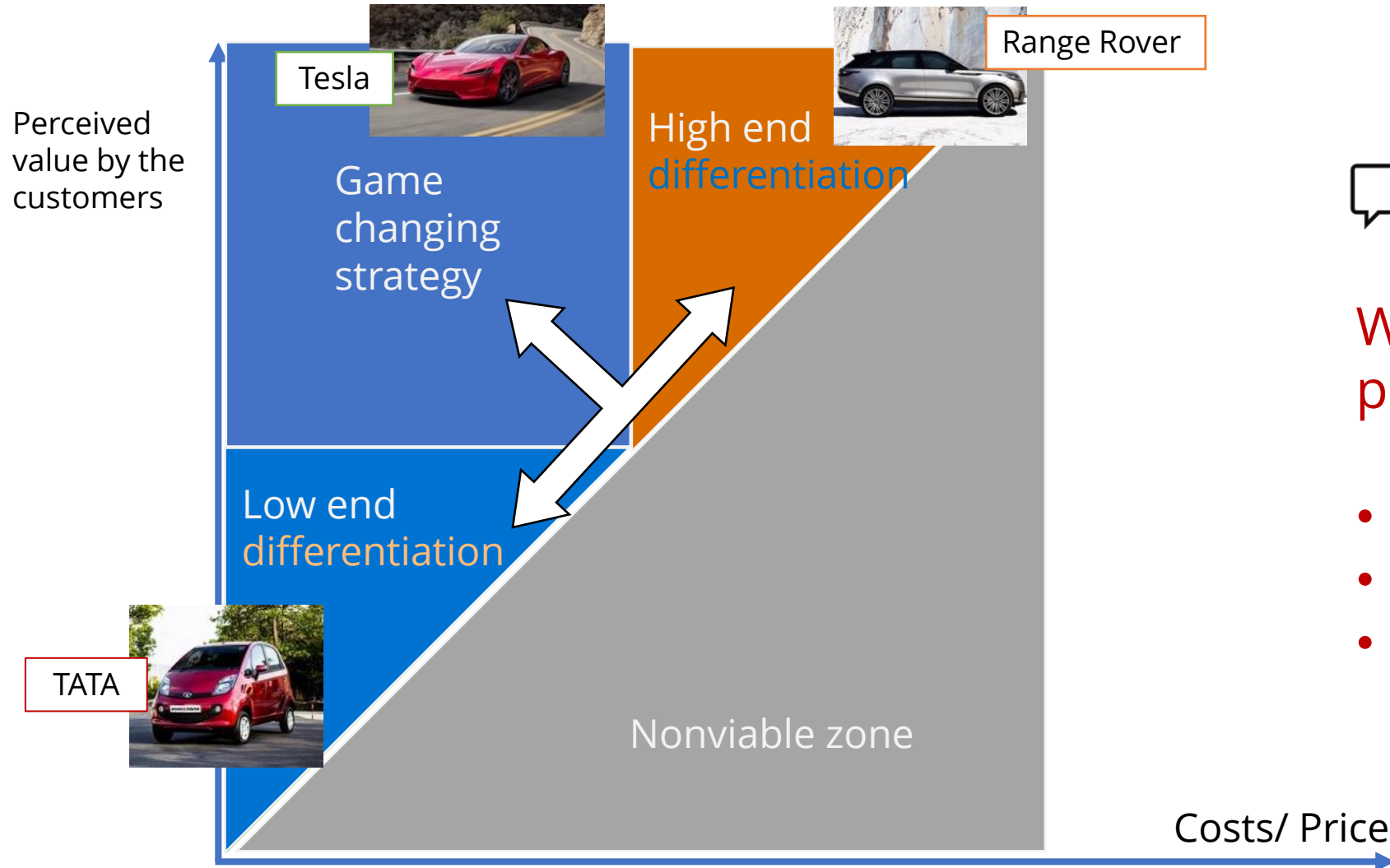
# What is a business Model?



# Positioning your firm strategy



# Positioning your firm strategy: Example



Open discussion

Where do you position your firm?

- High end
- Low end
- Game Changing

# The Business Model Canvas

Costs

revenues

## Key Partners



Key partners to validate your business model

## Key Activities



Key activities you measure

## Key Resources



Physical resources  
Human resources  
Intellectual resources

## Value Proposition



Unique, clear and compelling message about why you are different and worth paying attention to

## Customer Relations



How to connect with customers

## Customer Segments



Target customers

## Channels



Path to the customers

## Cost Structure

Customer acquisition costs  
Distribution costs  
People  
Hosting



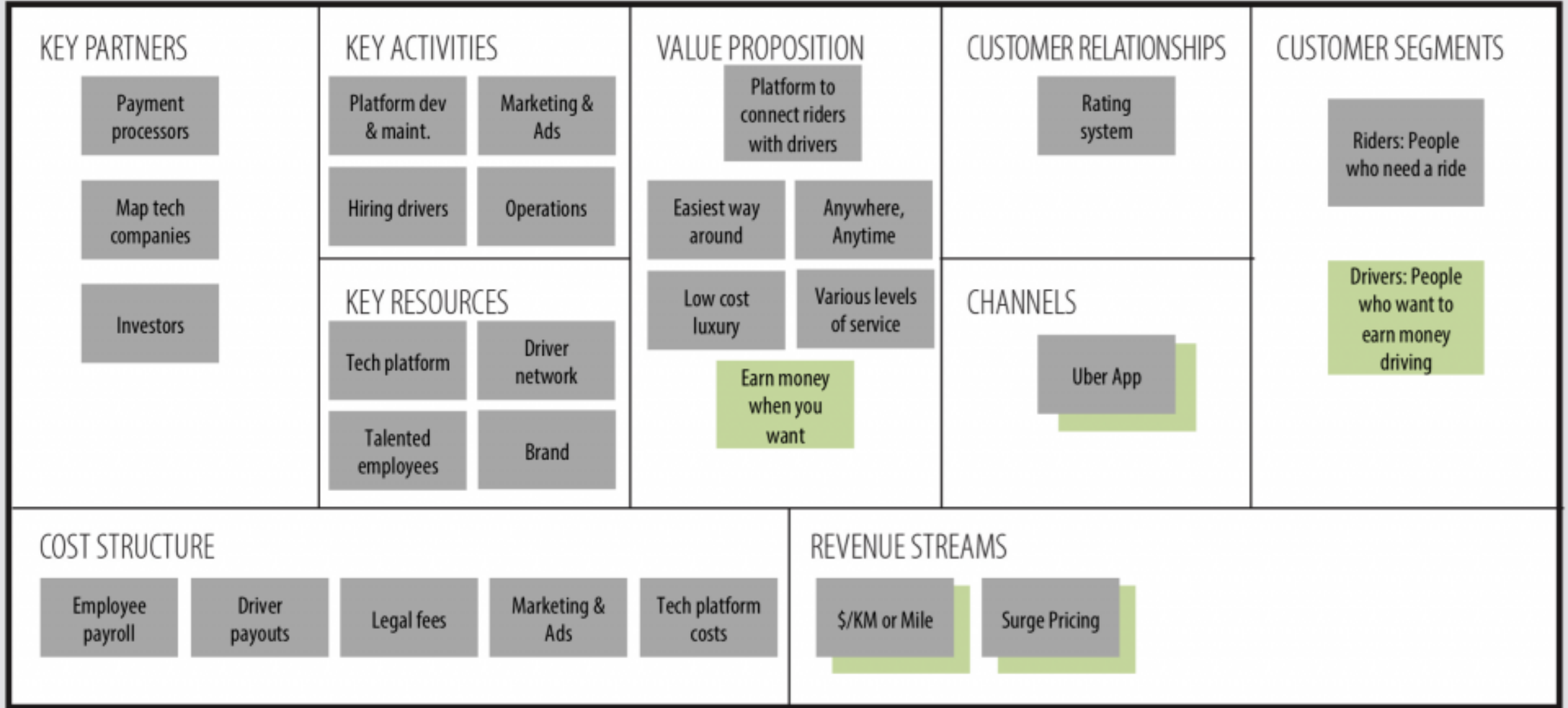
## Revenue Streams

Income model  
Lifetime value  
Revenue  
Gross margin



# BUSINESS MODEL CANVAS

# UBER



DESIGNED BY BUSINESS MODEL FOUNDRY AG








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DEVELOPING A BANKABLE BUSINESS - A. NDIONE

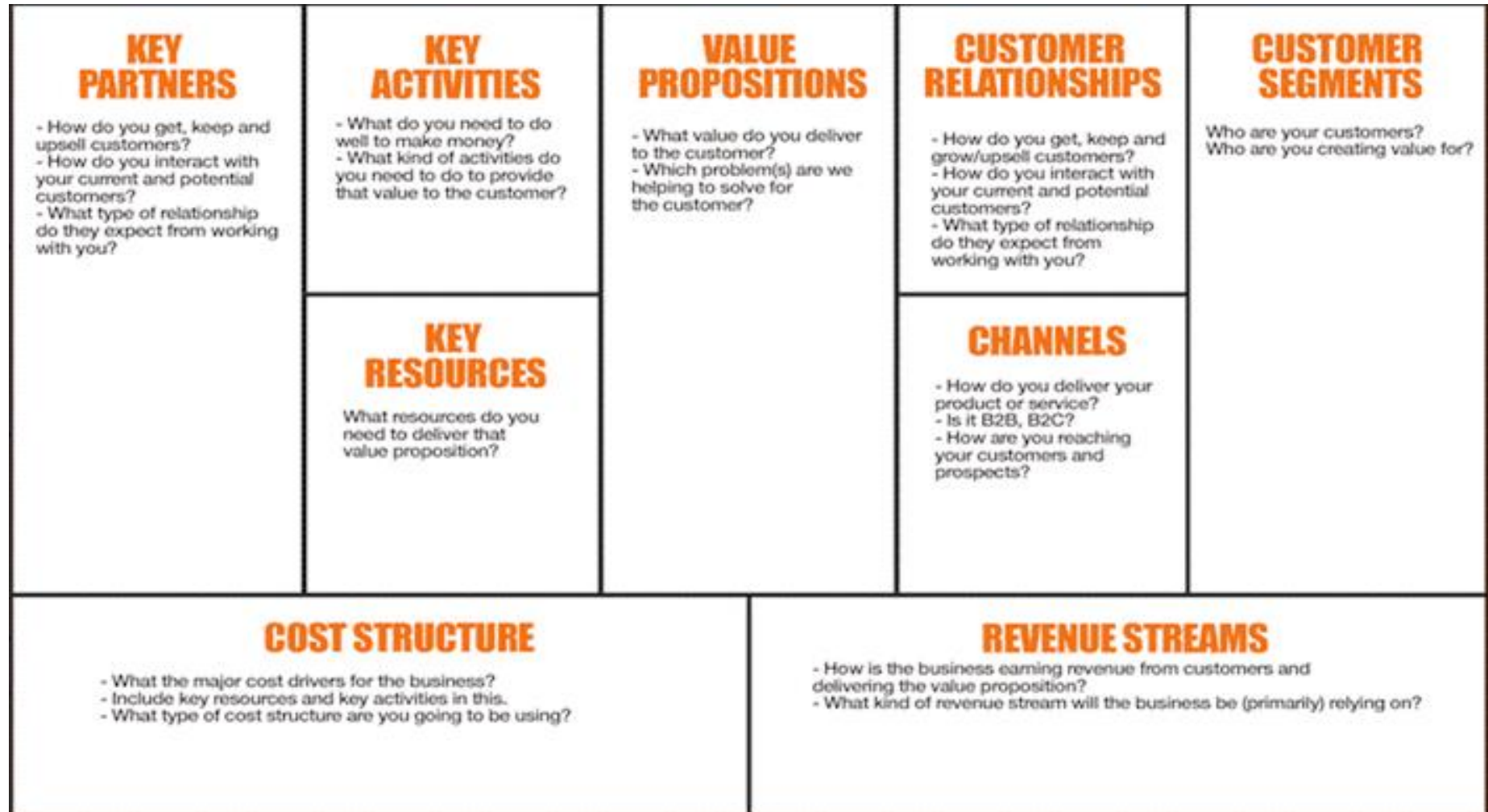


strategyzer.com

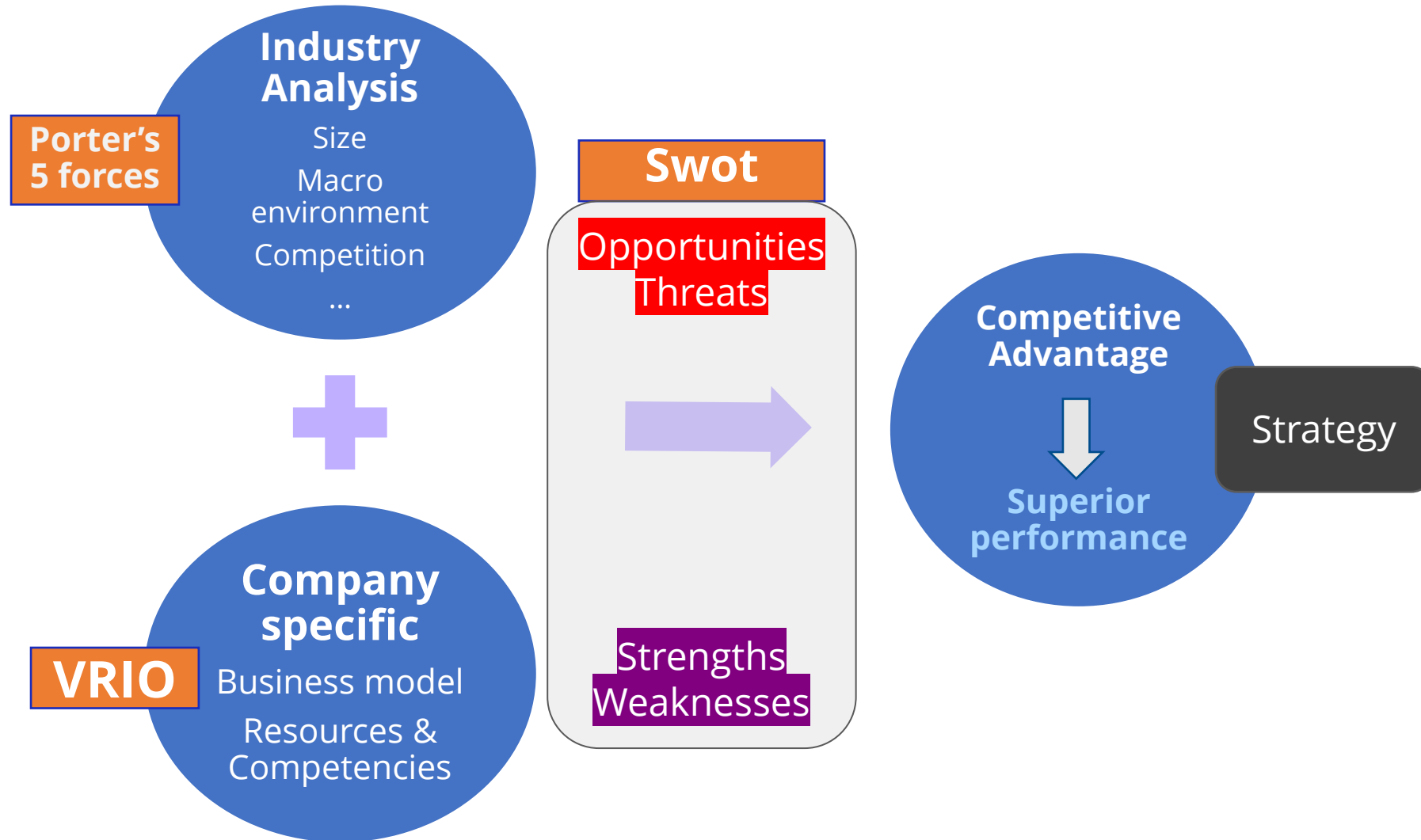


<p><b>Key Partners</b> </p> <ul style="list-style-type: none"> <li>Record companies</li> <li>Right holders</li> <li>Independent musicians</li> </ul>	<p><b>Key Activities</b> </p> <ul style="list-style-type: none"> <li>Maintenance of PC software program / web / mobile app</li> <li>Management of music library</li> <li>Content acquisition</li> <li>Contract negotiations</li> <li>Marketing</li> </ul>	<p><b>Value Proposition</b> </p> <p><u>Subscribers/free users</u></p> <ul style="list-style-type: none"> <li>Access to a library of millions of songs for cost effective fee / free (with ads)</li> <li>Instant access to music through streaming service</li> </ul> <p><u>Advertisers</u></p> <ul style="list-style-type: none"> <li>Effective advertising platform i.e. marketers can utilise the emotive power of music</li> <li>Ability to reach active “free user” base of around 40 million</li> </ul>	<p><b>Customer Relationships</b> </p> <ul style="list-style-type: none"> <li>Website, WordPress, Facebook, Twitter</li> <li>Spotify’s streaming platforms</li> <li>3<sup>rd</sup> party APIs</li> </ul>	<p><b>Customer Segments</b> </p> <ul style="list-style-type: none"> <li>Advertisers</li> <li>Subscribers</li> <li>Free users</li> </ul>
<p><b>Cost Structure</b> </p> <ul style="list-style-type: none"> <li>Music royalties</li> <li>Salaries</li> <li>Operation costs related to service delivery</li> </ul>		<p><b>Revenue Streams</b> </p> <ul style="list-style-type: none"> <li>Subscription fees</li> <li>Advertising revenue</li> </ul>		

# Design your own business Model



# Business strategy analysis framework



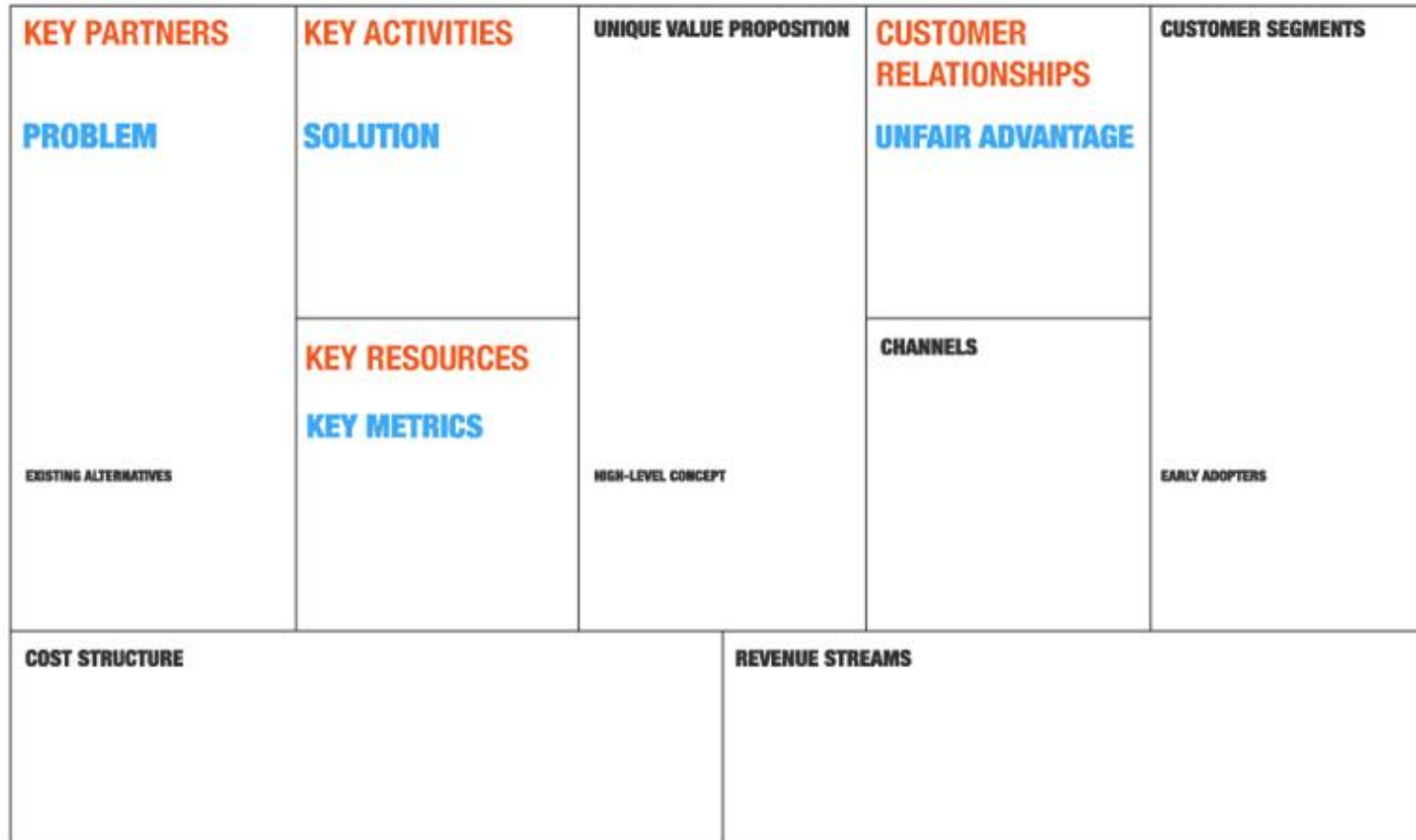
# Activity:

- What are your sources for sustainable competitive advantage?
- What resources do we have that will allow us to do better than average in this business?
- What skills and capabilities set us apart from our competitors?

# Wrap up and key takeaway



# Appendix: Business model to lean canvas



 **BUSINESS MODEL CANVAS**

 **LEAN CANVAS**



# THANK YOU

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