

THE END OF COMPETITIVE ADVANTAGE

How To Keep Your Strategy Moving As Fast As Your Business

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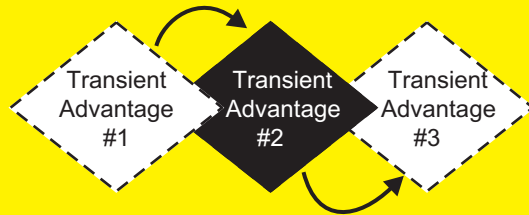
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MAIN IDEA

All strategic frameworks and strategy textbooks produced to date have had one overarching aim: To build and then protect a sustainable competitive advantage against all challengers. A sustainable competitive advantage is the Holy Grail of traditional business strategy.



In today's dynamic and ever-changing marketplace, however, sticking to the same old playbook and defending your competitive advantage is less helpful. Within a year, the marketplace can change dramatically. It doesn't seem smart to keep defending a competitive advantage which no longer matches the market,



Therefore, a better way to think about business strategy today is to figure out ways to build and then exploit successive transient advantages. You undertake new strategic initiatives, exploit any transient advantages which result for as long as possible and then move on to the next big thing.

Rather than trying to make your competitive advantage sustainable, plan your strategy around having multiple transient competitive advantages in play at the same time. If you can make your business strategy more fluid, more customer-centric and far less industry-bound, you will position your business to succeed.

"Sustainable competitive advantage is now the exception, not the rule. Transient advantage is the new normal. Stability, not change, is the state that is most dangerous in highly dynamic competitive environments."

– Rita McGrath

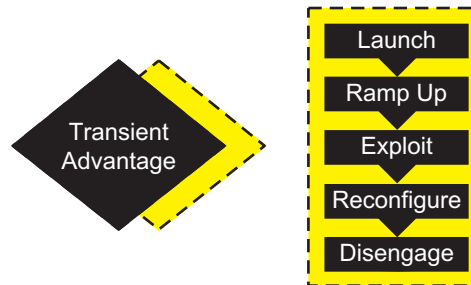
1. The downside of competitive advantage Page 2

Having systems and structures which are focused on extracting maximum value from a competitive advantage become a liability when you have to change to exploit short-lived opportunities. To compete in today's dynamic marketplace, act differently.

2. Anatomy of a transient advantage Pages 3 - 4

Any competitive advantage – whether transient or long-term – goes through the same life cycle. When advantages are fleeting, however, firms must go through the cycle much more quickly than they normally would prefer. The stages are:

- *Launch* – identify an opportunity and mobilize resources to capitalize on it.
- *Ramp up* – the idea is brought to scale with delivery and service systems.
- *Exploitation* – where the firm captures profits and market share.
- *Reconfiguration* – where you have to do different things to respond to competitors.
- *Disengagement* – where your resources are extracted and then reassigned.



3. The new strategic imperative – Exploiting multiple transient advantages Pages 5 - 8

To create a portfolio of transient advantages you use to maximum effect, you'll need to make eight major shifts in the way you operate in the future:

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- ▶ 1 Always think in terms of arenas, not industries
 - ▶ 2 Set themes, then let people experiment
 - ▶ 3 Adopt entrepreneurial metrics
 - ▶ 4 Focus on experiences and solutions, not products
 - ▶ 5 Build and harness strong networks
 - ▶ 6 Learn how to disengage in healthy ways
 - ▶ 7 Get systematic about early-stage innovation
 - ▶ 8 Focus on experimentation, iteration and learning

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