



o8 – Internal Resources and Capabilities

Karel Pernica | 20.04.2021

Internal processes

How do we differ from our competitors?

Implement unique processes

or

Carry out processes in a unique way

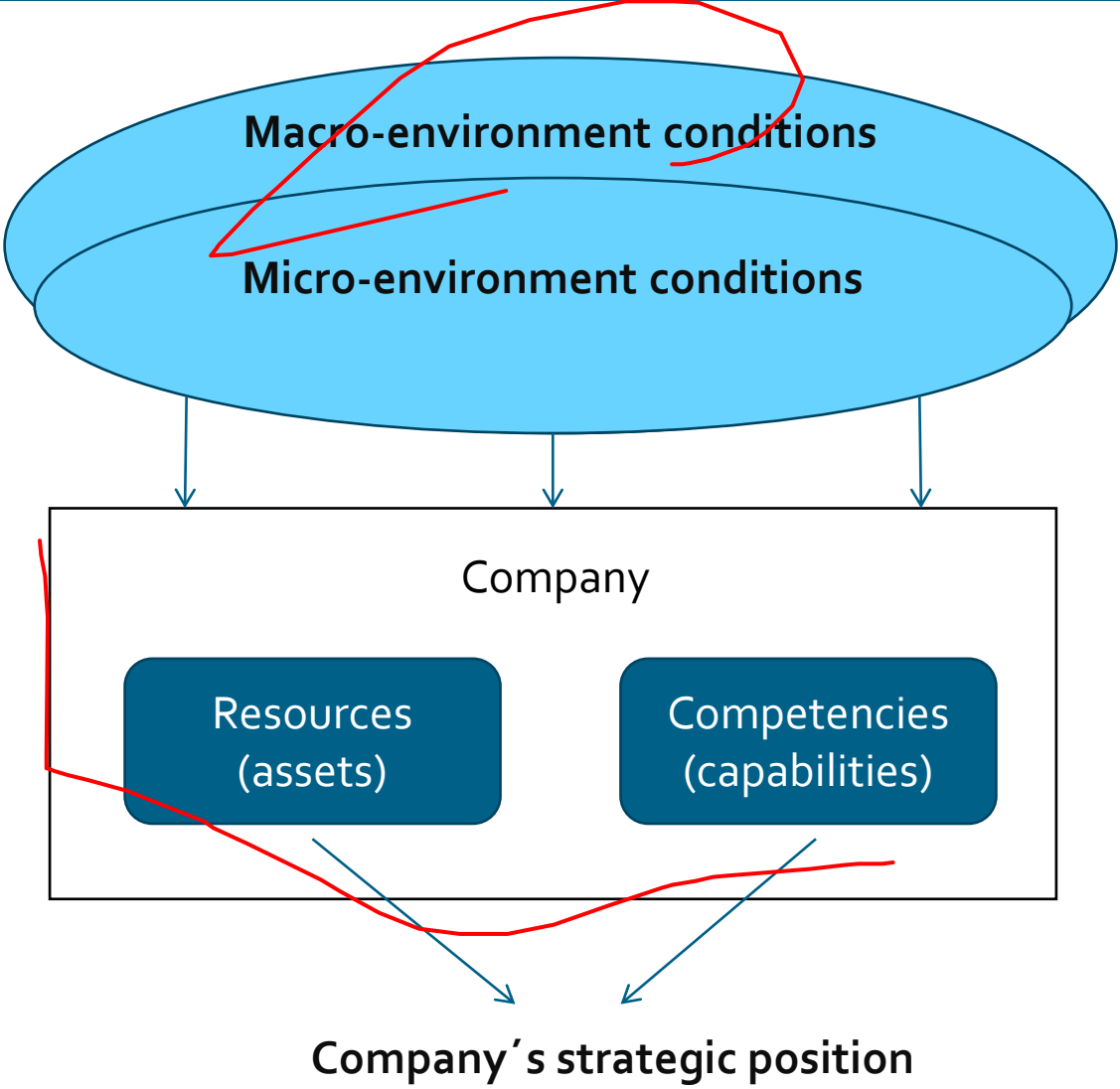
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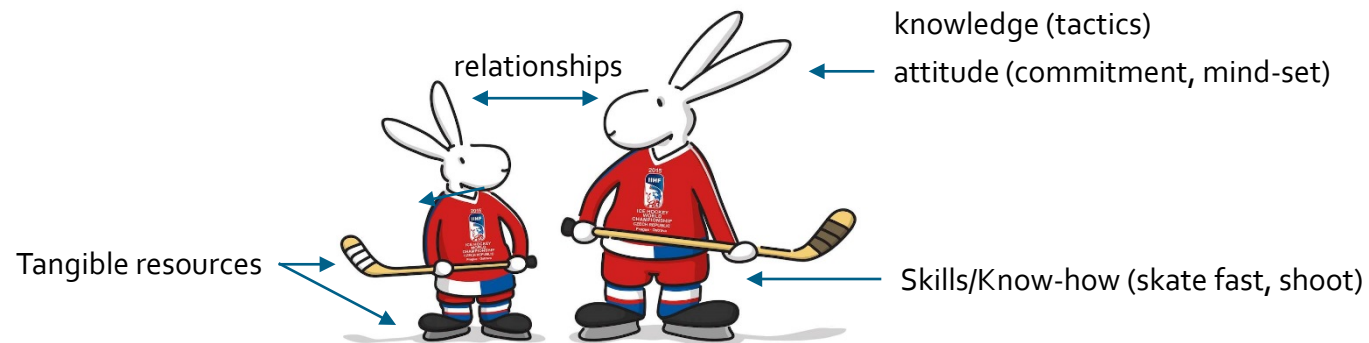
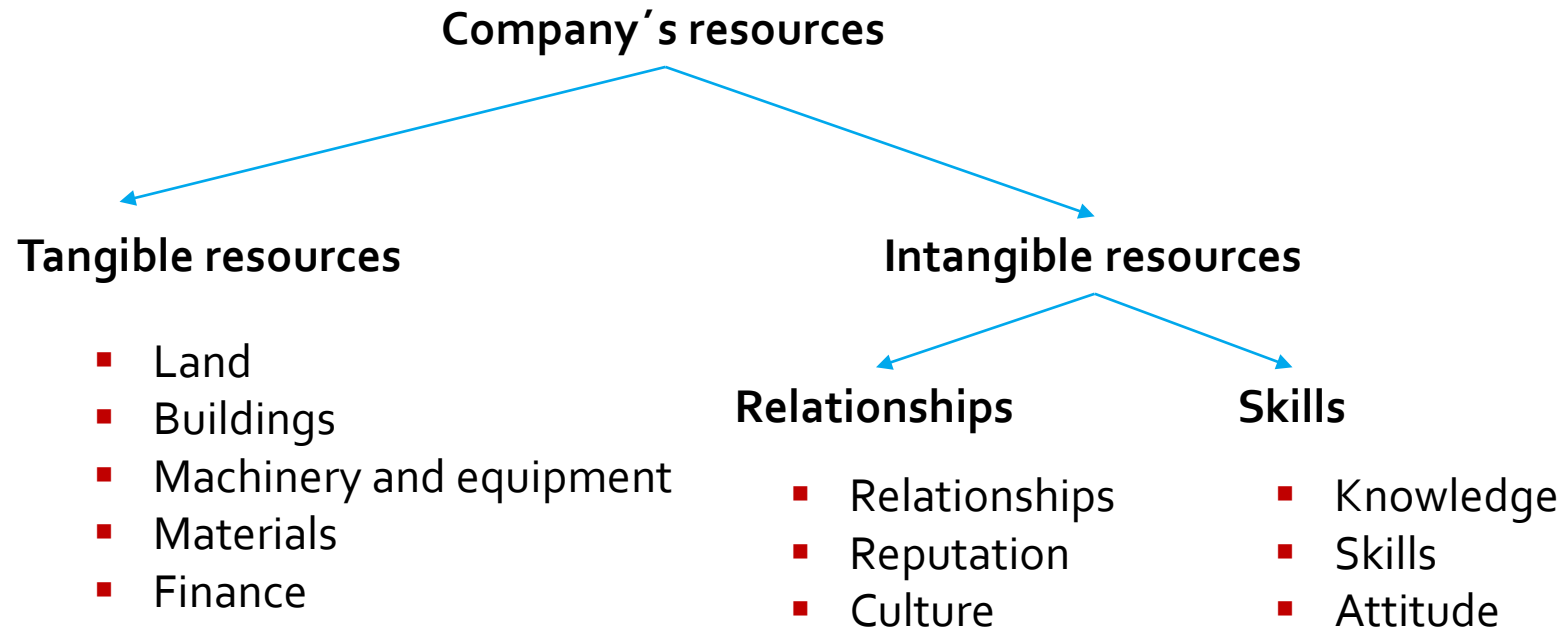
ZOOT.



Internal company's resources



Intracompany resources



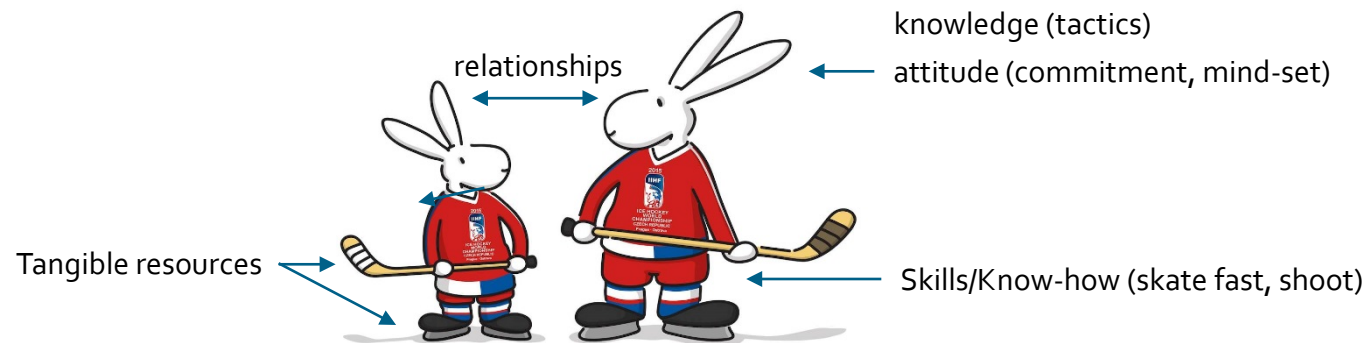
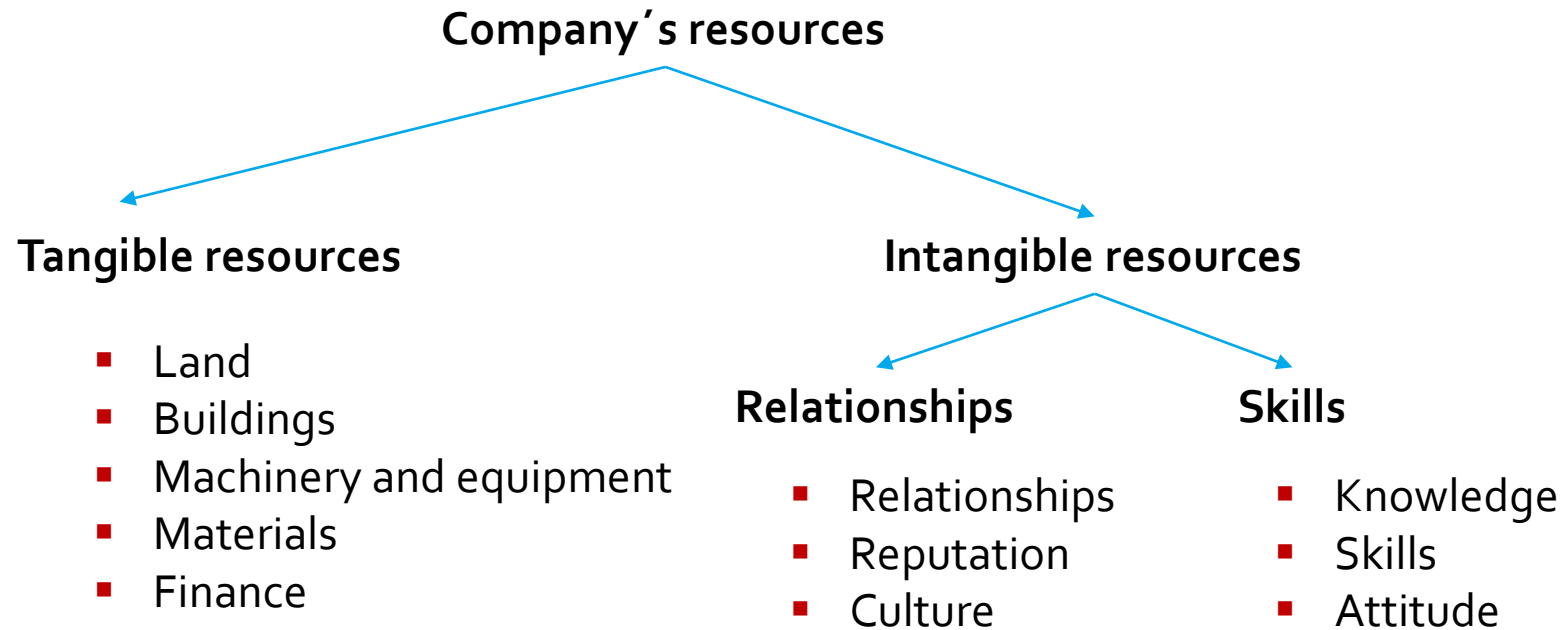
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Which resources are esier to imitate?


1
Tangible

0
Intangible

Intracompany resources



Quest for competitive advantage...

But what exactly the competitive advantage is?

Resources analysis - VRIO

Each of resources used is required to be analysed from these perspectives:

Value

Rareness

Inimitability

Organization

Valuable?	Rare?	Hardly imitable?	Supported by organization?	Competitive implications
No				Competitive disadvantage
Yes	No			Competitive neutral
Yes	Yes	No		Temporary competitive advantage
Yes	Yes	Yes	No	Unused competitive advantage
Yes	Yes	Yes	Yes	Sustainable competitive advantage

Resources analysis - VRIN

Each of resources used is required to be analysed from these perspectives:

Value

Rareness

Inimitability

Non-Substitutability

- • Barrier to substitution of resources
- • Barrier to substitution of capabilities

Sustainability

The degree to which a competitive advantage is captured and sustained

Barriers to imitation

- Legal barriers
- Control scarce supply
- Development over unique historical path
- Capabilities are socially complex
- Value derives from tight combinations
- Credibly commit a firm to a course of action
- Complexity



Sustainability

The degree to which a competitive advantage is captured and sustained

Durability

- Can we maintain our capabilities over time?
- Will they degrade or become obsolete?

Challenges to durability

- Human and physical assets tend to degrade over time
- Core capabilities may become core rigidities
- Valuable capabilities today may be obsolete tomorrow
- Some assets may be more valuable to others and thus are worth selling

Analysis of strategic competencies

Porter's value chain



Differences in value chains of individual companies deliver sources of competitive advantage

Analysis of strategic competencies

Porter's value chain

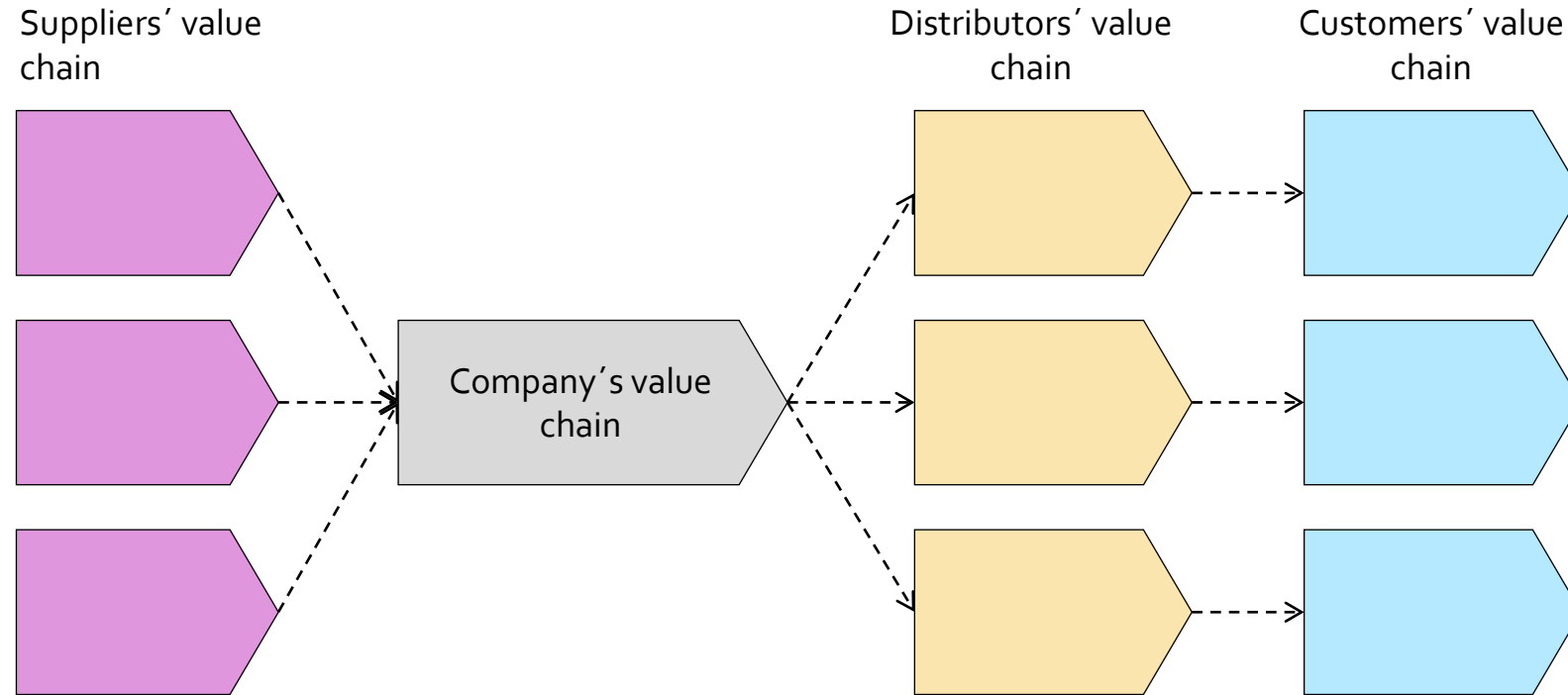
Use and benefits:

1. Identification of all company's processes
2. Analysis of the competitive position of the company (VRIN)
3. Analysis of costs and value added for company and customers
 - Processes that add visible value to the customer
 - Processes that add value customers do not realize
 - *Processes with no added value*
 - *Processes with a negative value for customers*



Analysis of strategic competencies

Value system



ZARA

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 Mentimeter

What enabled Zara to reach the throne of fast fashion? What do they do differently?

Flexible, Trend following

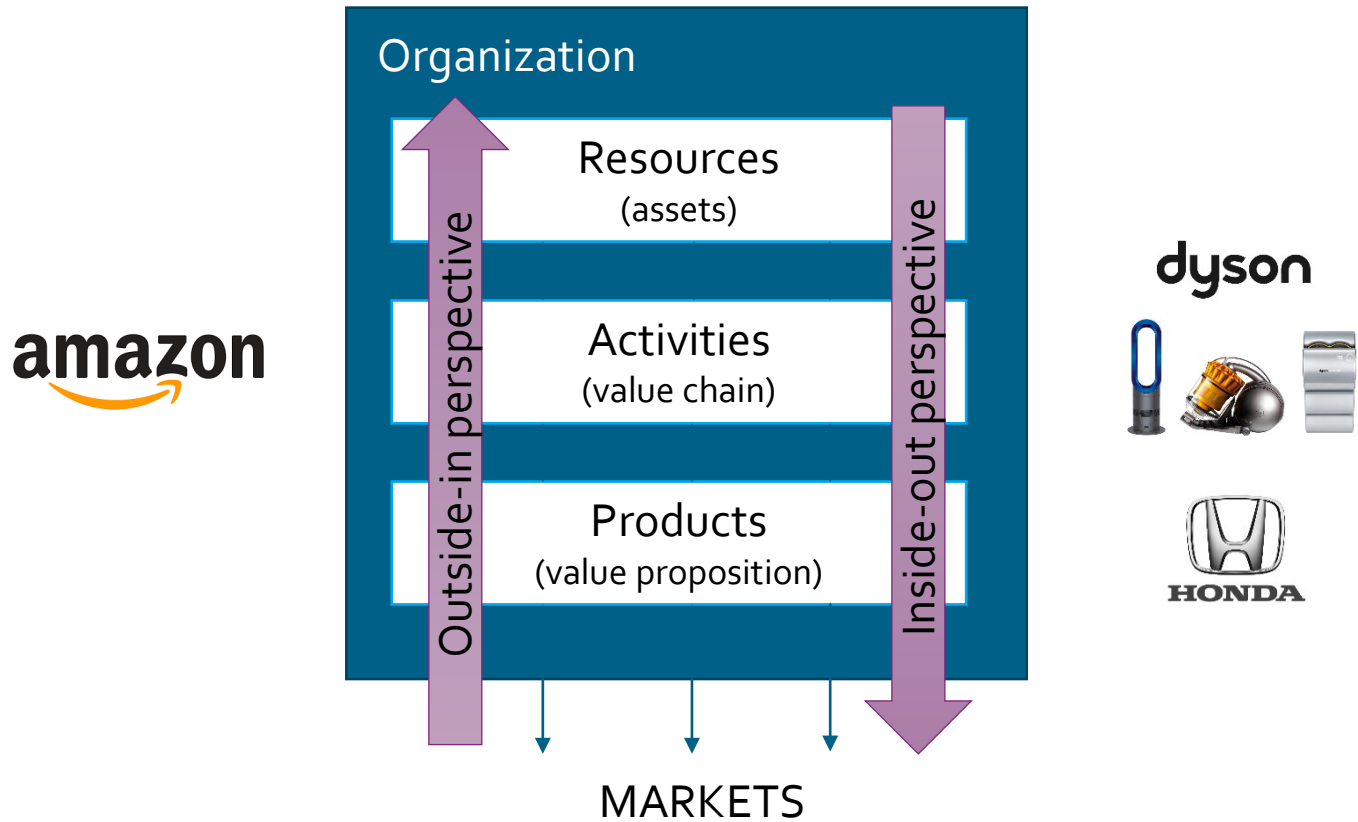
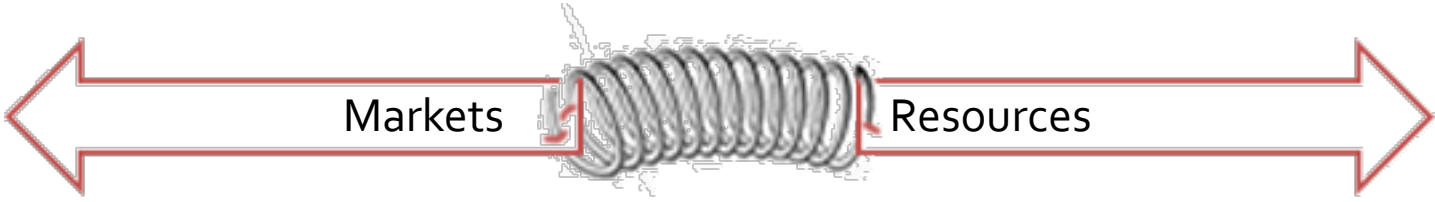
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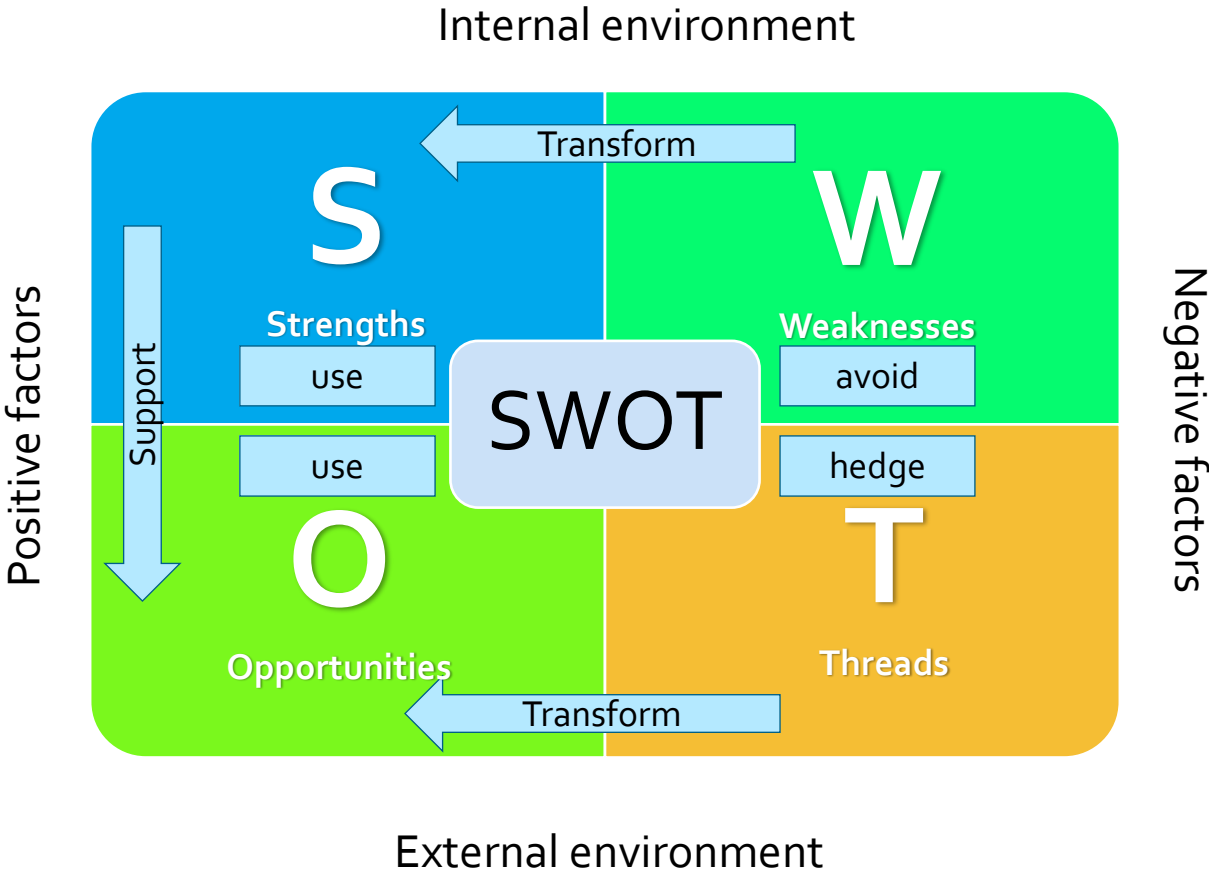
How to build strategic capabilities

- Acquisition
 - Resource markets (labour, technology, patents)
 - Mergers & Acquisitions
 - Alliances, associations, venture capital
- Develop internally over time
 - New product development, R&D....
 - Knowledge management, training
 - Superior leadership

Paradox of market or resource based perspectives



SWOT analysis



SWOT Analysis

Strengths

- a) Original and quality product
- b) Strong international partner
- c) Successful advertising campaign and a charismatic Stanislav Bernard
- d) Own distribution network
- e) Own malt house and source of water

Weaknesses

- f) Small size of the company
- g) Insufficient use of debt
- h) Operation on a highly competitive and currently sluggish market
- i) Low beer prices in the CR in comparison to surrounding countries

Opportunities

- 1. New market expansion
- 2. Product diversification (focus on special, non-alcoholic and fruity beers)
- 3. Re-grow on markets after the crisis is gone
- 4. Price equalization in Europe and in the CR

Threats

- 5. Declining beer consumption
- 6. Growing competition on the market
- 7. Government regulations (potential growth of taxation or efforts to downsize alcohol consumption)
- 8. Market entries by new brands
- 9. Growth of input prices



SWOT analysis

	Environmental changes (Opportunities and threads)										
	1	2	3	4	5	6	7	8	9	$\Sigma+$	$\Sigma-$
Strengths											
a. Original and quality product	+4	+1	+2	+1	+3	+1	+1	+1	0	+13	0
b. Strong international partner	+5	0	+2	0	0	+1	0	0	+1	+9	0
c. Successful marketing strategy and charismatic Stanislav Bernard	+2	+1	+4	+2	+3	+2	+1	+3	+1	+17	0
d. Own distribution network	+1	0	+2	+3	+1	+1	0	+2	0	+10	0
e. Own malt house and source of water	0	0	+1	+1	-1	0	0	0	+4	+6	-1
Weaknesses											
f. Small size of the company	-2	-1	-1	0	+1	-3	-1	-1	-1	+1	-10
g. Insufficient use of debt	-2	0	0	0	+1	+1	0	0	0	+2	-2
h. Operation on a highly competitive sluggish market	-3	0	-1	0	-5	-4	-4	-4	-4	0	-25
i. Low prices of beer in CR in comparison with surrounding countries	0	0	-3	+1	0	-2	0	0	0	+1	-5
Total impact of environmental changes $\Sigma+$	+12	+2	+11	+8	+9	+6	+2	+6	+6		
$\Sigma-$	-7	-1	-5	0	-6	-9	-5	-5	-5		

Benchmarking

- Competitive benchmarking
- Best in class benchmarking
- Internal benchmarking

Get your devices ready, please.

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