

Entrepreneurial Strategy

Session 4

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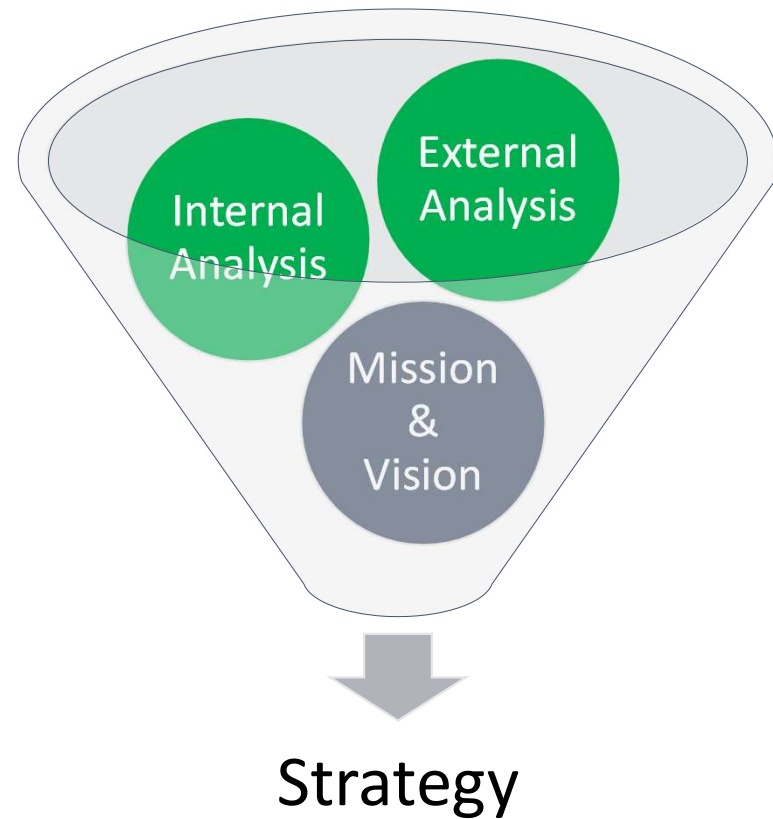
Agenda



- Dynamic Capabilities

Where we are?

External = Environment
Internal = Firm





Firm Resources

- Firm resources include...
 - all assets,
 - capabilities,
 - organizational processes,
 - firm attributes,
 - information,
 - knowledge,
- ...controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness.

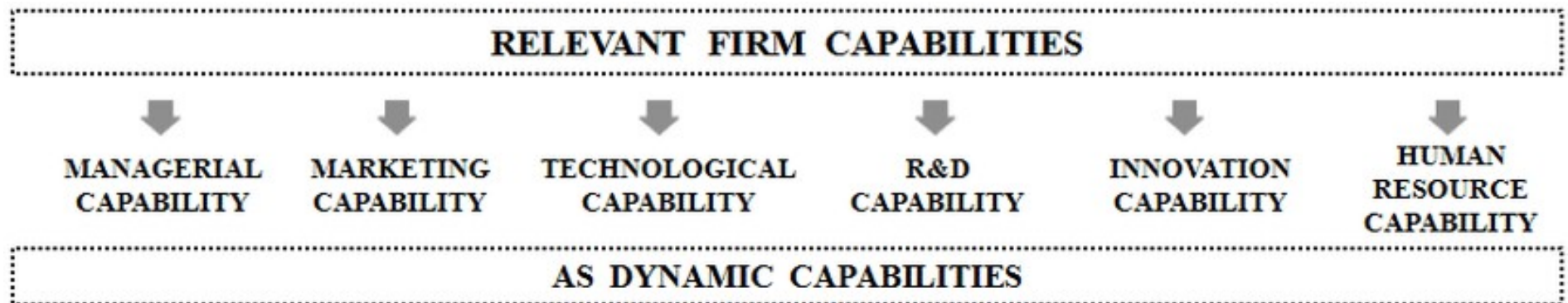




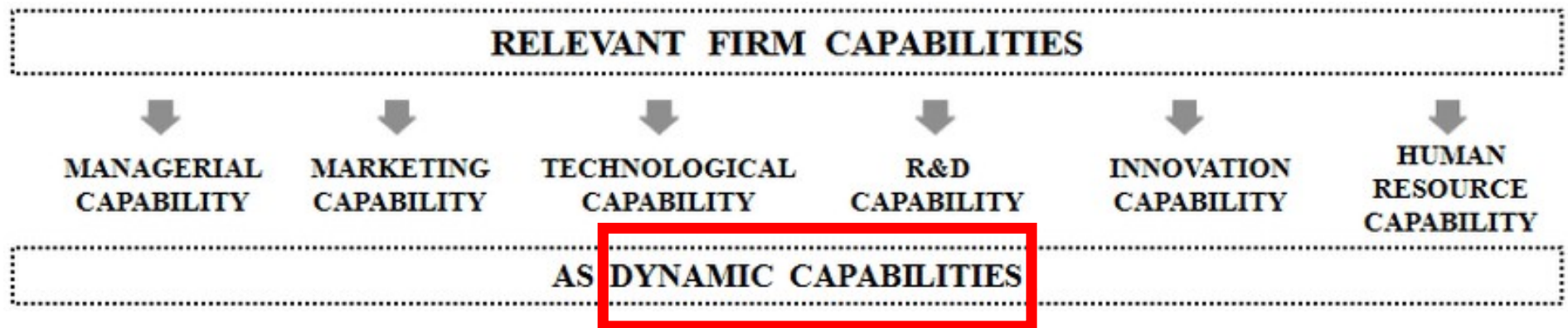
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Capabilities

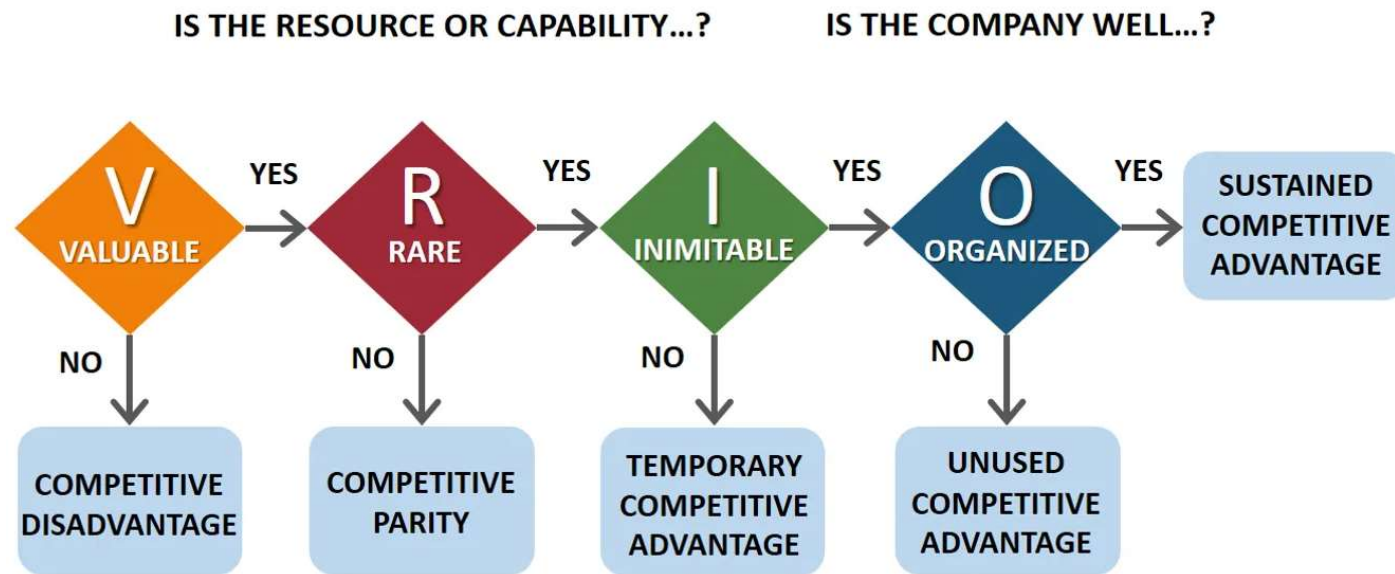


Capabilities



Dynamic Capabilities





Summary of Resource Based View framework

- Refers to assets, capabilities and competencies that enable to deliver superior competitive advantages.

Dynamic Capabilities

- We define dynamic capabilities as the firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments.
- Framework that emphasizes the development of management capabilities, and difficult-to-imitate combinations of organizational, functional and technological skills, focusing on R&D management.

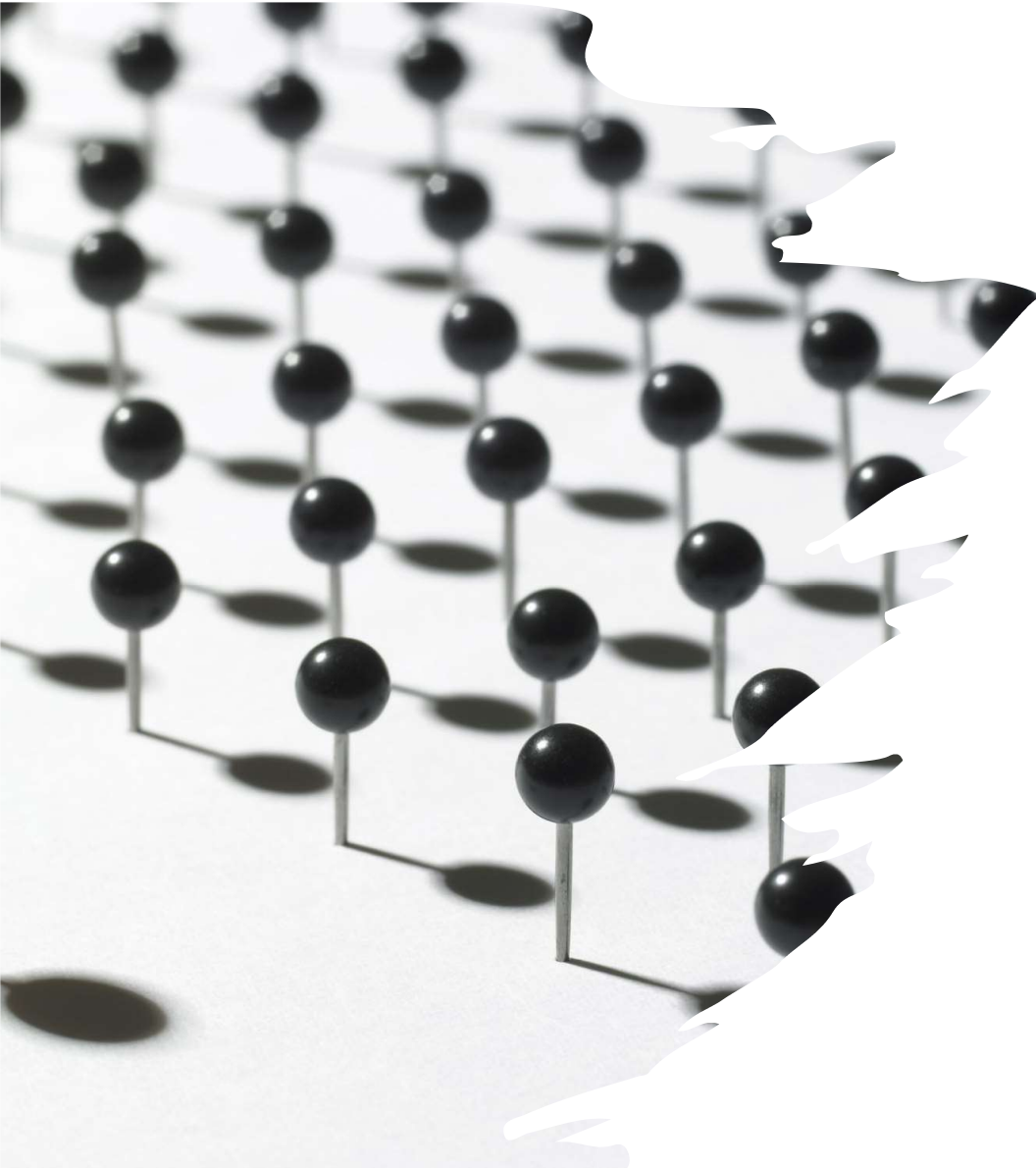
(Leonard-Barton, 1992)



Dynamic Capabilities assessment

1. Identify your firm's unique resources;
2. Decide in which markets those resources can earn the highest rents;
3. Decide whether the rents from those assets are most effectively utilized by
 - a) integrating into related market(s),
 - b) selling the relevant intermediate output to related firms, or
 - c) selling the assets themselves to a firm in related businesses.





Market sensing

- The ability to identify and anticipate the needs and preferences of current and potential customers, as well as the trends and opportunities in the market

Example

- Netflix has a dynamic capability in market sensing, as it uses data analytics and customer feedback to create personalized recommendations and original content.

NETFLIX

A close-up, artistic photograph of a document. A blue ink signature is visible on the left side, and a blue ribbon bookmark is placed across the middle of the page. The image is slightly blurred, giving it a soft, professional feel.

Resource orchestration

- The ability to allocate and coordinate the use of various resources, such as human, financial, physical, and intangible assets, to achieve the organizational goals.

Example

- For example, Zara has a dynamic capability in resource orchestration, as it manages its supply chain and distribution network to deliver fast fashion and respond to customer demand

ZARA



Innovation management

- The ability to generate, develop, and implement new ideas, products, services, or processes that create value for the organization and its stakeholders.

Example

- Google has a dynamic capability in innovation management, as it fosters a culture of creativity and experimentation, and launches new products and features such as Gmail, Google Maps, and Google Assistant





Change management

- The ability to plan, execute, and monitor organizational changes, such as restructuring, mergers, acquisitions, or cultural shifts, that are necessary to adapt to the external environment

Example

- IBM has a dynamic capability in change management, as it has transformed itself from a hardware company to a software and services company over the years.





Knowledge management

- The ability to create, store, share, and apply knowledge within and across the organization, as well as with external partners and customers.

Example

- Amazon has a dynamic capability in knowledge management, as it uses its online platform and cloud computing services to collect and leverage data and information from various sources.





Customer relationship management

- The ability to build and maintain long-term and profitable relationships with customers, by providing them with value-added products, services, and experiences

Example

- Starbucks has a dynamic capability in customer relationship management, as it engages with customers through its loyalty program, mobile app, and social media.



Strategic leadership

- The ability to set the vision, mission, and goals of the organization, and to inspire and motivate the employees and other stakeholders to achieve them.



Example



- For example, Apple has a dynamic capability in strategic leadership, as it has been led by visionary leaders such as Steve Jobs and Tim Cook, who have shaped the direction and culture of the company

BlackBerry case



<https://www.youtube.com/watch?v=wBwlpJSq75o>
<https://drive.google.com/file/d/18PwZSfksegHRHNqM0q6z9dDiMEcBlikb>

Black Berry case

- 1) What resources and capabilities Black Berry was lacking to end up in such situation?
What capabilities and resources you would need to boost the company and adapt to the new market trends and implement your plan? (list tangible & intangible assets/resources, remember what we saw in previous session)

Suggestion	Supporting data	Resources/capabilities involved
Capability	→	→
Resource		



Black Berry case

[illegible]

How to develop Dynamic Capabilities



How organizations can improve their dynamic capabilities (1/2)

- **Developing a clear and shared vision, mission, and goals** that guide the organization's strategy and actions
- **Fostering a culture of learning, experimentation, and innovation** that encourages employees to generate, test, and implement new ideas
- **Investing in talent development and retention, and creating a diverse and inclusive workforce** that can leverage different perspectives and skills
- **Establishing agile and cross-functional teams** that can collaborate and communicate effectively, and empower them with autonomy and accountability
- **Building and maintaining a strong and flexible technology infrastructure** and architecture that supports the organization's processes and products

Sources: Cambridge, McKinsey, MIT



How organizations can improve their dynamic capabilities (2/2)

- **Forming and managing strategic alliances and partnerships** with other organizations that provide complementary resources or capabilities
- **Scanning and interpreting the external environment**, such as technological trends, customer needs, market opportunities, and competitor action
- **Allocating and mobilizing resources** to address the identified needs and opportunities, and capturing value from doing so
- **Reconfiguring and transforming the organization's resources** and structures to respond to threats and to continuously renew the firm





(Leonard-Barton, 1992)

Dynamic Capabilities

- Firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments.

A torn piece of a calendar is shown on the left side of the slide. It features a grid with days of the week (Tue, Wed, Thu) and dates (1, 2, 8, 9, 15, 22, 23, 29, 30). A wooden pencil is resting diagonally across the calendar, pointing towards the date 9.

Upcoming sessions

- November 20: Session 5
- November 22: Session 6
- November 27: Session 7
- November 29: Final project teamwork
- December 4: Session 8
- December 6: Final project feedback sessions
- December 11: Recap session
- December 13: Final presentations + Course photo

Team final project deadline: **Monday, December 11th, 21:00h**

Individual final report deadline: **Monday, December 18th, 21:00h**

*More info will be provided in the upcoming sessions

Teamwork time!

Assignment:

Which resources
provide you with a
competitive advantage

by Wednesday,
November the
15th, 21:00h

- Add 4-pages to your project proposal answering the following key questions:
 - **Page 1-2:** Provide a description of the underlying technology, describing closely the high-tech involved that makes it potentially suitable for patenting or copyrighting. Provide examples how this technology will help customers to solve their need. Provide technical, performance, and economical specifications of your technology (e.g. cost to produce). Include illustrations.
 - **Page 3:** Describe the expected main directions of commercialization of your project (in the near future and (or) in the future): Define the products/services you expect to commercialize, pricing, possible product/service specifications.
 - **Page 4:** Elaborate, what resources you have within your team (or immediate environment/network) that are valuable, rare, costly to imitate, and the expertise you have within your team that allow you to utilize these resources effectively and outperform potential competitors.

See you next
class!

