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Competitive Advantage Is Dead. Here's What To Do About It.



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I write about marketing, branding and business strategy.



The longstanding premise of corporate strategy has been to help companies identify their “sustainable competitive advantage” in the marketplace, and then exploit it over time. It was a nice idea while it lasted, says Columbia Business School professor [Rita Gunther McGrath](#), but those days are over. In her forthcoming book *The End of Competitive Advantage: How to Keep Your Strategy Moving as Fast as Your Business*, she argues that business is now evolving too rapidly for *anything* to be sustainable. The real secret to success may be knowing when it’s time to quit or adapt.

“If you accept the idea that advantages are temporary, a lot of corporate structures don’t make sense,” she told me during an interview at the recent [National Association of Broadcasters conference](#), where we were both speakers. The next wave of strategy should instead encourage companies to “build up an advantage, exploit it – and then get out of it. But it’s tempting to stick with it longer than you should.”

Indeed, executive success is often measured by how many people you manage or how much budget you control – a powerful disincentive to call it quits when a market shift is underway. “Imagine you’re the Walkman group at Sony,” she says. “Someone says [the future] will be all digital, and how do you feel about it? Incredibly threatened and depressed!” She argues for a budgeting model that isn’t tied to specific senior executives (the old model allows too many executives to allocate funds without questioning whether their project should be funded at all) and encourages companies to budget quarterly, rather than annually.

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Part of the challenge is learning to reframe the notion of competition. “We used to think our main competition was within our industry, not coming from other industries,” says McGrath. “But if you’re a restaurateur today, your main competition is not other pizza parlors. [With limited customer dollars at stake], it’s Apple or Verizon. It’s a really different way of thinking about competition.”

It’s no longer enough to cultivate deep expertise in your business, she says. Instead, “the capacity you want to create is networks and the ability to move quickly and learn to be dynamic.” She admits it won’t be easy; many executives are good “idea people,” and some are terrific at executing those ideas. “But very few of us are going to be good at saying, ‘it’s over,’” she says.

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The mentality you need to cultivate is the ability to “get into and out of spaces” while understanding that every innovation or advantage is likely to be overtaken within a short time period – maybe a year or two. That market dynamism also has personal implications for your career. “Individuals need to take responsibility for their own career,” she says. “It’s permanent job hunt mode. You have to develop commercially marketable skills. Have you learned a new skill in the last two years, even though you think it may not be directly related to your job?...Far too many people land in one corporation and that’s all they know - and that makes you very vulnerable.”

Do you agree that the era of sustainable competitive advantage is over? How are you adapting?

Dorie Clark is a marketing strategist who teaches at Duke University's Fuqua School of Business. She is the author of [Reinventing You](#) and [Stand Out](#), and you can receive her free [Stand Out Self-Assessment Workbook](#).



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