

ENGG 683 – Competitive Advantage

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Competitive Advantage






Look for the **ONE** thing you will do better than any other competitive delivering benefit to the customer.

Industry Analysis



Industry Analysis

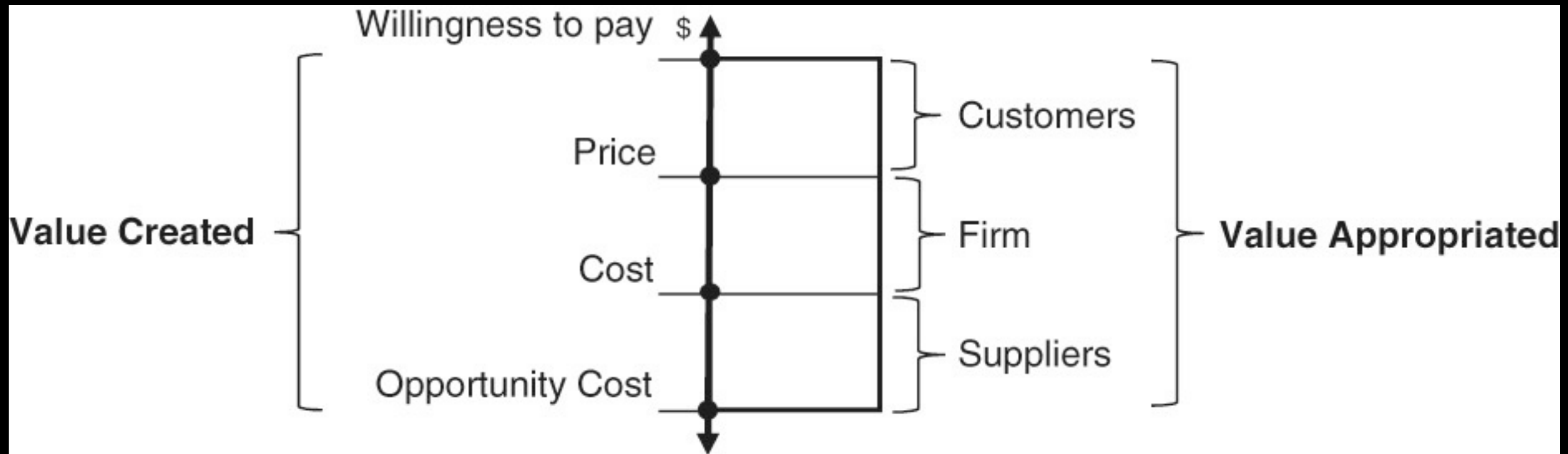
1. Who wants value?  Customers and suppliers
2. Who limits the amount of value you get?  Competition
3. What external factors determine your profit in this industry?  Regulation, environmental, ..

Definitions

- Willingness to pay (WTP) – maximum amount a customer is willing to pay to obtain a product, technology or service
- Supplier cost – smallest amount a supplier is willing to accept to produce the product

$$\text{Total Value} = \text{Customer WTP} - \text{Suppliers Cost}$$

What is the value created?



Examples of factors that drive willingness to pay and cost

| WTP | COST |
|-------------|----------------|
| Technology | Manufacturing |
| Performance | Transportation |
| Maintenance | Service |
| Brand name | Quality |
| Resale | |

Think about this ..

- In tech entrepreneurship, *patents* secure an advantage
- Being the first one in a new market will make a company successful
- Locking up suppliers with exclusivity agreements secures your unique advantage

ACTIVITY – Breakout rooms

Reflections



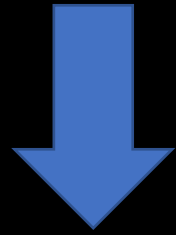
Business Plans

- Develop well written business plans that cover everything about
 - Technology – Market – Competition – Team – Finance - Sales Channels
- One-page executive summary



Lean Start-up

Instead of creating a complex business plan



Summarize your hypothesis in a framework called
Business Model Canvas

What is a Business Model?

A method by which a startup **makes money** through dedicating some resources to offer **value** to its **customers** in a **market** segment.

A business model quickly shows who pays, how much and for what.

Business Model



REVENUE

How can you generate revenue from your solution



MARKET

Must have an understanding of the market and how will you enter it



CUSTOMERS

Identify your customers and how are you going to sell to them

NEW Business Model

Air bnb

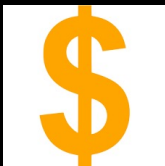


- Online platform for renting local rooms or homes
- Connects homes and travelers

REVENUE MODEL

- Guest pays 6-12%
- Host pays 3%

Don't own a single room!



Raises \$1.5 billion
Valued at \$25.5 billion in 2015

ACTIVITY – Breakout rooms



THANKS!