

**STRATEGIC MODELS
AND MANAGEMENT (3)
MSc Project Management
November 2013**

**DYNAMICS
COMPETITIVE ADVANTAGE
AND RISK**

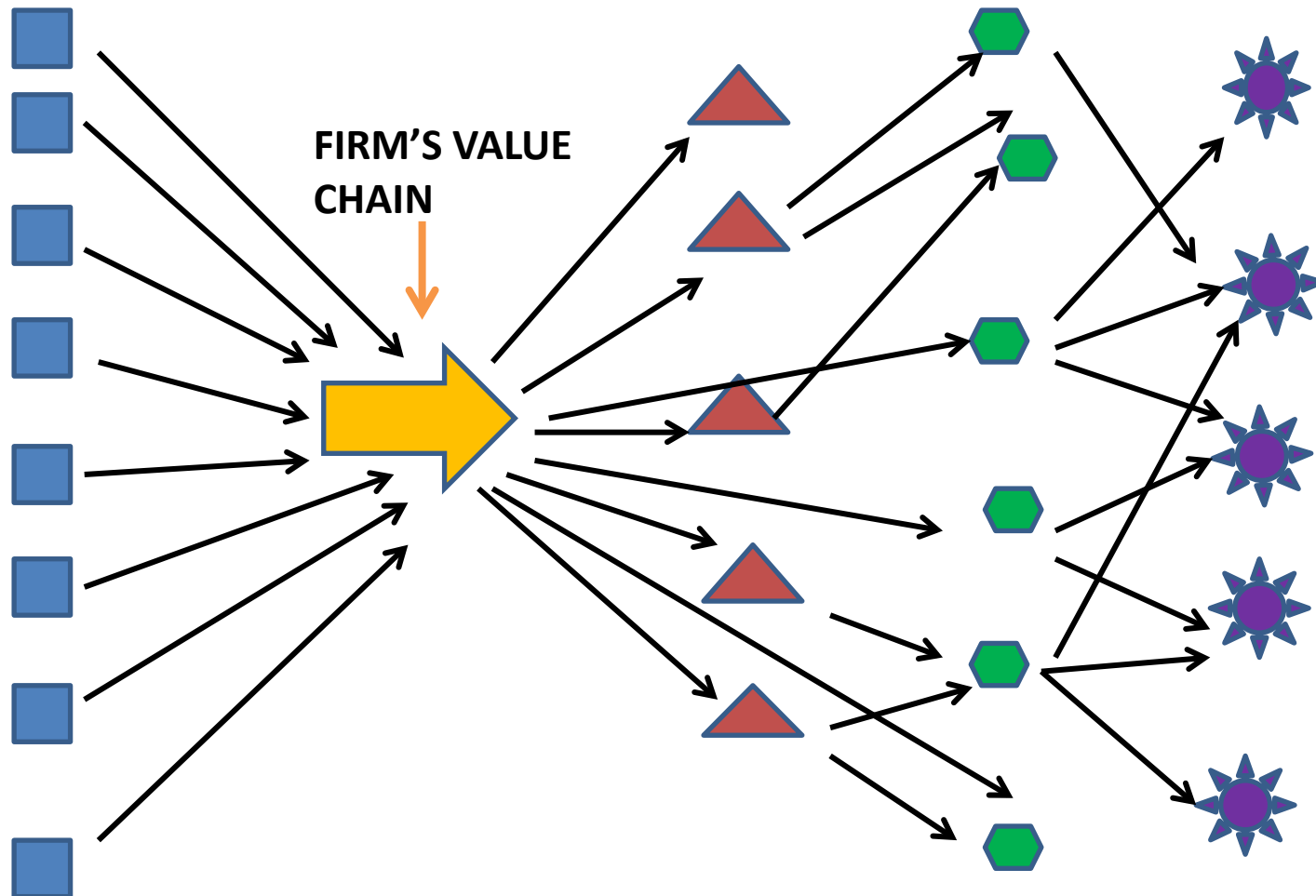
PROFESSOR ROBIN MATTHEWS

SUPPLIERS

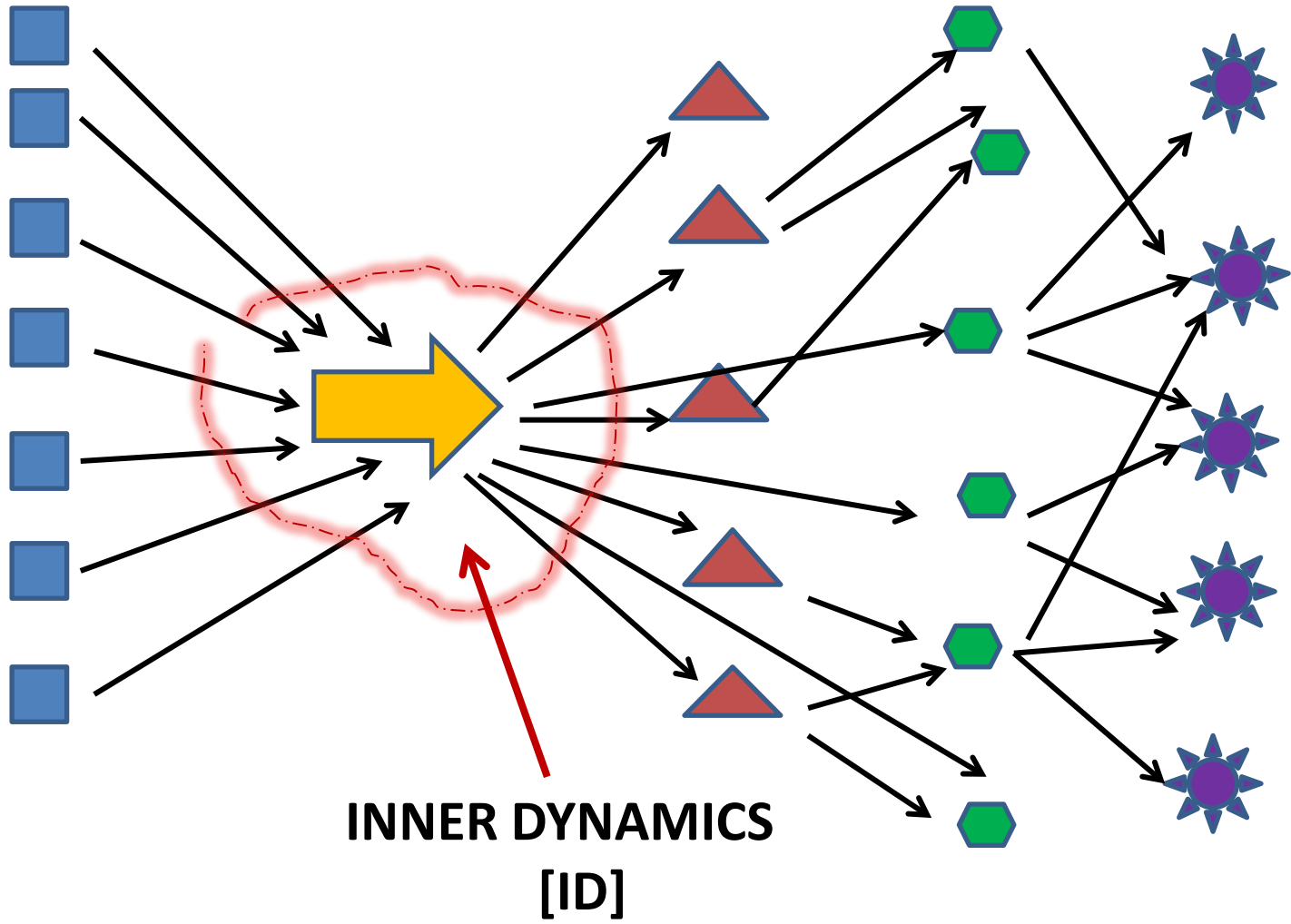
DISTRIBUTORS

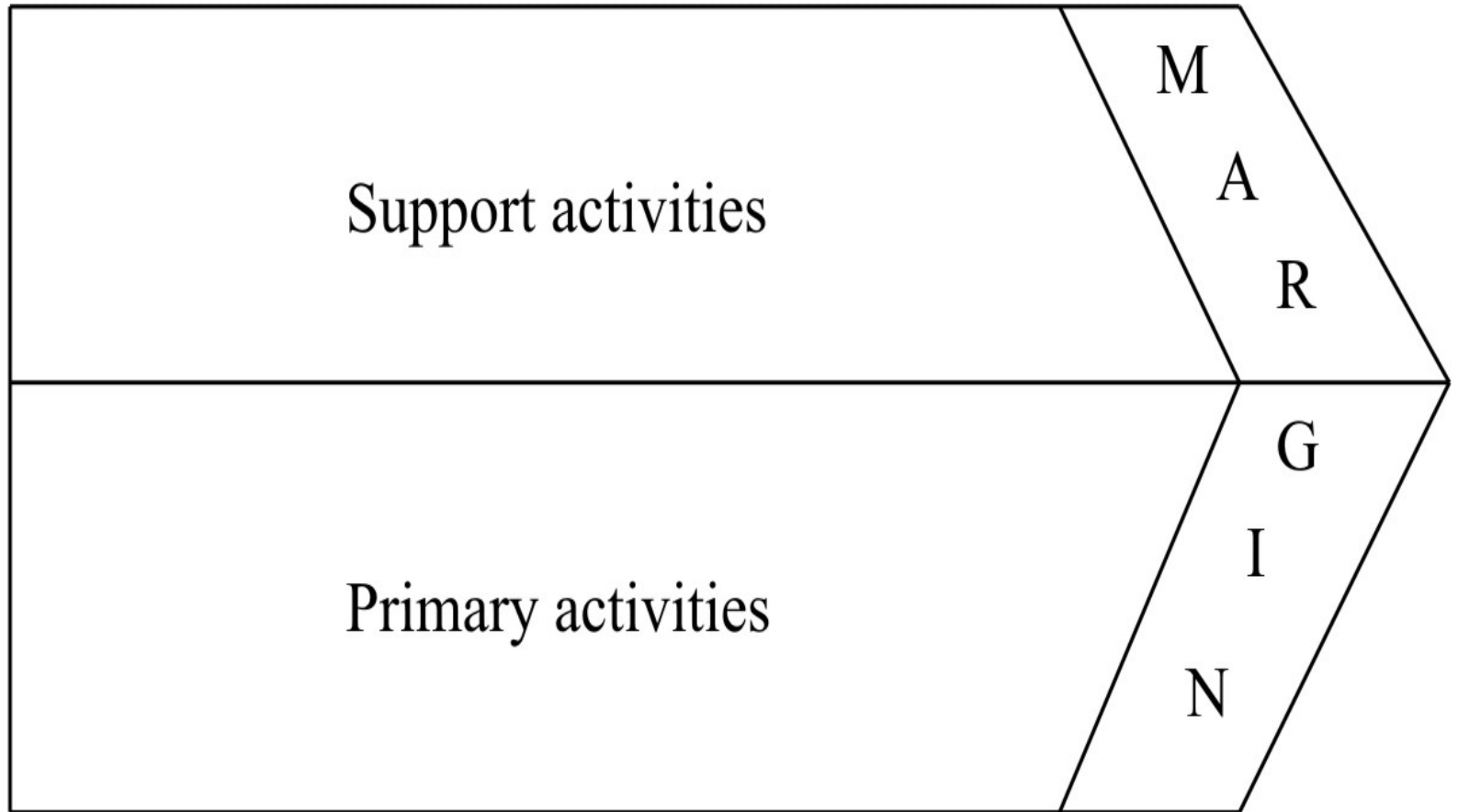
RETAILERS

FINAL CUSTOMERS



PRODUCTS AND SERVICES (VALUE ADDED IN SUPPLY CHAIN)





The value chain
Origin: Based on Porter (1985)

Value chain (Porter)

PRIMARY

- **Outbound logistics**
- **Operations
(manufacturing)**
- **Inbound logistics**
- **Marketing**
- **Sales**
- **Service**

SUPPORT

- **Infrastructure**
- **Human resources**
- **Purchasing**
- **Technology**

ASSETS (CAPITAL)

- **TANGIBLE**

- Physical capital
- Financial capital
- People- human capital
- Working capital
- **Systems**
- **Structures**
- **Architectures**

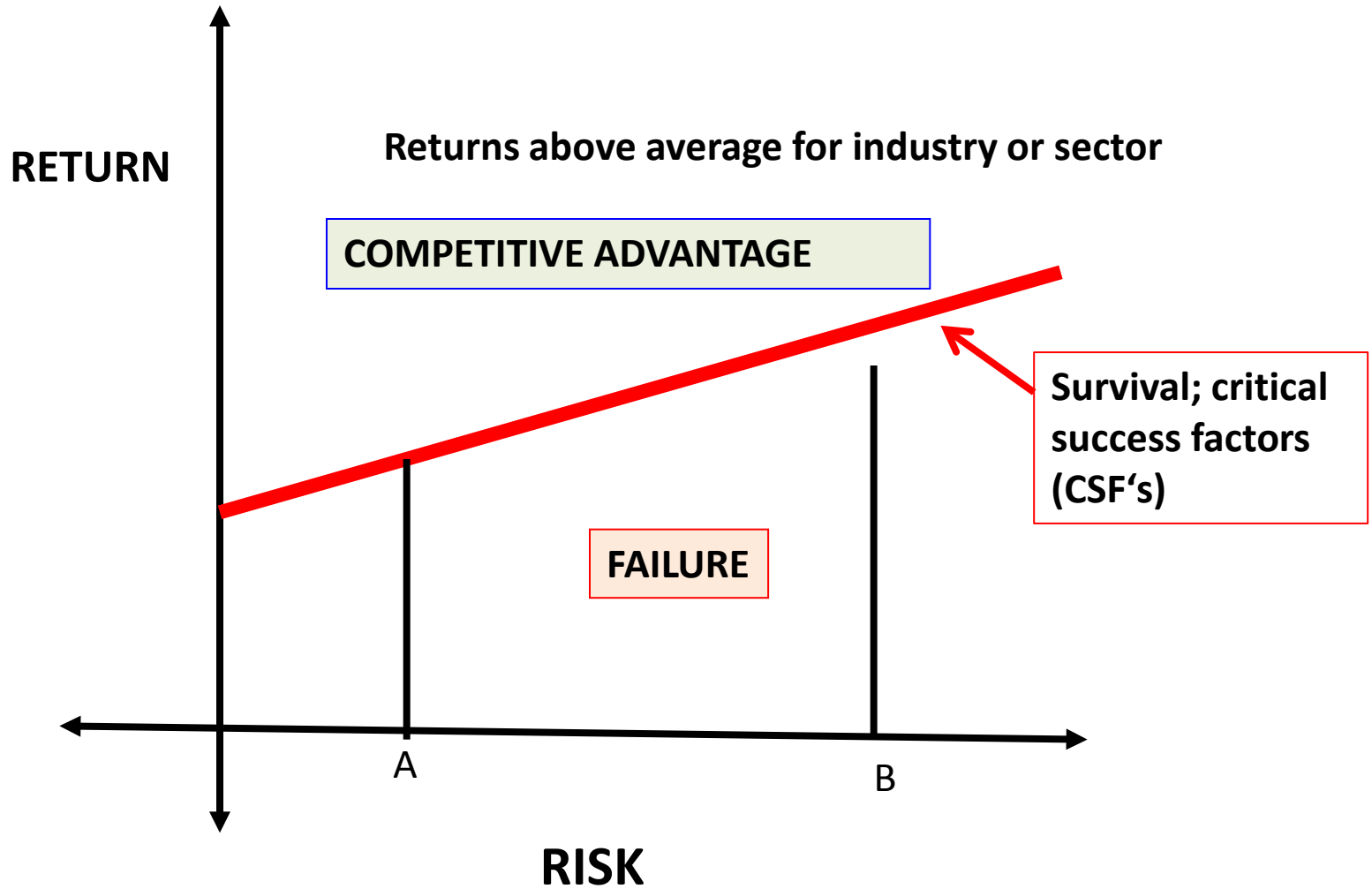
**Information
Knowledge
technology**

- **INTANGIBLE**

- **Social capital**
- **Cultural capital**
- **Reputation**
- **Brands**
- **Relationships**
- **Trust**
- **Learning**
- **Creativity**
- **Mind sets**

Part of grammar of organizations

The shareholder value model



The model of CSF's competitive advantage

RISK AND UNCERTAINTY

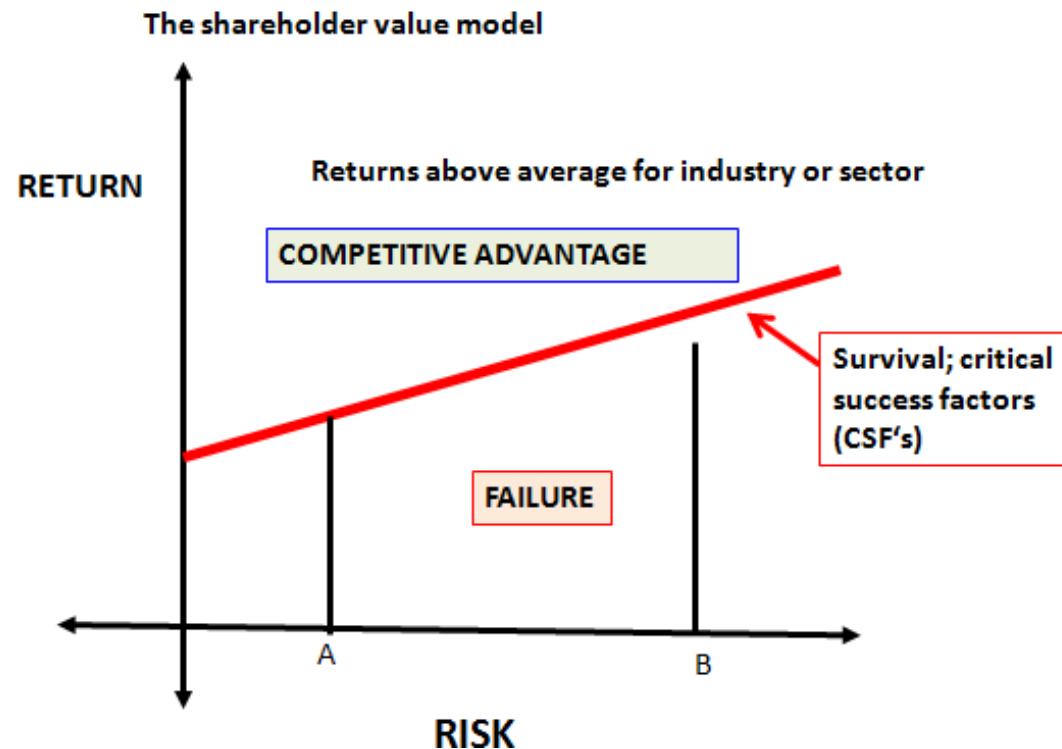
- **Portfolio diversification**
- **Measures of risk**
- **Probability**
- **Systemic risk**

Risk and uncertainty

- **Probability**
 - Frequency
 - Logical
- **Expected value (Exp)**
- **The normal distribution**
- **Fat tailed distributions**

DISCUSSION

1. Critical success factors (CSF's) are factors necessary for survival
Illustrate with examples
 2. Capabilities are sources sustainable competitive advantage Illustrate with examples.
- Use the diagram below.



DISCUSSION

- **What are the principal types of risk?**
- **How do these types of risk apply to your company?**
- **Are you describing risk or uncertainty?**