

# THE BIG IDEAS

for a changing world

# **Understanding competitiveness**

## **An overview**

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# So what's the big idea?

- ➔ Countless 'futures' studies.
- ➔ Endless 'best practice' improvement recipes.  
i.e. partnering, lean, collaborative working etc
- ➔ But little attempt to understand the competitive dynamics of the terrain at which such advice is directed.
- ➔ The 'big idea' is to reconnect the improvement agenda with reality.
- ➔ Where are we? Where do we want to get to?
- ➔ How do we get from where we are to where we want to be?

# Improvement recipes

- ➔ TQM
- ➔ Business process re-engineering
- ➔ Lean construction
- ➔ Partnering
- ➔ Continuous improvement
- ➔ Collaborative working
- ➔ Integrated project teams
- ➔ Supply chain management
- ➔ Knowledge management

# Industry change

- ➔ “When rain falls on the desert it will inevitably follow the course of existing wadis. If we focus our attention too much on the rain, we will fail to understand the terrain upon which it falls.”



# A clarification....

- ➔ We are *not* interested in defining competitiveness; or measuring it.
- ➔ We *are* interested in understanding how it is enacted.
- ➔ We are further interested in providing practical guidance on how to enact it better.

# What we know already..

- ➔ No one best way: firms adopt different strategies to suit different environments.
- ➔ Many sources draw from Porter to argue the case for 'competitive positioning'.
- ➔ Slimness and mobility are often argued to be the best determinants of success.
- ➔ Others emphasise the importance of positive cash flow.
- ➔ Capacity frequently linked to managerial skills.

# What we think we know..

- ➔ Distinctive capabilities are key to competitiveness.
- ➔ Especially those that are imperfectly imitable and non-substitutable.
- ➔ Reputation is especially important for firms who rely on repeat business.
- ➔ Two underpinning theories:
  - ➔ Competitive advantage (external factors)
  - ➔ Resource-based view (internal factors)



# Dynamic capabilities

- ➔ Competitiveness is served by the extent to which firms are able to reconfigure what they do to suit changing circumstances.
- ➔ But very little on *how* firms are able to do this.

