

Taking the Inside-Out Perspective

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In devising their marketing and business development strategies, firms tend to focus on being 'client-led' and 'competitor-aware'. I term this an outside-in approach, founded in the belief that the organisation should configure itself to present the best possible fit with current and emerging opportunities whilst simultaneously nullifying competitive threats.

Whilst not incorrect, a competition-based approach only addresses part of the strategic challenge. Implicit in it is the belief that the firm is change-able; quickly learning (or acquiring) new skills or competencies and with the capacity to restructure both at pace and efficiently. However, experience tells us that these capabilities are rare. Consequently many firms are unable to "walk the talk" of their strategy narratives.

The organisational inertia and deep-rooted resistance to change that is commonly found means it is often more effective to forge strategy increasingly strongly in the context of existing resources, skills and competences. Finding ways of stretching these to meet new opportunities is both a more credible and faster route to higher returns on marketing activity. In other words, firms should seek build a competitive advantage by using what they already have to better effect rather than by inventing or building something new.

I believe that greater weight should be given to this resource-based view of strategy. In such an approach, the firm is seen as a collection of resources and capabilities (both tangible and intangible) which can be combined in different ways to provide new value to clients.

It is the way in which these internal factors are combined to create strategy which is emphasised in the resource-based view. A resource-based view is fundamentally inside-out, with the primary emphasis being on achieving the best possible configuration of existing resources and capabilities to create strategic advantage.

This approach is particularly relevant for many firms; traditional capital assets are of relatively minor importance and intellectual capital (whether technical or relational) provides the key source of strategic value. Many of these resources are tacit, built up over years and embedded in a firm's culture, people and processes; consequently they are very difficult to imitate and not easily transferred, which is advantageous for those seeking to build competitive advantage.

However, not all of the firm's resources will be of strategic significance as some will be common to all firms in the sector or will be very easy for others to acquire. Consequently, a clear view of the resources which deliver strategic value is needed.

Most crucially, a successful strategy is founded in how resources are combined. Consider a cookery metaphor, an appetising dish is not achieved simply by having the correct ingredients (i.e. resources) but by the chef, the precise recipe and the way in which they are combined in the cooking process (i.e. capabilities). Even chefs judged to be of comparable skill and experience will produce distinct dishes with the same ingredients.

The competitive and resource-based schools of strategy are not mutually exclusive but, when applied with insight, complementary and synergistic. A balanced approach, simultaneously outside-in and inside-out, holds the key to strategic success.

