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# Strategic Supremacy in the Hypercompetitive 21<sup>st</sup> Century

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## ABSTRACT

The dawn of the 21<sup>st</sup> century has given rise to a new competitive paradigm; brought about by globalisation, information technology and biotechnology developments and the work force revolution. This article identifies the shortcomings of traditional approaches to strategy formulation as measured against the demands of this evolving paradigm. The development of high potential strategic positions, the building and refining of distinctive competencies, the strengthening of strategic fit relationships, the maintenance of balance between the requirements of old and new business and the establishment and maintenance of a strategic thinking and learning culture are building blocks of strategic supremacy in the hypercompetitive 21<sup>st</sup> century.

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## INTRODUCTION

Numerous authorities in the field of strategy formulation have noted the rapid escalation of competition, not just in fast-moving, high-tech industries, such as information technology, but in almost all sectors of the global economy (D'Aveni, 1995: 54; Hamel, 1996: 70; Beinhocker, 1999: 96; Abell, 1999: 74). This has resulted in the term "hypercompetition" appearing more frequently in the strategy literature (Porter, 1996: 61; D'Aveni, 1999: 128; Abell, 1999: 74). This competitive situation is characterised by intense, vigorous, even savage competition, the near-impossibility of sustaining competitive advantage and a virtual state of business war (D'Aveni, 1995: 54); a competitive environment becoming increasingly demanding and unforgiving on a global scale (Zahra & O'Neill, 1998: 36); disappearing barriers to competition as regulation eases (Porter, 1996: 61); the dynamic reinvention of entire industries (Hamel, 1996: 69) and a business environment in which the past is not a reliable guide to the future (Beinhocker, 1996: 97).

How should strategy be formulated in such a competitive environment? Is sustainable competitive advantage achievable at all in these circumstances? This paper attempts to address these questions and to develop some key guidelines to guide strategy formulation processes at the start of the 21<sup>st</sup> century. Before these issues receive attention, however, the new competitive paradigm which has evolved out of late 20<sup>th</sup> century trends in globalisation, information technology and biotechnology developments, as well as the work-force revolution, requires closer scrutiny.

## **THE NEW COMPETITIVE PARADIGM**

Organisations entering the 21<sup>st</sup> century obviously face great uncertainty. Courtney & Kirkland (1997: 68) identify four uncertainty levels, with the highest turbulence and unpredictability being found in levels three and four. The trend in most industries in the new century appears to be a shift towards level 3 and 4 environments (D'Aveni, 1995: 55; 1999: 128; Zahra & O'Neill, 1998: 36; Hamel, 1996: 70).

Another key characteristic of the new business environment is globalisation. According to Bolt (2001: 37), technological developments continuously drive convergence which, in turn, is pushing markets toward global commonality. This trend reinforces a global mindset in the 21<sup>st</sup> century management team. The new paradigm emerging from these developments seems to place great emphasis on the following competitive attributes:

- **Value**

Though organisations are often viewed and described in terms of the products and services they sell, these products and services are actually only purchased for the value they provide. Customers worldwide are demanding better quality at lower prices.

According to D'Aveni (1995: 57) organisations adept in the new paradigm's evolving requirements, prioritise customers as the most important stakeholder. They continuously attempt to create and maintain the ability, even if only temporarily, to provide better service than that of their competitors. Success in these competitive efforts may lead to a powerful new definition and enhancement of the dominant value proposition in the industry (D'Aveni, 1999: 127).

- **Innovation**

Reinvention is the goal: Continuous improvement of products and services, business operations and organisational processes has become the basis for creating greater value for the customer, while also increasing organisational productivity. Only those organisations with the ability to adapt timeously and pro-actively to new market challenges, will be able to sustain their competitiveness. D'Aveni (1995: 58) identifies, as critical, the ability of the organisation to predict future trends, to exercise some control over the development of key technologies and knowledge that will shape the future and to create self-fulfilling prophecies. Hamel (1996: 71) identifies "true strategic innovation" as the cornerstone of a successful strategic quest to redefine the industry, to invent the new by challenging the old.

- **Time and mobility**

The ability to make decisions quickly, is critical. Using customer value as a focal point for action, organisations now increasingly stress swift response to customer demands. This requires shorter design and product/service life cycles. The emphasis is not just on shorter time cycles, but also on correct timing. This requires mobility, speed, surprise and agility from organisations (D'Aveni, 1995: 58; Zahra & O'Neill, 1998: 36). For players in highly competitive environments, the ability to move swiftly from one temporary competitive advantage to the next, may be the only sustainable basis of competitive advantage.

- **Flexibility**

In a hypercompetitive world, an organisation has to seize the initiative; in order to be successful, it gains business by being light and fast on its feet. The new competitive paradigm downplays the importance of size and scale advantages; it is much more important to be fast and innovative. This enables the organisation to switch competitive positions and stances quickly and effectively as environmental and competitive conditions change.

- **Knowledge and intellectual capital**

Ideas and information are the driving forces of the new economy. In successful organisations, core and distinctive competencies cut across divisional boundaries, allowing management to understand the appropriate strategic paradigms and to compete in vastly different competitive industries. This has become a critical strategic skill in the new century as more industries become knowledge-intensive and globalised (D'Aveni, 1999: 129).

The intellectual capital of the organisation must be enhanced, protected and dynamically redeveloped as industry trends dictate. Efforts by industry players or new entrants to change the dominant value proposition, may downgrade or destroy existing competencies. Downgrading occurs when the existing key success factors are changed; when the definition of value and quality is redefined; when industry boundaries are blurred by competitive actions destroying entry barriers and forcing industry convergence.

A logical concern surfacing at this point is whether established strategy formulation processes can successfully address the issues raised by the new competitive paradigm.

## **TRADITIONAL STRATEGY FORMULATION PROCESSES**

At the business-unit level, the trends outlined in the preceding sections, have led to the situation where the majority of managers frequently express dissatisfaction with their organisation's planning processes. Strategy formulation has also become problematic at the corporate level (Campbell, 1999: 41; Collis & Montgomery, 1995: 118). A common complaint is that strategic planning is too static and too slow. On the corporate level, strategy frequently destroys rather than enhances the value created by the business divisions.

Pfeffer and Sutton (1999: 50) also point out that the key to strategic success is action - translating knowledge, experience and insight into meaningful action, which creates value. Many strategic planning processes yield a vast amount of talk, ideas and insights. A disappointingly low percentage of these ideas are finally transformed into effective action. To pinpoint the reasons for this unfortunate state of affairs, a closer look at the established strategy formulation process at the business unit level, is necessary.

An effectively formulated and implemented business strategy for the single business (industry) organisation, or for the individual business unit within a multi-business organisation, should ultimately lead to sustainable competitive advantage. In this quest, the typical business strategy formulation process links relevant internal factors in the form of strengths, weaknesses, executive ambitions, values and objectives with relevant external factors in the form of macro-environmental trends, industry-driving forces, anticipated competitive actions, opportunities and threats, as well as benchmarked best practices of competitors. Out of these linkages, a number of strategic action plans are developed and implemented. The objective of this exercise is to position the

organisation as optimally as possible for the anticipated future, and to work towards sustainable competitive advantage.

Against the evolving requirements and challenges of the 21<sup>st</sup> century competitive paradigm identified in the previous section, four major shortcomings of this process can be identified.

- Not nearly enough emphasis on the intellectual capital, in the form of core and distinctive competencies, of the organisation. In addition, the strategic potential of the learning organisation is overlooked.
- A passive approach to strategy formulation. The focus is on the maintenance and future development of existing internal resource capabilities, strengths and skills while waiting for the appearance and realisation of anticipated opportunities, favourable driving forces and opportunistic competitive developments. This approach obviously has severe limitations against a backdrop of continuous and turbulent change.
- Typically, a mixture of the three generic competitive strategies of cost leadership, differentiation and a focus on niche markets is utilised in the attempt to secure sustainable competitive advantage. Unfortunately these strategic initiatives, if successful, may allow the organisation to stay in the industry, but will rarely lead to a leadership position within the dictates of the new competitive paradigm. Low prices, high quality, good service and other traditional competitive initiatives are market entry and market maintenance requirements today; they do not confer sustainable competitive advantage.
- The process of benchmarking does provide interesting insights during the planning process. It also frequently misleads and distracts, locks the organisation into low ambitions and focuses the management team on operational effectiveness instead of real strategic issues (Porter, 1996: 61; Campbell, 1991: 41).

The conclusion that traditional strategic planning philosophies and processes generally fail to create sustainable competitive advantage leads to a re-examination of this desirable outcome.

## **SUSTAINABLE COMPETITIVE ADVANTAGE IN THE 21<sup>st</sup> CENTURY**

The essence of a good strategy has always been, and still is, to develop and exploit insights to create value. Sustainable competitive advantage requires management to discover, understand, document and exploit insights into ways of creating more value than that of their competitors (Campbell & Alexander 2000: 42; Porter, 1996: 62). This also contributes significantly to the financial market

test of investment decisions that lead to greater shareholder wealth (Amram & Kulatilaka, 1999: 95). Market discipline also implies that organisations can sustain a competitive advantage for only that length of time that the products or services they sell have attributes that correspond to the key buying criteria of a large number of customers. “Sustained competitive advantage is the result of an enduring value differential between the products or services of one organisation and those of its competitors in the minds of customers” (Duncan & Ginter, 1998: 8).

For some authorities, the essence of sustainable competitive advantage lies in strategic positioning. An organisation identifies one or more attractive industries and positions itself as advantageously as possible within these industries. It then attempts to achieve sustainable advantage by delivering greater value to customers or to create comparable value at lower cost, or to do both (Porter, 1996: 62). According to this view, an organisation outperforms competitors if it can establish a difference which it can sustain. It develops a unique strategic position by performing different activities than those of competitors, or by performing similar activities in different ways.

Other authorities regard strategic positioning as too static for the dynamic markets and changing technologies of the 21<sup>st</sup> century. For them, sustaining a competitive advantage has become more a matter of movement, mobility, ability to change and speed than that of location or position (Duncan & Ginter, 1998: 8). The key enabler of sustainable competitive advantage, according to this view, is provided by a solid intellectual capital foundation. This foundation is constructed by acquiring and building resources, abilities and competencies that link closely to the changing requirements of the external environment, are difficult to replicate, are deeply embedded in the organisations culture, thought processes and ways of doing and that are integrated in innovative ways. These resources and competencies are dynamically redeveloped and redeployed as circumstances change and new opportunities arise in other markets and industries.

The essence of sustainable competitive advantage in the 21<sup>st</sup> century is probably found in the creative combination of both of these viewpoints. A unique strategic position, innovatively maintained, will confer short-term advantage. Sustaining it over the long term will probably require movement – a dynamic repositioning strategy to create tomorrow’s competitive advantage faster than competitors can copy the one the organisation possesses today.

With all of the foregoing trends, issues and challenges as background, the next section will attempt to develop seven guidelines to assist in the formulation of winning strategies in the 21<sup>st</sup> century.

## FORMULATING WINNING STRATEGIES: GUIDELINES

Winning organisations of the future will assume leadership positions within the structure of the new competitive paradigm, by being:

- fast
- friendly
- focused, and
- flexible (D'Aveni, 1999: 133)

In pursuing these desirable characteristics, they will formulate winning business strategies, which

- are well suited/appropriate to the future demands and characteristics of the macro, as well as the operating environment of the organisation
- contribute to sustainable competitive advantage, and
- lead to superior financial results (Thompson & Strickland, 2002: 68-69).

To achieve this, the business strategies of winning organisations will incorporate the following processes, strategic action steps and philosophies:

- **Strategic positioning and repositioning**

Porter (1996: 62) identifies activities as the basic units of competitive advantage. He points out that strategic positioning implies the performing of activities which differ from those of rivals or performing similar activities in different ways. According to this viewpoint, competitive strategy entails the deliberate choice of a different set of activities to deliver a unique mix of value. The choice of activities leads to the creation of a unique and valuable strategic position in the industry.

Markides (1999: 56) reinforces this view by describing the essence of strategy as the selection of a certain position which a company can claim as its own. "A distinctive strategic position that differs from those of competitors". Day (1997: 96) claims that numerous organisations have enjoyed "protected prosperity" over the years in their unique strategic positions. This has been brought about by isolating mechanisms, which he identifies as competition-detering market factors, such as protected niches within the industry.

Afuah (1999: 100) identifies three strategies available to organisations for protecting their strategic positions over time:

- Blocking: The erection and creative maintenance of entry barriers and continual efforts to prevent competitors from imitating innovations and other unique activities;
- Running: Frequent introduction of new products/services and cannibalisation of existing products/services. This strategy corresponds with D'Aveni's (1995: 55) creation of industry conditions of constant disequilibrium and change; with Hamel's (1996:71) view of strategy as continuing revolution; with D'Aveni's (1999: 128) continuous redefinition of industry rules establishing a pattern of stability punctuated by disruptions and with Beinhocher's (1999: 97) array of robust adaptive strategies, which are constantly in a state of flux, and allows the organisation to maintain a portfolio of strategic options over time.
- Collaborative teaming: Leveraging of own resources and competencies by teaming up with other organisations to create more stability in its strategic position by, for instance, establishing an industry standard or dominant design.

The aligning, re-aligning and fortifying of competitive assets with changing industry characteristics can also be employed to protect existing strategic positions (Dewar & Frost, 1999: 120).

In the hypercompetitive conditions of the 21<sup>st</sup> century, however, most strategic positions are vulnerable. Uniqueness is transitory and new strategic positions are emerging continually (Markides, 1999: 58). This author provides a good prescription for a dynamic positioning strategy, under extremely uncertain conditions, which may serve as the first guideline for strategic supremacy:

### **Guideline 1**

In highly-competitive, 21<sup>st</sup> century conditions:

- Identify, exploit and protect a distinctive strategic position in an attractive industry;
- Continuously search for new strategic positions in established, as well as other industries, on a national as well as an international level;
- Manage and balance the shifting requirements of both positions simultaneously;
- Make a well-managed transition to the new strategic position, and then
- Start the cycle again.



- **Exploiting strategic fit relationships**

A contribution to sustainable competitive advantage in the new competitive paradigm, may be found by means of the improved management of linkages, either internally in the organisation or externally in the industry value chain. The combined strategic focus on network and linkage management, views industry structure and functioning not as a given, but as a variable that can be exploited in the quest for advantage.

Porter (1996: 70) stresses the importance of fit because discrete activities often affect and complement one another in ways that can create value. Competitive advantage results from the unique ways in which activities fit and reinforce one another. Sustainability of this advantage comes from locking out imitators by creating an activity chain that is as strong as its strongest link. This author (1996: 71) describes strategy specific fits as adding the most value, due to its ability to enhance a strategic position's uniqueness. They also substantially reduce cost and increase differentiation.

Value is also added in the value chain. According to Fisher (1997: 108) the critical decisions to be made regarding inventory and capacity concern the position in which they should be placed in the value chain in order to hedge against uncertain 21<sup>st</sup> century demand. He also stresses that suppliers should not be chosen based on low cost considerations. The new century requires speed and flexibility from suppliers in the value chain.

**Guideline 2:**

In highly-competitive, 21<sup>st</sup> century conditions:

- Search on a continuous basis for linkages and fits between all activities of the organisation. Identify better ways of managing these linkages, especially when industry conditions and market requirements change. Fit can be exploited to create, contributions to competitive advantage, difficult to imitate.
- Analyse and evaluate the industry value chain and changes in chain structure, arrangements and functioning. An effective, responsive and flexible value chain is a major contributor to sustainable competitive advantage.

- **Establishment of a strategic thinking culture**

Zahra & O'Neill (1998: 39) make the point that emerging problems and issues of the new century require a different mindset. The past does not always reveal

the solutions to new problems. This poses challenges to the established strategic ways of thinking in the organisation. The ability to think beyond the established paradigm in the industry, and the skill to think in a new and a non-linear way, are required by the challenges of the new competitive paradigm. The cited authors (1998: 43) develop a convincing case that “strategic thinking requires an understanding of the subtle blinders imposed by culture and strategy, and the links between thought, action and reaction”.

It should become a habit within the organisation to think and talk about different aspects related to strategy on an ongoing day-by-day basis. Strategic thinking is not about establishing correct or optimal solutions, but about understanding complex relationships, ongoing change and uncertain futures. Notions of strategic stability have been replaced by an emphasis on strategic change and correspondingly, the notion of the search for the optimal strategy has been overtaken by the concern for a strategy which will work and can be implemented. Mintzberg (1987: 66) poses the following challenge for the corporate strategist: “knowing the organisation’s capabilities well enough to think deeply enough about its strategic direction”. Strategic thinking is the link between what he describes as a past of corporate capabilities and a future of market opportunities, between thought and action. He also points out that the notion that strategy formulation is something which is done at the highest organisational level, far removed from the day-by-day details and challenges of running the organisation, is misguided. Strategy development needs to involve a wide and deep cross-section of managers. What is required throughout the organisation, is to develop a capacity to work together to question, debate and innovate. This requires that managers at all levels be indoctrinated in the art of the strategic conversation. The strategic audit is one of the more effective ways to start the strategic conversation. In conducting a strategic audit of the present strategic situation, the groups of managers think strategically by asking the right questions about their department, division or the entire organisation. Gadiesh & Gilbert (1998: 141) expand the focus of the strategic conversation by an interesting perspective on the current and future profit pool in the industry. They argue compellingly that an intimate understanding of profit pool dynamics can help guide important decisions about every facet of an organisation’s operation and strategy. It contributes to good strategic thinking by placing that thinking on a solid foundation.

Christensen’s (1997: 41) research has found that strategic thinking is not a core managerial competence in most organisations. This finding is reinforced by Hamel (1996: 70) and further amplified by his contention that the strategy formulation process in most organisations is too elitist, harnessing only a small proportion of creative talent and potential. He argues that the top management level sits atop the pyramid of experience. However, experience is valuable only

to the extent that the future is the same as the past - an unlikely situation in the new century. Only a broad and deep engagement of human talent in the organisation will ensure a democracy in strategy formulation, buy-in to the agreed upon strategic direction and unleash true revolutionary and innovative ideas and strategic options. In this way senior management will “supplement the hierarchy of experience with a hierarchy of imagination”.

**Guideline 3:**

In highly-competitive, 21<sup>st</sup> century conditions:

Create, maintain and reinforce a strategic thinking culture on as many organisational levels as is practically feasible. The end result should be a manager/supervisor/other employee who thinks about strategic issues, and contributes to strategic value creation on an almost continuous basis. This orientation should become a normal part of everyday business and operations: part of “the way we do things around here”.

**• Development of a learning mindset**

Strategic thinking is closely linked to notions of organisational learning. The concept of the “learning organisation” refers to the creation of circumstances, climates or conditions in organisations which encourage, support and reward the development and learning of its people. Organisational learning is strengthened by a culture which tolerates and encourages “new mistakes” and by competition. As organisational members learn to overcome specific competitive challenges, they develop potentially valuable resources and capabilities. Zahra & O’Neill (1998: 39, 40) raise an interesting point suggesting that homogeneity and stability in organisational teams usually foster less learning. The corollary is that heterogeneity and instability (up to a critical threshold) lead to more learning. They also stress the importance of developing strategic flexibility by preserving, developing and deploying intellectual capital in areas of the organisation’s core competencies. When industry and competitive conditions change, however, a new challenge for the organisation is to develop the ability to abandon traditional core competencies and to replace them, timeously, with new ones. The critical linkage between industry prescience and dynamic, pro-active flexibility, is underscored by this point.

Starkey (1998: 116) identifies knowledge as a key concern of management in the new century. He quotes Thurow, who writes that “the dominant competitive weapon of the twenty-first century will be the education and skills of the workforce” and Bennis who argues that “the major challenge for leaders in the twenty-first century will be how to release the brainpower of their

organizations”. Hamel & Prahalad (in Starkey, 1998: 116) identify learning and competence as the fundamental strategic building blocks in the creation of a strategic architecture that links the present with the future. They conclude that competitive advantage will accrue to those organisations that succeed in pro-actively and speedily building new competencies in new opportunity areas.

Zack (1999: 125-7) stresses the link between organisational strategy and the management of knowledge. The organisation’s strategic context assists in the identification of knowledge management initiatives which can contribute to competitive advantage. He also identifies knowledge as the most important strategic resource in the 21<sup>st</sup> century, as it enhances the organisation’s fundamental ability to compete. Cummings & Worley (2002: 515) discuss the processes of organisational learning, which enhances its ability to acquire and develop new knowledge, and knowledge management, which focuses on how that knowledge can be organised and utilised to improve performance, and be a source of strategic renewal.

Inkpen (1998: 69) leverages the strategy-enhancing potential of the learning organisation by the unique learning opportunities created by national and international strategic alliances. He (1998: 70) expands on this by describing the requirements for the creation of a successful alliance learning environment.

Teece (1995: 57-8) stresses the potential of learning and knowledge as a contributor to the sustainability of competitive advantage, as knowledge assets are usually inherently difficult to imitate. He points out that there are increasing returns associated with effective learning and knowledge management.

**Guideline 4:**

In highly-competitive, 21<sup>st</sup> century conditions:

- Acquire, integrate, store, share and apply critical knowledge, especially context-specific, tacit knowledge embedded in the organisation’s operations, processes, routines and activities.
- Circulate and utilise this knowledge as widely and broadly as possible to capture the increasing returns associated with its utilisation.
- Recognise and exploit effective, organisational learning and knowledge management as the most important source of sustaining competitive advantage in the new century.

- **Balanced management of new as well as old business**

In line with a preceding guideline which advocated that organisations have to manage a present as well as a desirable future strategic position, managers have to creatively balance the shifting requirements of new, as well as old business. Abell (1999: 73-6) argues that excellence in the new economy requires dual strategies from organisations, one for the present and one for the future. Furthermore, these are not sequential, but parallel responsibilities. Excellence in old business requires a clear, precise definition of the business, a focus on shaping up the business to meet the needs of today's customers, seeks to achieve close fit in an organisation's functional activities with the chosen old business definition and requires an organisation structure that mirrors current business opportunities.

In contrast, excellence in new business is concerned with the way in which the business should be redefined for the future. Reshaping the business to compete effectively in the future may entail major changes from the existing business paradigm and may require significant structural changes to the organisation structure.

The above conflicting requirements placed upon the shoulders of each senior manager frequently causes ambiguity, stress and sub-standard performance (usually in terms of new business). The dual focus has to be institutionalised and managed effectively to decrease these negative outcomes.

**Guideline 5:**

In highly-competitive, 21<sup>st</sup> century conditions:

Instill, maintain and reinforce (reward) a dual strategic focus on the appropriate organisational levels to elicit the highest possible performance over time, in both established (old) business (a valuable and profitable present) as well as new business (a prosperous future).

- **Establishing resources and competencies as the cornerstones of strategy**

Resources, capabilities and competencies have been mentioned throughout this article. Stalk & Evans (1992: 55) identify capabilities-based competition as critical to success in the new economy. They claim that successful competitors focus their managerial attention on the infrastructure that supports hard-to-imitate capabilities that consistently provide superior value to the customer.

These authors (1992: 58) define a capability as a “set of collective and cross-functional business processes strategically understood, and connected to real customer needs”.

Collis & Montgomery (1995: 119-20) expand on this view by claiming that an organisation will be positioned to succeed if it has the best and most appropriate stocks of resources for its business and strategy. They define resources to include both, tangible and intangible assets including capabilities, competencies, know-how and brand names. They conclude that superior performance will be based on “developing a competitively distinct set of resources and deploying them in a well-conceived strategy”.

Collis and Montgomery’s suggested approach to competing on resources in the new economy, may serve as the sixth guideline for strategic supremacy:

### **Guideline 6:**

In highly-competitive, 21<sup>st</sup> century conditions:

- Resources which pass the following five tests must be developed, upgraded and utilised as the basis for an effective, value-adding strategy:
  - inimitability: Is the resource difficult to copy?
  - durability: How quickly does the resource depreciate?
  - appropriability: Who captures the value that the resource creates?
  - substitutability: Can a unique resource be trumped by a different resource?
  - competitive superiority: Whose resource is really better?
- These valuable resources should form the basis of strategies which should be leveraged into attractive industries, where they can contribute to competitive advantage.

### **• Building and refining distinctive competencies**

During the resource and competence creation process, a significant portion of the strategic team’s time should be devoted to the development of the strategic architecture of the organisation. Such architecture consists of the

- present core competencies,
- potential core competencies, and
- required core competencies

of the organisation. Core competencies are the specific collective competencies (skills) of the organisation in the form of

- intellectual capacities,
- collective experience and skills and
- specialised knowledge.

that integrate diverse production and service rendering skills and multiple technology streams. This results in products/services that supply demonstrable client value in a unique fashion, and achieves sustainable competitive advantage in a particular segment of one or more industries. To achieve the full potential of core competencies, an organisation requires effective management systems to integrate seamlessly across organisational boundaries.

Closely tied to the strategic architecture of the organisation is the management and nurturing of its network. It does not have to incur the prohibitive expenses associated with the maintenance and upgrading of a complete inventory of resource capabilities and core competencies. It can focus on the “core business” and source the remaining required competencies, capabilities and support services from its national and international network partners. In this manner, collaboration agreements can be used to leverage internal resources, skills, capabilities and competencies.

Meyer & Semark (1996: 96) claim that core competence is recognised as the competitive advantage gained from a capability which lies behind the products that serve the market. They compellingly argue that “in the boundaryless world of the emerging global economy, and the universal availability of information, competency at individual, organisational and national levels will become the currency of the 21<sup>st</sup> century” (1996: 102).

Prahalad & Hamel in Thomas, Pollock & Gorman (1999: 72) provide a link between competence and learning by stating that core competencies are the outcome of collective learning in the organisation. They suggest that organisations which successfully identify and cultivate their core competencies can utilise them to obtain a sustainable competitive advantage. According to Thomas, Pollock & Gorman (1999: 72-3), competence-based competition begins at the organisational level and focuses on its distinctive capabilities relative to competitors. Collis & Montgomery (1995: 123) advocate subjecting the organisation’s core competencies to a harsh external market assessment of what it does better than competitors. Any competence passing this test is known as the distinctive competence of the organisation. A distinctive competence is, accordingly, something an organisation does extremely well, relative to competitors. It’s contribution to sustainable competitive advantage is obvious.

**Guideline 7:**

In highly-competitive, 21<sup>st</sup> century conditions:

- The intellectual capital, in the form of core competencies arranged in a strategic architectural framework of the organisation can be deployed and redeployed to contribute to sustainable competitive advantage, as market opportunities dynamically open, close, grow and shrink.
- Constant efforts should be directed at refining one or more of these core competencies to the point where it leads to the organisation performing the activities flowing from that competence, significantly better than competitors do. This becomes a distinctive competence of the organisation and enables it to build and sustain competitive advantage.

**CONCLUSION**

In this article, the highly desirable outcome of strategic supremacy (sustainable competitive advantage) was discussed and analysed. The problems and challenges confronting organisations pursuing this outcome in the very competitive 21<sup>st</sup> century were identified and discussed. A list of seven guidelines was developed. These guidelines, derived from the newest thinking in the strategic management literature on the topic of competitive advantage in the new economy, should contribute to a better understanding of the requirements of the new century. They should also assist in an understanding of the actions required by organisations which are not content to merely survive in their industries, but wish to work towards a highly profitable, competitively advantageous position, and to sustain this position over time.

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