

- State *priorities* and weightings given to individual factors – again through the process of using the matrix.
- Consider how they would use what emerges from the SWOT analysis for purposes of strategy evaluation and in particular the screening of options for suitability (see Section 1.2 of Chapter 1).

In summarising answers to the question, it can be useful to ask students to explain in two or three sentences their *overall* assessment of the organisation's position. This is a good test as to whether or not the points above have been addressed properly.

Case Example

Rocket Internet – will the copycat be imitated?

This case focuses on the resources and capabilities of Rocket Internet including the key distinction between threshold versus distinctive capabilities and an evaluation of them using the VRIO framework.

Question 1: Analyse the resources and capabilities of Rocket Internet.

Typically, a student would divide the components of resources and capabilities and analyse the threshold and distinctive categories, which when compiled might look similar to the example given below.

Threshold Resources • Technology platforms • Offices and facilities • Expert teams in various functional areas • VC money/financing	Threshold Capabilities • IT skills • General managerial skills including distribution and marketing • Incubator support capabilities (marketing, design, web platforms, distribution, etc.)
Distinctive Resources • The Samwer brothers • The Rocket Internet brand • A global mobile task force: Global Venture Development Programme • Company reputation of repeatedly and successfully launching online business models	Distinctive Capabilities • HQ identification, conceptualisation and execution of new online business models • Combination and integration of broad online skills • Internationalisation and multiplication speed • Culture and HR recruitment/integration of founders and high potentials

Activity mapping or value chain analysis might also be used for Question 1. If used imaginatively, both help explain where and how resources and capabilities are developed, employed and managed. They can also help indicate why and how distinctiveness might arise.

Critical reflection on the choice and subsequent use of these tools to produce insights should be promoted. For example:

- Why did students choose the particular framework they used over alternatives?
- Show them that analysis *per se* is not an end in itself; that analysis is done either to answer questions such as the ones that follow or to create questions. Asking the students in what situation such an analysis might actually be used by managers relates the exercise to the practise of the senior manager.
- Ask what actions managers might take as a result of undertaking such an analysis. Again, the analysis *per se* is not the goal, but rather what implications and actions that comes out of it.

Interestingly, Rocket Internet is built around dynamic capabilities *for* online business models generally. The central activities of the company are to *sense* and *seize* new online business opportunities and *build and reconfigure* the necessary (operational) capabilities. However, the case does not explicitly discuss Rocket Internet's *own* dynamic capabilities. They would include the sensing and seizing of opportunities in the *incubator and VC industries* and possible reconfigurations of capabilities there.

Question 2: Inimitability of capabilities and the VRIO framework.

The aim here is to use the VRIO criteria technique to analyse Rocket Internet's resources and capabilities in depth and evaluate if they grant the company competitive advantage and if so if they are sustainable. Here it is helpful for students to consider other Berlin-based incubators and venture capital companies (and there are plenty not only in Berlin, but of course all over Europe) and think about to what extent they would be able to match Rocket Internet's resources and capabilities. Students should think carefully about their categorisations and justify their views. Of course, it is also essential not to confuse Rocket Internet as an incubator and VC firm with the online companies they build and invest in.

The temptation here is to list all distinctive capabilities as providing sustained competitive advantage, but the VRIO framework helps in differentiating sustained from temporary competitive advantage. However, there are clearly border cases where this distinction is difficult to make. For example, as regards Rocket Internet's ability to internationalise and multiply their online business quickly (indicated by both temporary and sustained competitive advantage being filled below).

Below is a summary of a VRIO analysis of some of Rocket Internet's resources and capabilities. It is apparent that only a couple of the resources and capabilities meet all of the demanding VRIO criteria and thus comprise sustained competitive advantage (HRM & culture and headquarter – HQ – identification, conceptualisation and execution of new on-line business models).

IT Technology platforms				
<i>Valuable?</i>	<i>Rare?</i>	<i>Inimitable?</i>	<i>Supported by the Organization?</i>	<i>Competitive implications</i>
No	-	-	No	Competitive disadvantage
Yes	No	-	Yes	Competitive parity
Yes	Yes	No		Temporary competitive advantage
Yes	Yes	Yes	Yes	Sustained competitive advantage

Expert teams				
<i>Valuable?</i>	<i>Rare?</i>	<i>Inimitable?</i>	<i>Supported by the Organization?</i>	<i>Competitive implications</i>
No	-	-	No	Competitive disadvantage
Yes	No	-	Yes	Competitive parity
Yes	Yes	No		Temporary competitive advantage
Yes	Yes	Yes	Yes	Sustained competitive advantage

Finance				
<i>Valuable?</i>	<i>Rare?</i>	<i>Inimitable?</i>	<i>Supported by the Organization?</i>	<i>Competitive implications</i>
No	-	-	No	Competitive disadvantage
Yes	No	-	Yes	Competitive parity
Yes	Yes	No		Temporary competitive advantage
Yes	Yes	Yes	Yes	Sustained competitive advantage

Global Venture Development Program: Global mobile task force				
<i>Valuable?</i>	<i>Rare?</i>	<i>Inimitable?</i>	<i>Supported by the Organization?</i>	<i>Competitive implications</i>
No	-	-	No	Competitive disadvantage
Yes	No	-		Competitive parity
Yes	Yes	No	Yes	Temporary competitive advantage
Yes	Yes	Yes	Yes	Sustained competitive advantage

Internationalization and multiplication speed				
<i>Valuable?</i>	<i>Rare?</i>	<i>Inimitable?</i>	<i>Supported by the Organization?</i>	<i>Competitive implications</i>
No	-	-	No	Competitive disadvantage
Yes	No	-		Competitive parity
Yes	Yes	No		Temporary competitive advantage
Yes	Yes	Yes	Yes	Sustained competitive advantage

HRM & Culture: Recruitment and integration of founders, entrepreneurs and high potentials				
<i>Valuable?</i>	<i>Rare?</i>	<i>Inimitable?</i>	<i>Supported by the Organization?</i>	<i>Competitive implications</i>
No	-	-	No	Competitive disadvantage
Yes	No	-	Yes	Competitive parity
Yes	Yes	No		Temporary competitive advantage
Yes	Yes	Yes	Yes	Sustained competitive advantage

Question 3: The importance of the Samwer brothers.

The Samwer brothers with Oliver Samwer as the trio's driving force still lead Rocket Internet after more than a decade since they founded the company. Although the company has an external Managing Director, their role is still crucial. Their leadership and Oliver Samwer's in particular is clearly a fundamental to Rocket Internet success and not the least important for keeping up the pace of the company's expansion. They clearly provide for sustained competitive advantage. However, it is still unlikely that the company would quickly collapse should they choose to leave or sell the company. By now their visions, ideas and values have been built into the Rocket Internet culture, capabilities and practices and are thus likely to last at least for some time after their exit. Over a longer time period, however, there is a risk that these visions, ideas and values deteriorate when not fuelled by the brothers.