



ILLUSTRATION 3.1

Strategic capabilities

Executives emphasise different strategic capabilities in different organisations.

The Goddard Space Center

Flight Center NASA's Goddard Space Flight Center manages many aspects of the space agency's missions and lays claim to some unique resources. For example, its 42-foot-tall acoustic test chamber can produce sounds of up to 150 decibels to allow technicians to expose payloads to launch noise. The high bay clean room, which can accommodate two space shuttle payloads, circulates nine million cubic feet of air every minute through its filters to prevent contaminants damaging spacecraft components – essential to space missions since cleaning of such contaminants in space is highly problematic. And its 120-foot-diameter high-capacity centrifuge with two 1250-horsepower motors can accelerate a 2.5-ton payload up to 30Gs.

Royal Opera House, London

Tony Hall, Chief Executive of the Royal Opera House:

'World-class' is neither an idle nor boastful claim. In the context of the Royal Opera House the term refers to the quality of our people, the standards of our productions and the diversity of our work and initiatives. Unique? Unashamedly so. We shy away from labels such as 'elite', because of the obvious negative connotations of exclusiveness. But I want people to take away from here the fact that we are elite in the sense that we have the best singers, dancers, directors, designers, orchestra, chorus, backstage crew and administrative staff. We are also amongst the best in our ability to reach out to as wide and diverse a community as possible.²

Maersk

Maersk is the the leading container shipping company in the world. Its fleet comprises more than 500 vessels and it has over 300 offices in 125 countries across the world. They also operate container terminals in 50 locations. Maersk emphasise the value and comparative rarity of their size, not least in terms of

it providing a reliable and comprehensive coverage for customers worldwide. Their website emphasises size in a number of novel ways: for example:

If all Maersk Line containers were placed one after the other, they would reach about 19,000 km. This is more than the distance from Copenhagen, Denmark to Perth, Australia, via Cape Town, South Africa or almost half of the earth's circumference.

However, Brian Godsafe, a Customer Service Director emphasises other capabilities. He explained that Maersk Line's stated top priority is: 'to provide you, our customers, with services you can count on to satisfy your own customers and grow your business'. Since Maersk are connected to so many markets around the world, customers are able to use them for multiple rather than singular trades. In terms of sales service, Maersk have a dedicated account manager for every regular customer, empowered to deal with their requests. Moreover this is replicated throughout the world. So, for example, there is a dedicated customer service team for each client based in the UK but this team is duplicated in locations around the world. In this way their global clients have touch points into their business all around the world. Many other companies just do not have that advantage.³

Sources: [1] Goddard Space Center website. [2] *Annual Review*, 2005/6, p. 11. [3] Pearson Strategy Documentaries.

Questions

- 1 Categorise the range of capabilities highlighted by the executives in terms of section 3.2 and Tables 3.1 and 3.2.
- 2 To what extent and why might these capabilities be the basis of *sustained* competitive advantage?
- 3 For an organisation of your choice undertake the same exercise as in questions 1 and 2 above.