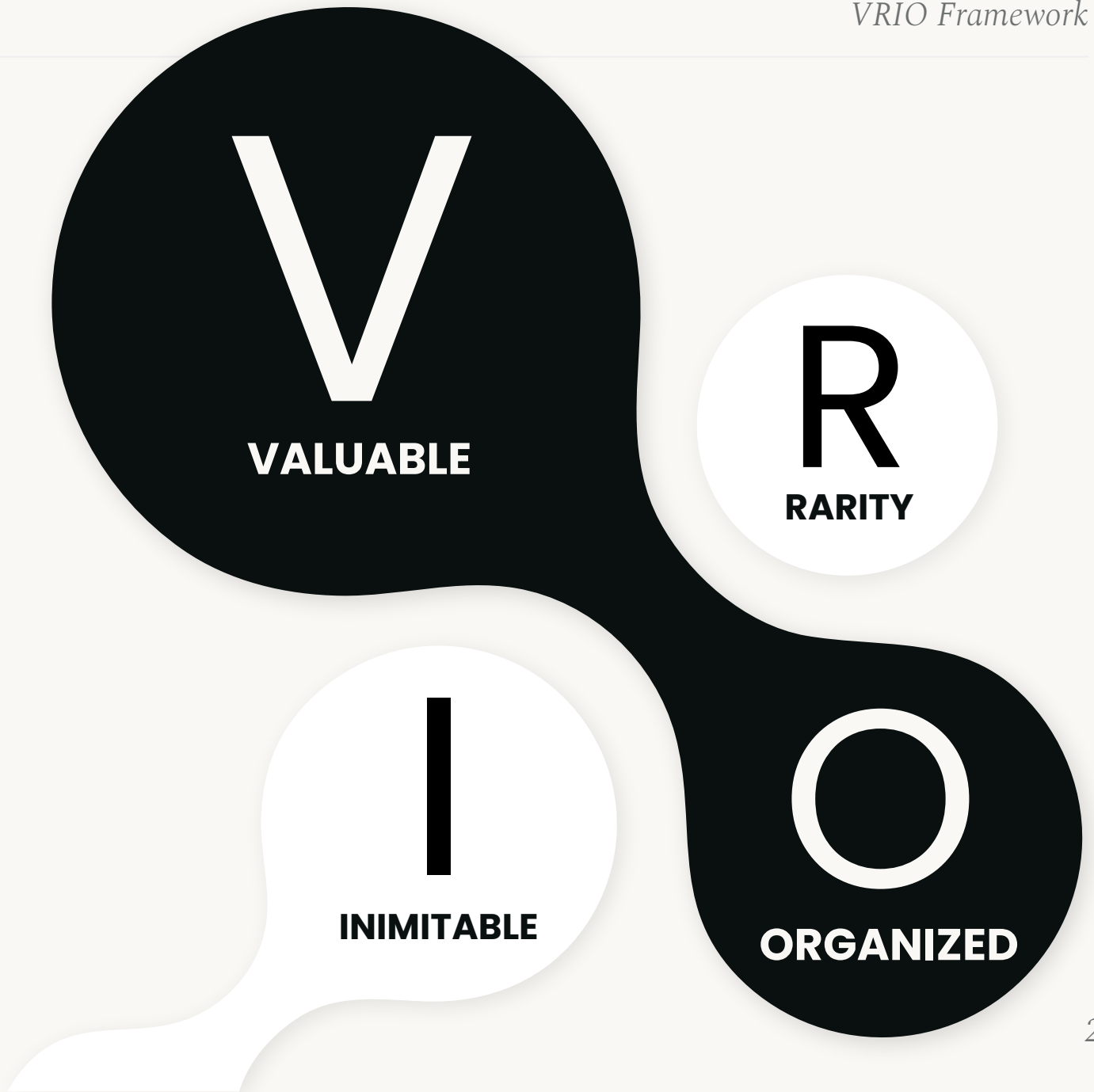


VIRO analysis framework

The VRIO framework is a strategic analysis tool to help organization uncover and protect the resource and capabilities that give them a long-term competitive advantage. The framework should be put into play after the creation of the vision statement but before strategic planning. This is because the differentiators and advantage you identify will determine how to approach the marketplace and inform strategic decision.



VRIO in context

MACRO-ENVIRONMENT

- Economics
- Technology
- Social factors
- Political landscape
- Environmental factors

MICRO-ENVIRONMENT

- Product substitutes
- New entrants
- Competitors
- Suppliers & buyers

INTERNAL ENVIRONMENT (VRIO)

- Employees
- Assets
- Technology



ADVANTAGES

An easy model to apply.

It can help you identify unused competitive advantages.

It can also be used to identify and rank potential opportunities & threats.

It helps managers to make decisions about resource allocation.



DISADVANTAGES

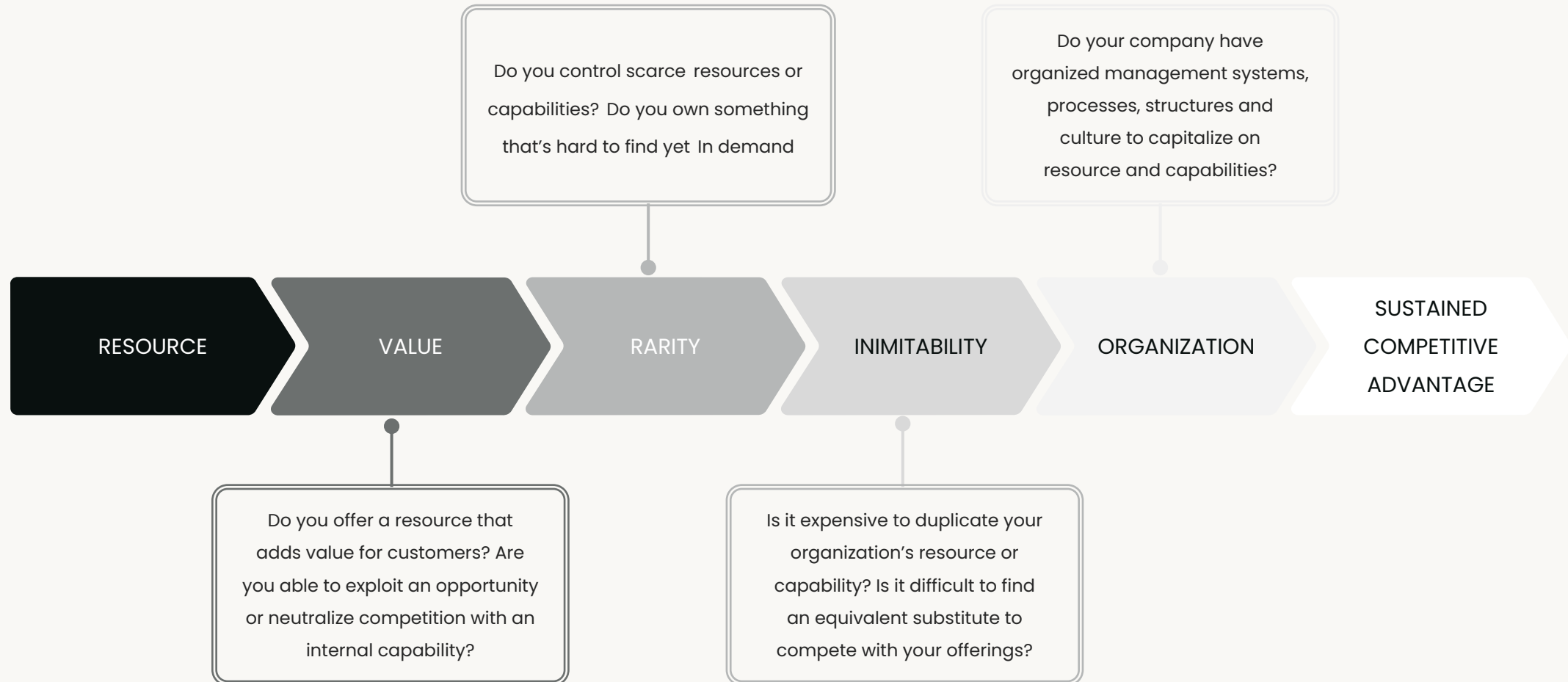
Difficult to apply to smaller firms and startups.

Can you ever achieve a sustainable competitive advantages?

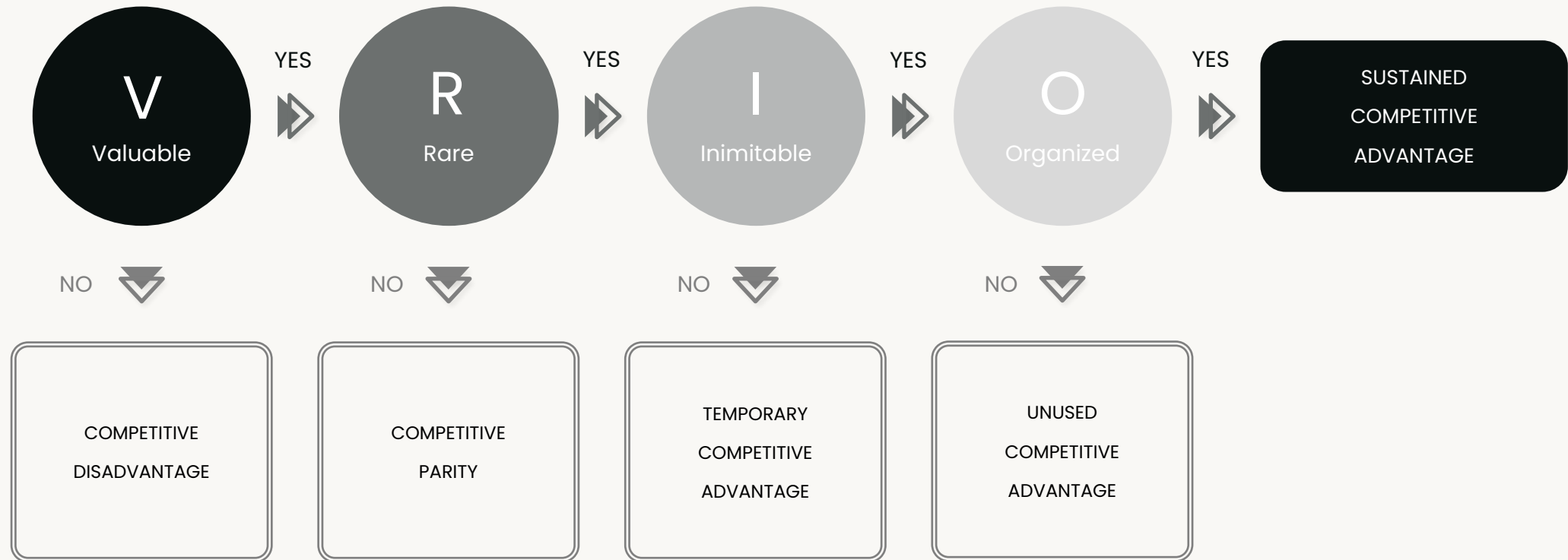
Doesn't consider important factors such as how demand in the marketplace is shifting.

VRIO framework can be difficult to use in practices.

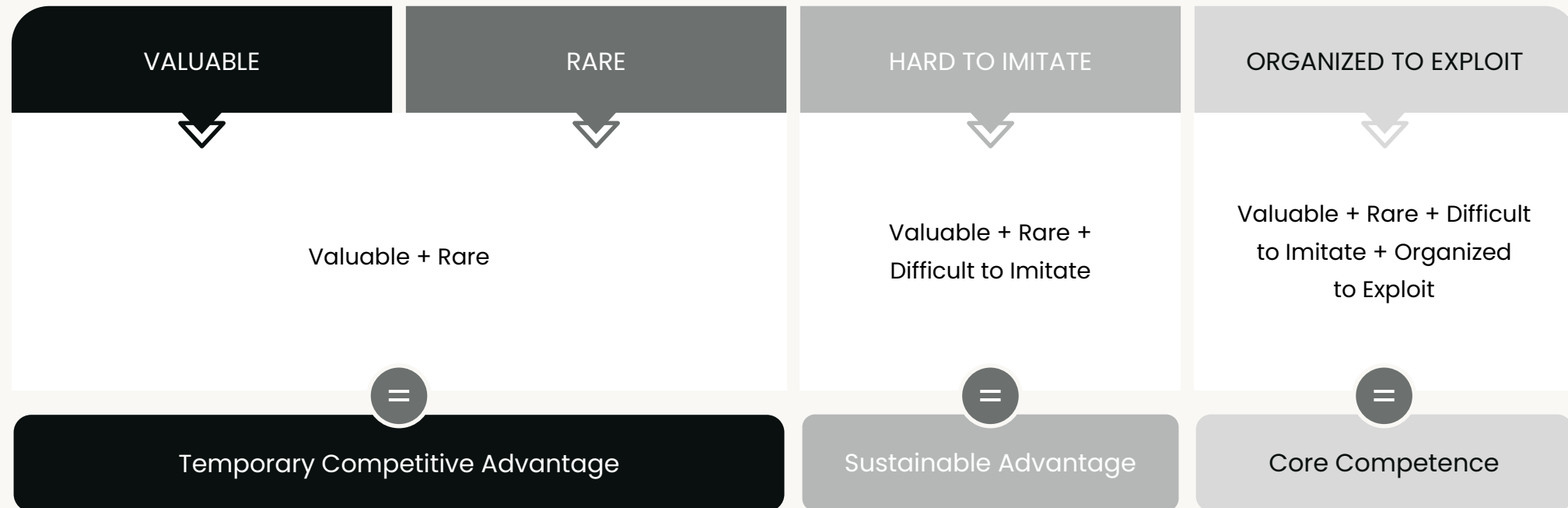
Four dimensions of VRIO framework



Four dimensions of VRIO framework



Four dimensions of VRIO framework



VRIO model






	Is valuable?	Is rare?	Is difficult to imitate?	Is it organized?
COMPETITIVE DISADVANTAGE	NO			
COMPETITIVE EQUALITY/PARITY	YES	NO		
TEMPORARY COMPETITIVE ADVANTAGE	YES	YES	NO	
UNUSED COMPETITIVE ADVANTAGE	YES	YES	YES	NO
LONG-TERM COMPETITIVE ADVANTAGE	YES	YES	YES	YES

No				Competitive disadvantage
Yes	No			Competitive parity
Yes	Yes	No		Temporary competitive Advantage
Yes	Yes	Yes	No	Unused competitive Advantage
Yes	Yes	Yes	Yes	Sustainable competitive Advantage
VALUABLE?	RARE?	INIMITABLE?	ORGANIZED?	

Summary of VRIO model

Is it valuable?	Is it rare?	Is it hard to imitate?	Is the firm organized around?	What is the result?
V	R	I	O	?
✗				Competitive disadvantage
✓	✗			Competitive parity
✓	✓	✗		Temporary competitive advantage
✓	✓	✓	✗	Unused competitive advantage
✓	✓	✓	✓	Sustainable Advantage

VRIO analysis for business

	 VALUABLE	 RARITY	 COSTLY TO IMITATE	 ORGANIZATION	 COMPETITIVE IMPLICATION
E-commerce		✓		✗	Competitive parity
Quality of service	✓	✓	✗	✓	Competitive parity
Brand & reputation	✓	✗	✓		Sustainable
Distribution stability	✓	✓	✓	✓	Competitive
Financial stability	✓	✗	✓	✓	Sustainable
Innovation		✓		✗	Competitive
Customer service	✗		✗	✓	Competitive

VRIO framework table

RESOURCE OR CAPABILITY	VALUABLE	RARE	INIMITABLE & NON-SUBSTITUTABLE	ORGANIZED TO EXPLOIT	IMPACT ON COMPETITIVE ADVANTAGE
Strong global presence	YES	YES	YES	YES	Realized sustainable competitive Advantage
Specialty offers	YES	NO	NO	YES	Realized competitive Parity
Delightful customer experience	YES	NO	YES	YES	Realized temporary competitive Advantage

FEATURES	VALUE	RARE	INIMITABILITY	ORGANIZED	COMPETITIVE IMPLICATIONS	ECONOMIC IMPLICATIONS
Feature 01	Yes	No	Yes	Yes	Unused competitive Advantage	Above normal
Feature 02	No	No	Yes	Yes	Sustainable competitive Advantage	Normal
Feature 03	No	Yes	Yes	-	Strong competitive Advantage	Normal
Feature 04	Yes	Yes	No	Yes	Unused competitive Advantage	Not normal
Feature 05	No	Yes	-	No	Sustainable competitive Advantage	Above normal
Feature 06	Yes	No	-	-	Strong competitive Advantage	Normal

VRIO analysis for business

	VALUABLE ?	RARE ?	INIMITABLE ?	ORGANIZED ?
RESOURCES AND CAPABILITIES				
Digital Platform	✓	✓		✓
Strong Financial Base		✗	✓	✓
Human Resource Mgmt.	✓	✓	✓	
Great Airport Location		✓	✗	✓
CORE COMPETENCIES				
Relationship with Stakeholder	✓		✓	
Customer Experience	✗	✓	✓	✗
Strong Brand Name	✓	✗	✗	✓
Partnership	✗	✓		✓