

e-Types strategy

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Upon studying massive array of businesses, Michael Porter implicitly guides us toward well thought, planned and executed strategy. This approach embraces the rules, the policies, the strategies of warfare, those in need of strict, careful planning and then - execution of any given command. Michael Porter also stressed out the concept of productivity frontier, which, currently is being reached relatively easy, given the current dynamics of transport, communication and capabilities/knowledge acquisition, thus leaving incumbents an easy aim for followers, utilizing hybrid, economy of scale or invested capital advantage strategies.

Strategic fit, the core, the holy grail of M. Porter's famous theory about strategy, seconds the other, at first sight, rival theories, such as Blue ocean strategy or H. Mintzberg's emergent strategy approach. Strategy is about making trade-offs, balancing with resources and building capabilities internally to take on the opportunities, coming from external environments. Of course, there is a lot more out there - vision, values, culture, communication, and strategy here is the glue, connecting current and future, telling (self) and others how the goal will be reached.

Adaptive species and businesses are those who survived. Not the strongest or smartest.

Without having strategy, we don't know, how we are going to reach the goal. Having very well planned document can draw us downwards with any possible twist in the environments we operate. Building and maintaining capabilities, keeping the values and always reading the externalities, let us be agile, adaptive and fast when it comes to execution.

Firms are created to minimize cost of transaction; to maintain knowledge, to create value and capture the rents. Firms prosper in certain environments and conditions. M. Porter's Five forces analysis now is a great tool, helping realize firm's position.

e-Types have strong company culture and values. They have a vision to be a full stack customer experience design company. The power of suppliers is quite significant, as to get the best professionals in the market, will require higher compensations. Sub-contracting other companies is possible, but tactics of focusing on quality and avoiding communication complexity, suggests having all core suppliers=talents in-house. The power of buyers is quite high, as only limited number of certain companies, understanding the total cost of ownership of customer experience design can become clients, fully benefiting from value, created by e-Types. This means, companies with clear,

established, transparent processes, leaving us with a strong focus towards middle to big size companies, trading off small businesses. There are plenty of potential ways to substitute the e-Types value, by combining different competences from different agencies or hiring in-house talents (big companies can afford, specifically if setting their strategies towards Design thinking trends, for instance). New entrants cannot be prevented from entering the market, especially considering global marketplace of creative services. However, there is a natural barrier - brand reputation, requiring significant effort, time and other resources to be built. This brings e-Types to industry, which is medium-attractive, meaning, there are no fantastic economic rents, but also limited attractiveness for new entrants to preempt the market. But having built strong reputation and values, e-Types can identify and target companies, in need of superior, clear, extraordinary design and communication, primarily premium brands.

To understand the value here, VRIO framework becomes handy. Are the services of e-Types valuable for their clients? - Yes, because the brand and communication is one of the main reasons they charge premium. Is it Rare? - Yes, quite rare in terms of culture, nobility, brave decisions, values and the full stack services, delivered using in-house talents. Gained reputation is very costly to imitate. And yes, company is organized to capture the value.

If there are no biases or blind spots, strategy of going premium, serving mid to big companies, seems very feasible.

The market size is one of the most important answers here. Might be, Danish or Scandinavian markets are not enough. Going international, especially these days sound like a legit option. However, it brings risks, which have to be mitigated.

First, e-Types would need local people to speak language, to understand mentality, culture, taboos and blind spots. Locals help avoid these mistakes. Let's take China as an example. Greenfield investment sounds the best option to control the quality, while acquiring local firm, even with similar values and vision might bring collisions of views and expectations later. And both cases are costly. Franchise/licensing is not an option due to loose control of the quality. Trading/export option sounds legit - hiring locals, educated in western culture, understanding both worlds, as account managers, would do the job.

For now, it seems like e-Types is riding the right wave, and the strategic fit is well knitted. Values, culture and current, publicly visible decisions, trade-offs make big sense in short as well as long term. There is always a way to find a win-win, and it is not a zero-sum game for e-Types to participate in conventional competitions, such as Olympic team of Denmark, but it should be always checked through the lens, the perspective of firm's values and vision - delivering extraordinary, superior value creating services with no compromise for mediocre results.