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STRATEGIC ANALYSIS

Case study: SENSE WORLDWIDE

1. Introduction

When formulating an organisations' strategy, their resources and capabilities are key to maximising their internal strengths and obtaining competitive advantages in the market (Grant and Jordan, 2015; Henry, 2012; Barney, 1999). Successful organisations have the ability to utilise their resources and capabilities to maximise their core competences in order to produce and maintain sustainable competitive advantages (Grant, 2016; Barney, 1999).

Sense Worldwide ('Sense') (a London-based co-creation agency), competed with an increasing number of consultancies specialising in working with extreme customers in the late 1990s. Sense grew its brand in the market innovatively, applying a co-creation approach (Stern, 2011) and pioneering 'open innovation' (Millar, 2012). Sense has organically expanded to over 3,000 members across 55 countries working with industry leaders such as IBM, Unilever and the BBC, using a variety of techniques, such as new product development, grassroots competitor intelligence and expert interviews (Giudici and Reinmoeller, 2014). Sense developed a great model for understanding how firms use their key resources and capabilities, especially within co-creation and open innovation, in strategic positioning to become their core competences in order to gain their competitive advantages (Reinmoeller and Giudici, 2014).

This essay focuses on analysing the resources and capabilities of Sense in order to understand the basis of Sense's core competencies and sustainable competitive advantages. The essay will use internal analysis tools (including the resource-based view, the value chain, VRIO and Porter's Generic Strategies) with an 'inside out' approach.

2. Resources and capabilities

2.1. Resource-based view

'Resources' are the productive assets owned by firms, and 'capabilities' are firms' abilities to use their resources to obtain superior performance (Grant and Jordan, 2015; Henry, 2012). Key resources and capabilities are essential to delivering key success factors within an industry, and are fundamental to firms' strategic management in order to obtain their competitive advantages which is often known as a resource-based view (RBV) (Prahalad and

Hamel, 1990; Barney, 1991; Grant, 1991; Peteraf, 1993; Kay, 1993; Kostopoulos et al., 2002; Hoopes et al., 2003; Finney et al., 2008, Henry, 2012; Grant and Jordan, 2015).

The RBV has moved the focus of researchers in strategic management from the industrial analysis (an ‘outside in’ approach), to internal analysis (an ‘inside out’ approach) because all companies in the same industry possess different resources and these resources are not perfectly interchangeable or mobile (Grant, 2016).

2.2. Resources

Resources can be categorised into tangible resources (i.e. physical resources, financial resources), intangible resources (i.e. reputation, technology) (Wernerfelt 1984; Henry, 2012), and human resources (i.e. skills, capacity for collaboration) (Grant and Jordan, 2015). Resource analysis primarily focuses on ensuring that resources have the potential to generate profits and intangible resources, and are more valuable than tangible resources (Grant, 2016).

As RBV, key resources of Sense Worldwide consist of intangible resources (technology, brand, and organisational culture), human resources (skilled and creative members; co-creation approach) (see Table 1).

Table 1: Sense’s resources based on Grant and Jordan theory (2015)

Resources of Sense Worldwide	Characteristics (Sense Worldwide)	
Intangible resources	Technology	Know-how
	Reputation	Company brand
		Organisational culture
Human resources	Sense Network members (creative and skilled Sensers)	
	Collaboration-creation approach	

Technology

Companies can increase profitability by developing their know-how and employing existing technologies (Grant, 2016). Sense has targeted the Internet as a platform for organically building its virtual worldwide network across more than 55 countries within the last ten years. Based on current technologies, Sense develops its own platforms such as CNCT (Community Network Conversation Tools) and FYI (For Your Inspiration) where consumers and Sense’s members (Sensers) can exchange ideas. That helps Sensers to monitor and quickly response to consumers’ preferences and attitudes.