

Tellusant on Strategy

2025

Introduction

We show Tellusant's frameworks for strategy development. It builds on **Structure-Conduct-Performance (SCP)** and the **Resource-Based View of the firm (RBV)**. This is what we automate in our cloud-based solutions.

Strategy is a big topic. This short introduction only describes the key concepts. Building a strategy takes months and requires experts with decades of experience.

To learn more, read our [full framework called EMIO](#) which follows the same logic, but with more detail and a fuller description of why strategies are developed with these methods.

The strategy concept comes from military doctrine

STRATEGY

The coordination and focusing of the resources of the company for long-term success

OPERATIONS

The functional and cross-functional plans for achieving the strategic goals, typically medium- to short-term

TACTICS

The short-term management of the company

Adapted from *Warfighting* by the US Marine Corps

Strategy is a mature discipline. We use the two most important theoretical strands

External perspective

STRUCTURE-CONDUCT-PERFORMANCE (SCP)

Developed by Prof. Joe Bain* in late 1950s

FIVE FORCES FRAMEWORK

SCP popularized by Prof. Michael Porter (1976)

Competitive advantage depends on **market dynamics**

Pros Logical and clear perspective on how a market works and a company's position within it

Cons In most cases, not an important lever for superior profitability

Necessary but not sufficient for competitive advantage

Internal perspective

RESOURCE-BASED VIEW (RBV)

Developed by Prof. Birger Wernerfelt in early 1980s

CORE COMPETENCIES

RBV popularized by Profs. C.K. Prahalad and Gary Hamel (1984)

Competitive advantage depends on **available resources**

Pros Well implemented, leads to superior profitability

Cons Difficult to use and often changes into a human resources perspective, rather than strategy

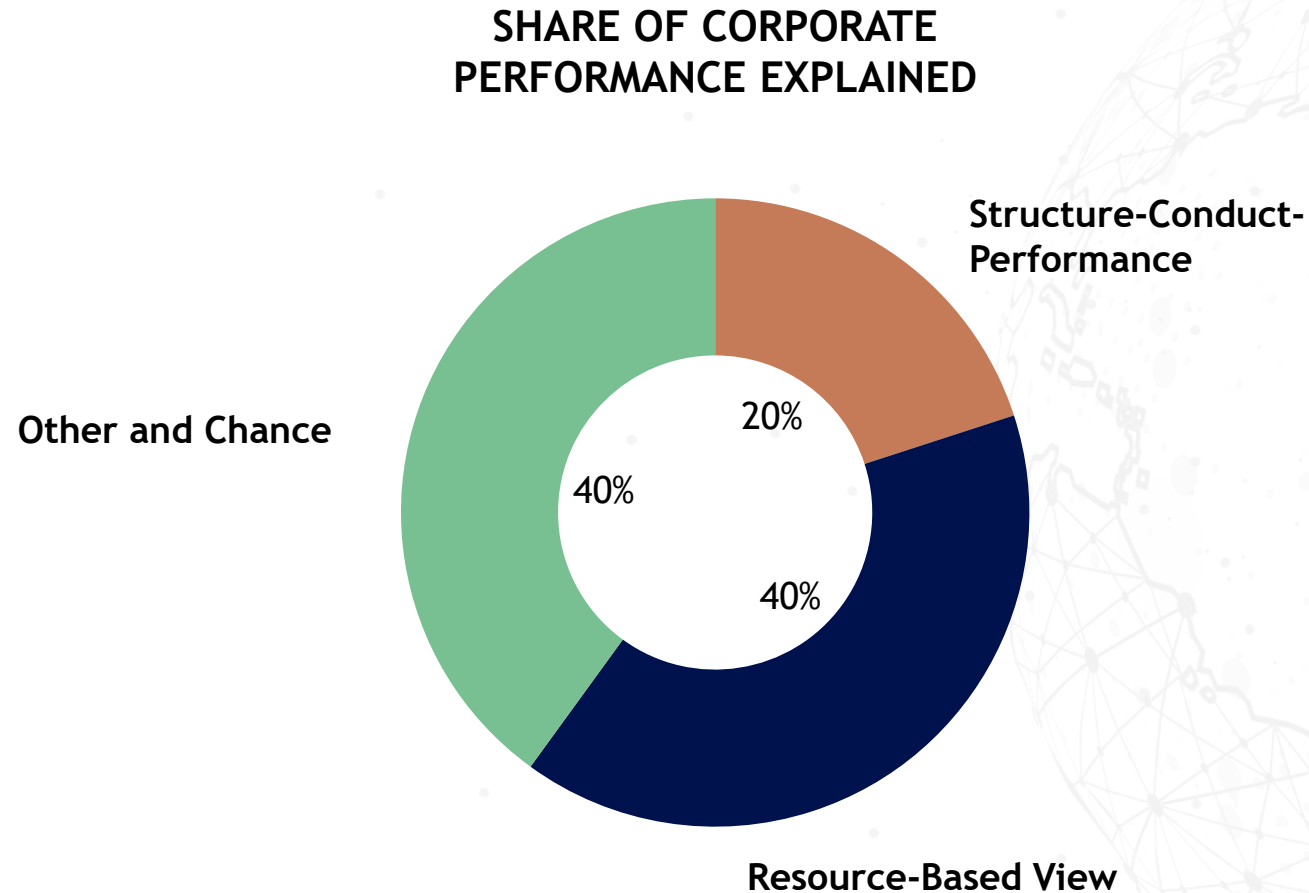
Necessary and almost sufficient for competitive advantage

Tellusant combines the two views of strategy

We work from first principle, so we use SCP and RBV

* No relation to Bain & Company

RBV explains more of a company's profitability than SCP, but both are important

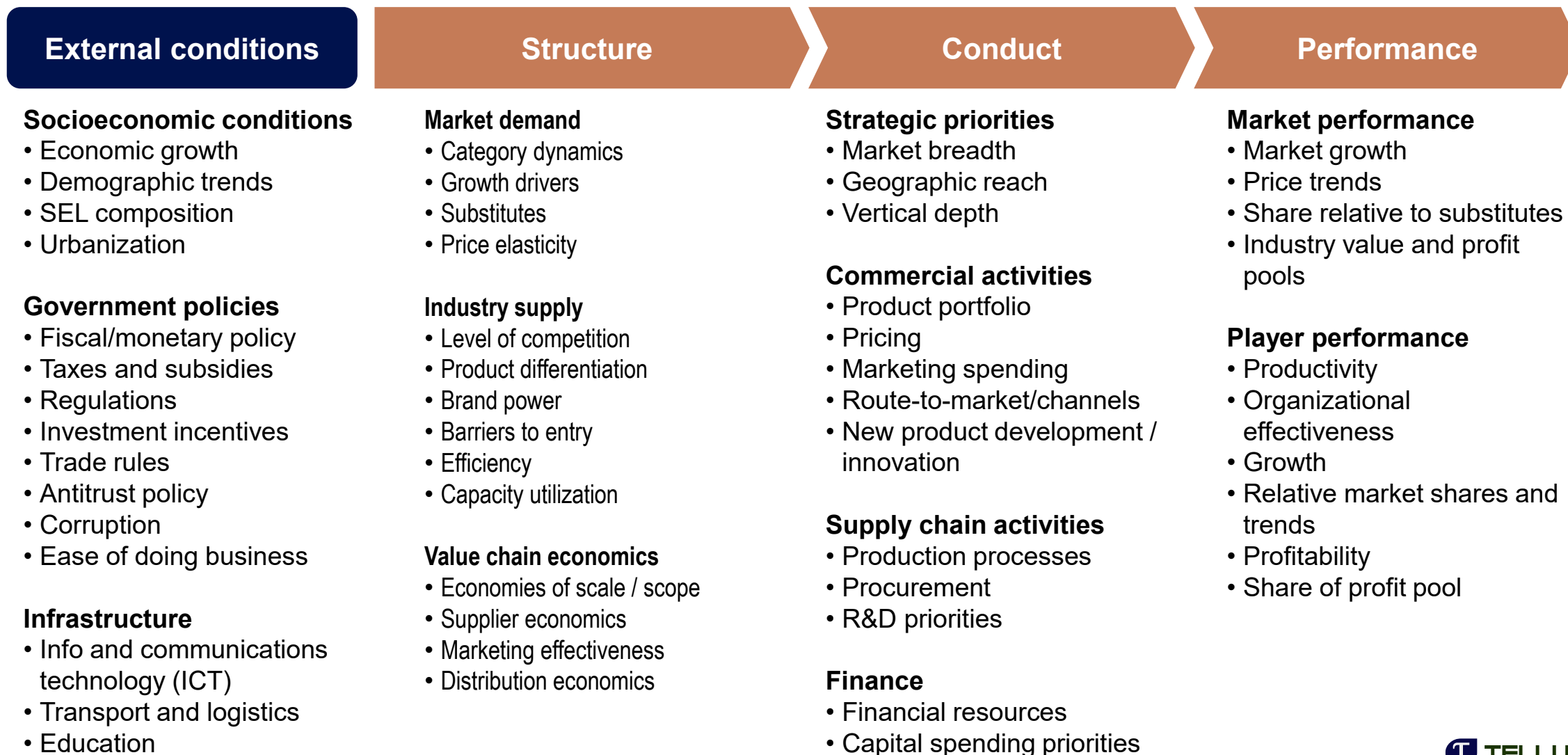


The classical focus on industry analyses is mistaken... long-run rates of return are not associated with industry, but with the unique endowments, positions, and strategies of individual businesses.

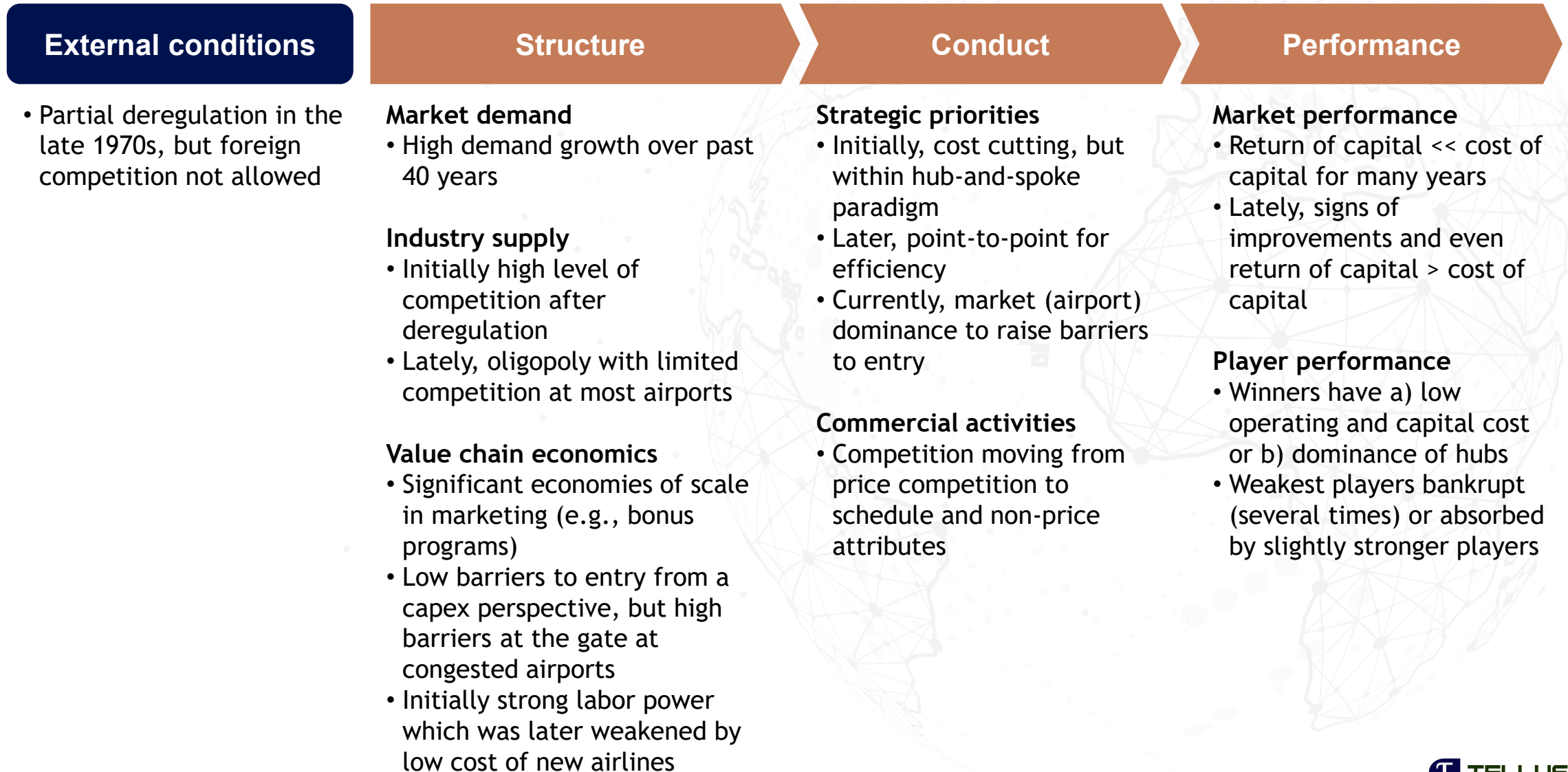
Prof. Richard Rumelt

The SCP framework is the standard approach for understanding market dynamics

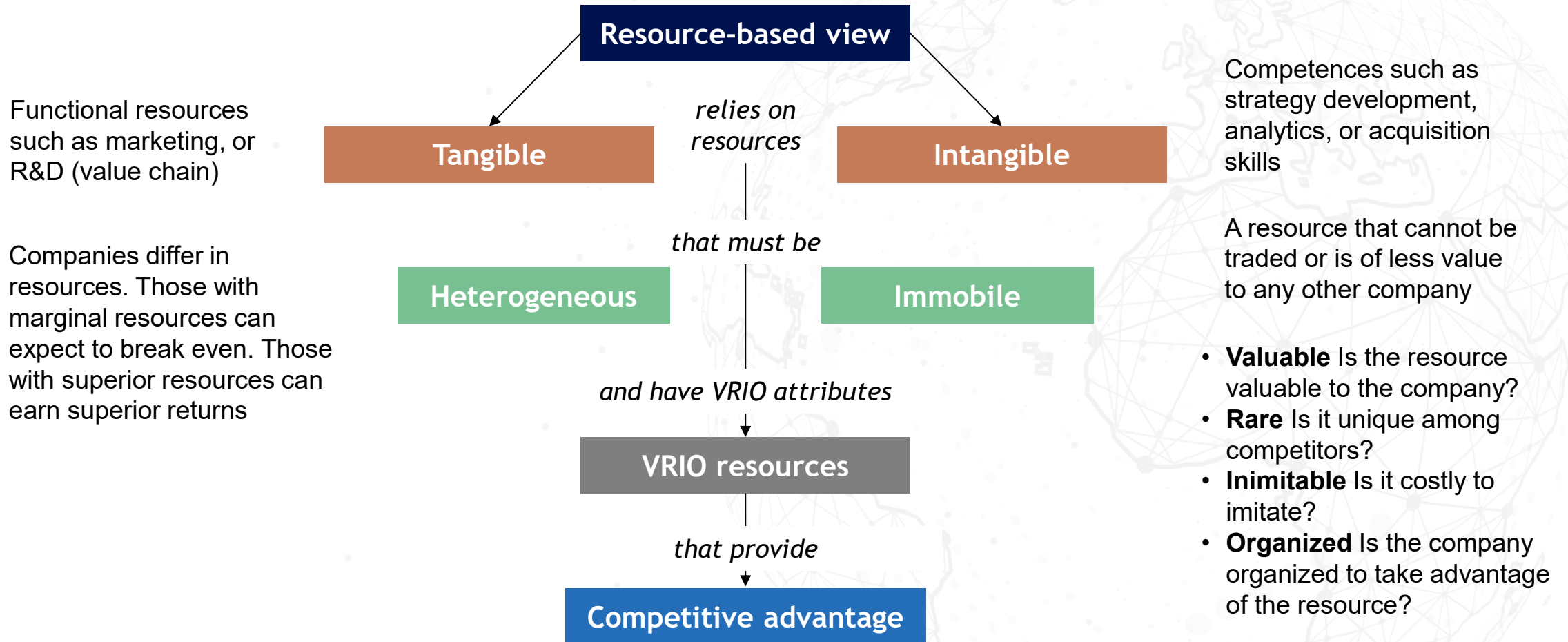
STRUCTURE-CONDUCT-PERFORMANCE FRAMEWORK



Example of SCP applied to the U.S. airline industry

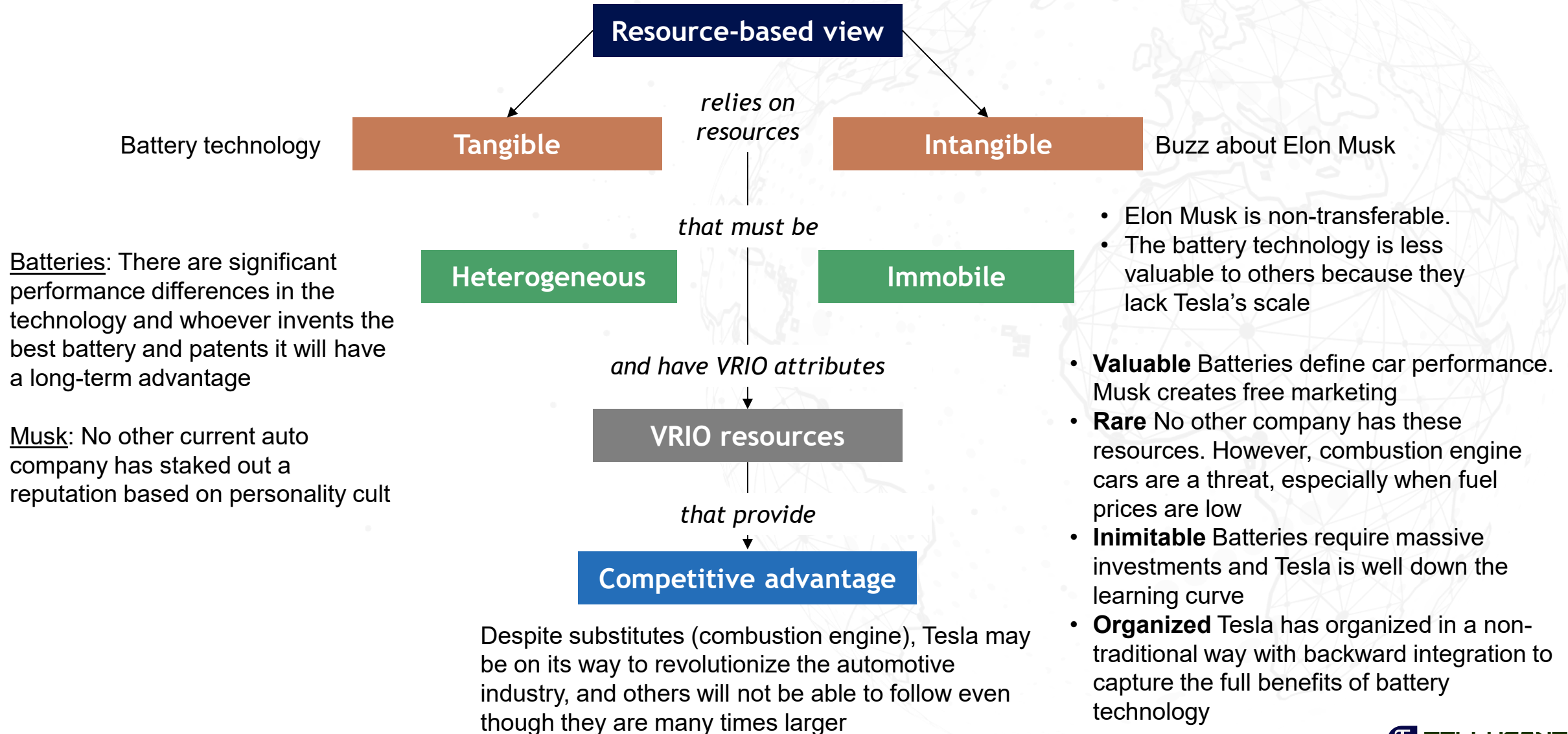


RBV looks at available resources and how they combine to create competitive advantage



Competence is the company's capability to deploy the resources for competitive advantage

Example of RBV applied Tesla in 2017



RBV also includes the important VRIO (Valuable-Rare-Inimitable-Organized) concept

VRIO'S LINK TO COMPETITIVE ADVANTAGE

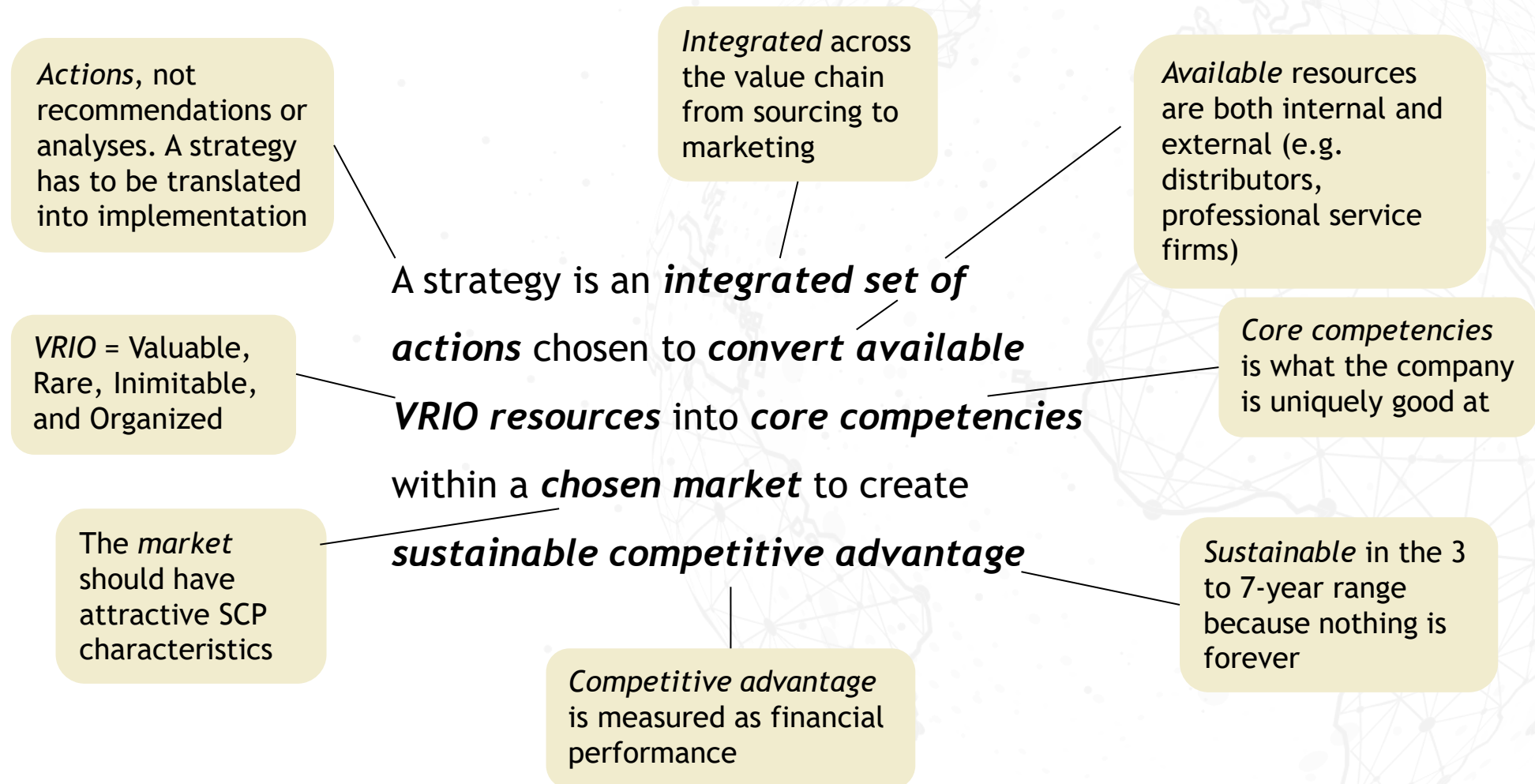
Valuable?	Rare?	Inimitable?	Organized?	Competitive implication
No				Competitive disadvantage
Yes	No			Competitive parity
Yes	Yes	No		Temporary competitive advantage
Yes	Yes	Yes	No	Unexplored competitive advantage
Yes	Yes	Yes	Yes	Sustainable competitive advantage

For more on VRIO, see this [Wikipedia article](#)
For VRIO's pervasiveness in strategy literature, see these [images](#)

We define strategy as a blend of RBV and SCP (internal and external views)

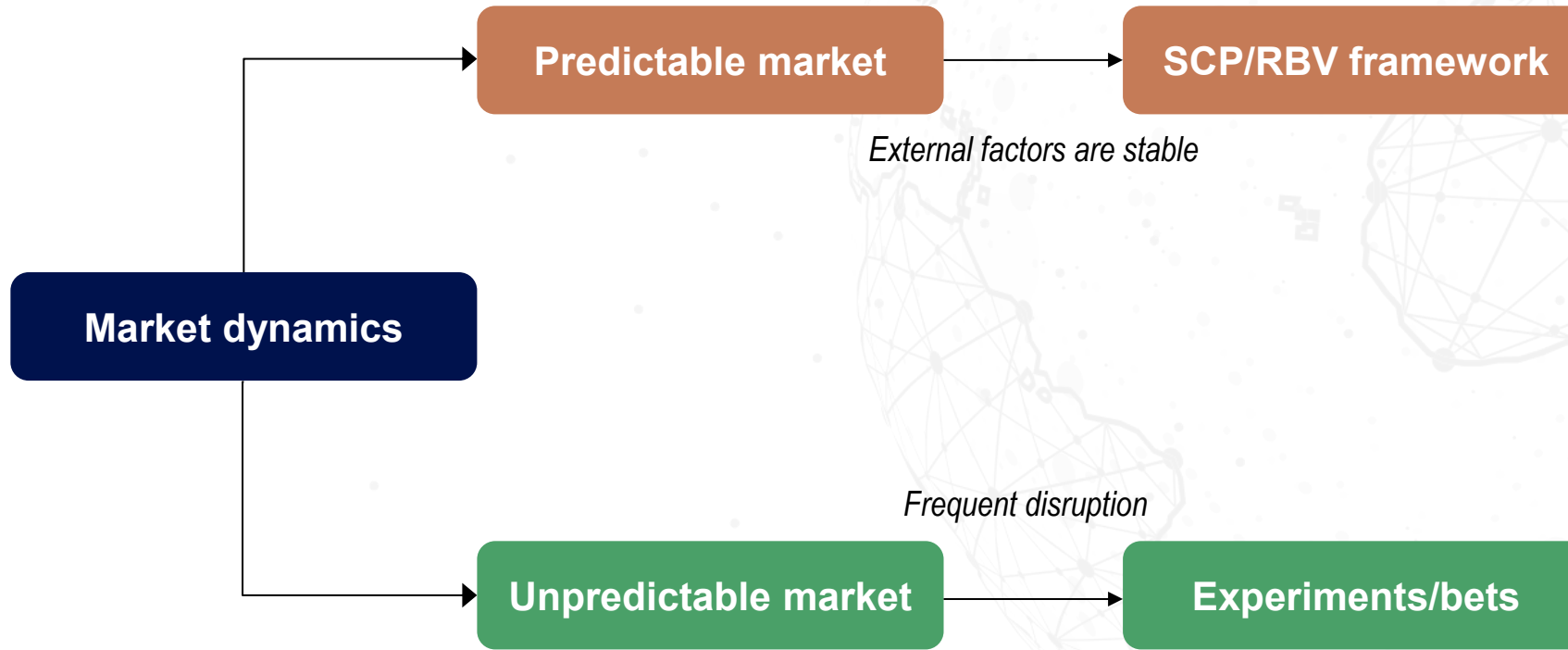
A strategy is an *integrated set of actions* chosen to *convert available VRIO resources* into *core competencies* within a *chosen market* to create *sustainable competitive advantage*

This definition captures all key aspects of SCP and RBV



Not all strategies should be based on SCP and RBV. Experiments and bets play an important role too

Although SCP and RBV succeed in predictable industries, less predictable markets require experiments and placing bets





TELLUSANT

Streamlining Corporate Decision Making



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