

# Which Capabilities are Crucial?

## Redefining the Telco Value Chains

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### Abstract

In line with current academic and industry developments, a shift of thinking can be witnessed as regards building blocks of strategy. Following the dynamic capability view (DCV), those building blocks are not products or markets but rather inherent business processes. Key routines are determining competitive success through firm-specific value added for the customer. Despite its conceptual obviousness, the operationalisation of the DCV has proven notoriously difficult, not only in the communications arena.

In a matter of urgency, the telecommunications industries are a key beneficiary of tools that allow for translation of the DCV into practice. This paper proposes a strategic methodology coined value chain redefinition (VCR), which unbundles value chain components and dismantles them down to activities following specific decision matrices. The aim is to provide a means to relieve the difficult operationalisation of the DCV.

By focussing on micro-processes (i.e. activities) as the unit of analysis as called for by numerous scholars (e.g. Volberda [2004], Thomas [2001]), a fresh interpretation of when to make or buy capabilities is illustrated. Here, the ICT markets provide a rich setting for detailed analysis of corporate strategies in the face of the unstopably advance of respective technologies and business models. The combination of a small pilot research (and consulting) study and extensive semi-structured interviews with both industry experts in telecom firms and in consultancies as well as leading academics in the field provided a solid basis to embark with the research project. The use of published and archival data provided an additional degree of external validity. An extended version of this highly impactful research will be included in the book "*Strategic Reconfigurations: Building Dynamic Capabilities in Rapid Innovation-Based Industries*", Wall, S., Klingebiel, R., Zimmermann, C., Lange, D., Cheltenham: Edward Elgar.