

Chapter 5: Unique Assets – The Engine of Sustainable Strategy

How distinctive capabilities become enduring advantage

Part of the Strategic Growth in the Mid-Market series by Outdoor Connect

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Sustainable advantage is rooted in what others cannot see.

The Quiet Foundation of Strategy

Every company claims to be different. Yet when asked what truly makes them *hard to copy*, most mid-sized firms hesitate. They know they must differentiate—but often struggle to define what that really means beyond brand, product, or service.

True strategic advantage does not come from doing more. It arises from owning or controlling something others cannot easily imitate. These are a firm's **unique assets**: the capabilities, relationships, technologies, data, and insights that quietly power its performance over time.

Without clarity on these assets, strategy becomes movement without traction—ambition without foundation. The discipline of defining and nurturing what is genuinely unique is not analytical refinement; it is the essence of strategic leadership.

From Strength to Strategic Asset

Not every strength is strategic. A strength becomes an *asset* when it consistently translates into advantage—and it becomes *strategic* when four specific conditions are met. According to the **VRIO framework** (developed by Jay Barney, 1991, "*Firm Resources and Sustained Competitive Advantage*"), an asset must be:

- **Valuable:** It contributes directly to superior customer value or lower relative cost.
- **Rare:** Few, if any, competitors possess it in similar form.
- **Inimitable:** Competitors cannot easily copy or acquire it, due to complexity, secrecy, or deep integration.
- **Organisationally Embedded:** It is reinforced by systems, culture, and routines that sustain its power even when people change.

Measuring the VRIO Advantage

(Jay Barney, "Firm Resources and Sustained Competitive Advantage", 1991)

Strategy only endures when advantage can be proven, not proclaimed.

The VRIO test is most useful when leaders translate it into tangible indicators—evidence that a resource truly differentiates.

Below are practical measures that boards can use to assess each dimension:

Value – Does the asset directly improve profit or customer preference?

- Quantify margin uplift or cost reduction attributable to the asset (e.g., proprietary platform reduces service cost by 15%).
- Correlate customer retention or Net Promoter Score (NPS) with use of the asset.
- Benchmark price elasticity: can you sustain a price premium because of it?

Rarity – How many credible equivalents exist in your market?

- Count the number of direct substitutes within your competitive set.
- Test awareness: do customers and partners spontaneously mention your capability as distinctive?
- Conduct peer analysis: how many rivals could replicate it within 12–18 months?

Inimitability – What prevents others from copying or buying it?

- Assess replication cost and time horizon (years to build comparable capability).
- Identify legal, relational, or experiential barriers (patents, contracts, embedded data).
- Evaluate learning curve depth—how many cycles of experience underpin it?

Organisation (Embeddedness) – Is it reinforced by structure and culture?

- Review governance and KPIs: is the asset measured, resourced, and owned by leadership?
- Check institutional depth: does it survive key-person risk?
- Audit system integration: is the asset linked to process and decision-making across functions?

*The most valuable insight often lies not in a "yes/no" score, but in the **gaps**—the resources that are valuable yet under-embedded, or rare but fragile. Tracking these gaps turns VRIO from a framework into a management tool.*

Illustrations from the Mid-Market

Doccle (Belgium) built a digital platform for securely managing and paying bills, but its true advantage lies in integration. It embedded itself into the infrastructure of government, utilities, and healthcare, becoming part of the country's digital bloodstream. Its position is not technical—it's systemic.

Enreach (Germany/Netherlands) transformed local control into strategic control. By uniting regional resellers under a white-label telephony architecture, it created a distribution fabric that global competitors could not easily replicate. Scale was not the

differentiator—structure was. The result was a 25% increase in reseller retention over three years.

Groupe Barbier (France) combined deep technical knowledge with closed-loop recycling and multi-decade relationships in agricultural supply chains. Its sustainability credentials are not marketing claims but operational truths—difficult to imitate precisely because they evolved organically from practice.

Stihl (Germany) demonstrates the long arc of strategic assets. Its brand loyalty, proprietary technology, and independent dealer network have compounded for decades. Each element reinforces the others, creating a self-sustaining flywheel of trust, control, and market reach.

These examples share a pattern: strategic assets rarely stand alone. Their power lies in configuration—in how technical, relational, and cultural elements interlock to form a system that endures.

Turning Assets into Advantage

For leaders of mid-sized companies, the most overlooked act of strategy is to name, nurture, and protect what already makes them strong. Rather than compiling exhaustive capability maps, the work is to weave these assets into the organisation's rhythm—until they stop being initiatives and become identity.

Awareness comes first: know where your distinctive capabilities meet customer need, and how those intersections can strengthen as you grow. From there, three deliberate moves follow:

- **Amplify** the assets that define you. Invest selectively—depth over breadth. Distinctive assets grow through repeated use, not diffusion.
- **Embed** them in systems, routines, and culture so they persist through growth and leadership change.
- **Defend** them intelligently—trust, habit, and integration often protect better than patents.

Ultimately, the translation of assets into advantage is a cultural act. It depends on conviction—the shared belief that what makes the company different is not incidental but essential. When that conviction shapes hiring, partnerships, and capital allocation, advantage becomes self-reinforcing and culturally anchored.

As *Michael E. Porter* argued in *“Competitive Strategy” (1980)*, strategy endures when trade-offs protect advantage. *Bruce Henderson*, in his *“Perspectives on Strategy” (1989)*, added that advantage scales when experience compounds. The most effective mid-sized firms embrace both: they protect their uniqueness through discipline and amplify it through learning.

Beyond Replication: Building Strategic Memory

Unique assets are not static trophies to be guarded—they are living systems that must evolve. Technology, people, and markets change; what matters is the organisation's ability to retain and reinterpret its advantage over time. This is **strategic memory**: the institutional capability to adapt without losing identity.

Strategic memory explains why some firms reinvent themselves repeatedly without losing their essence. It's the connective tissue between yesterday's strengths and tomorrow's opportunities. In practical terms, it means codifying knowledge, decentralising insight, and ensuring leadership continuity around the firm's distinctive assets.

As *Peter F. Drucker* wrote in *"The Practice of Management"* (1954), a company's true task is to make its strengths productive. Strategic memory is the modern form of that principle—it ensures that strength remains useful as the environment changes.

Conclusion

Every enduring company rests on a small number of irreplaceable assets—some tangible, others cultural. The art of strategy is to recognise them early, align them deliberately, and let them compound quietly.

In the end, strategy is not about chasing what others have. It is about protecting what only you can do—and ensuring it grows stronger with every year you compete.

Once these unique assets are defined and embedded, the next strategic question arises: how can they be amplified beyond the boundaries of the firm?

Some assets remain internal strengths; others evolve into something more powerful — positions that quietly shape how value flows across an entire market.

Turning distinctive capability into structural influence is the essence of strategic control — the focus of the next chapter.

In the long run, markets reward not those who do more, but those who own what endures.

About Outdoor Connect

Outdoor Connect is an independent strategy advisory platform focused on board-level value creation for mid-sized, growth-driven companies (€50–€1B). We bring direct senior engagement—without the traditional consulting pyramid—to help founders, CEOs and boards set direction, make sharper capital allocation choices, and embed an execution rhythm. Core areas include growth strategy in technology and the energy transition, strategic repositioning in fragmented markets, and board-level sparring on value creation and M&A preparation.

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