Creating and sustaining competitive advantage

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Reading: Ryanair: Can a leopard change its spots? (Thunderbird: A09-18-0011)

Preparation: In this session we will focus on how firms establish the roots of their competitive advantage and nurture these advantages over time. We will address issues of sustaining advantages in change environments, the role of innovation, and the need for a coherent vision of what the strategy is and how the advantages built over time can interact and support sustainable performance. The case study on Ryanair will illustrate some of the central issues associated with designing competitive strategy in a challenging setting. It will be used as the foundation for our discussion. Please read the case and reflect on the following questions:

1. How is Ryanair able to offer such low prices and still be profitable? What are the salient aspects of its business model that help it achieve the positive outcomes?

2. What are the key differences in the approach that Ryanair and easyJet have taken? Why are their cost structures so different?

3. What are the threats that you can identify on the horizon as Ryanair charts its future strategy? What change will you recommend they make?