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Firm Resources and Sustained Competitive Advantage

Jay Barney, Journal of Management, 1991

Why some advantages last and others vanish, and a four-question test to tell them apart.

The big idea

Barney argued that a lasting edge comes from what a business has or can do that others can't. Most resources can be bought, hired or copied, so they only keep you level. The ones that keep you ahead pass four tests, known as VRIN.

The famous example

Barney's test asks four questions about any resource. Only a resource that passes all four gives a lasting advantage.

VALUABLE	RARE	INIMITABLE	NON-SUBSTITUTABLE
V	**R**	**I**	**N**
Does it help you win?	Do few others have it?	Is it hard to copy?	Is there no workaround?

A star signing can be bought by a richer rival. A system built over years is much harder to copy.

Why it matters

If a rival can buy it or copy it, it won't keep you ahead for long. The advantages worth investing in are the ones built up over time: a system, a culture, a way of developing people. It's why Brighton and Norway keep producing talent rather than buying it.

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Barney, J. (1991). Firm Resources and Sustained Competitive Advantage. *Journal of Management*, 17(1), 99–120.

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