THE STRATEGIC TIMES · EDITORS CHOICE

Dynamic Capabilities and Strategic Management

David Teece, Gary Pisano and Amy Shuen, Strategic Management Journal, 1997

Why the ability to change matters more than what you have today.

The big idea

Teece, Pisano and Shuen argued that in fast-changing markets, owning the right resources isn't enough, because what works today may not work tomorrow. The winners are the organisations that can keep reshaping themselves. They defined dynamic capabilities as "the firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments."

The famous example

Their definition boils down to three things an organisation has to be able to do, again and again.

INTEGRATE
Combine
Bring skills together

BUILD
Develop
Grow new ones

RECONFIGURE
Reshape
Change what you have

It's not about having the best squad this season. It's about being able to rebuild the squad when the game changes.

Why it matters

Every business, team and institution eventually faces a change it didn't choose: a new competitor, new technology, new rules. The ones that survive are the ones that have practised changing. It's the difference between An Post reinventing itself and organisations that wait until it's too late.

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Read the original
Teece, D. J., Pisano, G. & Shuen, A. (1997). Dynamic Capabilities and Strategic Management. *Strategic Management Journal*, 18(7), 509–533.
ideas.repec.org

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