

Chapter 9

Resource Optimization for Sustainable Competitive Advantage in Residential Project Development: Empirical Evidence From a Medium-Sized Enterprise in Finland

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ABSTRACT

In today's highly competitive and fast paced world, it is important for a company to have a balanced strategy which is unified and precisely executed to gain a sustainable competitive advantage in order to outperform its rivals. The freedom of action of a company is limited to satisfying the needs of those entities outside the firm that give the resources it requires in order to survive and to be successful. The purpose of this research is to define and assess the resource optimization for sustainable competitive advantages and the direction of development, and potential improvements in a case company's Southern Finland residential project development division. The analysis of operational competitiveness focuses on detecting the right operational strategy and resource allocation by exploiting seven different kinds of methods and tools. The current operational model and resource allocation supports the operative strategy well in the case company and those resources which seem to be not optimally positioned are heading in the right direction.

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INTRODUCTION

The world is changing rapidly and this unstable environment affects corporations on a huge scale. Strategy is one of the most important components of the modern corporate environment which, in most cases, determines whether a company or organization survives or faces bankruptcy. Strategy is a gateway for any organizational development, modernization or competitive activities implementation as well as the key to competitive advantages (Christensen, 2011.) In this turbulent environment, operations strategy is one of the most essential tools which helps manage company position or even get more share in a nationwide market (Takala, Muhos, Tilabi, Serif & Yan, 2013b, p. 55). According to Si, Takala and Liu (2010), operational strategy can be seen as a pattern, consisting of decisions affecting the ability to meet a company's long-term objectives. The aim of operations strategy is providing a broad framework for defining how to prioritize and utilize its resources to have a sustainable competitive advantage. Moreover, economic recessions that affect firms regardless of their location, increased competition, and changes in customer expectations, all contribute to disruptions that require firms to be resilient (Acquaah, Amoako-Gyampah & Jayaram, 2011).

The general purpose of this research is to define and assess the resource optimization for sustainable competitive advantages and the direction of development in a case company's Southern Finland Residential Project Development department (RPD), which is operating in the construction industry. Analysis of the operational competitiveness focuses on detecting the right operational strategy and resource allocation by exploiting multiple types of methodologies and tools, such as The Analytical Hierarchy Process (AHP), Critical Factor Indexes (CFI), Sense and Respond (S&R), the RAL-concept, Manufacturing Strategy Index (MSI), and Knowledge and Technology (K/T) to guide the business towards sustainable competitive advantage. The research question and its sub-questions are presented below.

- How the case of company's Southern Finland Residential Project Development can be improved in the perspective of operational strategy?
 - What are the case company's critical resources and how should they be reallocated to achieve better performance?
 - What are the case company's success factors compared to competitors?
 - Which technologies boost the case company's business strategy and which of these bring uncertainty?

In the perspective of Sense and Respond (S&R) and Critical Factor Index (CFI), the research will focus on Balanced Critical Factor Index (BCFI) and Normalized Scaled Critical Factor Index (NSCFI) models, which are the most useful and used indexes in order to define the most critical factors, which have significant influences on the overall organization's performance. The research focuses only on the case company and on the previously-defined methodologies and models by which the results are obtained. Data is collected from a micro and macro level will be excluded from the study. Furthermore, the impact of technology and knowledge on uncertainty in the investment decision making process are modeled with the help of three methods: AHP, the Sand Cone model and the Knowledge and Technology rankings. This study is an overview of a Master's Thesis "Improving the Residential Project Development Process by Sustainable Competitive Advantage" created by Heimonen (2017), which is why the

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