

I. Introduction:

This paper will explore the resources and capabilities that contribute to the Sustainable Competitive Advantage (SCA) of a fictitious commercial bank headquartered in a metropolitan city of the Western United States. Included will be the identification and assessment of the key resources and capabilities relative to their competitors in the same geographic area of operations. Also included will be a depiction of the extent to which the competitive advantage has been established, and the sustainability and appropriability of the bank's competitive advantage. The sum of the information will assist the reader to identify the key strengths and weaknesses that contribute to - or undermine - the subject entity's SCA.

II. Appraising the Entity's Resources and Capabilities:

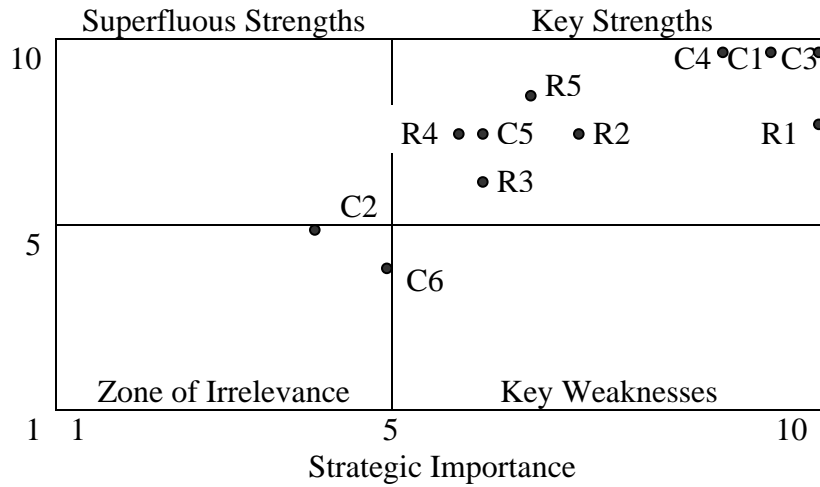
- A. The table below contains metrics and comments that demonstrate the entity's ability to compete with its contemporary firms, based on its superiority/inferiority of resources and operating capabilities. (Both scales range from 1-10; 1 being low)

	Importance (1-10)	Relative Strength (1-10)	Comments
<b>RESOURCES</b>			
R1. Finance	10	8	The financial viability is paramount to the bank's competitive position, growth and continued operations. The subject bank's operating revenues equal or exceed those of its competitors in its geographic area of operations. While superior to those of its competitors, its return on equity has suffered by over 45% during the nation's recent financial downturn.
R2. Technology	8	9	As more and more customers turn to the technology of the Internet & ATM's, technological resources and capabilities are increasing. Similarly, new government regulations require ever more data accumulation, warehousing and provisioning. The subject bank maintains the most modern and efficient technological resources, and provides continuous training for its staff.
R3. Plant & Equipment	7	6	Brick & mortar branches, while not as widely used as in previous decades are still a vital part of bank operations. Computer equipment continues to be absolutely essential. Both are maintained to a fairly high level, although not at the same pace as its technological resources
R4. Location	6	7	Due to banking regulations, regional charters require government approval. In addition, demographics

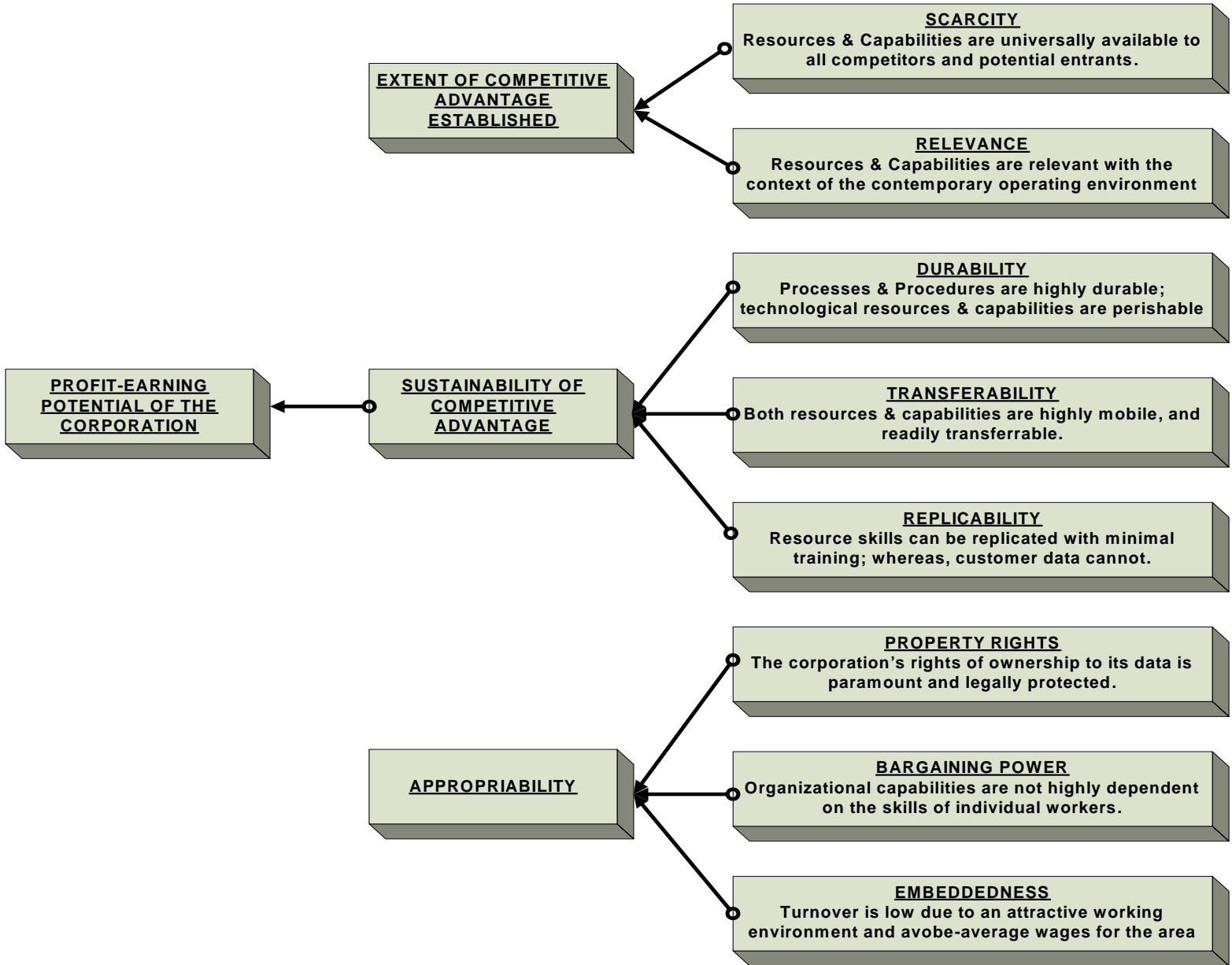
			regarding customer bank preferences figure highly in a bank's choice of locations. The criteria for branch locations are well-defined; but the bank is slow to discontinue operations in those areas where revenues have fallen below optimal levels.
R5. Brands	7	8	It has been determine by the bank's management that customers often acquire a familial relationship with their local bank and its employees. As such, whenever the subject institution acquires an existing entity, it retains its local brand name and management. This, the current CEO feels, provides a distinctive and differentiating advantage.
<b>CAPABILITIES</b>			
C1. Product Development	9	9	Toward seeking new ways to generate fees, banks constantly strive to introduce new products, such as student accounts, and online loan processing. The subject bank devotes an entire department to the study, creation and implementation of new financial vehicles and products.
C2. Purchasing	4	5	The subject bank purchases vast amounts of paper and office equipment/supplies, facility maintenance services, promotional advertising, etc. It has been traditionally very conservative with its purchases and aggressive with its negotiations.
C3. Financial Management	10	9	The bank has acquired and retains highly-tenured senior staff, several of whom chair

			positions within the ABA and other national banking & credit organizations.
C4. Marketing & Sales	8	9	The corporation's involvement in and support of highly-visible community activities, along with its decades-old relationship with some of the area's most recognizable institutions and individuals are its most pronounced marketing tools, and provide for superior ease of sales.
C5. Government Relations	6	7	The institution has extraordinarily strict standards of conduct, assuming government regulations to be the minimum acceptable standard for all its employees and dealings. As such, the bank enjoys an outstanding reputation with both Federal and State oversight entities.
C6. Strategic Management	5	4	Although the bank's mission and strategy are well-documented, simple and straightforward, the methods for implementing the actions necessary to accomplish strategic objectives are not effectively communicated to either the entire staff nor even to those charged with overseeing strategic operations.

B. The chart below depicts the strengths and weaknesses of the subject firm, based on the metrics of the previous table.



C. The table contained on the following page appraises the strategic importance of those resources and capabilities that provide a long-term focus for the subject bank’s strategy, depending on three factors: Establishing a competitive advantage; sustaining the advantage; and its ability to appropriate returns to that competitive advantage.



III. Summary: The information contained in this paper demonstrates that the subject bank maintains a superior position relative to its rivals in the strengths necessary to gain and retain a superior competitive position, especially with regard to its core competencies: Finance, Technology, Financial Management and Sales/Marketing.