



# The transient competitive advantage model to analyze business scenario of technology companies



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## ABSTRACT

McGrath introduced a new strategic perspective based on the concept of transient competitive advantage by taking into consideration that changes are intrinsic features of nowadays economy. Her concept differs from traditional strategic ones, which are based on market's stability and inertia. Accordingly, the aim of the present study is to analyze the business scenario in the transience scope based on the Transient Competitive Advantage Model (TCAM). In order to do so, a case study was applied to three technology companies graded by business incubators in Brazil. The study was carried out through semi-structured interviews, which were qualitatively analyzed based on TCAM. Results have shown a "consistent, but unsystematic and reactive environment" in the three assessed companies. Moreover, the goal was to help outspreading the concept of transient advantages and to validate TCAM.

## 1. Introduction

If one takes into account that changes and hyper-competition are noteworthy phenomena in nowadays market (Salgado et al., 2022; Bell, 2013; McGrath, 2013a), companies must become more innovative and adaptable in order to succeed (Leavy, 2014). Basic structures and systems built throughout the last century will hardly last due to the pace of emerging demands (Kotter, 2014). However, most ideas applied to develop strategies rise from inertia and stability, which are factors contributing to the permanence of the current scenario (Salgado et al., 2022).

Therefore, two assumptions became the very basis of many famous management practices in place nowadays; they are seen as the main concepts for strategy itself, namely: the sense that industry is stable and that competitive advantages are relatively sustainable. Tools such as Porter's five forces framework, BCG matrix and the core competencies by Hamel and Prahalad are great representatives of the prevailing concept that the aim of strategy lies on reaching a sustainable

competitive advantage (Leavy, 2013; McGrath, 2013a; Forrest, 2018). Nevertheless, it may not be enough for many companies, since they are strongly affected by globalization and digital revolution. The limits of industries are constantly changing and transient competitive advantages are the rule, not the exception (McGrath, 2013a; Bell, 2013).

The strategy scenario has been giving signs of change since Prahalad and Ramaswamy (2004), who pointed out that the traditional view of how value is created needs to be changed due to transformations coming from digitalization, technology and connectivity. Recently, the accelerated competitive intensity has turned the traditional sources of competitive advantage more vulnerable (Dagnino et al., 2021). This new scenario reflects on strategy and on how it evolves, making it a process of constant experimentation, risk reduction, time concentration and of minimizing investments while maximizing market opportunities (Leavy, 2013).

Accordingly, it is necessary replacing the sustainable competitive advantage model by modern strategies focused on constant changes observed in the market (Salgado et al., 2022; Pessima and Dietz, 2019).

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Thus, Rita McGrath developed a more effective strategic playbook adapted to an era named by her “transient competitive advantage economy”. She argues that the traditional strategic positioning principles can remain effective for few companies, but that the markets prone to these ideas are becoming the exception (McGrath, 2013b).

McGrath (2013a) states that the era of sustainable competitive advantage is over and that nowadays advantages in the market come and go like waves. Hence, companies must surf these waves early, explore them as much as possible and, then, change to the next wave before the current one goes away (Forrest et al., 2020). However, although the concept of transient competitive advantage is a milestone in the strategy and competitive scenario, such concept is still crawling and needs in-depth studies – all knowledge about this topic is found in the work by McGrath (2013b) (Salgado et al., 2022). Besides, her publications are relatively scarce (Kaharuddin et al., 2017), mainly of practical studies - a fact that impairs the outspread of the herein addressed concept. Because of the hard time analyzing her ideas in the field, Salgado et al. (2022) developed a framework called *Transient Competitive Advantage Model* (TCAM) to assess the business scenario based on the new manual by McGrath (2013b).

TCAM specifies and represents concepts relevant for the best understanding of the new logic by McGrath (2013b) about the strategy scenario. Thus, it is a tool focused on refining the transient advantage approach that allows analyzing the business scenario and the highlights in specific paths set for competition in the transience scope.

Despite the TCAM consolidating the essential elements for competition in the context of transient advantages in practical aspects and easy-to-apply, this tool needs further studies for its validation and dissemination, as pointed out by the authors themselves (Salgado et al., 2022).

In light of the foregoing, the aim of the present study was to analyze the business scenario within the transient competitive advantages scope based on TCAM. Companies from Brazil were selected based on the study by Salgado et al. (2022); they were graded by technology business incubators in the region given their appropriate environment for the model's application.

The rest of the present article is structured as follows: it first addresses aspects related to sustainable competitive advantage; next, it introduces considerations about the transient competitive advantage and about the *Transient Competitive Advantage Model* (TCAM); subsequently, it presents the methodological aspects and result analysis; in its last section, the text shows the conclusion – the aim of the study was reached in a satisfactory way.

## 2. Theoretical background

### 2.1. Sustainable competitive advantage

The concept of competitive strategy became the very core of academic debates due to strategy evolution into academic discipline. The topic acquired a more scientific and formal approach; it stopped being just an occasional reference to become one of the key-concepts for the discipline. Scholars in this field classified the topic as one of the most assessed in this scope, since new studies are often published due to their relevance for organizations. These studies aim at identifying strategies to provide companies with advantages that could allow them to reach and keep a higher performance (Salgado et al., 2022).

Although this term is constantly used, the definition of competitive advantage is not accurate. Still, it is possible to understand it as the position where a company controls over a business competition arena, they have advantage that are not easily imitated, making a company can seize and maintain market as leadership position (Kuncoro and Suriani, 2018).

Vasconcelos and Cyrino (2000) introduced a new panorama to synthesize the main ideas about the concept of competitive advantage; it explains this concept based on external factors such as markets and

industrial structures, on the one hand, and on internal factors, on the other hand.

The first axis prioritizes the analysis applied to the external environment, with emphasis on the study by Porter (1980, 1985), who features competitive advantage as a result external from the organization. In this perspective, the company should be positioned to achieve the competitive advantage by building defenses against the competitive forces or looking for positions within the industry where these forces are weaker (Lorenzo et al., 2018).

Yet, based on the viewpoint that highlights external factors, one must observe the contribution from the Austrian school through scholars such as Schumpeter (1982) and Kirziner (1985). According to these authors, the market is a dynamic process that gathers information and knowledge; therefore, finding new opportunities and the pioneer implementation of innovation would be the route to profit (Vasconcelos and Cyrino, 2000). The competitive process is featured by the production of new knowledge; moreover, entrepreneurs' task is to find the best way to apply such knowledge in order for their companies to be profitable. Competition is the key for keeping the market process. Competitors' search for mimicking innovators puts the market in a permanent state of unbalance rather than turning it into something transitory (Schumpeter, 1982; Kirzner, 1985; Vasconcelos and Cyrino, 2000).

The second axis takes into account the internal environment, it follows a view centered on resources, on the so-called *Resource Based View* (RBV), which was introduced by Penrose (1963), Wernerfelt (1984) and Barney (1991). The key concept of this theory lies on the belief that companies' competitive advantage source is found in their resources and capabilities (Barney, 1991). According to the RBV, the resources can provide sustainable competitive advantages to a firm as long as these resources are rare, valuable, imperfectly imitable and non-substitutable, that is, assumes that firms belonging to an industry or a group may be heterogeneous in terms of the resources they control (Özçelik et al., 2016).

Finally, one finds the dynamic capabilities approach, which emphasizes aspects that were not the focus of previous strategic theories. The term “dynamic” refers to the capability of renewing resources in order to be in harmony with the market, which is featured by fast changes, and “capabilities” points towards the main role played by managers: adapting, integrating and combining new internal and external resources into new configurations aiming at responding to demands from a dynamic environment (Teece et al., 1997). Arguing that dynamism challenges established competitive advantages, this theory holds that the capacity to renew relevant firm competencies in response to rapid environmental transformation depends on dynamic capabilities (Schriber and Löwstedt, 2020).

In any case, all of these approaches are discussed with a view to achieving sustainable competitive advantages. They demonstrate that when the sources of competitive advantage, whether they stem from protected market positions or firm-specific resources and capabilities, resist competition, the advantage is sustainable (Maury, 2018).

There are critics to such sustainability, since, according to a growing number of companies and sectors, the world has changed and advantages are quickly copied; in other words, instability became the rule (Bell, 2013; McGrath, 2013a; Leavy, 2014; Salgado et al., 2022). By taking into consideration the failure of the stability trend, the present study adopted the transient competitive advantages model as its theoretical basis.

### 2.2. Transient competitive advantage

The concept of transient competitive advantage emerges from the proposition by Rita McGrath in her book “The End of Competitive Advantage: How to Keep Your Strategy Moving as Fast as Your Business” from 2013. She argues that changes are common phenomena in business environment. According to McGrath (2013a), the traditional

principles of strategy, which were developed in a time of stability, are becoming irrelevant for nowadays companies; therefore, it is demanding to have a new playbook capable of providing more flexible practices, since industries have been constantly bombed by technology, globalization and by the digital revolution (Forrest et al., 2020).

The transient competitive advantage approach has three main capabilities for organization success, namely: turning innovation into a daily competence; applying healthy disengagement as a rule, as an ordinary activity; and continuously reconfiguring resources and activities in order to reach a dynamic balance between stability and readiness (McGrath, 2013b; Leavy, 2014).

Accordingly, competitive advantage’s lifespan would encompass five stages: launching – identifying an opportunity, resources are allocated to opportunity development; ramp-up or increment – starting the production of new ideas; exploration – developing a strategic positioning to explore advantages linked to it, as much as possible; reconfiguration – reconfiguring the advantage in order to keep it “new” while more competitors fight for it; and disengagement – strategically leaving the advantage before it is completely over (McGrath, 2013b; Leavy, 2014; Forrest et al., 2020).

The so-called continuous reconfiguration is the core of McGrath’s (2013) strategic playbook. Leavy (2014) describes such ability as the ‘secret ingredient’ to activate assets, people and capabilities in order to make the transition from one advantage to the other, which makes companies capable of balancing transformations and changes. Companies that have dominated the transient advantage environments have learned to continuously give up resources from old advantages in order to fund the development of new ones (McGrath, 2013a).

McGrath (2013b) gave a substantial contribution to the competition field by arguing that the way strategy has been put in practice must be changed and adjusted to this new dynamic environment. However, there was no practical way to implement these concepts, and to validate and outspread this theory, based on the logics of what was done with VRIO in RBV. Given such issue, Salgado et al. (2022) developed the *Transient Competitive Advantage Model* (TCAM) to provide the analysis of business scenario within the transient competitive scope.

The logic in the model by Salgado et al. (2022) lies on integrating and representing the main elements substantiating competition within the transient competitive advantage scenario addressed in the new strategy manual by McGrath (2013b). Each one of the elements composing the model concern one essential capability in the strategic playbook; they interact with each other and, together, they allow the analysis of a company based on this new scope. The model can be applied to a whole variety of cases and scenarios, as well as shared; TCAM is easy to be understood, a fact that helps the widespread of new concepts of strategy.

2.2.1. The transient competitive advantage model (TCAM)

The *Transient Competitive Advantage Model* (Salgado et al., 2022) operationalizes the concept of transient competitive advantage based on five elements that together analyze the business scenario in order to allow companies to compete within the transient advantage scope, namely: continuous reconfiguration, resource allocation, leadership and mindset, innovation proficiency and healthy disengagement. These elements are explored through basic questions, as shown in Table 1.

Table 1  
Questions on the TCAM.

Element	Question
Continuous Reconfiguration	Is there a culture of continuous reconfiguration of activities, since we recognize that some of them will need to give way to new ones?
Resource Allocation	Is it easy to rapidly allocate resources between processes?
Leadership and Mindset	Are leaders attentive to change and open to challenge?
Innovation Proficiency	Is there a systematic process to manage innovation?
Healthy Disengagement	Is there systematic abandonment of activities that no longer show good growth potential?

Source: Salgado et al. (2022)

The first question regards element **continuous reconfiguration**; it analyzes aspects such as reorganization, dynamism and whether a company’s culture addresses change as something natural and constant by promoting it in order to pass from one wave of advantage to another (Forrest et al., 2020). These aspects highlight the difference from the sustainable competitive advantage, which understands change as something extraordinary; they aim at extracting the most possible from each advantage (Salgado et al., 2022).

The second question refers to **resource allocation** and aims at better understanding whether a company can flexibly allocate resources to other processes in an effective, easy and fast way. These features allow companies to deal with implications of transient advantages (Salgado et al., 2022).

The third question puts the aspect **leadership and mindset** into perspective and points out the importance of a focused leadership capable of guiding companies in the transition from one wave to another. The role played by leaders would include aspects such as opinion inclusion, feedback flow maintenance, fast decision-making and focus on the external world. Leaders must look for evidences about change and pay close attention to contextual information able to unveil the greatest likelihood of making mistakes (Salgado et al., 2022).

The question focused on element **innovation proficiency** analyzes whether a company integrates innovation to part of its routines, since innovation is a core and continuous process that must be professionally carried out with discipline. Thus, the aim of the model is to identify whether a company deals with innovation as a casual event or whether it well-manages this element (Salgado et al., 2022).

The last question, in its turn, assesses the element **healthy disengagement** and aims at identifying whether the disengagement from an activity is seen by companies as a natural fact, or not. Disengagement must be seen as part of the business cycle; it is a way to relocate valuable resources. Therefore, the model analyzes whether companies are paying attention to anticipated signs of advantage decline and whether they are capable of quitting a consolidated advantage in a healthy way, before such advantage is completely over (Salgado et al., 2022).

Therefore, the elements composing TCAM represent the essential capabilities of the new transient advantage logic. Although each one of these elements has its own representativeness, the intersection between each element is fundamental to the best understanding and application of the model. These intersections can be observed in Figure 1.

Continuous reconfiguration is the core element of the model; it is the formula for a company to be able to change fast. In case of lack of a constant reconfiguration process, none of the other elements will have the necessary basis to endure (Salgado et al., 2022).

By aiming resource allocation, it is possible seeing that it influences innovation proficiency and the healthy disengagement process. Companies need to have an effective allocation process in order to get organized for an opportunity to the extent that an innovation can become a systematic process. Healthy disengagement requires a process according to which change in resource flow allows easy resource transference; therefore, advantages can be abandoned when they present signs of decline (Salgado et al., 2022).

Thus, leadership and mindset are also relevant for innovation proficiency and healthy disengagement. When it comes to innovation, in order for it to be professionally carried out, leadership must be able to

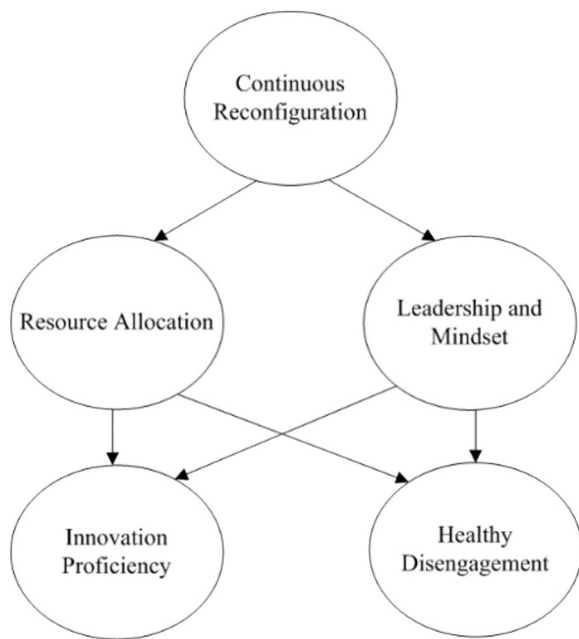


Fig. 1. Intersection between the elements of the TCAM, Source: Salgado et al. (2022).

set innovation processes opened to new options. Disengagement, in its turn, regards a process that demands people to be tuned to signs of decline and to previous warnings; so, leadership and mindset are essential to make it happen (Salgado et al., 2022).

Therefore, the main purpose of TCAM lies on jointly analyzing the elements and on understanding how companies have been developing their strategies based on them. This model points out what is relevant for competition in the new transient competitive advantage scenario. This analysis is realized following the logic presented in the Table 2 and Figure 2.

As shown in Table 2 and Figure 2, through the responses to the aspects analyzed, there are scenarios that characterize the companies' environment. Such scenarios are explained in Table 3.

Based on the scenarios found, suggestions are made so that the company can compete properly in the scenario of transience.

### 3. Material and methods

The aim of the present study is to analyze the business scenario in the transient competitive advantage scope based on TCAM. Thus, this is an applied research focused on contributing to the solution of concrete issues based on research results. This research can be classified as a case study, since it is the empirical investigation of a real situation within its own context (Yin, 2014).

Accordingly, three technology companies from Brazil were analyzed. Their selection resulted from the fact that they were graded by incubators of technology companies and because they presented the appropriate environment for the application of the model - as highlighted by McGrath (2013b) about the technology sector.

For data collection, semi-structured interviews were used, following the TCAM questions, according to Salgado et al. (2022). Semi-structured interviews provide in-depth information that goes beyond questions in the pre-set script being considered essential sources of information for case studies (Yin, 2014).

The interviews were carried out with representatives from three companies and data analysis followed the qualitative approach, because it used categorical data to analyze the problem, rather than numerical data (Yin, 2014). There were three interviews, one for each company analyzed. In company A, the Chief Executive Officer - CEO was interviewed, whose specialties are related to geology and administration. At

Table 2  
The TCAM.

Is there a culture of continuous reconfiguration of activities, since we recognize that some of them will need to give way to new ones? (Q1)	Is it easy to rapidly allocate resources between processes? (Q2)	Are leaders attentive to change and open to challenge? (Q3)	Is there a systematic process to manage innovation? (Q4)	Is there systematic abandonment of activities that no longer show good growth potential? (Q5)	Scenario
NO	NO	NO	-	-	Unfavorable environment
YES	NO	YES	-	-	Conductive, but unexploited environment
YES	YES	NO	-	-	Alert, but static environment
YES	YES	YES	NO	NO	Flexible, but inattentive environment
YES	YES	YES	YES	NO	Consistent, but unsystematic and reactive environment
YES	YES	YES	NO	YES	Consistent and systematic, but reactive environment
YES	YES	YES	NO	YES	Consistent and proactive, but unsystematic environment
YES	YES	YES	YES	YES	Favorable environment

Source: Salgado et al. (2022)

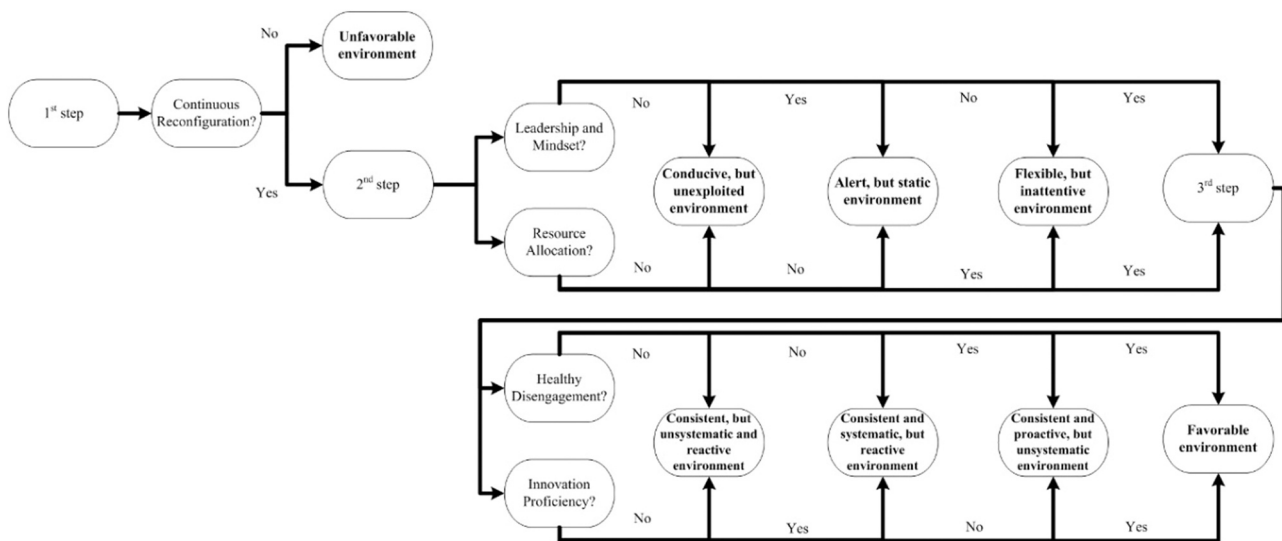


Fig. 2. Steps to apply the TCAM, Source: Salgado et al. (2022).

Company B, the IT Director, whose specialty is programming, was interviewed. At Company C, the interviewee was the Administrative Director, who is a specialist in biotechnology. These interviews were held in loco and audio recordings made for subsequent transcription. TCAM was adopted as interpretation model, as shown in Table 2 and Figure 2.

Regarding ethical and confidentiality issues, the study used fictitious names for the interviewees in order to preserve their identity. At the time of the interview, written terms of consent and confidentiality were delivered, signed by the interviewees, ensuring their anonymity and the confidentiality of the information passed on.

#### 4. Results and discussion

Results deriving from the herein carried out investigation will be presented and discussed in sections, which will report TCAM application to the assessed companies.

Table 3 Summary of TCAM scenarios.

Scenario	Description
Unfavorable environment	The company does not act or think about its strategy to compete for transient competitive advantages. This results in an unfavorable environment that poses serious risks to the company's competitiveness.
Conducive, but unexploited environment	The company considers aspects of change, but does not exploit waves of transient advantages. As such, the environment is conducive to competition in the transient advantage scenario, given the presence of continuous reconfiguration, but its practice remains limited, since crucial elements are not exploited.
Alert, but static environment	The company has a leadership-oriented environment characterized by an open mind and promotes reconfiguration of activities, but has limited resources, exhibiting barriers to flexibility when changes are necessary.
Flexible, but inattentive environment	The company maintains the ability to reconfigure activities, supported by the resource allocation process; however, crucial time is lost, missing opportunities and compromising the ability to move from one advantage to another.
Consistent, but unsystematic and reactive environment	The company focuses on important elements for competition in the transient advantage environment, such as continuous reconfiguration, resource allocation and leadership, but has difficulty managing innovation and abandoning advantages in decline. Thus, it does not have formal innovation processes and does not recognize early market signs.
Consistent and systematic, but reactive environment	The company is change oriented, based on resource allocation, leadership and innovation proficiency, but does not frequently, formally and systematically abandon declining advantages, exhibiting difficulties in recognizing warning signs.
Consistent and proactive, but unsystematic environment	The company promotes continuous reconfiguration, using only resource allocation, leadership and healthy disengagement. However, transient advantage competition is hindered due to the absence of a systematic innovation process.
Favorable environment	The company acts based on the essential elements for competition in the context of transient competitive advantages, given that it reconfigures its activities; exhibits a flexible and skillful resource allocation process, moving resources in order to exploit new opportunities; has leaders able to forecast; develops the innovation process, becoming systematic; and converts the disengagement of a continuous activity at a constant pace.

Source: Salgado et al. (2022)

#### 4.1. Company A

Company A was launched in 2011 and acts in the service market. The company provides consultancy about environmental licensing, environmental report elaboration and about complementary Engineering projects. This market sector is highly dynamic, mainly when it comes to environmental legislation and biddings, whose changes constantly influence companies' activities.

The question about element **continuous reconfiguration** was the first step for TCAM application in Company A. Interviewee A stated that change became routine in the company, given the constant reformulation of codes and legislations that rule the environmental licensing process. He said that, in order to not lose track of such changes, the company optimizes and boosts employees' skills to broaden their knowledge and to help them deal with changes, as shown in the excerpt below:

*"[...] a recent example: the fire department in October/November last year [...] reformulated the wild fire fight code, so we had to take many*



*trainings and to adapt to the new reality in order to elaborate the fire projects [...] we were adapted to a project model [...] and from one minute to the other they met with Technical Engineering Service and decided to change the code [...] they started to stop our projects and to ask for the new code and we had to adapt” [Interviewee A]*

A guiding question about this topic was made in order to help better understanding whether activities’ reconfiguration was the response to changes or an anticipation action. Based on the answers, it is possible saying that although the company did not get information about changes in the aforementioned codes, the company uses mechanisms within their reach to get informed and to predict possible changes, as observed in the next excerpt:

*“[...] we made research, we have knowledge [...] we are always in the department so we are aware of what could cause this change [...] then I go and start searching [...] by getting in the agencies’ websites, I start to see the ordinances, journals, I see whether there was any publication [...] I try to get updated” [Interviewee A].*

In addition, it is possible to detect in the discourse of the interviewee an attitude of someone who tries to prevent the company from becoming complacent and satisfied (Forrest et al., 2020).

Therefore, it is possible observing that the company incorporates and promotes changes to its routines and this process allows it to reconfigure its activities with expertise. Companies that have embraced the culture of continuous reconfiguration get to have balance between stability and readiness. When the answer to the first element is positive, the model points out to proceed to steps 2 and 3.

The second step refers to the question about **resource allocation**. The interviewee emphasized that resources are carefully used to control the feasibility of processes conducted in the company. When he was asked about the flexibility of allocating resources from a process in place to a new unexpected opportunity, the interviewee has stated that, because the company’s activities are mostly intellectual, it is demanding to be flexible in resource allocation.

Yet, about resource allocation, the interviewee has mentioned the team as an important resource in the company. Such statement can be exemplified by cases that demand the displacement of a team from one project to another. In occasions like that, the company succeed in making such change because it prefers counts on flexible deadlines to deliver a service/product in a way to contribute to the readiness of this process.

The third step for model application concerns questions about element **leadership and mindset**. The interviewee has explained that the group of leaders encompasses him and his partner, who had left the company eight months ago. Meetings to develop a better feedback flow were implemented in the company after he left the company, collaborating understanding further needs.

It is important taking into account if the leaders are attentive of changes. The leader in company A has this profile; he aims at anticipating changes that can take place in the environment the company is inserted in:

*“[...] we [...] are aware of what could cause the change [...] so then I go and start searching, you know, I start to visit the agencies’ websites, I start to check the ordinances, journals, to see if there is any publication [...] that they put in place through ordinances and in official papers [...]” [Interviewee A].*

As the answers given to the aforementioned questions were positive, the TCAM analysis must proceed to steps 4 and 5. Step 4 questions about element **innovation proficiency**. The interviewee stated that, although he feels that it is necessary, innovation management is not systematic in his company. In order to justify such answer, he says that, as a leader, he does not have time enough to invest in innovation planning.

Thus, a question was made to investigate how the lack of innovation proficiency negatively influences the company. The answers have confirmed the need of focusing on this element:

*“[...] the environmental sector is quite broad [...] because I am not ready [...] not searching for new technologies to innovate [...] I fail in prospecting new customers [...] a recent example: aerophotogrammetry, which is made by drones. A very good demand came to us, to map a region and it would be necessary to be done by drones, because of the excess of wood areas it was very complicated and difficult to be done. And drone is no longer a new technology, it has been used for a long time, people have come to me for me to enter this sector, to set partnerships, but I did not have time” [Interviewee A].*

Therefore, company A does not have a disciplined process to manage innovation, it only happens every once in a while. When it comes to **healthy disengagement**, similar to the previous element, the answer was negative.

Although the company has already disengaged a quality managing service, the end of some activity is not a continuous process, i.e., there is no regular portfolio evaluation for decisions about what must remain in it, or not. Company A sees disengagement as a loss, so it has a hard time quitting some activities that are kept in the portfolio, despite their decline. Lack of systematic disengagement impairs the transition from one advantage to another and keeps the company focused on resources that will be irrelevant in the future. Therefore, as observed in some companies in the study by Salgado et al. (2022), although the company performs some assessments to decide what should, or should not, be maintained in the business, it does not have systematic strategies focused on disengagement activities.

The scenario in company A is featured as **consistent, but un-systematic and reactive environment**. This finding implies saying that the company focuses its efforts on elements essential for competition in the new strategy scenario, such as continuous reconfiguration, resource allocation and leadership and mindset, but they fail in innovation proficiency and healthy disengagement.

The lack of innovation systematization implies an unsystematic environment and the company’s lack of ability to create new things; therefore, this company could soon have its advantages overcome by competitors. With respect to healthy disengagement, the environment in this company presents a reactive profile, which points out that the company sticks to a reactive positioning rather than to anticipation, a fact that stops it from advancing from an irrelevant advantage to a new one.

In scenarios like this, Salgado et al. (2022) suggest that it is necessary to act on two fronts: innovation proficiency and healthy disengagement. For the authors, it is essential to create a support structure that dedicates resources to innovation, making it continuous, while on disengagement, it is indicated that the company organizes a team that remains dedicated to regularly evaluate its portfolio.

#### 4.2. Company B

Company B was launched in 2013 and is considered a software house, in other words, it is a technology company focused on software development and allocation. Technology dynamism is the main factor for this company since it acts in the IT sector. First of all, an excerpt about **continuous reconfiguration** is highlighted:

*“We are always open to new opportunities, so ‘oh it is necessary learning a new technology’, it does not matter, we will learn and adjust the team, we adjust everybody’s time and adapt to this new need according to the opportunity. There is this reconfiguration. [...] For example, last year we had a project that [...] changed the team, we adjusted the schedule in order not to lose the project, so either at time level or at team level, or technology level, there is adjustment [...] in order not to lose an opportunity” [Interviewee B].*

It is possible observing that change is not only incorporated as a natural thing in the company’s routine, but it is embodied by all employees, in such a way that it became an essential skill to understand its importance in the sector the company is inserted in. A similar result was also found in the study by Salgado et al. (2022), because an analyzed company instead of undergoing difficult or painful changes, has the

logic to reconfigure itself and change processes in an easy and rapid way.

With respect to **resource allocation**, the interviewee explained that as project manager is one of his functions, he must know how to carefully allocate resources. Besides, he has also highlighted that changes in resource flow, such as in manpower, are common, as stated in the excerpt below:

*“[...] is natural in the field. It is not like you were going to change an employee who works [...] in the reception of a company to another sector [...]. In the IT field you have the developer, and he would be a joker, he is a kind of ‘handyman’, [...] he knows that sometimes he can be working in the website of a hospital and tomorrow he will be working in the website of an accounting office [...] we do not make such distinction, everyone is quite multitasking. We do not have this impact of ‘oh, I left project X and was transferred to project Y’, [...] it is natural” [Interviewee B].*

The excerpt above highlights that changes in resource flow are not hard to be made, they are carefully managed and focus on flexibility. One can state that the company presents what has been called by McGrath (2013b) “readiness to allocate resources”, regardless of their nature, since it targets changes in manpower flow.

The third step for model application refers to questions about element **leadership and mindset**. Interviewee B explained that the company cares for an environment where leaders are close to employees, where people can speak freely about the processes, as well as give feedbacks and suggestions:

*“We are quite open to feedback, be it from customers, employees or outsourcing [...] we are easy with it, we have implemented some things such as shift time, we left it more flexible, we tried to put everybody in the same shift because some employees did not like the fact that some worked more and some less, so” [Interviewee B].*

The fourth step concerns the question about element **innovation proficiency**. The interviewee explained that, although the direction board has innovative ideas, the concern with other activities and manpower shortage impairs them to put these ideas in practice; therefore, there is no systematic innovation management. Despite the fact that company B has professionals who have innovative ideas, such ideas must be developed in a professionally managed process in order to allow the company to create new sources of advantage, one of the most important aspects in creating transient competitive advantages (Donnelly et al., 2020).

Finally, when it comes to **healthy disengagement**, the company makes evaluations to try to better understand whether it is worth keeping certain products, or not. However, they showed signs of difficulty in disengaging from some declining activities. These activities are kept in the portfolio although they do not even cover their operational costs. Although the company has already disengaged from some activities, their disengagement is seen as a loss by company B, rather than as a necessary path to go from one advantage to another. The following excerpt justifies the information in the present paragraph:

*“[...] A service we perform nowadays that does not pay itself, but we perform it because it has added services, it is social network management, [...] nowadays’ customers pay too little [...]. But we set a deal with the customer, we set a website to the customer, we set a system for the customer, this [...] adds a little bit more value, but we are fully aware that it is not worthy, our employee in charge of social networks also develops and acts in other internal services because if she was only focused on social networks it would not justify her job position, did you get it?” [Interviewee B].*

Similar to company A, the scenario in company B is featured as **consistent, but unsystematic and reactive environment**. Not being able to create a systematic innovation process is a significant impairment for the creation of new products; it implies having a hard time keeping advantages that could be easily reached by competitors. Besides, this scenario shows that company B can be focusing on resources that will no longer be relevant in the future.

#### 4.3. Company C

Company C is a startup that has been in the biotechnology sector for 6 years. The company mainly focused on developing alcoholic drinks: mead – which is fermented and originated from honey –, and the non-alcoholic beverage named “Kombucha” – which is fermented and originated from tea and sugar. The environment in the company is highly susceptible to technological changes since it always looks for improvements in its products, a fact that ends up affecting its own managerial operations. In other words, its environment is highly dynamic, which further reinforces the importance of the TCAM result for this case.

Interviewee C stated that **continuous reconfiguration** is put in place every time a new scenario emerges in the company; he stressed that there is always something that has to be updated:

*“[...] for example, we were pre-incubated for a long time and at that time we made many canvas [...] every time we set it the background did not work anymore. [...] Today we have a different model, because we are graded already, but we have private investors, so we must always adapt to them and to the needs of the company, [...] we are always changing” [Interviewee C].*

As the answer was positive, the TCAM analysis proceed to step 2 for **resource allocation**. The interviewee explained that resource allocation between processes is flexible in the company, although sparingly – which is essential in uncertain environments. The ability to change fast whenever necessary is another important factor for resources allocation identified in company C:

*“[...] we now want a beerhouse, and the beerhouse has to follow [...] a series of rules in order not to have a problem. Our initial price was six thousand, and we bought two and a half [...] it was not in our plans. But because we are producing many events, we [...] had to take small bottles, and then the bottles were getting warm, you know? [...] So, the beerhouse was one that we said: no, we will have to [...] take some stuff out of it, it will be much worthy [...] and we can sell a lot more [...]” [Interviewee C].*

When it comes to element **leadership and mindset**, the company has a leader who accomplishes feedback flow and who is focused on management:

*“Our leader is my other partner, he is very good in handling situations, he is patient, he is great, he always plans new training, because where we are, we are speeding up [...] due to management. Every month he is there, being trained [...] to be a good leader. We talk a lot, [...] we are three partners, it could not be different [...] we talk and try to make everything clear” [Interviewee C].*

Thus, there is good information flow and constant search for qualification. Besides, based on the interviewee, the leader always tries to understand the company’s needs and pays close attention to changes that may come. This resembles the paranoid posture pointed out by Salgado et al. (2022), since he actively searches for evidence in his market, which is quite different from seeking comforting.

About **innovation proficiency**, the interviewee stated that because the company is small and focus on sales, innovation is not its number one priority. Innovation is slowly applied to new products, but there is no structure to support its systematization, as shown in the excerpt below:

*“[...] the fact that our company is very small, nowadays it impairs the development of new products, because we end up getting involved in many other stuff and leave it a little behind [...] because nowadays we need to work with the products to be made available in the market. So, we work slow with new products [...]. So, nowadays, we are mainly focusing on sales, but it does not mean that product development is out, you know? It is just a matter of being slow because we cannot deal with everything at once” [Interviewee C].*

Therefore, although company C works with innovation, there is no systematic support to manage it, innovation is treated as a casual activity, which is not one of the company’s priorities. With respect to element **healthy disengagement**, similar to the previous element, the answer was negative.

**Table 4**  
Result of the application of the TCAM in companies A, B and C.

Q1	Q2	Q3	Q4	Q5	Scenario
YES	YES	YES	NO	NO	Consistent, but unsystematic and reactive environment

Based on the literature, this element encompasses the disengagement from consolidated advantages before they are completely over, so the company can pass from one advantage to another, in a healthy way. Although there were examples of activities that were disengaged, they only featured closed advantages, or advantages that did not succeed, a fact that does not reflect a sense of anticipation, but of reaction. The following excerpt confirms the statement above:

*“[...] Oh, a flavor! [...] if it did not work well, we disengage right the way [...] the outcome was not that good, people did not like it much, we disengage [...]. People tested it before buying, we allowed them to test everything, it did not work out well. We disengaged and did not hesitate. The labels, we have changed the labels six times [...] We tested before in some fairs [...] we saw that it did not work out well [...]” [Interviewee C].*

It is possible identifying that the environment in company C has potential to achieve a healthy disengagement process, since there is constant review of activities in order to find the items to remain in the portfolio and the ones that must be disengaged from it. Although the company does not mix disengagement with failure, there are no strategies to disengage from consolidated activities that may become irrelevant in the future.

Model application evidenced that the scenario in company C shows a **consistent, but unsystematic and reactive environment** similar to what was observed in companies A and B. Thus, by following the same logic, when innovation is not systematic, the organization can be easily beaten by its competitors. This company may also have a hard time broadening its advantage and passing from one advantage to another because it does not disengage from its activities in a frequent and formal way.

As suggested by Salgado et al. (2022), to thrive in the context of transitory advantages, the environment in which company C finds itself requires that the allocation of resources allows the company to organize and realign around opportunities, making the innovation process a continuous system and facilitating the healthy disengagement, as well as the leadership must be able to establish the right innovation processes and create a systematic abandonment of activities. In summary, Table 4 shows the application of the TCAM Model in companies studied.

## 5. Conclusion

The concept of transient competitive advantage introduced by McGrath (2013b) is an important aspect to be analyzed by companies and managers. A practical strategic playbook encompassing aspects that go against the traditionally established concept of sustainable advantages warns about the ‘constant change’ scenario contemporary companies live in.

The aim of the present study was to analyze the business scenario in technology companies from Brazil based on the transient competitive advantages through TCAM. Briefly, it is possible stating that the main goal of the research was reached because it was possible applying the model, with emphasis on the fact that it showed a framework easy to be understood and applied.

The three assessed companies presented **consistent, but unsystematic and reactive environment**. Thus, results have shown scenarios far from the competition in the transient advantages scope, although companies were inserted in a dynamic context. Moreover, based on the present analysis, these companies must make systematic evaluations of their portfolios in order to decide what must be kept, or not, in it, as

well as to create a structure to support innovation, so they can be successful in the transient advantages scope.

Hopefully, the herein presented information will contribute to these companies’ management, since managers can identify some issues based on their results and try to solve them - this is a way for them to succeed in nowadays strategic scenario. Overall, the present study verified the applicability of TCAM.

Finally, the main study limitation was the number of companies studied, which makes it difficult to bring more inferences and contributions, in addition to the restriction of their sector, as explained in future studies. Further studies must be carried out in order to replicate TCAM in companies from other states or countries, to have more comparisons between results and to apply the model in companies from other sectors that also demand fast changes. Like Salgado et al. (2022), this research carried out the application of TCAM in technology companies in Brazil graded by technology business incubators. Therefore, new studies in other regions of Brazil with companies that have the same characteristics may allow to compare the scenarios identified in each of them.

In addition, to contribute to the verification of the applicability of the model, the importance of the continuity of applications in different realities is highlighted, such as in consolidated companies in sectors related to music, fashion, high technology, travel, communications, electronics, among others, that constitute high-speed markets.

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