Never regard your strategy as the “right” strategy. If you’re successful then you temporarily have a good strategy.

Companies must “skate” to where the performance defining component or system will be because therein are the most attractive profits found (the performance defining component is the component in the value chain that has the functionality that customers care most about).

The architecture of an industry or product ranges from purely interdependent to purely modular. Most industries and products are somewhere between these two extremes.

- In the early stages of a new industry, products tend to be interdependent.
- As industries mature and interfaces become more defined, products tend to be modular.

The architecture (interdependent or modular) of your industry will determine 1) the basis of competition and 2) what type of strategy should be deployed.

- Organizations need to integrate far enough forward in the value chain to account for all of the independencies in design and manufacturing.
- As interfaces become more modular organizations need to dis-integrate and become more specialized.

There are three main types of interdependence: functional interdependence, profit formula interdependence, and marketing or brand interdependence.

Identifying and building around the job to be done builds a barrier of entry around a company. Companies who excel at building around the job to be done consistently produce the performance-defining component or system.

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**CASE STUDY**

In the early 2000’s, MediaTek entered the mobile phone market by designing a chipset with 2G functionality. However, MediaTek struggled to find clients because large incumbents like Nokia already had large, integrated teams to design its own chipsets. Further, the incumbents were chasing 3G – not 2G. MediaTek decided to target emerging markets like China where its 2G chipsets would be viewed as “good enough.” At the time of the case, the interfaces within the mobile phone had become highly defined and modular. Despite this, there were no mobile phone companies in China. How would MediaTek make it easy for Chinese companies to enter the market and produce mobile phones?
## Disruptive Strategy with Clay Christensen: Maintaining a Disruptive Scope

<table>
<thead>
<tr>
<th>INTERDEPENDENT ARCHITECTURE</th>
<th>DEFINITION</th>
<th>BASIS OF COMPETITION</th>
<th>OPTIMAL STRATEGY</th>
</tr>
</thead>
<tbody>
<tr>
<td>When there are interfaces across which there are unpredictable interdependencies - if the way one component is designed and made depends on the way the other is being designed and made</td>
<td>In an interdependent world the overall functionality of a product or service isn’t “good enough” and the basis of competition is functionality and reliability</td>
<td>An integrated strategy works best when there is a performance gap because it gives organizations maximum flexibility to evolve the product or service to wring out the most performance</td>
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</tbody>
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<table>
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<tr>
<th>MODULAR ARCHITECTURE</th>
<th>DEFINITION</th>
<th>BASIS OF COMPETITION</th>
<th>OPTIMAL STRATEGY</th>
</tr>
</thead>
<tbody>
<tr>
<td>When an interface is clean - in which there are no unpredictable interdependencies across components or stages of the value chain. When components work together in well-understood and highly defined ways.</td>
<td>In a modular world the overall functionality of the product is “good enough” and the basis of competition is now speed to market, convenience, customization, and price.</td>
<td>A specialized strategy works best when there is a performance surplus because organizations can increase the rate of innovation for individual components because organizations can specialize and thus optimize the performance of their one component.</td>
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