



# RAMA UNIVERSITY

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## E-Content BCH-601 : Business Policy

### Lecture 6

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# Key Drivers of Value Creation and Sustainable Competitive Advantage:

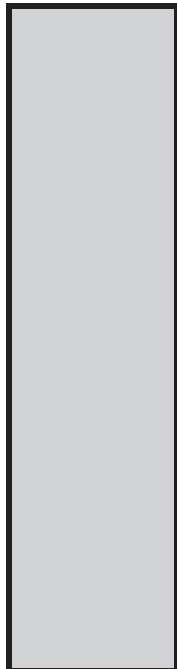
- Generating economic **value** can be accomplished through:
  - **REVENUE drivers**
  - **COST drivers**
  - **RISK drivers**



The image shows a screenshot of a financial statement, likely a Cash Flow Statement, with a grid layout. The grid contains multiple columns and rows of data, with some cells highlighted in blue. The text is small and difficult to read, but the structure suggests a detailed financial report.

# Value and Cost Drivers

Value



Value Drivers

Technology  
Quality  
Delivery  
Breadth of Line  
Service  
Customization

Geography  
Risk Assumption  
Brand/Reputation  
Network Externalities  
Environmental Policy  
Complements

Cost Drivers

Economies of Scale  
Economies of Scope  
Learning Curve  
Low Input Costs  
Organizational Practices  
Vertical Integration

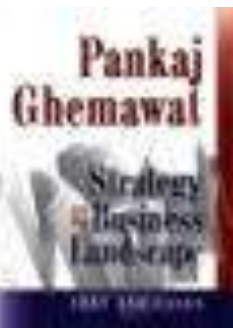
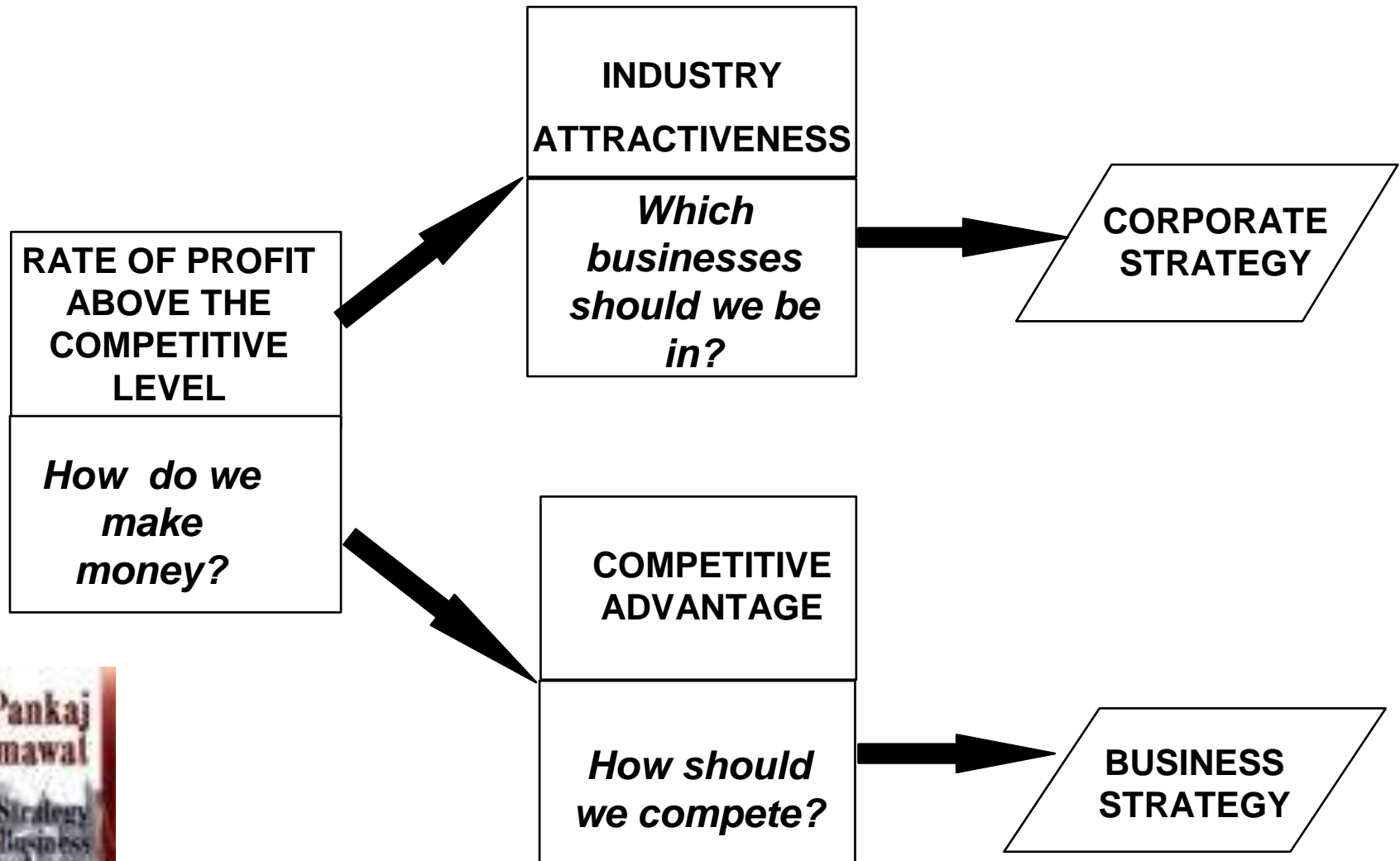


Price

Cost

Category	Item	Value	Unit
Sales	Product A	100	Units
	Product B	200	Units
	Product C	150	Units
	Product D	300	Units
Expenses	Material	50	Units
	Labor	100	Units
	Overhead	20	Units
	Marketing	30	Units

# Sources of Superior Profitability



# The Levels of Strategy

5



**Corporate** - General Electric

**Business** - Home Appliances

**Functional** - e.g., Production

