

Investor Philosophy- Pat Dorsey



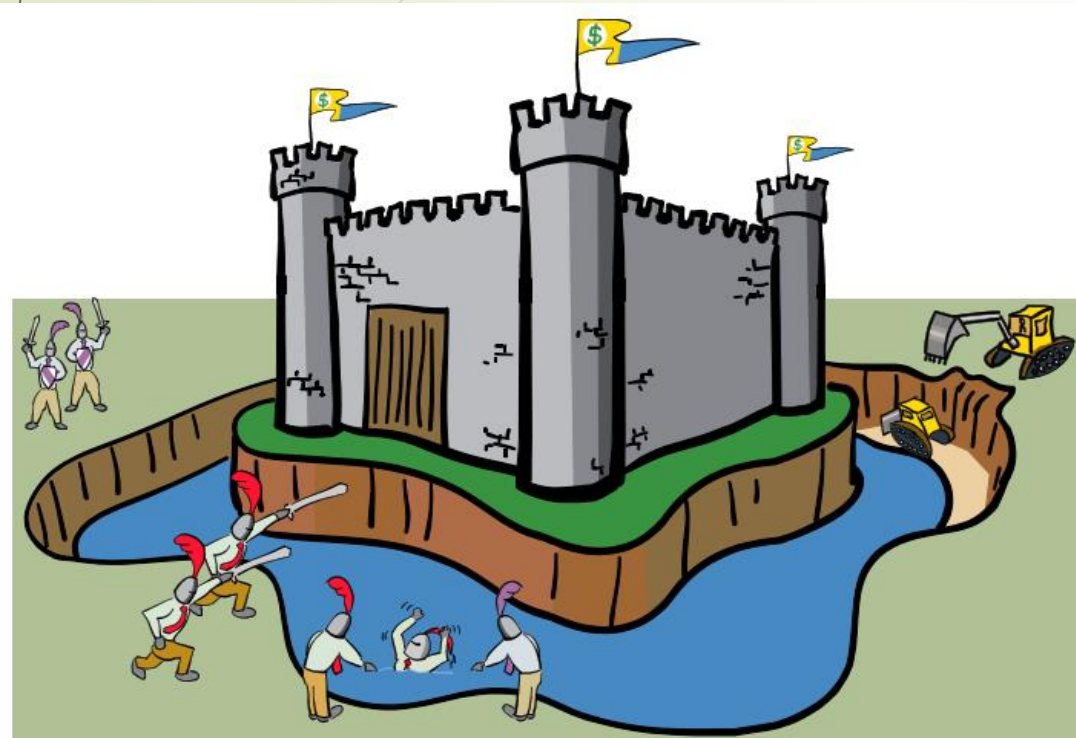
Pat Dorsey - The Little Book that Builds Wealth



Absence of competitive advantage kills high return in business



What is competitive advantage?????



In a simple word

USP (Unique Selling Point)



Rajinikanth's USP



Famous Superstar

Can able to charge high fees

No alternative

Movies at old aged



Rajinikanth's USP



Famous Superstar

Brand

Can able to charge high fees

Pricing Power

No alternative

No close substitute

Movies at old aged

Long-term survival



What can not be a competitive advantage?????

Hot Products

• Educomp

Technological Products

• Moser Bear India Ltd.

Biggest Market share

• Reliance Industries

Most important

Company cannot able to raise price

No competitive advantage

What can be a competitive advantage?

1) Intangible assets

Brands

- ✓ Lower Search Cost
- ✓ Able to change consumer behaviour



What can be a competitive advantage?

1) Intangible assets

Patents & Licenses

- ✓ Legal monopoly

The logo for 3M, consisting of the letters '3' and 'M' in a bold, red, sans-serif font.The logo for Delta Corp Limited, featuring a stylized 'D' icon in gold and black, followed by the text 'DELTA CORP LIMITED' in a bold, black, sans-serif font.

What can be a competitive advantage?

2) Switching Costs



Examples

- ✓ DTH Set top box
- ✓ PC operating system & software
- ✓ Newspapers

What can be a competitive advantage?

3) Network Effects



India's no. 1 jobsite
Division of Info Edge



India's no. 3 matrimonial site
Division of Info Edge



India's leading real estate site
Division of Info Edge



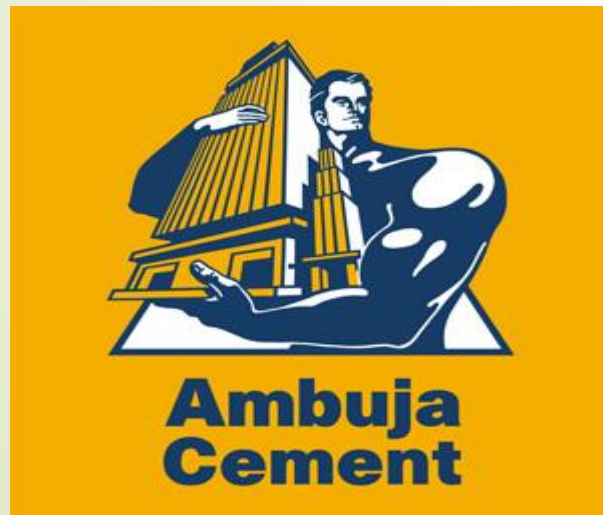
India's leading education listings site
Division of Info Edge

What can be a competitive advantage?

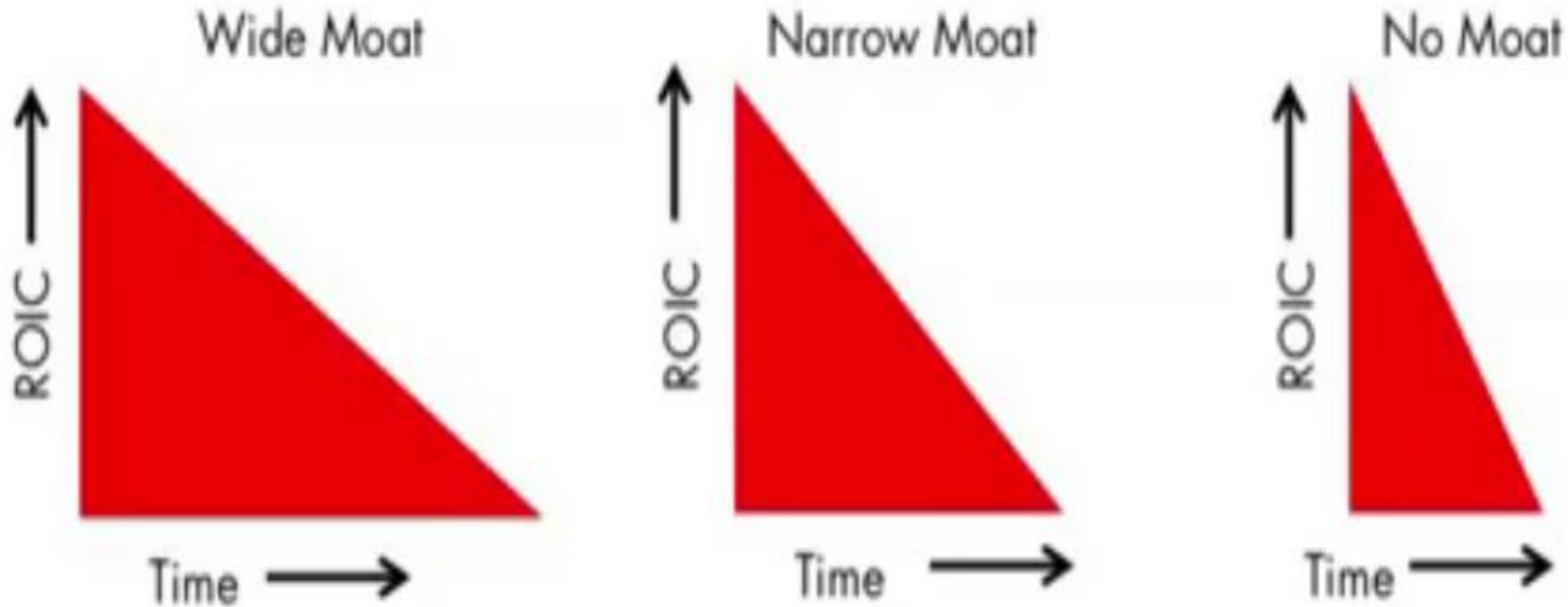
4) Cost Advantage



Quality Par Excellence



Competitive advantage adds value to the intrinsic value



Management



Bad Business

Requires great managers

Ex- Ashiana Housing,
Bharti Airtel

Good Business

Not essential to have great managers

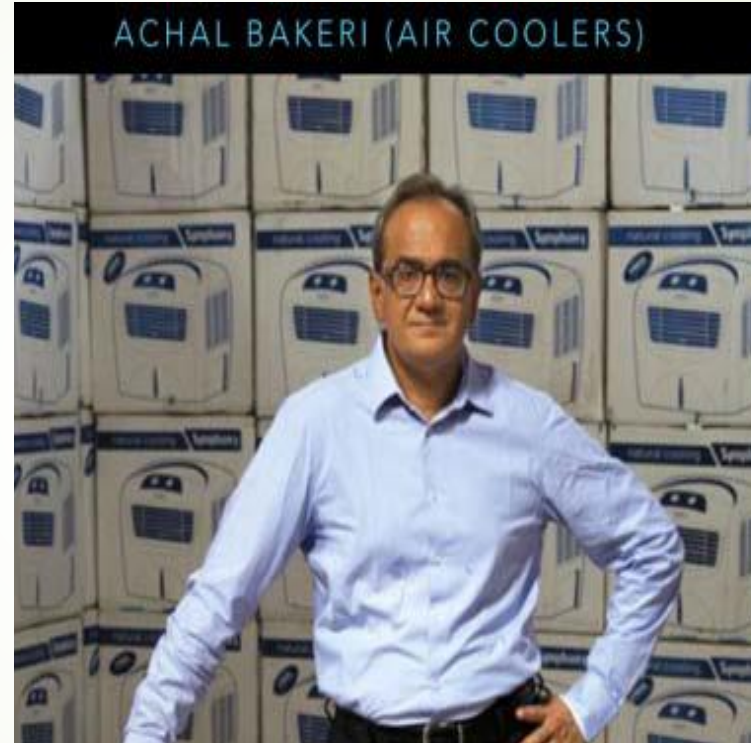
Ex- Britannia, P & G,
HUL

- **Good managers reinvest in competitive advantage to make more stronger.**

Good Managers



Eicher Motors



Symphony



Vaibhav Global – Sunil Agrawal

Bad Managers



Conclusion



What to select and what to avoid????

