STRADARO

7 Powers in practice

Fourteen modern companies, a consumer and a B2B example for each of Hamilton Helmer's sources of lasting advantage: what the advantage is worth, what stops competitors from copying it, and where it breaks. With the questions to ask about your own company.

Power = benefit + barrier

A benefit raises cash flow. A barrier stops capable competitors from copying it. Most advantages are benefits only.

Each case has a limit

Every Power here is weaker somewhere: a rival with nothing to protect, an expiry date, a person who can leave.

Use the last page

Run your own advantages through the same test with your leadership team.

POWER	CONSUMER CASE	B2B CASE
Scale economies	Costco	Fastenal
Network economies	Visa	CCC Intelligent Solutions
Counter-positioning	Tesla	SpaceX
Switching costs	Intuit (TurboTax)	Rockwell Automation
Branding	Ferrari	Snap-on
Cornered resource	Apple and P.A. Semi	ASML
Process power	Inditex (Zara)	TSMC

Framework: Hamilton Helmer, *7 Powers: The Foundations of Business Strategy* (2016). None of these companies is a case from the book. Figures are from company filings and reporting cited on each page, as of November 2026; company-reported and unaudited figures are marked as such. Read the series at stradaro.com/insights/7-powers-explained.

POWER 1 OF 7 · SCALE ECONOMIES · CONSUMER CASE

Costco

The advantage is volume per item, not company size. A bigger parent hasn't closed the gap.

<4,000
items per warehouse

~$340M
revenue per U.S. warehouse (Sam's Club ~$155M, BJ's ~$80M)

11.09%
gross margin in both FY2015 and FY2026

92.3%
U.S. and Canada membership renewal

$22.6B vs $19.3B
payables vs inventory: suppliers fund the stock

The benefit

Concentrating huge volume on few items lowers the cost of buying, handling and holding each one. Costco gives the savings back as price. Gross margin has held at about 11% for a decade while operating income rose from $3.6B (FY2015) to $11.7B (FY2026). Membership fees ($5.9B in FY2026) pay for the low prices.

The barrier

- A rival matching Costco's prices at a third to half of its volume per store would lose money on merchandise.
- Sam's Club, backed by a parent with 2.4x Costco's sales, earned $2.44B of operating income against $2.53B of membership and other income: its merchandise roughly breaks even.
- BJ's carries about 7,000 items per club and needs about a 16.7% gross margin to cover its costs.

Where it breaks

- The edge shows as price and growth, not margin: Costco's ~3.9% operating margin is about the same as BJ's.
- About half of operating profit is membership fees, so renewals matter almost dollar for dollar.
- Online, where pallets in a warehouse matter less, the advantage is thinner.

Timeline

1983 Costco opens in Seattle

1993 Merges with Price Club: 195 warehouses, ahead of Sam's

2024 First fee increase since 2017; renewal peaks at 92.9%

FY2026 939 warehouses, $297B net sales, 84.1M paid members

IN A B2B OR INDUSTRIAL BUSINESS

Measure volume per product line and per item against the next competitor, not the market. Pruning a long tail of low-volume items can create more scale than an acquisition.

IN A CONSUMER BUSINESS

Store and delivery density count city by city. A regional chain can hold real scale in its home market and none in the next state.

Ask your team: If a competitor matched our price tomorrow, would it make money?

Sources: Costco FY2026 10-K · Costco FY2015 10-K · Walmart FY2026 10-K · BJ's FY2025 10-K. Per-warehouse figures are Stradaro calculations from 10-K data; fiscal years differ by company. Full article: stradaro.com/insights/7-powers-scale-economies

POWER 1 OF 7 · SCALE ECONOMIES · B2B CASE

Fastenal

Local density: more volume through each truck route, hub and customer site than a smaller distributor can reach.

20.2%
operating margin, 2025 (Grainger 13.9%, MSC Industrial 8.0%)

~590
company-owned heavy trucks moving ~90% of product

136,638
vending and bin units installed at customer sites, 2025

44.7%
of 2025 sales through managed-inventory programs

52.8% to 45.0%
gross margin, 2008 to 2025, while operating margin held near 20%

The benefit

Lower cost to serve, not higher price. Each new vending device or in-plant location adds a stop to a route Fastenal already runs, so serving the next customer in a territory costs little. Gross margin has drifted down as Fastenal moved to larger accounts, but operating margin has held at about 20% on $8.2B of 2025 sales.

The barrier

- A regional distributor would have to fund the trucks, 19 distribution hubs and installed device base before it had the volume to use them.
- Grainger is more than twice Fastenal's size and earns a lower margin: the Power is density per territory, not company size.
- Multi-plant customers want one supplier across many sites, which a local distributor can't offer.

Where it breaks

- Density protects margin, not volume: the 2009 recession cut earnings about a third.
- The shift toward large customers is lowering gross margin, by Fastenal's own account.
- Rivals copy the form: Grainger runs vending and on-site programs. The gap is density, and product mix also plays a part.

Timeline

1992 First on-site location in a customer's plant

2008 Industrial vending introduced

2009 Sales fall ~17.5%, earnings ~34% in the recession

2019 Electronic bin stock (FASTBin) introduced

2025 136,638 devices installed; $8.2B sales

IN A B2B OR INDUSTRIAL BUSINESS

Count volume per route, per territory and per customer site against the next competitor. Density you already have makes each added customer cheaper to serve.

IN A CONSUMER BUSINESS

Delivery and store density work the same way for consumer businesses, city by city.

Ask your team: Where is our volume per route or territory well ahead of the next competitor's?

Sources: Fastenal FY2025 10-K · Fastenal FY2024 10-K · Grainger FY2025 10-K · MSC FY2025 results. The margin gap is evidence of the barrier, not proof; product mix and culture are not separated out. Full article: stradaro.com/insights/7-powers-scale-economies

POWER 2 OF 7 · NETWORK ECONOMIES · CONSUMER CASE

Visa

Each side needs the other. A new network has to win cardholders and merchants at the same time.

$17T
payments and cash volume, FY2025 (self-reported)

175M+
merchant locations; nearly 5B credentials

61%
operating margin, FY2026

3.6%
of revenue spent on capital, FY2026

1.7x / 7.7x
Visa's payments volume vs Mastercard / American Express (Nilson)

The benefit

Visa runs the switch between card-issuing banks and merchants' banks and takes a small fee on a very large flow. It doesn't lend or carry credit risk. Each extra transaction costs almost nothing to run: $28.1B of operating income on $45.9B of net revenue in FY2026.

The barrier

- A new network needs merchants to win cardholders and cardholders to win merchants.
- American Express and Discover run closed networks and reached about 13% and 2% of Visa's payments volume.
- Since 2011 every U.S. debit card must carry a second, unaffiliated network. In 2024 the DOJ still alleged Visa handles more than 60% of U.S. debit (an allegation in a pending case).

Where it breaks

- Holding the network costs money: $18.3B of incentives to banks in FY2026, growing faster than revenue.
- A big participant can route around it: Capital One has moved about 25M debit cards onto Discover.
- Regulators cap the price; networks stop at borders where governments build their own (China, India).

Timeline

1958 Bank of America mails 60,000 BankAmericards in Fresno

2008 Visa IPO

2011 Fed caps debit interchange; two-network rule

2024 DOJ sues Visa over debit

2025 Capital One closes its purchase of Discover

IN A B2B OR INDUSTRIAL BUSINESS

Rarer than claimed. Real ones are standards, marketplaces and shared-data platforms. A branch network is density (scale); an installed base driving parts sales is switching costs.

IN A CONSUMER BUSINESS

Common: payment networks, marketplaces, messaging. Often local, which is why two ride-hailing apps can survive in one city.

Ask your team: Does a new customer make us more valuable to existing customers? How, specifically?

Sources: Visa FY2026 results · Visa FY2025 10-K · Federal Reserve, Reg II · PaymentsJournal on Capital One. Card, merchant and volume counts are Visa's own figures. Full article: stradaro.com/insights/7-powers-network-economies

POWER 2 OF 7 · NETWORK ECONOMIES · B2B CASE

CCC Intelligent Solutions

Insurers, repair shops and parts suppliers work on CCC because the others do. A real network, but a local one.

300+ / 30,500+
insurers / collision repair shops on the platform (self-reported)

6,000+
parts and diagnostics suppliers

73.5% / 41%
gross margin / adjusted EBITDA margin, 2025

98-99%
gross dollar retention, every quarter 2023 to Q3 2026

~35x to ~14x
EBITDA multiple at the 2021 listing vs the 2026 take-private (Stradaro calculation)

The benefit

Claims, estimates, parts orders and payments flow across one platform. Each insurer on it makes it more valuable to shops, and each shop makes it more valuable to insurers. 2025 revenue was $1.06B, and customers almost never leave.

The barrier

- The insurer-to-shop network has been building since 1992.
- When CCC tried to merge with Mitchell in 2008, the FTC sued, saying the market had only three vendors; the deal was dropped.
- Rival systems get onto shops' desks mainly when an insurer requires them.

Where it breaks

- The network is local: a shop cares whether its own insurers are on CCC, and many shops run a second system.
- Much of the hold is switching costs (multi-year contracts, integrations) stacked on the network.
- A strong network protected cash flow, not the multiple investors paid for it.

Timeline

1980 CCC founded

1992 Insurer-to-shop repair program software

2008-09 FTC blocks the Mitchell merger

2021 Lists via a SPAC at ~$7.0B

Oct 2026 Agrees to a GTCR-led take-private at ~$6.1B

IN A B2B OR INDUSTRIAL BUSINESS

Platforms that several groups must use together can carry real network effects. Count each side, and ask whether a large participant could leave without losing reach.

IN A CONSUMER BUSINESS

Payment networks, marketplaces and messaging apps are the common consumer versions.

Ask your team: Does each new customer make us more valuable to the other side?

Sources: CCC FY2025 10-K · CCC Q3 2026 results · CCC merger 8-K, 2026 · FTC, 2008. Platform counts are CCC's own; widely quoted market-share percentages are unverified and not used. Full article: stradaro.com/insights/7-powers-network-economies

POWER 3 OF 7 · COUNTER-POSITIONING · CONSUMER CASE

Tesla

Incumbents could see it working and rationally refused to copy it, until a rival with nothing to protect arrived.

2008
first Roadster deliveries; GM's all-electric pledge came in 2021, Ford's Model e unit in 2022

29.3%
Tesla automotive gross margin at its 2021 peak

-$4.8B to -$5.1B
Ford Model e EBIT each year, 2023-2025

~$11.4B
regulatory credits sold to other automakers, 2020-2025

4.6%
Tesla operating margin in 2025, down from 16.8% in 2022

The benefit

Two parts. An all-electric lineup when incumbents' profits came from combustion trucks and SUVs, and direct sales when incumbents depend on franchised dealers. Margins peaked at 29.3% (2021) and 28.5% (2022), while Ford's combustion business funded its electric losses.

The barrier

- Going all-in on electric meant losing money while undercutting the incumbent's most profitable vehicles.
- State franchise laws protect dealers. Tesla argues they don't apply to a maker with no dealers anywhere, an argument Ford or GM can't make.
- Ford's dealers sued over its Tesla-like EV program, which ended in 2024; California dealers sued VW's Scout over direct sales.

Where it breaks

- It protects against incumbents only. BYD had no combustion business to protect.
- Part of the margin was policy: regulatory credits exceeded Tesla's entire 2020 profit and were cut back in 2025.
- The durable half, direct sales, is a legal barrier that changes if the law does.

Timeline

2008 Roadster

2012 Model S

2017 Model 3

2021-22 GM and Ford commit

2025 BYD outsells Tesla in battery-electric vehicles, ~2.26M to 1.64M

IN A B2B OR INDUSTRIAL BUSINESS

Selling direct against a dealer or distributor network; pricing per outcome against competitors who bill per hour or per machine.

IN A CONSUMER BUSINESS

Direct-to-consumer against retailers; subscription against one-time sales; a low-price model against premium incumbents.

Ask your team: Why hasn't the incumbent copied this: economics, contracts or law?

Sources: Tesla FY2025 10-K · Tesla FY2022 10-K · Ford FY2025 10-K · NBC News on Ford's dealer program. Tesla's distribution-cost saving per vehicle is not disclosed and is not claimed here. Full article: stradaro.com/insights/7-powers-counter-positioning

POWER 3 OF 7 · COUNTER-POSITIONING · B2B CASE

SpaceX

Fixed prices and reusable rockets against an incumbent paid on cost-plus contracts, which couldn't follow without cutting its own revenue.

$443M vs ~$4B
NASA's 2011 estimate: Falcon 9 developed fixed-price vs the traditional NASA way

~$95M vs ~$160M
NASA's average cargo launch cost, Falcon 9 vs Atlas V (NASA OIG, 2018)

165
Falcon launches in 2025, over half of global orbital launches (self-reported)

122
of those launches carried SpaceX's own Starlink satellites

$67M to $74M
Falcon 9 list price, 2022 to 2026

The benefit

SpaceX drove launch cost down through fixed-price development and reuse, and took the market. When it could compete for NASA launches in 2013, the incumbent's Atlas V price fell about $20M per launch.

The barrier

- United Launch Alliance was paid partly to keep launch capability ready, under a cost-plus contract; reuse would cut that revenue.
- ULA didn't bid on a 2016 GPS launch, which SpaceX won for $82.7M.
- ULA's next rocket, Vulcan, targeted for 2019, first flew in January 2024.

Where it breaks

- Once the customer moved everyone to fixed prices, the counter-position was gone.
- Others now reuse rockets too. SpaceX has been raising its price and competes on scale and process.
- SpaceX's prospectus says it is highly dependent on Elon Musk.

Timeline

2008 NASA fixed-price cargo contracts

2015 First Falcon 9 booster landing

2017 First reflight of a booster

2024 ULA's Vulcan first flies

2025 Space Force moves to fixed prices for all providers; Blue Origin lands a booster

2026 SpaceX IPO

IN A B2B OR INDUSTRIAL BUSINESS

Fixed or outcome-based pricing against rivals paid by the hour, the unit or the cost; selling direct against a dealer network.

IN A CONSUMER BUSINESS

Direct-to-consumer, subscriptions and low-price models against incumbents who can't follow without hurting their existing business.

Ask your team: What would it cost our biggest competitor's existing business to copy us?

Sources: NASA NAFCOM estimate, 2011 · NASA OIG IG-18-016 · GAO-14-377R · SpaceX prospectus, 2026 · Spaceflight Now, 2025. SpaceX's own testimony figures on ULA's costs are advocacy and are not used. Full article: stradaro.com/insights/7-powers-counter-positioning

POWER 4 OF 7 · SWITCHING COSTS · CONSUMER CASE

Intuit (TurboTax)

Last year's return is already there. Leaving means retyping it somewhere else, and risking a mistake on your taxes.

+7%	-2%	73%	~751,000	2-3%
TurboTax revenue, fiscal 2026, to $5.3B	U.S. returns filed, to 39.0M	Consumer segment operating margin (Intuit's segment measure)	IRS Direct File registrations in 2025, vs 32M+ eligible	fiscal 2027 TurboTax growth guidance

The benefit

More revenue from fewer customers. TurboTax carries each customer's prior-year data forward, so price rises have stuck while unit volume slipped.

The barrier

- Switching means re-entering or uploading last year's return and trusting a new tool with your taxes.
- H&R Block built a tool in 2024 to import TurboTax returns; its executive said consumers find switching daunting.
- Free alternatives (Cash App Taxes, the IRS's own service) haven't broken it.

Where it breaks

- Switching costs let you charge more, not anything: price became the top reason customers leave, and growth guidance fell to 2-3%.
- Regulators have challenged its "free" marketing.
- A competitor that makes switching easy (an import tool) attacks the barrier directly.

Timeline

1993 Intuit acquires ChipSoft, maker of TurboTax

2022 $141M multistate settlement over "free" advertising

2024 H&R Block launches an import tool for TurboTax users

2025 IRS Direct File suspended for 2026

2026 Management reportedly calls price the top reason customers leave

IN A B2B OR INDUSTRIAL BUSINESS

QuickBooks works the same way for small businesses. In industry: design-in, qualification, code and training.

IN A CONSUMER BUSINESS

Stored data and history: tax returns, photos, playlists, a bank account with every bill attached.

Ask your team: Are we raising price faster than customers are leaving, and for how long can that last?

Sources: Intuit FY2026 results · Intuit FY2026 10-K · TIGTA, 2026 · H&R Block release, 2024. The price remark comes from call summaries (Benzinga, MarketBeat), not a verbatim transcript. A TurboTax retention rate is not disclosed. Full article: stradaro.com/insights/7-powers-switching-costs

POWER 4 OF 7 · SWITCHING COSTS · B2B CASE

Rockwell Automation

The moat is the code, training and spare parts a plant builds around the controller, not the controller.

29.7%	~42%	+2 pts	33.7%	~65%
Software & Control segment margin, FY2025 (others: 18.0% and 14.5%)	of segment profit from ~29% of sales	price added in FY2024 while volume fell ~12 pts	segment margin, first nine months of FY2026	of sales through independent distributors

The benefit

Plants program Allen-Bradley Logix controllers in Rockwell's software. Replacing them means rewriting and re-testing control code on a running line, retraining technicians and restocking parts. So Rockwell takes price even in down years, and its control segment earns about double the margin of the rest of the company.

The barrier

- A rival can match the hardware but not move the installed code, skills and parts.
- Rockwell owns the upgrade path: retired platforms (PLC-5, RSLogix 5) migrate into Logix, so forced change doesn't become an open bid.
- Nippon Gases modernized its European plants in 2025 by replacing old Rockwell controllers with new ones, to standardize on one platform.

Where it breaks

- It protects margin, not volume: customers stay but buy less in a downturn.
- Strongest in North America; in Europe Siemens holds the same advantage. New plants are open bids.
- Large buyers are organizing against lock-in (ExxonMobil's open-standard control system).

Timeline

2017 PLC-5 hardware discontinued

2021 Buys Plex (cloud MES) for $2.22B

2023 Siemens shows a software-only controller

FY2024 Segment sales fall 24%; price still rises

2025 RSLogix 5 sales end; Nippon Gases standardizes on Logix

IN A B2B OR INDUSTRIAL BUSINESS

Requalification, validation, tooling, code, training and design-in engineering. A build-to-print job rebid every two years carries almost none.

IN A CONSUMER BUSINESS

Stored data and habits: photos, playlists, loyalty points, a bank account with every bill attached.

Ask your team: Did we take price last year, even though volume was down?

Sources: Rockwell FY2025 10-K · Rockwell FY2024 10-K · Rockwell Q3 FY2026 10-Q · Hydrocarbon Engineering on Nippon Gases. Rockwell's North American PLC market share is widely quoted but unverified, and is not used. Full article: stradaro.com/insights/7-powers-switching-costs

POWER 5 OF 7 · BRANDING · CONSUMER CASE

Ferrari

A premium for the name, protected by deliberate scarcity. Rivals can't copy it without shrinking.

13,640
cars shipped in 2025

~€440k
car and parts revenue per car shipped, 2025 (Stradaro calculation)

29.5%
EBIT margin, 2025 (Porsche 14.1%, VW Group 5.9% in 2024)

~81%
of new cars sold to existing owners, 2024 (self-reported)

Up to 10%
U.S. price rise after 2025 tariffs; margin still rose

The benefit

Buyers pay far more for a Ferrari than for a car with similar engineering. Since its 2015 listing, volume rose about 78% while net profit rose from €290M to €1.6B and EBITDA margin from about 25% to 38.8%.

The barrier

- Ferrari manages volumes and waiting lists to keep its exclusivity; its annual report ties low volume directly to the prices clients pay.
- History can't be bought: Formula 1 every season since 1950, the first Ferrari car in 1947.
- Porsche ships about 23 times as many cars. Copying Ferrari's scarcity would mean shrinking the business that earns its returns.

Where it breaks

- Growth now comes from price and personalization; shipments fell slightly in 2025 and 2026.
- Ferrari's own risk factors warn electric models could change the experience and resale values.
- Scarcity misjudged either way, too much supply or too little, weakens the engine.

Timeline

1947 First Ferrari car

1950 Enters the first F1 world championship

2015-16 IPO and separation from FCA

2025 Raises U.S. prices after tariffs

2026 First electric Ferrari, the Luce, ~€550k; shares fall >8%

IN A B2B OR INDUSTRIAL BUSINESS

Rare. Business buyers pay for specifications. The exception is peace of mind where failure is costly: safety, medical, food-grade, critical parts. Most B2B "brand" is a switching cost.

IN A CONSUMER BUSINESS

Common and powerful: luxury goods, trusted medicines, food and drink. The test is the premium over an identical generic, held for years.

Ask your team: Would a buyer who has never used us pay more than for a qualified competitor at the same spec?

Sources: Ferrari FY2025 results · Ferrari 2024 20-F · Porsche FY2024 · Reuters via BusinessDay on the Luce. Independent resale-value comparisons were not found; Ferrari's own claim is not used as fact. Full article: stradaro.com/insights/7-powers-branding

POWER 5 OF 7 · BRANDING · B2B CASE

Snap-on

Mechanics pay about three times more for tools they trust, but the premium rides on the van, the service and the credit as much as the name.

~$185 vs ~$55
Snap-on vs Harbor Freight Icon ratchet; Icon tested about the same

21.7%
Tools Group operating margin, 2025 (11.1% in 2009)

~3,400
U.S. franchise routes, about flat since 2009

20.9%
Matco Tools margin: same van-and-credit model, weaker brand

17.6%
average yield on Snap-on's loans to technicians

The benefit

Peace of mind where failure is costly: a mechanic paid by the job loses money when a tool breaks. Snap-on's risk factors name its ability to "command premium pricing." Its van-business margin roughly doubled from 2009 to 2025 with about the same number of routes.

The barrier

- A century of weekly visits to the shop floor since its 1920 founding.
- The premium comes bundled: a van at the shop every week, warranty service at the bay, and credit that turns a toolbox into weekly payments over about four years.
- A mechanic partway through a four-year credit contract has practical reasons to keep buying from the same van.

Where it breaks

- Matco earns nearly the same margin under a far weaker name: much of the return is the delivery-and-credit system.
- Credit risk rises when mechanics' incomes fall; 2025 Tools Group sales dipped as technicians held back on big purchases.
- Discount rivals have closed the quality gap on many tools.

Timeline

1920 Founded in Milwaukee

1945 Salesmen carry stock for immediate delivery

1999 Snap-on Credit formed with CIT

2009 Takes the credit business fully in house

2025 Tools Group margin 21.7%

IN A B2B OR INDUSTRIAL BUSINESS

In B2B, a brand premium usually rides on service, delivery and financing. Measure what customers pay for each.

IN A CONSUMER BUSINESS

Consumer brands can command a premium on the name alone, built over decades.

Ask your team: Would a buyer who has never used us pay our premium at the same spec?

Sources: Snap-on FY2025 10-K · Snap-on FY2009 10-K · Vontier FY2025 10-K · SlashGear, 2026. Price comparisons cover a few tools reported in the press, not a systematic study. Full article: stradaro.com/insights/7-powers-branding

POWER 6 OF 7 · CORNERED RESOURCE · CONSUMER CASE

Apple and P.A. Semi

Apple bought a rare chip-design team before the market knew what it was worth, then built it into an organization bigger than its founders.

~$278M
reported price for P.A. Semi, ~150 engineers (2008)

$1.4B
what Qualcomm paid for the next comparable team, Nuvia (2021)

2010
iPad ships with the A4, "designed by Apple"

2020
Mac moves from Intel to Apple silicon

$28.6B to $40.2B
Mac revenue, FY2020 to FY2022

The benefit

Owning its chip design gave Apple control of performance per watt, product timing and chip cost. In 2020 Apple said its silicon team had spent more than a decade building its chips, and moved the Mac off Intel. Mac revenue rose 40% in the two years after the switch.

The barrier

- Only a handful of proven low-power CPU design teams existed; the way to get one was to buy it.
- Founder Dan Dobberpuhl had led DEC's Alpha and StrongARM processor designs.
- Even with the people, building a rival takes years: Qualcomm needed about 2.5 years after buying Nuvia to announce its first PC chip.

Where it breaks

- Talent walks, and California rarely enforces non-competes: Apple dropped its suit against its former architect in 2023.
- Apple doesn't credit specific chips to P.A. Semi; other hires and acquisitions followed.
- Paying full price for stars sends the value to them (Meta's 2025 offers); a star can leave (Adrian Newey left Red Bull in 2024).

Timeline

2003 Dobberpuhl founds P.A. Semi

2008 Apple buys it for a reported ~$278M

2010 A4 ships; at least six ex-P.A. Semi engineers leave for a startup Google buys

2019 Apple's lead chip architect leaves to found Nuvia

2020 M1 Macs

2021 Qualcomm buys Nuvia for $1.4B

IN A B2B OR INDUSTRIAL BUSINESS

A team of engineers who couldn't be hired one by one is a resource only if you got it below its value and the know-how stays when people leave. A founder is usually key-person risk.

IN A CONSUMER BUSINESS

Patents, exclusive content and licenses, prime locations, protected recipes, and occasionally a creative or technical team.

Ask your team: Did we get it on better terms than its value, and would it survive our best people leaving?

Sources: Computerworld, 2008 · Apple Newsroom, 2020 · Apple FY2022 10-K · Qualcomm on Nuvia · The Register, 2010. The P.A. Semi price was reported by Forbes, not disclosed by Apple. Full article: stradaro.com/insights/7-powers-cornered-resource

POWER 6 OF 7 · CORNERED RESOURCE · B2B CASE

ASML

An exclusive arrangement with the only company that can make the optics for the world's most advanced chipmaking machines.

24.9%
of Carl Zeiss SMT bought for EUR 1bn (agreed 2016), plus ~EUR 760M of support

EUR 32.7bn
2025 net sales, at a 52.8% gross margin

48
EUV systems recognized in 2025

~EUR 237M / ~EUR 289M
revenue per standard / High-NA EUV machine (Stradaro calculation)

EUR 38.8bn
backlog, end of 2025

The benefit

ASML is the only supplier of EUV lithography machines, and each one depends on Zeiss optics. ASML's annual report describes Zeiss SMT as its sole supplier and ASML as Zeiss SMT's only customer for these optics.

The barrier

- No other supplier offers comparable EUV optics.
- Nikon and Canon dropped out of EUV development by 2011.
- The arrangement grew from a partnership dating to 1997, not a bidding war.

Where it breaks

- It runs both ways: ASML says losing Zeiss would mean it could effectively no longer do business.
- Partly arbitraged: Zeiss shares the profit and ASML funds its capacity. Not sufficient alone: Cymer, know-how and customer funding matter too.
- Export controls and customer concentration: the top four customers were 61% of 2025 sales.

Timeline

1997 First framework agreements with Zeiss

2012 Intel, TSMC and Samsung invest EUR 3.85bn for 23% to fund EUV

2013 Buys light-source maker Cymer

2016-17 Buys 24.9% of Carl Zeiss SMT

2019 Export license for an EUV tool to China lapses

IN A B2B OR INDUSTRIAL BUSINESS

If your edge depends on one supplier, lock it in before a rival does: equity, co-funded capacity, stated exclusivity. Then list the dependence as a risk.

IN A CONSUMER BUSINESS

Exclusive content, licenses and supply deals are the consumer versions.

Ask your team: Does our advantage depend on one supplier, and who holds the renewal?

Sources: ASML 2025 20-F · ASML/Zeiss release, 2016 · CSET on EUV history. Press-quoted machine prices are not used; revenue per machine is our division of reported figures. Full article: stradaro.com/insights/7-powers-cornered-resource

POWER 7 OF 7 · PROCESS POWER · CONSUMER CASE

Inditex (Zara)

Fifty years of designing, making and restocking clothes in short runs. Rivals have studied it for decades and still earn less than half its margin.

58.3%	~20%	~8%	700+	EUR 39.9bn
gross margin, fiscal 2025	operating margin (H&M ~8%, Gap ~7%)	inventory as a share of sales (H&M ~15%, Gap ~14%)	in-house designers	fiscal 2025 sales

The benefit

In-house design, short production runs from supplier clusters and central distribution let Inditex make more of what sells and less of what doesn't. It carries less inventory and earns more than twice its rivals' operating margin.

The barrier

- The system has been refined since the first Zara opened in 1975.
- It has been public since at least 2004, when Harvard Business Review laid it out; rivals can see it.
- No single piece is secret. The whole system, built over decades, is what rivals haven't copied.

Where it breaks

- Shein's on-demand model brings clothes to market in five to seven days.
- Inditex now buys from 50 countries; the near-Spain sourcing share is no longer disclosed precisely.
- Sustainability scrutiny and tariffs.

Timeline

1975 First Zara store, A Coruña

1985 Inditex formed

2001 Listed on the Madrid exchange

2004 HBR's "Rapid-Fire Fulfillment"

2024-25 About EUR 900M a year invested in logistics

IN A B2B OR INDUSTRIAL BUSINESS

A manufacturing or service routine that ramps faster, wastes less or holds tighter quality, which competitors have tried and failed to match.

IN A CONSUMER BUSINESS

A retailer's or restaurant chain's operating system that rivals study for years and still can't replicate.

Ask your team: What do we do better that competitors have studied and still can't copy?

Sources: Inditex FY2025 results · Inditex, our approach · H&M full-year 2025 · Gap FY2025 results · HBR, 2004. The often-quoted "two weeks from design to store" is not used; margins and inventory ratios are Stradaro calculations. Full article: stradaro.com/insights/7-powers-process-power

POWER 7 OF 7 · PROCESS POWER · B2B CASE

TSMC

Decades of learning how to raise yields fast on each new process. Rivals with money and fabs still can't shortcut it.

46% to 66.4%	72.5%	305 / 534	-$10.3B	~12 months
gross margin, 2019 to Q3 2026	share of foundry revenue, Q2 2026 (TrendForce estimate)	process technologies / customers, 2025	Intel Foundry operating loss, 2025	Intel's 2020 yield slip against its own target

The benefit

TSMC prices for reliability: it says customers' value for "timely delivery of high yield products" is reflected in its pricing. Each new generation dilutes margin at launch, then lifts it as yields rise.

The barrier

- The know-how is complex (many functions and suppliers) and tacit (held in people and routines).
- Intel slipped a year on yield in 2020 and now has TSMC make some of its chips; Samsung lost customers over yields in 2022.
- As a pure foundry, TSMC doesn't compete with its customers' own chips.

Where it breaks

- TSMC also has scale and the AI boom; don't read 66% as process power alone.
- It may not travel: Arizona slipped a year, and overseas plants dilute margin 2-4 points.
- Its two largest customers were 36% of 2025 revenue.

Timeline

1987 Founded as a dedicated foundry

2018 / 2020 / 2022 7nm / 5nm / 3nm in volume

2025 2nm in volume; three charged with stealing 2nm trade secrets

2026 Q3 gross margin 66.4%

IN A B2B OR INDUSTRIAL BUSINESS

A cost or quality gap in manufacturing that competitors have tried and failed to close for years: faster ramps, lower scrap, tighter tolerances. If it lives in one plant manager, it is a person, not a process.

IN A CONSUMER BUSINESS

A retailer's supply chain or a restaurant chain's operating system that rivals have studied for years and still can't match.

Ask your team: How long would a funded competitor need to match it, even if they hired our people?

Sources: TSMC 2025 20-F · TSMC Q3 2026 results · Intel FY2025 10-K · TrendForce, Q2 2026. TSMC doesn't name its largest customers; common identifications are not used. Full article: stradaro.com/insights/7-powers-process-power

YOUR TURN

Benefit or barrier? Test your own advantages

List what you and your customers say makes you different. For each one, ask what would stop a well-funded competitor from copying it, and match the answer to one of the seven. If it fits none, it's a benefit: run it well, but don't build the strategy on it.

#	ADVANTAGE (IN THE CUSTOMER'S WORDS)	WHAT WOULD STOP A FUNDED COMPETITOR?	WHICH POWER, IF ANY?	FUND IT, KEEP IT, OR STOP?
1				
2				
3				
4				
5				

The seven barriers, in one line each

- **Scale economies:** a smaller rival loses money matching your price.
- **Network economies:** each new customer makes you more valuable to the others.
- **Counter-positioning:** copying you would damage the incumbent's existing business.
- **Switching costs:** customers would lose time, money or risk by moving.
- **Branding:** buyers pay more before they've ever used you, built over many years.
- **Cornered resource:** you hold something on terms no one else can get.
- **Process power:** your way of working took years to build and can't be copied quickly.

Bring us your list. We'll tell you which advantages a buyer would pay for.

We test them the way diligence will: customer interviews, competitor pricing and the cost data.

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