

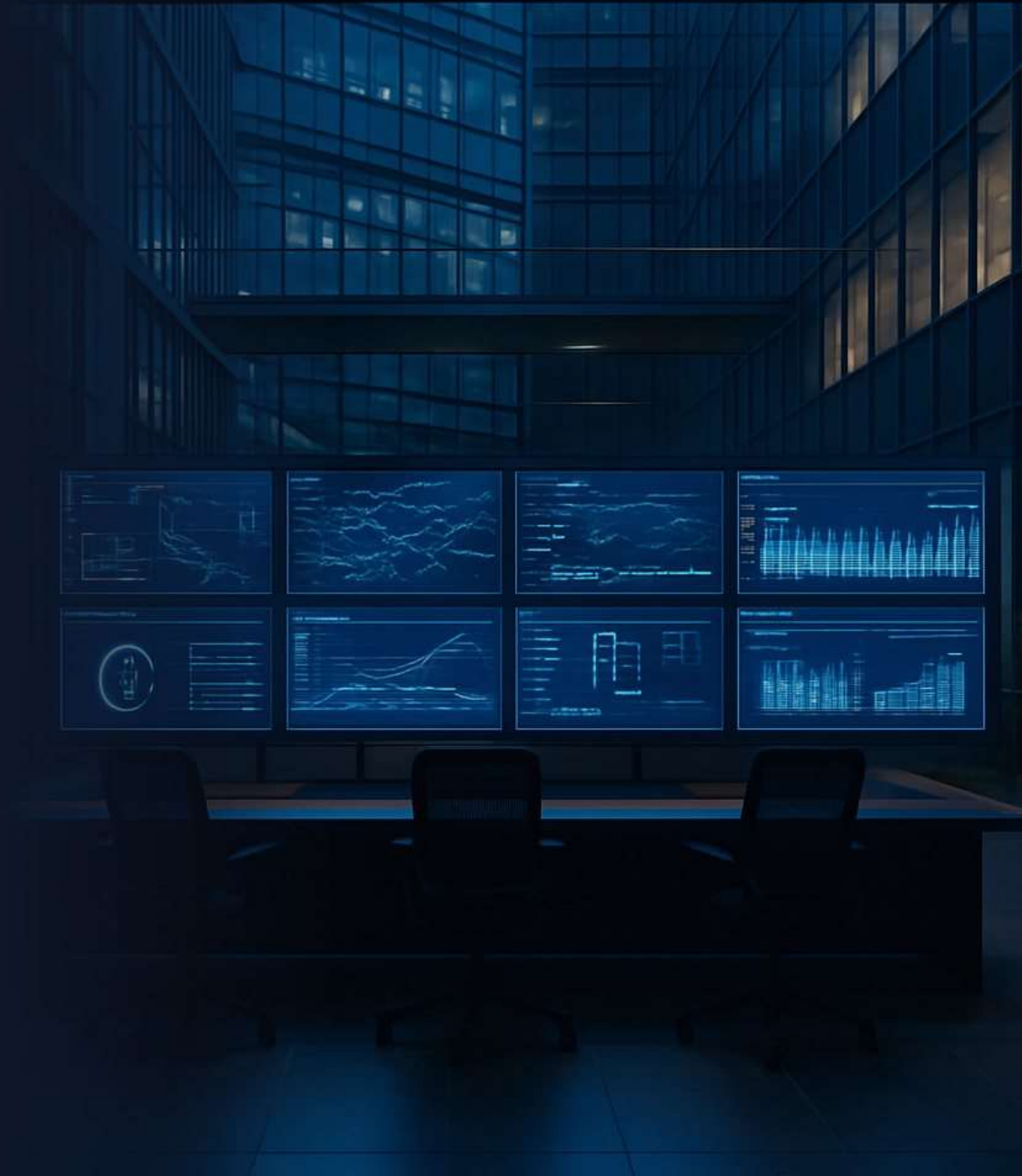
Commit Before Competitors Can Adapt

How to select irreversible or costly-to-reverse actions that alter rivals' expectations and preserve competitive position.

Theory session

Advanced

Running case: LumenFleet



Where this session sits

The final session turns analysis into moves rivals cannot assume you will reverse

MODULE 1

Foundations of
Defensible Position

MODULE 2

Defensibility Through
Market Architecture

MODULE 3

**Strategic Advantage
Under Rivalry**

SESSIONS IN THIS MODULE

3.1

Turn Learning into Strategic Leverage
When scale and cumulative learning actually compound

3.2

Model Rival Moves and Countermoves
Anticipating retaliation and entrant adaptation

3.3

Commit Before Competitors Can Adapt
Irreversible actions that alter rivals' expectations

YOU ARE HERE

What this session explains

Using irreversibility deliberately rather than accumulating it by accident

01 **Commitment works by removing your own options**

Rivals respond to what you can no longer choose to stop doing.

02 **Irreversibility is the active ingredient**

A reversible action changes nobody's expectations, however large.

03 **Commitment trades away flexibility**

The same property that makes it credible makes it dangerous if the world moves.

04 **Capability must precede the commitment**

GVC's funding was secured before the expertise to execute existed.

What makes an action a commitment

Three properties; missing any one and it is just a large decision

WORKING DEFINITION

A strategic commitment is a costly, hard-to-reverse action that changes what rivals expect you to do next — and therefore changes what they find it rational to do themselves.

1

Costly

A cheap move conveys nothing, because it would have been made whether or not you intended to follow through.

2

Hard to reverse

Sunk, specific, or contractually binding.
Reversibility is exactly what a rival discounts.

3

Visible

A commitment nobody observes changes no expectations. It must be legible to the party you intend to influence.

Ghemawat, P. (1991). Commitment: The Dynamic of Strategy. New York: Free Press. · Schelling, T. (1960).

Four ways to make a position hard to reverse

Each deters a different response

1

Capacity investment

Build ahead of demand. A rival adding capacity now faces a market that is already supplied — GVC's 46 ports.

2

Specific assets

Investments with little value outside this use. Their lack of resale value is precisely what makes the commitment credible.

3

Long-term contracts

Supply, distribution or customer agreements that bind you — and remove the input or channel from rivals.

4

Public commitment

Stated targets and dates. Cheapest form, and credible only where reputation is worth protecting.

5

Standards and integration

Embedding into customers' systems, as in Session 2.2. Commitment by both parties at once.

CHOOSING

Match the form to the threat

Capacity deters entry. Contracts deny inputs. Public commitment deters a price war. They are not interchangeable.

Ghemawat's four ways commitment bites

Each describes a different persistence in a firm's position

LOCK-IN

You are stuck with the position. Sunk assets keep you in whether or not it still pays.

LOCK-OUT

You are excluded from alternatives. Committing here forecloses moving there.

LAGS

Time between decision and effect. Nearly 1 MW of capacity cannot be assembled quickly by anyone responding late.

INERTIA

Slow internal adjustment. Organisations continue doing what they were built to do.

THE DETERRENT

Lags protect you

If a rival needs eighteen months to match a committed position, you have eighteen months of unanswered advantage.

THE DANGER

Lock-in cuts both ways

The same sunk cost that keeps rivals out keeps you in when the technology or demand shifts.

THE DESIGN RESPONSE

Build in option value

GVC specified smart and managed charging so the asset supports later flexibility rather than only today's schedule.

Ghemawat, P. (1991). Commitment: The Dynamic of Strategy. New York: Free Press.

Commitment against flexibility

The choice depends on how much you expect to learn

STAY FLEXIBLE High uncertainty, cheap to wait, and information will arrive. Preserving the option is worth more than moving early.	COMMIT DELIBERATELY The advantage of pre-emption exceeds the option value, and the position is durable enough to be worth locking.	OVER-COMMITTED Irreversible investment made against an assumption that has not been tested. The GVC risk, absent the partner work.
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WHEN COMMITMENT BEATS WAITING

Condition	Why it favours committing
The resource is scarce and rivalrous.	Sites, spectrum, shelf space and grid connections go to whoever moves first.
Learning requires the commitment itself.	Some information only exists once you have built — Session 1.1's action argument.
Lags are long.	If matching takes years, early commitment buys years of unanswered position.
Waiting reveals little.	If the uncertainty will not resolve on its own, delay buys nothing.

Commitment as a series of decisions

The GVC sequence, which is the general form

FROM AMBITION TO DEPLOYED ASSET



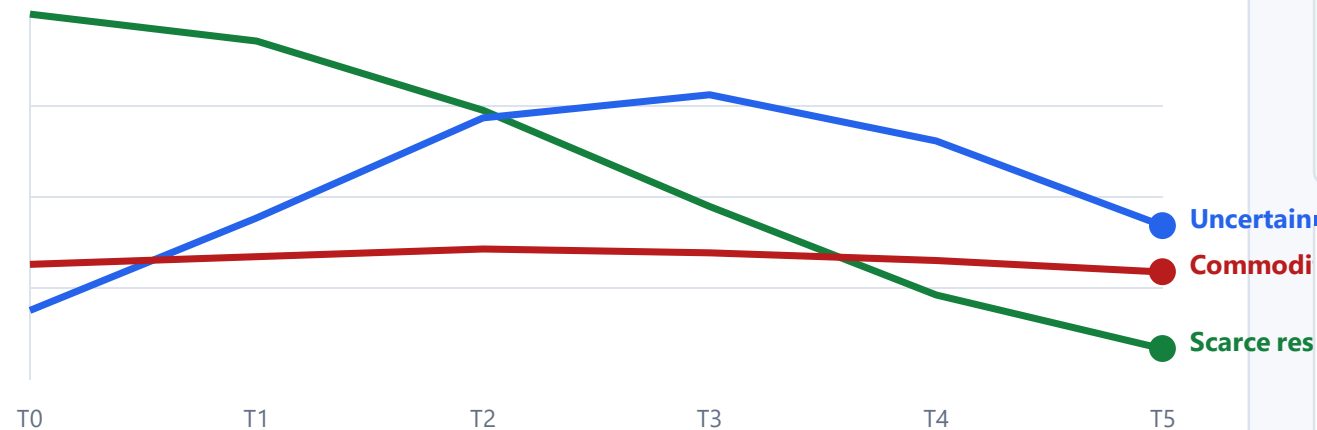
THE STEP THAT IS ASSUMED AWAY

The second box is the one that fails. GVC secured over \$2 million and still lacked internal expertise in electrification and infrastructure planning — a funded commitment is not an executable one.

Committing too early, and too late

The window is bounded on both sides

VALUE OF COMMITTING, BY WHEN THE COMMITMENT IS MADE
VALUE OF THE COMMITMENT



Where the resource is scarce, value decays with delay. Where demand is uncertain, early commitment destroys option value.

SCARCE AND RIVALROUS

Move first or not at all

Grid connections, sites and licences go to whoever commits. Waiting is a decision to lose.

UNCERTAIN DEMAND

Let information arrive

Committing before the market resolves converts a flexible position into a fixed bet.

THE JUDGEMENT

Which curve are you on?

Getting this wrong is symmetrical: too early wastes capital, too late forfeits the position.

Six questions before an irreversible move

Each one has stopped a commitment that should not have been made

Question	What a poor answer sounds like
What assumption is this betting on?	"That the market will grow" — untested, and unnamed as a bet.
What would it cost to reverse?	Unknown, because nobody costed the exit.
Do we have the capability to execute it?	"We'll hire" — the GVC gap, without GVC's partner response.
Is the resource actually scarce?	"Others might want it" — scarcity assumed rather than evidenced.
Can option value be preserved cheaply?	Not considered. GVC's managed charging is the counter-example.
Who needs to see it, and will they?	No plan to make the commitment legible to the rivals it is meant to deter.

THE QUESTION THAT MATTERS MOST

A commitment that fails question three is the most dangerous kind: irreversible, visible, and unexecutable.

Three commitments that destroy value

Each is bold, visible, and made against an untested assumption

Commitment as announcement

Looks like A public target with no sunk cost behind it.

Why it fails Rivals discount it because reversing costs nothing but embarrassment.

Fix Attach something irreversible, or do not announce.

Committing to the current method

Looks like Assets optimised for today's technology.

Why it fails Lock-in holds you in a position the world moved past — Session 3.1's exposure.

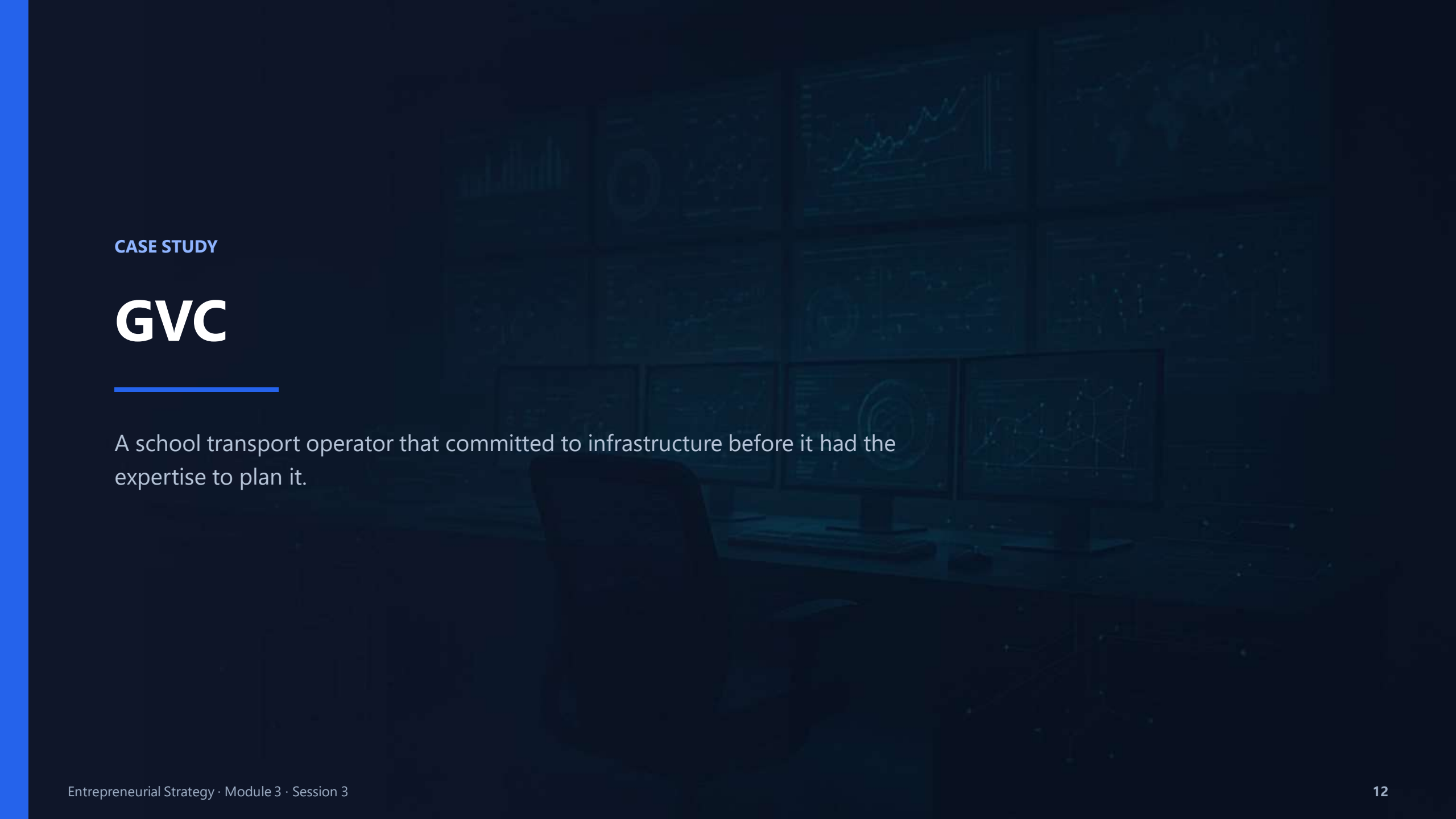
Fix Buy option value where it is cheap, as GVC did with managed charging.

Funding mistaken for capability

Looks like A secured award treated as project completion.

Why it fails Engineering, software and construction still have to happen.

Fix Acquire the execution capability before the commitment binds.



CASE STUDY

GVC

A school transport operator that committed to infrastructure before it had the expertise to plan it.

Commitment treated as design, not declaration

Funding secured, capability acquired, flexibility preserved

THE COMMITMENT

Funded before it was defined

THE SCOPE

45 electric school buses in 2026 — New York State's largest electric school bus charging project.

THE SCALE OF THE ASSET

Nearly 1 MW of installed charging capacity across 46 charging ports.

THE GAP

GVC lacked internal expertise in fleet electrification and infrastructure planning at the outset.

MAKING IT EXECUTABLE

Commitment as a sequence of decisions

THE FUNDING

Over \$2 million secured through NYSERDA and Con Edison programmes.

THE CAPABILITY

Partner-led engineering guidance, infrastructure planning, software strategy and construction support.

THE DESIGN CHOICE

Smart and managed charging, so the asset supports later flexibility rather than only today's schedule.

READING THE CASE

A funding award does not remove the need for execution capability. Strategic commitment was treated as a sequence of design decisions rather than as a declaration that could stand alone.

Drawn from the session case pack.

Bringing the theory to LumenFleet

One commitment, tested before it becomes irreversible

Test	What you establish	LumenFleet example
The move	Specific, costly, visible.	Secure grid interconnection at six sites ahead of contracted demand.
The bet	Named, with evidence.	Regional fleet electrification continues at the current rate through 2029.
Reversal cost	Costed, not assumed.	£2.4m sunk; interconnection rights have limited resale value.
Capability	In place before committing.	Two utility engineers hired; contractor framework signed first.
Option value	Bought where cheap.	Oversized conduit and managed charging — 8% more cost, large future flexibility.
Legibility	Who must see it.	Announced at the point interconnection is granted, not before.

WHAT COMES NEXT

This closes the course: structure, resources, architecture and rivalry all resolve into moves you are willing to make irreversible.

What to carry out of this session

- 1 Commitment works by removing your own options.**
Rivals respond to what you can no longer choose to stop.
- 2 Irreversibility is the active ingredient.**
A reversible action changes nobody's expectations, however large it is.
- 3 The same property that deters rivals traps you.**
Lock-in holds you in a position when technology or demand moves.
- 4 Commit early for scarce resources, late for uncertain demand.**
Getting the curve wrong is costly in both directions.
- 5 Funding is not capability.**
GVC secured over \$2 million and still needed the expertise to execute.

Sources for this session

Primary references behind each concept

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