FIVE ACTIVE AND INTEGRATED PROCESSES OF AUSTRIAN ECONOMICS

A summary of five business concepts which Austrian economics helps entrepreneurs view as processes.

Say's Law As A Process

- Perceive and interpret → **Unarticulated Market Problem**
- Produce and communicate → **New Market Demand**

Subjective Value As A Process

- Produce and communicate
- Facilitate comparison
- Pricing
- Monitoring/data collection
- Customer relations/research

→ **Value Assessments**

- Absolute Value (Is there ANY value for me?
- Relative Value (Worth more than alternatives?)
- Exchange Value (Worth the price?)
- Experience Value (How usage experience feels.)
- Assessed Value (Met my expectations?)

Comparative Advantage As A Process

- Long term thinking
- Focus on capabilities not competitors
- Combine multiple capabilities
- Continuous improvement of methods

→ **Evolution Of Advantage**

- Sustainability of Advantage
- Non-copyable Advantage
- Integration Advantage
- Technique Advantage

Opportunity Cost As A Process

- Focus on a few capabilities
- Focus on a few categories
- Calculate opportunity cost of new initiatives
- Continuously improve current capabilities

→ **Opportunity Cost Actions**

- Know your most productive opportunities
- Category Killer – Leader in focus area
- High bar for allocation of resources
- Don't be a "serial entrepreneur"

Pricing As A Process

- Establish a pricing strategy
- Discover the market price level
- Choose the costs that result in profit
- Continuously improve low cost production

→ **Pricing Strategy And Costs**

- Example: Lowest cost for high quality
- Market answers the question: what is low?
- Choose efficiency and integration.
- Kaizen and TQM techniques

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