



# Using Core Competencies for Operational Strategy



## What this document is about

This is a paper exploring the core competencies that enable better value creation for customers. The paper will look at:

A structured way of understanding core competencies and how this connects to strategic outcomes

Definition of core competency and how this drives capacity and partnership decisions for an organisation

Why core competencies are important to drive strategy beyond merely partners' understanding of product and strategy



## Growing products and services without considering core competencies can result in value loss for an organisation

- **Product and Service enlargement without understanding core competencies can lead to value leakage**
  - Organisations can seek to grow vertically into areas where they have little competence but consider this to be a 'natural' next step
  - Resources can be stretched, which means core competence are not given focus and skilled staff are taken into new roles with little leverage
- **Core competencies are infrequently used by organisations**
  - Only 20% of organisations<sup>1</sup> have considered their core competencies
  - Of those who considered core competencies almost 80% are with benefit of the approach

Understand core competencies before embarking on structural changes

1. Bain & Company - <http://www.bain.com/publications/articles/management-tools-core-competencies.aspx>



## What are core competencies

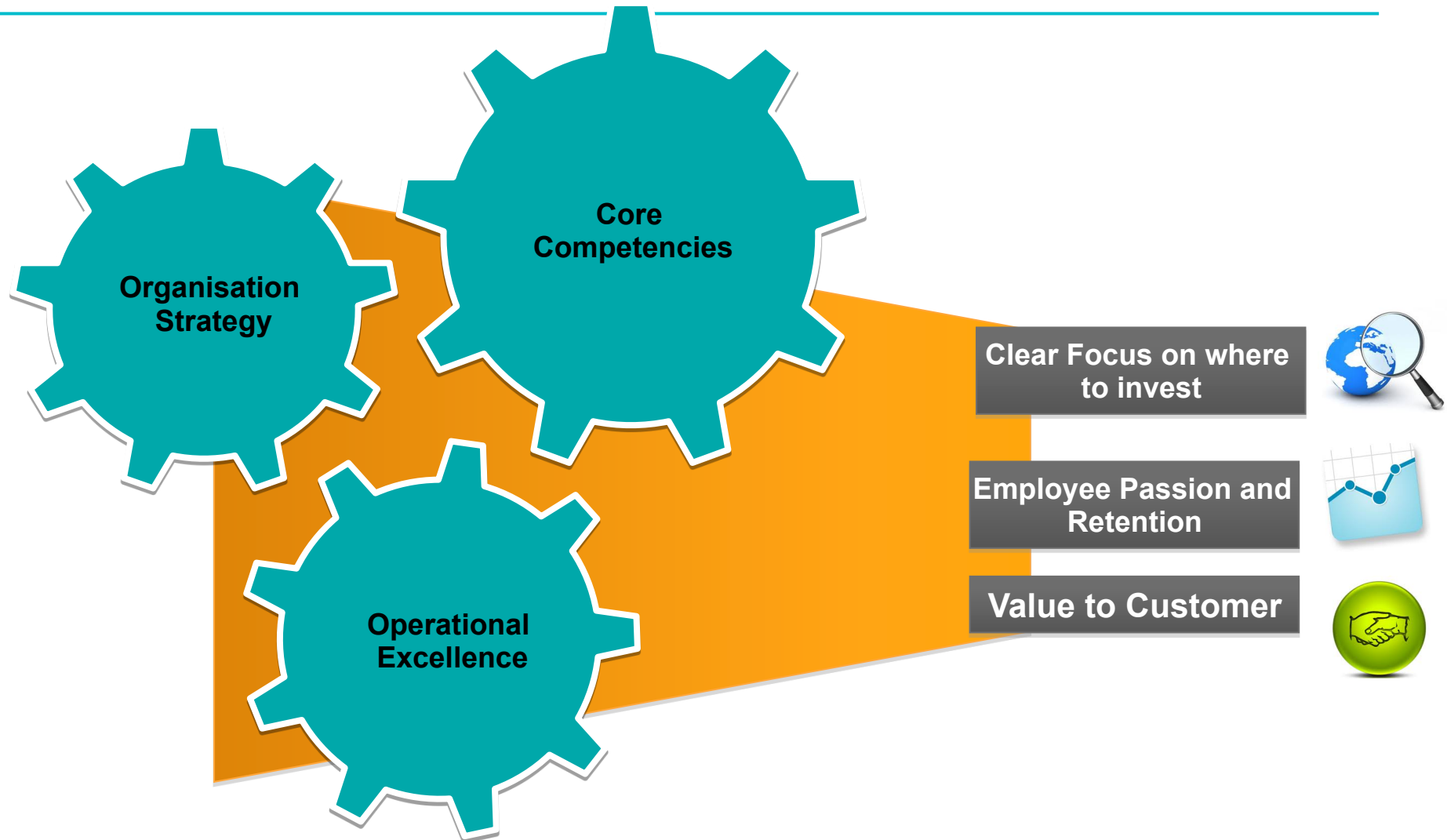
*The following is a good definition of core competencies based on our research<sup>1</sup>*

- 1. Collective learning across organisational boundaries that's hard to reproduce**
- 2. An experience/feeling that customer have that seems hard to imitate**
- 3. Something that the organisation is known and valued for in the 'market'**

1. Bain & Company. <http://www.bain.com/publications/articles/management-tools-core-competencies.aspx>
2. Hamel, Gary, and C.K. Prahalad. Competing for the Future. Harvard Business School Press, 1994



**Core Competency is a vital cog in maximising value to customers and maintaining an organisation's reputation**



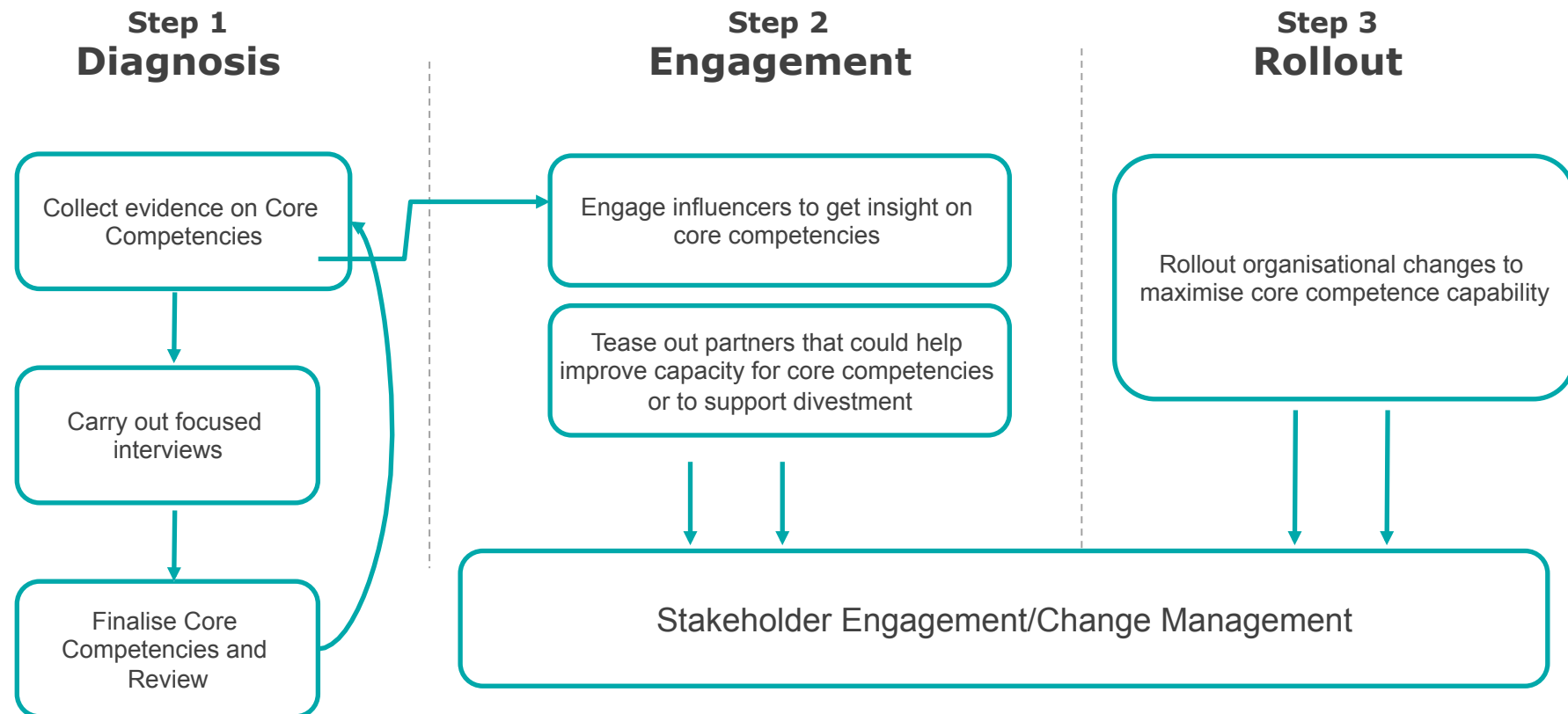


## How to develop core competencies

- **Focused Interviews**
  - Asking questions in an open yet challenging way, with key players in an organisation will tease out areas of competencies
  - Strong Evidence Base: Collect data from customer feedback, market assessments, and employee feedback that provides data driven evidence of core competencies
- **Understanding capacity and strength of core competencies**
  - Once a set of competencies has been developed these need to be put on a matrix that assesses their relative strength versus the organisation capacity to deliver
- **Assess partners that could provide capacity or an opportunity to divest non-core**
  - Working in partnership is a great enabler for increased capacity around core competencies.
  - Divesting non-core elements to a partner/supplier of choice can still enable a joined up experience for the customer



## Kinetik Solutions can help you understand your core competencies which will enable better operational strategy



**'Kinetik solutions facilitated two important sessions of strategic analysis for my Senior Management Team. Rapidly building an understanding .. led our thinking and teased out the key issues with remarkable skill.'**  
- CEO of Large National Charity

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## **Kinetik Solutions Ltd**

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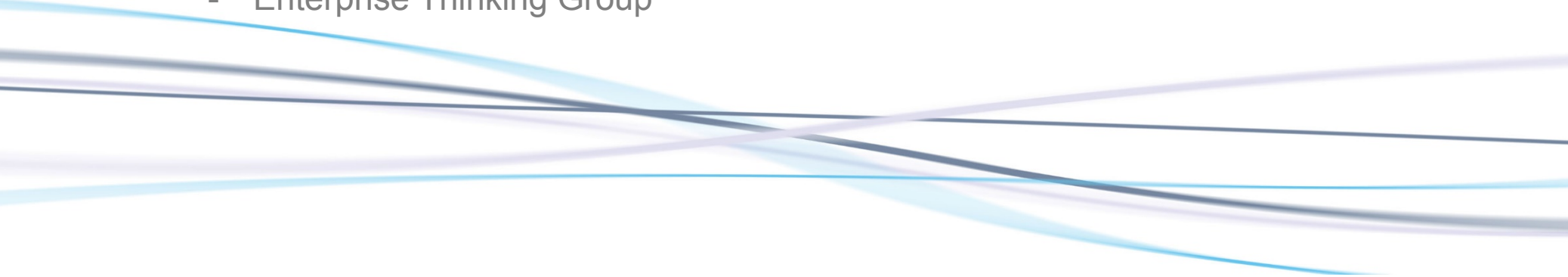
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# Consultancy profile

- Established in 2007, kinetik solutions delivers complex change for large organisations in the public and private sectors
  - Our team consists of highly experienced consultants each with over 10 years change management experience in blue-chip organisations or a 'Big 4' management consultancy
  - We continually invest in learning to offer the latest thinking in transformational change to our clients. We run regular public events on Lean learning for our NHS clients and are members of:
    - Lean Enterprise Group
    - Deming Alliance
    - Operational Excellence Group
    - Enterprise Thinking Group
- 

# Our solution areas

- **Complex Transformation Programmes**  
We make change happen in a sustainable way
  - **Operational Design and Improvement**  
Strategic design for complex processes and their implementation
  - **Systems Implementation**  
Integrating process and IT change to achieve operational effectiveness
  - **Collaborative Workshops**  
Fast, informed decision making, from strategy to continuous improvement
  - **Digital Content Collaboration**  
Creating structures for rapid delivery in digital supply chains
- 

# The Team



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We work with a range of clients in a variety of sectors



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