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Chapter 1 : Core Competencies - An essential for Organizational Success

The core competency theory is the theory of strategy that prescribes actions to be taken by firms to achieve competitive advantage in the marketplace. The concept of core competency states that firms must play to their strengths or those areas or functions in which they have competencies. In.

Strategic action competency is a key managerial skill for mid- to upper-level management. A managerial competency in general is a set of knowledge, skills and behaviors that allows a manager to perform his duties efficiently and effectively. Strategic action competency is one of six core competencies necessary to be a good manager. The other five are communication competency, planning and administration competency, teamwork competency, multicultural competency and self-management competency.

Understanding The Big Picture The first key to strategic action competency is to understand the big picture. Consider pertinent questions, such as: What are the values of the organization? What makes your organization unique? How does your organization fit into the overall industry? What advantages does your company have over your competitors? What advantages do competitors have over your company? Who are your strategic partners? How does your company relate to their partners? How does your company relate to their competitors? How do departments or divisions within your organization relate to each other?

Anticipating The Future Once you understand the big picture, you can begin anticipating the actions of your competitors and the desires of your customers. A key factor in strategic action is anticipation and forecasting. Just as a good general anticipates the action of the enemy, a good manager plans for contingencies and possibilities based on his perception of what the competition will do next and what the customer will want or need.

Taking Strategic Action By correctly forecasting the actions of others, you can be prepared to outmaneuver them. This can involve getting to market first with a new product in order to leapfrog the competition or providing better value or higher quality. The key is to take strategic action to optimize the chances of success based on your forecasts of the actions and desires of others and to consider the long-term implications of any actions taken.

Success Successful outcomes of strategic actions do not have to be of the win-lose variety but can be structured as win-win scenarios. In fact, one sign of a truly competent strategic planner is one who has left a string of satisfied collaborators and customers behind rather than a string of defeated foes. Of course, factoring in the additional needs of the other parties and engineering a successful outcome for all parties requires a higher level of skill than one who limits his options to only satisfying his side of the equation. He is also the editor of InflationData. He holds a Bachelor of Science in engineering management from Clarkson University. Photo Credits handsome managers image by Andrey Kiselev from Fotolia.

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Chapter 2 : Core competencies for Business | MBA Crystal Ball

Managers and management scholars alike need operational models and concepts for dealing with core competencies within strategic management. This book provides tools for the practitioner as well as fundamental theoretical concepts to enable scholars to further build upon Drejer's work.

Core Competencies – Competitive Base for Organizational Success

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Competence is considered as the most important attribute without which a business cannot enter or survive in an industry. Competences develop from resources and skills, technology and know-how all together makes up competences. That is every player in the industry needs to possess each of these competences in order for it to survive long term. Core Competences are the skills and abilities by which resources are deployed through an organisations activities and processes such as to achieve competitive advantage in ways that others cannot imitate or obtain. Core competence is a distinctive capability that enables an organisation to perform above the average industry performance. In the s this concept gained momentum after the introduction of the idea of internally developed core competencies or organisations distinctive capabilities as essential means to develop a competitive edge rather than the environment by Hamel and Prahalad in their work. And there has been considerable debate over this topic in the field of strategic management as many theorists have presented different views and a consensus has not been reached. Porter considered as an important theorist advocates the positioning view and his strategy formulation technique dominated in the s and since the s the resource based view of the firm has increasingly come to dominate the field of strategic management. This resource based reasoning has been extended for dynamic capabilities in which industries and the environment are getting increasingly dynamic for formal environmental structure. Nourishing and stabilizing everything is the root system: The major distinction was found in the way the organisations acted whether as a portfolio of businesses as opposed to a portfolio of competencies. This was clearly seen across many industries with the success of companies like Canon, Honda, Sony, Yamaha and Casio which were all able to come up with unanticipated products by operating at low cost and more steadily than competitors by building core competencies. It is about the coordination, integration and organisation of the various technological and production skills for creating valuable and innovative end products. The nature of resources and competences that underpin them is to be explored first as the core competences are complex and intangible. The basic behind doing this to identify the resources and competences that acts as the foundation of existing or potential core competences. Usually not all the competitors in an industry are said to possess core competencies or distinctive capabilities but only those that are producing above the average performance. Core competencies can be distinguished from general competencies in a number of ways. They are unique to the company, more complex, difficult to copy, relate to fulfilling customer needs , add greater value, based on distinctive relationships with customers, distributors and suppliers and based on superior organisational skills and knowledge. When competitors of Apple such as IBM was spending at least times more on research and development , Apple known for its innovation came up with mac by utilizing its core competency in designing computing devices with exceptionally elegant ease of use and it improves its ease of use in unimaginable ways even before its market entry. Thereby a core competence becomes a market advantage. The nature in which a few companies have achieved competitive advantage on the basis of their resource capabilities and competences in less favorable industries is interesting to analyse. Dyson is one such company into manufacturing alliances which is a perfect example for a company that has achieved a competitive advantage with its distinctive bag-less vacuum cleaners. First analysis by category: Human, financial, tangible or physical is carried out. With its headquarters in a rural part of the west of England and it has a dedicated testing facility in Malaysia. James Dyson featured in the advertisements himself and firmly believed his own image and personal brand was major for the promotion of the firm. Dyson strongly believes in patents to protect the innovative ideas from being copied. The distinctive feature of Dyson dual cyclone

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vacuum cleaner is the adoption of an entirely new technology and its commitment to design. With special emphasis on the product engineering unit that develops prototypes using specialized computerized technology and other methods to practice and test new ideas. Then according by specificity, which is industry specific knowledge and skills. Dyson takes special care by employing skilled and creative people with full of fresh and out of the box ideas. Non-specific resources tend to be more flexible and form the basis of competences whereas these industry-specific resources form the foundation stones for building core competencies. Then resources can be evaluated on the basis of its contribution to measures of performances such as financial and in comparison with competitors. Unlike Apple known for its innovative design which subcontracts all manufacturing Dyson believes it is a blend of engineering, design and manufacturing that results in a competence that cannot be imitated by others and is particular about protecting each differentiated product through patenting. Dysons competitive advantage can be explained in terms of its unique, innovative products, engineering and design, manufacturing, marketing and brand promotion. Thus it has gained a good reputation for producing unique difficult to be imitated by competitors products by adequately focusing on customer needs. Similarly another very good example is that of the budget airline pioneer Ryanair which has achieved a competitive advantage by following a low cost strategy which was adopted from the successful southwest airlines US model. The financial resources of the company come from the Ryan family, investors, shareholders and creditors. These include its ability to cut down costs to sustain low fares at the same time remain profitable which is done by following a fleet commonality policy as the Boeing which is the most common aircraft used, the firm is able to drive down costs in obtaining spares and maintenance services. By contracting out services such as aircraft handling, ticketing, baggage handling and other functions to third parties it reduces direct exposure to employee relations , the need to handle potential disputes and responsibilities. Moreover the firm is able to obtain competitive rates and multi-year contracts at fixed prices for ground handling which limits costs. In order to reduce airport charges such as landing fees, passenger loading fees, aircraft parking fees and noise surcharges to the bare minimum the firm tends to avoid congested primary airports and flies to secondary airports. The company controls employee compensation costs by implementing a performance related pay structure. By adopting the internet technology it is now capable of targeting customers directly rather cutting travel agent commissions. It had adopted cost-cutting measures for passenger check-in and luggage handling by introducing priority boarding and web-based check-in thus saves staff, airport facilities and time. Charging for check-in bags resulted in passengers carrying fewer bags or even zero check-in luggage thus enhancing speed and saving on costs. Major competences of Ryanair were operating flights at lower fares and cost cutting policy it followed. It has core competence in its use of information technology that can support its management and marketing operation. Critical success factors include innovation, low fare tickets, punctuality and website. Amazon is another excellent example of a company that swept past the traditional book business by using the internet to reach to customers and its success can mainly be attributed to its business model and its strategic competences and capabilities. The company had grown enormously well from a virtual book seller to selling diverse range of products online such as music CDs, software, office products, electronics, toys, games, cookware, hardware, food, and health products increasing its revenue manifold by this way. The company had gone global by establishing websites in many countries and has around 20, employees. The company is favorably located in Seattle as there was a large supply of computer software talent available and followed a strategic recruitment policy. Amazons major resources are its specialized fulfillment centers, a reliable web infrastructure and the process of maintaining and managing the infrastructure. The internal capabilities that contribute to the competitive advantage are scalable Information technology in place, availability of the largest and most sophisticated collection of online retailing technologies and intangible resource is the way it centrally manages the web services. Competences include use of recyclable cardboard for packaging. Since the company had already incurred fixed costs for developing software for the online store its expansion into other product categories would help to spread these costs across a greater pool of transactions thereby increasing the profits. Typically by this the company saves

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through economies of scale. And the competences that provide competitive advantage are its online product searching, ordering and reviewing facilities. By moving into new product categories it gains significant growth opportunities and has gained a reputation for the brand and has a loyal customer base by providing consistent and timely services. The company successfully obtained a patent for this and stalled its use by its chief rival Barnesandnoble. Another very important competence is its outstanding CRM and website personalisation. The affiliate program, successful partnering, auctions and Zshop initiative by which it got into the store hosting business had all proved to be profitable and thus had helped amazon go beyond retailing. Thus by analyzing the success of companies such as Dyson, Amazon, Ryanair it is evident that the capabilities and competences when successfully deployed give organisations a competitive advantage. Hence it stresses the need to rethink the organisation as a portfolio of competencies in order to succeed in the long term.

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Chapter 3 : Core Competencies

The author offers the reader multiple perspectives on the background of competence-based strategy, the relationship between strategic management and the development of core competencies, and the application of competence-based strategy to praxis.

Planning is something that has become a habit for many, in one or more areas of our lives. However, most of the time when we do things without planning we are taking huge risks, with results that often are discouraging or unsatisfying, at best. In few areas is planning as important as it is in business. In fact, it is so important that it has a unique title: When we say that a business is carrying out strategic management, what is meant is that "strategic management" defines a strategy for its business activities, with clear, well-defined goals. The business will then create clear, well-defined plans that it will then put in action to achieve its goals and to align its business activities, so that the business will be in harmony with those goals. It also will allocate all of the necessary resources to achieve those goals. A good plan also gives the company a valid social license for operations. For example, consumers are seeing an increase in their awareness of their products being sold by companies. This includes operations from an environmental standpoint as well as from an ethical one. Strategic management is a multi-faceted operation that requires lots of different skills in business and in leadership. For example, strategic management requires the manager be highly analytical and to have refined analytical skills. They need to understand such things as the expectations of the stakeholders, the needs of the customers, the competitive landscape, the global trends, the environment within which the business operates and so on. For strategic management to be successful, it needs to start with an understanding of the internal factors as well as the external factors that determine the success of the company, whether short term or long term. That understanding needs to be both honest and clear. The relevance of strategic management is all about strategy, and so it will require strategy. The manager must have the ability to be abstract in the theoretical world of business analysis and also to be practical in business strategy. Business managers should be able to look at the business analysis, so that can identify the opportunities that the analysis reveals. They should then be able to choose the opportunities that they will follow, so that they can then develop a unique strategy, which defines how the business will leverage the opportunities, so that he will become successful. Also, strategic management is all about leadership and, as such, it will require leadership skills of the strategic manager. These managers need to engage with the stakeholders of the company, both internally and externally, and be aware of the challenges that face strategic implementation. Additionally, they should be skilled enough leaders to overcome those challenges. Training Required for Strategic Management In theory, at least, it is possible to master all of the skills that strategic management requires, simply by gaining experience on the job. However, this is impractical and slow, at best. It is important to develop a training program for strategic management so that it is faster to attain the abilities that strategic management requires. This training should also be conducted under the guidance of a strategic management expert. There are many institutions out there that offer courses in business development and management. When picking a college to go to, look for a course that is practical and takes you along the tricky path from business analysis to business strategy. That said, there are quite a few advantages to a good strategic management training program: Understanding When you take a good strategic management course, you gain an intimate understanding of the way the business environment today is both interconnected and global. Development When you take a good strategic management course, you get the opportunity to develop your strategic thinking skills, especially in relation to the way your business operates within its immediate and greater environment. Identification Good training in strategic management will give you the ability to quickly and easily identify opportunities for your company in its immediate as well as greater business environment. Creation A good strategic management course will teach you how to create strategies that are both effective and efficient in the leveraging of the opportunities which you identify for your business. Management As would be expected, good training in

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strategic management will give you the ability to manage both your team and the organization as a whole, as it moves forward to achieve the goals of your strategic plan. The best kind of training in strategic management will give you the ability to work directly on the issues that affect your business. You will analyze the challenges faced by your business and provide support for your business as you develop a strategy for it. Good training will also provide you with the necessary leadership skills that will help you execute your business strategies. The Long-Term Results of Good Strategic Management Training When you seek the right kind of strategic management training, you will have what it takes to lead your company into the future, and to play a key role in that future. You will have the advantage of the necessary skills, thought processes, and the tools you need to unlock value for your company in the present and the future. You should be ready to meet many challenges on your journey, some of which will be critical to your business. After all, the contemporary business environment changes daily.

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Chapter 4 : Why Is Strategic Management Needed? | blog.quintoapp.com

I was looking for a book, which could provide practitioners like me with tools to proactively work with the core competencies of my company. This I found in this book written by Anders Drejer.

Core competency is a unique skill or technology that creates distinct customer value. For instance, core competency of Federal express Fed Ex is logistics management. The organizational unique capabilities are mainly personified in the collective knowledge of people as well as the organizational system that influences the way the employees interact. As an organization grows, develops and adjusts to the new environment, so do its core competencies also adjust and change. Thus, core competencies are flexible and developing with time. They do not remain rigid and fixed. The organization can make maximum utilization of the given resources and relate them to new opportunities thrown by the environment. Resources and capabilities are the building blocks upon which an organization create and execute value-adding strategy so that an organization can earn reasonable returns and achieve strategic competitiveness. Core Competence Decision Resources are inputs to a firm in the production process. These can be human, financial, technological, physical or organizational. The more unique, valuable and firm specialized the resources are, the more possibly the firm will have core competency. Organizational capabilities are generally a result of organizational system, processes and control mechanisms. These are intangible in nature. It might be that a firm has unique and valuable resources, but if it lacks the capability to utilize those resources productively and effectively, then the firm cannot create core competency. The organizational strategies may develop new resources and capabilities or it might make stronger the existing resources and capabilities, hence building the core competencies of the organization. It helps in creating customer value. Also, core competencies help in creating and developing new goods and services. Core competencies decide the future of the organization. These decide the features and structure of global competitive organization. Core competencies give way to innovations. Using core competencies, new technologies can be developed. They ensure delivery of quality products and services to the clients.

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Chapter 5 : Core Competencies - Competitive Base for Organizational Success

A specter is haunting strategic management these days – it is the specter of competencies. This is a book on strategy and competencies, the latter being a relatively new concept that can serve to enlighten and improve theory and application of strategic management.

Prahalad and Gary Hamel. Should make a significant contribution to the perceived customer benefits of the end product. Difficult to imitate by competitors. These help it build cameras, but may also be useful in making other products that require these competencies. These enable an organization to access a wide variety of markets. Prahalad and Gary Hamel illustrate that core competencies lead to the development of core products which further can be used to build many products for end users. Core competencies are developed through the process of continuous improvements over the period of time rather than a single large change. To succeed in an emerging global market, it is more important and required to build core competencies rather than vertical integration. NEC utilized its portfolio of core competencies to dominate the semiconductor, telecommunications and consumer electronics market. The use and understanding of the concept of core competences can be very important to enterprises. They can use core competences in order to excel at the contrivance of core products. The core capability is the management ability to develop, out of the core competences, core products and new business. Competence building is therefore an outcome of strategic architecture which must be enforced by top management in order to exploit its full capacity. Prahalad and Gary Hamel definition, core competencies are the "collective learning across the corporation". They can therefore not be applied to the SBU Strategic Business Unit and represent resource combination steered from the corporate level. Because the term "core competence" is often confused with "something a company is particularly good at", some caution should be taken not to dilute the original meaning. In *Competing for the Future*, the authors C. Prahalad and Gary Hamel show how executives can develop the industry foresight necessary to adapt to industry changes and discover ways of controlling resources that will enable the company to attain goals despite any constraints. Executives should develop a point of view on which core competencies can be built for the future to revitalize the process of new business creation. In a race to achieve cost cutting, quality and productivity, most executives do not spend their time developing a corporate view of the future because this exercise demands high intellectual energy and commitment. The difficult questions may challenge their own ability to view the future opportunities but an attempt to find their answers will lead towards organizational benefits.

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Chapter 6 : Staff View: Strategic management and core competencies :

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About Us See Also strategic management framework strategic management methodology intelligence hierarchy business model business design strategic management process organization member capabilities

Definition A strategic management competency is the competency of a business organization to achieve and sustain a competitive advantage. Strategic management discipline -- A strategic management discipline is developed from data, information, knowledge, and understanding. The developmental levels of the discipline corresponding with the levels of intelligence identified in the intelligence hierarchy. Research captures data and information. From this information, the strategic management body of knowledge is formed. The body of knowledge organizes and defines information according to the critical ideas, themes, and concepts. From the body of knowledge, assessment and experience builds understanding reflected in the strategic management framework -- a guide for both applying current knowledge as well as for integrating new knowledge in the future. Strategic management body of knowledge -- Defining a competency begins with assembling and organizing information discovered in researching strategic management competency - including subjects such as competition, strategy, economics, systems science, complexity, thinking, decision making, leadership, management, etc. As the research goes on, key ideas, themes, and concepts emerge, i. These patterns are folded back on the information itself, both to organize the information and as hypotheses to be tested for legitimacy, as further research is conducted. The body of knowledge approaches a useful degree of completeness as the patterns stabilize and as all information fits into one or more patterns. The science of complexity finds that complex systems are inherently self-organizing. Strategic management must take this into account to fully tap the power of the organization in the business design. The body of knowledge is narrower, deeper, and more integrated than a dictionary or an encyclopedia. Though its basic organization is an alphabetized set of terms, beyond that, the similarity ends. The definitions new of the terms are made consistent with the themes identified and judged to be significant for a valid understanding of strategic management. Links between the terms show the relationships between ideas and ideas that define themes and concepts. The body of knowledge is structured like a wikipedia, but has one editor and one specific mission, harmonizing the know-how for achieving and sustaining a competitive advantage for business organizations.

Strategic management framework -- The strategic management framework takes the level of intelligence from know-how to understanding why strategic management should be approached in a particular manner -- understanding the application of the key constructs, concepts, and themes. This framework reflects the axioms, principles, structure, and objectives that turn the body of knowledge into a body of understanding, answering the questions regarding why certain techniques and constructs are fit together. The framework is the highest level of expression of the strategic management discipline. It provides the basis for the strategic management methodology to transform a business organization - developing a stronger strategic management competency to produce a competitive advantage in order that the organization may endure. Judgment and context shape the approach for a particular business organization. The methodology deals with the transformation of the business organization to become more competent in producing and sustaining advantage. See strategic management methodology.

Strategic management competency described -- The strategic management framework combined with the methodology, describes the strategic management competency and how to approach its development. An organization competent in strategic management is describes as follows --

Business organization design -- A strategically competent business organization design has an inspiring purpose, a guiding light like that of BHAGs or strategic intent, novelty generation, an adaptable structure, taps into self-organizing forces, has configurable processes, dynamic capabilities, and is functionally flexible to adapt and produce new offerings.

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Chapter 7 : Strategic Management and Core Competencies: Theory and Application - Anders Drejer - Good

The concept of core competencies was developed in the management field in by C.K. Prahalad and Gary Hamel in the Harvard Business Review article titled "Core Competence of the Corporation".

Chapter 8 : Strategic Management: Core Competency Theory of Strategy

A strategic management competency is the competency of a business organization to achieve and sustain a competitive advantage. Elements and structure of a strategic management competency -- A 'competency' is made up of a discipline and a methodology to instill that discipline in an organization.

Chapter 9 : Core competency - Wikipedia

Core Competencies for All Strategic Leaders The term competency has various definitions and may seem abstract, but a "behavioural competency" amounts to the meeting of knowledge, a skill, or a mindset, and how you apply this knowledge and.