KNOWLEDGE SPACE

A Guide to Core Competency Analysis

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TPMG’s mission is helping organizations create and sustain more value.

Founded in 1997, TPMG LLC works with executives, middle managers and front line employees to help organizations realize greater returns for their stakeholders. Using practices of customer intimacy, strategic management and operational excellence, our clients have historically improved their performance by a measure of 4:1.

Who we work with

Our clients are ambitious private sector organizations and non-profit government institutions interested in generating greater performance from their organizations. They may be in the planning stages of business transformation, interested in developing a superior strategy, or simply looking to make substantial operational improvements. Either way, they are not satisfied with the status quo.

What we do

Our consulting services are concentrated in the following areas of practice:

- Strategy: helping organizations design, align and execute winning strategies.
- Process: streamlining processes and improving productivity of organizations.
- Operational Excellence: training and implementing six sigma and operational excellence programs.
- Performance Management: designing and deploying performance dashboards, balanced scorecards and key performance indicators.

How we do it

We realize that helping an organization change requires more than analyses and recommendations. We know that change requires successful implementation. What makes us different is that we provide the experts to enable change to happen and deliver guaranteed results!

For more information please visit www.helpingmakeithappen.com or contact:

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Leadership Tool: Core Competency Analysis | A Knowledge Space™ Guide to Management and Leadership
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“It is only in the pursuit of perfection can a person, organization, or company catch excellence!”

- Gerald Taylor

TPMG LLC Managing Consultant

To pursue is to follow or take action in an attempt to over take or capture something of value. It is to advance along a course of action by applying one’s or an organization’s energy to its chief interest. For a private sector company, this pursuit consists of boosting revenues, innovating, improving quality or increasing efficiencies. In public sector and non-profit arenas, this pursuit takes the form of productively using assets to create long lasting value for the common good. Whether in the public sector or seeking profits for shareholders, managers and decision-makers are searching for tools to help them make it happen.

The current environment of globalization, intense competition and economic instability has increased the challenges managers face. Leaders today must be more knowledgeable than ever as they sort through the options to select the appropriate methods and management tools for improving their organizations. They must choose an approach that will help them make the right decisions which lead to profitable growth and superior performance.

Selection and use of such tools requires an understanding of the strengths and weaknesses of each tool as well as an ability to successfully integrate them in the right way, at the right time. The secret is not in discovering a magic bullet. In reality, no such thing exists. What does exist is the advice and counsel of industry experts. Proper guidance from solid expertise can make the difference between success and professional failure. To help inform managers about the tools available to them, in 2007, The Performance Management Group (TPMG LLC) launched a multiyear research project to gather data, facts and information regarding the most proven methods and best practices in industry. The result of our efforts will be published in successive guides to managers called, Knowledge Space™.
The goal of Knowledge Space™ is to provide decision-makers with:

1. An overview and description of different leadership tools and proven practices.
2. An understanding of how these methods are used to bring about favorable results compared to other organizations across industries and around the globe.
3. Information they need to identify, select, and integrate the right approach to improve their organization’s performance.

Knowledge Space™ is a dynamic system of advice and education. It consists of published guides, blogs, and online instructional workshops. In Knowledge Space™, leaders will find research and education which provide a number of important insights including, the extent to which:

1. Industry leaders are satisfied with certain management practices, their rates of usage, ease of implementation and effectiveness.
2. Methods are effective when used individually or when part of a major organizational effort.
3. Approaches achieve better results.

In our Knowledge Space™ guides, we describe management practices, how they are used, related topics and the value they offer. Through our primary and secondary research, we determine the extent to which each approach is being deployed and its rate of success.

In December 2012, TPMG Educational Services will establish Knowledge Space™ Blog. In this blog, you can read free cutting edge research and information regarding leading practices that are proven to bring about success. You can converse with leading professionals and gain practical insight from their experience and comments. You will also find multimedia case studies and instructional videos that will sharpen your skill sets and help you build your own professional capital.

In January of 2013, TPMG Educational Services will establish Knowledge Space™ Seminars. Knowledge Space™ Seminars are inexpensive online self-paced multimedia AND live skill building workshops which will help you refresh your credentials and build on your professional development.

To learn more about Knowledge Space™ products and services contact TPMG Educational Services at info@helpingmakeithappen.com.
A Knowledge Space™ Guide to Management and Leadership

Leadership Tool: Core Competency Analysis

In this guide, we define the tool Core Competency Analysis and how it is used. We provide a brief but comprehensive description of the tool, its approach and methodology and common uses across industries. We also provide information regarding the extent to which it is used and its rate of success.

Core Competency Analysis – An Overview

A clear identification and thorough understanding of an organization’s core competencies is central to obtaining a competitive advantage and sustaining performance excellence. Understanding core competencies and using them well frequently results in marketplace differentiators which often deliver greater returns on the capital invested in a firm’s operation. Decisions about organizational core competencies are integral to executive decision making and operational management.

What are Core Competencies?

The term “core competencies” refers to your organization’s areas of greatest expertise. An organization’s core competencies are those strategically important internal capabilities that are central to fulfilling its mission or a distinctive competence that provides a firm a competitive advantage in its industry. Core competencies frequently are challenging for competitors or suppliers and partners to imitate. Absence of a needed core competency may result in a significant strategic challenge or disadvantage in the marketplace.

Core competencies may involve technology expertise, unique service offerings, a marketplace niche, or a particular business acumen (e.g., business acquisitions). Core competencies focus on an organization’s internal capacities and deep proficiencies that enable a company to deliver unique value to customers. Core competencies also contribute substantially to the benefits a company’s products offer customers.

The distinguishing characteristic of an organization’s core competencies are that they develop overtime and represent the continual accomplishment of a firm’s critical success factor’s over time. Another distinguishing characteristic of a core competency is that it’s hard for competitors to copy or procure.
Core Competency – An Example, Southwest Airlines

Southwest Airlines enjoys the US Airline industry’s best cost advantage. This advantage is not solely due to its production and efficiencies but also due to many other internal competencies that are distinctive to the company – including the industry’s fastest turnaround time.

Fast Turn Around Time: defined as the time from when a plane lands to when it leaves again. Due, in part, to a variety of factors such as the use of uncongested airports, minimal food service, and early check-in, the company can turn around a plane in less than 30 minutes – compared to the industry average of more than 45 minutes.

Consider the financial impact if this 15 minute advantage –
A carrier with 2,000 flights per day that uses each of its planes for 10 hours per day. The carrier with a 15 minute advantage would save 500 hours per day turning its aircraft. This carrier would need, perhaps, 50 fewer airplanes (500 hours saved/10 hours per day of flying per plane) to offer the same number of Revenue Per Passenger Miles. If each plane costs approximately $50 million, this would translate into a savings of $2.5 billion in assets.

This is an example of how understanding core competencies can allow a company to invest in the strengths that differentiate them in the industry.

To develop core competencies a company must:

- Determine which internal capacities are key strategic factors to creating and sustaining value.
- Conduct an organization wide core competency assessment and isolate strengths and weaknesses.
- Benchmark against other companies with the same capacities to ensure that the firm aims to develop key factors.
- Create an organizational road map that sets goals for competence building.
- Isolate these key factors and hone them into enterprise-wide strengths.
- Encourage involvement in core competency development across the enterprise.
Core Competency Analysis – Rates of Usage and Satisfaction:

Source: Bain Management Tools 2011

Since 1993, core competency analysis and management exists as one 25 of the most popular and pertinent management tools. In a recent Bain & Company survey, core competency analysis and management is a management tool consistently used by more than half to almost 80% of executive respondents, with an overall satisfaction rating range averaging almost 80%. Decision makers achieve better results by championing this method as part of a realistic strategy rather than just viewing it as a tool to simply achieve a strategic goal.

Analyzing Core Competencies:

Though realizing core competencies has its rewards, what is just as important to understand is the other side of the coin – core in-competencies.

Whereas core competencies can empower an organization to create and sustain value, core in-competencies can disable an organization’s ability to achieve its mission. Too often core in-competencies and their related dysfunctions are tolerated or swept under the rug. Core in-competencies need to be found, rooted out, and replaced by competent and functional methods for managing an organization’s resources.
Leadership Tool: Core Competency Analysis

TPMG’s multiyear research gathered data and information regarding the most proven methods and best practices in industry. Over time, our research has provided a number of important insights. Among them includes the need for an organization to analyze and build core competencies around the following areas:

1. Leadership Effectiveness: leadership analysis is a concise evaluation of how senior leader’s actions guide and sustain a firm. The analysis gives attention to how senior leaders communicate with their workforce, measure organizational performance, what performance indicators they regularly review and how their performance review findings are used to drive improvement.

2. Workforce Capability and Engagement: this assessment examines a firm’s systems for engaging and empowering its workforce with the aim of enabling their employees to contribute effectively and to the best of their ability.

3. Organizational Systems and Structures: the assessment of organizational systems and structure examines a firm’s work systems, technology, and work process decisions with the aim of creating value for customers and sustaining organizational success.

4. Operational Performance: an assessment of how well a company’s core internal functions accomplish their respective missions and strategic objectives. How productively and effectively a company’s internal operations contribute to profit objectives. How efficiently a company’s core operations deliver its value proposition to its customers.

5. Customer Satisfaction and Relationships: the extent to which how companies determine customer satisfaction and how they build relationships to retain current business and develop new opportunities.

6. Innovation: the assessment of innovation goes directly to a firm’s ability to satisfy the voice of the customer based on its current strategy and long term plans. This analysis is directly related to the alignment of new additions of a firm’s product portfolio with corporate business strategy as well as the management of the product or service lifecycle.
Selected References


3. TPMG Educational Services, “Knowledge Space Research Project” Published by TPMG Educational Services 2008 - 2012.

For more information regarding Core Competency Analysis & Consulting Services, contact TPMG LLC @ info@helpingmakeithappen.com.