

# S 2 I NEWS

March, 2003

**S2I News** is a monthly publication of Strategies 2 Innovate. It aims to present information on topics important to today's business leaders. We hope these articles will help you develop a clear framework useful for guiding your organization's innovation and strategy.

This is the fourth article in our series on core competencies. Past issues include:

Jan 2003 "What Core Competencies Really Are."

Feb 2003 "Identifying Your Core Competencies: Pt-1."

Future articles will include related topics such as: "How to leverage your core competencies."

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## Identifying Your Core Competencies: Pt-2

In the previous issue, we looked at a top-down approach to identifying your core competencies. In this issue we will examine a bottom-up approach. It proceeds along a similar pattern by taking an inventory of the human intellectual capital in terms of knowledge and skill bases.

It is important to separate knowledge bases from skill bases. For example, telecommunication systems knowledge is different from C++ software programming skills.

There are five main steps to this process as follows:

**Step 1.** Start by making an inventory of your organizations human intellectual capital.

**Step 2.** Identify the main technological knowledge domains and skill bases of your employees.

**Step 3.** Determine the cumulative amount of expertise in those knowledge and skill areas. (Optional. Determine the main linkages between the knowledge and skill bases.)

**Step 4.** Rate these knowledge and skill bases against the core competence attributes listed before.

**Step 5.** Determine how these knowledge and skills can be collected into meaningful groups that rate highly against the core competence attributes.

You should end up with information such as:

- Number of technical employees
- Specific knowledge areas (use of keywords will help)
- Specific skill areas (use of keywords will help)
- Academic Education. For each worker: number of years in the particular knowledge or skill field.

For example 4 year BSc in electronic engineering of might be counted as 3 years electronic engineering and 1 year as telecommunication systems. Two years MSc. in telecommunication systems, etc.

- Employment experience. Number of years employment in particular knowledge/skill field. For each individual, partition employment experience between knowledge and skill bases by time period.

For example, 3 years post degree experience may be added as 1 year telecommunication systems knowledge experience and 2 years C++ software programming skills. This is important in order to avoid repetitive accounting of intellectual capital.

- Amount of expertise in each of the knowledge and skill areas.

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**LARRY VAN DEN BERGHE, Ph.D.**

Larry van den Berghe is the Founder and Principal of Strategies 2 Innovate. He has 20 years international experience in the aerospace and information and communications technology industries in England, Australia, Singapore and Canada. He has been an active manager and contributor in R&D and new product development in electronics, VLSI and software. He holds two US patents, one UK patent and has a number of publications. He is a Chartered Engineer (UK) and a Fellow of the Institute of Electrical Engineers.

Larry is also an adjunct professor for the Management of Technology Distance Education program at the University of Waterloo and past faculty with the Technical University of British Columbia. He has developed courses in new product development, strategic management of innovation and technology, entrepreneurship and knowledge management. His recent research on core competencies examined the adoption of emerging technologies for product innovation within the Canadian information and communication technology industry.

He holds a Ph.D. in Management of Technology from the University of Waterloo, a M.Sc. in Microelectronics (with Distinction) from Middlesex University, London, U.K. and a B.Appl.Sc. in Applied Physics from Curtin University, Perth, Western Australia. Larry has served as Chairman, Board of Directors, serves on the Education Committee of the Saskatchewan Advanced Technology Association and is a member of Toastmasters International, Inc.

## Core Competencies

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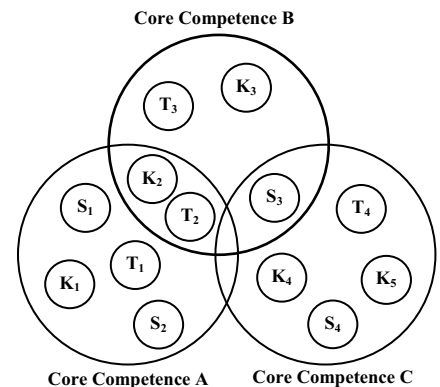
For each knowledge and skill base (or area) identified, rate each attribute below on a scale of 1 (low) to 5 (high):

- the extent to which each area contributes to the customer-perceived value attributes (Try listing a number of the customer-perceived value attributes to which each area contributes)
  - the extent to which each area is fairly unique to your firm (i.e., other firms do not have it)
  - the extent to which each area is difficult for competitors to imitate
  - the extent to which each area applies to multiple products
  - the extent to which each area applies to multiple markets
- add and rate other attributes taken from the core competencies descriptors discussed in the previous editions of S2I News.

Now create a total score for each knowledge/skill area listed.

Use a combination of **subjective** and **objective** judgement to evaluate each knowledge/skill area in terms of the degree to which it reflects the core competence characteristics

Look for **patterns** of **combining** the knowledge and skill areas into bases of knowledge and skills as shown in the diagram below:



**Figure 1: Core Competencies**

Skill bases (S<sub>1</sub>, S<sub>2</sub>, ...)  
Technologies (T<sub>1</sub>, T<sub>2</sub>, ...)  
Knowledge bases (K<sub>1</sub>, K<sub>2</sub>, ...)

The final phase is to bring together the results of top-down and bottom-up methods. You may find that the bottom-up reveals a lot more than the top-down method. Use subjective judgement to rationalise the results to arrive at what you want to name core competencies.

Remember to communicate your core competencies widely throughout your organization. This is an internal marketing exercise.

In our next issue, we will look at leveraging your core competencies.

See you next issue!

*Larry van den Berghe*

Note: This article and subsequent articles synthesize much of the work on core competencies from the body of literature. For more information and for references to the literature (e.g. annotations, [1], etc.) please visit our innovation strategy knowledge portal [www.strategies2innovate.com](http://www.strategies2innovate.com) and follow the links to “Your Core Competence Strategy” and “Knowledge References.”

### **SPEAKING ABOUT INNOVATION**

Larry is an enthusiastic speaker on innovation. He addresses critical issues such as core competencies, technological innovation, new product development, strategic technology planning, testing innovative business concepts through research, etc. Bring innovation to the TOP of your next speaking agenda. Call toll-free 1-866-978-8242 to discuss these possibilities.