



How To Drive Strategies By Assessing Your Company Capabilities

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Every company has a set of capabilities that, when properly leveraged, can serve to devastate the competition. So, it's essential for leadership teams to pinpoint and honestly assess these capabilities. Once a solid profile is established, it can be used to inform the strategic planning processes used to build a winning strategic plan.



Here's a simple framework that I use with clients to form their company capabilities profile. Assess your company across these 4 capability dimensions presented below to determine the best strategies for your firm:

Managerial

- **Response:** Is the management team accessible? Are decisions reached quickly and enacted swiftly?
- **Managerial Communication:** Do leaders collaborate with staff when problem-solving? Do they promote trust, or do things get decided behind closed doors?
- **Entrepreneurial Orientation:** Do leaders behave opportunistically or are they risk averse? Willing to experiment and test new ideas or are they decidedly conservative when it comes to thinking out-of-the-box?

- **Forecasting Capabilities:** How well does the leadership team know the industry? Can they anticipate shifts? Can they accurately predict trends or does their track record indicate that they tend to be followers?
- **Organizational Flexibility:** Agile and quick or sluggish and deliberate? Does the organizational design promote silo-based thinking and execution? Is it flatter and more receptive to change?

Competitive

- **Product Strength:** Where does the firm's product set sit within the industry? What segment of the market do they serve? Are new entrants threatening the firm's current position?
- **Customer Loyalty:** Is the firm preferred among its customers? How easy is it for a customer to shift to another provider?
- **Distribution Costs:** How do the distribution and service delivery systems work? Does the firm "own" those players or are they outside entities? Can different arrangements be established to create a more robust ecosystem?
- **New Product Development Capabilities:** How fast can new products and services be developed and delivered to the marketplace? How does the firm determine what new products and services to develop?
- **Pricing Options:** What is the pricing strategy? Does it align with product strength and customer expectations? Can incentives be used to expand sales? Can products and services be bundled?

Financial

- **Financial Stability:** Need to understand the general health and well-being of the company. This informs risk appetite and investment dimensions.
- **Access to Capital:** How is the business funded? Can financial resources be garnered quickly to expand or react? What needs to be readied in order to gain more access to capital?
- **Profitability:** How profitable is the business? By market segment? By Product-line? By customer? Can a different mix be established to optimize profitability?

- **Capacity to Meet Demands:** How much growth can be sustained with state of current operations? How much time and investment is needed to expand capacity? Can incremental investments be made to expand capacity over time?
- **Liquidity:** What will be the immediate impact of an unexpected market downturn or product launch failure? Can assets be turned quickly to meet short-term obligations?

Technology

- **Technical Skills:** Does the firm's staff possess the knowledge-base and skills to bring it to the commuting environment next level? Where is there a deficit? Rent or buy? Plans to fill the gap?
- **Hard Resource Utilization:** What is the capacity of the current systems and computing devices? Adequate to meet future business needs?
- **Upgrade and Replacement Schedule:** Are systems and computing environment nearing the end of life? How disruptive will the introduction of new computing capabilities be to the firm?
- **Degree of Systems Integration:** How well do the systems interact? Manual intervention needed to move information from one system to another? How quickly can ad-hoc management reports be delivered?
- **IT Responsiveness:** How quickly can technological solutions be fielded to meet business demands? How long does a typical system move from conception to production?

To close, the straight-forward format offered above takes the guesswork out of what should be assessed. The challenge lies in doing the work needed to justly assess a firm's capabilities across each of these 4 dimensions. Sometimes leaders can struggle with characterizing their companies with all the warts and blemishes that can exist within a firm. Reach out to me directly, if you need an objective, 3rd-party perspective to help. I can help with that!