The core competence of the corporation en español pdf

You're Reading a Free Preview Page 2 is not shown in this preview. Management concept of identifying the basis of competitiveness in an industry Part of a series onStrategy Major dimensions Strategy • Strategic management Military strategy • Maritime strategy Strategic planning • Game theory Strategic studies • Strategic thinking Major thinkers Michael Porter • Rita Gunther McGrath Bruce Henderson • Gary Hamel Candace A. Yano • C. K. Prahalad Jim Collins • Liddell Hart Carl von Clausewitz • Sun Tzu Julian Corbett • Alfred Thayer Mahan J.C. Wylie • Adrian Slywotzky Sharon Oster • Chris Zook Henry Mintzberg • Clay Christensen Concepts Business model Competitive advantage • Experience curve Value chain • Portfolio theory Core competency • Generic strategies Uberisation Sharing economy • Performance effects Frameworks and tools SWOT • Five forces Balanced scorecard OGSM PEST analysis • Growth–share matrix vte A core competency is a concept in management theory introduced by C. K. Prahalad and Gary Hamel.[1] It can be defined as "a harmonized combination of multiple resources and skills that distinguish a firm in the marketplace" and therefore are the foundation of companies' competitiveness.[2] Core competencies fulfill three criteria:[1] Provides potential access to a wide variety of markets. Should make a significant contribution to the perceived customer benefits of the end product. Difficult to imitate by competitors. For example, a company's core competencies may include precision mechanics, fine optics, and micro-electronics. These help it build cameras, but may also be useful in making other products that require these competencies.[1] Background A core competency results from a specific set of skills or production techniques that deliver additional value to the customer. These enable an organization to access a wide variety of markets. In an 1990 article titled "The Core Competence of the Corporation", C. K. Prahalad and Gary Hamel illustrated that core competencies lead to the development of core products, which can further be used to build many other 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 to do vertical integration. For example, 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.[1] Enterprises could also use core competences to raise the values of customers and stakeholders.[3] Alexander and Martin (2013) state that the competitiveness of a company is based on the ability to develop core competences.[4] A core competence is, for example, a specialised knowledge, technique, or skill. 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.[citation needed] Importantly, according to C. K. Prahalad and Gary Hamel (1990) 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. K. 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. Developing an independent point of view of tomorrow's opportunities and building capabilities that exploit them is the key to future industry leadership.[vague] For an organization to be competitive, it needs not only tangible resources but intangible resources like core competences that are difficult and challenging to achieve.[5] It is critical to manage and enhance the competences in response to industry changes in the future. For example, Microsoft has expertise in many IT based innovations where, for a variety of reasons, it is difficult for competitors to replicate or compete with Microsoft's core competences. 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. Core competencies and product development Core competencies are related to a firm's product portfolio via core products. Prahalad and Hamel (1990) defined core competencies as the engines for the development of core products and services. Competencies are the roots of which the corporation grows, like a tree whose fruit are end products.[6] Core products contribute "to the competitiveness of a wide range of end products. They are the physical embodiment of core competencies."[7] Approaches for identifying product portfolios with respect to core competencies and vice versa have been developed in recent years. One approach for identifying core competencies with respect to a product portfolio has been proposed by Danilovic & Leisner (2007).[8] They use design structure matrices for mapping competencies to specific products in the product portfolio. Using their approach, clusters of competencies can be aggregated to core competencies. Bonjour & Micaelli (2010) introduced a similar method for assessing how far a company has achieved its development of core competencies.[9] More recently Hein et al. link core competencies to Christensen's concept of capabilities, which is defined as resources, processes, and priorities.[10][11] Furthermore, they present a method to evaluate different product architectures with respect to their contribution to the development of core competencies. See also Resource-based view Core business Competitive advantage References ^ a b c d Prahalad, C.K. and Hamel, G. 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"Analyzing core competence and core products for developing agile and adaptable corporation." In Proceedings of the 9th Dependency Structure Matrix (DSM) International Conference, 16–18 October 2007, Munich, Germany. ^ Bonjour, E., & Micaelli, J. P. (2010). "Design core competence diagnosis: a case from the automotive industry". Engineering Management, IEEE Transactions on, 57(2), 323-337. ^ Hein, A.M., Metsker, Y., Sturm, J.C., "Towards a Capability Framework for Systems Architecting and Technology Strategy". Proceedings of the 16th International DSM Conference 2014, Paris, France. ^ Christensen, C. M., & Kaufman, S. P., 2006. Assessing Your Organization’s Capabilities: Resources, Processes, and Priorities. Burgelman, R. A.; Christensen, C. M.; Wheelwright, S. C. (Eds.), Strategic Management of Technology and Innovation. McGrawHill, pp.153-163. Further reading Prahalad, C.K. and Hamel, G. (1990). "The core competence of the corporation", Harvard Business Review (v. 68, no. 3) pp. 79–91. Galunic, D.C. and Rodan, S. (1998). Resource recombinations in the firm: knowledge structures and the potential for Schumpeterian innovation. Strategic Management Journal 19. p. 1193–1201. Leonard-Barton, D. (1992). Core capabilities and core rigidities: A paradox in managing new product development. Strategic Management Journal 13-S1. p. 111–125. Slywotzky, Adrian (1995). Value Migration: How to Think Several Moves Ahead of the Competition Retrieved from " You have 2 free articles left this month. You are reading your last free article for this month. Create an account to read 2 more. In the early 1980s, GTE was positioned to become a major player in the information technology industry. NEC was much smaller and had no experience as an operating telecommunications company. Today NEC is among the top five companies in telecommunications, semiconductors, and mainframes. GTE has become essentially a telephone company with a position in defense and lighting products. What happened? NEC built and nurtured a group of core competencies. GTE, on the other hand, couldn’t agree on which competencies to base its strategy. It organized itself around strategic business units, which by nature under-invest in core competencies, imprison resources, and bind innovation. A company’s competitiveness derives from its core competencies and core products (the tangible results of core competencies). Core competence is the collective learning in the organization, especially the capacity to coordinate diverse production skills and integrate streams of technologies. It is also a commitment to working across organizational boundaries. Organizing around core competencies requires a radical change in corporate organization. The first step requires identifying core competencies, which meet these three requirements: they provide potential access to a wide variety of markets, make a contribution to the customer benefits of the product, and are difficult for competitors to imitate. The next step is to redesign the architecture of the company and provide an impetus for learning from alliances and a focus for internal development. Management should ask: How long could we preserve our competitiveness if we did not control this core competence? How central is this core competence to customer benefits? What opportunities would be foreclosed if we lost this competence? Diversified giant NEC competed in seemingly disparate businesses—semiconductors, telecommunications, computing, and consumer electronics—and dominated them all. How? It considered itself not a collection of strategic business units, but a portfolio of core competencies—the company’s collective knowledge about how to coordinate diverse production skills and technologies. NEC used its core competencies to achieve what most companies only attempt: Invent new markets, exploit emerging ones, delight customers with products they hadn’t even imagined—but definitely needed. Think of a diversified company as a tree: the trunk and major limbs as core products, smaller branches as business units, leaves and fruit as end products. Nourishing and stabilizing everything is the root system: core competencies. Focusing on core competencies creates unique, integrated systems that reinforce fit among your firm’s diverse production and technology skills—a systemic advantage your competitors can’t copy. The Idea in Practice Clarify Core Competencies When you clarify competencies, your entire organization knows how to support your competitive advantage—and readily allocates resources to build cross-unit technological and production links. Use these steps: Articulate a strategic intent that defines your company and its markets (e.g., NEC’s “exploit the convergence of computing and communications”). Identify core competencies that support that intent. Ask: How long could we dominate our business if we didn’t control this competency? What future opportunities would we lose without it? Does it provide access to multiple markets? (Casio’s core competence with display systems let it succeed in calculators, laptop monitors, car dashboards.) Do customer benefits revolve around it? (Honda’s competence with high-revving, lightweight engines offers multiple consumer benefits.) Build Core Competencies Once you’ve identified core competencies, enhance them: Invest in needed technologies. Citicorp trumped rivals by adopting an operating system that leveraged its competencies—and let it participate in world markets 24 hours a day. Infuse resources throughout business units to outpace rivals in new business development. 3M and Honda won races for global brand dominance by creating wide varieties of products from their core competencies. Results? They built image, customer loyalty, and access to distribution channels for all their businesses. Forge strategic alliances. NEC’s collaboration with partners like Honeywell gave it access to the mainframe and semiconductor technologies it needed to build core competencies. Cultivate a Core-Competency Mind-Set Competency-savvy managers work well across organizational boundaries, willingly share resources, and think long term. To encourage this mind-set: Stop thinking of business units as sacrosanct. That imprisons resources in units and motivates managers to hide talent as the company pursues hot opportunities. Identify projects and people who embody the firm’s core competencies. This sends a message: Core competencies are corporate—not unit—resources, and those who embody them can be reallocated. (When Canon spotted opportunities in digital laser printers, it let managers raid other units to assemble talent.) Gather managers to identify next-generation competencies. Decide how much investment each needs, and how much capital and staff each division should contribute. The most powerful way to prevail in global competition is still invisible to many companies. During the 1980s, top executives were judged on their ability to restructure, declutter, and delayer their corporations. In the 1990s, they’ll be judged on their ability to identify, cultivate, and exploit the core competencies that make growth possible—indeed, they’ll have to rethink the concept of the corporation itself. A version of this article appeared in the May–June 1990 issue of Harvard Business Review.
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