



Protect Core Competencies

By Alka Sood, MBA, BComm

Your competitive advantages include your intellectual property, functional and operational processes, manufacturing technologies, information technology and any other business characteristics that allow you to outperform others and maintain your competitiveness. Having a cogent understanding of your core competencies and your competitive advantage is critical to long term growth.

Be Precise With Definitions

Specificity and precision in your definitions will help you determine exactly how core competencies must be protected. Do you know what gives you a leg up over your competitors? Knowledge? Expertise? Customer Base? Service Quality? Low cost? Preferred supplier relationship? What are you doing to sustain this advantage?

Core competencies include such attributes as ready access to natural resources, such as high grade ores or inexpensive power, or access to highly trained and skilled personnel. New technologies, such as robotics and information technology, can also provide competitive advantage, whether they are product itself, as an advantage in the manufacturing of the product, or as a competitive aid in the business process (for example, CRM systems). They will vary by industry. For example, low cost advantage may be critical to sourcing and selling raw materials, but irrelevant in high end fashion where design talent is paramount.

Core competencies enable businesses to consistently deliver on their unique selling proposition (USP). For example, if a business defines its USP as providing unsurpassed quality, its core competencies would likely comprise activities and processes, such as quality controls, knowledgeable staff, superior materials, and so on. Go deeper and ask, "What does unsurpassed quality mean"? Does it mean durability? No visual defects? Reliability? Active management and training would protect the specific activities that contribute to such competencies.

Alternatively, proprietary manufacturing technologies, which result in superior product quality and low costs are another core competency. Patents would protect these core competencies.

Ways Protect Core Competencies

1 Intellectual Property Patents, trademarks, copyrights are well-known avenues taken by inventors, writers, businesses to prevent replication. It is possible to protect inventions, new processes, manufacturing technologies, products as well as designs. Trademarks, like patents must be registered, are useful to protect symbols and business logos and brands and I. Copyrights, which protect original creative work, namely books, movies, musical songs, computer software, and architecture designs and must also be registered. Trade secrets, naturally, are not registered – therefore alternative means must be used to keep these confidential. Patent lawyers will provide the best advice to businesses seeking such security.

2 Human Capital High morale and productivity stem from healthy work environments, teamwork, and competent personnel. Make the investments in recruitment” and retention efforts (such as competitive compensation, professional development, career progression, income security, etc. prevents attrition of critical personnel

3 Customer Loyalty Customer loyalty is earned by successfully outperforming competitors, delivering on USPs and being customer centric. Customers matter and your interaction with them should demonstrate this.

4 Technological Leadership. In addition to patenting innovations, the most effective means for sustaining leadership requires continuous investment in research and development to discover breakthroughs. Continuous innovation and thought leadership keeps you ahead of your peers.

5 Continuous Improvement Having excellent oversight over business operations can be achieved by first assigning clear accountability for managing key functions and costs to personnel that have direct control over these. The pursuit of operational effectiveness must balance meeting customer needs with maintaining cost leadership. Personnel should be supported with appropriate tools to control and manage results to eliminate waste, excess inventories and duplication. Continuous investment in advancing methods, processes, materials to superior operational performance may be essential price sensitive markets. A strategic perspective is needed wherever initiatives to improve “effectiveness” are being considered.

Keep Core Competencies In-house

Outsourcing to remain cost effective is viable but maintaining control core competencies would likely outweigh the benefits of any cost reduction/improvement initiatives. Typically, information technology, legal services, web design and maintenance, recruitment, logistics, manufacturing and technical/customer support are good candidates for outsourcing. But it would be important to consider, for instance, whether outsourcing Customer Relationship Management system (CRM system) could impair competitive advantage. In this case losing control over customer communications and relationships could be detrimental.



Being clear and focused is always a challenge for any business. Define the levers that make your business successful or alternatively mire performance. Rethink your business from the ground up because your customers will inevitably catch on and move away. Or, you may want to grow – and you can't do this unless you understand how to leverage your strengths and address your weaknesses. Your business will continuously change – keep on top of your performance targets, drive sales, streamline operations and stay ahead of the game. Please contact us to learn about our engagements. Please contact us to learn about our engagements.