



■ BUSINESS TOOL: RESOURCE ANALYSIS

■ RATIONALE AND APPLICATION

The strategic capability of an organisation is determined by the adequacy and suitability of its resources and competences, these enabling it to survive and prosper. This can be illustrated by the following matrix

	Resources	Competencies
Threshold capabilities	Threshold resources <ul style="list-style-type: none"> ● Tangible ● Intangible 	Threshold competencies
Capabilities for competitive advantage	Unique resources <ul style="list-style-type: none"> ● Tangible ● Intangible 	Core competencies

This resource analysis is a strategic planning tool which considers (a) the resources required to support particular strategies, and those needed to gain 'competitive' advantage; and (b) the required competencies to effectively use those resources. The resources that an organisation has is important, as important is its ability to effectively use and manage those resources.

There are a number of ways to categorise resources

- Physical: For example buildings and respective capacity, the relative age and condition will determine its usefulness and adequacy
- Financial: For example providers of funds, adequacy of working capital
- Human resources: This will include numbers, demography and skills levels
- Intellectual capital: This will include brand names, reputation, client databases and business systems

A resource analysis needs to consider how resources are managed, deployed and utilised. For example, there no merit in an organisation having a good reputation & brand if it is not exploited effectively.

Capabilities are viewed at two levels, namely the threshold and competitive advantage level. The threshold level is the survival, competitive is indicative of an organisations USPs, being a market leader etc.

Resources are those that are required to operate at a level, competencies are those requisite skills, experiences and abilities to use those resources.



■ LIMITATIONS AND ERRORS OF APPLICATION

- Not clearly identifying required competencies
- Organisations do not operate in a vacuum and they need to respond to a ever changing landscape. As a consequence threshold capabilities will also change and organisations need to continuously review the required resources.
- Complementary resources and competencies need to be identified, for example a good brand name and reputation requires effective marketing competencies.

■ EXAMPLES

The following could apply to a touring dance company

Threshold Resources:

Van/vehicle, Administration infrastructure, financial resources, dancers, technician support

Threshold Competencies:

Basic choreography skills, individuals with driving licence, budgeting and planning skills, cash management skills, able dancers

Unique resources:

Reputation and brand, innovation, audience engagement

Core competencies:

Marketing skills, pool of creative talent, e.g. choreography, lighting & design, effective management skills.

■ FURTHER POINTS

The strategic capability of an organisation is dependent on the resources and competencies that it possesses. These must be at least a threshold level – in order to survive.

Organisations that do not wish just to survive must have strategic capabilities that competitors find difficult to emulate or get hold of. These strategic capabilities will either consist of unique resources or an organisations core competencies.