



Management Concepts Series – 2010

* *Common-Sense Guidelines for Successful Organizations* *

Management Concept #2 <i>Business Competencies Necessary for Success</i>	
<p>Active Management Pillar Applicability</p>  <p>© Agovia Consulting – 2010</p>	<p>There are four major areas in which a <u>business</u> must be competent in order to succeed:</p> <ol style="list-style-type: none"> 1. Customer-centric core capabilities 2. Customer-focused administrative capabilities 3. Organization-focused capabilities 4. Market-focused capabilities <p>These four areas define the capability core of the business itself. Business results come directly from the ability to execute on the above. They are not optional; you cannot select just one or two. A successful business (for-profit or nonprofit) must be able to execute well in all four.</p> <p>Business failures usually do not occur in the heart of the business. The core, customer-centric essence of the business is most often the place where your heart and passion are found. It is also where the highest competence levels usually reside. The management infrastructure surrounding the core is usually the source of business problems.</p>

Business Competencies Necessary for Success

At the heart of all businesses is a core of domain knowledge, passion, and expertise. It is the essence of the business. It is usually the subject of the mission statement. It can range from garden services to banking to baking to insurance, or anything under the sun. It is why our customers are attracted to our business and why employees want to work there. It is our *raison d'être*. It is our center and our pivot-point. *And* it is almost never the problem.

Businesses that succeed understand they must be competent (at least) in the four full rings of execution. Businesses that fail usually do so in the three outer rings of infrastructure surrounding their core business.

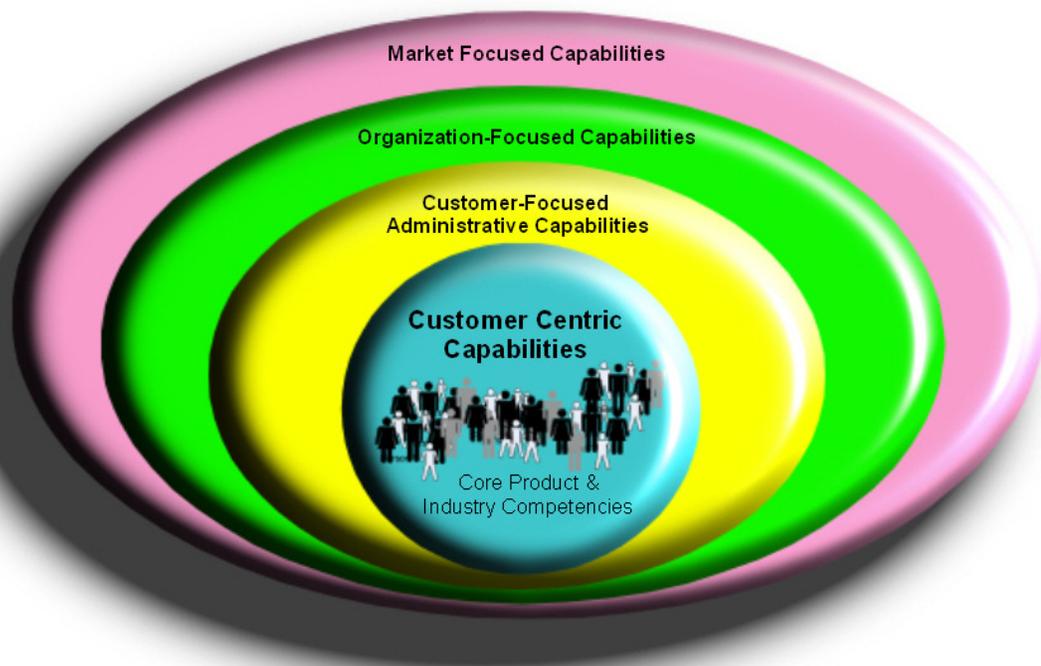


Figure 1. Rings of Capability and Competence

The Four Rings

Ring 1: Customer Centric Capabilities

These are the reasons your customers come to you. They include your product and the immediate delivery. Examples:

- ❖ Do you have the item the customer wants? Is it in stock? Can you get it in their hands in an excellent manner?
- ❖ Can you consistently provide access to the internet, phone, or online service?
- ❖ Do you treat the customer or member with respect?
- ❖ Have you delivered your product or service with high enough quality and in a way that is accessible enough so the customer wants to purchase it a second time?
- ❖ Are you clear on the nature of the product? Are you meeting the needs of brand, cost, or quality?

Ring 2: Customer-Focused Administrative Capabilities

These are the second level customer contact items that make your relationship with your customer a joy or a nightmare. Examples:

- ❖ Can you bill accurately and efficiently?
- ❖ Can you handle and resolve problems in a seamless and efficient manner?
- ❖ Are you reachable when necessary?
- ❖ Are you friendly and service oriented?
- ❖ Is customer data handled in a manner that respects privacy?

- ❖ Can you manage secondary processing efficiently (i.e. billing other companies or the government on behalf of your customers)?

Ring 3: Organization-Focused Capabilities

These are all those things the customer will never know about if they are handled well. They occur behind the scenes and range widely. Examples:

- ❖ Information technology infrastructure
- ❖ Expense ratios that indicate good stewardship and create the ability to bring a competitive product to the market
- ❖ Human resources management
- ❖ Compliance management
- ❖ Risk management
- ❖ Disaster recovery and business continuity
- ❖ Facilities management
- ❖ Business services management
- ❖ Corporate communications
- ❖ Leadership
- ❖ Succession planning

Ring 4: Market-Focused Capabilities

These are the capabilities that allow you to talk to and learn from the market. You must have the ability to both tell the market about yourself and listen to what the market is saying. Examples:

- ❖ Branding
- ❖ Marketing
- ❖ Call to action
- ❖ Market research
- ❖ Product development
- ❖ Market strategies
- ❖ Public relations and communications

Sooo...

You must make it your business to do what is necessary to succeed. That means you must care, nurture, and manage all the critical elements of your enterprise. You will only be as strong as the one you neglect. You must manage *to* your success.

Hint: try to identify your blind spot and engage your team for 360° coverage.