

Core Competence Value Assessment Checklist

We have developed five checklists to help you do a value assessment assess of your core competencies. The checklist identifies strengths and weaknesses. The results of applying the checklists to each of your core competencies will be a score between 0 and 5. The checklists will show:

- Added Value;
- Competitiveness;
- Potential;
- Sustainability;
- Robustness.

It is often useful to use these checklists in a workshop and have your managers discuss each item, either plenary or in teams. Ask them how they would score each of the core competencies on the items of the checklist. Then ask them if they can come up with measures that will help improve the score. Record all suggestions carefully because you will need them writing the management agenda.

Testing for Added Value

The factual data used for answering the questions of the Added Value checklist often comes from customer satisfaction surveys and from additional market analyses.

Added Value Checklist

Added Value	Score (1 = yes, 0 = no)
The core competence offers a substantial benefit for your customers or a substantial cost saving for your company.	
Customers demand this specific benefit or cost saving.	
This benefit is important for a large number of customers; it goes further than just "nice to have."	
Customers will continue expecting this benefit for the near future; it is not simply a passing fancy.	
Leadership in this core competence makes customers think you are different to the competition, rather than just better.	
Total score Added Value:	

Testing for Competitiveness

The essential data for answering the questions of the Competitiveness checklist is largely derived from competitive research together with any further business intelligence.

Competitiveness Checklist

Competitiveness	Score (1 = yes, 0 = no)
Fewer than five of your competitors share this particular competence.	
You are superior to your competitors in most aspects of this particular competence.	
You invest substantially more time and money in this competence than your competitors.	
Your customers choose are products or services largely because you have this competence.	
Your leadership in this competence is generally recognized and can be illustrated with articles in trade articles, patents, and so on.	
Total score Competitiveness	

Testing for Potential

The fundamental data for answering the Potential checklist is gathered through market research, together with additional research into economic and social developments.

Potential Checklist

Potential	Score (1 = yes, 0 = no)
There is an increasing demand for products / services which can be provided thanks to this core competence.	
The core competence allows the development of new products and services in the future.	
The core competence allows new markets to be entered in the future.	
There are no economic threats (customers, suppliers, competitors), which will adversely affect the use of this competence.	
There are no social threats (regulatory and social), which will adversely affect the use of this competence.	
Total score Potential:	

Testing for Sustainability

The fundamental data for answering the Sustainability checklist is gathered through market research, together with additional business intelligence.

Sustainability Checklist

Sustainability	Score (1 = yes, 0 = no)
This core competence is scarce in your branch.	
It would require considerably investments in time and / or money for competitors to master this competence.	
Patents, trademarks and other legal measures protect components of the competence.	
This competence is a combination of a number of intangibles such as skills, knowledge, processes, and corporate culture, thus making it difficult to copy.	
This competence cannot be obtained through acquisition or from other outside sources.	
Total score Sustainability:	

Testing for Robustness

The fundamental data for answering the Robustness checklist is gathered through organizational research.

The following checklist deals with the vulnerability of the intangibles, which contribute to the core competence. If you answer "yes" to a question, then there is a degree of vulnerability. In order to achieve a Robustness score between 0-5, you must subtract the result achieved at the end (marked "A") from 5.

Robustness Checklist

Robustness	Score (1 = yes, 0 = no)
The group of people that possess the skills and knowledge crucial for this competence is vulnerable.	
The values and norms on which this competence is built are under pressure.	
The technology and IT systems, which form part of this competence, are vulnerable.	
The primary and management processes, which this competence uses, are unreliable.	
The endowments this core competence depends on (like the corporate image or the installed client base) are vulnerable.	
Total = A:	
Total score Robustness	5-A=

You have now completed a value assessment of your company's core competencies. The next step is to start calculating their value using a financial valuation.