

How to succeed with strategic competence development

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Soon, it will be that time again - yearly appraisal interviews, performance reviews, or whatever term your organization prefers. Whether you approach these sessions with enthusiasm, reluctance, or a sense of duty, why not maximize the benefits of your yearly performance reviews?

To achieve this, establishing a close link to your organization's strategy is crucial. While many performance reviews center around employees' desires regarding competence development, courses and future career plans—a valid approach as this can increase employee motivation and retention—consider aligning these aspirations with your organization's strategic needs.

Before diving into your yearly performance reviews, the first crucial strategic question should be: **What are the core competencies in our organization?** In 1990 C.K. Prahalad and Gary Hamel defined core competencies in their famous HBR article "The Core Competence of the Corporation" as: "A harmonized combination of multiple resources and skills that distinguish a firm in the marketplace". They outlined three criteria:

- Provides potential access to a wide variety of markets (the competence can be upscaled)
- Should make a significant contribution to the perceived customer benefits of the product (or service) (i.e., it makes a difference for your customers, user, stakeholders, etc.)
- Difficult to imitate by competitors.

Commence with your leadership team to analyze and determine your organization's current core competencies. Subsequently, ask: **What competencies does our organization need to succeed with the strategy?** Assess whether they align with existing core competencies or if new ones need development.

Most strategies cover vision, objectives, values, mission, and strategic focus areas. Examine your strategic focus areas and objectives closely. Identify the competencies required to execute and succeed with these. For example, do you need to build competencies within sustainability, project management, or digitalization? Or should the focus be on competencies within innovation, design thinking, or IT? Once these key questions are answered, you'll be well-prepared for the yearly development reviews.

It's essential to recognize the important distinction between well-intentioned leaders supported by HR departments, gathering employee wishes and translating them into courses and training programs, versus organizations that understand their core competencies, identify crucial strategic competencies for the future, and invest in them. Both approaches have merit—finding the right balance is key!