The connection between Business Model and Organizational Capabilities

LEADing Practice Capability Modelling Reference Content [#LEAD-ES20017ALL]

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What are Capabilities

Capability: A capability is an abstraction that represents the ability to perform a particular skill set.

In organizations this would be organizational capabilities, directional capabilities, service capabilities, information capabilities and technology capabilities

The Organizational Capability Areas

Organizational Capabilities: The extent to which organizational unit e.g. Organization areas, Organization groups, Organization function with an appropriate balance of competency, structure and command and control to accomplish their tasks.

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Organizational Cap. Areas
A high-level view and description of the capabilities.

General Administration	Human Resource Management	Information Technology	Operations Support	Business Development	Operations	Distribution	Marketing, Sales and Service

Example of Organizational Capability Areas

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Airline value chain
Based on ((O))LEADing Practice Value Chain Reference Content LEAD-ES20022PGBC

LEGEND
— Cost Flow (High Level) ⋯⋯ Revenue Flow (High Level) — External Service ⋯⋯ Internal Service ▶ Primary Org. Capabilities ▮ Supporting Org. Capabilities ▮ Influencing Forces

Value Stream: Structering the the Organizational Capabilities according to their belonging area

Organizational Capabilities
• The specific Organizational capabilities can now be structured according to the areas they belong to. Such a view is called a value stream.
• These capabilities collaborate and interlink with each other

General Administration	Human Resource Management	Information Technology	Operations Support	Business Development	Operations	Distribution	Marketing, Sales and Service
Strategic Planning	Organizational Planning	IT Planning	Operations Support Planning	R&D Planning	Operations Planning	Distribution Planning	Segmentation Planning
Legal & Regulatory Affairs	Recruitment	Deployment	Assets	Product Design	Component Manufacture	Scheduling	Selling
Information Analysis	Administration	IT Business Management	Quality	Research	Operations Procurement	Order Fulfillment	Market Analysis
Project Management	Benefits	Risk & Compliance	Environment & Health	Production Setup	Product Manufacture	Transportation	Channels
Finance	Performance Evaluation	Information Management	Sourcing & Procurement	Intellectual Property	Inbound Inventory	Import & Export	Brand Management
Facility Management	Compensation	Service Delivery	Safety & Security	Product Deployment	Product Assembly	Distribution	Customer Account
Accounting	Education	Development	Equipment & Plant	Content	Refining	Finished Goods Inventory	Customer Acquisition
Travel Management	Payroll	Support & Relationship	Data Management	Product Maintenance	Packaging	Costing	Servicing

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Adding the Accountability The Strategic, Tactical and Operational accountability levels

Accountability Level
One can now sort the the individual capabilities by the nature of the ability. Such as separating strategic decisions (i.e., strategic), audits, governance and control (i.e., tactical) and business operations where there is execution (i.e. operational).

	General Administration	Human Resource Management	Information Technology	Operations Support	Business Development	Operations	Distribution	Marketing, Sales and Service
STRATEGIC	Strategic Planning	Organizational Planning	IT Planning	Operations Support Planning	R&D Planning	Operations Planning	Distribution Planning	Segmentation Planning
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A Business Model view where relevant aspects can be added such as resources, value drivers, performance as well as cost or revenue factors

Organizational Capability Areas
- A high-level view and description of the capabilities - from capability areas and groups to the capabilities themselves and their associated elements.
- The business model framework and their capabilities should be simple, logical and practical.

Accountability Level
- A simple framework for separating strategic decisions (i.e., strategic), management checks (i.e., tactical) and business operations where there is execution (i.e., operational).

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Organizational Capabilities
- Organizational capability elements that play a specifically designed role within the enterprise business model, value chain and ecosystem.
- These capabilities collaborate and integrate seamlessly with each other using agreed upon capability performance indicators such as Core Competitive, Core Differentiated, Revenue, Cost and Value Opportunity.

The possibility to do adanced service modelling with adding the Service Capabilities

LEADing Practice

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STRATEGIC

| Strategic Planning ★⭐ | Organizational Planning | IT Planning ☑ | Operations Support Planning | R&D Planning | Operations Planning | Distribution Planning ★⭐ | Segmentation Planning |
| Legal & Regulatory Affairs ⭐ | Recruitment | Deployment ⭐ | Assets | Product Design ☑ | Component Manufacture | Scheduling | Selling ⭐ |

TACTICAL

Information Analysis ☑	Administration	IT Business Management	Quality	Research ★	Operations Procurement ☑	Order Fulfillment	Market Analysis
Project Management ⭐	Ben...	...	...	Production Setup	Product Manufacture ⭐	Transportation	Channels ☑
Finance	Perfor... Evalu...			Intellectual Property ☑⭐	Inbound Inventory	Import & Export	Brand Management

Recruitment:
- Talent management
- Manage preplacement verification
- Application tracking
- Manage new hire/re-hire
- Recruit/source candidates
- Job posting
- Screen and select candidates
- Recruiting policies

OPERATIONAL

Facility Management ☑⭐	Compe...	...rity	Product Deployment	Product Assembly	Distribution ⭐	Customer Account
Accounting	Education	Development ★	Equipment & Plant	Content	Refining ☑	Finished Goods Inventory	Customer Acquisition ⭐
Travel Management	Payroll	Support & Relationship ☑	Data Management ⭐	Product Maintenance	Packaging	Costing ★	Servicing

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Service Capabilities
- Service capability elements act in the exact same way as normal capabilities except that they illustrate a higher level of detail within the capability area or group that they belong to.

★ = Core Differentiating Competency ☑ = Core Competitive Competency ⭐ = Value Opportunity ⭐ = Cost Opportunity ⭐ = Performance Opportunity

A closer look at the Service Capabilities

Recruitment

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Business Processes
· Business processes are a natural part of any capability. They are are used to execute the behavior of a capability thus delivering a service capability, and also allows for measuring the output of an executed capability.

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General Administration	Human Resource Management	Information Technology	Operations Support	...	Marketing, Sales & Service

STRATEGIC

Strategic Planning | Organizational Planning | IT Planning | Operations Support Planning | ... | ...mentation Planning

Legal & ...

...Selling

...et Analysis

Recruit, source, and select employees

Create and develop employee requisitions
- Align staffing plan to work force plan and business unit strategies/resource needs
- Develop and open job requisition
- Develop job description
- Post requisition
- Manage internal/external job posting Web sites
- Change//Update requisition
- Notify hiring manager
- Manage requisition date

Recruit/Source candidates
- Determine recruitment methods
- Perform recruiting activities/events
- Manage recruitment vendors

Screen and select candidates
- Identify and deploy candidate selection tools
- Interview candidates
- Test candidates
- Select and reject candidates

Manage pre-placement verification
- Complete candidate background information
- Conduct pre-employment screening
- Recommend/not recommend candidate

Manage new hire/re-hire
- Draw up and make offer
- Negotiate offer
- Hire candidate

Track candidates
- Create applicant record
- Manage/track applicant data
- Archive and retain records of non-hires

Recruitment Services

Talent management	Manage preplacement verification
Application tracking	Manage new hire/re-hire
Recruit/source candidates	Job posting
Screen and select candidates	Recruiting policies

Travel Management | Payroll | Support & Relationship | Data Management | ... | ...ervicing

((O))LEADing Practice Capability ...

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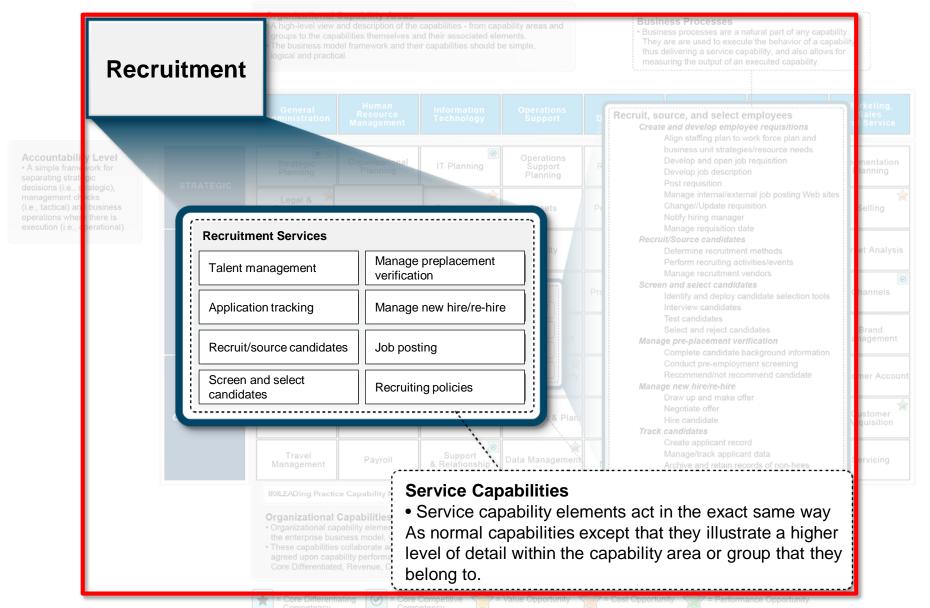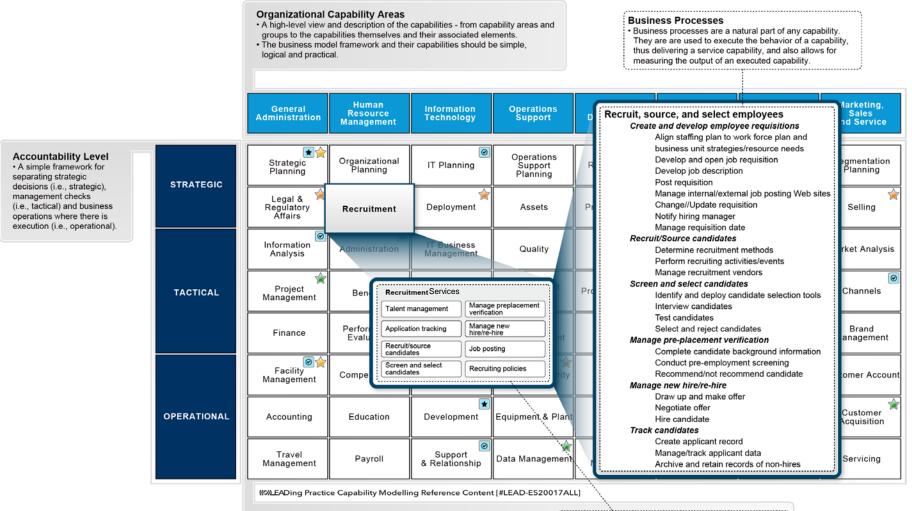
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Questions?

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