

Why companies need to do resource analysis for success

[Business](#)



Businesses use strategic planning as a necessary tool for all decisions made. Deciding to launch a new product or to expand an internal team should be based on research. And that investigation comes from analysis.

Resource analysis is another way firms understand an organization's competencies and the value of resources. Considering resources are necessary for business growth and success, it's important to see if the current set of supplies will help or hurt the business.

4 Principles of Resources

What is necessary to gain a competitive advantage, which strategies are in place, and whether the organization is competent needs to be highlighted to stakeholders. Because you could have the most sought after resource, but if you don't know how to use the benefits to better the company? It's useless.

Resources tend to fall into four principles:

- Financial: Funds, investment, and investors.
- Human: Demographics and skill levels.
- Physical: Anything that can be touched such as buildings, office space, technology. Age can warrant whether it's useful, depending on the businesses ideals.
- Intellectual: Reputation, brand identity, client databases and engagement.

Resource analysis helps corporations bridge the gap between having valuable resources and using them thoughtfully.

Consider if you had the potential to dominate a market. You had access to a key ingredient for a product. Competitors did not. You could serve consumers in a way no one else can – but because the target market research is lacking, no one even knows the product exists.

Fantastic resource but terrible strategy. And the business sees none of the benefits.

Capabilities are examined in two ways

The competencies of an organization are often looked at two differing methods: “ threshold” means the survival of the company. It’s used to keep everything in working order – processes, task management, dedicated teams.

The other way is “ competitive”: a marketing term, connected to the company’s unique selling proposition. It’s what businesses need to stay ahead of competitors. It’s also used to push the company towards success.

It may seem like “ competitive” competencies are a luxury compared to “ threshold,” but it’s not. “ Threshold” is designed to keep the business in business. “ Competitive” moves a company towards success.

And success is non-negotiable.

Resources require skills, strategies, and experience to be molded into profitable opportunities. If a firm has no idea how to identify their resources and develop a plan to utilize them, they can use VRIO analysis.

Resource study in-depth with VRIO

VRIO specifically looks at the value, rarity, and imitability of a resource. Then it examines the organization to see if it's ready to use the supplies correctly.

Value explores whether a resource is a strength or a weakness to a company. If it's a strength, and it will help the company grow, it's kept. If it doesn't offer any benefits to the enterprise, it's cut loose. If a resource is beneficial but the costs, expenses, or time outnumbers the benefits, it may still be cut.

Rarity examines if the resource is hard to come by but accessible to the company. If it's both of those, that is a substantial competitive advantage that will be long-lasting. If it's not, it has to be examined to see if it's still a strength and worth the effort to maintain.

Imitability stands for whether the competition can mimic it or not. If it can, it may not be worth keeping. But if it can't, it's a resource to utilize.

And if the organization isn't set up with strategies and implementation to use these resources, they're going to waste. And it's possibility misusing company funds and additional resources too.

By using VRIO, companies can do an in-depth resource analysis. By doing so, they will gain knowledge about their current resources, what new supplies are necessary, and think about how to use the resources to the company's advantage.

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