

Operations management – core capabilities

[Business](#), [Management](#)



Review core capabilities. Core capabilities are critical issues in operations management. Why are core capabilities an asset? Are there any instances in which a firm's core capabilities can be a liability rather than an asset?

In general, core capabilities are an organization's key ability that sets it aside from competitors. According to Qfinance, the definition of core capabilities is a key ability or strength that an organization has acquired that differentiates it from others, gives it competitive advantage, and contributes to its long-term success (Qfinance, 2009). Core capabilities are essential to operations management by contributing to an organization performing its business activities at a higher level of efficiency on a consistent basis, which are critical to their competitive position in its market. An organization can attempt to dominate its field by focusing on their core capabilities.

Core capabilities are an asset in operation management through providing an organization the opportunity to produce profits. Resources and core capabilities are the backbone in which an organization can add value through creating and executing strategy in order to earn reasonable returns and accomplish a competitive advantage (MSG, 2013). Resources are contributions to an organization's operations. These could be employees, financial, technology, or organizational resources. The more valuable, unique, and specialized the resource is, the more likely the organization will achieve its core capabilities. Core capabilities are all about an organization's ability to incorporate its resources in an attempt to utilize them more effectively and efficiently, as well as distinguish itself from its rivals, which ultimately leads to a competitive advantage.

Once established, core capabilities allow an organization to gain a sustainable competitive advantage. However, there are some drawbacks with core capabilities. One factor regarding core capabilities that could lead to a liability rather than an asset is that core capabilities cannot stay the same over time. An organization would need to adjust its core capabilities in order to adapt to market changes and the environment. Core capabilities are unique sets of skills that confers competitive advantages to a firm, in which rivals firms cannot easily duplicate them (Swink, Melnyk, Cooper, & Hartley, 2013). If an organization's core capabilities are stagnant over time, then they won't be able to get ahead of the competition and stay ahead.