



# Competence Foresight

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**Corporate Foresight as a  
Tool for Anticipative  
Competency Management**

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# 1 / Introduction

The newest results of the annual KPMG CEO Outlook are unequivocal:

- 41% of the CEOs surveyed anticipate a “critical transformation” of their respective companies in the next few years.
- 77% of them predict that innovation will play an increasingly important role in successfully positioning their company in the market or maintaining their current position.
- 65% anticipate that new competitors will attempt to take business off them.

With this in mind, the question arises as to which competencies businesses will need to have to be able to cope with the future transformative change that the majority are sensing and discussing, and for which they are already trying to develop strategic solutions. In traditional strategic management theory, (core) competencies are conceived of as essential corporate resources that, in the well-known words of Prahalad und Hamel, are “skills that enable a firm to deliver a fundamental customer benefit”. The skills in question include organisational competencies embedded both in the minds of staff members and in corporate processes. Other authors conceptualise core competencies as a source of competitive advantage or as value drivers embedded in products and services from a customer perspective. What all traditional approaches to conceptualising the topic of core competencies have in common is that they tend to focus on the identification, exploitation and expansion of existing competencies: strategy “guru” Henry Mintzberg refers, in this context, to recognisable patterns within a continuous flux of corporate actions. There has been less of a tendency to consider the transformation and recompilation of competencies within a climate of disruptive changes. However, corporate enterprises in many sectors currently operate in just such an environment, which makes the question of long-term, anticipative competency management more pressing than ever.

## 2 / The Future of Work, the Future of the Company

It is useful in this context to consider the subject alongside discussions on the future of labour. The digital transformation plays a major role in this field as a driver of automation. It is true that existing studies do not present a consistent picture of how many jobs, even those involving demanding tasks, may become redundant in the wake of increasing automation. But, what is clear is that members of the labour force will face significantly different demands in terms of their skills profiles going forward. One important reason for this is that employers, especially corporate enterprises, will require different competency profiles from the job market. This not only presents a challenge to the workforce but also to companies who need to be able to estimate their future Competency Requirements to position themselves appropriately in the market and in the employment market.

So, what is driving the transformative changes already being perceived and discussed within numerous companies, and reflected in strategic decision-making? Five factor clusters can be identified, which we present in overview in the following sections. We then discuss the contribution that corporate foresight might – and in our view ought to – make in this field.

## 3 / The Primacy of Innovation

In saturated markets and under the penumbra of increasing global competitive pressures, businesses are continuously being forced to develop novel approaches to value creation that transcend their traditional core business. This can, or at least ought to, transform a business into an „innovation factory“. It is not for nothing that the turnover companies are achieving with newly launched products and services is becoming increasingly more significant. In this context, the objective of a systematic approach to competency management is to corral and consolidate those competencies required to support, and that are tightly meshed with, the company's strategic innovation orientation. This can be done through acquisitions, spin-offs that can accelerate the development of specific competencies, and through targeted staff development.

## 4 / Technological Upheavals

The digital transformation has developed to become a strategic topic, which many companies rightly consider to be a central driver of change. Technological developments, which together will usher in dramatic changes, are discussed under buzz words such as "Industry 4.0", "Collaborative Robotics", "Big Data", "Artificial Intelligence" and "Robotic Process Automation". These are augmented by sector-specific upheavals, such as the transition to driverless cars in the automotive industry in the mid to long term, initial successes in the field of decentralised production engineering at which Adidas' so-called Speedfactory Project hints, and the transition to real-time directed load management in the energy sector. Developments such as these will have far-reaching consequences in relation to both the technical and organisational knowledge bases that companies will need to collate and develop to remain competitive.

## 5 / Integrated Value Creation

Innovation is not limited to the production and service spheres: it also applies to value chains and business models. Relevant examples of this include the provision of services via online platforms but also performance-oriented business models or the integration of different product ranges in complex product-service systems. Yet, innovation may also involve the reinvention of the innovation process itself, for example by opening it up to external information flows or by pursuing collaborative agreements with companies in other sectors with a view to realising cross-sector innovations based on complementary skills and know-how of the companies involved. In general, interface and convergence markets are becoming more important, because of which collaborative processes that transcend the boundaries of individual firms are also becoming more significant.

## 6 / Agile Organisation

In addition to product and process innovation, the further development of organisational structures is becoming a central theme for many companies. This may involve the establishment of agile processes and/or teams or the foundation of in-house start-up incubators. The successful implementation of agile forms of organisation requires a new culture of collaboration that will require novel competencies on the part of managers and staff including both soft skills and cross-disciplinary skill profiles as exemplified by so-called "T-shaped professionals" (which have a generalised knowledge of various fields (the horizontal at the top of the T) in addition to profound specialist know-how in some specific discipline (the vertical line of the T)). In this context, collaborative initiatives involving companies and their employees gain in significance in terms of collective competency development.

## 7 / The Features of Competence Foresight

To sum up: Given the ongoing dynamic developments in the technology sectors, corporate enterprises are facing the challenge of having to establish themselves in new business segments with novel products and services and exploring potential innovative value creation models whilst simultaneously reorganising themselves to become more flexible and agile and taking a more consistent approach to consumer-driven innovation rather than simply reacting to "technology push".

As a consequence, novel challenges are emerging at all levels in relation to the development of corporate competencies, to which many companies are already reacting in various ways. As neither companies nor company personnel can acquire new skills overnight, competency management requires a forward-looking approach geared towards the long-term.

Corporate Foresight can make a contribution here by placing corporate competency management on a long-term future-oriented footing, based on tried and trusted foresight methods. The objective is to achieve systematic insights into those skills likely to be required in future at the personnel, technical, process, organisation-

## 8 / How Competence Foresight Works

al levels. The identification of future challenges for the company, in this context, is based on specific future scenarios, which combine plausible assumptions about upcoming developments that are of immediate relevance to the company.

At the high level, the competence foresight approach can be described in the four steps described below.

— **Competence Mapping:** The first step involves drawing up a comprehensive overview of existing competencies within the company in question. In our experience, all companies have a reasonable understanding of their in-house competencies, but this usually needs to be fleshed out in more detail to be useful in the competence foresight process.

— **Future Competency Requirements:** In the second step, future competency requirements are derived from the corporate innovation strategy. The term “innovation strategy” is used in its widest possible meaning in this context, and encompasses new growth areas that will influence the company’s long-term innovation orientation, but also those aspects of innovation referred to above such as organisational innovation or even modifications to the innovation process itself.

— **Gap Analysis:** The gap analysis positions the results from the first two steps in relation to one another during which one can obtain insights into mid to long-term competency deficits as well as identifying which existing competencies will need to be combined or expanded to counteract any shortfalls.

— **Competence Strategy:** In the fourth step, the company uses established foresight tools (strategic option space, vision development, roadmapping) to develop a long-term competence strategy. This takes place at the intersection between innovation management and personnel and organisational development. Therefore, human resources personnel should be involved in this process step at the latest to ensure that the results of the exercise can be integrated within existing corporate processes.

## 9 / The Benefits of Competence Foresight

The benefits of a competence foresight approach include a closer integration between organisational and personnel development initiatives and corporate insights from existing strategic foresight work. Precisely which competencies will need to be developed within a given corporate enterprise, and how, will depend entirely upon the fields in which the company plans to become or remain active going forward, as well as its planned organisational development and the process innovations that must be initiated. Questions such as these are often tackled during the kind of “big picture” foresight initiatives now common in the daily practice of many corporate entities. In our experience, however, the exploitation of insights gained through these processes as corporate resources for organisational and personnel planning is still too infrequent, and this shortfall is precisely what the competence foresight process is designed to address.



## About the Authors

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## About Z\_punkt

Z\_punkt The Foresight Company is a leading international strategy and foresight consultancy that focuses on strategic future issues. It translates findings derived from trend and futures research into practical advice to facilitate strategic management. Using corporate foresight processes, Z\_punkt helps companies to make the most of sustainable future markets.

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