

THE CORE COMPETENCY

IS WHAT A COMPANY KNOWS AND DOES BEST. IT REPRESENTS THE STRENGTHS THAT GIVE THE BUSINESS AN ADVANTAGE OVER THE COMPETITOR AND HELPS A BUSINESS TO ENTER INTO A NEW MARKET. CORE COMPETENCY WAS A CONCEPT FIRST INTRODUCED BY C.K. PRAHALAD AND GARY HAMEL. FOR A BUSINESS IT MUST FULFILL THREE CRITERIA:

1. IS APPLICABLE TO A WIDE VARIETY OF MARKETS
2. CUSTOMERS RECOGNIZE ITS BENEFITS
3. COMPETITORS CANNOT IMITATE EASILY

FIND YOUR CORE COMPETENCY HACHA PRODUCTS GIVES THE HUMBLE ZIP TIE A MAKEOVER

BY STEFANIE GARCIA

Staying innovative is a challenge for all businesses seeking to maintain and gain customers. The difficult task for any owner is how to keep business offerings from going stale. What does an owner do to sustain a business through changing market demand or economic downturns and how do they reinvent to stay relevant?

Diversifying revenue streams is one key way for a company to continue growing and establish long-term stability. While one stream of revenue can possibly be a financial anchor, another revenue stream can be in a slump. Yet, a company should be careful on how it diversifies. Hacha Products Corporation is a ChicagoMSDC certified MBE seeing success through diversifying its product offerings because they worked within their own core competency. (See box above.)

Hacha Products, owned by Kimberly Meek, is an industrial products distributor specializing in products and services used in facilities maintenance/repair/operations (MRO). The company developed organizational flexibility in finding new ways to market standard products as it specialized in selling wire management devices such as cable ties, wire nuts, clamps, and other items. Their unique approach to reaching out to market needs led them, with partner Mineral Masters, to sell Hacha Graffiti Guard, a product

that dramatically reduces the cost of graffiti management. Hacha Products then looked to diversify further.

Kimberly and Mike Nipke, Hacha Products' head of Channel Management and Product Development, knew that their organization succeeds at finding new ways to market existing products. With this perspective they looked at their own industrial products for other commercial uses. Weeks later, out of curiosity, Mike took some zip ties over to his "concept development team," composed of his granddaughters aged three, five and seven, and tossed them on the kitchen table. They immediately started making jewelry. Well, except the three-year-old who just tried to link them together. But even the three-year-old did like wearing her sister's zip tie creations.

A light bulb went off in Mike's head, and TinyTys were born. TinyTys are a children's jewelry craft, made in the USA. Think of the most successful women's jewelry concept for the past fifteen years: Pandora charm bracelets. TinyTys transfers that concept to kids, targeted at four- to six-year olds. These children can now design, create, assemble and wear an infinite array of fun, reusable jewelry all by themselves. The toy is designed for assembly without help required from Mom or Dad, no tools or looms to frustrate kids while they develop their fine motor skills. And Hacha



TinyTys
Jewelry Kit

will point out that every bangle, necklace, bracelet, ring or shoelace the kids create reinforces the patterning and sequencing crucial to learning to read.

Hacha Products' knowledge of and comfort with their core competency of finding new marketing solutions led them to confidently explore a new revenue stream. They simply applied and adapted the humble industrial zip tie to a discovery learning tool for a new children's toy market. And the early market interest meets Hacha Products' projections. TinyTys has already received pre-orders, will begin production in early 2017, and will be launched directly to consumers in the summer - just in time for the holidays.

To identify core business competencies, you must first brainstorm. What is at the core of what you do best? What makes your product or service offering unique? How

can you expand on that unique quality? Once this process has been exhausted, a second wave of questions and calculating must be included. What would be the cost of the new product/service? Does the company have enough resources?

The process can be lengthy and at times tiresome but it can be a profitable investment for a company looking to grow business organically. A company's own core competency is a key building block for long term growth through increased cash flow from diverse revenue sources. If you would like to learn more about diversification strategy or about core competencies, please feel free to contact Stefanie Garcia, MBDA Business Center - Chicago Procurement Consultant at sgarcia@chicagombdacenter.com or 312.755.2554.

BEFORE



AFTER

