Capability vs Opportunity Analysis

Every organisation has more ideas than money, people and time. Capability vs Opportunity Analysis is a simple way to choose between them. It places each option, such as a market, a product or a project, on a two-by-two grid. One axis asks how attractive the opportunity is, and the other asks how strong our capability is to win it. It is a practical screening approach, similar to tools used by consultants, and related to the resource-based view of strategy and to the GE-McKinsey matrix.

1. The Two Axes and the Scores

The vertical axis shows how attractive the opportunity is: its size, its growth and its fit with our strategy. The horizontal axis shows our capability to win it: our skills, assets and resources. Each option gets a score on both axes, for example from one to five. Some teams give extra weight to the most important criteria. When every option is placed on the grid, four zones appear: pursue, build capability, leverage, and avoid.

Example: a person planning a weekend cake business can compare local demand with their own baking skills.

At work: Tarek is the strategy manager of an office furniture company. His management team has four options but money for only two, so he asks them to score each option on both axes.

2. Pursue: High Opportunity, High Capability

The pursue zone holds options where the opportunity is attractive and our capability is strong. These are the natural priorities, because we can win in a market that is worth winning. The right response is to invest, move quickly and assign our best people. The danger is to relax, because a strong position can attract competitors. A clear plan with owners and dates turns a good score into real results.

Example: a popular bakery with a skilled team opens a second branch where people already ask for its bread.

At work: Tarek's team scores home-office chairs high on both axes, because demand is growing and the company already makes excellent chairs. They agree to launch an online range first.

3. Build Capability: High Opportunity, Low Capability

The build capability zone holds attractive opportunities that we are not yet able to win. Here the question is whether we can build, buy or borrow the missing capability at a reasonable cost and speed. Building means training or new assets, buying means hiring or acquiring, and borrowing means a partnership. If the gap is too large, or the chance may pass before we are ready, it is wiser to let it go. This zone needs honest thinking, because enthusiasm can hide real weaknesses.

Example: a language teacher sees demand for online classes and learns video tools first.

At work: hospital furniture is a large and growing market, but Tarek's company lacks the hygiene certificates it needs. The team decides to partner with a certified supplier while its own staff are trained.

4. Leverage: Low Opportunity, High Capability

The leverage zone holds areas where we are strong, but the opportunity is small or shrinking. Here the aim is to protect profits with little new investment, or to find a new use for our strengths. A

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capability that serves a weak market today may serve a stronger market tomorrow. Skills, equipment, brands and customer relationships can often move into a new field. The mistake is to keep investing heavily only because we are good at something.

Example: a print shop with fewer wedding orders uses its machines to make labels for local food producers.

At work: Tarek's company has an excellent metal workshop, but demand for metal filing cabinets keeps falling. The team keeps the cabinet line lean and uses the workshop's skills to make shelving for shops.

5. Avoid: Low Opportunity, Low Capability

The avoid zone holds options that are neither attractive nor a good fit for our strengths. These options usually deserve no new resources. Saying no clearly is valuable, because it frees money, time and attention for better choices. If an existing activity sits here, a planned exit or a sale may be better than a slow decline. Still, the scores should be checked again later, because markets change.

Example: a family decides not to open a café on a street full of cafés, since no one in the family has worked in food service.

At work: an idea to import cheap garden furniture scores low on both axes, because margins are thin and the company has no import experience. Tarek's team drops it and records the reasons for a future review.

6. Running the Session and Deciding

The analysis works best in a short workshop with people from different departments. First, the team lists the options and agrees on the criteria and weights for each axis. Next, each person scores every option alone, so that the loudest voices do not decide. The facilitator then places the options on the grid, and the group discusses the biggest differences between the scores. Finally, the team chooses what to fund, names an owner and a date for each, and repeats the analysis regularly.

Example: friends planning a holiday each rate the destinations privately, then compare and choose together.

At work: in a two-hour workshop, people from sales, production and finance score Tarek's four options. They fund the home-office chairs and the hospital partnership, and agree to review the grid every six months.

Conclusion

In summary, Capability vs Opportunity Analysis helps us decide where to focus by asking two questions together: is it worth winning, and can we win it? Pursue the options that score high on both, build capability for attractive gaps, leverage strengths in weaker markets, and avoid the options that score low on both. The scores are not exact science; their real value is the discussion they create. Used regularly, the grid turns a long list of ideas into a focused plan. It puts our limited resources where they can make the biggest difference.

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