



dti

**CRITICAL SUCCESS FACTORS**

Creating Value From  
Your Intangibles

A SELF ASSESSMENT TOOL FOR BUSINESS

The DTI drives our ambition of 'prosperity for all' by working to create the best environment for business success in the UK.

We help people and companies become more productive by promoting enterprise, innovation and creativity.

We champion UK business at home and abroad. We invest heavily in world-class science and technology. We protect the rights of working people and consumers. And we stand up for fair and open markets in the UK, Europe and the world.

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# Ministerial Foreword

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**The Rt. Hon. Patricia Hewitt MP**  
Secretary of State for Trade and Industry

In a rapidly changing business environment, successful firms are those that constantly strive to improve and innovate. Increasingly it is intangible factors – people, ideas, and reputation – which underpin the best-performing businesses. As DTI's Innovation Report<sup>1</sup> shows, successful companies recognise that investing in these intangible aspects of their business is essential to their ability to create world-class high value added products and services.

The Government has been encouraging firms to pay more attention to their intangibles through emphasis on particular issues such as improving workplace skills. We set up the Accounting for People task force to look at how companies can reflect the value of the work force as a business asset. We have been promoting enterprise, entrepreneurship and best practice in employment, including work-life balance and real equality between men and women. And we have been emphasising the need for innovation as part of the business model of successful companies, and backing it up with practical measures such as R&D tax credits.

In May 2001 we published 'Creating value from your intangible assets', a report highlighting how successful companies made best use of their tangible and intangible resources. That report identified seven areas which are vital to creating and preserving value in a business:

- Relationships
- Knowledge
- Leadership and Communication
- Culture and Values
- Reputation and Trust
- Skills and Competencies
- Processes and Systems

It also provided some suggestions for how a business might identify its key intangibles.

This self assessment tool builds on that report by providing companies with a way to understand the intangible factors which are critical to their future success, and invest accordingly. Whatever the size or nature of your business, this tool can help you do more with what you have, and to achieve even higher goals.

**Patricia Hewitt**

<sup>1</sup>[www.dti.gov.uk/innovationreport](http://www.dti.gov.uk/innovationreport)

# The Intangibles Self Assessment Tool

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**Tim Hoad**  
Senior Industrialist, DTI Business Finance  
and Investment Unit

## Introduction

Just as directors and managers have a responsibility to look after so called 'hard' assets like property and cash they also have a responsibility to look after 'soft' intangibles which are central to a viable and sustainable business. Successful businesses appreciate that many of the factors upon which their future success depends are intangible in nature. Things like their reputation, knowledge, capabilities and ways of working which support both current activities and future innovation, are however normally unsuitable for inclusion within financial statements.

This self assessment tool has therefore been designed to be complementary to financial accounting by focussing on the non-financial aspects of a business which influence future cash flows and, ultimately, the value of the business to its shareholders and stakeholders.

Through this publication, we build on the first intangibles report 'Creating value from your intangible assets' by offering a framework which enables users to set clear aims, understand the critical success factors which drive value creation and to facilitate a constructive discussion aimed at getting everyone committed to a common direction and purpose.

Central to this self assessment is the evaluation of the importance of the following intangibles:

- Relationships
- Knowledge
- Leadership and Communication
- Culture and Values
- Reputation and Trust
- Skills and Competencies
- Processes and Systems

Against a carefully selected range of real business issues:

- Current and Future Markets
- Products and Services
- People
- Innovation and Change
- Strategy, Planning and Execution
- Finance and Investment
- Risk, Reward and Uncertainty

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Using this tool enables any individual to evaluate their existing strategy or to explore a specific problem or opportunity with a view to deciding on some specific actions to help the business to plan and deliver desired change.

More importantly for teams, by focussing on individual self assessment over a range of carefully selected critical success factors, this tool provides an opportunity for those who are most involved or most affected by proposed changes, to identify and discuss issues arising as a key step towards gaining group understanding and commitment towards planned actions.

By nature businesses succeed based on their differences, we therefore argue that there are many recipes for success rather than one single recipe which answers all business needs.

This self assessment tool concentrates on identification of the competencies and distinctive capabilities necessary for the business to compete in its chosen markets. By comparing perceptions of importance and ability of selected critical success factors, this tool helps businesses to focus their thoughts on what they are trying to achieve and where to focus their investments for future success.

### **Investing to Create Value**

Whatever the investment of time, effort, reputation etc. in both tangible and intangible aspects of your business this self assessment tool will help you understand how and why your investments are intended to contribute to your future success.

As with any investment, investors should seek answers to four basic questions:

1. What are the competencies and capabilities that will enable this business to grow and prosper?
2. Where is the value in this business and how will this value be nurtured and sustained?
3. How efficiently will this business manage its range of operations compared to its competitors?
4. Do we trust those in charge to identify and manage key risks and to deliver what they promise?

Whatever your aims or purpose, clarification of the ways in which various non financial factors underpin the assumptions used in construction of future financial forecasts represents an important step in budgeting and planning for any business.

### **Use by Businesses**

This tool is intended to help any business that is seeking to improve its performance by generating a picture of which intangible factors are most important to selected areas of your business and in highlighting where your strengths and weaknesses lie.

Using the critical success factor self assessment is a six-step process which can be completed in around one hour by an individual seeking to undertake a quick assessment of key issues. For team discussions and full action planning more time should be allowed depending on the numbers of people involved and the extent and complexity of issues to be reviewed.

Through we refer to 'business' throughout this document, all organisations including those 'not for profit' can use this tool to select and take action to improve a wide range of factors which are considered critical to their future success.

**Tim Hoad**





### Step 4

#### Identification of Possible Actions worthy of pursuit and **Selected:**

- Short Term Actions
- Longer Term Improvement Plans
- Should you add any of your own CSF's or consider merging CSF's?

Short Term Actions	Responsibility	Due By
1		
2		
3		
4		
5		

Longer Term Improvement Plans	Responsibility	Review By
1		
2		
3		
4		
5		

- What business cases should be taken forward to project appraisal Step 5?

**Hint** – Don't try to take on too much at once.

Where are your real priorities?

Look for some quick wins and to build some longer-term strengths that are difficult for others to copy.

What will the group do differently tomorrow as a result of going through this exercise?

What consents are required to invest in new things or to change what is being done?



### Step 5

#### Action Planning

- Build the business case
- Think about your return on investment not just in terms of the profit and loss account but in terms of the value of your business based on enhancing its ability to generate future income streams

**Hint** – Consider the Action Planning checklist which has been provided on page 28 of this document.

Consider both financial and non-financial criteria.



### Step 6

#### Reflection and Uses

- What is the next topic you wish to consider in Step 1?
- Things change, so consider the importance of **options and flexibility**

**Hint** – Use the tool to focus on different aspects by returning to Step 1 on a regular basis.

# Step 1 – Define Your Aims

This self assessment tool helps you to think through the key intangible factors which relate to your business. The first stage in this process is to decide what issue or issues to consider and who to involve.

## What to focus on?

This self assessment tool is equally suitable for:

- Undertaking a general review of your overall business strategy
- Enabling you to focus your attention on a specific business problem or opportunity

It provides a convenient starting point for any individual considering basic management issues like:

- Where are we now?
- Where do we want to be?
- How do we get there?
- What is stopping us?

Consider these questions for a few moments and write down your thoughts on:

**What is it that you are trying to achieve?**

**How would you describe success? (What things will be different?)**

## Who needs to be involved? – Team building and focus on achieving success

The purpose of this tool is to focus team efforts on the actions required to achieve your goals. By undertaking this exercise as a team drawn from those accountable, responsible, involved or affected by whatever changes are needed you will:

- Bring out into the open, differing perceptions relating to the various CSF's
- Provide an opportunity to discuss the reasons for these differing perspectives
- Decide as a group which CSF's require attention and what actions to take
- Agree what will change immediately and what other actions require appraisal and approval

## Participants

1	2
3	4
5	6
7	8

# Step 2 – Assess Your Business

Each section of self-analysis questions is given an overall context and examples of the key intangibles are described at the start of each of the seven following sections.

Working alone, participants are asked to consider the statements made about the critical success factors, and then rate both your ability – how true the statements are for your business (or the portion of your business you are considering) – and the importance to your business of each statement being true.

In **Step 1** you provided an issue to consider in terms of:

- What is it that you are trying to achieve?
- How would you describe success?

Now you analyse this issue by considering **7 Intangible Areas** against **7 Real Business Issues**

## Intangible Areas

- Relationships
- Knowledge
- Leadership and Communication
- Culture and Values
- Reputation and Trust
- Skills and Competencies
- Processes and Systems

## Real Business Issues

- Current and future Markets
- Products and Services
- People
- Innovation and Change
- Strategy, Planning and Execution
- Finance and Investment
- Risk, Reward and Uncertainty

## Scoring

This self assessment works because it gets you to think about a diverse range of CFS's in terms of where your business is now (current **Ability**) against where you would like to be (the level of **Importance** you attribute to each CSF).

The important thing about this self scoring system is to be honest – thinking about the scores and identifying the reasons why they are low or high is where the real value lies – not the scores themselves.

For teams – undertake scoring individually, in Step 3 you will have an opportunity to identify and discuss differences as you seek to interpret your scores.

## Key to Scores

**Ability Scores** – To what extent do you agree that the statement is true for your business?

- |                               |       |   |
|-------------------------------|-------|---|
| – Totally agree               | Score | 4 |
| – Pretty well agree           | Score | 3 |
| – Some work to do             | Score | 2 |
| – Lots of work to do          | Score | 1 |
| – Not Applicable / Irrelevant | Score | 0 |

**Importance Scores** – How important is it to your business for the statement to be true?

- |                               |       |   |
|-------------------------------|-------|---|
| – Critical to success         | Score | 4 |
| – Very important              | Score | 3 |
| – Somewhat important          | Score | 2 |
| – Of little importance        | Score | 1 |
| – Not Applicable / Irrelevant | Score | 0 |

# Section 1 – Current and Future Markets

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## How well does your business understand the markets within which it operates and the factors which enable it to sustain a profitable future?

### Issues to consider:

- The scale, scope, reach, reliability, prominence and sustainability of our distribution networks
- How well you understand market trends and developments and the effects that these factors will have on your competitive positioning
- Quality of responsiveness to the various ways in which the market is likely to evolve
- Perceived value and importance of your organisation to suppliers and potential partners based on the way the business operates
- Customer confidence that this business will deliver what it promises to deliver
- Ability to build and defend profitable niches for our range of business activities
- Ability to make efficient, effective and economical use of new designs, materials, technologies and ways of working

### Key to Scores

**Ability Scores** – To what extent do you agree that the statement is true for your business?

- |                               |       |   |
|-------------------------------|-------|---|
| – Totally agree               | Score | 4 |
| – Pretty well agree           | Score | 3 |
| – Some work to do             | Score | 2 |
| – Lots of work to do          | Score | 1 |
| – Not Applicable / Irrelevant | Score | 0 |

**Importance Scores** – How important is it to your business for the statement to be true?

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|-------------------------------|-------|---|
| – Critical to success         | Score | 4 |
| – Very important              | Score | 3 |
| – Somewhat important          | Score | 2 |
| – Of little importance        | Score | 1 |
| – Not Applicable / Irrelevant | Score | 0 |

Intangible Area	Focus for Action Sheet 1	Statement	Score
1.1 Relationships	Strength of channels and ability to access chosen markets	We have all the relationships we need to ensure that we have effective access to our intended markets	Ability Importance
1.2 Knowledge	Accuracy and relevance of our market research and intelligence	We fully understand all our markets and the factors which enable us to remain competitive within them.	Ability Importance
1.3 Leadership and Communication	Pragmatic and sustainable direction and focus	Our direction is clear to everyone and all our actions are directed towards achieving a common mission and purpose	Ability Importance
1.4 Culture and Values	Negotiating power and influence with suppliers and collaborators	The way in which we operate creates value for both ourselves and those who contribute to our success	Ability Importance
1.5 Reputation and Trust	Delivering our promises on time and to specification	Others deal with us because we always honour our commitments and we don't make promises that we can't fulfil	Ability Importance
1.6 Skills and Competencies	Understanding the factors which drive market attractiveness	We have built attractive market niches and we have the core competencies and distinctive capabilities necessary to defend them	Ability Importance
1.7 Processes and Systems	Focus on need for continual improvement in all we do	We maintain a constant search for new value-adding ways of working that are capable of improving any aspect of our business operations	Ability Importance

Action Sheet - 1		Intangible Area	
CSF	Focus for Action Sheet 1	Statement	Score
1.1 Relationships	Strength of channels and ability to access chosen markets	We have all the relationships we need to ensure that we have effective access to our intended markets	Ability Importance
1.2 Knowledge	Accuracy and relevance of our market research and intelligence	We fully understand all our markets and the factors which enable us to remain competitive within them.	Ability Importance
1.3 Leadership and Communication	Pragmatic and sustainable direction and focus	Our direction is clear to everyone and all our actions are directed towards achieving a common mission and purpose	Ability Importance
1.4 Culture and Values	Negotiating power and influence with suppliers and collaborators	The way in which we operate creates value for both ourselves and those who contribute to our success	Ability Importance
1.5 Reputation and Trust	Delivering our promises on time and to specification	Others deal with us because we always honour our commitments and we don't make promises that we can't fulfil	Ability Importance
1.6 Skills and Competencies	Understanding the factors which drive market attractiveness	We have built attractive market niches and we have the core competencies and distinctive capabilities necessary to defend them	Ability Importance
1.7 Processes and Systems	Focus on need for continual improvement in all we do	We maintain a constant search for new value-adding ways of working that are capable of improving any aspect of our business operations	Ability Importance

After marking this section – Circle any areas where you feel improvements should be made using Action Sheet 1 (page 22) and record your Ideas for Improvement (page 23).

# Section 2 – Products and Services

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## How well does your business understand the current and evolving needs of its customers and the factors which drive successful product development?

### Issues to Consider

- Skill in working with others to enable successful identification and articulation of key customer needs
- Ability to apply knowledge to align product features with valuable customer benefits
- Effective targeting of the knowledge and capabilities required to sustain a competitive product range
- Overall quality of the whole sales promotion, buying and after care experience
- The quality and value for money of each of our products and services relative to the alternatives available from competitors
- Effective deployment of relevant scientific, technological and market developments through effective use of design
- Ability to choose where and how to operate to ensure that products and services can be delivered on time and to specification

### Key to Scores

**Ability Scores** – To what extent do you agree that the statement is true for your business?

- |                               |       |   |
|-------------------------------|-------|---|
| – Totally agree               | Score | 4 |
| – Pretty well agree           | Score | 3 |
| – Some work to do             | Score | 2 |
| – Lots of work to do          | Score | 1 |
| – Not Applicable / Irrelevant | Score | 0 |

**Importance Scores** – How important is it to your business for the statement to be true?

- |                               |       |   |
|-------------------------------|-------|---|
| – Critical to success         | Score | 4 |
| – Very important              | Score | 3 |
| – Somewhat important          | Score | 2 |
| – Of little importance        | Score | 1 |
| – Not Applicable / Irrelevant | Score | 0 |

Intangible Area	Focus for Action Sheet 1	Statement	Score
2.1 Relationships	Working with others to develop customer solutions	Our contacts and collaborations are sufficient to identify, articulate and respond to all our customers' needs	Ability Importance
2.2 Knowledge	Relative attractiveness of features and benefits	We are expert in developing viable solutions which match product features with customer benefits	Ability Importance
2.3 Leadership and Communication	Prioritisation of market research and product development	We target our market research and product development to deliver and sustain a sensible portfolio of products and services	Ability Importance
2.4 Culture and Values	Customer loyalty based on quality of experiences	Everyone associated with us works as a team to ensure that customers want to come back to us time and again	Ability Importance
2.5 Reputation and Trust	Our solutions set the standard for value and performance	Our customers tell us that we provide outstanding quality and value for money	Ability Importance
2.6 Skills and Competencies	Effective use of design, covering the whole of each product's life	Our designs achieve market leadership because of our ability to deploy relevant knowledge effectively	Ability Importance
2.7 Processes and Systems	Fit between production capabilities and market needs	We carefully select our locations and modes of operation in order to ensure that we can deliver on time, every time and to specification	Ability Importance

Action Sheet - 1		Intangible Area	
CSF	Statement	Statement	Statement
1	Customer Solutions	Our contacts and collaborations are sufficient to identify, articulate and respond to all our customers' needs	Our contacts and collaborations are sufficient to identify, articulate and respond to all our customers' needs
2	Customer Knowledge	We are expert in developing viable solutions which match product features with customer benefits	We are expert in developing viable solutions which match product features with customer benefits
3	Customer Leadership and Communication	We target our market research and product development to deliver and sustain a sensible portfolio of products and services	We target our market research and product development to deliver and sustain a sensible portfolio of products and services
4	Customer Culture and Values	Everyone associated with us works as a team to ensure that customers want to come back to us time and again	Everyone associated with us works as a team to ensure that customers want to come back to us time and again
5	Customer Reputation and Trust	Our customers tell us that we provide outstanding quality and value for money	Our customers tell us that we provide outstanding quality and value for money
6	Customer Skills and Competencies	Our designs achieve market leadership because of our ability to deploy relevant knowledge effectively	Our designs achieve market leadership because of our ability to deploy relevant knowledge effectively
7	Customer Processes and Systems	We carefully select our locations and modes of operation in order to ensure that we can deliver on time, every time and to specification	We carefully select our locations and modes of operation in order to ensure that we can deliver on time, every time and to specification

After marking this section – Circle any areas where you feel improvements should be made using Action Sheet 1 (page 22) and record your Ideas for Improvement (page 23).

# Section 3 – People

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## How well does your business recognise the essential role that people play in your ability to overcome the challenges you must face in the markets in which you operate?

### Issues to consider:

- Ability to tap into a wide range of perspectives and ideas through effective internal and external networks
- The ability to learn both from your own and from other's experiences and to apply this wisely and in context
- Ability to channel people's efforts towards a shared aim and purpose
- Ability to motivate people through recognition and reward of teamwork and other productive behaviours which create value
- Understanding the effect that you actions have on 'stakeholders' and associated implications for current ways of working
- Strength of core competencies and distinctive capabilities available to be deployed
- Degree of alignment between the system of staff appraisal and the critical success factors for the business

### Key to Scores

**Ability Scores** – To what extent do you agree that the statement is true for your business?

- |                               |       |   |
|-------------------------------|-------|---|
| – Totally agree               | Score | 4 |
| – Pretty well agree           | Score | 3 |
| – Some work to do             | Score | 2 |
| – Lots of work to do          | Score | 1 |
| – Not Applicable / Irrelevant | Score | 0 |

**Importance Scores** – How important is it to your business for the statement to be true?

- |                               |       |   |
|-------------------------------|-------|---|
| – Critical to success         | Score | 4 |
| – Very important              | Score | 3 |
| – Somewhat important          | Score | 2 |
| – Of little importance        | Score | 1 |
| – Not Applicable / Irrelevant | Score | 0 |

Intangible Area	Focus for Action Sheet 1	Statement	Score
3.1 Relationships	Excellence in networking, teamwork and collaboration	We understand that effective knowledge management is more about managing relationships between people than about investment in IT	Ability Importance
3.2 Knowledge	Getting the right mix of wisdom and experience to succeed	We achieve our goals because we get the right people with the right experience in the right place at the right time	Ability Importance
3.3 Leadership and Communication	Efforts aligned towards a shared aim and purpose	The mission of this business is a living concept which our people care deeply about	Ability Importance
3.4 Culture and Values	Motivating by rewarding productive behaviours	We celebrate success through recognising and rewarding the contributions that people make in creating value for the business	Ability Importance
3.5 Reputation and Trust	Understanding implications and consequences of ways of working	Because we take care to work in responsible and ethical ways we enjoy self regulation and minimal expenditure due to complaints	Ability Importance
3.6 Skills and Competencies	Training, development and learning opportunities	We provide all our people with the learning experiences and the development opportunities that they need to grow	Ability Importance
3.7 Processes and Systems	Staff appraisal is linked to critical success factors	The CSF's identified for the organisation are used to provide a business focus for discussions surrounding staff appraisal	Ability Importance

Action Sheet - 1		Intangible Area	
CSF	Statement	Statement	Statement
1	Customer Focus	Customer Focus	Customer Focus
2	Operational Excellence	Operational Excellence	Operational Excellence
3	Financial Performance	Financial Performance	Financial Performance
4	Human Capital	Human Capital	Human Capital
5	Technology	Technology	Technology
6	Environment	Environment	Environment
7	Society	Society	Society
8	Leadership	Leadership	Leadership
9	Strategy	Strategy	Strategy
10	Structure	Structure	Structure
11	Systems	Systems	Systems
12	Processes	Processes	Processes
13	Performance	Performance	Performance
14	Quality	Quality	Quality
15	Efficiency	Efficiency	Efficiency
16	Effectiveness	Effectiveness	Effectiveness
17	Productivity	Productivity	Productivity
18	Profitability	Profitability	Profitability
19	Growth	Growth	Growth
20	Innovation	Innovation	Innovation
21	Agility	Agility	Agility
22	Resilience	Resilience	Resilience
23	Flexibility	Flexibility	Flexibility
24	Adaptability	Adaptability	Adaptability
25	Scalability	Scalability	Scalability
26	Reliability	Reliability	Reliability
27	Consistency	Consistency	Consistency
28	Stability	Stability	Stability
29	Security	Security	Security
30	Compliance	Compliance	Compliance
31	Transparency	Transparency	Transparency
32	Accountability	Accountability	Accountability
33	Integrity	Integrity	Integrity
34	Honesty	Honesty	Honesty
35	Trustworthiness	Trustworthiness	Trustworthiness
36	Reliability	Reliability	Reliability
37	Consistency	Consistency	Consistency
38	Stability	Stability	Stability
39	Security	Security	Security
40	Compliance	Compliance	Compliance
41	Transparency	Transparency	Transparency
42	Accountability	Accountability	Accountability
43	Integrity	Integrity	Integrity
44	Honesty	Honesty	Honesty
45	Trustworthiness	Trustworthiness	Trustworthiness
46	Reliability	Reliability	Reliability
47	Consistency	Consistency	Consistency
48	Stability	Stability	Stability
49	Security	Security	Security
50	Compliance	Compliance	Compliance

After marking this section – Circle any areas where you feel improvements should be made using Action Sheet 1 (page 22) and record your Ideas for Improvement (page 23).

# Section 4 – Innovation and Change

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## What new challenges and solutions are emerging within your markets and how well placed is your business to deliver a successful future?

### Issues to consider:

- Ability to keep up to date with the ways in which markets and customer needs evolve through effective dialogue and discussion
- Ability to see problems and opportunities in context and to develop proprietary ways of addressing them
- Effective trade off between the need to make improvements to current activities to harvest rewards and investment in new opportunities
- Strength of collaborative behaviours like information sharing and the diversity of perspective from team based problem solving
- Integrity, empathy and sensitivity in dealing with people's problems and concerns relating to change
- Ability to acquire, store, share, absorb and to apply knowledge in new ways and in new contexts
- Making best use of good ideas, wherever they come from

### Key to Scores

**Ability Scores** – To what extent do you agree that the statement is true for your business?

- |                               |       |   |
|-------------------------------|-------|---|
| – Totally agree               | Score | 4 |
| – Pretty well agree           | Score | 3 |
| – Some work to do             | Score | 2 |
| – Lots of work to do          | Score | 1 |
| – Not Applicable / Irrelevant | Score | 0 |

**Importance Scores** – How important is it to your business for the statement to be true?

- |                               |       |   |
|-------------------------------|-------|---|
| – Critical to success         | Score | 4 |
| – Very important              | Score | 3 |
| – Somewhat important          | Score | 2 |
| – Of little importance        | Score | 1 |
| – Not Applicable / Irrelevant | Score | 0 |

Intangible Area	Focus for Action Sheet 1	Statement	Score
4.1	Relationships	Our network of contacts ensures that we get early warning of any changes which affect the markets within which we operate	Ability Importance
4.2	Knowledge	We manage our knowledge and apply our experience in order to extend our range of proprietary products, processes and services	Ability Importance
4.3	Leadership and Communication	We invest both to get the best out of our current activities and to ensure that we develop the new activities required to provide for our future	Ability Importance
4.4	Culture and Values	By listening to and sharing ideas with others we bring a diverse range of perspectives to our problem solving and solution building activities	Ability Importance
4.5	Reputation and Trust	Because we are trusted with people's true feelings we are able to identify and address root causes of problems and concerns	Ability Importance
4.6	Skills and Competencies	Our ability to convert ideas into profitable opportunities is based on our ability to see problems in their true context	Ability Importance
4.7	Processes and Systems	We have effective processes for communicating, assessing, developing and commercialising viable ideas	Ability Importance

Action Sheet - 1		Intangible Area	
CSF	Statement	Statement	Statement
1	Develop a strong network of contacts	Our network of contacts ensures that we get early warning of any changes which affect the markets within which we operate	Ability Importance
2	Manage our knowledge and apply our experience	We manage our knowledge and apply our experience in order to extend our range of proprietary products, processes and services	Ability Importance
3	Invest in current and future activities	We invest both to get the best out of our current activities and to ensure that we develop the new activities required to provide for our future	Ability Importance
4	Listen to and share ideas	By listening to and sharing ideas with others we bring a diverse range of perspectives to our problem solving and solution building activities	Ability Importance
5	Build trust with people	Because we are trusted with people's true feelings we are able to identify and address root causes of problems and concerns	Ability Importance
6	Convert ideas into profitable opportunities	Our ability to convert ideas into profitable opportunities is based on our ability to see problems in their true context	Ability Importance
7	Develop effective processes	We have effective processes for communicating, assessing, developing and commercialising viable ideas	Ability Importance

After marking this section – Circle any areas where you feel improvements should be made using Action Sheet 1 (page 22) and record your Ideas for Improvement (page 23).

# Section 5 – Strategy, Planning and Execution

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## Do your planning and budgeting processes provide sufficient flexibility to enable a proactive response to emerging opportunities and threats?

### Issues to consider:

- Strength of business models and ongoing positioning within value chains
- Experience in doing what we are setting out to achieve
- Effective use of budgeting as a servant of strategic planning not as its master
- Understanding the factors which drive differing stakeholder perspectives of success
- Understanding the type of things which might go wrong and ability to choose actions which succeed in avoiding problems before they arise
- Ability to translate strategic intent into a viable and manageable programme of projects, actions and activities
- Whilst we focus on intended outcomes, we also seek to understand and manage any useful or harmful bi-products from our actions

### Key to Scores

**Ability Scores** – To what extent do you agree that the statement is true for your business?

- |                               |       |   |
|-------------------------------|-------|---|
| – Totally agree               | Score | 4 |
| – Pretty well agree           | Score | 3 |
| – Some work to do             | Score | 2 |
| – Lots of work to do          | Score | 1 |
| – Not Applicable / Irrelevant | Score | 0 |

**Importance Scores** – How important is it to your business for the statement to be true?

- |                               |       |   |
|-------------------------------|-------|---|
| – Critical to success         | Score | 4 |
| – Very important              | Score | 3 |
| – Somewhat important          | Score | 2 |
| – Of little importance        | Score | 1 |
| – Not Applicable / Irrelevant | Score | 0 |

Intangible Area	Focus for Action Sheet 1	Statement	Score
5.1 Relationships	Negotiating strength within the value chain	Our business model is sound because we have the collaborations and resources necessary to secure our position within the value chain	Ability Importance
5.2 Knowledge	Strength of management track record to date	We have the experience to undertake all areas of activity which our stakeholders consider key to success	Ability Importance
5.3 Leadership and Communication	We set realistic objectives for each of our key activities	We set realistic budgets, milestones and objectives for each of our projects and programmes	Ability Importance
5.4 Culture and Values	Changes which we implement create value for stakeholders	We understand how changes in the way we work affect our different stakeholders	Ability Importance
5.5 Reputation and Trust	We are viewed as a safe pair of hands by those we work with	People trust us to make the right strategic and resource allocation decisions	Ability Importance
5.6 Skills and Competencies	We prioritise actions based on both importance and urgency	All our people are involved with projects and as an organisation we excel at project management	Ability Importance
5.7 Processes and Systems	We understand interconnections and dependencies between actions	We understand the way in which the things we do interrelate and manage things accordingly	Ability Importance

Action Sheet - 1		Intangible Area	
CSF	Statement	Statement	Statement
1	Our business model is sound because we have the collaborations and resources necessary to secure our position within the value chain	Our business model is sound because we have the collaborations and resources necessary to secure our position within the value chain	Our business model is sound because we have the collaborations and resources necessary to secure our position within the value chain
2	We have the experience to undertake all areas of activity which our stakeholders consider key to success	We have the experience to undertake all areas of activity which our stakeholders consider key to success	We have the experience to undertake all areas of activity which our stakeholders consider key to success
3	We set realistic budgets, milestones and objectives for each of our projects and programmes	We set realistic budgets, milestones and objectives for each of our projects and programmes	We set realistic budgets, milestones and objectives for each of our projects and programmes
4	We understand how changes in the way we work affect our different stakeholders	We understand how changes in the way we work affect our different stakeholders	We understand how changes in the way we work affect our different stakeholders
5	People trust us to make the right strategic and resource allocation decisions	People trust us to make the right strategic and resource allocation decisions	People trust us to make the right strategic and resource allocation decisions
6	All our people are involved with projects and as an organisation we excel at project management	All our people are involved with projects and as an organisation we excel at project management	All our people are involved with projects and as an organisation we excel at project management
7	We understand the way in which the things we do interrelate and manage things accordingly	We understand the way in which the things we do interrelate and manage things accordingly	We understand the way in which the things we do interrelate and manage things accordingly

After marking this section – Circle any areas where you feel improvements should be made using Action Sheet 1 (page 22) and record your Ideas for Improvement (page 23).

# Section 6 – Finance and Investment

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## Do you understand how to prioritise your investment of time, effort and money in order to ensure that your business remains creditworthy and attractive to investors?

### Issues to consider:

- Ability to articulate business opportunities and to justify key assumptions
- Ability to maximise value by both development of future income streams and by ensuring survival to enjoy them
- Making effective use of strengths and ability to work with others as necessary to ensure that products and services remain competitive
- Recognition that there may be a need to take a pragmatic view on sharing reward based on relative contribution towards success
- Ability to attract investment and to retain the support of investors despite setbacks
- Efficient, effective and economical use of all the resources available to ensure an effective balance between growth and profitability
- Degree of control over operations which contribute to success but particularly the ability to ensure that the business does not run out of cash

### Key to Scores

**Ability Scores** – To what extent do you agree that the statement is true for your business?

- |                               |       |   |
|-------------------------------|-------|---|
| – Totally agree               | Score | 4 |
| – Pretty well agree           | Score | 3 |
| – Some work to do             | Score | 2 |
| – Lots of work to do          | Score | 1 |
| – Not Applicable / Irrelevant | Score | 0 |

**Importance Scores** – How important is it to your business for the statement to be true?

- |                               |       |   |
|-------------------------------|-------|---|
| – Critical to success         | Score | 4 |
| – Very important              | Score | 3 |
| – Somewhat important          | Score | 2 |
| – Of little importance        | Score | 1 |
| – Not Applicable / Irrelevant | Score | 0 |

Intangible Area	Focus for Action Sheet 1	Statement	Score
6.1 Relationships	Ability to build and convey an attractive 'value proposition'	We receive financial support from others because we are able to articulate a sound business case	Ability Importance
6.2 Knowledge	Our pricing and budgeting strategies are evidence based	We can accurately predict revenue and profitability from current and future products and services.	Ability Importance
6.3 Leadership and Communication	Determination to succeed despite obstacles and difficulties	We concentrate on making use of our strengths and by working with others who can contribute to our success	Ability Importance
6.4 Culture and Values	We take a pragmatic view in terms of sharing rewards	We share rewards based on the relative contribution that those involved make towards success	Ability Importance
6.5 Reputation and Trust	Open and honest dialogue with financiers and partners	We provide a regular, timely, open and reliable flow of information to enable our investors to accurately assess our performance	Ability Importance
6.6 Skills and Competencies	Ability of the business to grow and to generate profits	We make best use of all the financial and non-financial resources at our disposal to enhance profitability and to grow the business	Ability Importance
6.7 Processes and Systems	Control of all operations but particularly cash flow	We are fully aware of the various ways in which we can generate cash and we keep close control over the ways in which we invest it	Ability Importance

Action Sheet - 1		Intangible Area	
CSF	Statement	Statement	Statement
1	Financial Support	We receive financial support from others because we are able to articulate a sound business case	Ability Importance
2	Revenue and Profitability	We can accurately predict revenue and profitability from current and future products and services.	Ability Importance
3	Strengths and Success	We concentrate on making use of our strengths and by working with others who can contribute to our success	Ability Importance
4	Rewards	We share rewards based on the relative contribution that those involved make towards success	Ability Importance
5	Information Flow	We provide a regular, timely, open and reliable flow of information to enable our investors to accurately assess our performance	Ability Importance
6	Resources	We make best use of all the financial and non-financial resources at our disposal to enhance profitability and to grow the business	Ability Importance
7	Cash Flow	We are fully aware of the various ways in which we can generate cash and we keep close control over the ways in which we invest it	Ability Importance

After marking this section – Circle any areas where you feel improvements should be made using Action Sheet 1 (page 22) and record your Ideas for Improvement (page 23).

# Section 7 – Risk, Reward and Uncertainty

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## Do you understand the risks and opportunities facing you based on both your own ways of working and the ways in which your markets are evolving?

### Issues to consider:

- Ability to position the business for success despite the uncertainties of changing markets
- Understanding what is critical to business success and how these critical success factors link to value creation
- Standardising of routines to maximise efficiency and minimise risk but also frameworks for decision taking when flexibility is desirable
- Exercise of sound judgement in dealing with conflicting stakeholder priorities
- The degree of support, tolerance or forgiveness which you are able to draw upon in times of need
- Ability to recognise the potential for risk, skill in developing ways to identify problems early and to fix them before it is too late
- Understanding the various techniques available for risk e.g. avoiding, mitigating, transferring, managing and consciously accepting

### Key to Scores

**Ability Scores** – To what extent do you agree that the statement is true for your business?

- |                               |       |   |
|-------------------------------|-------|---|
| – Totally agree               | Score | 4 |
| – Pretty well agree           | Score | 3 |
| – Some work to do             | Score | 2 |
| – Lots of work to do          | Score | 1 |
| – Not Applicable / Irrelevant | Score | 0 |

**Importance Scores** – How important is it to your business for the statement to be true?

- |                               |       |   |
|-------------------------------|-------|---|
| – Critical to success         | Score | 4 |
| – Very important              | Score | 3 |
| – Somewhat important          | Score | 2 |
| – Of little importance        | Score | 1 |
| – Not Applicable / Irrelevant | Score | 0 |

Area	Theme	Statement	Score
7.1	Relationships	We don't know what the future will bring but we are confident that we have the relationships necessary to build a successful future	Ability Importance
7.2	Knowledge	We understand and consistently deliver all those things that are critical to business success	Ability Importance
7.3	Leadership and Communication	We control routine activities through standardised processes but for non routine events we provide frameworks for taking or referring decisions	Ability Importance
7.4	Culture and Values	We work with our stakeholders to ensure that we have a viable way forward despite actual or potential areas of concern	Ability Importance
7.5	Reputation and Trust	Our customers and suppliers would provide us with support if necessary to see us through short term difficulties	Ability Importance
7.6	Skills and Competencies	We understand that risks increase when we do new things but we are expert at appraising risks and agile in taking remedial action	Ability Importance
7.7	Processes and Systems	We accept that some risks are unknowable, but for those we understand we have taken the steps necessary to reduce them to acceptable levels	Ability Importance

Action Sheet - 1		Implementation Date	
CSF	Area	Start Date	End Date
1	Relationships		
2	Knowledge		
3	Leadership and Communication		
4	Culture and Values		
5	Reputation and Trust		
6	Skills and Competencies		
7	Processes and Systems		

After marking this section – Circle any areas where you feel improvements should be made using Action Sheet 1 (page 22) and record your Ideas for Improvement (page 23).

# Action Sheet – 1

## Real Business Issues

CSF	Current and Future Markets	Products and Services	People	Innovation and Change	Strategy, Planning and Execution	Finance and Investment	Risk, Reward and Uncertainty
Relationships	Strength of channels and ability to access chosen markets	Working with others to develop customer solutions	Excellence in networking teamwork and collaboration	Development of sensors and early warning systems	Negotiating strength within the value chain	Ability to build and convey an attractive 'value proposition'	Considering scenarios helps us to live with uncertainty
Knowledge	Accuracy and relevance of our market research and intelligence	Relative attractiveness of features and benefits	Getting the right mix of wisdom and experience to succeed	Development of proprietary solutions and valuable Intellectual Property Rights (IPR)	Strength of management track record to date	Pricing and budgeting strategies are evidence based	We have metrics which accurately keep track of all our CSF's
Leadership and Communication	Pragmatic and sustainable direction and focus	Prioritisation of market research and product development	Efforts aligned towards a shared aim and purpose	Effective trade off between current and future needs	We set realistic objectives for each of our key activities	Determination to succeed despite obstacles and difficulties	Routines and frameworks for delegation and control
Culture and Values	Negotiating power and influence with suppliers & collaborators	Customer loyalty based on quality of experiences	Motivating by rewarding productive behaviours	Listening to and sharing ideas with others to build solutions	Changes which we implement create value for stakeholders	We take a pragmatic view in terms of sharing rewards	We work with our stakeholders to limit areas of dissatisfaction
Reputation and Trust	Delivering our promises on time and to specification	Our solutions set the standard for value and performance	Understanding implications and consequences of ways of working	Sensitivity in dealing with problems and concerns	We are viewed as a safe pair of hands by those we work with	Open and honest dialogue with financiers and partners	Retaining the support needed to survive temporary setbacks
Skills and Competencies	Understanding of factors which drive market attractiveness	Effective use of design covering the whole of each product's life	Training development and learning opportunities	Ability to see problems and opportunities in true context	We prioritise actions based on both importance and urgency	Ability of the business to grow and to generate profits	Speed with which we learn from mistakes and act to correct them
Processes and Systems	Focus on need for continual improvement in all we do	Fit between production capabilities and market needs	Staff appraisal is linked to critical success factors	Effective processes for making best use of good ideas	We understand interconnections & dependencies between actions	Control of all operations but particularly cash flow	Ability to understand risks and operations for managing them

<b>CSF</b>	<b>Ideas for Improvement</b>

# Step 3

## Scores and Potential Improvement Areas

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Use the score sheet below to record your scores and to highlight potential improvement areas.

### For Individuals

By completing Step 2 you will have:

Scored each of the 49 CSF's in terms of:

- **Ability** (Where you are now)
- **Importance** (Where you want to be)

Add together the 7 **Ability** scores for each row to get an overall score for each Intangible Area – consider this against the total for **Importance**.

Add together the 7 **Ability** scores for each column to get an overall score for each Real Business Issue – consider this against the total for **Importance**.

- Identified some specific CSF's which may need attention and made some notes about your ideas for improvement ([Action sheet 1 & Notes page](#)).

Using the scores, thoughts and ideas on possible CSF's for attention as a starting point, identify a maximum of 10 areas to carry forward to the **Step 4**.

### For Teams

This exercise has provided the team with an opportunity to consider differing ways in which CSF's are viewed by others.

- Individual scores should now be shared in a group session, reasons for differing scores discussed and an agreed set of scores identified for each CSF.
- Each individual should have identified some specific CSF's which they feel may need attention, differing perspectives should be discussed to tease out core issues that may need to be addressed.

Using the scores and your thoughts on possible CSF's for attention as a starting point identify a maximum of 10 areas to carry forward to the **Step 4**.

### Using the Output

By completing **Step 3** you will have explored the issue or issues put forward as the focus for this diagnostic in **Step 1**.

Your subsequent exploration of the 49 CSF's, through a process of self diagnosis and group discussions with your team will have helped you to understand your business in terms of its strengths, weaknesses, opportunities and threats (SWOT).

Based on the output from this process you will now have a range of potential improvement areas for Action.

# Step 3 – Agreed Group Scores & Ideas

Add Rows (Intangible Areas) and Columns (Real Business Issues)

CSFs	Current and Future Markets		Products and Services		People		Innovation and Change		Strategy, Planning and Execution		Finance and Investment		Risk, Reward and Uncertainty		Totals for Intangibles Areas		
	1.1	2.1	3.1	4.1	5.1	6.1	7.1	A	1.2	2.2	3.2	4.2	5.2	6.2	7.2	A	
<b>Relationships</b>																	
<b>Knowledge</b>																	
<b>Leadership and Communication</b>																	
<b>Culture and Values</b>																	
<b>Reputation and Trust</b>																	
<b>Skills and Competencies</b>																	
<b>Processes and Systems</b>																	
<b>Total for Real Business Issues</b>	I	A	I	A	I	A	I	A	I	A	I	A	I	A	I	A	CSFs to explore in Step 4

# Step 4a

## Identification of Possible Actions

Identify priorities, discuss options and record short - term actions and longer - term improvement areas on the sheet opposite.

### Exploring Ideas

In **Step 3** you also identified up to 10 potential improvement areas which you felt sufficiently important to include in this next stage. For each of these we suggest you now undertake a brief brainstorming exercise to provide a starting point for action planning (**Step 5**) (we suggest no more than 5 minutes for each potential improvement area)

Bearing in mind the objectives of Step1, seek ideas relating to:

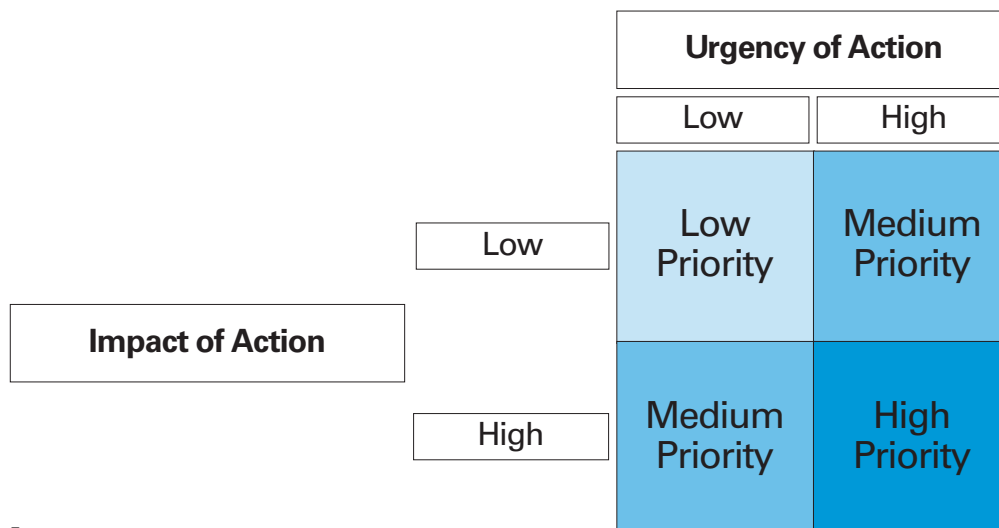
- Short term actions that can be implemented quickly and easily (your quick wins)
- Longer term improvement plans which need to be pursued over a period of time

If you get stuck, consider merging your thoughts relating to a mixture of CSF's or adding your own CSF's which you feel are specific to your business

### Prioritising Actions

After the brainstorming session, as a group:

- Assess and agree the urgency and impact of each potential improvement area using the grid below.



### Select Actions

Use the output from the brainstorming sessions to outline your selected actions:

- Short Term Actions – What is to be done? Who will do it? When will it be done?
- Longer Term Improvement Plans – What is to be done? Who will do it? Who will track progress?

Capacity to Act

- What will the group do differently tomorrow bearing in mind decisions made today?
- What actions will require consent from others prior to implementation – For more detailed guidance on Action Planning refer to **Step 5**.

# Notes

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# Notes

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# Step 4b

## Selected Actions

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<b>Short Term Actions</b>		<b>Responsibility</b>	<b>Due By</b>
1			
2			
3			
4			
5			

<b>Longer Term Improvement Plans</b>		<b>Responsibility</b>	<b>Review By</b>
1			
2			
3			
4			
5			

# Step 5

## Action Planning

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### 10 Stage Process - For each CSF selected for action

**Stage 1 Consider what is and what is not working**, discuss the issue with those involved in order to discuss different perspectives with a view to outlining the issues that need to be addressed and describing the outcomes that you want to achieve

**Stage 2 Seek ideas and perspectives** on what to do and how to do it and group these into a preliminary range of potentially viable options for evaluation.

**Stage 3 Evaluate the strengths and weaknesses of each option** (SWOT), consider combining positive elements of different ideas to come up with a proposal that has the support of those who will be given the responsibility of implementing and working with the solution selected. Where consents are required, what is the business case to go forward for appraisal?

**Stage 4 Appraise each proposal** against selected financial and non-financial criteria:  
– What is the financial return on investment?  
– Will this proposal enhance our reputation and brand; does it fit with our core values, etc.?

**Stage 5 Take decision** some actions may be aimed at increasing future income, others may focus on reducing costs. Actions may also include planned exit from existing activities

**Stage 6 Plan the action** just as you would any other project. Identify the outcomes you are seeking, the things that need to be done, the resources required, the accountabilities for action and the timescales involved – be realistic

**Stage 7 Decide how to track progress** and how to measure success. For things that are critical to business success you need to ensure that you have developed suitable metrics which are reported regularly and which link to business performance – what gets measured gets managed

**Stage 8 Identify the key risks** and strategies for managing them – be prepared to explain and discuss these when finance is being sought

**Stage 9 Remember that things change** and if necessary be prepared to change your priorities in order to ensure that the way in which you are operating remains sustainable and continues to deliver value – **consider the need for options and flexibility** to deal with different scenarios

**Stage 10 Return to stage 1 on a regular basis**

# Step 6

## Reflection & Uses

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This self assessment tool is intended to be of particular use to businesses seeking to improve their performance or businesses which are seeking to grow.

In **Step 1** you decided on your focus for this diagnostic tool.

You may have selected a fairly general theme based issues such as:

- Competitiveness
- Productivity
- Profitability
- Market positioning

Alternatively you may have decided on a more specific theme such as:

- Developing new markets
- Generating orders and fulfilling sales
- Attracting, retaining and developing key people
- Creating new and improved products and services
- Delivering change based on shared vision and values
- Access to finance and investment
- Corporate governance
- Risk management
- An acquisition or joint venture
- Grooming the business for sale

In **Step 2** you assessed your organisation against a diverse range of CSF's and used these to highlight some potential areas for action.

By discussing differing perspectives with others in **Step 3** you started to reveal the thoughts and concerns that will need to be understood and resolved in order to build group commitment to the changes necessary to achieve success.

In **Step 4** you explored your options and selected actions to implement immediately and ideas to pursue subject to approval of necessary resources etc.

Using **Step 5** you refined your plans and decided what to do based on selected financial and non-financial criteria.

Now that you have a clearer / better view of the present and the future in **Step 6** you concentrate on:

- Delivering what you have set out to achieve.
- Continuing to seek out new opportunities to develop and sustain your business.

This tool can be used time and again to help you understand the important ways in which intangibles such as knowledge and relationships interrelate to contribute to the current and future success of your business.

# Appendix 1 – ‘Creating value from your intangible assets’



## ‘Creating value from your intangible assets’

‘Creating value from your intangible assets’ was published by the DTI in May 2001. This report drew upon a series of in depth interviews with successful businesses in all sectors of the economy and highlighted how they were striving to ensure that they were investing in the right way to make best use of all their important resources, both tangible and intangible.

The businesses interviewed stressed that alongside the tangible assets which were included in their balance sheets the following intangible categories are not usually considered, despite being critical ingredients which contribute to success.

- Relationships
- Knowledge
- Leadership and Communication
- Culture and Values
- Reputation and Trust
- Skills and Competencies
- Processes and Systems

This report helped businesses to understand the way in which their intangibles contribute to success and how consideration of the seven intangible asset categories provides a framework for: –

- Revealing how intangibles contribute to current and potential strengths, weaknesses, opportunities and threats relative to the competition
- Identifying and evaluating the ‘root causes’ of any particular business problem or opportunity
- Understanding the way in which intangibles link to the CSF’s which drive current and future business performance
- Prioritising investment in those intangibles needed to improve both current and future performance

**The ‘intangibles’ report is available free of charge from the DTI at:**

[http://www.innovation.gov.uk/projects/intangible\\_assets/intangible\\_assets.pdf](http://www.innovation.gov.uk/projects/intangible_assets/intangible_assets.pdf)

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0870 1502 500 or fax 0870 1502 333



Printed in the UK on recycled paper  
with a minimum HMSO score of 75.  
First published February 2004.  
Department of Trade and Industry.  
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<http://www.dti.gov.uk/>  
DTI/Pub 7148/10k/02/04/NP.  
URN 04/510