## Comparison of Firms with High and Low Levels of Strategic Capabilities

<table>
<thead>
<tr>
<th></th>
<th>Bottom 25% Strategic Capability</th>
<th>Top 25% Strategic Capability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly capable firms have greater <em>speed</em></td>
<td>2.82</td>
<td>5.03</td>
</tr>
<tr>
<td>Highly capable firms have <em>outstanding talent</em></td>
<td>3.13</td>
<td>5.33</td>
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<tr>
<td>Highly capable firms have a greater <em>capacity to learn</em></td>
<td>3.00</td>
<td>5.11</td>
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<tr>
<td>Highly capable firms exhibit greater <em>innovation</em></td>
<td>3.15</td>
<td>5.28</td>
</tr>
<tr>
<td>Highly capable firms exhibit a <em>shared mindset</em></td>
<td>2.69</td>
<td>5.19</td>
</tr>
<tr>
<td>Highly capable firms exhibit greater <em>accountability</em></td>
<td>2.77</td>
<td>5.14</td>
</tr>
</tbody>
</table>
Strategic Capabilities Drive *Innovation* (R&D/Sales)
Strategic Capabilities Drive Productivity

Strategic Capabilities and Productivity
(Cash Flow Per Employee)

-10000 -5000 0 5000 10000 15000 20000 25000 30000 35000 40000
Cash Flow Per Employee

1999 2000 2001 2002
Year

Low Capability
High Capability

© 2005 Mark A. Huselid Rutgers University SMLR 94 Rockafeller Rd. Piscataway, NJ 08854-8054 Tel: 732-445-5445 email: huselid@smlr.rutgers.edu
Strategic Capabilities Drive Return on Assets

Strategic Capabilities and Return on Assets

Return on Assets

Year

Low Capability
High Capability

1999 2000 2001 2002