



VRIO Analysis

VRIO Analysis was developed by Jay B. Barney as a way of evaluating resources of the organization that are divided as follows:

- › Financial resources
- › Human resources
- › Material resources
- › Nonmaterial resources (information, knowledge)

VRIO Analysis is an analytical technique, which for each type of resource considers the following questions (evaluation dimension) for the organization as well as for competitors. VRIO is an acronym from the initials of the names of the dimensions:

- › **Value** - How expensive is the resource and how easy to obtain it is in the market (purchase, lease, rent..)?
- › **Rareness** - How rare is the resource, respectively limited?
- › **Imitability** - How difficult is it to imitate the resource?
- › **Organization**, respectively arrangement - Does it support existing arrangement and resource usability?

Use of the VRIO Analysis in practice: resource evaluating according to the VRIO is used to assess the situation of the organization (enterprise), its resources and possible competitive potential or **potential for improvement** in the given area or for a given resource. Such an assessment is then used for example for the strategic management of development in various areas or for decision making about the advantage of an external or internal process and service securing (e.g. outsourcing decision).

In practice, the VRIO analysis is also used in combination with other analytical techniques to help organizational management evaluate business resources in a more detailed view. For financial resources, there are many detailed financial indicators that evaluate the financial condition or performance of the business from different perspectives. Likewise, human resources, property or information are other detailed indicators of their performance, efficiency or quality. VRIO analysis advantage is its simplicity and clarity.

Related terms and methods:

- › Goods
- › Market segmentation
- › Resources
- › Service

Realted management fields:

- › Marketing and Sales
- › Organizational Management
- › Planning
- › Risk Management
- › Strategic Management