



Keep It Simple and Smooth

Strategy

A strategic site publication

fusing creativity and intelligence

Sailing the 7Cs

You've heard of the 4Ps of Marketing: Product, Price, Promotion, and Placement. You are about to hear about the 7Cs of management. The 7Cs is a framework for successful management and include: the corporation, customers, communication, competition, core competencies, change, and choices. The 21st Century Corporation (21CC) succeeds by coherently managing these 7Cs

Corporation: The corporation refers to the people, technology, policies and processes. Whether at the corporate or department level, the corporation must define itself by defining the business it chooses to be in; its vision; its mission; and the objectives it is pursuing. Policies and procedures must be implemented to empower employees to take action. Effectively managing the corporation requires the coordination and maximization of all the resources (tangible and intangible) and aligning those resources to take advantage of opportunities. Strategic management provides a framework for defining the scope of the business and its direction, setting proper goals and objectives, and determining its competitive advantage.

Core Competencies: There is an old saying, "Beauty is anything doing what it does best!" Core competencies are the things that a corporation does so much better than other organizations that it can be leverage to create new business opportunities through the creation of distinct value for its customers. Satisfied customers and profits together is a beautiful thing.

This value creation is along the lines of one or more value propositions such as: being faster, being cheaper, superior quality, more variety, distinctive designs, etc. Establishing a strategic framework allows a corporation to determine its core competencies as well as the ones that are deficient. Core competencies can be determined by following 3 simple rules¹:

1. Does the competency provide a significant source of competitive differentiation? Can it be translated into the creation of distinct value and benefits for customer through the organization's products, services or associated attributes?
2. Does the competency transcend a single business? Can the competency be leverage to produce a variety of product marketplaces?
3. Is it difficult for competitors to learn how to imitate?

Core competencies should not be confused with core technologies or capabilities. Technology is not referring to just tangible items but also includes knowledge and processes. Capabilities are usually just the prerequisites to being in business and serve as the basic requirement for survival but does not provide any competitive advantage. Core competencies are the result of blending multiple core technologies, and capabilities.

StrategicSite, LLC (SIS) specializes in process strategic management consulting. We provide direction in formulating enterprise, department, or team level strategies and business models. We assist our clients in defining their ideal market(s), and to align resources, processes and actions that will deliver value to their stakeholders.

Core competencies rely on an organization's ability to repeat the processes associated with them, the collection of core technologies and capabilities, and organizational learning. The entire organization (people, technology, policies, and process) are all aligned to sustain the core competency which makes it more difficult to imitate.

$$\text{Competence} = \text{Technology} * \text{Governance} * \text{Collective Learning}^2$$

With easy access to information, it is only a matter of time that a core competency will be imitated and will cease to create any distinct value for customers or competitive advantage. Dell Corporation's core competency was once embedded in its supply chain management which allowed it to offer "customize personal computers at affordable prices in speedy manner"³. This was eventually mimicked by its competitors and led to Dell slipping from its position as the leader in the personal computer industry. This is why one of the requirements of a core competency is it being able to transcend a specific business, product, or market and why collective learning is so essential to long-term advantage. Transcendence and learning are essential to an organization achieving *pliable adaptability* – the ability to change with change. Your competitors will eventually imitate what you do best, so your corporation must be able to quickly transform and create new value in other ways and places.

Customer: Managing this 'C' is more than investing technology to provide customer information and it does not matter whether the customer is external or internal to the corporation. This is less about managing the data and more about cultivating the relationship with the customer. The relationship must be seen from the customer's perspective. Review every touchpoint, each point of contact that the customer has with your business, brand, product and/or service. Ensure that each touchpoint is a positive experience for the customer. The objective is to focus on the customer's **VOTE™**, *Value Of The Experience!* From buying your product, to using it, to servicing it, to returning it must be a positive experience which reinforces your brand and guarantees that the customer will be pleased with their **VOTE™**. The strategic management process will reveal the ideal customers to target based on the corporation's desired strategic positioning. The strategic management process will eliminate wasting resources trying to sell to the wrong people or diluting the corporate brand by offering products/services simply because they may appear profitable.

Communication: Who, What, When, and How. **Who** needs to know **what**, **when** do they need to know it, and **how** do they want to be informed. This is a basic approach when it comes to effective communications. Proper communication needs to exist both internally and externally to ensure that the right information is getting to the right people at the right time in the right format to allow them to make the right decisions. Technology provides the ability to quickly distribute information throughout an organization, and from the organization to its customers and its supply chain vendors. Establish channels to allow communication to flow from employees and customers to those who have the power to take action which is the ultimate objective – **to make the right decisions**. Implement policies and procedures to allow employees closest to the situation to either implement a solution or take action to resolve a problem. It is cost effective to resolve problems in the early stages or implement solutions as quickly as possible. Effective and efficient communication allows an organization to effectively manage change and be responsive to its stakeholders.

Competition: Properly determining the competition requires establishing a frame of reference for the specific products or services that organization offers. Establishing a frame of reference begins with determining the market positioning and the customer benefit that is being satisfied. This framework allows an organization to determine who its competitors. Competition can be viewed from 4 perspectives: **brand, industry, form, and generic**.

To Make the Right Decisions

In the Right Format

At the Right Time

To the Right Employees

Provide the Right Information

- **Brand competition** stems from companies that offer similar products/services to the same customers at similar prices (Volkswagon verses Toyota and Honda, etc).
- **Industry competition** stems from companies that make the same product or class of products (Volkswagon verses all automobile manufacturers).
- **Form competition** stems from companies that offer products/services that provide the same functionality (Volkswagon verses automobile manufacturers as well as motorcycles, bicycles, and trucks).
- **Generic competition** stems from companies that are competing for the same consumer dollars (Volkswagon verses any company that sells major consumer durables, foreign vacations, new homes, etc.)

There are several strategic analysis tools available for assessing such as Michael Porter's model, *Four Corners*.

Change: The ability to manage change and respond to fluctuations or transformations in the marketplace is where smaller companies have an advantage over larger corporations. The objective is to achieve "*pliable adaptability*" – *the ability to change with change*. This can be achieved by instilling an entrepreneurial culture that is reinforced by encouraging employees to take risk and not punishing those who fail. Educate employees on all levels about strategy principles and keep them informed about the organization's strategy. The best way to deal with change is to initiate it. This keeps your organization on the offensive and its competitors in a defensive posture.

Choices: Choices is where the power exists! Constant change brings about continuous choices and change will occur. An organization can choose to initiate change or choose how it will respond to it. Both are choices and choices are the essence of strategy. Together, the other 6Cs determine the choices available to an organization. Making choices is synonymous with making decisions. Excellent decision-making is a core competency of a skilled strategist. This is where fusing creativity and intelligence is critical. A good strategist has the ability to make good decisions based on all variables - known (intelligence) and unknown (creativity). Creating an entrepreneurial culture in an organization provides an environment for intelligence and creativity to flourish and employees to grow into strategists.

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¹ Prahalad, C.K., and Liam Fahey, Robert M. Randall, *The Portable MBA of Strategy: A Strategy For Growth: The Role Of Core Competencies In The Corporation*. Canada : John Wiley & Sons, 1994

² *ibid*

³ Here is an example an organization providing distinct value through the combination of multiple value propositions: variety (customization), cheaper prices, speed (rapid delivery). Dell's products (personal computers) were not superior than its competitors but it offer value to the marketplace that no other pc manufacturers were offering at the time.