Setting strategy: 6 Cs

Published on Sep 03, 2014 by Niko Canner



In "What Does It Mean to Have a Clear Strategy?" I articulated a definition of strategic clarity that forms a primary goal of the work of setting strategy:

Commitment to a destination and to core *concepts* that shape the *choices* for how to get there

In addition to the work of building this clarity of vision, setting strategy also involves deep consideration of dimensions that can be influenced but not decided upon. Two such dimensions are critical: ***capabilities*** and ***culture***.

In any competitive domain – which includes essentially all economic activity – achieving a strategic objective hinges on being in relevant ways better than others. Two intertwined questions are among the most neglected dimensions of many dialogues on corporate strategy:

1. What does our distinctive system of capabilities enable us to achieve better than others?
2. How can our system of capabilities be evolved or transformed to capture a more valuable position in the market than the one we occupy today?

As my former colleagues at Booz & Company (now Strategy&) describe well in their work on capability-driven strategy, the choices about "way to play" (positioning) and "right to win" (capabilities) are intimately linked.

Both the setting of strategy and its execution happen in the context of culture, which we could define as an organization's way of thinking, feeling and acting. The best dialogues on strategy explicitly consider the way culture shapes what the leaders setting strategy see, how they interpret their environment, and how they evaluate choices.

Culture and strategy inevitably influence each other. One doesn't necessarily come first. Culture influences what strategies an institution can successfully execute – and strategy often requires that an institution's culture evolve and shift.

On the spectrum from “given” to “made” if commitments represent the point furthest to the right – they are freely and simply chosen – ***conditions*** represent the dimension of strategy furthest to the left. While conditions can, from time to time, be reshaped, they must first of all be understood and anticipated. Too often in strategy dialogues, differentiating views of conditions are not sufficiently called out. A disagreement on destination or strategic concepts often stems from disparate understanding of what’s out there in the competitive environment or disparate views of how the world is evolving. Too often, strategy is shaped on an implicit belief that the future will look more or less like the present, with continued operation of a few salient trends. Good strategies are generally dynamic in the sense that they are designed to sense and respond to the major potential directions in which the environment could shift.

Putting these pieces together, the art of shaping strategy centers on 6 Cs:

- Forging ***commitment*** to a destination, articulating a handful of core ***concepts*** that then shape the many ***choices*** that translate strategy into action
- Building upon and evolving an institution’s ***capabilities*** and ***culture***
- Understanding, anticipating and adapting to current and future ***conditions***

Seeing these distinct elements clearly and establishing the right relationships among them enables the shaping of strategies that are clear, differentiating, actionable and dynamic.

Image by Tiffany Franke – http://tiffanyfranke.tumblr.com