

3C's Model of Ohmae

The 3C's Model is a strategic look at the factors needed for success. It was developed by Kenichi Ohmae, a business and corporate strategist.

The 3C's model points out that a strategist should focus on three key factors for success. In the construction of a business strategy, three main players must be taken into account:

1. The Corporation
2. The Customer
3. The Competitors

Only by integrating these three C's (Corporation, Customer, Competitors) in a strategic triangle, a sustained competitive advantage can exist. Ohmae refers to these key factors as the three C's or strategic triangle.

1. The Corporate-Based Strategy

The Corporation needs strategies aiming to maximize the corporation's strengths relative to the competition in the functional areas that are critical to achieve success in the industry.

- *Selectivity and sequencing*

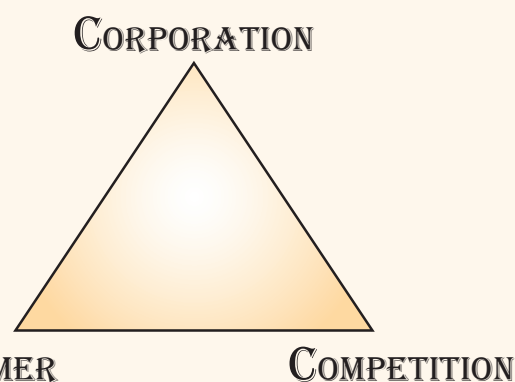
The corporation does not have to lead in every function. If it can gain decisive edge in one key function, it will eventually be able to improve its other functions of the competition which are now average.

- *Make or buy*

In case of rapidly rising wage costs, it becomes a critical decision for a company to subcontract a major share of its assembly operations. If its competitors are unable to shift production so rapidly to subcontractors and vendors, the resulting difference in cost structure and/ or in the companies ability to cope with demand fluctuations may have significant strategic implications.

- *Cost-effectiveness*

This can be done in three basic methods. The first is by reducing basic costs much more effectively than the competition. The second method is simply to exercise greater selectivity in terms of orders accepted, product offered, or functions to be performed which means cherry-picking the



high-impact operations so that as others are eliminated, functional costs will drop faster than sales revenues. The third method is to share a certain key function among the corporation's other businesses or even with other companies. Experience indicates that there are many situations in which sharing resources in one or more basic sub-functions of marketing can be advantageous.

2. The Customer-Based Strategy

- *The Customer*

Clients are the base of any strategy according to Ohmae. Therefore, the primary goal supposed to be the interest of the customer and not those of the shareholders for example. In the long run, a company that is genuinely interested in its customers will be interesting for its investors and take care of their interests automatically. Segmentation is helping to understand the customer.

- *Segmenting by objectives*

Here, the differentiation is done in terms of the different ways different customers use the product. Take coffee, for example. Some people drink it to wakeup or keep alert, while others view coffee as a way to relax or socialize (coffee breaks).

- *Segmenting by customer coverage*

This type of strategic segmentation normally emerges from a trade-off study of marketing costs versus market coverage. There appears always to be a point of diminishing returns in the cost-versus-coverage relationship. The corporation's task, therefore, is to optimize its range of market coverage,

be it geographical or channel, so that its cost of marketing will be advantageous relative to the competition

- **Re-segmenting the market once more**

In a fiercely competitive market, the corporation and its head-on competitors are likely to be dissecting the market in similar ways. Over an extended period of time, therefore the effectiveness of a given initial strategic segmentation will tend to decline. In such a situation it often pays to pick a small group of key customers and reexamine what it is that they are really looking for.

A market segment change occurs where the market forces are altering the distribution of the user-mix over time by influencing demography, distribution channels, customer size, etc. This kind of change means that the allocation of corporate resources must be shifted and/ or the absolute level of resources committed in the business must be changed.

- **Changes in customer mix:**

Such a market segment change occurs where the forces at work are altering the distribution of the user-mix over time by influencing demography, distribution channels, customer size, etc. This kind of change calls for shifting the allocation of corporate resources and/or changing the absolute level of resources committed in the business, failing which severe losses in the market share can occur.

3. The Competitor-Based Strategy

Competitor based strategies can be constructed by looking at possible sources of differentiation in functions such as: purchasing, design, engineering, sales and servicing. The following aspects show ways in order to achieve this differentiation:

- **Power of image**

When product performance and mode of distribution are very difficult to distinguish, image may be the only source of positive differentiation.

- **Capitalizing on profit- and cost structure differences**

Firstly, the difference in source of profit might be exploited, from new products sales etc. Secondly, a difference in the ratio of fixed costs and variable costs might also be exploited strategically. A company with lower fixed cost ratio can lower prices in a sluggish market and hence gain market share.

Hito-Kane-Mono

A favorite phrase of Japanese business planners is hito-kane-mono, standing for people, money and things (fixed assets). They believe that streamlined corporate management is achieved when these three critical resources are in balance without surplus or waste.

For example: Cash over and beyond what competent people can intelligently expend is wasted. Of the three critical resources, funds should be allocated last. The corporation should firstly allocate management talent, based on the available mono (things): plant, machinery, technology, process know-how and functional strength. Once these hito (people) have developed creative and imaginative ideas to capture the business's upward potential, the kane (money) should be given to the specific ideas and programs generated by the individual managers ❖

www.valuebasedmanagement.net

www.wikipedia.org

www.12manage.com

Effective Scheduling Plan Your Time. Make Time for Yourself.

Scheduling is the process by which you look at the time available to you, and plan how you will use it to achieve the goals you have identified. By using a schedule properly, you can:

- *Understand what you can realistically achieve with your time;*
- *Plan to make the best use of the time available;*
- *Leave enough time for things you absolutely must do;*

- *Preserve contingency time to handle 'the unexpected'; and*
- *Minimize stress by avoiding over-commitment to others.*

A well thought-through schedule allows you to manage your commitments, while still leaving you time to do the things that are important to you. It is therefore your most important weapon for beating work overload.