

64. Corporate Synergy Typology

What types of synergies can I realize within my organization?

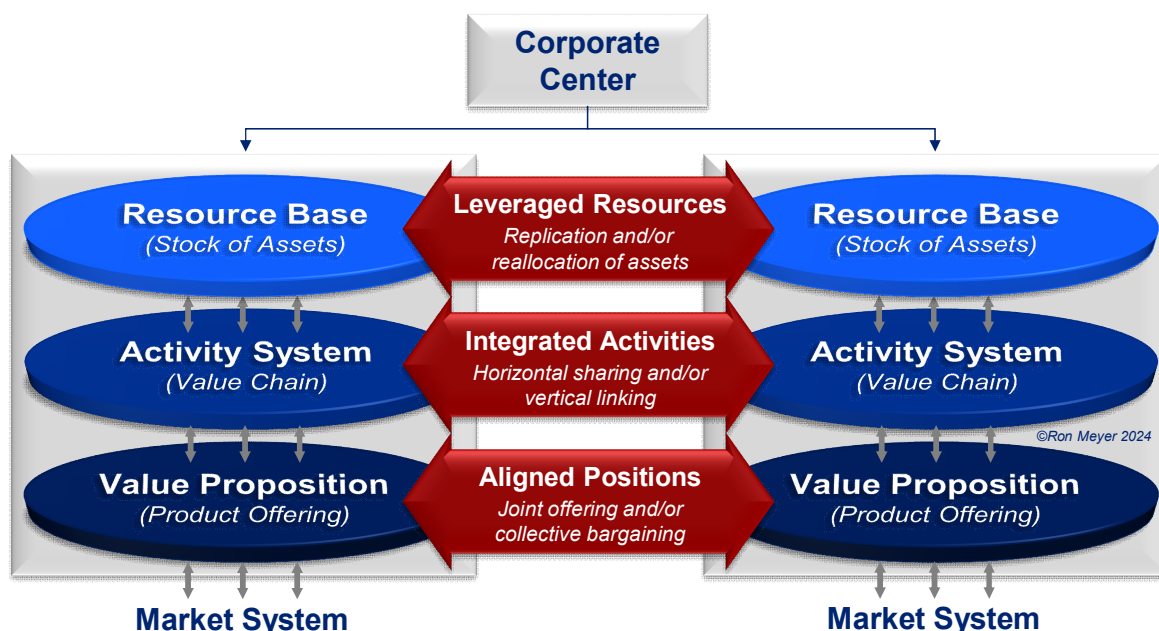
Key Definitions

There is synergy when the whole is more than the sum of the parts – when bringing together two or more elements leads to the creation of something extra. In organizations, we speak of synergy when operating in two or more markets leads to additional value, that wouldn't be realized if the organization had focused on only one task environment.

Organizations can strive for *cross-business synergies* by working in more than one *product market* (different lines of business) and *cross-border synergies* by working in more than one *geographic market* (different countries or regions).

Conceptual Model

The *Corporate Synergy Typology* outlines the three types of synergies that organizations can create (in red). In this model only two business units are used to illustrate the three types, but these synergies can also be realized across more than two units. The synergies are found between the three layers of each unit's value creation system (usually called their *business system* – see model 47, the Corporate Strategy Framework for an overview). Organizations can focus on just one synergy or pursue them all simultaneously. In general, the closer the synergy is to the market, the more difficult it is to realize. How the synergies need to be organized is not addressed in this model (see model 8, 11C Synergy Model).



Key Elements

The three types of synergies are the following:

1. **Leveraged Resources.** Each business unit has a variety of resources at its disposal that it employs as inputs for its activity system. These resources include tangible assets such

as buildings, machines, and money (basically everything on the balance sheet), as well as intangibles such as knowledge, capabilities, data, and relationships. These resources can be leveraged across business units in two different ways:

- a. **Replication.** Most intangibles, like best practices, can be copied and transferred to other business units without the owner losing the resource.
 - b. **Reallocation.** Most tangibles, like money, can't be copied, but need to be partly or fully moved from one business unit to another, where their use will be more valuable.
2. **Integrated Activities.** A business unit needs resources to perform a variety of activities that will result in a value proposition. These value-adding activities include *primary activities* like production and sales, *support activities* like finance and R&D, and *control activities* like legal and risk management (see model 50, Activity System Dial). These activities can be integrated across business units in two different ways:
- a. **Horizontal sharing.** Business units can bring similar activities together to create economies of scale and/or develop more expertise (*horizontal integration*).
 - b. **Vertical linking.** Business units at different steps in the industry value chain can link up to improve efficiency, quality, speed and/or market power (*vertical integration*).
3. **Aligned Positions.** A business unit's reason for existence is to bring a product or service to market that customer will prefer to purchase. To achieve this, it needs to select a defensible market position – a specific customer need that it can satisfy with a fitting value proposition, better than competitors. This position in the market can be strengthened when business units work together in one or both of the following ways:
- a. **Joint offering.** Negotiation power vis-à-vis the customer can be increased by offering an aligned portfolio of value propositions or even an integrated solution.
 - b. **Collective bargaining.** Negotiation power vis-à-vis other market and contextual actors can be increased by aligning influencing efforts (see model 31, Market System Map).

Key Insights

- **Synergies are created between two or more business units.** To some people, 'realizing synergies' sounds like a euphemism for cost savings. But although reducing cost can be the advantage sought, synergies can also lead to increased expertise, higher speed, better quality, and/or more market power. A synergy is any additional value that is created when two or more business units work together instead of separately.
- **Synergies are created between business systems.** Each business unit creates value by taking inputs (it's *resource base*) to perform a variety of coordinated tasks (it's *activity system*) to produce an output (it's *value proposition*) that can be brought to a specific market. Together, this value creation approach is called the unit's *business system*. Synergies can be realized by building bridges between various business systems.
- **Synergies can be created at three different levels.** Synergies can be achieved by *leveraging resources* across units, *integrating activities* between them, and/or *aligning positions* they have in the market. All can be realized separately or simultaneously.
- **Synergies are created at the expense of responsiveness.** To accomplish synergies, units need to work together, which can slow them down and require compromise. So, pursuing synergy can cut into units' ability to be responsive to market needs. Therefore, the selected synergies need to be more valuable than the loss of responsiveness.
- **Synergies also need to be organized.** Synergy is the value derived from working together, but this collaboration needs to be structured and managed in a smart way.

Meyer's Management Models

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Publication Schedule

<i>July 2019</i>	<i>Mind the Gap Model</i>	<i>Change Management</i>
<i>August 2019</i>	<i>Digital Platform Map</i>	<i>Digital Strategy</i>
<i>September 2019</i>	<i>Interaction Pressure Gauge</i>	<i>Interpersonal Interaction</i>
<i>October 2019</i>	<i>Revenue Model Framework</i>	<i>Revenue Model Typology</i>
<i>November 2019</i>	<i>House of Engagement</i>	<i>Organizational Engagement</i>
<i>December 2019</i>	<i>Confidence Quotient</i>	<i>Trust Building</i>
<i>January 2020</i>	<i>Competition Tornado</i>	<i>Competitive Strategy</i>
<i>February 2020</i>	<i>11C Synergy Model</i>	<i>Corporate Synergy Management</i>
<i>March 2020</i>	<i>Leadership Fairness Model</i>	<i>Leader-Follower Interaction</i>
<i>April 2020</i>	<i>Strategic Agility Model</i>	<i>Strategy Process Approach</i>
<i>May 2020</i>	<i>Control Panel</i>	<i>Corporate Control Dimensions</i>
<i>June 2020</i>	<i>Rising Star Framework</i>	<i>Talent Management</i>
<i>July 2020</i>	<i>Strategy Development Cycle</i>	<i>Strategy Process Steps</i>
<i>August 2020</i>	<i>7I Corporate Center Model</i>	<i>Corporate Organization</i>
<i>September 2020</i>	<i>Storytelling Scripts</i>	<i>Leadership Communication</i>
<i>October 2020</i>	<i>Strategic Bets Framework</i>	<i>Strategic Decision-Making</i>
<i>November 2020</i>	<i>Rebound Model of Resilience</i>	<i>Organizational Resilience</i>
<i>December 2020</i>	<i>4C Leadership Capabilities</i>	<i>Leadership Competences</i>
<i>January 2021</i>	<i>Digital Product Model Dial</i>	<i>Digital Strategy</i>
<i>February 2021</i>	<i>Digital Distribution Model Dial</i>	<i>Digital Strategy</i>
<i>March 2021</i>	<i>Empowerment Cycle</i>	<i>Employee Empowerment</i>
<i>April 2021</i>	<i>Innovation Box</i>	<i>Innovation Approaches</i>
<i>May 2021</i>	<i>Knowledge Sharing Bridges</i>	<i>Best Practice Sharing</i>
<i>June 2021</i>	<i>Followership Cycle</i>	<i>Leader-Follower Interaction</i>
<i>July 2021</i>	<i>Everest Model of Change</i>	<i>Change Management</i>
<i>August 2021</i>	<i>Fruits & Nuts Matrix</i>	<i>Priority-Setting</i>
<i>September 2021</i>	<i>Powerhouse Framework</i>	<i>People & Organization Strategy</i>
<i>October 2021</i>	<i>Strategy Hourglass</i>	<i>Strategy-Making Steps</i>
<i>November 2021</i>	<i>Disciplined Dialogue Model</i>	<i>Interpersonal Communication</i>
<i>December 2021</i>	<i>Team Building Cycle</i>	<i>Team Building Process</i>
<i>January 2022</i>	<i>Market System Map</i>	<i>External Analysis Framework</i>
<i>February 2022</i>	<i>Strategic Alignment Model</i>	<i>Business Level Strategy</i>
<i>March 2022</i>	<i>Creativity X-Factor</i>	<i>Creativity Enhancement</i>
<i>April 2022</i>	<i>Organizational System Map</i>	<i>Organizational Analysis</i>
<i>May 2022</i>	<i>Corporate Value Creation Model</i>	<i>Corporate Level Strategy</i>
<i>June 2022</i>	<i>Change Manager's Toolbox</i>	<i>Change Methodologies</i>

July 2022	Sustainable You Model	Personal Sustainability
August 2022	Value Proposition Dial	Business Level Strategy
September 2022	The Tree of Power	Organizational Power
October 2022	Psychological Safety Compass	Team Dynamics
November 2022	Strategic Action Modes	Strategy Process
December 2022	Corporate Management Styles	HQ Management
January 2023	Thinking Directions Framework	Reasoning Skills
February 2023	5I Innovation Pipeline	Innovation Process
March 2023	Resistance to Change Typology	Change Management
April 2023	Ambition Radar Screen	Motivation Analysis
May 2023	Corporate Strategy Framework	Corporate Strategy
June 2023	Cultural Fabric Model	Organizational Culture
July 2023	New Pyramid Principle	Presentation Approaches
August 2023	Activity System Dial	Value Creation Analysis
September 2023	Customer-Centricity Circle	Organizational Design
October 2023	Status Snakes & Ladders	Leadership Branding
November 2023	Stakeholder Stance Map	Stakeholder Management
December 2023	Best Practice Sharing Modes	Sharing Methods
January 2024	Duty of Care Feedback Model	Feedback Method
February 2024	BOLD Vision Framework	Organizational Vision
March 2024	MOVING Mission Framework	Organizational Mission
April 2024	Leadership Circle Map	Leadership Skills
May 2024	Digitalization Staircase	Digital Strategy
June 2024	Time Management Funnel	Personal Time Management
July 2024	Wicked Problem Scorecard	Organizational Decision-Making
August 2024	Hunting & Farming Typology	Sales Management
September 2024	Guiding STAR Matrix	Objective Setting Approach
October 2024	Corporate Synergy Typology	Corporate Level Strategy
November 2024	Self-Centered Thinking Pitfalls	Thinking Styles
December 2024	Sustainability Maturity Model	Sustainability Management
January 2025	Triple Diamond Model	Organizational Decision-Making
February 2025	Interpersonal Interaction Levels	Communication Approaches
March 2025	Synergy Value Matrix	Corporate Level Strategy
April 2025	Dynamic Organization Paradigm	Human-centered Organization
May 2025	New Learning Curve	Personal Learning
June 2025	Partnership Distance Model	Interorganizational Relations
July 2025	Embedded Identity Model	Personal Awareness
August 2025	Performance Assignment Matrix	Corporate Strategy