

# ***THE “5Ss” FRAMEWORK: VALUE CREATION IN THE NEW CENTURY***

---



---

A companion questionnaire to  
*Making Sense of Strategy*  
Published by Zebra Books 2001; Amacom Books 2002

Developed by  
**Tony Manning/Strategist**

## Making the difference

Competition in the new century is all about delivering unique value. As I wrote in *Making Sense of Strategy*, “If you don’t make a difference, you don’t matter.” So the big question for any company in any industry is:

### What is your “difference” and how do you make it a reality?

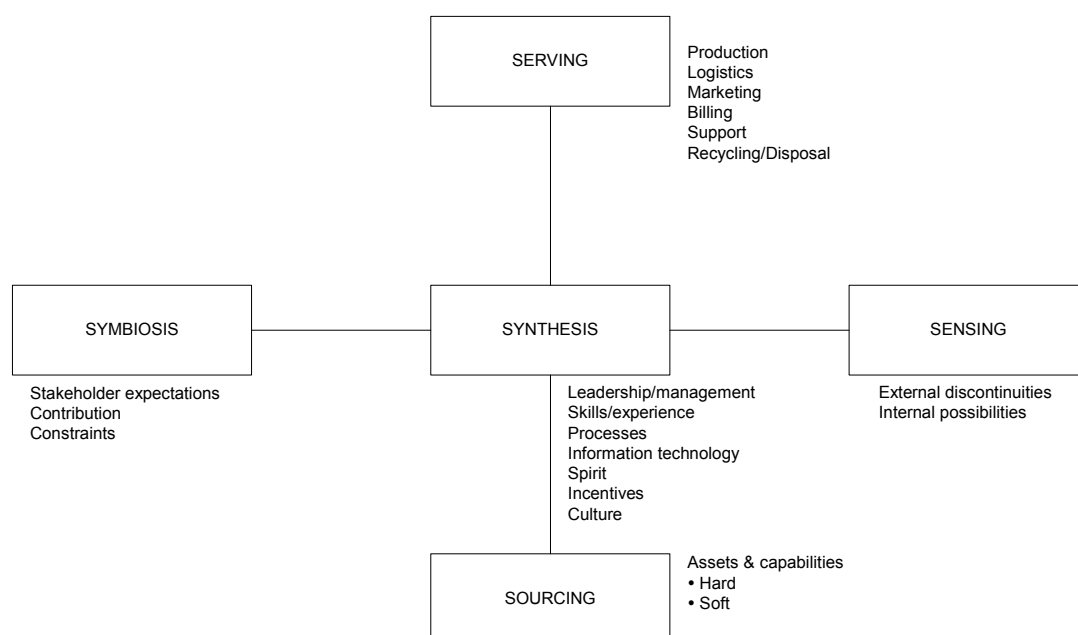
The first task is to decide *what* you’re going to do for customers that they will value – and hopefully pay a premium for. This is your value proposition. Then, you have to decide the *how* to deliver it.

By now, most managers are familiar with the idea of the value chain. It’s a useful tool that gives you a systematic way of analyzing what you do. There are several variations, but the essential idea all of them is that value is created through a set of discrete activities: buy, make sell, service. Another set of activities – parenting, financing, human resources management, technology, and so on – in turn adds value to the whole enterprise.

This approach assumes that value delivery is a neat, step-by-step process. But in a messy world, where change is a given and management’s imperatives are very different than they were five, 10, or 15 years ago, you need another way to think about your challenges and opportunities, to generate insights and improve performance.

The “5Ss” framework is based on the reality that an organization operates in a world of many stakeholders with different agendas, and that value is increasingly created through knowledge and relationships. This revolutionary management tool gives you a powerful view of what you must do to succeed against increasingly hostile competition. It helps you think about issues that the traditional value chain ignores. And it takes account of the fact that while many activities are important to success, they’re not worth much until you “pull them all together.” “*Synthesis*” is the most critical factor in effective execution, yet it’s usually not thought about as something that you need to deliberately and systematically manage.

Use it together with my “7Ps” framework and questionnaire (available on my website at [www.tonymanning.com](http://www.tonymanning.com)) to examine where your organization is now, and to think about what you need to do to make it fit for the future.



The “5Ss” model headlines five crucial functions that firms must manage in the information age:

1. *Sensing* – the ability to rapidly detect changes, opportunities and threats both *outside* and *inside* the organization, to make sense of them, and to see the connections between them.
2. *Sourcing* – the ability to access whatever resources you may need, including money, R&D, people skills, components, and services (such as design, training, insurance, promotion, etc.)
3. *Serving* – the ability to deliver the value that customers expect. This embraces assembly and production, the bundling of offerings, logistics, marketing, service, and support.
4. *Symbiosis* – the ability to live in reasonable harmony with all stakeholders, to create win-win relationships with them, and to “win their votes.”
5. *Synthesis* – the ability to “pull it all together” so the whole value system is aligned, so that real synergies are created, and so costs are driven down.

## 1. SENSING

*How do we know what’s happening in our world – both outside and inside our organization – and how do we exploit what we learn?*

- 1.1. Do we get enough *right* information about:
  - Key political, economic, social, and technological trends?
  - Customers & markets?
  - Competitors (and possible substitutes)?
  - Suppliers?
  - New business trends (management ideas, organizational design, information technology, production, logistics, customer service, etc?)
  - Factors *within* our organization that affect performance (management style, climate, skills development, performance management, etc?)
  - Innovations (R&D projects, processes, product and service developments, etc.)?
- 1.2. What sources do we use for information?
- 1.3. How reliable are they?
- 1.4. What others are available?

## 2. SOURCING

*What inputs do we need, where and how do we get them, and is there a better way?*

- 2.1. Finance?
- 2.2. People?
- 2.3. Equipment?
- 2.4. Facilities?
- 2.5. Components?
- 2.6. Sub-assemblies?
- 2.7. Information?
- 2.8. Services?
- 2.9. Support?

### 3. SERVING

*What do we offer, what is our difference, and why does it matter?*

- 3.1. Is our target audience clear?
- 3.2. Do we understand their wants, needs, and behaviors?
- 3.3. How are they likely to change? (What will they buy tomorrow?)
- 3.4. Is our value proposition clear and relevant?
- 3.5. How do we deliver what we promise? (Production processes, logistics, marketing, administration, service, support, recycling/disposal, etc?)
- 3.6. Is our whole team focused on this goal?
- 3.7. Do they have the information, resources, and support they need?
- 3.8. How else could we push the “value envelope?”
- 3.9. How defensible is our situation?
- 3.10. What substitutes are likely? (When? Where from? Impact?)

### 4. SYMBIOSIS

*Who must we influence, and how do we win their “votes”?*

- 4.1. Have we clearly identified the stakeholders who matter to us?
- 4.2. Do we understand their needs, motives, intentions, and strategies?
- 4.3. What else must we learn about them?
- 4.4. Are we clear about what we expect from each of them?
- 4.5. Have we made our strategy clear to them?
- 4.6. How do we communicate with them?
- 4.7. How likely are they to support us – and why?
- 4.8. Who else should we communicate with to influence them?
- 4.9. What threatens our relationships?

### 5. SYNTHESIS

*How do we pull things together so we can execute our plans impeccably?*

- 5.1. Do we make things simple, so people can understand them?
- 5.2. Do we “unbundle” ideas, activities, and goals into “bite-sized chunks,” so they can be effectively explained and properly understood?
- 5.3. Are our priorities, goals, and action plans known and understood by everyone who impacts our performance?
- 5.4. Is our “strategic conversation” simple and clear?
- 5.5. Do we work hard to break down boundaries to conversation and barriers to collaboration?
- 5.6. Do we follow through to check progress and get useful feedback?
- 5.7. Do we deliberately and consistently share what we learn?

*Tony Manning has been an independent consultant in competitive strategy and change management since 1987. He was formerly chairman and CEO of McCann-Erickson advertising agency in South Africa, marketing head of Coca-Cola Export Corporation in Southern & Central Africa, and chairman of the Institute of Directors of Southern Africa. He is the author of many articles and six books on management, the latest being Making Sense of Strategy (Amacom, 2002), and publisher of Tony Manning's StrategyLetter.*

***“If you don't make a difference, you don't matter.”***

---

---

**Tony Manning/Strategist**

CONSULTANT IN COMPETITIVE STRATEGY & CHANGE MANAGEMENT  
P.O. Box 750 Morningside 2057 South Africa  
Phone (11) 884-2635 Cell phone 082-800-5862 Fax (11) 884-6006  
E-mail [strategist@tonymanning.com](mailto:strategist@tonymanning.com)  
Website [www.tonymanning.com](http://www.tonymanning.com)