

The “Three C’s”, or Maybe Four, Five, or even More!

By Dave Robinson

Interviewers for the big consulting firms like to see that you have some structure—a model of analysis—for approaching case decisions. Early in your business education, you’ll move beyond the trite “SWOT” analysis (Strengths, Weaknesses, Opportunities and Threats) to some version of the “Three C’s” model. In the original form, it’s pretty simple: You look at a company and its situation in terms of Customers, Costs and Competition.

So far, so good. But by the time I finished MBA school, one of the major consulting houses was preaching: “Customers, Costs and *Competitive Advantage*” as their model of the “Three C’s”. Not bad, but I couldn’t choose between Competition and the firm’s internal Competitive Advantage as being the more important, so when anyone would ask, I’d quickly say that the “Three C’s” model, is actually *four C’s*.

My state of bliss was short-lived. A new teaching note arrived this summer, and blandly refers to “the *standard* Four C’s: Company, Competition, Consumers, Collaborators.” Wow. There’s no doubt that in the Internet economy, your partners are crucial, so, yes! Let’s add Collaborators to the list. But Collaborators could mean Contract Manufacturers, or the Channel Members.

But, just a minute, we seem to have dropped “Costs.” Not a good idea. When you’re recruiting, you “ace” the interview by slipping into your narrative that you know the difference between Fixed Costs and Variable Costs, and you can recognize a Sunk Cost when you see one.

So here’s you’re a Complete Comprehensive Compendium of C’s:

- **Customers** Who is loyal to this firm and what do they care most about. What customers are we overlooking (new markets).
- **Costs** Fixed and Variable; don’t get hung up on Sunk Costs. Be aware of the Relevant Costs for the decision at hand.
- **Competition** Who’s eating our lunch? Who may take a bite out of our business in the future? How will competitors react to any move we make?
- **Company** Here on Planet Earth, what will this firm go for and what will they resist? (You can’t come up with a solution for GM that involves not-making cars and trucks.)
- **Capacity** Does our firm have the ability to execute this plan?
- **Competitive Advantages** Patents, manufacturing expertise, supplier relationships, channel relationships, consumer awareness including brands.
- **Collaborators** Who will we need to get on board to make this happen? Who could be very helpful and influential for us?
- **Channel Members** Will our retail distribution go along with this plan?

OK, so we’ll call it the “Eight C’s model” of Business Situation Analysis. And you thought Marketing was just about the Four P’s.