

The coherence test

In a small group, talk through the answers to these questions as candidly as possible. This exercise benefits from more than one person's perspective. The two columns of questions reflect that incoherence has two sources — strategic and operational. The more questions to which you can truthfully answer “yes,” the more coherent your company.

Can we state it?

Do we live it?

Way to play

Are we clear about how we choose to create value in the marketplace?

Are we investing in the capabilities that really matter to our way to play?

Capabilities system

Can we articulate the three to six capabilities that describe what we do uniquely better than anyone else?

Do all our businesses draw on this superior capabilities system?

Have we defined how they work together in a system?

Do our organizational structure and operating model support and leverage it?

Do our strategy documents reflect this?

Does our performance management system reinforce it?

Product and service fit

Have we specified our product and service “sweet spot”?

Do most of the products and services we sell fit with our capabilities system?

Do we understand how to leverage the capabilities system in new or unexpected arenas?

Are new products and acquisitions evaluated on the basis of their fit with the way to play and capabilities system?

Coherence

Can everyone in the organization articulate our differentiating capabilities?

Do we have a right to win in our chosen market?

Is our company's leadership reinforcing these capabilities?

Do all of our decisions add to our coherence, or do some of them push us toward incoherence?

Source: Adapted from Paul Leinwand and Cesare Mainardi, “The Coherence Premium,” *Harvard Business Review*, June 2010, 86–92.