



Business Synergy

The rapid introduction of new business technologies and the surge of corporate mergers have led to the term “business synergies” to take on a meaning that implies the combining of separate systems and processes into one unit by focusing on the areas of similarity and shared purpose so as to add strength and efficiency to the newly formed joint entity. While usually over estimated and therefore victim of inflated expectations, the notion of synergies has demonstrated to varying attempts that there is justice in the anticipation of value through the implementation of synergies.

There is however one aspect of synergy that pre-dates the new merger associated definition, and that is the synergy of internal business assumptions. There is significant evidence to suggest that there is a critical need for a company’s understanding of its mission, capabilities and business environment to merge together into a coherent and pragmatic set of assumptions that compliment and support one another. This sort of synergy allows the company to develop strategies that are rooted in both a true assessment of the market and a realistic appraisal of internal capacities.

The need for these internal synergies is significantly more urgent in today’s fast paced and constantly changing business arena. Without the ability to mesh business mission and core capacities to the business environment the threat of being left behind by shifts in the market brought about by new technologies, new products or unforeseen competitive threats increases dramatically. However, by keeping the three critical components of business environment, company mission, and core competencies synergetic, the risk is reduced as a change in one (for example business environment) will cause an equal and relative change in the others (mission and core competency).

While the term “synergies” has been co-opted by the sexier and more glamorous world of M&A’s, it is really a boring old term belonging to old world business fundamentals. While this might tarnish it a bit in the eyes of the jetsetters, it should reconfirm for all of us typical business folk that the terms used today are really offshoots of the core concepts that make businesses succeed. As such, it may be just a refreshing new look at a very old (and important) business concept. Mixing solid fundamentals with the new ideas – now that’s synergy.