

## Meyer's Management Models

# 14. 7I Corporate Center Model

Which key roles should be played by the corporate center in my company?

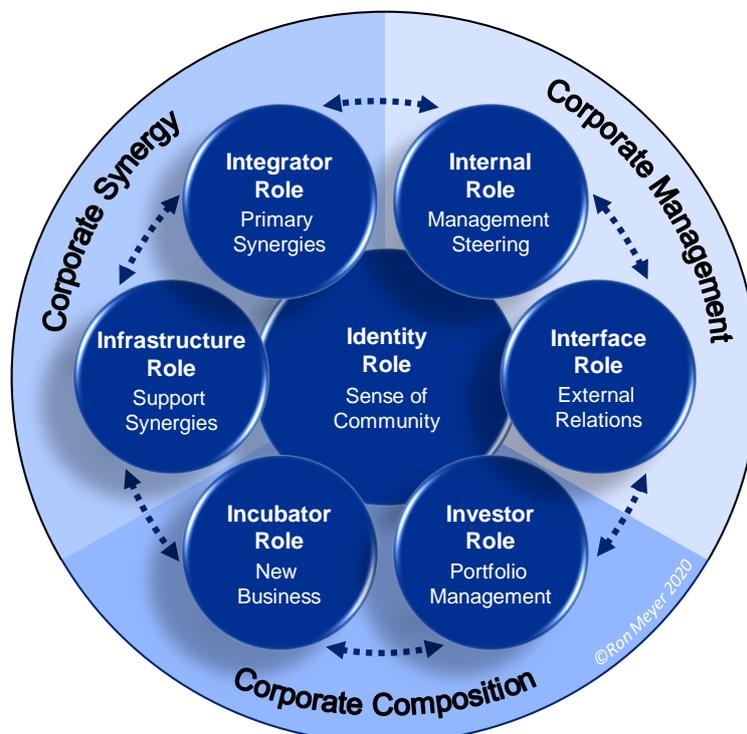
### Key Definitions

In management jargon, a corporation is a company consisting of two or more business units. While each business unit has its own strategy and focuses on succeeding in its own market, to make economic sense a corporation needs to be more than just the sum of its business unit parts. An overarching corporate strategy is needed to ensure *corporate value-added*.

It is the task of the corporate center, the level above the business units, to drive this corporate value creation process. In carrying out this task, a number of *corporate center roles* can be played, each with their own activities, instruments and types of value-added.

### Conceptual Model

The *7I Corporate Center Model* describes the seven possible roles with which the corporate center can add value to the company. Every corporate center needs to choose which roles they want to play, in what way and with which intensity. The roles fall into three general categories; *corporate composition* roles determining which businesses should be part of the corporate portfolio, *corporate synergy* roles stimulating cross-business linkages, and *corporate management* roles focused on steering the businesses towards optimal performance.



### Key Elements

The seven possible roles of the corporate center are the following:

1. **Investor Role.** As investment portfolio manager, the corporate center can actively optimize the allocation of financial resources across existing business units, pumping funds into

some, while withdrawing it from others. At the same time, it can consider opportunities for acquisition and potential divestment.

2. **Incubator Role.** As driver of new business development, the corporate center can nurture the founding of novel business activities outside the scope of the current business units, by supplying internal or external entrepreneurs with advice, knowledge, contacts, money and facilities. This support is particularly important for innovative business ideas.
3. **Infrastructure Role.** As provider of shared services, the corporate center can offer high quality support activities in such fields as IT, HR, Finance, Legal, SHE (safety, health & environment) and Facility Management. This support infrastructure can unburden business units, while creating synergy by bundling expertise and achieving economies of scale.
4. **Integrator Role.** As architect of competitive advantage, the corporate center can integrate the business models of two or more business units, leveraging strengths in such areas as R&D, operations, marketing and sales. By facilitating synergy across such primary activities, the strategic position of the business units can be greatly improved.
5. **Internal Role.** As line manager for the business unit heads, the corporate center can steer their behavior by setting strategic guidelines, challenging their strategic plans, checking on performance, assisting in solving problems and giving feedback. The recruitment, promotion, retention and rewarding of business unit heads is also part of this role.
6. **Interface Role.** As external stakeholder manager, the corporate center can be a more authoritative and active counterpart for such actors as shareholders, investors, banks, governments, regulators, unions, industry associations, NGOs and media organizations. Lobbying and corporate communications are also part of this role.
7. **Identity Role.** As heart of the organization, the corporate center can foster a sense of community within the company, encouraging the business units to work together as a team towards a common interest, sharing and helping each other along the way. Building and maintaining this joint identity can support being effective in all of the previous six roles.

## Key Insights

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- **Corporate centers need to add value.** A corporate center costs money, directly through the extra staff and facilities required, but also indirectly through the slower decision-making, additional reporting, multiple meetings and bland compromises. Therefore, every corporate center needs to have a clear strategy for adding more value than the money they cost.
- **Corporate centers have parenting roles.** Just as parents shouldn't just "have kids" but need to think about how they want to "raise kids", corporate centers need to think about the various *parenting roles* they want to play, to bring each of their "daughter companies" to a higher level and build a stronger family.
- **Corporate centers can play seven roles.** Corporate centers can determine the family composition, as *investor* acquiring and divesting units, and as *incubator* growing new ones. They can build family linkages, in an *infrastructure* role creating shared services and in an *integrator* role linking business models. They can manage the family, *internally* guiding the daughters and *interfacing* with externals. And at the core they can foster the family *identity*.
- **Corporate centers need to determine their parenting style.** Some families are very tight, others very loose. Which roles a corporate center selects and how they are played – the *parenting style* – needs to be aligned with the overall corporate strategy.
- **Corporate centers need regular rethinking.** Over time corporate centers grow and evolve for reasons other than strategic choice. A regular check-up can keep them aligned.

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## **Meyer's Management Models**

### ***Insightful Tools to Kickstart Your Thinking***

#### **Publication Schedule**

<b><i>July 2019</i></b>	<b><i>Mind the Gap Model</i></b>	<b><i>Change Management</i></b>
<b><i>August 2019</i></b>	<b><i>Digital Platform Map</i></b>	<b><i>Digital Strategy</i></b>
<b><i>September 2019</i></b>	<b><i>Interaction Pressure Gauge</i></b>	<b><i>Interpersonal Interaction</i></b>
<b><i>October 2019</i></b>	<b><i>Revenue Model Framework</i></b>	<b><i>Revenue Model Typology</i></b>
<b><i>November 2019</i></b>	<b><i>House of Engagement</i></b>	<b><i>Organizational Engagement</i></b>
<b><i>December 2019</i></b>	<b><i>Confidence Quotient</i></b>	<b><i>Trust Building</i></b>
<b><i>January 2020</i></b>	<b><i>Competition Tornado</i></b>	<b><i>Competitive Strategy</i></b>
<b><i>February 2020</i></b>	<b><i>11C Synergy Model</i></b>	<b><i>Corporate Synergy Management</i></b>
<b><i>March 2020</i></b>	<b><i>Leadership Fairness Model</i></b>	<b><i>Leader-Follower Interaction</i></b>
<b><i>April 2020</i></b>	<b><i>Strategic Agility Model</i></b>	<b><i>Strategy Process Approach</i></b>
<b><i>May 2020</i></b>	<b><i>Control Panel</i></b>	<b><i>Corporate Control Dimensions</i></b>
<b><i>June 2020</i></b>	<b><i>Rising Star Framework</i></b>	<b><i>Talent Management</i></b>
<b><i>July 2020</i></b>	<b><i>Strategy Development Cycle</i></b>	<b><i>Strategy Process Steps</i></b>
<b><i>August 2020</i></b>	<b><i>7I Corporate Center Model</i></b>	<b><i>Corporate Organization</i></b>
<b><i>September 2020</i></b>	<b><i>Storytelling Scripts</i></b>	<b><i>Leadership Communication</i></b>
<b><i>October 2020</i></b>	<b><i>Strategic Bets Framework</i></b>	<b><i>Strategic Decision-Making</i></b>
<b><i>November 2020</i></b>	<b><i>Fruits &amp; Nuts Matrix</i></b>	<b><i>Priority-Setting</i></b>
<b><i>December 2020</i></b>	<b><i>4C Leadership Levers</i></b>	<b><i>Leadership Competences</i></b>
<b><i>January 2021</i></b>	<b><i>Digital Business Model Dials</i></b>	<b><i>Digital Strategy</i></b>
<b><i>February 2021</i></b>	<b><i>Innovation Box</i></b>	<b><i>Innovation Approaches</i></b>
<b><i>March 2021</i></b>	<b><i>Empowerment Cycle</i></b>	<b><i>Employee Empowerment</i></b>
<b><i>April 2021</i></b>	<b><i>Corporate Value Creation Model</i></b>	<b><i>Corporate Level Strategy</i></b>
<b><i>May 2021</i></b>	<b><i>Team-Building Cycle</i></b>	<b><i>Team-Building Process</i></b>
<b><i>June 2021</i></b>	<b><i>Followership Cycle</i></b>	<b><i>Leader-Follower Interaction</i></b>
<b><i>July 2021</i></b>	<b><i>Partnership Distance Model</i></b>	<b><i>Interorganizational Relations</i></b>
<b><i>August 2021</i></b>	<b><i>Rebound Model of Resilience</i></b>	<b><i>Organizational Resilience</i></b>
<b><i>September 2021</i></b>	<b><i>Deft Dialogue Model</i></b>	<b><i>Interpersonal Communication</i></b>