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Strategy Tools 2025

The new strategy tools that every decision-maker needs to know about

Introduction

In strategic management, tools like Porter's Five Forces and Value Chain or Christensen's Logic of Disruption have determined practitioners' strategic decisions. Graphic representations of these tools are also prominent, as they present complex interrelationships in an eye-catching way. Such tools and representations support decision-makers in structuring their strategic decisions.

These tools are still up to date, as they have undergone valuable additions over the years that integrate into them new digital business models and opportunities that offer platforms and potential for data analysis. Technologies' influence on strategic dynamics has also grown.

Therefore, it is not surprising that the scientific and practical literature has developed a number of new strategy tools that are sometimes better than existing tools in explaining companies' strategic decisions and industry developments.

This article describes the basic features of five of these new strategy tools and what they can explain beyond what the classic tools can explain. In concrete terms, we discuss

- the concept of colliding innovation,
- the "Big Bang" diffusion of digital strategies,
- the extended strategy matrix,
- the "Power Curve", and
- the new phases of strategic management,

supplemented by references to literature that goes deeper into the tools.

These tools will certainly become increasingly relevant in strategy discussions and will eventually achieve prominence similar to that of "classics" of strategy theory.

Please contact us if you would like more information, want to discuss the tools with us, or have feedback.

Content

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The first tool: The concept of colliding innovation

What the classic tool describes

Disruptive innovations are innovations that have usually been brought to market by small companies in their industries, especially as innovations that initially seem to be inferior. Over time, these solutions improve until they are finally good enough to bring customers new benefits. Wikipedia is an example of an initially inferior offer that grew to offer content that is qualitatively sufficient for most purposes and also free and digital. If an innovation has developed to be sufficiently good in its core characteristics and is also superior in terms of a new dimension, a disruption has taken place and incumbent companies are "beaten."

What has changed

Can the concept of disruptive innovations also explain the successes of the top innovators of recent years, such as Airbnb and Uber? Airbnb arranges overnight accommodations via a digital platform but does not own hotels and does not need hotel staff. The labor- and management-intensive operational processes are minimized by a digital platform that brings together a network of hosts and guests whose booking behavior generates valuable data for Airbnb, such as what type of accommodation in which city is preferred by which age group.

Uber follows a similar model in using a platform to mediate for drivers and passengers. The company itself does not own any vehicles and does not employ full-time drivers. Here too, physical operating processes are minimized via the digital platform.

However, the concept of disruptive innovation does not help to explain the success of Airbnb and Uber. Neither Airbnb nor Uber started with initially inferior performance, and their core services were qualitatively practically the same as offerings from other companies—a ride and a place to stay overnight. However, neither acts like a competitor of existing companies in their respective markets, as their offerings differ from those of the existing players in the market.

These new top innovators have several things in common: They are digital companies and do not invest in "traditional" assets like vehicles or real estate. They use the intelligent possibilities of data analysis (like the quality of a driver or a host) to make their offers completely transparent. In doing so, software systems and data analysis take over the tasks that employees of existing companies in the industry usually perform.

As a central feature, these innovators improve as more people use them. They collect data from each use of their digital platforms, which improves their performance for other users. Each rating on Airbnb for a rented room and a host, as well as each rating of an Uber driver helps to make the services better for the next user. Similarly, services like routes on Uber can be further optimized for the future; with each new trip an intelligent data analysis can bring together the partners that have the best match.

Thus, the more users they attract, the more unbeatable the providers become, as their offers are constantly more individually adapted to the users and future users. Whereas with classic disruptive innovations, the danger for existing companies in a market is that new or previously insignificant companies will offer a new service in their "slipstream" that is good enough and delivers one or a few new value propositions and revolutionizes the market in this way, with the new top innovations there is a danger that these companies will reach a certain critical size and become "all-knowing" market experts who can design services for users in an individually optimal way.

This new type of innovation is also called colliding innovation, as the new business model *collides* with the traditional one and, from the point of collision,

the new model is set apart by the customer value it generates. The point of collision is represented by the intersection of the curves in Figure 1. While for traditional business models the value for the user no longer increases or perhaps even decreases (like an overcrowded hotel) as the number of users rises, from the "collision point" onward, the user's benefits increase as the number of users of the new offerings increase. If a user used Uber in a city yesterday, Uber's algorithm learns from the transaction and offers the next user a better ride (by selecting a more suitable driver). These companies' platforms can usually accommodate new users easily, and the additional cost of an additional user on a digital platform is marginal. By contrast, increasing hotel capacity is costly for a hotel chain in traditional business.

While classically disrupted companies were unable to defend themselves with their existing processes and routines because the disruptive companies created a completely new value proposition and expanded inconspicuously throughout the market, the companies affected by collisions today are in an equally difficult but different situation because the innovators get better as the number of users increases. Because of their digital business models, these companies can scale to an almost unlimited number of customers and can offer constantly improving services that existing companies cannot match.

What established companies can learn

Companies should observe more than their immediate, known competitive environment

Companies that turned existing markets upside down with the concept of collision were not established, well-known companies in their industries but were purely digital companies that saw their competencies not in the core of the existing product but in the construction and optimization of a digital platform that transparently brings together the services of various players in the industry and, through intelligent data analysis, could offer customers continuously improving, individually controlled services.

In particular, companies should learn that collision-prone new competitors do not operate the classic business system or build assets that are typical for the industry. Accordingly, a much broader view of potential new competitors, especially start-ups and companies outside the immediate competitive environment, is necessary.

Companies should identify customers' needs and build the Customer Journey around them

The new top innovators built their business strictly on the basis of customers' needs. In doing so, they looked at the entire customer journey, not just at the

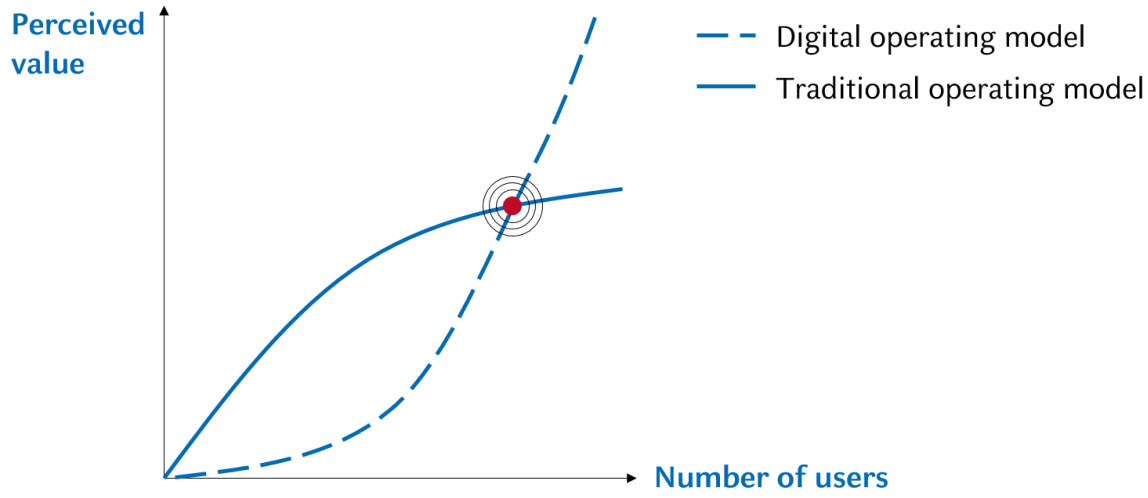

Figure 1: Collision of traditional and digital business models

narrow core of the service, such as the taxi ride in the Uber attack on the existing taxi industry. These companies have optimized steps that are both upstream of the core service (such as transparency about the quality of the driver) and downstream steps (such as online payments).

Airbnb found that many travelers want to be personally connected with the host and culture of the area they are visiting. Hotels can compete on price and comfort, but not on the relationship with a personal host.

Therefore, companies should take a broader perspective than they may have done in the past when designing their services and consider the entire customer journey so they can keep up with the top innovators.

Customer orientation should be in the focus of the entire organization

Customer orientation is the common denominator of all top innovators who have pursued the concept of collision in their industries. The new top innovators always base their concepts and particularly the continuous optimization of their performance on concrete customer needs, which they measure with every customer interaction (e.g., click-throughs on the website, performance ratings) to enable continuous improvement of the product or service for the individual customer. This approach is possible because these top innovators attach importance to having direct digital or even physical contact with their customers.

One example is improving the users‘ experience by shortening the service supply chain. By removing middlemen from the supply chain, the impression of proximity is created and the service can be more personalized. Airbnb implements this approach by, for example, not involving travel agencies, so customers can contact Airbnb directly if they have problems or questions, and Airbnb learns from the interaction. To compete with these top innovators, companies should ensure that they put the individual customer at the center of all activities and learn from every interaction.

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The second tool: Big Bang Diffusion

What the classic tool describes

Classic diffusion models describe how innovations spread in markets over time. A core part of these diffusion models is that innovations are bought and used over time by various groups of users, typically first innovators, followed by early users, early majority, late majority, and finally laggards. Innovators like to try out new services even before they are perfected, while the late majority is interested in a new service only after it has become established and there is some pressure to use it. Therefore, companies market their innovations differently over time to suit these groups as they emerge as potential customers.

Innovations often take years or even decades to serve all groups in succession. For example, diffusion of the mobile phone as an innovation of classic telephony took several years as the product adapted to serve each target group. Vacuum cleaners and automobiles took decades to diffuse.

What has changed

However, the question concerning whether all new services' growth paths can be explained in this way has arisen, as companies like Facebook, Twitter, Google (with Maps), Dropbox, and WhatsApp have brought their core services to masses of customers in much shorter periods of time. Significant market volumes have been generated, sometimes within months and in some cases even weeks or days, a phenomenon not typical of the classic diffusion process, where a slow start with small groups of innovators and early users is penetrated before significant market volumes are generated with the early majority.

Companies like Twitter and Dropbox have also not had to adapt their services to target later groups but have provided services, possibly with some variations and technical and content developments over time.

Researchers have found that classic diffusion models, especially when it comes to digital services, can no longer explain these phenomena and have developed a new diffusion model, shown in Figure 2: the Big Bang diffusion model.

Big Bang diffusion models provide for only two customer groups: trial users and the market majority. Services are initially supplied to a number of trial users, with most ideas falling by the wayside, but some survive and receive positive feedback and suggestions for improving the service. Then the services go directly to the entire market, without major segmentation or chronological sequence of customer groups. Thus, a large market volume is reached soon after

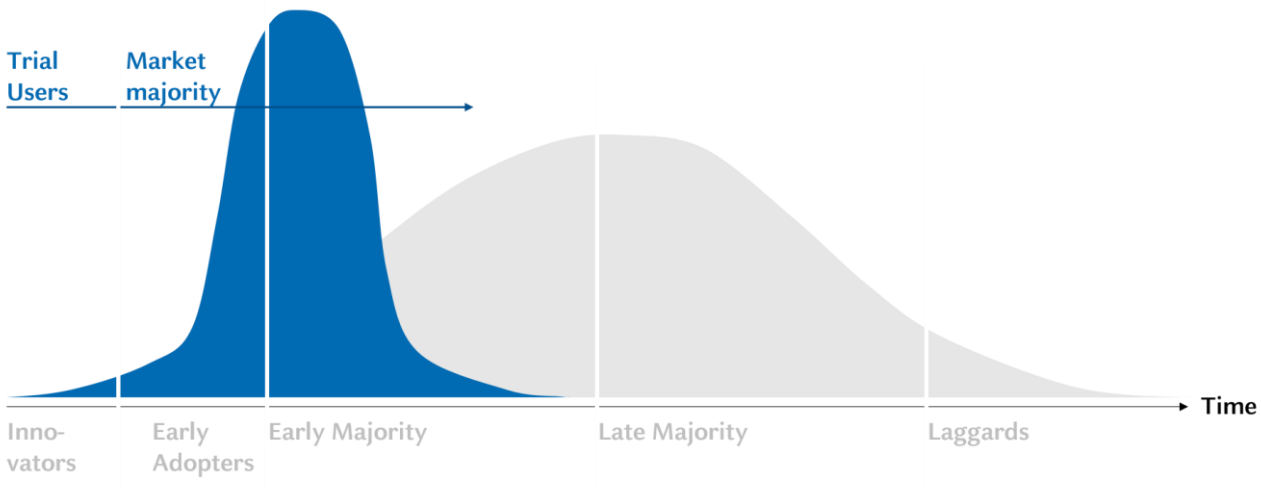

Figure 2: Adoption process for Big Bang diffusion compared to classical diffusion curve

market entry. For example, with the iPad Apple targeted all target groups simultaneously: from students who could not afford a laptop to millionaires who just wanted a technical toy.

How do Big Bang diffusion companies manage to reach so many customers so quickly? Some commonalities are striking: First, they are all built on digital platforms that allow them to scale quickly. Second, they all position themselves on the market with services that are better and cheaper than those of existing players and use digital platforms to resolve the "cheap, fast, and good" contradiction that Porter's classic generic types of strategies did not foresee. For example, Google Maps offers better, more up-to-date navigation results than previously dominant providers in the market and offers the service and updates free of charge.

This approach results in a new value proposition for users on a broad front for all customer groups that is practically unbeatable by existing services, so even users who typically belong to the late majority in classic diffusion models are won over early.

This strategic model's fast diffusion is also supported by the possibility of real-time digital communication and networking of users. As soon as users discover the new "cheap, fast, and good" service, they can easily recommend it to other users, thus contributing to its rapid diffusion in the market.

Companies that pursue Big Bang diffusion also offer entry-level versions with low barriers to entry at the beginning. Even if services are later subject to a charge, they are free for most users, at least in entry-level versions. Companies that pursue Big Bang diffusion know that trial users of the new diffusion models are particularly important, as only if they recommend the new service to others is the transition to the large market of the majority possible.

What established companies can learn

Classic distinctions between "cheap" and "good" providers should be abandoned

Big Bang diffusions show that a new entrant can be the cheapest and (in some dimensions) the best player in the market, which is what classic strategy tools like Porter's generic strategies do not provide for. However, Porter's concepts were also developed before the digital revolution; with the advent of digital platforms and scaling possibilities, the possibility to offer "cheap and fast" suddenly emerges. Suddenly there is a competitor who is better and cheaper and can take massive market share from competitors in a short time, as happened in the market for navigation systems.

Therefore, existing companies that currently differentiate themselves through a classic cost leadership or differentiation strategy should question their strategies and investigate new possibilities with regard to new positioning opportunities.

Companies should observe whether tests of companies unknown to them are taking place in their environment

If there are testings in a company's environment and markets, such as when test users are sought and new digital product ideas are presented to them, incumbent companies should see a warning signal. Even if many of these tests do not end up as marketable solutions, they show that companies or entrepreneurs are working on projects that have the potential for Big Bang diffusion. If one of these tests is successful, it may already be too late for a targeted response. In fact, movement may occur even if the first tests are not successful.

Companies should look for ways to gain time when a Big Bang diffusion in their environment threatens

Companies operating Big Bang diffusion often make a living by offering their services to first users and

customers free or at low cost during a test phase. As a result, a certain amount of time will pass before these companies can generate any revenues at all, much less become profitable.

Existing companies can prolong this phase, thus reducing the chances of such new entrants' survival by offering own price reductions or free distribution of products or product components. Ending long-term contracts with customers can also be an effective way to gain time at the early stages of an impending Big Bang diffusion to look for new models of their own for the future or even their own Big Bang diffusion projects.

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The third tool: Extended Strategy Matrix

What the classic tool describes

Porter's work has had a decisive influence on strategy theory and practice, particularly the need to choose an industry that promises good margins and, ideally, that scores well on as many of Porter‘s five forces as possible.

Then it is a question of choosing one of two generic strategies that will enable competitive advantages in the industry: offer the lowest price for a service with at least a necessary level of quality (cost leadership) or offer better quality than the competition for an acceptable price (differentiation strategy). Middle ways with a "medium" price and "medium" differentiation typically do not work, because there are always cheaper or better solutions.

What has changed

Can this classical view explain Amazon's strategic approach of the last few years? First, the question concerning in which industry or industries Amazon is (primarily) active must be answered: Is Amazon a logistics service provider, an online retailer, a film producer, a cloud computing provider, or a technology expert? This question cannot be answered unambiguously, nor can the question of its primary generic positioning, especially since it is not at all clear to which competitors a cost leadership or differentiation positioning would be applicable.

Jeff Bezos, the founder and CEO of Amazon, said, "If we win a Golden Globe, it helps us sell more shoes. And in a very direct way." This statement makes a clear connection among the company‘s essentially unrelated product categories from essentially unrelated industries. Being good in one industry to profit in a completely different one cannot be directly explained with Michael Porter's classic view.

On the basis of this observation, researchers have further developed Porter's logic, taking up the basic

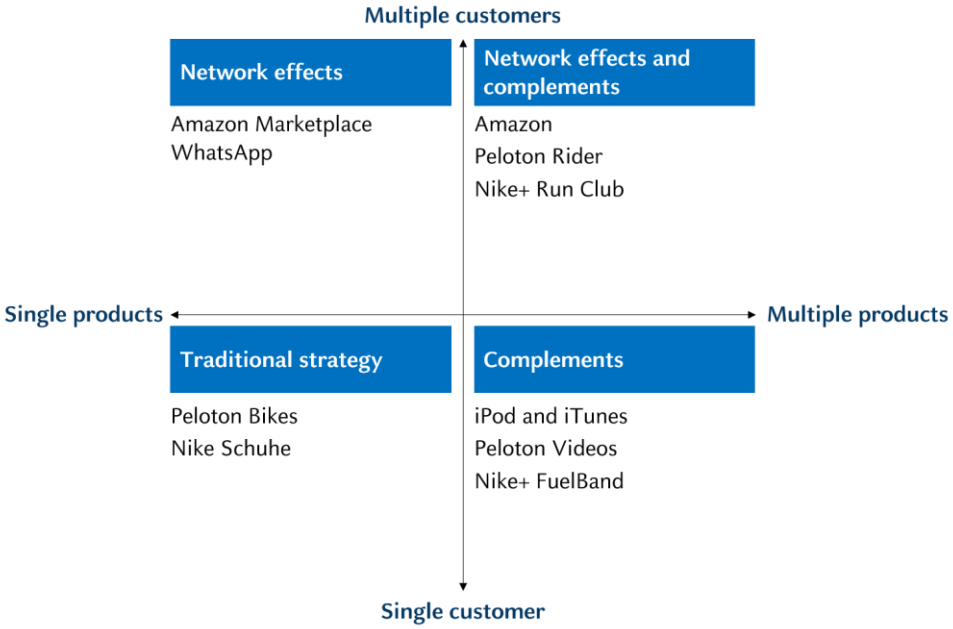

Figure 3: Extended strategy matrix

ideas of digital transformation. The extended strategy matrix shown in Figure 3 was developed to help explain leading companies‘ current strategic approaches.

This extended strategy matrix classifies types of strategies according to two dimensions: product scope (single products or many products) and target group (single customers or many customers). The combination of the two criteria results in four types of strategies.

The quadrant with single products and single customers is the classic strategy view Porter addressed. In this quadrant, companies choose an industry and position themselves there as either differentiators or cost leaders.

Companies in the quadrant with single products and multiple customers use strategies based on network effects. Products like WhatsApp position themselves by building a community through a large number of users and generating unique benefits for each individual. Companies that pursue this strategy are almost always purely digital companies.

Companies that focus on single customers and multiple products use the complements strategy, where the company benefits from selling an initial product by marketing additional services over time, such as music as a supplement to the iPod. During these transactions, the company gets to know the customer well so it can predict his or her behavior regarding a product or one product category. These companies tend to offer products from various industries, such as hardware (iPod) and entertainment (music for the iPod). The combination of products is usually created by digital networking.

Companies in the quadrant that focuses on multiple products and multiple customers combine complements and network effects. Amazon is located here, as are companies like Nike with the Run Club. Companies that pursue this strategy offer a wide range of their own, but also third-party products, and bind the customer through communities (network effects) and products that are needed for daily consumption. In this way, the company builds a broad relationship with its customers and is "always there" for them to meet their needs. Knowledge about their customers developed from this approach leads to a unique strategic positioning that is typically highly valued by customers. As a result, third-party companies usually want to cooperate with these companies and market their products through them. Companies that use this combined strategy build the superior technology and data capabilities that are the basis for high margins and exceptional growth.

Therefore, the question concerning in which industry Amazon operates is no longer relevant. Amazon positions itself as a technology and data company that knows its customers better than any other company, regardless of which industry its products come from. However, this strategy is not reserved for companies like Amazon. The Peloton company creates home bicycle trainers as core products and supplements the home bicycle trainers with videos of course programs that can be purchased regularly. Peloton has built a community around its product, and virtual trainers know the customers‘ preferences and training times, so videos with training programs can be optimized. Peloton knows its customers‘ athletic condition, preferences, success in training, and much more. Performance can be precisely controlled and third-party providers will do almost anything to benefit from the community Peloton has created. Thus, Peloton can hardly be assigned to a single industry. Its differentiation from similar competitors in individual facets of their own performance differs in that they do not have Peloton's technological and data competencies.

Therefore, the most valuable companies in 2020 are no longer those that have a clear strategic positioning in a clearly defined industry, but companies with an affinity for technology and data that know a great deal about their customers and create individually targeted benefits for them.

What established companies can learn

An industry view should be supplemented by an overall customer view

As central as the industry view was in classical strategies, that view should be at least supplemented by an overall customer view. Digital platforms and data pools allow connections between product groups, as indicated in Bezos' statement, so companies can offer the customer individually optimized solutions from a single source.

In short, strategic projects should take an overall view of the customer, in addition to the industry view, and determine which other needs are related to the one already served.

A customer-oriented strategy requires development of new skills

Companies traditionally expand into adjacent business areas where they can use their existing skills, but a customer-centric strategy requires a company to follow changes in customer needs and develop new capabilities to meet those needs.

For example, Amazon switched from selling electronics to manufacturing them. The company sold e-books for a long time before developing Kindle itself.

New technologies, software, and data should not be used only to optimize processes and save costs

Companies have been extensively involved in technology and software projects and increasingly in data projects. However, many companies‘ focus has been on optimizing internal processes and reducing costs. While technology, software, and data will certainly retain or even expand their importance, companies should increasingly focus on how these competencies can be used to create customer proximity and add value.

This is exactly what companies like Amazon and Peloton are doing, which has gradually allowed them to offer more products for more customers in a targeted manner and to position themselves as holistic, cross-industry suppliers.

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The fourth Tool: The "Power Curve"

What the classic tool describes

When companies plan new strategies, strategy presentations often include plans for strategic repositioning in which a hockey-stick-like course of development is predicted: courses that briefly decline during a short investment process, quickly followed by high growth (graphically taking the form of a hockey stick) or a reversed check-mark.

Various strategic repositionings are discussed, and those who prepare the groundwork usually know that the top management team will pursue only repositioning or strategic investment that holds out the prospect of a hockey stick that is as pronounced as possible.

What has changed

To justify considerable investments, the hockey-stick result has become a necessary condition in many companies. However, research and practice show that actual hockey-stick-shaped developments are practically non-existent or are reserved for rare success stories.

But why are so many hockey-stick progressions predicted in strategic planning, when they occur so rarely? Current research shows that decision-makers are confronted with considerable distortions when they pursue the long-term strategic decisions that are typically highly uncertain and have to be justified internally on political grounds. Research shows that, in these situations, people make a number of misjudgments that can lead to hockey-stick-like predictions.

Major decisions have to be made, the results of which will become evident only after many years. At the time the decisions are made, critical conditions for success are not known. Moreover, even experienced managers have not made a large number of strategic decisions, so the learning effects from personal experience are limited. This mix of factors, combined with the need to offer extraordinary strategic options, leads to presenting strategic options with hockey-stick-like predictions.

The so-called "power curve," which is based on data from more than 2,000 companies, does a better job of representing reality (Figure 4). The figure shows that about 90 percent of the economic profit is generated by about 20 percent of the companies. These top companies generate thirty times more profit than the companies in the three middle quintiles. Where a company lies exactly on the "power curve" is determined by its industry affiliation, growth in that industry, and its own strategic decisions.

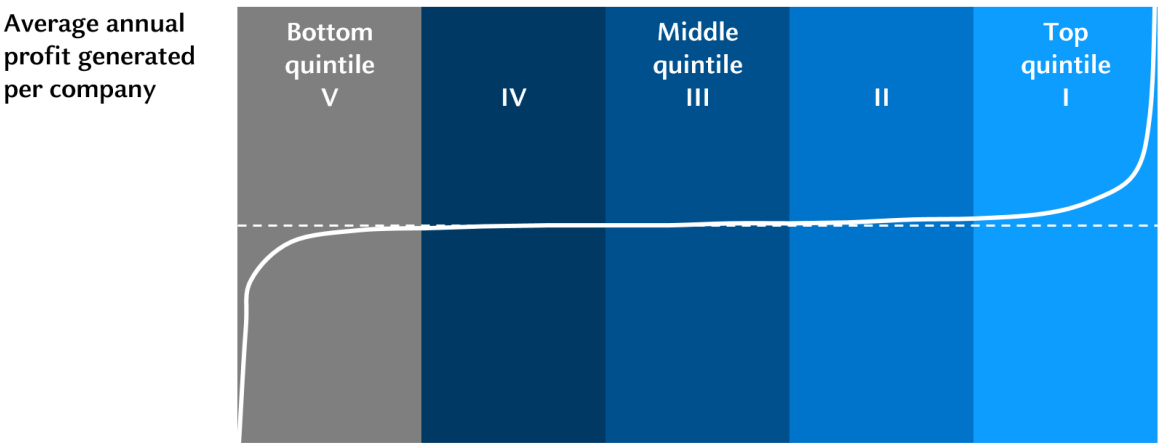

Figure 4: Power Curve (simplified representation)

If we transfer the hockey-stick logic to the "power curve", hockey-stick planning means that the planning company assumes, depending on its starting position, that it will move up from the lowest quintile or the middle quintiles to the top quintile or at least significantly in this direction.

While a hockey-stick projection certainly does not have a 100 percent probability of occurrence, planners certainly assumed a considerable probability that it will occur before the empirical findings of the Power Curve. Although movements on the power curve are possible, they tend to occur rarely; the probability that a company will move up from the middle quintiles to the top quintile is only 8 percent, and this over a ten-year period. At the same time, about 40 percent companies in the top quintile will leave it. Clearly, a hockey stick *per se* hardly has a high probability of occurring or being maintained over time.

If we imagine an industry with ten comparable companies from the midfield of the Power Curve, all of which include a hockey-stick in their planning for a strategic decision, then the Power Curve shows that a company might achieve the goal in ten years, if at all. This information suggests that companies must make clear to themselves that they actually have the prerequisites to achieve what nine other companies in the industry are unlikely to achieve.

This logic helps companies make strategic investment decisions. The Power Curve calibrates the probabilities of success based on empirical data about various industries. Accordingly, companies should invest heavily only if they are sure that they have superior starting positions.

What established companies can learn

Companies should be careful with hockey-stick-like predictions

Hockey-stick-like progressions are the highlight of any strategy presentation. If they are excluded, top management is likely to consider a strategy insufficiently ambitious. However, the Power Curve shows that big success stories with massive movements on the Power Curve, as would be necessary for a hockey stick, are rare. Thus, hockey stick predictions should be validated by the company's own business case calculations (with assumed growth rates) but also by calibrating with all other companies and especially with those in the company's market. An especially relevant question concerns why companies assume that their own strategic thrusts are better than those of about 90 percent of the other companies in their competitive environments.

Companies should view their industrial environments and general trends as key drivers of their strategic approaches

Further analyses of the Power Curve have revealed that industry affiliation and trends are central drivers of a company's position on the Power Curve. It is better to be a mid-level company in an attractive industry than a top player in an unattractive industry. Thus, the central insight of classical strategy theory, that the industry environment is of central importance to the strategy chosen, remains central to the concept of the Power Curve.

Companies should set resources and budgets dynamically and keep R&D budgets high

While the industry and industry trends are centrally important to a company's choice of strategy, there are also variables at the company level that determine the position on the Power Curve. Two variables stand out in empirical analyses: how budgets and resources are set across functions and business units, and the level of R&D budgets in particular. Most companies that have made leaps on the Power Curve have not simply updated budgets and resources from the previous year but have decided each year how resources and budgets are to be allocated and have made significant adjustments on a regular basis. In addition, companies that have had historically high R&D budgets have performed particularly well so

continuous investment in innovation activities is a key lever for moving up the Power Curve.

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The fifth Tool: Phases of strategic management

What the classic tool describes

The ideal-typical process of strategic management is divided into the sub-steps of strategic analysis, strategy formulation and selection, and strategy implementation. The first step is a comprehensive analysis of the company's core competencies, the industrial environment, and macroeconomic developments. Based on these analyses, the second step in the classic strategy process is the formulation of a strategy, usually with regard to selecting an industry as a field of activity and positioning the company within this industry. Finally, the strategy is implemented by, for example, offering new products, reorganizing, or acquiring other companies if the company lacks of internal competencies that are needed to implement the chosen strategy.

These three steps make up the classic strategy process and are typically carried out sequentially by companies at fixed intervals, such as annually.

What has changed

The three steps of the strategy process continue to have significance, as do regular planning cycles. However, the question concerning whether this process is sufficient to take account of new circumstances arises. Various studies have shown that conditions, such as technological developments or the entry of new competitors like start-ups, are changing ever more rapidly. These changes do not coincide with typical planning cycles; changes during a cycle often require companies to adjust because the assumptions made during the strategic analysis are no longer correct.

For this reason, a new strategy process is crystallizing in many companies (Figure 5). In a first step, a vision is developed that describes the reason for the company's existence; regardless of how strategies are designed within the vision‘s framework, it forms the cornerstone of the company and provides a long-term identity. Since strategic positioning changes increasingly frequently and companies are guided into new products and applications by digital conditions, the cornerstone of a vision is all the more important to retain the firm’s focus.

The second step in the new strategy process is an in-depth analysis of the company and its environment. This step is similar to a corresponding step in the classic strategy process, but it is often more comprehensive. In particular, start-ups‘ innovation activities are given more attention so the focal firms can respond to developments. Above all, the analysis is carried out continuously in the new strategy process, rather than at intervals.

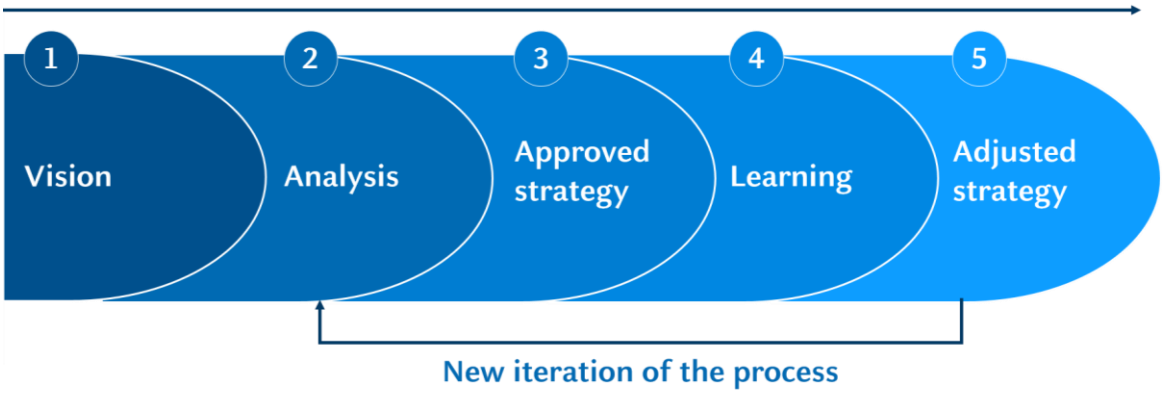

Figure 5: Adapted process of strategic management

The third step is to define the strategy, albeit in a much less long-term sense than in the classic strategy process. Many smaller experiments are planned that can be the basis for strategic reorientations. Key performance indicators (KPIs) are defined for these experiments that can be used to measure whether the strategy is likely to be successful in the foreseeable future.

In the fourth step, the experiments are evaluated as part of a learning process. Therefore, strategies are not adopted and allowed to run for several years to determine their effect, but conditions are created through tests and interactions with test users that allow for quick feedback.

On the basis of this information, the fifth step may be to adjust the strategy while continuing to carry out analyses of the environment and the company so as to determine the next experiments and possible directions for action.

The basic assumption of the new strategy process is that it is not possible to plan and formulate a strategy completely after a thorough analysis. To be able to adapt to rapidly changing conditions, continuous feedback loops are necessary until a strategy is found that promises success.

What established companies can learn

Companies should internalize a start-up mentality and try out options

Companies should put themselves in the position of a newly founded start-up: deciding on a strategy with few resources. They depend on a few employees to obtain feedback from the market so they can adapt the offer in response to the gaps or opportunities in the market.

For example, Cisco uses a "spin-in" approach in which the company assembles a group of engineers and developers who work on a project separate from the company, as if they were part of a start-up. These engineers and developers help Cisco bring innovative products to market quickly but in a different environment, allowing possible strategic thrusts for the entire company to be initiated on a small scale and their success to be measured before more far-reaching decisions and allocations of resources take place.

Companies should develop KPIs to measure the initial success of a strategy in a timely manner

An essential characteristic of the new strategy process is that it is intended to help a company learn in a timely manner whether a strategic idea is likely to work. Often, this happens only in a sub-market or with an initial product idea. For these tests, companies need clear KPIs from which they can learn and in response to which they can make adjustments. However, since strategies and positioning grow over time, companies must recognize that they cannot be perfectly planned in advance.

Companies should have a strong vision to avoid loss of focus

Almost all new strategy processes begin with the definition or cementing of a vision. This step is central to the new strategy processes. Many experiments bring the danger of companies‘ becoming bogged down and trying out too many strategies. While testing and trial and error are central components of a new strategy, the company’s central identity must be preserved with a sound vision that provides a framework. Therefore, companies should formulate and maintain a clear vision, looking at it as the starting point for all strategy processes.

Central sources

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