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Corporate Strategy and Strategic Positioning in the Age of Digitization

By Werner Gleißner

Hardly any company can keep its strategy unchanged in the face of the various challenges brought on by the increasing digitization[1] of the economy and society – with all its opportunities and risks. The success of a company depends in large part on the corporate strategy, which constitutes a guideline for all activities and should regularly be adapted to changes in the environment.

How do you Identify the Need for Strategic Action arising from Digitization?

Unlike the annual financial statement and the key figures in operational planning, statements regarding strategy often have little structure and are imprecise. But if one wants to examine the current strategy critically, systematically identify possible starting points for change and point out clearly required adjustments of the strategy, then one needs a structured description of the strategy. This is also necessary to adequately control the implementation of the strategy as part of strategic controlling[2].

A general distinction should be made between the portfolio strategy and the resulting business strategy for individual strategic business units[3]. The function of the portfolio strategy is, while considering market attractiveness[4] and the presence of potentials for success, to select strategic business units that seem potentially auspicious – and thus like they will contribute to the company value. Then a business strategy is to be developed for each strategic business unit.

With the methodology of strategic positioning based on defined "strategy dimensions", an instrument supporting the structured description of the corporate strategy will be introduced. This is important for strategic controlling. In particular, it will be possible to use this tool to,

- Point out possible design variations of the strategy,
- Illustrate planned or realized changes in the strategic positioning and
- Compare the strategy of one's own company to that of competitors.

The strategy dimensions can be used by the executive board or the management to process the core aspects into a clearly structured decision proposal, internally or with the board of supervisors[5]. The method of strategic positioning is also useful in discussions with management consultants who accompany the strategic development process, to systematically present the proposals made (and also to discuss why conceivable strategic changes might not be included in the current strategic concept). Additionally, this makes it possible to support strategy implementation and strategic controlling, because deviations between planned and actual changes in strategic positioning (operationalized through suitable key figures, if necessary) are presented in a transparent manner. The approach of strategic positioning generally simplifies the presentation of the strategy, and makes it clear to the employees of a company where (and why) changes in the orientation of the company are planned in order to ensure the long-term success of the company.

This kind of structured approach to the development and implementation of a "planned strategy" is useful even if one – realistically – assumes that the strategy that will actually be pursued later will not be precisely what was planned. Especially when it comes to digitization it is to be expected that at least parts of the strategy will unfold largely by themselves and in unplanned ways.[6]

> **"Especially the diverse challenges brought on by digitization and industrial internet necessitate an adjustment of many corporate strategies."**

The structured description of the strategy through the strategy dimension is also a useful step in the development of a strategic management and key figure system (e.g. a Balanced Scorecard, cf. Kaplan/Norton 1997 and 2018.) Because where strategic changes are intended, one needs key figures to measure the need for change and to recognize progress in the implementation. And additionally, for each planned strategic change, each target, one should allocate the measures (with the necessary budgets) that are necessary for the operational implementation of it, and the people responsible for this implementation.

Especially the diverse challenges brought on by digitization and industrial internet necessitate an adjustment of many corporate strategies; sometimes even the development of new "digital business models". To optimally grasp the change in the strategic positioning of a company that comes with this, the original model of the strategy dimension[7] has been augmented with new dimensions, which should often be paid special attention in the context of "digitization". The digitization of products, processes and entire business models actually has some typical characteristics[8], like e.g.:

- Negligible marginal costs of production and small transaction costs,
- High scalability and the possibility of very high growth rates,
- High relative value of data (e.g. for generating individually customized solutions),
- Platform-economies.

But the new technological possibilities and the altered competitive conditions as a result of "digitization and the fourth industrial revolution" necessitate the discussion of several issues that are relevant to a variety of companies, like e.g. the threat of disruptive strategies of competitors, the significance of online platforms, customer-specific data (big data) and immaterial products.

Especially for "digital transformation strategies", Hess/Barthel (2019)[9] recommend the consideration of the following strategy dimensions:

- possibilities of utilizing new technologies
- changes in the addition of value
- changes in the organizational structure
- financial framework.[10]

> **"It is advisable to develop a promising corporate strategy under consideration of the possibilities, opportunities and risks of digitization – and not just a "digitization strategy"."**

But a holistic view of the corporate strategy – across all strategy dimensions - will continue to be useful. It is advisable to develop a promising corporate strategy under consideration of the possibilities, opportunities and risks of digitization – and not just a "digitization strategy" that neglects all other aspects of strategic significance.

An Overview over the Contents of a Corporate Strategy

The strategy functions as a "guideline" for all operational corporate measures and primarily aims to create potential for success, which in turn increases the enterprise value. The basic statements on the long-term orientation and success of the company are specified in the corporate strategy. In particular, statements are made about the core competencies to be secured or expanded, the business areas and competitive advantages to be sought in each of them, and the basic design of the value-added chain (cf. figure 1 with the "Strategy Quadrants").

Risk policy is the part of the corporate strategy that makes explicit statements on handling risks, specifies minimum requirements for

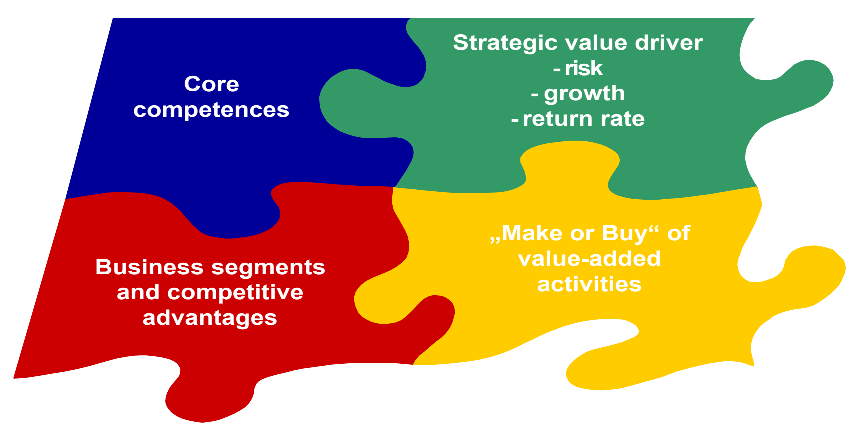

Fig. 1: Components of Corporate strategies (Source: Gleißner, 2004, p. 33)

stock reliability (and rating) and thus also sets the framework for the establishment of risk management systems (Gleißner, 2017a).

When discussing the strategy and the strategy dimensions clarifying it, questions such as the following are discussed[11,12]

- What are the needs and purchase criteria of (potential) customers?
- In regard to which purchase criteria does the company have advantages over its competitors (and what value do we create for the potential customers as a result)[13]?
- Which specific sales channels should be used to reach which (attractive) customer segments in the business areas?
- Which critical resources must be established and expanded in the company to (1) secure core competencies and (2) to be able to design the value chain in line with corporate strategy (so e.g. employees, capital, data, contacts, IT-systems or specific manufacturing machinery)?
- What competencies and strategic partners does the company need for implementing the strategy?

Further questions of strategic relevance regarding the four main sections of the "strategy-quadrant" are expanded on in the literature[14].

Regardless of which of the concepts developed in recent years one would like to use for the structured description of a strategy, one is always faced with the same fundamental challenge: for each of the individual topics one must examine which fundamental options for action exist here, i.e. which strategic positioning is desired.

The 20 most Important Strategy Dimensions

A particular challenge in the further development of the corporate strategy is, that often only one proposal is checked for plausibility without thinking about possible alternative strategies. An instrument that enables a structured description of one's own corporate strategy and a comparison of this strategy with alternative strategy variants (including those of competitors), is the methodology of the "strategy dimension", which is explained below.

> **"Many new strategic options have opened up precisely because of digitization, and many necessary changes to the corporate strategy are a result of the challenges brought on by digitization."**

Many new strategic options have opened up precisely because of digitization, and many necessary changes to the corporate strategy are a result of the challenges brought on by digitization. In particular, the method of strategic positioning makes it possible to illustrate the adaptation of one's own corporate strategy as a result of the challenges of digitization and the industrial internet of things (IIoT). For example, one can compare one's own - perhaps still quite "traditional" - business model with that of new "digital competitors" in order to meet the new challenges.

In the following, the **20 most important strategy dimensions**, grouped according to the main topics of a corporate strategy listed in Figure 1, are presented, and the alternative strategic positioning options are explained.

Core Competencies

1. Standardization: Standardization vs. Individuality

Due to the considerable differences in the required competencies, it is usually sensible for companies to concentrate either on offering standardized products or customer-specific solutions to problems, and to build up the corresponding competencies. Standardized products typically have the advantage of lower costs per unit, but they also reduce the possibility of standing out from competitors. Individual solutions to problems are to be implemented in a customer-specific manner. However, individual solutions lead to relatively high complexity and offer fewer opportunities to exploit economies of scale and learning-curve effects. The individualization of customer contact and of the actual service (product) requires a particular focus on the availability and adequate evaluation of data about customers (a central aspect of digitization). Individualization is possible through (1) individual customer contact (advertising) and (2) customer-specific products or services. In both cases it is necessary to have a lot of data about individual customers (Big Data).

2. Focus on Innovation: Imitation vs. Innovation

Innovative behavior should create competitive advantages through product innovation or cost advantages through process innovation (e.g. as a "first mover"). For this strategy technological competencies are necessary. Imitative behavior, by contrast, is based on the basic principle that the adoption of established technologies is more promising because risks and costs can be reduced ("follower strategy"). Current technological developments in the context of digitization and the industrial internet of things offer the potential for a multitude of innovations, such as the digitization of processes, the development of digital products or entirely digital business models. It should be noted here, that product innovations are often limited in their effectiveness by the fact that at some point customers will no longer recognize the benefits of additional innovations (or at least they are not willing to pay for them).[15]

3. Cost-orientation: Cost- vs. Quality-Orientation

Cost-oriented companies try to reach the most favorable cost position and to build up the competencies needed for it (e.g. in process and cost management). This can either be used to offer the lowest prices on the market (price leadership) or - with an average sales price level - to realize the highest possible profit margins through low costs. Quality-oriented companies, on the other hand, accept higher costs if this allows them to achieve above-average quality of their own products. They assume that superior quality ultimately translates into competitive advantages - as perceived by customers – as well and creates a greater scope for product differentiation and higher customer loyalty through objective technical advantages. The attempt to offer the highest possible quality often leads not only to higher costs, but usually also requires a higher time-to-market (which is often problematic in fast-growing digital business models).

4. Competency: Strategic vs. Operational Competency

Operational competency means, that a company primarily has those competencies that are necessary to successfully implement the current strategy (e.g. competencies in product development, production, and sales and marketing). Strategic competency means that a company primarily has competencies for the focused and promising continued development of the strategy itself (portfolio and business strategies). Companies with a clear focus on portfolio strategy, that e.g. regularly buy and sell strategic business units, will often be particularly focused on the area of strategic competencies.

Hereby the so-called "dynamic competencies" have become especially important (cf. Richter, 2019 on the Capability Based View[16]).[17] The Capability Based View deals with the question of which characteristics and capabilities enable some companies to survive in the long term (while others become insolvent). In continuation of the Resource Based View, a distinction is first made between the so-called "ordinary capabilities" and the "dynamic capabilities" of the company (which can each have the character of core competencies if they are particularly positive). The ordinary skills of an enterprise serve to perform typical tasks of an enterprise, such as sales, production and procurement, as efficiently as possible. Dynamic capabilities, however, are precisely those skills needed to adapt the organization (especially the ordinary capabilities) in response to new environmental demands.[18] Obviously both strategic and operational competencies are important. Especially for this strategy dimension a balanced proportion of both characteristics is considered beneficial.

5. Digitization Efforts: Low vs. High

The strategic dimension "digitization" is used to express how big the influence of the changes, usually summarized in a simplified way under "digitization" and "industrial internet of things", is on one's own business model, and especially on the necessary further development of competencies. The dimension thus expresses whether these technological innovations lead to a "low" or "high" need for adaptation in terms of competency requirements, products (value creation), customer approach, processes or the entire strategic business model (and resources should be planned accordingly for the adaption of the strategy). Guidance is provided here, for example, by the expected future revenue share of immaterial "digital products" or the significance that platforms will have in the future for the acquisition and support of customers (see dimensions 7 and 11). If the benefit for a customer grows with the number of users of a product (or platform), if marginal costs of production are zero or if industry boundaries disappear, then these are indicators of a high importance of digitization.

Strategic Thrust

6. Shareholder/Stakeholder: Shareholder vs. Stakeholder

The sole objective of shareholder-value-oriented companies is maximizing the company value[19], while subordinating all other corporate goals – for instance increasing customer satisfaction. Of course, such a shareholder orientation does not mean that the interests of customers, employees and other partners of the company are not taken into account; it simply means that one orients oneself towards the interests and wishes of customers precisely because this is beneficial to the company value.

Stakeholder-oriented strategies are based on the assumption that, in principle, all stakeholders of the company - alongside the shareholders this includes, for example, customers, employees and society - and their respective goals must be taken into account in business decisions. Such strategies are easier to communicate and often (initially) have a stronger motivating effect. The idea of Corporate Social Responsibility (CSR) leads to a stronger shareholder orientation (if more is to be achieved than meeting minimum legal requirements). However, the main disadvantages of this strategic orientation are often unclear (or contradictory) corporate goals and difficulties in obtaining adequate funds on the capital markets to finance future projects.

7. Value Basis: Material vs. Immaterial Values

The value of a company as a measure of success depends on (1) the expected amount, (2) time and (3) risk of future cash flows or revenue[20] (cf. dimensions 8 and 9). The value basis, i.e. the basis of the value-determining future cash flows, can be either tangible or intangible. With a tangible value basis, the generation of future cash flows is based on tangible assets, such as real estate or machinery. In contrast, an intangible value basis primarily relies on technological knowledge (e.g. in the form of patents), the experience of employees, on brands and a customer base, as well as valuable data (e.g. via customers or production processes). With an intangible asset base, the capitalized earnings value of the company is significantly higher than the balance sheet value of the equity. Especially digital business models that are based on the availability of data are typically geared towards an immaterial value basis.

8. Growth Orientation: Growth vs. Consolidation

Growth-focused companies pursue sales growth as their primary goal. In principle, growth is the strongest long-term value driver, and without growth, an extraordinary increase in the value of the company is almost impossible to achieve. Particularly in the case of digital business models, a very high rate of expansion is usually of great importance, because here

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with an increasing number of customers (e.g. on a platform) the benefit of each customer increases (so usually "The winner takes it all").

Consolidation strategies generally assume that profitability is more important than company size. The primary goal is to increase the return on capital employed (ROCE) by improving the EBIT margin (operating margin) and/or capital turnover. Consolidation also serves to stabilize organizational structures. In the meantime, a significant increase in efficiency can be achieved by using digitization in the context of the fourth industrial revolution. Improving profitability and the equity ratio - within the framework of consolidation - leads to an improvement in the rating and thus often creates the conditions that make future growth possible.

9. Risk-Return-Profile: Mitigating Risks vs. Increasing Returns

Often the decision which risk/return profile to pursue is determined by the risk preferences of the company management and the owners. The goal of risk-mitigating strategies is to reduce risk - and capital-costs - and, closely linked to this, to improve the rating and ultimately the probability of survival. Advantages of this strategic orientation are the high creditworthiness achieved and the relatively low financing costs, the attractiveness for (in many cases risk-averse) employees, as well as the usually very conscious handling of risks (targeted risk management). Here the improvement of the "robustness" of one's own company, especially against possible "disruptive" strategies of potential competitors (which can increasingly come from other sectors due to lower barriers to market entry) is of great importance. The goal is therefore a particularly "robust" strategy.[21] But markedly risk-oriented corporate strategies, often leave opportunities unused and neglect some value enhancement potential.

Profitability-oriented corporate strategies assume that high profitability also justifies (possibly arbitrarily) high risks. On the other hand, such strategies often lead to problems with ratings by banks - and thus relatively high borrowing costs.

When considering the risk/return profile, it is advisable to consider the possibilities (and relative importance) of changes in all primary value drivers[22], namely

- sales growth (cf. dimension 8),
- profitability (return on capital as a product of EBIT margin and capital turnover)
- risk (expressed e.g. by the cost of capital[23] – which depends on the earnings risk – as a minimum requirement for the expected return)
- likelihood of insolvency (rating) as a measure of the threat to the company's continued existence.[24]

In most cases a balanced risk/return profile is ideal for the company value.

10. Funding Strategy: Internal vs. External Financing

The capital requirements of the company (asset side) must be covered by equity and external financing. The relative importance of equity and external capital greatly determines the insolvency risk (the rating, cf. dimension 9). It is important to decide whether the capital requirement should be covered by the company itself or externally (internal vs. external financing). A high degree of autonomy of the company from external providers of both equity and external capital, is achieved when the company can finance itself fully from the generated cash flows (i.e. when the free cash flows tend to be positive). Negative free cash flows, e.g. as a result of high investments of a fast-growing company, restrict the entrepreneurial freedom and render it necessary to get additional capital, ether from

- Equity providers (by increasing the capital), or
- From outside creditors (through bank loans or the issuance of bonds)

A strategy of autonomous self-financing is risk-reducing and makes the company's management more independent; but at the same time it leads to a potential restriction of opportunities of growth, which are particularly important for companies that want to grow quickly despite maintaining a relatively high capital intensity.

Business Areas and Competitive Advantages

11. Product Range: Material vs. Immaterial

Business Areas can primarily be described by the products offered - and their benefits - as well as the customer target group (including the relevant region). In almost all industries, a conscious decision on the basic "product type" is useful for the time being. The range of services offered by a company can be geared towards "material products" in the true sense of the word (such as a car or a screw). However, digitization increasingly enables the offer of "immaterial products", which consist primarily of data. For example, music files (MP3) downloadable from the internet have largely replaced competing physical products (CDs). Between material and immaterial products stand services. Services can also replace material products (e.g. a driving service, a car). The decision on which "type of product" (with which focus) the strategy should be geared towards is becoming increasingly important against the background of the technical possibilities offered by digitization.

12. Revenue Model: Individual Projects vs. Continuous Cash Flows

The revenue model is a key aspect of the description of the business model and expresses how revenue is to be generated from customers.[25] Even though this is a multifaceted issue, from a strategic positioning perspective one has to primarily differentiate between two revenue models, which

a) Generate one-time sales proceeds from a customer for a project (in extreme cases without any foreseeable and relevant likelihood of a subsequent deal), and those which
b) Generate continuous and theoretically perpetual revenue streams (e.g. from an open-ended license agreement)

In between the two variations there are revenue models with (non-binding) framework agreements and relatively automatic follow-up transactions (i.e. with a high probability of repurchase, but without any legal obligation on the part of the customer). Revenue models with continuous flows (b) are naturally advantageous from a risk perspective.

13. Range of Services: Focusing vs. Diversifying

Focusing means, that companies limit themselves to a very narrow range of services and, in addition, usually commit themselves to a rather small number of customers and suppliers (i.e. usually operate in a niche). It is often assumed that only the massive use of certain resources for selected activities makes success possible. Hereby great importance is placed on the benefits and the realization of learning- and experience-curve-effects as well as economies of scale, from which one expects a reduction in unit costs. However, a strong concentration on a relatively narrow field of activity often carries relatively large risks, because the success of the company depends exclusively on this activity.

Diversified companies, on the other hand, have a broad range of services. They serve a variety of market segments, which reduces sales market risks. These companies also often aim to exploit synergy effects between individual activities and cross-selling potential. The broad spectrum allows them to follow the trends discernible in many markets and meet individual customer needs.

14. Competitive Behavior: Defensive vs. Offensive

Companies with a defensive competitive strategy largely orient their behavior towards the customer and less towards successful competitors. They strive for peaceful coexistence with their competitors.

In contrast, companies with an offensive competitive behavior are much more active. Typical of such competitive behavior is striving to expand their own market shares, for example by massively increasing sales volumes in conjunction with significant price reductions. An offensive competitive behavior can go so far that a part of the own research and patents is aimed at making it more difficult for competitors to develop and improve their own products.

15. Price Orientation: Price Leadership vs. Differentiation

Price oriented corporate strategies are based on the assumption, that the price is the most important purchase criterion for customers. As a rule, companies that are price leaders will simultaneously strive for a cost leader position. Price-oriented strategies are a dominant competitive strategy in the case of price-elastic demand and commodity products.

Benefit-oriented competitive strategies aim to differentiate one's own products or services from those of competitors. This goal is pursued by means of product differentiation through product features, service, brand and personal relationships. In doing so, customer needs should be identified as precisely as possible and additional services should be offered in order to avoid price competition (and to maintain pricing power).

Value-added Chain

16. Degree of Specialization: Specialized vs. Universal Resources

Specialized Resources with high specificity can be used very efficiently. But it is hard to use them for something other than the intended applications. Conversely, resources with a low specificity have a high degree of flexibility and can be used in many activities. Specialized resources are advantageous if one can assume relatively stable environmental conditions. However, highly variable, dynamic environmental conditions tend to favor the use of universally usable resources.

17. Depth of the Value Chain: Value-added Autarchy vs. Network

A strategic orientation of the value chain towards "autarchy" entails the coverage of many activities along the value chain and thus a tendency towards a high level of vertical integration. The aim is to use synergies along the value chain, to design intersections as optimally as possible and to avoid dependency on suppliers. The disadvantages of this strategic orientation are, however, the high proportion of fixed costs, which increases the risks, and the danger of "getting bogged down", i.e. taking up activities that are not covered by one's own core competencies.

In contrast, the strategy of a "value-added network" involves taking over relatively small parts of the value chain yourself, which are optimally covered by one's own core competencies. This tends to result in a low level of vertical integration and a high number of bought-in products and services. The decisive factors for such companies are therefore a high level of "network competence" (which, for example, is also important in outsourcing), knowledge of supplier markets and the ability to coordinate different companies and partners in a service provision process.

Digital business models in particular, aim at cooperation and networking, and accordingly only small sections of the value chain are covered by the company itself. Moreover, digital business models often use resources for value creation that are not owned by the company itself (use and ownership are separated).

18. Customer Contact: Direct vs. Online Platform

Traditionally, companies intend to communicate directly with their (potential) customers in order to assess their preferences and ultimately sell their own products. Only "semi-direct" communication with customers takes place when intermediaries are involved in the distribution channel. In the meantime, digitization is making indirect communication with customers even more important, namely customer communication via (third-party) platforms and social media. Here, an essential part of communication goes through customers who tell other (potential) customers about their experiences with a company and its products. User experiences are made available on online platforms (such as the ratings at Amazon, for example) and contribute significantly to the sales success of the products. A strategy focusing on such platforms and social media is strongly based on recommendations and positive ratings of the company and its products on online platforms and social media (see e.g. the so-called "viral marketing concepts").

19. Sales Approach: Sales Focus vs. Product Focus

Sales-oriented strategies assume that a high-performance, customer-oriented sales force is a key success factor. They aim to increase both sales capacity and the number of contacts with potential customers. The advantage of this type of competitive strategy is,

Strategy dimension	Importance			Individual Expression		Need for Action
Core Competencies						
Standardization			X	Standardization	Individuality	red (X)
Focus on Innovation		X		Imitation	Innovation	yellow (X)
Cost-orientation		X		Cost-oriented	Quality-oriented	green (X)
Strategic/Operational Competency	X			Strategic Competency	Operational Competency	green (X)
Digitization Efforts			X	Low	High	red (X)
Strategic Thrust						
Shareholder/Stakeholder	X			Shareholder	Stakeholder	green (X)
Value Basis		X		Material Values	Immaterial Values	yellow (X)
Growth Orientation		X		Growth	Consolidation	yellow (X)
Risk-Return-Profile			X	Mitigating Risks	Increasing Returns	green (X)
Funding Strategy		X		Internal Financing	External Financing	green (X)
Business Areas / Competitive Advantages						
Product Range		X		Material	Immaterial	yellow (X), red (X)
Revenue Model		X		Individual Projects	Continuous Cash Flows	red (X)
Range of Services		X		Focussing	Diversifying	green (X)
Competitive Behavior	X			Defensive	Offensive	green (X)
Price Orientation		X		Price Leadership	Differentiation	yellow (X)
Value-added Chain						
Degree of Specialization	X			Spezialized Resources	Universal Resources	green (X)
Depth of the Value Chain		X		Value-added Autarchy	Value-added Network	yellow (X)
Customer Contact			X	Direct	Online Platform	yellow (X), red (X)
Sales Approach		X		Sales Focus	Product Focus	yellow (X)
Cost Strategy		X		Zero Fixed Costs	Zero Marginal Costs	yellow (X)

Fig. 2: The adjustment of strategic positions resulting from "digitization"

that the sales strength can be used very flexibly for different products. In contrast to sales-oriented strategies, product-oriented strategies assume that market success with a superior product is almost inevitable in the long term. The primary goal of these companies is therefore the development of (qualitatively) superior products and services that offer particular benefits for potential customers. In fact, empirical studies show that extraordinary success of companies is very often due to the availability of demonstrably better products. On the other hand, good products that potential customers are unaware of do not automatically lead to market success (market access is an important success factor).

20. Cost Strategy: Zero Fixed Costs vs. Zero Marginal Costs

A key aspect of a company's the cost strategy is the fundamental decision, whether the company should primarily have fixed or variable (i.e. sales volume-dependent) costs. The conceivable extreme positions are "zero fixed costs" versus "zero marginal costs". Low fixed costs have the advantage of a risk-reducing effect when sales volumes fluctuate. In contrast, many "digital business models" in particular have largely only fixed costs and often high "sunk costs" (initial investments) as well as virtually zero marginal costs, which enables rapid growth and with it particularly pronounced cost degression effects (compare economies of scale versus economies of scope).

Case Study: Adjustment of the Strategic Positioning as a Result of Digitization

As mentioned here, technological developments, often characterized by the buzzwords digitization or industrial internet, but also changes in the wishes and behavior of potential customers, create a variety of challenges, opportunities and threats – up to one's own strategy being threatened by the "disruptive business-models" of (usually new) competitors[26]. Especially when developing one's "own" digital business model, in many cases desirable strategic positioning becomes apparent, which deviates considerably from what one was used to in the past. Figure 2 shows the strategic positioning for a "typical" digital business model. One can immediately recognize some particularly pronounced (extreme) positions. As with most digital business models, an immaterial "digital" product is offered whose marginal costs are virtually zero (see dimension cost strategy). This, combined with a low need for internal material resources for value creation, allows for extremely high growth (see dimension growth). The core aspect of the business model is the availability of customer-specific data, which enables a customer-specific approach and customized solutions. This means that the focus is on an "immaterial value basis", i.e. the value of the company is largely dependent on the availability of data and the ability to evaluate it adequately in the revenue model.

Conclusion and Practical Implications

Corporate strategies need to regularly be adapted to changing environmental conditions, and here "digitization" in particular leads to a multitude of challenges. The development or further development of a promising strategy requires the creation of transparency regarding possible strategic design variants and planned changes to the strategy. Based on the strategy dimensions explained in this text, the strategic positioning of the company can be outlined and the need for adjustment discussed. This helps to document the proposed decision in a structured manner regarding strategic future planning.[27] Ultimately, this helps to select and implement the most promising strategy for the company.

From the structured description of the corporate strategy (and its planned changes), it is easy to derive a suitable management and key figure system in line with the strategy, with a clear allocation of measures and responsibilities to individual strategic goals (like e.g. developing a balanced scorecard). In this way, this method can become an important tool, especially for strategic controlling.

Footnotes

[1] Cf. Specht (2018), Radermacher (2018), Scheer (2018) and Weissman/Wegerer (2018).
[2] Cf. Baum/Coenenberg/Günther (2013).
[3] See Gleißner (2004), p. 135 ff. and Pümpin (1992).
[4] See Porter (1992) and the empirical study of Gleißner/Helm/Kreiter (2013).
[5] Cf. RMA (2019).
[6] See the concept of emergent strategies by Mintzberg/Waters (1985).
[7] Cf. Gleißner (2003, 2004). One of the original strategic dimensions was dropped in the revision (the capacity strategy) because it is of relatively secondary importance. See also the typical competency profiles of the so-called Hidden Champions in Simon (2007).
[8] Which have certainly been found in the past but are quite common in the context of digital business models.
[9] Following Matt et al. (2015).
[10] The combination of technical and technological solutions can be understood as a "digital innovation" here (see Hess/Barthel, 2019, p. 479).
[11] See Gleißner (2004) and similarly Osterwalder/Pigneur (2011).
[12] See Gleißner (2004) and Gleißner/Grundmann (2020).
[13] Value Contribution.
[14] For e.g. these kinds of strategic concepts, see Wirtz (2013), Osterwalder/Pigneur (2011) and with a broad overview Hinterhuber (2015).
[15] See Christensen (2011).
[16] For the basic idea see Teece et al (1997).
[17] See also Zollo/Winter (2002) and synoptically Richter (2019).
[18] See also Helfat (2007), p. 1.
[19] Cf. Gleißner (2019) (including a delimitation from the stock market price).
[20] See Gleißner (2019) and Dorfleitner/Gleißner (2018).
[21] Cf. Gleißner (2017c).
[22] Cf. Gleißner (2019).
[23] Cf. Gleißner (2017a and 2019) for the derivation of the capital costs from the risk analysis and risk aggregation.
[24] With the long-term effect on the company-value like a "negative growth rate" of profits, see Gleißner (2017b).
[25] In the simplest case broken-down by customer target group, product and region for each individual segment.
[26] See Christensen (2011) and Rogers (2017).
[27] Cf. Gleißner (2019) on strategy evaluation and RMA (2019) on the business judgement rule and the legal requirements for "corporate decisions" (§93 AktG)

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