

On limits of strategy business essay



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“ The Four Arena analysis and Four Lens analysis are based on a simplification of the dynamics of competitive interactions that breaks reality into its component pieces. In reality, the arenas are not quite so distinct, the progression is not quite so clear, and the nature of dynamic strategic interaction is not so predictable or easily labeled.” D’Aveni, R. A. (1994, p. 180)

Strategic management theories and methods are indispensable in today’s economy. Regardless of their origin, dynamics or focus they are designed by scientific logic to understand the complexity of reality, to analyze the focused conditions (i. e. market, power, relative positioning and so on) and to cope with competition to achieve an advantage or to sustain the economic performance of a company. Combined with an insightful execution they strengthen the profitable existence of organizations within a competitive environment. However even the most successful companies which implement the most paradigmatic strategy methods by the rulebook fail. This raises the question of whether contemporary strategy can, in fact, provide such consistent insights for strategists or rather bias the perception of reality. This chapter is dedicated to a critical analysis of the predominant

strategic research streams in order to locate their structural weaknesses. A symptomatic case study will introduce/illustrate the issue.

The Textbook Example

The Taiwan-based High Tech Computer Corporation (stylized as HTC) was founded 1997 as a producer of notebooks and became one of the largest smartphone manufacturers in the world in just over a decade. It is best known for its wide consumer smartphone portfolio ranging from mid- to high-priced models. With a market growth of nearly 100 percent in 2011 and a skyrocketing sales growth of 229 percent, HTC held the title of the most profitable stock at the Taiwanese stock exchange from 2007 until 2011 (cf. HTC Investor Relations; Bloomberg 2011). But as of today, the tables have turned on High Tech Computers Corporation. In the second quarter of 2012, the company had shown substantial revenue losses of 3.35 billion Dollars resulting from a slump in sales and profit in the first quarter (cf. Reuters 2012; HTC Investor Relations). Its stock plummeted from an all-time high of 35 euros (1300 Taiwan Dollars in April 2011) to now 7,5 Euros a share (277 TWD as of August 2012; this signifies losses in the amount of more than 3 billion US Dollars). In conclusion, HTC cut its expansion program by closing its offices in Brazil and South Korea, and sold half of its stake in its main acquisition of high fidelity headphones (cf. Kan 2012). What began as a yearlong success story for the innovative smartphone manufacturer is turning into a failure, putting HTC in the same declining market share position as Nokia. But what went wrong?

The answer might be found in the strategies and the business model adopted by the Taiwanese company to assert their place in such a dynamic

industry as the smartphone market. According to the empirical analysis of the High Tech Computers Corporation by Chi-Ho Chiou (2011), its general corporate strategy was based upon a threefold approach. The first strategy, ‘Development and Reconfiguration of Dynamic Capabilities’, includes the implementation of both the core assertions of the first-mover advantage theory, as well as the methods of the Configurational school of thought. The concept of the first-mover explains the advantage a market pioneer can successfully live off, if he is the first one to establish himself in a niche (Robinson 1988, p. 92ff.). Through expanding the scope of the product, establishing effective response barriers for competitors, creating proprietary and innovative products, exclusive production skills, vertical integration and securing the best areal locations, a company as a first-mover could create powerful entry barriers as well as high switching costs (MacMillan 1983, pp. 22-25). In addition to this proceeding, the Configurational school describes the relations between periods of stability and transformations a corporation might undergo to adapt to new environmental changes. To sustain equilibrium of its organizational characteristics (and therewith its success), there is the important need to acknowledge change and to embrace it through appropriate strategizing (Mintzberg et al. 1998, p. 305ff.). Thus HTC’s strategizing originated with the early insight (presumably because of the production volumes of the Iphone) that consumer matched smartphones will induce a state of market change the company has to adapt to. Against this background, HTC, as one of the first manufacturers, switched the focus from business-tier phones to cheaper mid-tier handhelds, bundled its distinctive competencies of technological advancement and into the

development of these products, and defended its advantageous position with the buy-in of skilled professionals.

To enhance its performance within the state of reconfiguration, HTC incorporated additionally the strategy of ‘ Collaborative Networks’ which is essentially the optimization of the value chain and the domain of the Power school of strategic management. As mentioned before, the benefits of the early-mover might stem from the vertical integration of business units. This approach was elaborated and explained by Michael Porter within the ‘ Generic Value Chain’. A company can be disaggregated into its primary and support activities which, taken together, generate the profit margin (cf. Porter 1998a, pp. 36-52). By optimizing the management of the value chain and an efficient expansion strategy, a company is able lower its production. These strategies go hand in hand with the principles of the Power school. This school of thought is divided by perspective. On the one hand, there is the perspective on the inter-organizational issues subsumed under the term of ‘ Micro Power’, and on the other there is the ‘ Macro Power’ concerning the political processes in between several corporations. The latter perspective includes a cluster of different concepts which outline either the importance of strategic alliances and cooperational networks (Hamel et al. 1989, p. 134; in: Mintzberg et al. 1998, pp. 255-260), or the influence of the external control an organization can achieve through planned strategizing (cf. Pfeffer/ Salancik 1978; in: Mintzberg et al. 1998, p. 248f.). By creating strategic collaborations with Microsoft and Google in its early days as a smartphone parts supplier (first contracts being made in 1997), HTC was able to improve its value chain by reducing the total cost of its technological development,

firm infrastructure, and human resource support activities in its value creation process. It simply used the provided operating systems as ‘Android’ or ‘Windows Phone’, instead of investing assets and resources into own research. HTC’s strategic alliances began to manifest itself in the 2001-2003 time periods as the company collaborated initially with such European telecommunication providers as Vodafone, T-Mobile, Orange and O2. As it built up favorable reputation and its brand image in a low competition market as Europe, High Tech Computers entered the US Market in 2005, signing exclusive hardware deals with providers AT and T, Sprint, Verizon and Cingular. Finally, dominating its niche of mid-tier smartphones, the corporation collaborated with Japanese providers including NTT DoCoMo and Softbank Mobile to enter the most competitive smartphone hardware market in the world (all data taken from Chiou 2011, p. 301f.). Step by step, HTC incrementally developed a brand image and established itself in the world market through regional maneuvers, strategic alliances, as well as technical partnerships.

Finally, HTC’s product strategy and its radical transformation are based on the third strategy named ‘Dynamical Product Diversification’. It was, as Chiou points out in the African Journal of Business Management (2011, p. 302), derived from Porter’s ‘Five Forces’ analysis and the resulting ‘Generic strategies matrix’ strategy (at this point, this paper will refrain from explaining these basic concepts due to their prominent nature). As Apple changed the mobile communication market in 2007, HTC must have recognized the chances and the potential of this newly established market by shifting its own production towards the masses demanding similar

products as the Iphone. Yet the Taiwanese analyzed the competitive forces and realized that they should not compete against Apple and mimic its ‘ differentiation’ strategy, but choose the ‘ focus’ approach instead. Hence, each year since 2007, High Tech Computers released approximately ten to fifteen different smartphones with the goal to capture and capitalize on the niche left by Apple (cf. Areamobile. de 2012a; HTC Portfolio 2012). The Iphone was considered an unchallenged luxury good available only to consumers who were capable of either spending almost a thousand Dollars or binding themselves to year-lasting provider contracts. HTC became the alternative with a diverse product portfolio of less expensive phones for the mainstream, adopting Porter’s ‘ focus’ (or ‘ segmentation’) strategy. All in all, it should have become evident that HTC incorporated a range of paradigmatic theoretical concepts of strategic management in its endeavor of competition analysis and strategy creation.

Despite of being a textbook example of applied strategic management theory, the company struggles the second quarter in a row to operate in the black. The reason for their failure is, from the corporate point of view, the loss of revenue due to lower sales and therefore less net profit and an impaired market growth (cf. HTC Investor Relations 2012; Whittaker 2012). Yet analysts claim unanimously that these lower sales result from an overloaded and simultaneously dull product portfolio which lacks a distinct competitor to Apple’s Iphone or the even more successful Samsung Galaxy product line (cf. *ibid.*; Shimpi 2012; Milet 2012; Luk/ Poon 2012; Bertolucci 2012; Lunden 2012). But why does HTC need to have such a competitor, in spite of choosing the segmentation product strategy and having a portfolio

of 96 different mid-price smartphones (cf. Areamobile. de 2012b)? This company's failure implies that the company had to complement its strategy with the same cost focus endeavor as Apple. According to Porter, the positioning school, and every SWOT analysis, HTC's managers planned everything in accordance with the textbook and the double strategy its competitors pursue should be essentially wrong because:

"[a] firm that engages in each generic strategy but fails to achieve any of them is " stuck in the middle". It possesses no competitive advantage. This strategic position is usually a recipe for below-average performance. A firm that is stuck in the middle will compete at a disadvantage because the cost leader, differentiators, or focusers will be better positioned to compete in any segment." (Porter 1998a, p. 16)

Samsung Electronics did exactly that. It is indeed ' stuck in the middle' having approximately 380 low- to mid-price phones and 11 high-end smartphones (cf. Areamobile. de 2012c). And its consolidated operating profit soaring to 4.8 billion Euros shows a 79 percent increase year-on-year since it implemented this double strategy (cf. Samsung Investor Relations 2012). It appears that the most paradigmatic strategy analyses reach their limits in the face of contemporary figurations of competition. Hence, HTC's strategic failure is symptomatic of a large part of the normative and descriptive strategic management research.

Normative/ Prescriptive Research Streams

Over the course of the last century, the term ' competition' passed through different stadiums. In the war torn European economies of the 1950s,

competition did barely exist due to an unmet demand for reconstruction and food supplies. Only two decades later, the competitive dynamics in the US transformed the rapidly expanding seller markets into the saturated buyer markets of the late sixties and seventies (all data cf. Chandler 1990). In the nineties, competition once again hardened in the face of globalization and the more complex nexuses of interconnected global market forces. And as of the digital markets of today, 'Hypercompetition' represents the paradigmatic concept for the scientific community characterized through:

“[an] accelerated change in technology or regulation, low entry and exit barriers for competitors, uncertain and volatile consumer needs and demand situations, [...] leapfrogging of existing standards, blurring of boundaries between competition, substitution and market entry and continual attempts to outmaneuver each other and to usurp entry barriers” (Ortmann 2010, p. 24, also cf. D’Aveni 1994; Brown/ Eisenhardt 1997; Gottinger 2006)

In regard to the continuous historic transformations and the volatile nature, competition is therefore understood by the scientific community as a dynamic, evolving concept. In contrast, concepts of the modern schools of thought of strategic management remained surprisingly static. The Design, Planning and Positioning school of thought represent, according to Eden & Ackermann (1998, p. 25ff.), the prescriptive and rather normative side of strategizing. They consist of deliberate analyzing, planning, and strategic creation methods, and describe how things ought to work under ideal conditions. Until today they remain the predominant strategy concepts taught in nearly every book on this topic (insert Fig. 1 here) and their use continues to permeate the academic peer-reviewed literature (for a detailed

description cf. Helms 2010). Though HTC claims to be an innovative company, they chose prescriptive analytic models which represent somewhat of an outdated perspective on strategizing. They are characterized through an inflexibility of their frameworks, because they base on the economic situation in the eighties and were developed for managers of large and mature corporations. Furthermore, this period was characterized by strong competition, cyclical developments and relatively stable market structures (Niehans 1990, p. 315f.). For instance, the ‘generic strategies matrix’ cannot be modified within its framework. Instead of observing the changes of market conditions in correlation to one’s own company as a complex adaptive system, and to adapt to the prevailing degree of competitive complexity (as for instance within the framework of the complexity theory determined by McKelvey 1999 or Kappelhoff 2002), the ‘Five Forces’ analysis and the strategy matrix are based upon the assumptions of perfect competition, that structure determines strategy (structure-conduct-performance-paradigm), and that market growth is continuous. If there were any problems or divergence from one of the questionable assumptions, then Porter’s whole theoretical construct would be rendered implausible because of its inflexibility – as pointed out in HTC’s case (for a more detailed critique and analysis of the rather basic paradigmatic concepts concerning HTC’s performance cf. App. 1).

But beyond the concepts of Five Forces, Portfolio Analyses or Planning procedures, the normative or prescriptive stream of research underwent several paradigmatic changes ever since which spawned more sophisticated iterations of strategic concepts (as depicted in Fig. 2.). These were

subsequently modified to improve their performance, as well as their consistency until they became highly complex. But even more elaborated concepts as ‘ Game Theory’ (cf. Shapiro 1989; Nisan et al. 2007), ‘ Blue Ocean Strategies’ (cf. Kim/ Mauborgne 2005) or the shift to the ‘ Resource-Based View’ (cf. Wernerfelt 1984; Prahalad/ Hamel 1990) continue to analyze competition with only a few set variables and static frameworks which represent rather theoretic enclosures than reality depicting mental models. For issues of scope and continuity, this subchapter will focus exemplarily on Porter’s dynamic progression in the field of normative positioning. After severe criticism on the account of neglecting external forces (as e. g. the government, cf. Brandenburger/ Nalebuff 1996), missing viable middle ground strategies (known as ‘ Outpacing-Strategies’, cf. Gilbert/ Strebel 1987; Miller 1992), and concentrating too much on the positioning instead of addressing the competencies of the firm (Prahalad/ Hamel 1990), Porter complemented his strategic research by integrating the generic methods into two frameworks driven by causality. The first one, termed as ‘ The Determinants of Success in Distinct Businesses’ (or ‘ Chain of Causality Framework’) focuses mostly on the industrial level from a cross-sectional perspective. It integrates the industry structure analysis (Five Forces) and the value chain into a framework itemized into abstract basic units which represent predetermined variables linked by a chain of causality (cf. Fig. 3 in Porter 1998b, pp. 87-92). Therefore, a proper choice of strategy and a sustainable competitive advantage rest on a set of interconnected company inherent ‘ activities’ (discrete processes of the value chain) whose performance in turn depends upon structural determinants of differences among competitors named ‘ drivers’ (e. g. scale economies, learning curves,

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location, timing etc.). Ultimately, Porter argues that the cross-sectional part of the causality chain of a company starting with the drivers and ending with a successful positioning strategy attains its quality over time through managerial choices and an advantageous initial condition a company may inherit (ibid. p. 92ff.). With this link to a longitudinal business level perspective, Porter addresses the criticism invoked by the advocates of the resource-based view. Still, this framework becomes dynamic in the first place with the addition of the 'Diamond of Environmental Influences' which focuses on environmental factors on a broader national level. This framework represents a departure from Porter's early static template-like models and stresses the reinforcing relations of four interrelated attributes. These attributes represent local, environmental conditions which influence the competitiveness of a company. 'Factor conditions' as skilled labor, infrastructure or raw materials are provided by the nation. 'Demand conditions' result from the pressure and needs of home market consumers which determine the degree of innovation and advancement of products. 'Related and supporting industries' characterize the presence of rivaling or supporting industries and their linkage to one's company in terms of innovation pressure, cost-effectiveness, short lines of communication, etc. 'Firm strategy, structure and rivalry' determines the market structure set by competitors. The way competitive advantage is achieved by management practices, organizational modes, and the utilization of (local) resources of rivaling enterprises, affects the degree of the external pressure a company has to deal with. Additional parameters of influence are historical chance and the government (ibid. pp. 99-106). Since all these exogenous factors affect the corporate strategizing and resources a company starts with, the diamond

can be linked below the managerial choices and the initial conditions (van den Bosch 1997, p. 98).

Both frameworks address a certain degree of flexibility and changing environmental factors. However, despite the efforts made to understand the basic conditions of financial success of corporations through strategic analysis of their presumed influential factors, the ‘Diamond’ and the ‘Chain of Causality’ remain extended frames of the initial generic positioning. Each link of the chain can be challenged in terms of its determinism. Thus, from an academic point of view, the main critique of Porter is that his principles are solely based on macroeconomic conditions which he analyzed within longitudinal studies of successful corporations, local governments and whole trade nations. Albeit these cases provide sophisticated sources of reliable information, they only represent conditions of their particular era, which cannot be extrapolated into changing future markets. Moreover, macroeconomics functions within its own frame of scientific reference and is seldom open to modification that is not based upon empiric evidence. It takes time to gather such evidence and it is per se impossible to modify these concepts in order to make them fit a problem-related context, which requires a different set of variables. Additionally, strategic researchers criticized the general application of the ‘Diamond’ framework on business models. As Porter’s previous methods, the determinants of the ‘Causality Chain’ and the environmental attributes of the Diamond are seldom applicable to small businesses or digital enterprises. The scope of the highly complex and national attributes does not really affect the infrastructure of small companies dependent on exports, as well as having menial cash flows

(cf. Cartwright 1993; Grant 1991). Neither local infrastructure, nor demand conditions of local customers affects digital businesses, because the internet provides a network structure which is independent from geographic or national boundaries (though, in some rare cases national regulation restrictions indeed apply to digital shops). On a broader scale, critics pointed to the inflexible state of the ‘Diamond’ framework, because it is only valid for the operational scope on a national level – and nothing below or beyond that. For international relations of companies it was proposed to enhance the flexibility, by adding another modified diamond (cf. Rugman/ D’Cruz 1993; Moon et al. 1995). Such businesses do not depend much on local resources and can allocate them in a decentralized manner. Thus, competitive advantage may also result from outbound foreign investments, as well as from foreign-owned companies which add value to distinctive competencies required for the home market, effectively strengthening the competitive position.

On the business level of strategy which is addressed by the managerial choices, initial conditions, drivers and activities, it is Porter’s empiric-based determinism that constraints the adaptive nature of the causality framework. Even though he is asserting that “[e]ach model abstracts the complexity of competition to isolate only a few key variables whose interactions are examined in depth” and that “[t]he normative significance of each model depends on the fit between assumptions and reality” (Porter 1998b, p. 84), he does not try to excel in these statements. With the creation of his basic meta-units of activities and drivers, he establishes a solid foundation just to ruin it with the integration of his outdated models of ‘Five Forces’, the ‘

Value Chain’ and ‘ Generic Strategies’. It is impossible to include components such as the predominant cultures of countries, the type of market (digital, industrial, service based etc.) or the customer based preferences, which are vital drivers of complexity in international markets into the ‘ Chain of Causality’ framework. Speaking in economic terms, his framework assumes a classic and ‘ perfect’ market. Therefore, the more a market is influenced by customer uncertainty or the domestic culture, the less meaningful insights the framework can deliver. That is why these frameworks are suited best for analyzing mature, industrial, western markets or national economies with stable market structures.

Evolutionary/ Descriptive Research Streams

As a result of strategies based upon a prescriptive approach, an organization might develop too sharp an edge. A strong focus on a successful method by optimizing the value chain and activities for a certain business offering, results inevitably in narrowing down other competencies and strengths in a normative approach. Thus, initial success with a product can be disrupted quickly by exogenous changes in customer preferences – as it happened within a short time span with HTC. If that is the case, then the organization is missing a requisite variety of alternative options it can exploit (cf. Beer 1981). Therefore, it is expedient to shift the perspective to the other predominant stream of research which endeavors to grasp the processes of change and to include them into a flexible strategy creation process. Hence, the evolutionary or descriptive theories operate from a retrospective point of view, by trying to capture the emergent processes, to reflect them and finally learn to modify the status quo of strategizing. In comparison to the

previous research stream, the descriptive branch is a rather heterogeneous collection of concepts which encompasses more than seven different schools of thought (cf. Eden/ Ackermann 1998, pp. 24-28, Mintzberg 1998).

Moreover, chronologically, they have not gone through the same evolution as the normative schools, as they simultaneously began to gain academic traction in the late eighties (cf. Mintzberg 1998, p. 352ff.). The common denominator of all theories is the reflection upon incremental change within the company, as well as the exogenous competition and its impact on the organizational performance. Two of the most prolific examples will illustrate both perspectives: Theorists of the Environmental school argue that businesses are part of a natural selection mechanism. Hence, the environment, presenting itself to the organization as a set of general forces, is the central actor in the strategy making process. The company must respond to and include these forces continuously in its strategic analyses, in order to adjust its relative competitive position (cf. *ibid.* p. 288ff.).

Executives, thus, choose from a variety of options provided by the environmental context, adopting those that not only suit their environments but also reflect their personal motives, predilections, and capabilities (Miller et al. 1988, pp. 544-548). Other important aspects are share- and stakeholder relationships, which are emphasized by the Power school (already covered in Chapter 2. 1, p. 5). This research branch focuses solely upon the non-material assets of power and highlights its impact on strategy making. Whether inside the company or as an essential part of the environmental influence, stakeholders represent an influential factor on business performance – as e. g. a (de-)motivated workforce, beneficial government parties, visionary managers, and, of course, customers. To

address these parties, theorists developed a wide array of approaches ranging from early empathy based models (cf. Freeman 1984) to almost guerilla tactics-based ideology studies on lessons how social movements mobilize workforce (cf. Ruhland 2006) to computerized benchmarking tools for measuring stakeholder value (cf. Figge/ Schaltegger 2000). Nevertheless, the main flaw with these theories lies within their fragmented nature and the resulting inconsistency. Undoubtedly, the Entrepreneurial school has the best research on successful executives, and their visionary ways of dealing with innovations; the Cognitive school delivers the best insights in their minds and how strategic processes are being constituted. But all aforementioned schools deal with complexity by fragmenting it into thematic clusters and unraveling the separated fields of knowledge. This might be a scientifically valid method of dealing with hypotheses, but concurrently it becomes gradually more difficult for companies to deal with a fast-paced analysis of emerging problems. As mentioned earlier, each fragmented school of thought in the evolutionary research stream is composed out of hundreds of different methods and models. Thus, it takes not only time to analyze the situation within the frameworks, but it also costs theoretical effort to interconnect the fundamentally different tools and methods.

Though Mintzberg addressed this problem within his books by creating a unifying approach to adapt to environmental change, known as the Configurational School (cf. Mintzberg et al. 1998; Miller/ Mintzberg 1983), it would take a considerable amount of time to apply all frameworks and empirically validate the inter-correlations of each theory. Due to this fact, Osterwalder's interdisciplinary method is better suited for the demonstration

of the remaining problems (cf. Osterwalder 2004; Osterwalder/ Pigneur 2010). His ' Business Model Canvas' and its methods can be loosely sorted into the Learning/ Environmental/ Power schools (cf. *ibid.* p. 110f., p. 130ff., pp. 181-189, pp. 200-212.). Though, the model also draws heavily upon Porter's (Five Forces) and Penrose's (Resource-Based View) normative concepts, as well as the paradigms of the Planning school (Scenario Techniques). Yet it offers a more sophisticated approach to analyzing strategies behind the business model than proposed by Mintzberg , covering the most important factors of the prevalent schools of thought. The basic canvas is composed out of nine sections for analyzing the key components of the business offering (cf. Fig. 4) and can be divided into four main intersecting groups. On the right side of the canvas there are industry based components, including factors of competitive analysis, production activities, the actual microeconomic cost structure and internal resources basing on the aforementioned normative methods. The upper side of the canvas entails the components of product analysis, including the description of the actual product features, distribution channels, quality management and customer preferences based upon ' T. Q. M.' frameworks, ' Six Sigma' analyses etc. The right side depicts all activities involving customer analyses and market demand. Lastly, the lower side represents microeconomic and financial considerations regarding the product/ service, based upon the most generic economic units, e. g. cash flow, EBITDA metrics, asset pricing and revenue streams. Additionally, Osterwalder and Pigneur include such basic analytic tools as ' SWOT', ' Blue Ocean Strategies', ' Long Tail' and some sort of self-composed competitive environment map to round off their model and make it compatible to other frameworks. Despite the apparently light approach

towards creating business models, reflectively understand the core processes of an organization and including emergent change into corporate strategy (judging from the visual context and the non-existent academic aspirations of the book), the canvas was conceived as a doctoral thesis and is based upon scientific research.

Overall, the ‘ Business Model Canvas’ represents an emphatic concept for identifying the main processes and business units, upon which a corporate strategy can be based or modified. Despite the inclusion of many perspectives and improvements towards the normative concepts, this seemingly reflexive and holistic approach has to deal with strong criticism. Rosenberg et al. (2011) argued that the canvas dealt with substantial problems emphasizing the processual focus and thus lacking structural and goal-oriented performance representations (p. 310ff.). Moreover, due to its simplistic design, the model lacks consistent causality between each of the nine proposed blocks. Because of that, it is difficult (if not impossible) to determine a valid strategy and to manage the continuous adjustments of the business model (cf. *ibid.* 312ff.). In general, it becomes apparent that Osterwalder et al. do not provide the deep insight into the macroeconomic context as e. g. does Porter. The processes and the effects between each canvas-block are only explained within case studies. In its methodology, the ‘ Business Model Canvas’ misses the questions ‘ why?’ and the answer ‘ because’. The best example is found with the explanation of the ‘ Freemium’ business model (Osterwalder/ Pigneur 2010, pp. 96-106). Instead of introducing the basics or referring to explanatory books, there are roughly eight examples of canvases with a lot of colorful arrows, which point to the

main connections between each block. But the model itself does not explain anywhere how to determine, understand and use these connections for strategic analysis or strategy creation. On top of that, some cases analyzed are assessed inherently wrong – as in the case of Nintendo’s Wii (ibid. p. 230f.).