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Applied Insights from the FH Kufstein Tirol

STRATEGY AND NAVIGATION

Thematic anthology | 2016 - 2025

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EDITORIAL

STRATEGY AND NAVIGATION

Dear Reader!

Applied Insights is a specialist newsletter that has been published every two months since 2016 and now has several thousand subscribers. Each issue presents a compact overview of a current topic, relevant to all industries and all company sizes. The structure of each improve is standardized, i.e: Presentation of the topic, checklists, and a tool or general example for implementation. The authors are subject matter experts who have both the practical experience and the scientific background in their fields. The thematic anthologies combine the previous individual improve editions with the following focal points (alphabetical order):

- Digitalization and artificial intelligence
- Communication and change
- Management and effectiveness
- Marketing and customer orientation
- Organization and productivity
- Strategy and navigation

The focus of this thematic anthology is strategy and navigation. It presents tried-and-tested approaches, methods and tools for managing businesses and companies and aligning them for the long term. Contents include: Business Model Canvas, mission statement, balance scorecard, strategic navigation, SWOT and benchmarking.

We hope that this collection of topics will give you some ideas and suggestions for discussion, decision-making and implementation.

Yours sincerely,

The FH Kufstein Tirol
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STAFF SHORTAGE STRATEGY

Prof. (FH) Dr. Roman Stöger

ISSUE #60 | NOVEMBER 2025

STAFF SHORTAGE STRATEGY

RECOGNIZING TIPPING POINTS AND ACTING EARLY

Today, we are experiencing a phenomenon that was long thought impossible. It is not money that is in short supply, but people. In the past, companies and governments were able to invest their way out of crises because there was overemployment. Today, this is no longer possible and, above all, it is a global phenomenon. The age of abundance is being replaced by an age of scarcity. Therefore, all companies, organizations, and institutions are called upon to develop a personnel shortage strategy and to take action.

By Prof. (FH) Dr. Roman Stöger

I. A NEW PARADIGM

For centuries, prevailing business and economic theory has spoken of human resources as if it were an unlimited supply. This will finally come to an end in the coming decades. In Germany, for example, there will be a shortage of around five million workers over the next ten years. The job surplus rate, referring to unfilled positions, is 73% in childcare, 86% in elderly care, 90% in IT, and 82% in heating and air conditioning technology[1]. This is precisely what is happening in times of climate change, artificial intelligence, and an aging population. The annoying thing is that these developments have been known for decades. For example, in 1995, it was clear to the decimal point how many people would retire in 2025.

Staff shortages are a key business issue.

Competent corporate management is demonstrated by the exploitation of opportunities and the recognition of risks. This is particularly drastic in the case of labor shortages regardless of industry, company size, or region. The issue has recently taken on a significance that would have been unimaginable in the past. A few years ago, for example, there were fears that digitalization or AI would threaten jobs. Today, we must hope that certain jobs will become redundant. This is not to reduce personnel costs, but to free up workers who are not currently available. No organization can be confident that enough employees will be available in the future. A staffing shortage strategy is a prerequisite for exploiting business opportunities and avoiding business-related risks (see Fig. 1).

[1] See RKW Magazine, 02/2023, p. 31.

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2. THE BUILDING BLOCKS OF A STRATEGY FOR DEALING WITH LABOR SHORTAGES

Changing the business model: First, companies need to examine the extent to which the labor shortage affects their business model. The question is how core services, ancillary services, business areas, and so on can function with fewer staff. If, for example, a supermarket can no longer provide service counters and customer advice, Rewe, Edeka, or Spar will sooner or later become discounters and will no longer be able to remain supermarkets. The issue of staff shortages must also be consistently applied to the future situation of competitors, customers, and suppliers. Where do staff shortages lead to opportunities or threats here, especially from the perspective of your own company? This can be a starting point for customer processes to optimize business, deepen customer loyalty, and generally increase customer value.

Use of digitalization and AI: One solution to the bottleneck problem is to replace human labor with automation. The keywords here are digitalization and artificial intelligence[2]. And here, too, we are seeing a turning point, because suddenly standardization and substitution of labor are not only negative. Every organization must ask itself where directly personalized service is absolutely necessary and where employees can be freed up. For example, DBS Bank in Singapore invested $300 million in AI for personnel forecasting, recruitment, and personnel deployment. This made it possible to replace complicated and labor-intensive processes. Every company should have clarity about the personnel processes that are critical to its success and absolutely necessary. In addition, specific skills in the fields of automation, digitalization, and AI have to be developed at an early stage.

It is not people who will become unemployed, but companies.

Designing new working environments: Thirdly, companies are called upon to review their HR practices. It is a common misconception that the discussion about new working environments ("New Work") is a consequence of COVID-19. Rather, it is the logical consequence of the labor shortage and would also exist without the pandemic. Currently, the focus of marketing is shifting dramatically, from customers to employees. In the future, when companies apply to employees (and not the other way around), appropriate workplace and working time models, professional leadership, and employee retention will be critical issues for success. Increasing the attractiveness for real top performers will be a cornerstone of future human resources policy. Company management must assume that the labor shortage will continue for decades and reevaluate the corporate culture.

Taking into account the shortage of managers: Parallel to the labor shortage, and often unnoticed, something else is developing - a shortage of managers. This refers less to top positions and more to middle, lower, or project management. The reasons for this are broad and range from unattractive remuneration and the increasing importance of work-life balance to employees who are difficult to manage. Every company should

[2] Wilson, H. / Daugherty, P., Pretty Good Friends, in: Harvard Business Manager, 2023/05, p. 25 ff.

have clarity about the future development of management positions and how to fill them. This forms the basis for targeted management development in times of new work and the looming wave of retirements. Additionally, measures are needed to generally increase the "attractiveness of management" on the labor market and internally.

Fig. 1: The building blocks of the personnel shortage strategy	
1. Change in the business model	• Review of products, services, business areas, etc. in light of scarce human resources • Impact of staff shortages on competitors, customers, and suppliers
2. Use of digitalization and AI	• Identifying the possibilities of digitalization and AI for automating processes • Clarity about the necessary personalized processes and services
3. Designing new working environments	• Future solutions for workplace and working time models, competent leadership, and employee retention as success factors • Professional employee marketing and retention of top performers
4. Taking into account the shortage of managers	• Development of a scenario for management positions and staffing • Targeted enhancement of "management attractiveness" on the labor market and corresponding management development
5. Consideration of political initiatives	• Utilization of new legal opportunities: more flexible working life models, earlier career entry, etc. • Targeted addressing of the "hidden reserve" through family and child support, tax incentives, etc.
6. Establishment of a risk radar	• Ongoing status reports on necessary human resources and bottlenecks critical to success • Reporting on the arrival and departure of people and know-how, as well as on critical, unfillable positions

Consideration of political initiatives: The labor shortage will lead to new solutions at the political level, such as more flexible working time models, later retirement, or earlier entry into the workforce. Bosch, for example, founded a subsidiary for 1,700 seniors who work as expert consultants. Politicians are also attempting to halt the decline in population through targeted family and child support measures and immigration. In Austria, the approximately 180,000 skilled workers who are lacking are offset by around 150,000 to 200,000 people in the so-called "silent reserve,". These are people who, for example, would like to work more but cannot do so because, for example, there are not enough childcare places. Another lever is tax measures to specifically promote bottleneck occupations and cushion demographic effects, such as nursing or pensions. The issues addressed are sensible, but management should never rely on entrepreneurial solutions coming from outside.

Establishment of a risk radar: Sixthly, there is the issue of a risk radar with regard to staff shortages[3] . For example, service contracts were long considered a highly interesting and profitable business. Siemens, Hoval, and their partners now face the risk and challenge of fulfilling their service obligations with ever-dwindling staff numbers. In the "old world," people were unemployed. In the "new world," it is companies. Therefore, the number of unfilled positions that are critical to success is becoming a key metric for competitiveness. What is needed is a longer-term radar for the arrival and departure of people, know-how, and the position on the labor market.

[3] Eckhardt, F., et al. The Silent Resignation, Düsseldorf 2022, p. 8ff.

Special attention must be paid here to the real top performers and managers. This is not a "war for talent," but a "war for performers."

3. IMPLEMENTING THE PERSONNEL SHORTAGE STRATEGY

Companies and managers need to be able to diagnose personnel tipping points in order to gain clarity about opportunities and risks. No management team, supervisory board, or employee representative body will be able to stop demographic change. However, competent and responsible leadership is expected to develop a master plan and keep the issue on the radar at regular intervals. The building blocks presented are the basis of the personnel bottleneck strategy (see Fig. 2). Clearly, not all points are equally important for all companies, and industry or company specific additions will be necessary from time to time. In line with the 80-20 rule, however, the key topics cover most of the necessary areas of discussion. It is useful to start from a deliberately drastic scenario, such as, "How do we need to position ourselves in the future if we have 20-30% fewer staff?" This is the only way to create healthy pressure to think through the consequences and ideas.

Human resources and leadership will (have to) undergo fundamental change.

Due to the leverage effect of the personnel shortage, this topic must be an integral part of every strategy process and future program in the years to come. Bottlenecks in planning and budgeting should also be taken into account in order to arrive at realistic statements and avoid wishful thinking. Personnel bottlenecks will lead to a fundamentally different understanding of human resources and leadership. Decades ago, personnel administration was at the heart of HRM, but since the 2000s at the latest, personnel development has been pushed to the forefront. Now we are faced with the challenge of bottleneck management. In the future, HRM (human resource management) will primarily focus on personnel stabilization and, in this sense, become HRBM (human resources bottleneck management). However, the crucial point is another - the business risk does not lie in the shortage of personnel itself, but in the fact that management and the organization are not dealing with it in a sufficiently concrete manner.

Summary: Application and Benefits

1. Professional examination of human resources as a resource for the future
2. Systematic identification of opportunities and risks
3. Concrete development and implementation of measures to counteract or mitigate the shortage of personnel



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AUTHOR PROFILE

Prof. (FH) Dr. Roman Stöger
>>Professor of Strategic Business Management

Contact: roman.stoeger@fh-kufstein.ac.at

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FH Kufstein Tirol University of Applied Sciences // Andreas Hofer-Straße 7 // 6330 Kufstein, Austria
info@fh-kufstein.ac.at // www.fh-kufstein.ac.at

Fig. 2: Staff shortage strategy: tool and example (industry)

A mechanical engineering company is increasingly confronted with human resources problems. A human resources bottleneck strategy is developed along the building blocks and integrated into the company's implementation and controlling process.

A. Staff shortage strategy: Assessment of the situation

Component	Assessment
1. Change in the business model	• Increasing bottlenecks in service processes (including service partners) • Increasing demand from customers for support in (preliminary) development and industrialization due to a shortage of skilled workers on the customer side • Increasing market consolidation among dealers and distribution partners (succession problems, etc.) • …
2. Use of digitalization and AI	• Still too many "manual and paper-based processes" (xls, multiple entries, etc.) • No end-to-end process automation in purchasing and manufacturing (including interfaces) • …
3. Designing new working environments	• Change in values in engineering and administration among the under-30s • …
4. Taking into account the shortage of managers	• …
5. …	• …

B. Staff shortage strategy: Implementation

Component	Measure	Deadline	Responsible
1. Change in business model	1.1. Development of new service models via remote diagnostics and customer interfaces	June 30	F. Moller
	1.2. Examination of a new business model for (preliminary) development and industrialization (also as an alternative to the existing production model)	Sep. 30	U. Koric
	1.3. Conversion of the distribution model to direct sales in key countries (implementation proposal)	Sep. 30	A. Peer
2. Use of digitalization and AI	2.1. Launch of the digitalization program in purchasing and preparation of the program in manufacturing	June 30	B. Eltze, U. Koric
3. …	**…**		



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STRENGTH ANALYSIS VRIO

Prof. (FH) DDr. Mario Situm, MBA, and Giuseppe Sorrentino, MA

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STRENGTHS ANALYSIS VRIO

SYSTEMATICALLY DEVELOPING COMPETITIVE ADVANTAGES

The VRIO model is a strategic tool for analyzing and evaluating internal company resources and strengths. Four key criteria - value, rarity, imitability, and organization can be used to identify, evaluate, and implement competitive advantages. This enables companies to make optimal use of their unique competencies, take targeted action, and consolidate their market position in the long term.

By Prof. (FH) DDr. Mario Situm, MBA, and Giuseppe Sorrentino, MA

I. THE BASIC IDEA BEHIND THE VRIO APPROACH

The VRIO model is a strategic analysis tool from the so-called Resource-Based View (RBV). While traditional concepts such as Porter's Five Forces tend to focus on the external competitive environment, the RBV directs attention inward. A key question is, "What resources and capabilities does a company have that set it apart from its competitors?"[4]. According to the RBV, the basis for long-term success lies in the company's own resources, identifying those resources as tangible (e.g., machinery, buildings, capital) or intangible (e.g., know-how, brands, patents, etc.). This is exactly where the VRIO model comes in. It enables the multitude of these resources to be systematically evaluated and determines the extent to which they offer a sustainable competitive advantage. The acronym VRIO stands for valuable, rare, inimitable, and organized.

VRIO can be used to identify strengths and competitive advantages can be implemented.

A company can be successful in the short or medium term even if only some of these four criteria are met. However, sustainable and long-term advantages only arise when all four components are present. If even one is missing, the effect is significantly reduced. The core idea behind VRIO is that companies should not only look for new markets or fight against competitors, but should focus on something else. This means recognizing, developing, and protecting their own strengths, key resources, and core competencies. This creates a competitive advantage that competitors cannot easily catch up with or destroy. Internal resources that meet the VRIO criteria are difficult to imitate and are therefore particularly valuable. The VRIO model thus enables a targeted assessment. It identifies which resources are already "crown jewels" and therefore core

[4] Barney, J. B. (2000), Firm resources and sustained competitive advantage, in: Economics meets sociology in strategic management, p. 203 ff.

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competencies? Where are the gaps or risks? How can the company's own capabilities best be developed to secure its value and future viability?

2. THE FOUR VRIO CRITERIA AT A GLANCE

The four VRIO criteria form a logic that can be used step by step to analyze and identify competitive advantages. The first criterion, "valuable," means that a resource is valuable if it increases customer benefit, boosts sales, or reduces costs. Without this value contribution, whether financial or reputational, no sustainable competitive advantage can be created. Secondly, "rare" means that a resource must be difficult for competitors to access and therefore rare in the market. If a capability, product, service, or business model is widely available or accessible, then it lacks exclusivity. Only rare resources create true differentiation.

The third criterion is "inimitable." The higher the barriers to imitation, the longer a competitive advantage can be maintained. Such barriers can relate to time, cost, or know-how. The basic idea behind this is simple - if something is easy to copy, its unique selling point will quickly disappear. The fourth VRIO factor is "organized," which means that the company must be structurally capable of utilizing a resource in such a way that its full potential is exploited. A lack of processes or poor organization will sooner or later render valuable, rare, and difficult-to-imitate resources ineffective. Ultimately, it is professional management that makes the difference.

"If you don't have a competitive advantage, don't compete."
(Jack Welch, former CEO of General Electric)

The V-R-I components (valuable, rare, inimitable) focus on the strategic differentiation of a resource, i.e., whether it represents a genuine strength. The O (organized) is essentially the steering wheel that provides the necessary infrastructure and processes to enable this differentiation to function in practice and become a competitive advantage in the market. The following graphic shows the respective VRIO fulfillment level, enabling a step-by-step classification of a resource[5] . The spectrum ranges from a competitive disadvantage to a long-term competitive advantage (see Fig. 1).

[5] Based on: Schmidt, A. (2015), Superior business models: Value creation and value extraction in turbulent environments, p. 228 ff.

Fig. 1: VRIO criteria and classification				
V **Valuable**	**R** **Rare**	**I** **Inimitable** (difficult to imitate)	**O** **Organized**	**Classification or effect**
NO	➔	➔	➔	>> genuine competitive disadvantage
YES	**NO**	➔	➔	>> Neither advantage nor disadvantage
YES	YES	**NO**	➔	>> short-term competitive advantage
YES	YES	YES	**NO**	>> Unused competitive advantage
YES	YES	YES	YES	>> Permanent competitive advantage

3. THE IMPACT AND IMPLEMENTATION OF VRIO

Regardless of the economic situation, business sector, or company size, there are companies in all industries that have built competitive advantages through VRIO and continue to operate very successfully in the market. One example is Porsche

- **V-Valuable:** The company benefits from a long tradition of engineering excellence and strong customer loyalty. These aspects increase willingness to pay and ensure a loyal customer base, which makes the brand particularly valuable. Porsche's exclusive image sets the company apart and ensures high demand.
- **R-Rare:** Porsche has created a brand with its core values of prestige and global recognition. The brand's unique image and worldwide recognition make it a high-quality, rare commodity.
- **I-Inimitable (difficult to imitate):** Through its historical identity and emotional brand loyalty, Porsche has achieved a level of differentiation that is difficult to imitate. Patents and a distinctive design protect the brand and create high barriers to entry for competitors.
- **O-Organized:** Porsche has established a strong organizational foundation through strict quality controls, its own production facilities, and a global distribution network, including its own research and development department. These resources ensure consistent implementation of the differentiation strategy and secure market leadership.

Porsche meets all VRIO criteria, thereby securing a long-term and sustainable competitive advantage. Its rich history, exclusive image, and differentiation strengthen the company's reputation. Through continuous maintenance and further development, Porsche remains a leader and clearly stands out from the competition.

VRIO can be used to analyze and improve brands, products, services, technologies, know-how, and skills can be analyzed and improved.

The VRIO model shows the ideal case of a resource-based unique selling point, but in practice, not all resources permanently fulfill all four criteria. More important than perfection is identifying potential gaps, driving optimization, and taking targeted countermeasures. This requires prioritization. While one resource (e.g., brand) may meet all VRIO criteria, another resource (e.g., technologies or know-how) may remain limited. Therefore, the strategic focus should be adjusted to the potential of the respective resource. For a practical and structured VRIO analysis, a few key questions can be used for each criterion (see Fig. 2). First, the resources to be evaluated must be defined, such as brand, team, or technology. Each of these resources can then be analyzed separately and evaluated according to VRIO.

Fig. 2: Key questions for the VRIO analysis	
V-Valuable	• Benefit focus: Does the resource directly solve or address a customer problem or create added value? • Value contribution: Does it lead to higher revenues (e.g., premium prices) or lower costs (efficiency)? • Reputation: Does the resource promote brand image or market penetration?
R-Rare	• Competitive density: Do few or no competitors have this resource? • Exclusivity: Is the resource easy to obtain from external sources (value chain), or is it closely tied to the company (legal protection)? • Distinctiveness: Is there a unique component (e.g., brand history, design, technology, etc.)?
I - Inimitable (difficult to imitate)	• Time and cost factor: Do competitors have to make high investments to copy the resource? • Legal protection: Does the company have patents, copyrights, trademark protection, etc.? • Complexity: Is it a combination of several capabilities (e.g., know-how, technology, process innovation)?
O-Organized	• Internal processes: Are there suitable structures and workflows in place to promote and utilize the resource? • Management and culture: Do leadership and corporate culture support the meaningful use of the resource? • Further development: Is there a system in place to continuously maintain and further develop the resource?

4. CONCLUSION AND OUTLOOK

The VRIO analysis offers a focused view of a company's strategic resources. It is particularly suitable for assessing the long-term nature of competitive advantages and identifying potential for their expansion or protection. The VRIO analysis can be applied both when founding a company and in an existing business model. Regular review and targeted derivation of strategic measures allow strengths to be expanded and risks to be identified. The four VRIO criteria must be considered together, because only in combination and with balance can a sustainable advantage be achieved. Company management should carry out a VRIO analysis at regular intervals (see Fig. 3) because markets, customer needs, and competitors change. Globalization, tariffs, sustainability,

digitalization, and AI are just a few of the many issues that have an impact on competitiveness. VRIO is therefore a program for company management to turn a resource into a real strength.

Summary: Application and Benefits
4. Compact and systematic evaluation of internal company resources based on the four VRIO criteria 5. Identification, evaluation, and further development of resources critical to success 6. Clarity about the interaction of resources and measures to strengthen the competitive position



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AUTHOR PROFILES

Prof. (FH) DDr. Mario Situm
>> Head of Bachelor's program in Leadership & Business Management, Master's program in Corporate Transformation Management

Contact: mario.situm@fh-kufstein.ac.at

Giuseppe Sorrentino, MA
>> Academic Product Developer, Junior Lecturer in Business Administration & Data-Based Corporate Management

Contact: giuseppe.sorrentino@fh-kufstein.ac.at

Fig. 3: VRIO Strength Analysis – Tool and Example (Textile Industry)		
A medium-sized fabric processing and finishing company conducts a VRIO analysis for selected resources: brand, technology, and team or know-how.		
1. Resource: Brand		
Criterion	**Evaluation**	**Reason**
Valuable	YES	High willingness to pay and brand loyalty result from a long history, emotional customer loyalty, and association with luxury and tradition.
Rare	YES	Only a few fashion companies have decades of history with high prestige value.
Unique	YES	The brand and family history built up over generations is virtually impossible to copy, as it encompasses established structures and stories.
Organized	YES	The company focuses specifically on brand communication (own stores, heritage campaigns, social media) and constantly cultivates its image.
Conclusion	**Sustainable competitive advantage**: The "brand" resource is strongly pronounced in all four criteria. No one can simply "recreate" history or credibility. The brand heritage provides a lasting advantage. To maintain this in the long term, the company should continuously invest in storytelling, brand culture, and exclusive presentation. Neglecting this maintenance could diminish the advantage over time.	
2. Resource: Technology		
Criterion	**Evaluation**	**Reason**
Valuable	YES	The company has a high-quality, innovative fiber blend that offers noticeable added value (comfort, durability, aesthetic features).
Rare	YES	Only a few companies have access to this exact patented fabric composition and exclusive manufacturing processes or suppliers.
Unique	NO	Once the patents expire or through similar R&D efforts and investments, competitors can develop equivalent fabrics.
Organized	YES	Research, development, and production capacities are tailored to the material technology and can therefore work efficiently.
Conclusion	**Temporary competitive advantage:** The resource is valuable and rare, but not permanently protected from imitation. The advantage is limited in time once patents expire or similar technologies are developed. In the medium term, the material technology still offers an advantage, but the company should act strategically (e.g., renew patents, strengthen brand) to keep new imitators at bay. Otherwise, there is a risk of losing the unique selling point.	
3. Resource: Team and know-how		
Criterion	**Evaluation**	**Reason**
Valuable	…	…
…		



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BUSINESS MODEL CANVAS

Prof. (FH) DDr. Mario Situm, MBA and Giuseppe Sorrentino, MA

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BUSINESS MODEL CANVAS

SYSTEMATICALLY DEVELOP THE BUSINESS MODEL

The Business Model Canvas offers a structured method for visualizing the key elements of a business model and analyzing their interaction. It facilitates the identification of weaknesses and enables targeted optimization by involving all relevant stakeholders in the process. By regularly reviewing and adapting the model, companies can ensure that their strategies are implemented effectively and respond to dynamic market conditions. This flexibility and clarity make the canvas an indispensable tool for sustainable corporate success.

By Prof. (FH) DDr. Mario Situm, MBA and Giuseppe Sorrentino, MA

I. LOGIC AND STRUCTURE OF THE BMC

The Business Model Canvas (BMC) is a versatile tool that supports companies in different phases of their development[6]. It is particularly suitable for analyzing and optimizing existing business models, developing new business ideas, and adapting to dynamic market conditions. The functionality of the canvas lies in its ability to display all the key elements of a business model at a glance. This reduces complexity and focuses on the key success factors. When implemented, the canvas enables structured discussion within teams, promotes shared understanding and facilitates decision-making. Through use of the canvas, companies can quickly identify weak points, deploy resources more efficiently, and develop innovative strategies that strengthen their market position. In this way, the BMC not only helps to improve internal communication, but also to increase agility and competitiveness in a constantly changing market environment.

The business model canvas can be used to visualize, design, and implement the business model.

Developing and implementing the BMC requires not only a thorough analysis, but also a systematic approach. The canvas is particularly effective through the interaction of its individual building blocks, which together form an integrated picture of the business model (see Fig. 1): Value proposition, customer segments, customer relationships, channels, key activities, key resources, key partners, revenue streams, and cost structure. Each building block has a self-contained logic, but is also a connecting

[6] Lukas, T., Business model canvas - business model development in the digital age, Berlin 2018, p. 143 ff.

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element to the others. This means that changes in one area, such as for example, revenue sources or key resources, can have a direct impact on other areas, such as the cost structure or customer relationships. The breadth and depth of the individual components of the BMC can vary greatly in practice. However, no element should be omitted, otherwise the business model will be inconsistent.

Fig. 1: Basic logic of the Business Model Canvas

<table>
<tr><td rowspan="2">Key Partners
Key Partners</td><td>Key activities
Key Activities</td><td rowspan="2">Value proposition
Value Proposition</td><td>Customer Relationships
Customer Relationships</td><td rowspan="2">Customer segments
Customer Segments</td></tr>
<tr><td>Key Resources
Key Resources</td><td>Channels
Channels</td></tr>
<tr><td colspan="3">Cost Structure
Cost Structure</td><td colspan="2">Revenue streams
Revenue streams</td></tr>
</table>

The BMC consists of nine building blocks, each of which represents a key aspect of the business model (see Fig. 2). The value proposition is at the center of this. It deals with the fundamental question of customer benefit and competitive advantage. The market elements are located on the right-hand side of the BMC. In the field of customer segments, the target groups are presented, the customer relationships are shown and this in turn is anchored into the market via the corresponding channels. On the left-side of the BMC are the company's "means and levers". These are key activities and key resources for implementing the business model. In addition, the question of key partners is addressed, i.e. suppliers, sales cooperations, and so on. On the lower side of the BMC, the sources of income, i.e. turnover, pricing, and profitability, must be presented. On the other hand, the business model must be specified with regard to the cost structure.

Fig. 2: Elements and key questions of the Business Model Canvas	
Value proposition Value proposition	• What added value do we offer customers? • What is our core value proposition, i.e. our brand? • What is our unique selling point? • What is the benefit of the product or service provider, i.e. what problem is being solved?
Customer segments Customer segments	• Who are the most important or most valuable customer or target groups? • What specific needs or problems do the customer groups have? • What individual added value or customer benefit do we create? • How can we adapt our offerings to the needs of different customer segments? • Are there other use cases or other target groups?
Customer relations Customer Relationships	• How do we shape the relationship with our customers? • How can we build trust and loyalty with our customers? • How can we regularly involve and support our customers? • Which communication channels do our customers prefer? • How can relationships be used to develop the business?
Channels Channels	• Which physical or virtual channels do we use to reach our customers? • Which channels do our customers prefer (information, communication, distribution channels)? • How do customers find out about us and how do they become aware of us? • How can we make our channels more efficient and cost-effective? • How do our products and service providers reach the customer?
Key activities Key activities	• What activities do we need to carry out in order to successfully implement our business model? • What activities are necessary to use resources efficiently? • What activities support marketing and sales? • What activities are necessary to ensure the quality of our products or service providers? • Which activities are crucial for partnerships and purchasing?
Key resources Key resources	• What resources are needed to operate the business model? • How do we ensure staff quality and quantity? • What are the know-how resources of the future that are critical to success? • Which resources are crucial for procurement, development, infrastructure and service provision? • Which financial resources should be actively managed?
Key partners Key partners	• Who are the most important partners, cooperations and suppliers? • Which partnerships are decisive for business success (market position, innovation, productivity)? • Which partners are essential for implementing our activities? • What resources do we receive from our partners that we cannot provide internally? • How can we strengthen cooperation with our partners?
Sources of income **Revenue streams**	• How do we achieve sales with our business model? • What pricing strategies do we use? • How do we ensure sufficient profitability? • What new sources of income can we tap into? • What are our sources of income in relation to the competition?
Cost structure Cost structure	• What costs are incurred in our business model? • How is our value chain organized in terms of cost structure? • What are the biggest cost drivers in our business model? • How can we make our cost structure more efficient without compromising quality? • How can we use automation, digitalization and AI for our cost structure?

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2. IMPLEMENTATION AND USE OF THE BMC

A business model is an integral part of corporate management[7]. To exploit the full potential of the canvas, it is necessary to hold regular workshops in which the business model is iteratively reviewed and adapted. Ideally, this should be combined with strategy or innovation processes in order to avoid "parallel worlds". The practical implementation of the business model canvas also requires the involvement of relevant stakeholders such as managers, employees and sometimes external partners. This ensures that all perspectives are considered and that the model meets with broad acceptance. A clear implementation plan with defined responsibilities helps to ensure that the strategies and measures developed are consistently put into practice. The BMC is therefore not only a planning tool, but also a dynamic control element that helps companies to continuously adapt and operate successfully in a challenging market environment.

The Business Model Canvas is a cockpit for corporate management and a pragmatic management tool. The most important cornerstones of the business model are developed along the building blocks of the BMC (see Fig. 3). The individual statements should always be compared with each other in order to avoid contradictions. This forms the basis for the implementation plan, which in turn must be compared with the budgeting and annual targets. The BMC is not a static document, but requires a review process. It should be reviewed and updated regularly, especially in dynamic markets or when significant changes occur in the company. The iterative process makes it possible to react quickly to market changes and adapt the business model.

The Business Model Canvas is a cockpit for corporate management.

The canvas is not only used for visualization, but is also a communication tool that stimulates strategic discussions within the company. It promotes a common language among the teams and helps to bring together different points of view. As a result, it also allows scenarios to be created so that different business models can be compared. This is particularly useful if a company has several business areas or is considering different models for new markets. The methodology can also be used for individual products or service providers, for example in start-up phases or when digitizing the company. The value proposition is always at the center of the model.

The Business Model Canvas (BMC) summarizes the relevant aspects of a business model in a compact, structured way and from different perspectives. However, this

[7] Gassmann, O. et al, Developing business models, Munich 2020, p. 5 ff.

compactness means that it cannot go into detail, reducing complex business models to simple representations. Additionally, the BMC often does not take sufficient account of external factors such as market and environmental changes, competitive analyses or the derivation of target groups. It is therefore crucial to understand the BMC as an instrument that should be used and enriched in combination with other strategic tools. Examples are SWOT, the Five Forces, or the Balanced Scorecard.

3. CONCLUSION

In times of change, the ability to change is an important skill & competency in companies. The business model plays a crucial role in this[8]. The BMC offers entrepreneurs a platform to present the business model in a clear and structured way. One of the greatest advantages of the canvas lies in its ability to link the various elements of a company and make complex relationships visible. This visualization makes it possible to identify potential weaknesses at an early stage and address them in a targeted way. In addition, the canvas promotes a holistic understanding of the company by showing how the individual building blocks, from key resources to activities and sources of income, interlock and influence each other. For entrepreneurs, it not only provides guidance for strategic decisions, but also a flexible framework for continuously reviewing and adapting the business model. By regularly using the BMC, companies can become more agile and competitive. They can adapt quickly to market changes and develop innovative solutions that strengthen their positions.

[8] Keane, S, et al, Comparing how entrepreneurs and managers represent the elements of the business model canvas, in: Journal of Business Venturing Insights, 9/2018, pp. 65-74.

Summary: Application and benefits

7. Compact presentation, clear overview, and easier communication of the business model
8. Focus on success factors, concentration on success-critical elements, or bottlenecks
9. Systematic demonstration of correlations and interactions

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PORTRAIT AUTHORS

Prof. (FH) DDr. Mario Situm
>> Director of Studies Bachelor Leadership & Business Management, Master Corporate Transformation Management

Contact: mario.situm@fh-kufstein.ac.at

Giuseppe Sorrentino, MA
>> Academic product developer, junior university lecturer for business administration & data-based business management

Contact: giuseppe.sorrentino@fh-kufstein.ac.at

Fig. 3: Business model canvas: tool and example (app developer)	
Background: A software company specializing in leisure and sports apps is developing an innovative app for health and fitness coaching. The basis for this is a business model canvas. The canvas is updated at regular intervals.	
Value proposition Value proposition	• Holistic advice: fitness, nutrition, mental health... • Holistic health: integration of fitness, nutrition and balance • For users: personalized health and fitness plans, available around the clock, integration of nutrition and fitness advice • For partners: access to a new customer base, dissemination of expertise...
Customer segments Customer segments	• Main target group: Fitness enthusiasts, working people (with little time for fitness) • Secondary target group: People with health restrictions • Corporate partners: Gyms, insurance companies, companies that offer employee health programs • Special target groups: Pregnant women and young mothers
Customer relations Customer Relationships	• Personalized: Individual user profiles and customized recommendations • Automated: Chatbots and AI-supported support • Community-based: Building a fitness community via forums & social media • Gamification and reward systems: points systems, badges...
Channels Channels	• Digital: app store, social media, e-mail marketing • Offline: Partner gyms, health fairs • Content marketing: blogs, tutorials, podcasts, partner sites, checklists • Mobile push notifications • Corporate wellness: integrating the app into company health programs
Key activities Key activities	• Development: App development (prototype, functionality), regular updates • Data analysis and personalization • Content creation: Creation of fitness and nutrition plans • Marketing: Digital advertising campaigns and social media presence • Customer support: Provision of a customer service and support team • network of experts
Key resources Key resources	• Technical infrastructure: app platform, server, databases • Content: Library with workouts, nutrition plans, health articles • Staff: Developers, content creators, marketing team, account managers • Brand and IP: brand name, logo, rights to the content
Key partners Key partners	• Development and technology partners: app, cloud storage, payment service provider • Fitness partners: gyms, personal trainers, nutritionists • Health partners: doctors, health insurance companies, physiotherapists • Wellness and spa facilities • Promoters: influencers, social media agencies, health blogs • Know-how providers: doctors, associations, educational institutions
Sources of income **Revenue streams**	• Subscription models: Monthly or annual subscriptions • Advertising: in-app advertising and sponsored content • Partner programs: Commissions for recommendations to gyms ... • Sponsoring: Income from sponsoring in-app events, • Online courses and webinars: Sale of courses and live webinars on fitness ...
Cost structure Cost structure	• Development costs: app development, server infrastructure, data management • Marketing costs: advertising campaigns, influencer cooperations, content creation • Operating costs: customer support, cloud services, license fees • Personnel costs: salaries for developers, marketing experts, support team



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THE BALANCED SCORECARD

Prof. (FH) Dr. Dr. Mario Situm, MBA and Giuseppe Sorrentino, MA, BA

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THE BALANCED SCORECARD

EFFECTIVE CONTROL WITH THE KEY FIGURES

The Balanced Scorecard (BSC) is an effective tool in strategic management. Developed by Robert S. Kaplan and David P. Norton, the BSC combines financial and non-financial performance indicators. It helps companies to set, communicate, and monitor clear objectives. Above all, however, the BSC is a tool for implementing ambitious programs and strategies. This can relate to market penetration and product development as well as digitalization and artificial intelligence (AI).

By Prof. (FH) Dr. Dr. Mario Situm, MBA and Giuseppe Sorrentino, MA, BA

I. CONCEPT AND PERSPECTIVES OF THE BSC

The balanced scorecard (BSC) identifies the strategically important goals of a company and thus represents a cockpit for corporate management[9] . It is the company's strategic map that helps to solidify, visualize, and implement strategy, mission, and vision. As different goals from different areas are often equally important and interlinked, the BSC divides them into four perspectives, which include both financial and non-financial indicators. At the same time, these metrics are used to monitor the defined objectives and gain a comprehensive overview. This makes it possible to quantify and control the interaction of various influencing factors. The BSC is therefore comparable to a management cockpit.

The BSC is a cockpit and navigation system for management.

Just as the pilot in the cockpit has all the key instruments in view, the BSC enables companies to keep an eye on their most important goals and key performance indicators. The different perspectives of the BSC correspond to the instruments that help the pilot to stay on course. The pilot not only focuses on the altimeter, but also keeps an eye on the airspeed indicator, variometer, and cabin pressure gauge. This means that the company also has to keep an eye on all relevant control variables at the same time and take countermeasures if necessary. Thanks to the clear arrangement, the company keeps the overall situation under control and can make strategic adjustments if necessary.

The BSC shows the objectives and performance from four different perspectives (see Fig. 1): Finance, customers, processes and learning and growth[10]. This transforms a company's strategy into clearly defined and measurable key figures. These are presented in an understandable way for employees and managers, providing them with

[9] Kaplan, R. / Norton, D., Putting the Balanced Scorecard to work, in: Harvard Business Review, 1993 Sept.-Oct., p. 134 ff.
[10] Weber, J. / Schäffer, U., Balanced Scorecard and Controlling, Berlin 2013, p. 175 ff.

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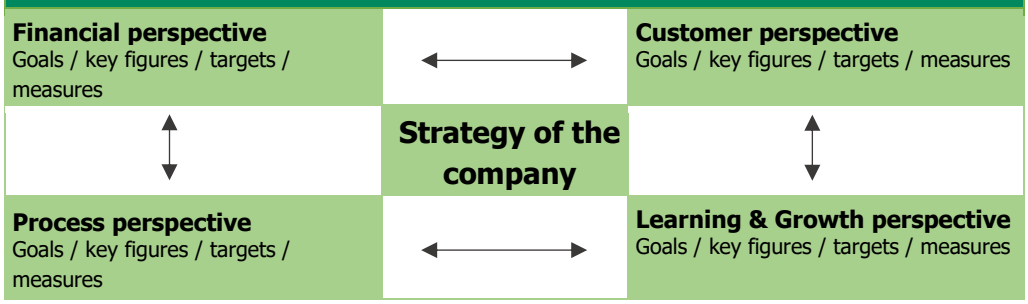
comprehensive information and enabling them to understand the interrelationships. At its core, the BSC is nothing more than an implementation catalyst.

The goal is "Translating Strategy into Action."

The BSC promises an overview and control in a complex environment. The aim is to provide a balanced and balanced presentation without neglecting any one perspective. If each perspective is assigned a specific key figure with a target value, a centralized key figure dashboard is created. This allows measures for strategy activation to be implemented at operational level and monitored at the same time. Each perspective thus integrates goals, KPIs, targets, measures, and responsibilities. To clear up any misunderstanding, it must be emphasized that the BSC is not an instrument for developing a strategy. It serves exclusively to realize defined strategic goals.

Fig. 1: Basic structure and perspectives of the BSC



Financial perspective: How do we create sustainable financial success or added value for shareholders (investors) and how can we achieve our financial goals? In short: How satisfied are the lenders and investors and how financially healthy is the company?

Customer perspective: How do our customers see us and how can we better fulfill their satisfaction and needs to ensure long-term success? In short: How successful is the company on the market and where are the real competitive advantages?

Process perspective: Which internal processes do we need to improve in order to become more efficient and agile so that we can meet our customers' expectations and achieve financial targets? In short: How efficient are the internal processes?

Learning & Growth perspective: How can we ensure that our employees have the necessary skills to manage change and support long-term goals? In short: How can we use and develop our own skills & competencies in a targeted manner?

2. THE IMPLEMENTATION OF THE BSC

Relevant KPIs must be defined or developed based on the corporate strategy and objectives (see Fig. 2). These key figures are by no means always identical for all industries and strategies. Key figures can also change over time and need to be supplemented. For example, with the rise of the social media era, key figures such as click-through rate, engagement rate, or share of voice were increasingly found in practice in the BSC. The number of KPIs should also remain manageable so as not to

overload the BSC and avoid "reporting bureaucracy". A selection of frequently used KPIs can be found in the following diagram.

Fig. 2: Selection of key figures of a BSC	
Key financial figures	**Key figures customers**
Turnover	Customer satisfaction score
Contribution margin	Recommendation rate
Operating result	Retention rate of regular customers
Working capital	Share of new customers
Return on investment	Complaints
Key figures Processes	**Key figures learning & growth**
Production error rate	Employee turnover
Lead time	Number of training courses
Utilization	Employee satisfaction
Set-up times	Number of suggestions for improvement
Degree of digitization processes	Innovation acceptance rate

The BSC is by no means trivial and requires careful planning and professionalism when implementing it in the company[11]. For example, the strategy must be clear and understandable at the outset, as this is the only way to develop a BSC with the four perspectives. When selecting the key performance indicators, it must be ensured that they reflect strategic objectives and can be measured with reasonable effort. The proven SMART methodology can also be used here to operationalize goals (specific, measurable, ambitious, realistic, and time-bound). If something changes in the environment (market, politics), the BSC must of course be adapted. It is generally advisable to develop the BSC with the relevant specialists and responsible managers. This also has a particular impact on the corporate culture, because the BSC makes a strategy tangible and sets it "in motion".

The BSC focuses uncompromisingly on strategy. Its strengths lie in the holistic approach of a 360-degree perspective, the visualization of key performance indicators, and the interaction of financial and non-financial perspectives. In practice, however, there are also risks that need to be considered during implementation. For example, the validity and measurability of the key figures must always be checked. It is also important to ask whether the system is accepted by employees and managers and does not lead to an overload of figures

[11] Stöger, R., Balanced Scorecard: A review. Organizational Development No. 4/2007, pp. 27 and 29.

The following applies to the BSC:
"If you can't measure it, you can't manage it."
(Peter Drucker)

3. THE CONNECTIONS OF THE BSC

Measurability creates controllability and controllability creates optimizability. The BSC is an interconnected system and offers the possibility of linkage. An example: A company wants to introduce a new, vegan product line to meet the growing demand for healthy and environmentally friendly products. Market research has shown that there is a particular need among the young target group (Generation Z). Analyses show a certain willingness to pay and that competitors are already developing their first products.

The BSC is a self-reinforcing system.

The introduction of new products (customer perspective) aims to appeal to new customer groups to secure market share and generate sales. The optimization of production processes (process perspective) not only helps to reduce costs, but also enables a faster market launch of new products, which leads to an increase in sales (financial perspective). Improving product quality and customer service (customer perspective) leads to higher customer satisfaction and increased recommendation. This in turn improves the company's financial performance (financial perspective). Investing in training programs and promoting a culture of innovation (learning and growth perspective) not only optimizes product quality (process perspective), but can also lead to ideas for products that appeal to new customer groups (customer perspective). This example shows that the entrepreneurial advantage of the BSC lies not in the isolated consideration of key figures, but in mutual networking and reinforcement.

4. CONCLUSION

The BSC makes it possible to operationalize and communicate the strategy by means of a simple presentation (see the tool in Fig. 3). By integrating cause and effect indicators, it provides a balanced picture that promotes effective management of the business model. It serves as a link between different controlling instruments and makes it possible to link benefit and risk factors. The BSC uncovers deficits, identifies important tasks and clarifies the interdependencies between corporate goals. Nevertheless, the BSC can be overloaded and lead to a one-sided focus on past key figures, which impairs the strategic orientation. An unreflected application leads to errors, which makes constant evaluation necessary. The BSC should be understood as a flexible instrument. For example, sustainability goals can also be incorporated within the four perspectives or defined as a separate, fifth perspective. It is precisely this pragmatism that makes the BSC a key tool for corporate management.

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Summary: Application and benefits
1. Simple 360-degree KPI cockpit for management 2. Visualization and focus on the key control levers 3. Flexible application in breadth and depth and mutual reinforcement of the individual perspectives 4. Positive cultural effect by involving employees and managers in the joint BSC development process



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PORTRAIT AUTHORS

Prof. (FH) Dr. Dr. Mario
>> Director of Studies Bachelor Corporate Management, Master Corporate Restructuring & Reorganization, Master Corporate Transformation Management
Contact: mario.situm@fh-kufstein.ac.at

Guiseppe Sorrentino, MA,
>> Academic product developer, junior university lecturer for business administration & data-based business management
Contact: guiseppe.sorrentino@fh-kufstein.ac.at

Fig. 3: Balanced Scorecard (BSC): tool and example (industry)

Background**:** An industrial company in the food sector introduces the BSC. The aim is to work with a maximum of 3-5 key figures per perspective and to derive key measures.

1. financial perspective

Goal	*Key figure*	*Default - Target*	*Current - Actual*	*Measures*
Increase turnover	Sales with new products	10% of total turnover	5%	• Introduction of new products • New pricing strategies
Reduce costs	Average variable costs per unit	15 EUR	17,50 EUR	• Supplier management • Optimization of strategic purchasing
Increase contribution margin	Turnover - Costs; Contribution margin / turnover * 100	...	...	• ...

2. customer perspective

Goal	*Key figure*	*Default - Target*	*Current - Actual*	*Measures*
Strengthen customer loyalty	Customer churn rate	<15%	18%	• Customer feedback • Loyalty programs • Effective customer support
Increase recommendation	Net Promoter Score	40	32%	• Improve customer experience • Personalized approach
Increase awareness among the younger target group	Level of awareness in social media (followers, likes...)	...	...	• Optimize content marketing • Activate influencers • SEO/ SEA

3. process perspective

Goal	*Key figure*	*Default - Target*	*Current - Actual*	*Measures*
Forcing process optimization	Throughput time for production per unit	1 minute	1.20 minute	• Lean management • Optimize set-up times
Reduce error rates	Relative number of faulty units	2%	4%	• Root cause analysis • Feedback loops • Introduce CIP
Introducing digital inventory management	Relative number of automated stock movements	...	...	• Automation of material flows • Real-time localization systems

4. learning and growth perspective

Goal	*Key figure*	*Default - Target*	*Current - Actual*	*Measures*
Intensify training	Number of training sessions per employee	...	...	• ...
...	...			•



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THE STRATEGIC CONCEPT

Prof. (FH) Dr. Peter Dietrich

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THE STRATEGIC CONCEPT

WELL THOUGHT-OUT PLANNING AND COMPREHENSIBLE DECISIONS

A concept is the impossible, and therefore unavoidable, centerpiece of strategic management. Why? Because it is about planning a success that will only occur in the future. Therefore, strategic decisions must be made now under uncertainty. The rationale for these decisions and the plausibility of the proposed strategy are formulated in a concept. Professional conceptualization is one of the most important management processes and at the same time the decisive document when it comes to developing the company further.

By Prof. (FH) Dr. Peter Dietrich

I. PLANNING AND DECIDING BETWEEN OMNIPOTENCE AND POWERLESSNESS

Omnipotence or powerlessness - these are the two extreme poles that define our everyday lives when dealing with management challenges: Omnipotence as the ideal of management and control, powerlessness as the often-perceived reality when the best laid plans fail miserably. In practice, employees and managers are usually somewhere in between, with more omnipotence or more powerlessness depending on the situation. This means that we in management can only capture and control all relevant factors to a limited extent to develop and implement perfect plans. Instead, we often end up with completely different results than originally intended. However, this does not mean that we have to forego control or question feasibility in general.

Designing means setting the course for the future today.

Everyday management is hard work, regardless of whether it involves founding a start-up, digitizing business models, tapping into new sales markets, or changing the corporate culture. As a rule, we are quite successful at identifying challenges, analyzing them, developing adequate strategies for dealing with them, and adapting them as circumstances change. More options are always possible than can be implemented. The task of strategic management is therefore paradoxical. Scope for action is restricted in order to enable the ability to act. Less creates more.

When developing a concept, the complexity of the given situation is structured by taking a few relevant factors into account and ignoring all unimportant influences. All possible variants and interpretations of the status quo are dropped to clear the way for the one, most plausible explanation and solution. The focus is on the option that is expected to have the greatest chance of success. The organization therefore decides FOR a certain

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strategy and at the same time AGAINST all others. Strategic planning and conception are therefore always a reduction or a renunciation

Every decision means excluding alternatives.

Restricting the scope for action is highly risky, as it affects an unpredictable future. The risk is minimized, for example, by basing strategic decisions on experience or routine ("This is how we have always done it"). Another option is to follow best practice examples ("This is how the market leader does it") or to use new, valid findings as a basis ("We cannot ignore these developments in the future"). Experience shows that it is usually a mix of influences that crystallizes into a decision. Ideally, it is a well-informed and well-founded argumentation, which prepares the path from the actual to the target state plausibly and comprehensibly in a concept.

Fig. 1: Main function of a concept

1. Orientation with regard to topic and influencing factors
2. Legitimacy with regard to decision and justification
3. Coordination with regard to cooperation and implementation
4. Motivation with regard to participation and commitment

The concept has four main functions (see Fig. 1). First, it provides orientation by clarifying, correlating and plausibilizing the central influencing factors. It classifies a topic and provides an overview. Second, it provides legitimacy by enabling a decision to be made, justifying it and making it comprehensible. Third, the concept has a coordinating function in that it structures the interaction between different stakeholders. This provides an essential basis for implementation. Finally, a professional concept also produces motivation by turning those affected into participants and creating commitment to implementation.

2. ANALYSIS, STRATEGY, AND IMPLEMENTATION AS COMPONENTS OF THE CONCEPT

A concept describes the discrepancy between a challenging or problematic actual state and a desirable target state. It explains why this particular goal is desirable and justifies the extent to which the proposed strategy is suitable for achieving the goal. This means that the risk of investing resources incorrectly can be accepted. As only very few concepts are located at top management level, it also argues what contribution it makes to improving the overall performance of the organization. It is therefore about the principle of "contribution to the whole" and how the proposals fit in with the rest of the company's ongoing activities. The most important components of a concept are analysis, strategy and implementation. A concept can be developed along these three elements (see Fig. 2).

- **Analysis:** In the analysis section, the relevant factors are described and put into context. It makes sense to use suitable, scientifically valid methods that enable you to depict the interactions and dynamics. For example, Michael Porter's "Five Forces" industry structure analysis or a SWOT analysis sharpen the focus when selecting the relevant factors. In addition, they are also suitable for relating the individual factors to adequately depict the context of the problem.

- **Strategy:** The strategy section describes the path from the status quo to the defined goal. It is particularly important to identify those factors that have the greatest possible leverage effect on the transformation from the current state to the target state. In addition, target groups (stakeholders) and corresponding communication and integration options can be described.

- **Implementation**: In this section, the overarching strategy is broken down into individual measures. Examples include targeted social media activities, acquisition initiatives, or process optimization. The measures that need to be taken to implement the concept are listed and detailed. It is helpful to relate and visualize them.

Fig. 2: Components and structure of a concept

1. **Title page**: provides information on the client, creator, location, date, and version number if applicable
2. **Executive summary**: summarizes the central statements and arguments of the concept on one page
3. **Table of contents**: provides an overview of the most important chapters (including all other components such as appendices)
4. **Initial situation**: describes the current situation and helps to understand the perspective from which the concept is written
5. **Analysis**: provides an explanation of the challenges or the problem context of the situation
6. **Goals**: formulates the desirable target state (formulation via "SMART" - specific, measurable, accepted, realistic, time-bound)
7. **Strategy**: describes the proposed path from the actual to the target state and identifies the greatest possible tools for achieving the goals
8. **Measures**: describe, detail, and visualize the individual activities to achieve the objectives or strategy
9. **Resources**: clarifies the relevant resources and the associated time horizon
10. **Evaluation**: outlines how and when goals, strategy, measures, and resources are reviewed
11. **Outlook**: outlines what further measures and activities are possible after successful implementation from today's perspective
12. **Appendix**: can be added if further figures, data, or facts are to be cited to support the plausibility of the argumentation

There are three ways of proceeding in the concept development process. First, the initial situation and analysis are developed in the so-called chronological structure, followed by objectives, strategy, measures and resources. Second, the process of elimination can be used: Two possible alternatives are discussed one after the other, weighed up and finally argued as to why they are not suitable. This clears the way for the ultimately preferred solution. The third method is "solution first". The solution is presented right

at the beginning with a "big bang" effect, which is then legitimized by the execution of the analysis results. Regardless of which variant is chosen, it is important to ensure that the argumentation is comprehensive and as complete as possible. This will allow you to reassure yourself and all those involved that you have included all relevant factors and have not overlooked anything.

3. COMMON MISUNDERSTANDINGS AND PITFALLS IN PRACTICE

The perfect win-win situation: The development and implementation of concepts is also associated with some misunderstandings in practice. One misconception is the unrestricted demand for a win-win situation for everyone. This is often a socially romantic fiction. If the stakeholder approach is taken seriously, it is immediately clear that there cannot be ONE optimal solution for everyone involved. Instead, an organization finds itself in a dynamic field of tension between different interests and power relationships. What pleases customers, for example, may disappoint investors at the same time. As a rule, such dilemmas cannot be resolved. Whether salvation is then sought in an (often lazy) compromise or in a succession of different priorities must be assessed on a case-by-case basis.

Every problem solution causes new solution problems.

The final solution: The problem is that a concept is often seen as a contribution to the final solution. This creates frustration because it means that all concepts must fail, as the end of the rainbow is simply not achievable. A better approach is one that sees strategic management as an ongoing process. This makes it clear that not only are new challenges constantly arising, but that every solution to a problem in turn causes solution problems. That is, it entails side effects that have to be dealt with again at a later stage. A concept is therefore always an interim status at a certain point in time and must consider that the conditions and therefore the optimal activities are constantly changing.

The plausibility of the concept is crucial.

Absolute rationality: Cohen, March, and Olsen have turned the traditional view of rational management decisions on its head with their legendary studies[12]. In very few cases does a problem exist at the beginning, which is first analyzed and then solved. Instead, solutions are usually developed for which a problem is first sought. Furthermore, problems are often only vaguely known and organizational goals are unclear or contradictory. Relevant decisions are often not made in planned meetings Instead, ideas arise in random constellations. The so-called "garbage can model"

[12] Cohen, M. / March, J. / Olsen, J. P., A Garbage Can Model of Organizational Choice, in: Administrative Science Quarterly, 1972/17, pp. 1-25.

describes everyday management much more realistically. It states that problems, solutions, players and decision-making opportunities are only loosely linked and tend to come together by chance. With this insight, concepts can often be read as subsequent rationalizations in order to gain more acceptance

Concepts document decisions for strategies that will only be successful in the future. How can the quality of a concept be measured if the future is uncertain and its success cannot be calculated with certainty in advance? What criteria can be used to assess whether a proposal should be accepted or not? This is where the aspect of plausibility comes into play. The question is whether the entire argumentation is consistent, logically comprehensible, and therefore plausible. In essence, it is about the much-cited "red thread" of the argumentation - Here is the problem, whose background can be explained by the following structure of effects (analysis). Starting from the status quo, the following goal is defined, which can be achieved using the following strategy (strategy). This strategy is implemented via the following measures using these resources, the effectiveness of which is professionally evaluated (implementation).

4. CONCLUSION

Based on the assumption that there is no single truth or objective reality, there are always several constructions and perspectives. This means that numerous strategies and courses of action are possible. Each of these is appropriate and plausible for a limited period of time and context. If you look at a concept in this way, it is nothing more than a narrative that paints an attractive picture of a desirable future. Loosely based on James March[13], the trick is to bring the ambiguities and complexities of circumstances into a form in order to achieve three things: differentiated enough to arouse interest, simple enough to be understandable, and credible enough to be accepted. Those who manage to balance these three aspects of sophistication, comprehensibility, and credibility have the best chance of creating an excellent concept.

The "Strategic Concept" tool (Fig. 3) can be used to get to the heart of the essential content in a short space of time. It can be used for key business topics, projects, and so on, and is flexible in terms of scope and depth. It is also helpful to note the following points. The concept is formulated in the present tense or in vivid language, thus creating images in the mind. The use of graphic visualizations of central ideas and contexts facilitates the visual imagination and helps to avoid a desert of text. This can also be supported by structuring the text using bullet points and bold print. This loosens up the text visually, increases readability and draws the reader's eye to the important aspects. A concept is not a piece of academic writing; however, important premises, facts, or theoretical models must be substantiated.

[13] March, J., Two sides of experience: How organizations can become smarter, Heidelberg 2016, p. 48.

The strategic concept is an important management tool.

The future is unpredictable, so a concept must be seen as a plan of a plan[14] . This means that creating a concept and implementing this concept are two different things. The quality of a concept is measured by the extent to which it allows tactical freedom and flexibility in its implementation in order to successfully integrate unforeseeable events that inevitably occur. Even if a concept is not implemented, it can have the potential to inspire further discussion and serve as an intermediate step towards a viable solution. In this sense, discussed measures can always be placed in a topic repository to be taken up again later. The strategic concept is a pragmatic management tool that helps us in organizations to use the same language and come to the same understanding. In business terms, this is an important basis for effectiveness.

Summary: Application & benefits

1. Clarity about the most important steps in designing future topics
2. Avoiding typical pitfalls and misunderstandings when analyzing, deciding, and implementing
3. Creating a common basis for discussion, decision-making, and implementation

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AUTHOR PORTRAIT

Prof. (FH) Dr. Peter Dietrich
>> Director of Studies International Business Studies (BA) and International Business Studies (MA)
>> Professor of Strategic Communication & Stakeholder Management
Contact: peter.dietrich@fh-kufstein.ac.at

[14] Merten, K., Conception of communication. Theory and practice of strategic communication management, Wiesbaden 2013, p. 12f.

Fig. 3: The strategic concept: tool and example (insurance)	
Background: An insurance company structures important key topics and projects with the "strategic concept". For example, four topics were developed in a future workshop. The third of these was "Automation of sales".	
Topic 3: Automation of sales	
Team	Bachmair, Funke (management), Jukic, Müller, Zatropek
Date	31.03.
A. Executive Summary	• Contribution to the extensive automation of sales in times of staff shortages • Consistent usage of the possibilities of digitalization • More time for truly relevant, personal exchanges with customers • ...
B. Initial situation	• Increasing overload of sales with administration • Too little time for targeted, personal communication • Expected staff shortages in the next 2-3 years • ...
C. Analysis	• 24 currently missing full-time employees, increase to approx. 40-45 in the next few years • Administrative and bureaucratic work: approx. 30% of working time • Too little usage of digital sales opportunities (especially compared to competitors) • ...
D. Goals and strategy	• Digitization of the following sales processes: Standard acquisition, customer administration and information • Redesign and professionalization of the "Personal exchange with customers" process • Compensation of 15-20 full-time employees over the next three years • ...
E. Measures	• Reorganization of personal sales processes (30.09.) • Creation of the digital process landscape or platform for the sales processes (30.11.) • Training program for automated sales processes (15.12.) • ...
F. Resources	• System and IT costs over the next two years: EUR 2.5 million • Personnel development expenses: 200,000 euros • Provision of two additional IT specialists • ...
G. Evaluation and outlook	• Integration into the CEO Managing Director's monthly implementation controlling • Review of the overall program in next year's future workshop • Annual review of effectiveness within the framework of the budget • ...



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CRISIS SCENARIO FOR THE COMPANY

Prof. (FH) Dr. Roman Stöger

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CRISIS SCENARIO FOR THE COMPANY

DEVELOPING A BASIS FOR ORIENTATION IN DIFFICULT TIMES

The most important task of corporate management and supervision is to be prepared for opportunities and crises. While for decades we were used to living primarily in a world of opportunities, upheavals are now increasingly defining our reality. Precisely because times have become contradictory, ambiguous, and complex, companies and institutions need to develop a scenario to be able to navigate and have a point of orientation.

By Prof. (FH) Dr. Roman Stöger

THE EXCEPTION AS THE NEW NORMAL

In the Western world, historical perception since 1945 has been characterized by continuity, progress, and optimism. This has changed dramatically. The present shows more than clearly that the normal state has become a state of emergency. The first decade begins in Manhattan with the Nine-Eleven attacks in 2001, the consequences of which are still being felt in Iraq and Afghanistan. The first decade also ends in Manhattan, with the collapse of Lehman Brothers in 2008 and the so-called financial crisis, which is still having an impact today. The years after 2010 are characterized by the Arab Spring, never-ending civil wars and refugee crises.

Gone is our understanding of history
of continuity, progress, and optimism.

This is also the time when right-wing extremist and corrupt populism is gaining massive momentum and seeks to undermine human rights, freedom, equality, and solidarity. The Ukraine war as a product of Russian fascism once again demonstrates the dynamics that are sufficiently familiar from the 20th century. As the "most prominent crisis", corona has dominated our attention and public discourse in recent years. However, three other future issues will be much more influential and lasting: climate change, digitalization, and social division.

FOUR BASIC SCENARIOS FOR FUTURE DEVELOPMENT

There is an almost infinite number of different scenarios developed by scientists, think tanks, governments, and companies to create a picture of the future. Interesting sources include, for example, UN Global Environment Outlook, UN Human Development

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info@fh-kufstein.ac.at // www.fh-kufstein.ac.at

Report, UN Industrial Development Report, IMF World Economic Outlook, Carnegie Endowment for International Peace, Hudson Institute, Center for American Progress, Center for European Policy Studies (CEPS), Global Governance Institute (GGI), and China Center for International Economic Exchanges (CCIEE). However, it is precisely this abundance of studies and publications that is the problem for managers, decision-makers, and "doers". They simply do not have the time for lengthy discussions and conferences. From the wealth of different sources, four basic scenarios can be developed in two dimensions (Fig. 1). One is the political power constellation in bi-lateralism and multi-lateralism. Second, the two crisis characteristics of stabilization and de-stabilization are depicted. This allows future drivers to be analyzed, developments to be projected, and summarized in a specific, individual scenario.

From the infinite sources
four scenarios can be developed.

Our world and our reality are of course more complex than four quadrants. Basic scenarios can be categorized differently and the development process can also be made more multidimensional and methodologically comprehensive. The focus here is on a management situation under time pressure, rapidly changing circumstances, and therefore a Pareto 80:20 rule. The criteria for the quality of a scenario methodology is not its exactness, because this is impossible in volatile times. Rather, the question is whether a condensed discussion produces multi-perspective findings that then lead to decisions and implementation. Scientific puritanism may be academically interesting, but it does not necessarily help in practice.

Scenario A - "Competitive Cooperation": This is about actively shaping global cooperation and balancing interests. The focus is on the acceptance of different political systems and objective cooperation, compromises and concessions[15]. This creates predictability and reliability, especially in our post-corona world. Of course, there is potential for political, economic, and resource-related conflict in this scenario, which in turn leads to a moderate increase in defense and security spending. Overall, however, international cooperation works.

Scenario B - "Constructive Cold Peace": In this scenario, the two poles are the USA with Europe on one side and the China bloc on the other. Increasing interdependence within these two spheres creates two economic areas and two internationalizations in the medium term. This will have a massive impact on tariffs, imports, exports, standards, supply chains, critical resources, and key technologies. Rising military spending, security cooperation, and local interventions are an expression of a distrustful arrangement. However, cooperation between the blocs on defined global issues such as climate, hunger, and pandemics continues to work.

[15] See Katsanidou, A. / Reinl, A. / Eder, C., Together we stand? Transnational solidarity in the EU in times of crises, in: European Union Politics, Vol 23 (2022), p. 66 ff.

The aim of scenarios is not to be exact, but to aid decision-making.

Scenario C - "Polar Crisis Mode": This scenario is still characterized by two power blocs or world views, but with significantly more rivalry. The USA and China are the two opponents in the subjectively perceived battle of "good vs. evil". The result of this is a destabilization of relations and bi-globalization with increasing isolation and autarky in business and politics.[16] Permanent conflicts over spheres of influence, raw materials, supply chains... are causing spending on the military and intelligence services to rise dramatically. This is also reflected in an intensification of propaganda for one's own side. Consequently, the international ability to act is significantly restricted (UN, WTO.).

Scenario D - "Centrifugal Power Struggle": Several centers of power compete here: Europe, the USA, China, Russia, and regional players such as India or Brazil. Global economic activities are made significantly more difficult and are also severely restricted by restrictive economic policies (tariffs, standards, etc.). At the same time, value creation within the centers is increasing and accelerating de-globalization. There is less exchange in culture, the world of work, science, R&D, and so on. This battle of "everyone against everyone else" can practically no longer solve global challenges such as climate, and pandemics. At the same time, these centers are massively upgrading their weapons, propaganda and cyber systems.

Fig. 1: The four basic scenarios

Multi-Lateralism	**D. Centrifugal Power Struggle** >>Rivalry between several centers of power: everyone against everyone else	**A. Competitive Cooperation** >> active shaping of global cooperation: balancing interests
Bi-Lateralism	**C. Polar Crisis Mode** >> Global rivalry between two spheres of influence: Good vs. evil	**B. Constructive Cold Peace** >> Coexistence of USA-EU with China bloc: suspicious arrangement
	Destabilization	**Stabilization**

[16] Cf. the description of China's self-sufficiency in: Black, J. / Morrison, A., The Strategic Challenges of Decoupling, in Harvard Business Review May-June 2021.

THE CRISIS SCENARIO AS A GUIDE

Scenarios are normally created in order to work out differences. However, the similarities are much more important when it comes to gaining knowledge and drawing conclusions. Precisely because a forecast for a single, specific scenario is usually not possible, the overlaps are often much more significant in practice[17] . Despite the differences between the basic scenarios A-D, a common core can be identified (see Fig. 2).

Fig. 2: The meta-scenario from scenarios A-D

1. Rising "economic blood pressure" due to high inflation and interest rates, scarcity of resources, people, goods, and service providers
2. Increasing labour shortage and ageing population combined with fundamental changes in the world of work (digitalization)
3. Political and economic bloc formation with all its consequences: higher tariffs, trade restrictions, less international exchange.
4. Increasing de-globalization: China as a risk, regionalization, re-industrialization of Europe and North America.
5. Increasing authoritarianism, nationalism, and populism in the political systems (corruption, pressure on human rights.)
6. Polarization of society (education, income, identities), lack of solidarity, insecurity, redistribution conflicts
7. Decreasing ability to solve global future issues: Peace, climate, food, energy, pandemics, tax evasion, crime, etc.
8. Relative increase in importance of the industries: Defense, AI/data, medicine, (diversified) energy, (alternative) mobility, food, sustainability

A concrete crisis scenario for the company can be developed based on this so-called meta-scenario (see Fig. 3). The first step is to specify the eight factors for your own company. Of course, individual topics or individual building blocks can be combined or supplemented. Depending on the business, the individual basic scenarios may focus on different aspects and overlap in different ways. To ensure a productive discussion, it is advisable to start with the eight proposed topics in order to speed up the discussion process. Step two is then the corresponding conclusions and initiatives. This is where it becomes clear whether management and supervision understand the business and assume responsibility.

In our world, certainties and unambiguity(ies) are increasingly disappearing. This phenomenon has long been aptly described as VUCA (V - volatility, U - uncertainty, C - complexity, A - ambiguity). The now tens of thousands of pages of studies, analyses, and reports show an astonishing commonality in the overarching themes of the meta-scenario. This allows those responsible in society and the economy to quickly start the discussion. Crises, disruptions, and changes are no longer the exception, but the norm.

[17] See Fink, A. / Siebe, A., Scenario Management, Frankfurt 2016, p. 39 ff.

Responsible corporate supervision and management are now called upon to create a vision for the future and thus provide orientation. For years, the zeitgeist has been talking about "leadership". Now it will become clear who can navigate competently in stormy weather. The current situation is an assessment center for every top management team.

Summary: Application and benefits
1. Systematic development of a future scenario based on political, social, economic, technical and ecological developments 2. Concretization in the form of conclusions, initiatives and recommendations for action 3. Pragmatic and quickly applicable methodology in the sense of the Pareto 80:20 rule



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AUTHOR PORTRAIT

Prof. (FH) Dr. Roman Stöger
>> Professor of Strategic Management
Contact: Roman.Stoeger@fh-kufstein.ac.at

Fig. 3: Crisis scenario: tool and example (industry)		
Background: An internationally positioned, medium-sized mechanical engineering company develops a crisis scenario due to the changed circumstances.		
>> Scenario factor	**>> Conclusions**	**>> Initiatives**
1. Rising "economic blood pressure" due to high inflation and interest rates, scarcity of resources, people, goods and service providers	• Numerous and not diminishing risks in the supply chain from Asia • Increasing volatility in the energy sector • ...	• Conversion of the supplier portfolio for critical parts, modules and systems • Complete realignment of the energy strategy
2. Increasing labour shortage and ageing population coupled with fundamental changes in the world of work (digitalization, etc.)	• Consistently high rate of skilled workers who cannot be replaced • Increasing risk positions for know-how topics and international positions	• Complete realignment: recruiting, working hours, workplace design... • Targeted cooperation on topics critical to success • ...
3. Political and economic bloc formation with all its consequences: higher tariffs, trade restrictions, less international exchange...	• Increasing restrictions in business with China: import/export, allocation of resources • Reduction of know-how partnerships with authoritarian states	• ...
4. Increasing de-globalization: China as a risk, regionalization, re-industrialization of Europe and North America...	• ...	• ...
5. ...	• ...	• ...

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STRATEGIC NAVIGATION

Prof. (FH) Dr. Roman Stöger

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STRATEGIC NAVIGATION

STEERING THE COMPANY AND KEEPING IT ON COURSE

We live in a time of dazzling terms and diverse challenges. Whether digitalization, business model, artificial intelligence, or innovation, important entrepreneurial topics are almost always given a label - strategic. Surprisingly, however, there is a completely different understanding of strategy in many companies, which usually leads to a fatal conclusion. "We all know what is meant, but everyone means something different." Management and leadership are responsible for developing a common understanding of key strategic issues and developing a program for the future.

By Prof. (FH) Dr. Roman Stöger

In the middle of the first coronavirus lockdown, the Chairman of the Board of Management of Daimler AG, Ola Källenius, addresses the workforce in a video message[18]. His three-minute address is a tour through the world of management terminology: margin, cash, speed, flexibility, business model, growth, focus, strength, storm, change, opportunities, etc. This concentrate is representative of what has long characterized corporate management. A simultaneity, real-time nature and complexity of issues that go far beyond what used to be understood by management. Today, corporate management means sorting out the complexity of issues, developing a navigation plan, and controlling the corresponding management processes. This is why strategy is no longer a single discipline, but a decathlon. No longer business administration, but system design.

"We all know what is meant. But everyone means something different."

Strategic navigation means repeatedly detaching yourself from the hectic pace of operational business and making time for the right discussions. However, a Harvard study shows that top managers spend 72% of their time in meetings, only three percent for customers, and only three percent for their own further training[19] . Strategy is therefore massively absorbed by day-to-day business, and this naturally radiates into the company. Peter Drucker's well-known saying "Culture eats strategy for breakfast" has been given a different twist today: "Operative business eats strategy all day". A recent study on strategic practice confirms this finding and highlights the corresponding challenges at[20] (see Fig. 1).

[18] mb passion blog from 16.04.2020 (Markus Jordan): Ola Källenius with video update to the workforce.
[19] Porter, M. / Nohria, N., How managers plan their day, in: Harvard Business Manager, 09/2018, p. 18 ff.
[20] Stöger, R., Strategie als Navigationsinstrument für Führung und Aufsicht, in: Zeitschrift für Corporate Governance, 01/2021, p. 13.

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Fig. 1: Practice of strategic management				
	Existing knowledge in top management...		**But: The top management sees the following difficulties...**	
1	Management means mastering complexity, understanding the "new world" and implementing it consistently.	>>	We take too little time for joint, systematic discussions about the future and are too dominated by day-to-day business.	74%
2	Digitalization, crisis management, agility... require a prioritized, strategic framework.	>>	We start far too much, get bogged down too often and only make slow progress with new topics.	68%
3	Strategy is a tool that all managers must master in order for them and their units to be effective.	>>	We understand strategy too much as a matter for top management, controllers or specialists.	61%
4	Personal development and methodological skills & competencies are becoming increasingly important for managers.	>>	We do too little for real further training - especially for fast, networked and decision-oriented methods.	84%

At the beginning of every strategy discussion, managers are faced with the challenge of identifying the right areas of discourse. Based on the still-valid classic[21], three strategic orientation levels can be distinguished. Level one is the operational business and all associated short-term aspects. Direct indicators of success are sales, customer satisfaction, profitability, liquidity, and responsiveness. One example of operational excellence is Thomann, Europe's largest music equipment retailer. The company continues to achieve the best customer satisfaction ratings, which incidentally also exceed Amazon, thanks to permanently perfect day-to-day business in the online store, in consulting, and in processing.

The focus on operating figures means driving by the rear-view mirror.

In terms of organizational psychology, it is interesting that most employees and managers focus on the operational business. This is particularly noticeable in times of crisis such as corona: ensuring your own solvency, maintaining basic sales, etc. But even in boom times, many companies are tempted to think and act exclusively at this level. Automatic demand and unchecked growth mean that there are no discussions about the future because everything seems to be working. The danger of this "driving on sight" is that future developments are not recognized and potential for success is not built up in good time. There is also a widespread misunderstanding that good operating figures are proof that a strategy is correct. An important addition is necessary here. They prove the correctness of past strategy and are at best a rear-view mirror. Today's operating data cannot say anything about the correctness of the future course.

[21] Cf. Drucker, P., Managing for Results, New York 1964, p. 195 ff.; Gälweiler, A., Strategische Unternehmensführung, Frankfurt 2005, p. 55 ff.; Malik, F., Strategie, Frankfurt 2013, p. 115 ff.

To ensure that corporate management does not get stuck in the here and now, the second strategic orientation level must be included - the current business model. On the one hand, this is about a good market position, like. market share, customer benefits, image, and attractiveness as an employer. On the other hand, competitive productivity is also a key strategic indicator of success, like agile structures, relative cost advantages, and lean management processes. GE, for example, uses digital twins and the Predix AI diagnostics system to optimize spare parts and maintenance processes. The basic business model remains the same, but is being improved and expanded in terms of customer benefits and productivity.

This raises the question of the connection between the first two orientation levels. Market share and cost position are pre-tax variables for profit and liquidity. A company can increase its turnover and profitability for a certain period of time, but at the same time lose its market position and become increasingly bureaucratic. In the short term, this does not cause any balance sheet pain, but in the long term it creates a dangerous situation. This is precisely the difference between healthy and unhealthy growth. If sales are bought through diversification and unfocused acquisitions, this leads to a weakening of the current business model. If, on the other hand, a high market share is combined with competitiveness and productivity, this is healthy growth. The focus is not on size, but on strength, speed, and customer benefit.

Strategic navigation is less about money, rather than time.

The operating business and current business model have a strong link to the present and the near future. In order to incorporate a longer-term perspective, the future business model is required as a third element. While the first two levels were about doing business, the principle here is to stay in business. This means that markets and businesses must be fundamentally reviewed again and again, asking important questions. What business are we really in? What is the customer actually paying an invoice for? How is our environment changing? Can we stay ahead of this transformation? Strategy means starting with these questions and not with the operational figures. Business-related figures are important for operational controlling, but have only limited significance for strategic discussions.

The ability to transform and change are fundamentally important characteristics of companies. The challenge is to maintain innovation performance, including. new businesses, products, and service providers. This usually requires new skills & competencies, new working methods and, above all, the ability to quickly enter into concrete implementation pilots and drive forward the topics of the "new world". The question of profitability is still an important one, but is posed differently here. How much profit do we need as a minimum in order to stay in business in the long term and develop potential for success? For example, the large Chinese company Alibaba has systematically expanded its business model into an ecosystem, for example with the

wholesale platform 1688.com, the consumer marketplace Taobao and other businesses such as TMall and Juhuasuan. Alibaba is an example of the systematic questioning of current success and the consistent further development of business.

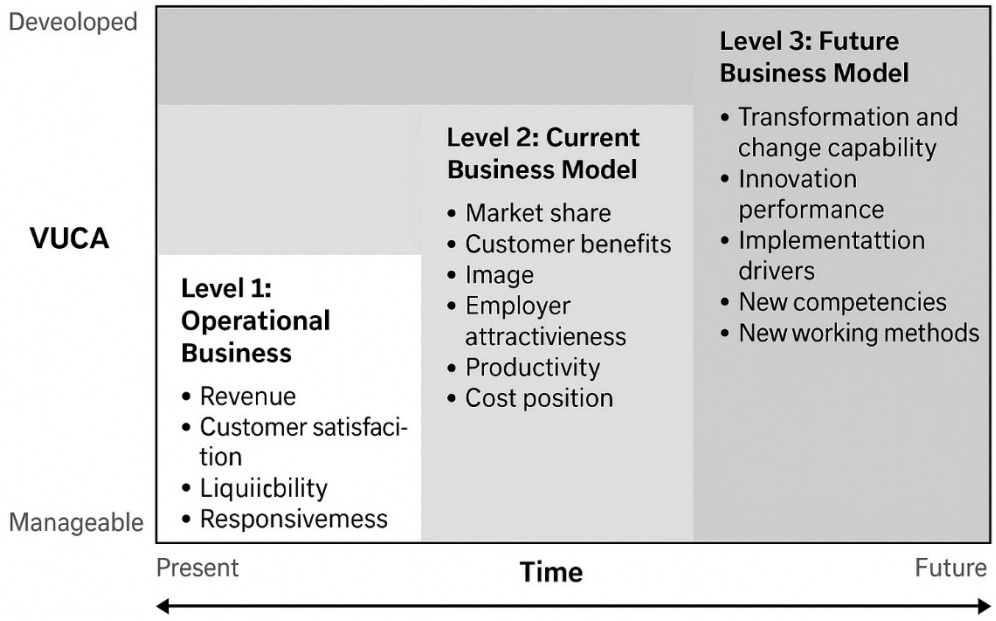

FIG.2: THE STRATEGIC ORIENTATION LEVELS

The relationship between the individual orientation levels and the time dimension is shown in the model (see Fig. 2). From level 1 to 3, the time factor becomes increasingly important. At the same time, the extent of VUCA also increases (volatility, uncertainty, complexity, ambiguity). The strategic navigation plan can be used to systematically identify and launch the most important topics (see Fig. 3). Corporate supervision and management must constantly and self-critically examine which of the three levels is being discussed, decided and implemented. This is exactly what is meant by the simple-sounding question, "Are we having the right discussions?"

Summary: Application and benefits
1. Clarity about the most important levels of strategic discussion 2. Input and methodology for systematic navigation 3. Avoiding a one-dimensional focus on day-to-day business 4. Creating a common understanding of strategy within the company



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AUTHOR PORTRAIT

Prof. (FH) Dr. Roman Stöger
>> Professor of Strategic Management
Contact: Roman.Stoeger@fh-kufstein.ac.at

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Fig. 3: Strategic navigation plan: Tool and example (industry)

Background: A medium-sized mechanical engineering company develops a future and implementation plan based on the three orientation levels. This forms the basis for the individual business area and functional strategy. In addition, the key topics are anchored in the target agreements.

Level	Key topics	Implementation focus	Date	Responsible
Level 3	**Future business model:** • Ability to transform and change • Innovation performance • Implementation pilots • New skills & competencies • New working methods	**1.** Development of an initial platform solution with a pilot in the "Automotive Electronics" business field	31.12.	Henze
		2. Integration of initial AI approaches in the PCT and ASR 2.0 sensor and control components	30.09.	Klimt
		3. ...		
Level 2	**Today's business model:** • Market share • Customer benefits • Image • Employer attractiveness • Productivity • Cost item	**1.** Introduction of "pay-per-use" models for the existing MC 2 and MC 3 product lines		Peters
		2. Market development Indonesia and Pakistan in the apparel business with 5 customer projects each		Miller
		3. ...		
Level 1	**Operating business:** • Turnover • Customer satisfaction • Profitability • Liquidity • Responsiveness	**1.** Solution for material procurement in the medical technology business area (expansion of supplier base...)	31.05.	...
		2. ...		



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THE SWOT ANALYSIS

Prof. (FH) Dr. Peter Dietrich

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THE SWOT ANALYSIS

DEVELOPING EFFECTIVE ANALYSES AND SOLUTIONS

A SWOT analysis can be found in almost every strategy paper. It is one of the most common tools for gaining an overview of the status situation or a problem context. A solution idea for entrepreneurial challenges can be found and argued. Unfortunately, SWOT is usually abbreviated or used incorrectly and its full potential is therefore not exploited. This practical newsletter explains step by step how to develop an optimal SWOT as an analysis and solution tool. It can be used for all industries, all company sizes, and many economic issues.

By Prof. (FH) Dr. Peter Dietrich

I. UNDERSTAND AND USE SWOT CORRECTLY

SWOT analysis is one of the best-known social and economic science tools[22] . The abbreviation stands for Strengths, Weaknesses, Opportunities and Threats. SWOT helps to identify and systematize key factors in order to determine the starting position of a company or organization and derive options for action on this basis. The opportunity to identify an effective lever to solve a problem is no longer left to chance. It also helps to argue an idea systematically and soundly. This means that when discussing the chances of realizing a concept, you are not confronted with individual empirical values or even judgments of taste. At least that is the ideal situation. However, it is striking that the full potential of SWOT is not utilized - and this has to do with two problems.

SWOT only reaches its full potential if it is applied professionally

Problem 1: The application is abbreviated and does not go beyond a situation definition. SWOT is often only used to collect different factors and organize them clearly. The next step, the systematic derivation of ideas and solutions, is then either not carried out at all or is carried out completely independently. The result is a break in the argumentation between the analysis and the solution part of a concept. This creates uncertainty for the addressee of the analysis as to how well-founded the submitted idea actually is.

Problem 2: The external factors in particular are poorly defined. While the listing of internal factors (strengths and weaknesses) is usually relatively unproblematic, the external factors are usually defined incorrectly. In practice, opportunities and risks are often seen as strategic options for action and risks as obstacles to their

[22] See Paul, H. / Wollny, V., Instrumente des strategischen Managements, Munich 2014, Chapter 4 on SWOT analysis.

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implementation. Here in particular, however, it is important to make a well considered note of all the "drivers" in the environment that represent an opportunity or a risk.

Fig. 1: Example of an incorrectly created SWOT	
Strengths: • Good product • Motivated members of staff / employees	**Weaknesses:** • Distribution • Social media presence
Opportunities: • Building a social media community • Launch of an online distribution channel	**Risks / Threats:** • Disinterested community • Declining turnover in sales

The example presented (see Fig. 1) shows an unprofessionally developed SWOT. It overlooks the fact that it can be a very powerful management tool that helps to ensure a company's permanent engagement with its environment; the combination of inside and outside, present and future. The SWOT creates nothing less than a combination of the two classic management approaches: "resource-based view" on the one hand and "market-based view" on the other.

Internal factors can be influenced directly, external factors cannot.

The **resource-based view** focuses on internal factors as the strengths and weaknesses of the company. These are within the organization's own sphere of influence, so in principle they can be changed by the organization itself and are always defined in comparison to the strongest competitors. For example, a product or service provider is only considered a strength if it objectively offers more customer benefits than its competitors. Factors that can be analyzed as strengths or weaknesses include Business models, innovations, products, service providers, brand, image, procedures, methods, know-how, motivation, cost position, liquidity, and capital structure.

The **market-based view** forces us to adopt an outside-in perspective, or having a focus on the company's environment. All external factors that can have a significant influence on the company are of interest. In contrast to internal factors, however, these cannot usually be influenced directly. Opportunities and risks are therefore not options for action that the company can simply take and implement. They are environmental conditions that can have an impact on the company's present and future. Factors with a positive impact are referred to as opportunities, while inhibiting or even harmful factors are defined as risks.

The so-called **PEST analysis** (see Fig. 2) is suitable for the systematic screening of external factors. This in turn is an abbreviation and stands for Political, Economic, Social, and Technological. Keeping an eye on these factors and their developments based on

reliable sources and incorporating the most important ones into the SWOT in terms of their influence on the company results in a systematic and comprehensive analysis.

Fig. 2: Environment analysis with the PEST model

P - Political and legal factors: legislation, political stability, trade barriers, safety regulations, subsidies, tax guidelines, competition regulations.
E - Economic factors: Economic growth, inflation, deflation, interest rates, exchange rates, taxation, unemployment, business cycles, availability of resources.
S - Socio-cultural factors: Values, lifestyle, demographic influences, income distribution, education, population growth, security, ecology.
T - Technological factors: key technologies, procedures, public or private research initiatives and development investments .

2. USE THE SWOT MATRIX AS AN INSIGHT GENERATOR

The distinction between strengths, weaknesses, opportunities, and threats may look simple, but in practice it is not. External factors cannot be influenced by the company, but the internal factors can be used to a greater or lesser extent for the company's own success. It is from this interaction of internal and external factors that a SWOT analysis reveals the true potential for the company.

In practice, the simple SWOT version of the four-field diagram is well known and used. Interestingly, many companies do not know and use the "turbo version", namely the SWOT matrix. The matrix is formatted in such a way that the SWOT factors appear in the top row or the left-hand column at the edge. The factors are first collected there and then described briefly or as clearly as possible. Ideally, the order corresponds to the importance to the company. This arrangement creates four fields in the middle of the matrix and thus space for the derivation of so-called standard strategies, which arise from the meaningful combination of internal and external factors (see Fig. 3).

Fig.3: SWOT matrix and standard strategies

		Internal factors	
		Strengths • Strength 1 • Strength 2 • Strength 3	**Weaknesses** • Weakness 1 • Weakness 2 • Weakness 3
External factors	**Opportunities** • Opportunity 1 • Opportunity 2 • Opportunity 3	**SO strategies** ***Home game***	**WO strategies** ***Change***
	Risks (Threats) • Risk 1 • Risk 2 • Risk 3	**ST strategies** ***Re-definition or Neutralization***	**WT strategies** ***Defense resp. Withdrawal***

The SWOT matrix and standard strategies are used to the most important areas for the future.

SO strategies - linking strengths and opportunities: The idea here is to make the best possible use of existing opportunities by leveraging your own strengths. The company feels a tailwind, so to speak, and can make the most of its strengths. The goal is always to be well positioned in the SO area and to consistently develop these issues further. This is why this standard strategy is referred to here as a "home game". If a company is on an expansion course due to market demand and product innovations become a real market success, this would be a classic home game.

WO strategies - linking opportunities and weaknesses: Opportunities arise in the environment, but cannot be realized due to the company's own weaknesses. The aim is therefore to eliminate weaknesses in order to make the best possible use of opportunities. This standard strategy becomes effective if it is always linked to a development aspect or "change". Mergers & acquisitions are an example of such a strategic option. A patchy portfolio that is unable to satisfy the current demand situation is supplemented by targeted acquisitions.

ST strategies - linking risks and strengths: Perceived external risks are mitigated or defused by consciously using one's own strengths. In an active variant, we can speak here of a "re-definition", in a less forced way of a "neutralization" of the risky situation. For example, one could try to gain a reframing of an unpleasant situation by restating it from a more advantageous perspective[2].

WT strategies - linking weaknesses and risks: These norm strategies deal with the most unfavorable constellation. The company perceives risks to which it is exposed because they affect its own weaknesses. Of course, you should always try to eliminate your weaknesses in the long term. However, as it is a risky situation, you will invest in a good "defense" in the short term and, to stay with the battle metaphor, prepare for an orderly "retreat" in the worst case. Crisis scenario management, for example, falls into this area.

3. USE SWOT AS A NAVIGATION AND COMMUNICATION TOOL

At first glance, SWOT looks simple. This is precisely why it often leads to incorrect or superficial application. When used professionally, this methodology can generate valuable insights and ideas in a short space of time. The SWOT analysis is more than just an analytical tool. It is a strategic management tool that can be used to correlate the two classic management approaches "resource-based view" and "market-based view". Strategic options for action were derived from the linking of internal and external factors: "home game", "change", "redefinition or neutralization" and "defence or retreat". This not only increases knowledge and creativity, but also a company's ability

to solve problems. This is precisely what makes SWOT an effective navigation and communication tool (see Fig. 4) for management.[23]

Summary: Application & Benefits
1. Comprehensive combination of internal view (strengths and weaknesses) and external view (opportunities and risks) 2. Simple identification of standardization strategies for key topics 3. Levers for solving business challenges 4. Effective navigation and communication tool for management



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AUTHOR PORTRAIT

Prof. (FH) Dr. Peter Dietrich
>> Director of Studies International Business Studies
>> Professor of Strategic Communication and Stakeholder Management
Contact: Peter.Dietrich@fh-kufstein.ac.at

[23] Stöger, R., The most effective management tools, Stuttgart 2016, p. 21 f.

Fig.4: SWOT matrix: *Tool and example (insurance)*

Background: An insurance company regularly develops and updates a SWOT matrix. Standard strategies are developed and implemented in a targeted manner.

A. SWOT matrix

		Internal factors	
		Strengths • Market leader, good image • Financial resources • Stable, lean processes • Experienced staff	**Weaknesses** • Innovation (especially for private customers) • Declining turnover per branch • Poor market position with industrial customers
External factors	**Opportunities** • Market shakeout (liquidity pressure) • Withdrawal of banks from the insurance business • Demand from industrial customers for new solutions	**SO strategies** • Acquisition of insurance customers from banks • Sale of additional service providers • Expansion of market position through acquisition of medium-sized insurance companies • ...	**WO strategies** • Investment in R&D department/acquisition of innovation expertise • Improvement in NL sales through market consolidation • ...
	Risks (Threats) • General image of insurance (bureaucratic & expensive) • Tight liquidity • Falling margins for tourism customers	**ST strategies** • Accelerated positioning as a provider of customized insurance solutions ...	**WT strategies** • Streamlining the construction customer business portfolio • Gradual withdrawal from the tourism industries ...

B. Implementation

Standard strategy	**Measures**	**Date**	**Responsible**
SO 1: Acquisition of insurance customers from banks	SO 1.1: Identification of suitable target groups ("takeover roadmap")	30.06.	Berger
	SO 1.2: Systematic acquisition incl. monthly report on the effectiveness of the actions	31.12.	...
SO 2: Sale of additional service providers	...	...	...
...	...	...	...



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Applied Insights from the FH Kufstein Tirol

THE CORPORATE MISSION STATEMENT

Prof. (FH) Dr. Roman Stöger

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THE CORPORATE MISSION STATEMENT

COMMUNICATING THE BUSINESS PURPOSE AND PROVIDING ORIENTATION

We live in times of great change, increasing complexity, dwindling certainties, and growing confusion. This is precisely where a mission statement can help to provide orientation and create a common understanding of the company or business. The mission statement defines the normative cornerstones of the company; business purpose and customer benefit, strengths and differentiation, conviction, and purpose. It thus represents the corporate policy basis for the future and provides the framework for strategy, key projects, personnel and organizational development.

By Prof. (FH) Dr. Roman Stöger

FUNCTIONS AND CORE TOPICS OF A MISSION STATEMENT

A mission statement is part of what's known as "normative leadership" and forms a compass both internally and externally. It involves statements on the strategically relevant market, on customers and customer benefits, on the service program, on individual key processes, on business areas, and on values. Ultimately, it all boils down to the question of what the core of the business is, what the company stands for and what customers are prepared to pay for, especially in times of major changes in the markets.

There are three core themes of a mission statement[24]. First of all, the function of a mission statement is to provide long-term orientation and clarify the business purpose. The pivotal point here is the so-called solution-independent customer concern, or the need independent of the solution offered on the market here and now. The mission statement of a manufacturer of drilling machines does not say "We build the best drilling machines", but "We are the number one in fastening". This sentence naturally includes the current market performance of the drilling machine. At the same time, the sentence also includes other fastening techniques, such as doweling, riveting, gluing, and welding. Clients are primarily interested in a fastening solution, and only then in the drilling machine. It is downright dangerous to focus only on the products or service providers offered today, because this limits the view of the market, customers, and competition far too much. The old master of management theory, Peter Drucker, has repeatedly expressed this in the following question, "What business are we really in?" and not "What are we selling now?"

[24] Cf. Drucker, P., Managing the Nonprofit Organization, New York 1990, p. 7.2.

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Second, it is necessary to clearly identify the company's strengths and thus also answer the question of differentiation: Where is the company different and better than the competition? The FinTech company FundingCircle, for example, has clearly positioned itself from the outset through speed, in this case fast and unbureaucratic lending. Here, it offers a genuine alternative for corporate customers and attacks established universal banks. The third core theme of a mission statement is the designation of meaning, the question of what employees and managers are convinced of. The startup door2door was quick to highlight its contribution to society, namely the optimization of traffic flows via local transport and self-organized solutions in cities. The positive conviction of working for the "right" company and making a contribution is the best source of motivation for employees and managers. These three core topics form the substance of a mission statement (see Fig. 1).

A mission statement describes the business purpose, strengths, and conviction.

A mission statement should be developed, reviewed or reformulated if one of the following conditions applies: in the event of serious changes in the environment, the market or the company, a fundamental change in strategy, cooperations, changes in ownership and, finally, major changes in structure, culture and management in general. These drivers for mission statement development should always be taken seriously in terms of corporate policy. Before every action and change program, the normative foundations in the form of the mission statement must first be defined, or at least updated.

Fig. 1: Core topics in a mission statement

1. Business purpose and customer benefits	1. Presentation of the business purpose in the sense of "solution-independent customer concerns", i.e. independent of the current products or service providers 2. Supplementing, expanding or further developing the original business purpose based on new developments (market, technology, etc.) 3. Formulation of general, long-term business goals (market, innovation, productivity)
2. Strengths and differentiation	1. Positioning in the market in terms of your own claim: business model, quality or price leadership, customer group. 2. Clear identification of strengths in competition and from the customer's perspective: real differentiation and ideally difficult imitation on the part of competitors 3. Elements of true competitiveness: market, innovation, productivity...
3. Conviction and sense	1. Identifying the self-image of the company, employees and managers - especially in times of change 2. Clarity about innermost motivation and drive for top performance in the past, present and especially in the future 3. Key points for the purpose of the business, i.e. where the opportunities and social benefits lie

In times of great change, the business purpose must once again be put to the test.

Mission statements do not need to be adapted in times of great stability. The opposite is true in phases of change, transformation, and innovation[25]. Especially in this era of digitalization, many companies are continuing to develop their mission statement. A company such as the heat pump manufacturer iDM uses digitalization just as much as the medium-sized company and hidden champion Rational. What they call "connected cooking" is what the Daimler Group calls "CASE" (Connected, Autonomous, Shared & Services, Electric) in its current strategy. Despite their different company sizes and industries, these examples have one thing in common. They are consistently developing their business by examining strategy, structure, culture, and leadership. For this reason, company management should develop a new mission statement or update the existing one to develop a common understanding and ensure that all initiatives are moving in the same direction.

DEVELOPMENT AND IMPLEMENTATION OF A MISSION STATEMENT

When developing and implementing a mission statement, there are a number of success factors and risks that need to be considered across all sectors (see Fig. 2). These should be reflected upon self-critically throughout the entire process. It should be emphasized that a corporate mission statement should not only be written but also implemented. What sounds obvious is often a major problem in practice. To put it somewhat cynically, if top management formulates something long-term and this is then not implemented, it is probably a mission statement. In most cases, mission statements are communicated but not put into practice.

Fig. 2: Success factors and risks in mission statement development

Success factors	Dangers
1. Long-term orientation away from daily necessities **2.** Orientation towards solution-independent customer concerns **3.** Simple, clear, understandable formulation **4.** Precise, concrete and verifiable statements **5.** Can be implemented in a multi-year strategy or during the year in divisional or individual targets **6.** Consistency in handling, i.e. positive and negative sanctions	**1.** Misuse as a pure marketing tool **2.** Conclusion of the mission statement process without implementation measures **3.** Cementation of existing conditions with overly rigid adherence to the "old world" **4.** Lack of credibility due to diametrically opposed behavior of the organization and managers **5.** Incomprehensibility, especially with too many anglicisms and foreign words **6.** Development exclusively within the management and staff circle

Good mission statements are characterized by connectivity. This means that every statement must be precise, practicable, and verifiable. The mission statement thus provides a long-term orientation, which must be underpinned by the strategy over

[25] Kotter, J., Accelerate, Munich 2015, p. 97 ff.



several years and annually by divisional or individual goals. For example, the mission statement of a logistics company states, "We are consistently among the top three in the industries for the quality values 'flexibility', 'delivery reliability' and 'customer satisfaction'." This statement is valid in the long term, is understood by everyone and can be incorporated into the individual business area strategies and annual targets. This almost automatically eliminates the need for broad communication because the mission statement has been solidified.

Many mission statements are adopted and then get stuck. However, only the implementation is decisive.

A mission statement must be written clearly and comprehensibly. Generalities ("holistic customer orientation"), Anglicisms ("value-oriented business model"), or foreign words ("integrative synergy policy") should be avoided. The decisive criterion is whether simple employees, suppliers, and, above all, customers understand the message of the mission statement. A food retailer, for example, states in its mission statement, "Our stores are clean, tidy, and organized." Comprehensibility is the prerequisite for clarity in the mind and for implementation.

In principle, the broadest possible participation proves its worth so that all perspectives are included and there is a common understanding. Additionally, mission statements should, wherever possible, be linked to existing management processes. For example, managers at a bank are required to derive and implement at least one major annual goal from the mission statement. This link to management processes ensures that a mission statement is not just printed paper, but has an impact .[26]

THE MISSION STATEMENT AS A COMPASS

A mission statement produces a variety of entrepreneurial benefits. First, it is an opportunity to reflect on the company's purpose and self-image and to gain clarity about its future path (see Fig. 3). This is especially true in today's world of economic, social, and political change. Since the long-term business purpose in particular can be understood and interpreted differently, a common formulation and shared understanding are of crucial importance for communication and results orientation. This gives owners, management, employees, customers, suppliers, and business partners a clear orientation about the company's self-image and future path. This is the compass for every strategy, every change program, and every key project. In addition, a corporate mission statement is an important source, expression, and driving force for a culture of performance, adaptability, and trust.

[26] Stöger, R., The toolbox for managers, Stuttgart 2016, p. 3 ff.

Summary: Application & Benefits
1. Systematic review and further development of the business purpose, especially in times of major change 2. Joint formulation and common understanding of corporate policy principles in the "New World" 3. Clear orientation for owners, management, employees, customers, suppliers, andbusiness partners 4. Important impetus for a corporate culture of performance, adaptability, and trust



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AUTHOR PORTRAIT

Prof. (FH) Dr. Roman Stöger
>> Professor of Strategic Management
>> Program Management Business School
Contact: Roman.Stoeger@fh-kufstein.ac.at

Fig.3: Company mission statement: tool and example (chemistry)	
Background: A company in the chemical industry updates its mission statement due to the major changes in the markets and thus ensures orientation in the coming years.	
• **Business purpose and customer benefits**	• We are suppliers of competitive advantages for our customers and cover all product configurations and applications. Our B2B customers pay for stable product quality in all forms of application and for reliable processes throughout the entire supply and life cycle • Our customers are users of specification chemicals from all industries. We focus on Europe, North America and China. We do not supply to defense companies and embargoed countries • The transformation in the markets and digitalization in particular are not changing the logic of the business, but the speed and ability to change. We use digitalization to specifically improve productivity, process quality and the business-relevant information base
• **Strengths and differentiation**	• We are an absolute premium provider in all business areas and position ourselves in the top segment in terms of quality, customer benefits and price. In doing so, we use all the possibilities of digitalization • We are demonstrably and, from the customer's perspective, noticeably better at: specified products, industrial service providers in the supply chain and life cycle, process safety, reliability and cooperation • We systematically expand customer-related processes along the entire value chain and realize advantages in consulting, speed and productive service provision
• **Conviction and sense**	• We are our customers' first choice and stand for performance, absolute reliability and trust in the business relationship • Our employees and managers are proud to work for the market leader and deliver tangible competitive advantages to our customers • We are using the transformation of the markets to remain a solidly positioned, independent and healthy company



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BENCHMARKING

Prof. (FH) Dr. Roman Stöger

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BENCHMARKING

SYSTEMATICALLY LEARN FROM THE BEST

The performance of our economy and our companies depends on innovation, productivity, commitment, and implementation strength. Competitiveness means being one step ahead of the competition in terms of price-performance ratio. An essential feature of a market economy is free competition for the best products, service providers, and business models. However, there is a second aspect of competitiveness that is just as important; the ability to learn from the competition and from other organizations. This principle has been known for several decades under the term "benchmarking" and is still a very practical tool for corporate management.

By Prof. (FH) Dr. Roman Stöger

HISTORY AND SIGNIFICANCE OF BENCHMARKING

One current example is digitalization. It may seem like a relatively new development, but in fact many digital topics have been around for decades. The internet has been around for a quarter of a century and the triumph of data processing began half a century ago. Banks began to digitize decades ago, for example in electronic payment transactions. The 21st century did not invent digitization, but it has made it an all-pervasive topic. Economic history is therefore not something closed, but continues to be a rich source for learning, recognizing patterns, and drawing entrepreneurial conclusions. For this reason, it makes sense to familiarize yourself with the best solutions and ventures that already exist. The trick is often not to develop something completely new, but to combine themes. Mozart did not invent a single note, key, or instrument, but he did usher in a completely new era in music history. Similarly, Steve Jobs was not the inventor of smart solutions, but the one who combined existing technologies, designs ,and the corresponding attitude to life and, above all, implemented them.

The constant willingness to improve is part of the corporate culture.

At its core, benchmarking means learning from the best[27]. This approach is used to specifically examine activities and solutions that are already in place. This concerns products, service providers, business models, processes, and know-how. Benchmarking

[27] Subhash, R., Benchmarking for Performance Evaluation, New Delhi 2015, p. 187 and 251 ff.

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is the willingness to question oneself and engage in an open learning process. This is also where corporate culture and the constant willingness to improve become apparent.

Benchmarking is much more extensive than just the Comparison with the direct competition.

A crucial point in benchmarking is the question of with whom the comparison is made. There are five sources (see Fig. 1): The first is the company itself. Even if this may sound paradoxical, there are always interesting fields for benchmarks once an organization reaches a certain size. This can be between divisions, departments, functions, or regions. The second and most obvious source is direct competition. This is a direct competitive comparison of market performance, processes, skills & competencies, and so on. The third field is companies from other industries. For example, an industrial company can compare its own merchandise management with a logistics company and draw conclusions. The advantage here is that both companies are not in a competitive relationship and can therefore communicate relatively openly. The fourth source is benchmarks from industry associations or interest groups. Here, too, interesting studies and company comparisons are published time and again, which are usually neutralized. Fifthly, benchmark databases from consulting companies or universities can be used to increase competitiveness. In all cases, the entire field of benchmarking partners must be examined at the outset to gain as comprehensive a perspective as possible.

Fig. 1: Benchmarking partners

1. Own company
2. Direct competition
3. Companies from other industries
4. Industry associations and interest groups
5. Databases

THE IMPLEMENTATION OF BENCHMARKING

There are five core topics in benchmarking[28] (see Fig. 2). The first is called market performance and innovation. The focus here is on how products, service providers, and business models can be improved and new approaches to innovation can be found. Second, it looks at how the cost position and process productivity can be further developed. This also involves improving liquidity and profitability through new solutions and other approaches. Third, it should be examined whether the business model or the value creation logic needs to be changed. This can be done by leveraging the strengths of other companies through collaborations or alliances. For example, if a company wants to establish digital channels, it can use digital platform concepts that already exist. The fourth point is the quality of personnel and leadership. Improving personnel and management development and increasing employer and company attractiveness ("employer branding") are key here. Fifth, implementation and change competencies must be included in the benchmarking. As basic as it may sound, companies are not successful because they have good ideas or smart people, but because they are capable of change and implementation.

Fig. 2: Benchmarking - core topics	
1. Market performance and innovations	1. **Improved solutions** for existing products, service providers and business models 2. In general: **new approaches to increasing customer benefit** in the sense of genuine innovation
2. Productivity and profitability	1. Further development of the **relative cost position** and increase in process productivity (lean processes) 2. **Improvement of liquidity and profitability** through new solutions and other approaches
3. Sourcing and cooperations	1. Change **in** the **business model or value creation logic** 2. Usage of the strengths of other companies through **cooperations, alliances**
4. Personnel and leadership quality	1. Improvement **of personnel and management development** 2. Increasing **employer and company activity** (employer branding)
5. Implementation and change competence	1. **Increasing implementation and change competence** as a prerequisite for competitiveness 2. Further development of the **corporate culture**

Professional benchmarking is nothing other than organizational learning[29]. When a supermarket chain develops the food retail of the future, experience from direct competitors, but above all from other industries, is brought into the discussion. Practically everything that has to do with future product ranges, delivery channels, or digital skills & competencies has already been practiced somewhere. It would take far

[28] Stöger, R., Strategy development for practice, Stuttgart 2017, p. 7.
[29] Sarder, R., Building an Innovative Learning Organization, Hoboken 2015, p. 27 and p. 49.

too long to invent everything ourselves; not to mention the lack of resources and skills & competencies because the operational business is going well.

Benchmarking is an organizational learning process to increase competitiveness.

When using the benchmarking methodology (see Fig. 3), the first step is to determine the subject of the benchmark (products, processes, etc.). When selecting the benchmarking partners, it is important to ensure that the broadest possible perspective is taken, meaning not only the direct competition, but also other benchmarks from the company or from other industries. Secondly, simple surveys of figures or qualitative statements are made based on these benchmarking partners, for example market shares, productivity figures or an assessment of image. Thirdly, the management must define a target value from this survey. In this procedure, it is important to work with rough figures and not to get lost in detailed discussions. In the fourth step, concrete improvement measures are defined along the benchmarking topics and assigned a deadline or person responsible. Once this package of measures is available, it should ideally be integrated into an existing implementation program in order to avoid the risk of "parallel worlds". This can be a strategy process or a CIP strategy (CIP - continuous improvement process).

Learning from the best is at the heart of digitalization benchmarking. This refers to companies and solutions that influence business today and in the future. Ideally, the discussion and development process takes place in a cross-functional team from the company, with experienced people from different functions. This ensures that different perspectives are brought in and that the conclusions and measures meet with broader acceptance. This not only improves competitiveness, but also introduces a culture of systematic learning.

Summary: Application and benefits
1. Joint learning process about strengths and weaknesses ("learning organization") 2. Improving the market position by improving customer benefits (for internal and external customers) 3. Improving the cost position by increasing productivity (relative cost position) 4. Benchmarking as part of a performance-oriented corporate culture



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AUTHOR PORTRAIT

Prof. (FH) Dr. Roman Stöger
>> Professor of Strategic Management
>> Program Management Business School
Contact: Roman.Stoeger@fh-kufstein.ac.at

Fig.3: Benchmarking: *tool and example (industry)*

Background: An industrial company wants to improve its organization and, above all, its processes. To this end, the individual plants are compared with benchmarks from the industry or from other industries. The management systematically develops targeted improvement measures along the processes.

Benchmark	North America plant				
Responsibility / Date:	**C. Miller / 31.03.**				
A. Benchmark survey	**Target value**	**WE**	**Benchmark A**	**Benchmark B**	**Benchmark C**
1. Manufacturing process					
1.1 Lead time (DLZ)	72	89	72	78	84
1.2 Tool change time (WWZ)	120	198	190	120	160
1.3 Exclusion	4%	5%	5%	7%	4%
1.4. ...					
2. Productivity					
2.1 Value added per employee					
2.2 Production per machine					
2.3 Production per employee					
...					
B. Implementation	**Improvement measure**		**Date**	**Responsible**	**Status**
1. manufacturing process					
1.1 Lead time (DLZ)	Improvement DLZ to 72		31.10.	Schulz	
1.2 Tool change time (WWZ)	Optimization WWZ to 140 (long-term: 120)		31.08.	Bowers	
1.3 Committee	Improve reject rate to 3-4%		30.06.	Transmitter	
...					



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THE RESEARCH AND DEVELOPMENT STRATEGY

Prof. (FH) Dr. Mario Döller & MMag. Sarah Plank

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THE RESEARCH AND DEVELOPMENT STRATEGY

BENEFIT FROM TARGETED SUBSIDIES

There is talk of change and transformation everywhere. Markets are on the move, customers are becoming more demanding and individual and digitalization is spreading to more and more industries. Companies are caught between day-to-day business, which takes up a lot of time and attention, and the task of being innovative. Innovation is the goal of research and development (R&D). It is about ideas and the implementation of new products and service providers. This is precisely where there is the opportunity for funding that can be used by all companies.

By Prof. (FH) Dr. Mario Döller & MMag. Sarah Plank

Research and development is fundamentally different from day-to-day business. There are no customers and no sales are being made. However, every euro earned here and now is the result of a good idea from the past. Future orientation means laying the foundations in the present for successful products and service providers in the future. Numerous public subsidies can help along the way. With a research and development strategy, a company focuses on this future path.

I. SETTING THE COURSE FOR THE FUTURE TODAY

Constant, and sometimes sudden, change has become a hallmark of business and society. Companies are expected to demonstrate stability and endurance on the one hand, while being agile and flexible on the other. Striking the right balance between these two extremes is challenging, especially because day-to-day operations are constantly present and innovation issues are often pushed to the back. This is precisely where company management needs to initiate a research and development strategy so that the foundations for tomorrow are laid today. For example, one company used an FFG innovation check to create the initial basis for barrier-free access to a booking system in order to be able to address the 1.5 million additional customers in German-speaking countries.

Research and development does not follow a precisely plannable or linear [30] procedure, neither for start-ups, SMEs (small and medium-sized enterprises) or for large

[30] Bagno, R. B. / Salerno, M. S. / da Silva, D. O., Models with graphical representation for innovation management: a literature review, in: R&D Management, 47 (4) / 2017, 637-653.

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companies. A term such as "fuzzy front end" describes this very aptly. It is about a creative process at an early stage so that the implementation works later. This process is "fuzzy" because good ideas or creativity cannot be exactly predetermined or derived in a formulaic way. However, it is important that research and development is embedded in the corporate strategy and that all R&D projects are recorded in writing in a planning document.

Strengthen the company through R&D projects.

The importance of research and development for an economy is undisputed. Since our future economic development depends on our innovative strength, economic policy is interested in targeted support. Public support for research and development serves to bridge initial uncertainty, provide advance funding, and focus on future topics such as digitalization or internationalization. Here, government instruments address what is underfunded on the market, such as research into new materials, processes, and procedures for the development of new products and service providers. The realization that skills & competencies need to be renewed or further developed for this has led to funding instruments such as the FFG Innovation Cheque in Austria. This supports both the transfer of know-how from research institutions to industry and the initiation or intensification of R&D activities in companies.

2. MAKE TARGETED USE OF FUNDING ORGANIZATIONS IN AUSTRIA AND GERMANY

Well-known research and funding organizations in Austria and Germany offer a wide range of opportunities and funding instruments for R&D projects of varying size and complexity (see Fig. 1). Participation in European Union projects generally requires a high degree of communication and coordination, but can open new avenues and provide the impetus for follow-up projects. Here, service centers of the funding agencies and private sector consultancies provide assistance with regard to the abundance of calls for proposals that could be suitable for entrepreneurial needs. However, in order not to get lost in the funding jungle, the company must first clarify in principle in which direction it should innovate. This is ensured by the research and development strategy, and this is where networking with public funding opportunities takes place. The aim is always for a company not to get stuck in the "here and now" of success, but to initiate new topics at an early stage. For example, a research team with a company in the real estate sector used FFG COIN funding to research the innovative usage of image analysis methods for real estate images to automatically determine the age and location of sites, thereby opening up new business. In Austria, there is the Austrian Science Fund (FWF / basic research), the Austrian Research Promotion Agency (FFG / application-oriented research) and the Austria Wirtschaftsservice Gesellschaft (AWS / service center for business-related economic development). Important research funding bodies include the Christian Doppler Research Association (CDG) and the Austrian Academy of Sciences (ÖAW). The Funding Compass of the Austrian Federal Economic Chamber provides information on funding in Austria (e.g. for technology and innovation projects). In the

individual federal states, funding is available for local projects and employees or organizations in the region.

Fig. 1: Links to funding organizations in Austria and Germany

Links for Austrian funding organizations:

1. Fund for the Promotion of Scientific Research (FWF): https://www.fwf.ac.at/
2. Austrian Research Promotion Agency (FFG): https://www.ffg.at/
3. Austria Wirtschaftsservice Gesellschaft (AWS): https://www.aws.at/
4. Christian Doppler Research Association (CDG): https://www.cdg.ac.at/
5. Austrian Academy of Sciences (ÖAW): https://www.oeaw.ac.at/
6. Support service of the Austrian Federal Economic Chamber (WKO): https://www.wko.at/service/foerderungen.html
7. Standortagentur Tirol: https://www.standort-tirol.at/page.cfm?vpath=index
8. Province of Tyrol: https://www.tirol.gv.at/arbeit-wirtschaft/wirtschaftsfoerderung/technologiefoerderungsprogramm/digitalisierungsfoerderung/
9. INTERREG Austria-Bavaria: https://www.interreg-bayaut.net/
10. INTERREG Italy-Austria: http://www.interreg.net/de/default.asp

Links for English funding organizations:

1. Overview of funding organizations: https://www.research-in-germany.org/de/forschungsfoerderung/foerderorganisationen-a-z.html
2. German Research Foundation (DFG): http://www.dfg.de/dfg_profil/aufgaben/index.html
3. Max Planck Society: https://www.mpg.de/de
4. Fraunhofer-Gesellschaft: https://www.fraunhofer.de/
5. Helmholtz Association: https://www.helmholtz.de/
6. Leibniz Association: https://www.leibniz-gemeinschaft.de/start/
7. Federal Ministry of Education and Research (BMBF): https://www.bmbf.de/de/foerderung-in-der-forschung-642.html
8. Bavarian Research Alliance (BayFOR): https://www.bayfor.org/index_de.php

Subsidies are an "accelerator" for the ability to innovate.

In English, the German Research Foundation (DFG) serves as a self-governing organization for its scientific members. The renowned Max Planck Society also supports basic research, while Max Planck-Innovation has established itself as a successful technology transfer agency. The Fraunhofer-Gesellschaft is recognized as the largest organization for applied research in Europe. The Helmholtz Association supports cutting-edge research and the transfer of knowledge and industry, as does the Leibniz Association, which specializes in SMEs. The German economy accounts for almost 70% of research and development investment in English - a comparatively high proportion by European standards. A large number of players promote the networking of science and industry in the federal states. The Federal Ministry of Education and Research (BMBF) offers initial or in-depth information on specific funding opportunities through the federal government's "Research and Innovation" funding advisory service. In Bavaria, for example, the Bavarian Research Alliance (BayFOR) can be mentioned, which has particular knowledge of the European Research Area (large-scale projects).

Research and development today means one thing above all - networking.

The use of funding opportunities can take place at different levels (see Fig. 2). An example for the Tyrol illustrates this. The first level outsources the gain in knowledge to cooperation with higher education institutions. This is suitable for small projects with a manageable timeframe and budget. Such projects can take the form of a practical project or internship, for example. The tendering of final theses (Bachelor's or Master's theses) offers both students and companies the opportunity to explore a topic and gain knowledge.

The other four levels involve funding organizations in small, medium, and large research projects. In addition to the FFG innovation cheque, there are other ways to get started in a relatively uncomplicated way, such as initiative projects of the state of Tyrol. Here, the Standortagentur Tirol can show the way through the maze. The FFG feasibility study or the Tyrolean digitization funding of the state of Tyrol offer support for medium-sized R&D projects. The cross-border INTERREG program also makes it possible to get to know the European funding landscape at an intermediate level. As a large Austrian funding agency for application-oriented research, the FFG's funding portfolio also includes the basic program as well as other valuable instruments for advanced R&D projects. Joining a large EU project as a consortium partner or even as a lead partner (i.e. project manager) represents the master class of funding management.

Fig. 2: Usage of funding opportunities - *example Tyrol*

1. Practical projects, internships, bachelor's / master's theses
2. Innovation cheque from the FFG or state funding (e.g. initiative projects in Tyrol)
3. Feasibility study by the FFG, state funding (e.g. Tyrolean digitization funding) or INTERREG (IT-AT or AT-Bavaria)
4. Special programs of the FFG (e.g. FFG basic program)
5. EU project in the 8th Framework Program ("Horizon 2020") or 9th Framework Program ("Horizon Europe": from 2021)

3. SETTING THE COURSE WITH THE RESEARCH AND DEVELOPMENT STRATEGY

A prerequisite for innovation is clarity about the respective research and development priorities. These are summarized in the so-called research and development strategy and should be jointly developed in a comprehensive discussion process[31]. The respective R&D priorities should be identified bseveralumber of key questions (see Fig. 3). These questions ultimately also facilitate the selection of those topics that can be specifically addressed with funding.

[31] Hauschildt, J. / Salomo, S. / Schultz, C., & Kock, A., Innovation Management, Munich 2016, p. 143 ff

Fig. 3: Key questions for the research and development strategy
1. How are customers, customer needs, and technologies changing? 2. What does this mean for our current and, above all, future products and service providers? 3. What will competition look like in the future? 4. How will business change in general - from an "old world to a new world", so to speak? 5. What skills & competencies will we need in the future?

The corresponding resources are then derived based on the R&D priorities. Essentially, this involves the company's own personnel resources, material, IT, and system investments as well as cooperation and outsourcing resources. Finally, the individual key measures for implementation are defined. It is important that this strategy forms the framework so that the company has orientation and clarity regarding the targeted usage of funding. In this way, the company makes an important contribution to laying the foundations for future success today.

Summary: Application and benefits
1. Systematic discussion of R&D topics to ensure the future viability of the company 2. Development of future projects away from day-to-day operations 3. Targeted usage of funding for the development of the identified R&D topics 4. Establishment of a sustainable R&D network with external partners and specialists

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AUTHOR PORTRAITS

Prof. (FH) PD Dr. Mario Döller
>> Rector of the FH Kufstein Tirol and Professor for Multimedia Information Systems
Contact: Mario.Doeller@fh-kufstein.ac.at

MMag. Sarah Plank
>> R&D Coordinator of the FH Kufstein Tirol
Contact: Sarah.Plank@fh-kufstein.ac.at

Research and development strategy: tool and example (engineering office)			
Background: A medium-sized engineering company is developing a roadmap for the most important research and development topics as part of its "Strategy 2029". This is the framework for R&D collaborations and for the individual roadmaps for implementation.			
1. R&D focal points			
1. Integration of customers' R&D processes	• Development of joint R&D platforms with mechanical and plant engineering customers • Data / interface integration • Conception and step-by-step piloting of software tools with key customers		
2. Development of pharmaceutical industries	• Market analysis and development of targeted solution packages for the following processes: R&D, supply chain, production • Pre-development of system and data solutions (analyses, configurations...) • Establishment of first reference customers in the DACH region		
3.	.....		
2. R&D budget (annually for the next 3 years)			
1. Human resources		400,000 euros	
2. Property, plant and equipment / IT / system investments		1,500,000 euros	
3. Cooperation / outsourcing resources		1,000,000 euros	
3. Key measures for implementing the R&D strategy			
R&D focus	**Measure**	**Date**	**Responsible**
1. Integration of customers' R&D processes	Design, development and testing of integrated R&D platforms (together with university partners)	31.12.	Bernese
	Development of 2-3 software tools and deployment with 1-2 pilot customers	31.10.	Wilson
	...		
2. Development of pharmaceutical industries	Market study regarding market volume, customer journey, customer needs (customer benefits)	30.06.	Farmer
3. ...	...		



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ANNUAL FINANCIAL STATEMENTS AND START OF THE YEAR

Prof. (FH) Dr. Roman Stöger

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ANNUAL FINANCIAL STATEMENTS AND START OF THE YEAR

CONTINUING ON THE ROAD TO SUCCESS WITH A LOOK BACK AND A LOOK AHEAD

Many companies are facing major challenges: Upheavals in the market, new products and service providers, changes in competition, digitalization, internationalization, and a shortage of skilled workers These are all indicators of change that is taking place today. At the same time, more and more employees, managers and entrepreneurs are complaining that they are "consumed" by day-to-day business and find too little time for long-term issues. It is precisely this long-term orientation that can be ensured by a professional annual financial statement and start to the year.

By Prof. (FH) Dr. Roman Stöger

Budgets and multi-year plans are drawn up in many companies. These methods date back to a time when the economy grew continuously and there were relatively few changes in the markets. Therefore, most plans are nothing more than extrapolations of the past into the future. The current year is used as a basis, an increase in sales is factored in, and then the corresponding positions are set in the budget.

Good operating figures such as sales or profit are the result of the right decisions made in the past.

This understanding of planning works perfectly in times of growth and constant economic conditions. Take a baking powder producer in 1962, for example. Demand was rising steadily, competition was manageable, customer structures were the same, and nothing changed in the product. However, today the situation is fundamentally different for many companies. It is precisely for this reason that we need a different understanding of annual financial statements and the start of the year. Good operating figures such as turnover or profit are the result of the right decisions made in the past. Other benchmarks are required to set the right course for the future.

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info@fh-kufstein.ac.at // www.fh-kufstein.ac.at

I. THE ANNUAL FINANCIAL STATEMENTS AS AN ASSESSMENT OF THE COMPANY'S POSITION

The major upheavals in the markets and the major challenges facing our companies can only be overcome if management undertakes a joint assessment of the initial situation. An "annual financial statement" is conceptually misleading in that it is not about an "end", but about a beginning, namely new goals, new procedures, and new business models. Clearly, every financial year must be completed professionally in terms of business and commercial law. Balance sheets, profit and loss statements (P&L), tax returns, and similar statements are important components in commercial conduct. However, entrepreneurs must always be aware of one thing. A balance sheet and a P&L are like a rear-view mirror in that they show what happened. They say nothing about whether the current course is correct. An exaggerated comparison is driving with a taped windshield. Everything has always been good in the rear-view mirror, but nobody would want to drive such a vehicle. Self-driving companies with autopilots have still not been invented.

The classic annual financial statements are a rear-view mirror and therefore only suitable for business to a limited extent.

In addition to the legally prescribed standards for annual financial statements, the company can also be assessed using the six key strategic indicators[32]. This makes it possible to analyze where the company stands and which important issues need to be addressed in the coming year (see Fig. 1).
Three questions are helpful for the annual financial statements as an assessment of the company's position. **First**: In which of the key figures do we have real strengths and where do we need to develop these strengths further? This is probably the most important question, because a company can only be successful in the market if it is "different and better" than its competitors. The only source of this is strengths.

The key entrepreneurial question is always, "Where are we different and better?"

Second, where do we have weaknesses or bottlenecks that are preventing us from being successful? This is explicitly not about finding culprits and mistakes, but about a sober description of what is preventing us from gaining a competitive edge.

Third, do managers and key employees have the same understanding of the changes and challenges? This question is the most difficult because long-term and fundamental issues are not discussed at the hectic pace of day-to-day business. However, this exchange should take place at least once a year. What is needed here is not retrospection, but a shared picture of the future. These three questions in the annual

[32] Malik, F., Corporate Policy, Frankfurt 2008, p. 176.

financial statements provide a real conclusion and at the same time a basis for the new financial year.

Fig. 1: The six key strategic variables	
1. Market position	• Market share and positions with customers and in competition • Customer benefits and competitive advantages • Image and quality of business-relevant networks
2. Innovation performance	• Development and marketing of new solutions • New products, new service providers, new business models • Establishing new rules of the game in competition
3. Productivities	• Productivity of capital, labor, knowledge and time • Continuous improvement of quality-time-costs • "Systematic garbage collection" (removal of outdated topics)
4. Attractiveness for good people	• Attractiveness on the labor market and for top performers in the company • Systematic personnel and management development • Professional management systems and processes
5. Liquidity	• Payment obligations and cash flows • Development of liquidity over time • Professionalism in liquidity controlling
6. Profitability	• Profit and securing financing requirements • Financial stability and adequate level of self-financing • informative value of the systems (cost, revenue, profit and loss accounting)

2. THE START OF THE YEAR AS AN IMPETUS FOR GOALS AND IMPLEMENTATION

The six key strategic parameters result in clear targets for the coming year and beyond[33]. All of this can only be achieved if management has mastered one thing - the ability to implement. Targets only become effective if the implementation apparatus in the company works.

The start of the year should be an opportunity to check once again whether the company is fast, uncomplicated, and results-oriented.

Management cannot normally influence the major issues in the industry or the economy, and if they can, then only to a very limited extent. What can be controlled is the effectiveness of people and organizations. This is exactly what makes the difference and good employees or interested customers choose a company where something is made to happen. For an effective start to the year, a total of five key topics need to be discussed and developed further (see Fig. 2). These are business-oriented and have always been used by industry leaders.

1. Clear goals: The first thing is to have clear goals. Every company with a strong implementation capability needs ambitious annual targets for orientation and to prioritize its own resources. It is important that the annual targets are derived from the

[33] See Stöger, R., Strategy development for practice, Stuttgart 2017, p. 177 ff.

key strategic parameters. This is the only way to create something like an overall program. It makes little sense if everyone is committed but the activities are scattered. Annual targets must be formulated clearly, comprehensibly, and realistically so that implementation works. This also means that the goals must be assigned to specific people, not anonymous departments, and communicated.

2. Lean Organization: The second topic is lean organization. This requires clear tasks, skills & competencies, and responsibilities. This is the only way to make a company productive and efficient, especially between the interfaces. Every beginning of the year should be used to increase productivity and carry out a "systematic waste disposal". This means getting rid of everything that has become obsolete, that has not (or no longer) proven itself, or that makes a company slow or complicated.

3. Competent Leadership: The third aspect to be discussed is skills & competencies in leadership. Essentially, it is about ensuring that goals are set, performance appraisals are carried out and this is accompanied by personnel development. Effectiveness requires that managers have a solid working methodology and are consistent in delegating. The start of the year can also be an opportunity to professionalize meeting and project management. All of this shows that competent leadership is primarily a very "technical" matter and does not require complicated methods.

The start of the year always focuses on customers and competitiveness.

4. Targeted Personnel Development: The fourth topic of an annual financial statement is targeted personnel development. Products and service providers are becoming increasingly similar in many industries. The decisive difference is the personal contacts and the "face". Even in companies where this is not necessarily the case, one thing will always be decisive for success. Competent, pragmatic employees who are strong in implementation. Gone are the days when existing skills & competencies were enough for decades. Topics are becoming more demanding, communication is becoming more important, and the half-life of skills is getting shorter and shorter. The current shortage of skilled workers and the competition for competent employees are additional motives for personnel and management development. All of these are indispensable prerequisites for a company's attractiveness for real top performers.

5. Consistent Implementation Management: Finally, it is about consistent implementation management[34]. The norm in today's business world is that goals in the new year have to be even more ambitious and challenging. All of this means that the ability to implement them must also be increased. The questions are: Are we uncomplicated, direct and fast in implementing topics? Are our customers and our competitiveness always at the center?

[34] Cf. Rieckhof, H., Die sechs Hebel der Strategieumsetzung, Stuttgart 2010, sections 2 to 5.

Fig. 2: The five key topics for an effective start to the year	
1. Clear goals	• Are the new annual targets derived from the strategic key figures? • Are the new annual targets clear, understandable and realistic? • Have the new annual targets been distributed to people and does everyone know each other's targets?
2. Lean organization	• Are the AKV (tasks/skills/competencies/responsibilities) clear and consistent (especially between interfaces)? • Is productivity continuously improved, e.g. as part of a CIP (continuous improvement process)? • Is there a "systematic waste disposal system" in the company?
3. Competent leadership	• Does the management take care of objectives, performance appraisal and personnel development? • Do all managers master their working methods and delegation? • Does the company have professional meeting and project management?
4. Targeted personnel development	• Attractiveness on the labor market and for top performers in the company • Systematic personnel and management development • Professional management systems and management processes
5. Consistent implementation management	• Is the company uncomplicated, direct and fast in implementing topics? • Do you avoid getting bogged down in too many topics? • And: Are customers and competitiveness always the focus?

The "pit stop for the start of the year" tool is the basis for the implementation

Ultimately, it is these five key topics that can be developed using the "pit stop for the start of the year" tool (Fig. 3). Based on the questions presented, appropriate measures are identified and responsibilities for implementation are defined.

The "annual accounts and start of the year" approach helps to avoid a typical phenomenon in today's business world, namely getting lost in the day-to-day business. At least once a year, time is set aside to reflect on how the company is positioned. Only with this broad overview is it possible to avoid operational hectic and work on the issues that are crucial in the long term. This is precisely the prerequisite for finding the right course for the future.

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info@fh-kufstein.ac.at // www.fh-kufstein.ac.at

Summary: Application and benefits
1. Sober assessment of the initial situation based on the strategic key figures 2. Self-critical examination of the implementation capability of your own company 3. Avoiding getting lost in day-to-day operations 4. More time for the really important issues



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AUTHOR PORTRAIT

Prof. (FH) Dr. Roman Stöger
>> Professor of Strategic Management
>> Program Management Business School
Contact: Roman.Stoeger@fh-kufstein.ac.at

Fig. 3: Pit stop for the start of the year - tool and example (Automotive)			
Background: A medium-sized car dealer develops a program for an effective start to the year. the guide for this is the five key themes.			
Key topic	**Improvement measures**	**Date**	**Responsible**
1. Clear goals	Definition of clear objectives for all managers (especially for service and workshop): Customer benefit, productivity, personnel development	12.01.	Cellar
	Setting new targets for: • "smart repair" • New body services (Note: The elaboration is based on the project management guide)	12.01.	Cellar
2. Lean organization	Redesign of the complaints process (incl. corresponding automation with the processes)	15.03.	Wiesner
	Clarification of the AKV (tasks/skills/competencies/responsibilities) for the topics: • Short-term car rental business • Facebook maintenance and events	14.02.	Weaver
3. Competent leadership	Start of targeted management development with a focus on: Self-management, working methods, leading and developing employees, delegation	31.03.	Burgstaller
4. Targeted personnel development	Reorganization of training for workshop management and service personnel	31.03.	Brunner
5. Consistent implementation management	Implementation and completion of projects: • Carpooling • Green fleet	30.06.	Muller / Daubner
	• Development of a standardized system for collecting and tracking all implementation measures (annual targets, projects, etc.)	31.01.	Hofer



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USING STRATEGY TO ACHIEVE RESULTS

Prof. (FH) Dr. Roman Stöger

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USING STRATEGY TO RESULTS

PROVIDE ORIENTATION AND ACCELERATE IMPLEMENTATION

A strategy is a company's program for the future. It specifies the business purpose, creates clarity about goals, and forms the basis for one of the most important topics in management - the effectiveness of people and organizations.

By Prof. (FH) Dr. Roman Stöger

1. STRATEGY DEVELOPMENT AS A KEY ENTREPRENEURIAL TASK

The key question in strategy development is, "What do we need to decide and start today to ensure that we stay in business in the long term?"[35] It is about the future key issues of the business and not about updating the present. In order to develop a strategy, a number of key questions need to be answered (Fig. 1).

Fig. 1: Key questions for strategy development

1. What is the customer benefit that we create? What does the customer pay for today, and in the future?
2. What solutions (products, service providers) do we offer today and how do we need to further develop or renew these solutions?
3. Who are our customers today and who will they be in the future?
4. In which business areas are we active today and in which do we need to be active in the future?
5. Who are our competitors today and who will they be in the future?
6. What are our strengths today and how do we need to develop them further?
7. What is our productivity like today and how do we need to increase our efficiency in the future?
8. How do we ensure liquidity and profitability today and in the coming years?
9. How have we developed our personnel to date and what quality of personnel do we need in the future?
10. Do we have the right managers and the right understanding of leadership to develop the company further? Do we need to change anything here?

These questions show that only experienced employees and managers with a strong implementation capability can participate in a strategy process. It is important to take a step back from day-to-day operations and fundamentally put the business to the test. External parties can contribute their experience and moderate the process, but the responsibility for the content clearly lies within the company. The key questions outlined can be used to assess the current situation and develop a program for the future.

[35] Cf. the long-term orientation in: Beer. S., Diagnosing the system for organizations, Chichester 1985, pp. 1 and 128.

Profit is highly dangerous as a strategic control parameter because it is only a look at the past. More is needed for a strategy.

The strategy is not to maximize profits, but to ensure healthy business in the long term. Many textbooks still state that profit maximization is at the heart of doing business. However, experienced entrepreneurs know that this is far too short-sighted. High profits are the result of correct decisions and professional implementation of the past. As a benchmark for the future, profit is dangerous because it lulls people into a sense of security and makes them believe that good figures here and now are proof that the company is on the right course for the future. What is interesting from an entrepreneurial point of view is what produces profit and ultimately liquidity. These are what precedes them in time: customer benefit, innovation, market share, productivity, and attractiveness for good employees. These are precisely the benchmarks[36] that matter.

A good strategy starts with the future, "brings the market into the company," and is the basis for budgeting, target agreements, resource planning, organization, and personnel development. The procedure and structure for developing a strategy are not difficult in themselves, but require a minimum of methodological skills & competencies. The most important points are presented below and illustrated with an example (see Fig. 2).

The first step is to identify future strategic challenges. This involves presenting the most important developments affecting the company. This can relate to markets, customers, competitors, prices, quality, legal framework conditions, the economy, and so forth. These are the starting point for the strategic objectives, which must provide an answer.

Second, the five to ten most important strategic goals must be developed. These are the key topics of the future and "bundles of measures", meaning that they contain several concrete starting points for implementation. They form the basis for quantification, annual targets, and key projects.

The strategic key data solidify the strategic goals. They relate to sales, market share, cost position, number of employees, and operating results. The key data is not a "decimal point calculation" and forms the framework for the annual budgets. The time frame depends on the industry, but in many cases is between three and five years.

The strategic goals for the functions are developed following the key figures. The question is what the individual functions in an organization must achieve in order for the objectives to be implemented. These requirements are the key to implementation. They establish the link between strategy and organization.

[36] Cf. this approach with the key variables in: Malik, F., Strategie, Frankfurt 2011, p. 291 ff.

A strategy is not an abstract description of intentions. It can only be implemented once there is clarity about measures. Based on the objectives of the functions, the measures are detailed according to responsible persons and deadlines. Only a single person is designated as the person responsible, not a team. The wording is not activity-oriented, but corresponds to a result. For example, a good measure is not "Establish service station", but "The service station is effective as of 01.07.". These measures then form the basis for the annual target discussions.

The necessary funds result from the objectives and the measures. A rough estimate is sufficient for the individual positions. The following types of resources can be distinguished: human resources (people, qualifications), material resources (equipment, premises, vehicles, IT resources), marketing resources (sales apparatus, advertising resources), and financial resources (liquidity, equity...). The resources must be specified for the strategic period and then budgeted annually.

Strategy creates clarity and orientation in a increasingly complex world.

This structure of a strategy also forms the core of a business plan, an innovation, or start-up strategy. Of course, every topic can be detailed, but a concise summary containing an overview and key statements should be at the top.

2. IMPLEMENTATION OF THE STRATEGY PROCESS

A number of principles must be observed when developing a strategy[37]: Those responsible for implementation must be involved to ensure that it is technically sound on the one hand and to create the necessary acceptance on the other. Care should be taken to ensure proper documentation from the outset and only genuine findings, decisions, and measures should be recorded. Comments, statistics, and the like, should be included in an appendix. The completed strategy should be communicated to all those who need the information or contribute to its implementation. After official adoption, a review should take place once or twice a year to check whether the strategy is still valid and whether implementation is working. New findings and measures are also developed there.

Precisely because markets have become more complex and many things are changing rapidly, a company needs a strategy as a point of orientation. This applies to all industries, all company sizes, and every social institution. A strategy solidifies the business purpose, creates clarity about the goals and is the basis for implementation. This makes a strategy the most important tool for managers and the linchpin of practically all management issues. The quality of a strategy is measured by the results

[37] Cf. the development process in: Stöger, R., Strategie Entwicklung für die Praxis, Stuttgart 2017, p. 265 ff.

that are achieved. The craft of strategy understood in this way can be learned to a high degree and is the most important tool for managers who want to be effective.

Summary: Application and benefits
1. A clear future program for a company, a business segment, a customer group, a product group, or a region. 2. Starting point for annual targets and key projects 3. Specification for medium-term plan and budgeting 4. Important input for the further development of the organization, corporate culture, members of staff / employees, and managers



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AUTHOR PORTRAIT

Prof. (FH) Dr. Roman Stöger
>> Professor of International Economics and Strategic Management, Associate at Malik Management Zentrum St. Gallen
Contact: Roman.Stoeger@fh-kufstein.ac.at

Fig. 2: Strategy - example (retail company)			
Background example: An international mail order company is developing a strategy for the business segment (customer group) "Children and Youth".			
1. strategic challenges			
1. Saturation and internationalization	• Beginning internationalization of the market • Dwindling customer loyalty in the market		
2. Overcoming the complexity trap	• Complexity trap in the product ranges (systematic waste collection required) • Increase in employee productivity		
3. Bottlenecks in the labor market	• Finding and retaining good personnel for international business • Increasing the quality of leadership		
4. ...	• ...		
2. strategic goals			
1. Market development in France	• Achievement of 10% market share in France • Cooperation with national discount chains • Establishment of 15 own stores in the largest cities		
2. Market penetration with own stores	• Establishment of 20 own stores in Germany and Austria (shopping centers and frequented locations) • Development of the franchise system • Target sales per store per year: 0.7 million euros		
3. Strengthening the "Book, hearing and seeing" range	• Expansion of the product range to 15 million euros turnover • Handling of the "Book" division via the Internet platform "Interbook" as logistics partner		
4. ...	• ...		
3. key strategic data			
	Year 1	**Year 2**	**Year 3**
Market volume (in million euros)	2600	...	...
Market share	5	...	...
Net sales (in million euros)	130	...	...
Number of stores	20	...	...
Purchasing, external services...	116	...	...
Value added (sales minus purchasing; in million euros)	14	...	...
Investment	10.5	...	...
Investment intensity (investment / value creation)	0.75	...	...
Full-time employees	80	...	...
Employee productivity (value added per capita)	175.000	...	...
Operating result (in million euros)	1.5	...	...

4. strategic objectives for the functions	
Function	**Requirements for the function**
1. Purchasing	• Significant optimization of purchasing conditions (expansion) • Extensive elimination of specialty product ranges • Clear distribution of tasks: central purchasing and store purchasing
2. Logistics	• Outsourcing of the feeder and dispatch service (TransLog) • Removal of the furniture range from own logistics • Development of supply logistics for stores (interim storage...)
3. Sales / Marketing	• Professionalization: catalogs, mailings • Development of franchise system (contracts, development...) • Design of market presence and advertising for the stores
4. IT	• Systemic integration of market development in France • Connection of the system partner TransLog • Connecting franchisees and Interbook
5. Personnel	• Personnel optimization: IT, telephony, personnel for abroad • Improving management quality: management development program • Management and personnel development for franchise system
6. ...	• ....

5. measures			
Task (example "Logistics" function)	**Date**	**Responsibility**	**Status**
1. Closure of own feeder service: sale of trucks, termination of leasing contracts and rentals	31.03.	Miller	
2. Transfer of the shipping business to TransLog: Transfer of contracts with postal service (new partner), billing and commission model	30.06.	Walter	
3. Ensuring quality with TransLog: Quality specifications and audit / contractual penalties or bonuses	31.10.	Shoemaker	
4. ...			

6. means	
Task (example "Purchasing" function)	**Costs in Euro**
1. Five additional buyers (specialization in product ranges)	400,000 p.a.
2. System costs: • New purchasing platform • Annual maintenance, optimization, etc.	 120,000 one-off 10,000 p.a.
3. Cancellation of special product ranges (see list): Dissolution of contracts...	50,000 one-off
4. ...	...