

Preface

This book owes its origins to a question that we, the authors, have often been challenged with. What, in theory and on the basis of practical experience, is the correct path for a company to take when strategy comes into conflict with the thinking of the capital markets?

Our book is an attempt to answer this important question. It deals with the fundamental problem in corporate decision-making: the conflict between strategic and financial thinking. We compare these two main currents in business thinking and describe the tools used by each side. More than that, we develop an approach that reconciles the two conflicting schools of thought. We call this our Four Seasons Model. Companies pass through four seasons during their lifecycle: phases in which they must *position themselves*, *develop*, *grow* and, ultimately, *earn*. Each season follows on naturally from the previous one, logically building on it. Both the strategic and the financial perspective can act as a sort of compass in the management's decision-making processes. Depending on which season the company finds itself in, the needle swings more toward strategic or toward financial considerations.

In this book we have collated and synthesized many different theoretical insights, checking them against real life and backing them up with practical examples. This process led to the development of the Four Seasons Model – a model now also used by universities as a basis for teaching and further research. In particular, the Four Seasons Model forms part of the *Strategies for Growth* course regularly offered at Leipzig Graduate School of Management and the *Entrepreneurial Investment* course at the University of St. Gallen for students on the Master's program in *Accounting and Finance*.

With this book, we hope to open up a new, modern perspective in the teaching of business studies. This inevitably deals with a crucial question: What should a course in general business studies actually cover? In the old days, the answer was straightforward enough: production, sales, finance and organization, all taught as individual subjects. But this approach neglects the ways that individual disciplines are interconnected. We believe that our perspective on strategic and financial thinking is more holistic – and hence more fruitful. The weight companies give to strategy or finance as decision criteria depends on the phase in which they find themselves; for this reason, we also present the typical patterns according to which people, money and technology are interwoven.

We would like to take this opportunity to express our sincere gratitude to Professor Thomas Berndt at the University of St. Gallen for their valuable comments and suggestions. Dr. Tobias Raffel of Roland Berger Strategy Consultants oversaw the entire project. Ms. Andrea Wiedemann put the data and materials together and gave our writing polish wherever necessary. Finally, we would like to thank the Springer Verlag, and in particular Dr. Werner A. Müller and Ms. Irene Barrios-Kezic, for overseeing this latest volume in the series issued by the Roland Berger Academic Network.

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September 2008

Management Between Strategy and Finance

The Four Seasons of Business

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2009, XIII, 325 p., Hardcover

ISBN: 978-3-540-85274-2