Adaptive Strategy Modeling - Linking the Mechanics of Strategy, Finance, and Operations

Christian Fuat J. Ecer[1]

Dr. Ecer Strategy and M&A, Germany

Abstract

This paper introduces the *Adaptive Strategy Model*, a dynamic three-step problem-solving system designed to link a firm's market, business, financial, and operating models. First, *Market Modeling* estimates and triangulates the size and growth rate of a strategically relevant market (SRM), which requires a detailed understanding of customers' preferences and willingness to pay. Second, *Business Modeling* analyzes the organization's internal capabilities, including its unique value proposition, product portfolio, organizational set-up, and financial system. Third, *Strategic and Financial Modeling* articulates the firm's strategic conduct and quantifies it in relation to its competitive position and market opportunities. This model differs from traditional frameworks by integrating strategy, finance, and operations into a single coherent work stream, enabling a consistent feedback loop between market dynamics and business operations. By bridging the execution gap through this mechanical integration, the model equips decision-makers with a pragmatic tool for strategic leadership.

JEL CODES: M1, M21

KEYWORDS: Strategic Planning, Decision Making, Organizational Agility, Business Models, Financial Performance

1. Introduction

Corporate strategies often fail. Organizations often struggle with translating strategies into coherent, decision-guiding systems that integrate market assumptions, financial planning, and operational execution (Beer & Eisenstat, 2000; Mintzberg, 1994; Leinwand & Mainardi, 2010). Existing strategy frameworks address isolated dimensions but lack integrated mechanisms to ensure coherence across strategy, finance, and operations (Collis, 2021). Executives are frequently overwhelmed by the complexity of leading from strategy to implementation, creating the *execution gap.* It describes the systematic disconnect between strategy development, financial planning, and operational implementation. (Beer and Eisenstat, 2000; Sull, 2007). This is supported by Mahoney and McGahan (2007), Hoskisson, Hitt, and Yiu (1999), and Durand, Grant, and Madsen (2017), who advocate a more integrative approach that aligns strategic initiatives with organizational capabilities and market dynamics.

This paper introduces the *Adaptive Strategy Model*, a three-stage iterative system that operationalizes the causal link between market assumptions, strategic planning, financial projections, and implementation. Different from existing strategy tools that treat market analysis, internal capabilities assessment, and financial planning as isolated tasks, this model structures them as interdependent, testable hypotheses within a coherent decision architecture.

The model enables executives to (1) triangulate market size estimates bottom-up rather than relying on industry reports, (2) quantify the financial implications of strategic plans explicitly, and (3) create feedback loops that test and refine assumptions through implementation. By embedding learning mechanisms directly into the strategy development process, the model addresses the execution gap that has long plagued strategy implementation.

2.   Literature Review

2.1   Classic Strategic Decision-Making Concepts and Theories and Their Limitations

Strategic decision-making in corporations has attracted a wide range of researchers and practitioners, contributing a broad set of relevant frameworks and tools. To analyze macroeconomic trends, Aguilar (1968) suggests the PEST Analysis, which structures political, economic, social, and technological drivers. The SWOT Analysis (Humphrey, 1960) captures a firm's strengths and weaknesses relative to its market opportunities and business threats, aiming to identify strategic measures to effectively and efficiently exploit its business potential. Porter's (1980) Five Forces Framework identifies the competitive dynamics that shape industry structure and profitability, disentangling the bargaining power of suppliers and customers, as well as the threats posed by new entrants or substitute products. Adding another perspective to competitive analysis, Barney's resource-based view of a firm (1991) suggests that competitive advantage is best achieved by establishing a set of valuable, rare, and non-substitutable firm resources. Porter (1985) complements this view with his analysis of value chains, illustrating how firms achieve cost leadership or differentiation by optimizing internal activities. Henderson's *Growth-Share Matrix* (1970) introduced a method for plotting products or business segments based on revenue growth rates and relative market share, to help executives make strategic capital allocation decisions. Kim and Mauborgne's (2004) concept of Blue Ocean Strategy advocates creating uncontested market spaces to reduce the relevance of competition. Their *Value Curve* provides a practical tool to optimize offerings across attributes such as price and quality. *Ansoff's matrix* (Ansoff, 1965) further structures growth decisions by differentiating between market penetration, market development, product development, and diversification strategies.

For practitioners, one of the most challenging tasks is coherently structuring the firm's value proposition, given its dependence on numerous variables. Osterwalder and Pigneur's (2010)

Business Model Canvas addressed this problem through nine building blocks that cover the key sources of a value proposition, incorporating customer segments, customer relationships, sales channels, key partners, key activities, key resources, and the firm's cost structure and revenue streams, synthesizing them into the firm's unique value proposition at the heart of the concept. Demil and Lecocq (2010) extend this view by emphasizing the dynamic nature of business models and their role in strategic management.

While these frameworks support decision-making across a wide range of managerial challenges, a common limitation is their insufficient treatment of the dynamic interaction between external and internal factors. Valentin (2005) criticizes that some of these concepts do not meet the requirements of the rapidly changing macroeconomic environment that most firms face today. However, the enduring popularity of these concepts underscores the need for analytical guidance through relatively simple frameworks that define and structure strategic problems, serving as a map to generate useful evidence for business decisions. Porter's *Five Forces* may not capture the dynamic character of competition, yet it represents a robust starting point for the investigation of competitive environments for business analysts. The *Business Model Canvas* might not fit all types of businesses. However, it certainly allows for structuring a discussion of the firm's unique value proposition, or, more importantly, its potential lack thereof. The *SWOT* analysis might not capture all of a firm's strengths, weaknesses, threats, and opportunities, but it enables a fast-paced executive decision process to orchestrate the business leaders' thoughts and minimize biases frequently observed in decision-making (Kahneman & Tversky, 1979; Kahneman, 2003; Kahneman, Slovic, and Tversky, 1982; Simon, 1959; Tversky & Kahneman, 1992) Despite their continued relevance, these instruments lack an integrated mechanism that connects strategy development, financial planning, and operational execution into a coherent decision logic.

Empirical evidence from both academic and practitioner research consistently indicates that a lack of analytical tools rarely drives strategy failure; rather, it stems from a lack of coherence among strategic intent, financial logic, and operational realization (Beer & Eisenstat, 2000; Mankins & Steele, 2005; Leinwand & Mainardi, 2010).

This is reinforced by the inclination to treat strategy as a planning task rather than as an ongoing decision system, leading executives to confuse strategies with goals and articulate aspirations without specifying trade-offs. (Mintzberg, 1994; Vermeulen, 2017). Even approaches that explicitly account for market predictability and malleability remain static and offer limited guidance for iterative adjustment under uncertainty (Reeves, Love, and Tillmanns, 2012).

This execution gap, repeatedly documented across industries and organizational contexts (Beer and Eisenstat, 2000; Sull, 2007), constitutes the central motivation for the Adaptive Strategy Model, which explicitly connects strategy, finance, and operations through an iterative, learning-oriented architecture.

3. The Adaptive Strategy Model

The logical mechanics of the *Adaptive Strategy Model* (Figure 1) are rooted in three fundamental interdisciplinary schools of thought. First, it is anchored in the epistemological concept of experimental learning (Popper, 1959) and the Discovery-Driven Approach (McGrath, 2010). This reflects McGrath's argument that experimentation in uncertain settings is more important than highly sophisticated analysis, for which the half-life of evidence is extremely short, and the marginal benefit from more analysis of the same dimension is diminishing rapidly. Second, the model embeds the most pragmatic, and practice-tested analytical tools from strategy research, including those for external analysis, such as PEST analysis of macroeconomic trends (Aguilar, 1967), Strategic Relevant Markt (SRM) growth and share modeling (Ecer, 2023), Porter's Five Forces analysis of competitive dynamics

(Porter, 2008), and Key Purchasing Criteria analysis. Moreover, it draws on strategy research concepts to measure internal capabilities and resources, including business model analysis (Osterwalder, 2010), product and segment portfolio analysis (Henderson, 1970), value chain analysis (Porter, 1980), and standard financial ratio analysis. Third, and most impactful, it directly links strategy to finance and operational implementation, ensuring that experimental results are causally linked to financial planning, quantified in business cases, and executed through project management plans. The implementation of the model begins with Market Modeling, which estimates the strategically relevant market size and its expected growth rate.

Figure 1. The Adaptive Strategy Model
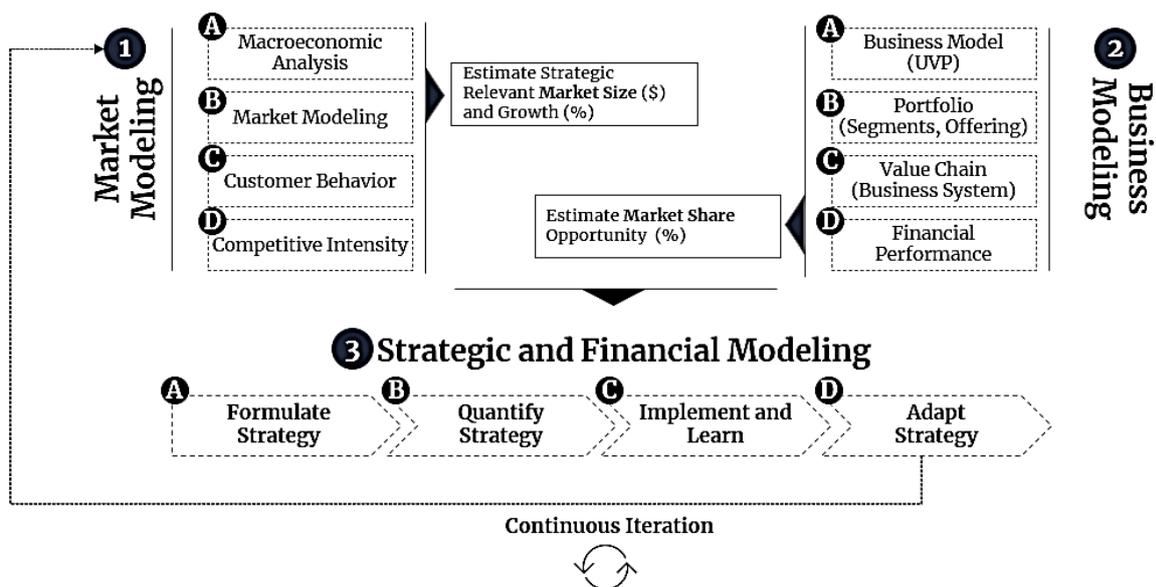
3.1. Market Modeling (Step 1)

Modeling the size of a strategically relevant market is among the most complex exercises for a strategy professional, addressing the question: How large *is the market for us, given our business model and available resources?* The latter part of this question is frequently neglected in corporate strategy development processes. To develop such a proxy, it is essential first to understand who the potential customers are, their purchasing decision criteria, and their

willingness to pay. The aggregation of the number of potential customers, structured into customer segments, along with the sum of their wallet size for the offering the firm aims to sell, is the firm's strategic relevant market (SRM), the market opportunity that a company can compete for effectively and efficiently with its current business model and value proposition.

The high complexity of gathering this information often leads to outsourcing market intelligence to agencies that estimate the aggregate market size and growth rates of an entire industry or market. (Bustinza, Arias-Aranda, and Gutiérrez-Gutiérrez, 2010) As a consequence, industry market reports typically serve as the starting point for a corporate strategy process. A specific business segment is hypothesized to have a certain monetary value. This value, let us assume it is $1 billion, often forms the reference point for determining the financial targets, foremost the revenue targets. The major problem arises when corporate strategists adopt this value without triangulating it to reflect the firm's specific business model, customer base, and resources. Neglecting this step is frequently a source of substantial underperformance of a financial plan. To understand why, it is fundamental to investigate the mechanics of the volumes sold into a market and the average selling prices achieved. While agencies typically implement sophisticated methodologies to estimate demand and price developments, these models remain highly fragile constructs composed of many variables for which magnitudes and causalities are often not fully clear. (Taleb, 2008; Taleb, 2012; Gigerenzer & Todd, 1999) Due to the lack of alternatives and reliance on external credibility, these estimates are nevertheless adopted, thereby introducing a structural risk to the strategy's outcome. Extrapolating a certain revenue development from a market size projection that is assumed to be $1 billion before market entry but proves to be only half the size after year 1 clearly makes any five-year business case meaningless. To mitigate this problem, the *Adaptive Strategy Model* proposes a bottom-up triangulation of market size projections, investigating

the number of potential customers and their approximate willingness-to-pay (wallet sizes) for the next three years.

$$S = \sum (N_i * W_i) \; for \; i \; = \; 1 \; to \; x$$

Whereas S represents the sum of the strategic relevant market. N_i represents the number of customers for each "i" in the range. W_i represents the willingness-to-pay per customer for each "i" in the range. The outcome of this bottom-up modeling reduces the risk of an entirely incorrect market size and growth estimate, thereby substantially minimizing the risk of a strategy's outcomes. To determine the number of existing and potential customers, it is necessary to understand the historical sales volume trends in the market across different price points for the firm and its direct and indirect competitors. Benchmarking sales volumes and prices, along with an assessment of macroeconomic drivers and impediments, will enable an estimate of future growth in volume and price, thereby informing projected market value growth over the subsequent years. However, there is diminishing marginal benefit to the extensive quantification of macroeconomic events in the context of strategy development. Gigerenzer and Todd (1999) contribute an insightful school of thought on highly sophisticated quantitative forecasting models, suggesting that there is a limited marginal benefit from these under conditions of uncertainty. Considering the distinction between risk and uncertainty, macroeconomic events and trends mostly fall into the category of uncertainty, implying that probabilities of the expected outcome cannot be sufficiently estimated.

While macroeconomic forecasting models can still be helpful, they carry the risk of overreliance on perceived validity and neglect of their sensitivity to the firm's formulated strategy and financial projections. There might be instances and business models for which specific macroeconomic parameters, such as the oil price, are of such fundamental importance that quantification should be at least attempted. However, for many firms, quantifying

macroeconomic developments in the context of strategy development rarely provides robust additional evidence to improve predictions of market development, and, in the worst case, can introduce a spurious predictability where none exists.

It is therefore recommended that at least the risks and opportunities of macroeconomic developments be understood, mapped, and roughly qualified. In the strategy development process, the outcomes of the opportunity and threat analysis will be used to calibrate the expected annual growth rates for the SRM. Synthesizing estimates of the number of potential customers and their willingness to pay, and calibrating and adjusting the computed market size based on market growth drivers and impediments arising from macroeconomic factors and competitive pressures, will provide an initial proxy for the market opportunity. It is important to note that this estimate is the first hypothesis and is expected to be refined as the analysis of the firm's internal capabilities proceeds, the next step in the model. At this stage of strategy development, given the arguably limited marginal benefit of extensive macroeconomic analysis, the strategy process should focus on market modeling rather than an overwhelming number of macroeconomic analyses. Too often, the marginal benefit is not only diminishing but can also be negative, as it may create a false sense of security and divert valuable resources and time from more relevant problem-solving, such as investigating the firm's volumes, prices, and customers' key purchasing criteria. Market modeling is the first step toward a better understanding of market mechanics and the development of an efficient, sophisticated hypothesis as a starting point for analytically and iteratively converging on the size of the market opportunity for the firm. This hypothesis requires further triangulation by investigating the firm's resources, such as its unique value proposition, its offerings portfolio, its value chain, and its organization, as well as its financial performance. Therefore, Business Modeling, as a next step, is key to complementing the firm's strategic intelligence and to defining the strategic mode, which will be elaborated on in the subsequent section (Step 3).

3.2. Business Modeling (Step 2)

Analyzing internal capabilities is essential for more accurately assessing the firm's competitive strength relative to customer expectations and for triangulating its strategic market opportunity size and growth (Grant, 1991). To grasp the firm's distinctive business model advantage, it is key to disentangle the factors that might create a firm's unique value proposition (UVP). In some cases, the search for a UVP remains fruitless because the firm has not yet established clear differentiation. This alarming observation is often a precursor to a firm's mid-term and long-term decline. Frequently, firms continue to benefit from past efforts in the short term; thus, an eroded proposition does not necessarily become evident immediately.

To investigate a firm's business model, Osterwalder and Pigneur (2010) suggest a pragmatic approach to narrow down potential levers for differentiation. Further, many powerful concepts, such as Henderson's (1970) Growth Share Matrix and Kim and Mauborgne's (1997) Value Curve, facilitate mapping and prioritizing future investments by disentangling high-performing products and services within the portfolio of the firm. Porter's Value Chain (1985) and Galbraith's (2014) guidance on organizational design provide robust concepts for examining a firm's key activities and organizational structure. These analyses should be supported by fundamental financial analysis, providing a clear understanding of past performance metrics as the basis for projecting potential future developments in business segments or products. Other frameworks useful for understanding the firm's internal capabilities and resources can be added to or substituted for the aforementioned methodologies. However, it is recommended to constantly question the marginal benefit of applying multiple strategic concepts to the same analytical dimension. Identifying the firm's unique value proposition, narrowing and prioritizing the most lucrative offerings in the portfolio, and understanding the company's critical process steps in the value chain provide a robust indication of the market share the executive team might be able to gain. With *Market Modeling* (Step 1) and *Business Modeling*

(Step 2), the firm's principal strategists are equipped with robust intelligence to formulate a master plan to conquer the target market share. To formulate the strategy mode, this model proposes a logical deconstruction of a firm's value drivers, introduced in the next section (Step 3), synthesizing the logic tree approach (Minto, 1987) and standard financial modeling methodology to ensure a common language between strategy and finance.

3.3. Strategic and Financial Modeling (Step 3)

3.3.1. Strategy Formulation (Strategic Mode)

Building on the intelligence generated to hypothesize the market opportunity and the expected market-share gain based on the firm's competitive edge, this model proposes deriving the firm's strategic mode by logically deducting each value driver in the business model. A common error in strategy development and implementation is the missing consistency between strategy and financial projections (Kaplan & Norton, 1996; Rappaport, 1986; Myers & Marcus, 2018; Brigham & Houston, 2016; Brealey, Myers, and Allen, 2017). In this model, strategy and finance are defined as mirroring functions. While not all strategic measures can be quantified precisely, even approximate quantification substantially reduces the risk of inconsistency. In practice, firms rarely start from scratch and typically operate an existing business model. Therefore, rather than reinventing the firm's strategy, it is often more effective and efficient to investigate the value drivers of the firm's historical performance. Analyzing the profit and loss statement provides a solid structural basis to determine the firm's future strategic focus. Figure 2 shows the logical deduction of sales and costs within a firm. In the model, the firm assesses, benchmarks, evaluates, and prioritizes the strategic focus indicated by its market opportunity as the most promising. This model does not rely on normative strategies for different market situations, industry life cycles, or firm maturities; rather, it resembles game plans for a professional sports team that may be correct within the set of assumptions under which the strategy is defined. However, the sensitivity of specific variables

to assumptions varies across industries and business models. Therefore, the usefulness of such strategies is limited (Mintzberg & Waters, 1985).

Figure 2. Logic Tree for Strategic and Financial Modeling
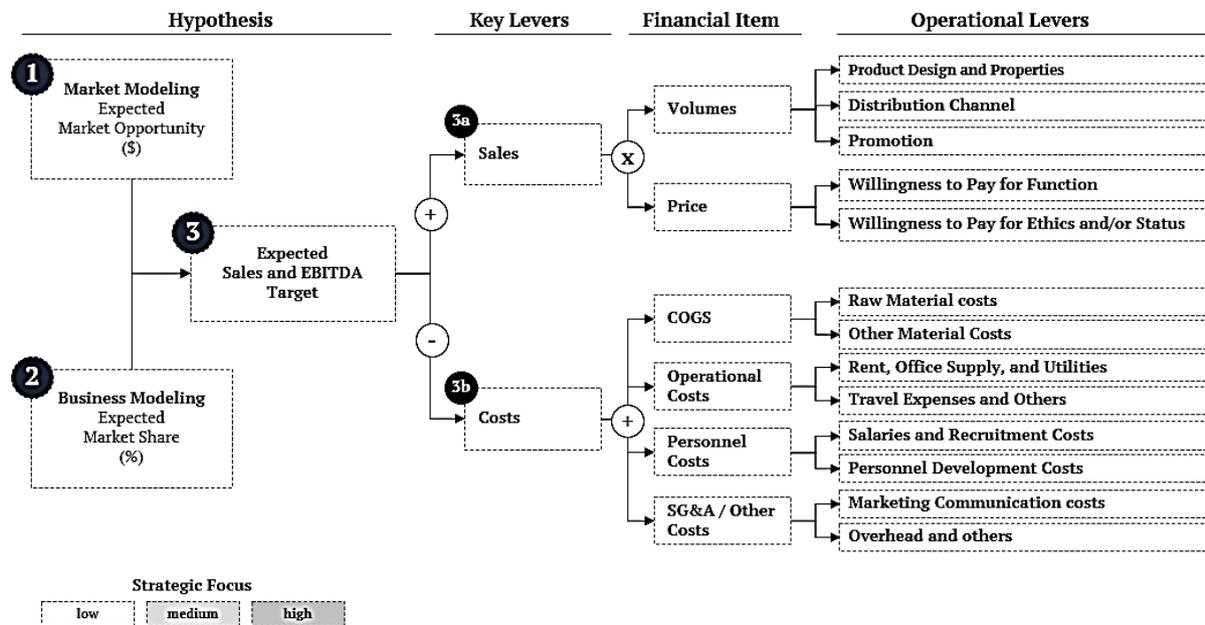
In this model, strategic conduct is calibrated and mirrored by the dynamics of the market opportunity (Miller, 1996). For example, depending on market conditions, it may be necessary to adjust prices while optimizing personnel and material costs. The assumptions underlying the market opportunity have a causal impact on the firm's bottom line. To optimize the cost position, it is essential to align strategy, finance, and operations. Executive teams cannot optimize all strategic and financial levers simultaneously. Therefore, the logic tree enables decision-makers to prioritize the strategic mode required to capture the market opportunity and gain market share. Depending on the respective market opportunity, the logic tree requires an explicit focus on selected variables shown in the diagram, which strategists classify as *high*, *medium*, or *low*.

The resulting configuration of prioritized value drivers, such as *Volumes* or *Personnel Expenses,* provides tailored strategic guidance for the firm's specific business situation and

objectives. Given the variety of business models, maturity levels, and competitive environments, the selection of these focused drivers often differs substantially even among firms in the same market with similar customer segments. A second crucial element of this approach concerns execution. Prioritizing the elements within the logic tree enables consistent extrapolation of concrete measures that can be packaged as sub-tasks for individual functions, such as sales, marketing, human resources, purchasing, logistics, and finance. The connecting lines between market opportunity, the firm's competitive edge, and the strategic mode and operational measures are instrumental for the intelligent adaptive mechanism embedded in this model. Once the strategic mode is defined, it is essential in the subsequent step to quantify and model the strategic conduct within a financial model.

3.3.2. Strategy Quantification (Business Case)

Based on the defined strategic mode, this model proposes quantifying each financial line item. The process begins by defining sales targets based on projected sales volumes and average selling prices. To project sales volumes, historical analysis, and intelligence derived from market modeling provide guidance. It is instrumental to triangulate assumptions about volumes by testing the hypothesis that the expected growth rate is consistent with benchmarks against competitors and with the historical performance of the business segment or product line. Triangulation is a robust methodology because it allows approximation and iteration toward a reasonable set of assumptions. For example, it is difficult to assume that substantially higher volume growth rates can outperform competitors with comparable pricing for comparable products if the business model analysis has not shown clear evidence of a material competitive advantage.

There may be specific situations in which it is feasible to achieve higher volume growth despite the absence of clear differentiation relative to direct competitors; however, testing this

argument with the firm's principal strategists will help assess the validity of such assumptions. Similarly, determining market price development as a proxy for calibrating the firm's pricing position is a complex problem. However, historical data on the offering's performance relative to competitive benchmarks typically help determine a robust range within which the executive team can strategize. In this context, this model recommends testing different price points and computing their potential impact on volumes. The scenario analysis will indicate a further narrowing towards an optimal price, given the sales targets the management team aims to achieve. Depending on the strategic mode defined by the leadership team in the previous step, a stronger focus on volume or price should yield a more favorable outcome.

In many cases, scenario analysis will indicate whether the firm's principal strategists were biased in their assumptions when advocating a specific strategic positioning. Discussions to define the strategic mode might have led to the hypothesis that increasing prices represents a strategic path to higher growth, but translating these assumptions into a quantitative model might show that such a strategy entails a risk of losing substantially more volume than expected. Ultimately, triangulation through quantitative modeling helps reduce bias and informs principal strategists when optimizing their assumptions and modeling sales expectations for the firm or segment over subsequent years.

Cost of Goods Sold, *Operational Expenses*, *Personnel Expenses*, *Selling, General, and Administrative Costs, as well as Other Costs, should always align* with the strategic positioning defined by the executive team to achieve the expected profit levels. Therefore, it is key to benchmark cost developments against historical data and competitors to converge on a cost positioning that enables the firm to compete effectively and efficiently. In practice, the mismatch between strategic positioning and cost basis accumulates risks to the firm's liquidity, as evidenced by frequent start-up failures.

3.3.3. Implementation, Learning, and Adaptation

In this step, the critical difference to existing strategy frameworks becomes obvious. The model proposed is a learning model. It accounts for the market's dynamic character and competitive behavior by logically linking strategy, finance, and operations and by creating a learning loop to approximate the optimal strategic positioning further. In many organizations, strategies are developed in isolation, not only by operational managers but also by finance teams, creating a common source of disconnect between strategy and financial targets.

To implement the model effectively, it is essential to involve all relevant business functions in market, business, and strategic and financial modeling processes. However, the guiding principle should be the expectation of a substantial contribution to the problems discussed across the various stages. Therefore, neither a fully isolated execution of the *Adaptive Strategy Model* by a small group of principal strategists is recommended, nor the involvement of all functions at every stage of the process. A balanced orchestration of involvement is proposed. Beyond the risk of missing key information for strategy by excluding operational experts, there is a psychological dimension: the active participation of an operational employee not only drives individual motivation but also creates an additional ally to investigate the market's complex dynamics further. (Lawrence and Lorsch, 1967)

Once the strategic plan and business case, along with the corresponding operational measures, are defined, it is advisable to use the collected market and control information during the first 12 months following strategy implementation. The timing of iterations should be defined by the management team based on the evidence gathered in this natural experiment. Aligning strategic assumptions with actual financial results enables the executive team better to understand the mechanics of a market or customer demand. With each iteration, the executive team will refine its set of assumptions, thereby equipping it not only with an indication of the

general path but also with operational indicators that have a substantial causal impact on price, volume, or cost position. The required skill level for a corporate strategist is increasing substantially. Strategic thinking is a key capability for executives (Liedtka, 1998). There is an urgent need for executives to understand markets deeply, develop strategies, conduct quantitative analyses, and lead operational problem-solving. Business Schools and executive training programs help equip executives with a sound set of capabilities. However, translating these tools and concepts into the specific realities of the firm remains challenging. The *Adaptive Strategy Model* not only suggests a dynamic approach to solving strategic problems and deriving thoughtful long-term decisions for stakeholders, but also enables top executive teams to deepen their understanding of market dynamics.

4.   Discussion and Conclusion

The *Adaptive Strategy Model* represents a dynamic approach to strategic decision-making in the corporate world. In a rapidly changing environment, traditional static strategy frameworks often fall short of providing actionable, adaptive measures to achieve established targets. The model is structured along three key dimensions: *Market Modeling*, *Business Modeling*, and *Strategic and Financial Modeling*. Estimating the size of an SRM is a crucial step that requires a deep understanding of customer preferences and willingness to pay. In practice, this often involves outsourcing market intelligence to agencies that provide industry reports to establish reference points for revenue targets. However, these reports can be misleading due to the complexity of market and business dynamics. As a remedy, the model suggests a bottom-up approach to triangulate market size projections. This approach, while more intensive, reduces the risk of aiming for an entirely overestimated target. Moreover, it explicitly acknowledges the dynamic nature of markets and the limitations of relying solely on static industry reports. It empowers strategists to refine their understanding of the market over time, enabling improved strategic decision-making. At the same time, the model underscores the importance

of ongoing market research and the need to adapt strategies as new information becomes available.

Investigating internal capabilities is essential for understanding a firm's competitive edge and unique value proposition. This step involves disentangling the factors that contribute to the firm's strengths and weaknesses. It is critical to prioritize and focus on the most lucrative offerings within the portfolio. The *Adaptive Strategy Model* recognizes that not all firms start from scratch and encourages strategists to build upon existing strengths and weaknesses. It also highlights the danger of complacency when firms benefit from past efforts but fail to adapt to changing market dynamics (Mintzberg & Waters, 1985). This step underlines the importance of continuous adaptation to maintain a competitive edge (Teece, 2010; Teece, Pisano, and Shuen, 1997). The model emphasizes the need for customization, acknowledging that norm-based strategies may not be effective for all firms or market contexts. The logic tree approach enables systematic analysis of various strategic modes, depending on the market opportunity. Furthermore, the model suggests quantifying each financial line item in alignment with the strategic positioning. This consistency between strategy and financial projections is crucial for achieving expected results (Hrebiniak, 2006). It also helps identify and rectify potential biases that might have influenced the strategic decision-making process.

The most distinctive feature of the *Adaptive Strategy Model* is its learning aspect. In many organizations, a gap between strategy development and operational execution leads to a disconnect between strategy and financial targets. The model recommends using collected market and financial data in the first 12 months of a strategy's implementation to optimize the strategic path. This iterative approach enables the executive team to understand better market dynamics, financial outcomes, and operational nuances. Importantly, the model does not advocate over-sophistication in the analytical process or a false sense of security derived from complex predictive models. Instead, it promotes a pragmatic and adaptive approach to strategy,

in which data and feedback loops drive decision-making, and adjustments are made based on real-world outcomes. In a dynamic and fast-paced business environment, traditional strategy frameworks often fall short of providing rigorous yet simple solutions (Eisenhardt & Sull, 2001). The *Adaptive Strategy Model* presented in this article offers a rigorous yet practical approach to strategic decision-making by integrating *Market Modeling, Business Modeling*, and *Strategic and Financial Modeling* into a coherent decision architecture.

The model acknowledges the limitations of traditional industry reports, emphasizes the importance of adapting to changing market dynamics, and promotes an iterative approach to strategy formulation. Moreover, the model's learning and adaptation capabilities are its most important features. It recognizes the need for close alignment between strategic and financial objectives and advocates for continuous monitoring and adjustment in the early stages of strategy implementation. The *Adaptive Strategy Model* offers a rigorous yet simple framework for corporate strategists to navigate the complex and uncertain business landscape, enabling them to make more informed decisions. It represents a step towards a more pragmatic and practical approach to strategic decision-making in today's ever-evolving markets.

References

Aguilar, F. J. (1967). Scanning the Business Environment. *MacMillan Co.*

Ansoff, H. I. (1965). Corporate strategy. *McGraw-Hill.*

Armstrong, J. S. (1983). Strategic planning and forecasting fundamentals. Kenneth Albert
(ed.), The Strategic Management Handbook. *McGraw-Hill,* 21–32.

Barney, J. B. (1991). Firm resources and sustained competitive advantage. *Journal of
Management, 17(1)*, 99–120.

Beer, M., & Eisenstat, R. A. (2000). The silent killers of strategy implementation and
learning. *Sloan Management Review, 41*(4), 29-40.

Brealey, R. A., Myers, S. C., & Allen, F. (2017). Principles of Corporate Finance. *McGraw-
Hill Education.*

Brigham, E. F., & Houston, J. F. (2016). Fundamentals of Financial Management. *Cengage
Learning.*

Bustinza, O. F., Arias-Aranda, D., & Gutiérrez-Gutiérrez, L. (2010). The role of market
intelligence in the development of new products: A study in the Spanish context. *Journal of
Business Research, 63*(3), 320–329.

Burgelman, R.A., Snihur, Y., & Thomas, L.D.W. (2023). Strategy-Making and
Organizational Evolution. *Cambridge University Press.*

Collis, D. J. (2021). Why do so many strategies fail? Leaders focus on the parts rather than
the whole. *Harvard Business Review*, *99*(3), 124–131.

Demil, B., & Lecocq, X. (2010). Business model evolution: In search of dynamic

consistency. *Long Range Planning*, 43(2-3), 227–246.

Durand, R., Grant, R. M., & Madsen, T. L. (2017). The expanding domain of strategic

management research and the quest for integration. *Strategic Management Journal, 38(1),* 4–

16.

Eisenhardt, K. M., & Sull, D. N. (2001). Strategy as simple rules. *Harvard Business Review*,

79(1), 106–116.

Galbraith, J. (2014). Designing Organizations (3rd ed.). *Wiley.*

Gigerenzer, G., & Todd, P. M. (1999). Simple heuristics that make us smart. *Oxford*

University Press.

Grant, R. M. (1991). The resource-based theory of competitive advantage: Implications for

strategy formulation. *California Management Review*, 33(3), 114–135.

Henderson, B. (1970). The product portfolio, *BCG Perspectives*.

Hoskisson, R. E., Wan, W. P., Yiu, D., & Hitt, M. A. (1999). Theory and research in strategic

management: Swings of a pendulum. *Journal of Management, 25(3),* 417–456.

Hrebiniak, L. G. (2006). Obstacles to effective strategy implementation. *Organizational*

Dynamics, 35(1), 12–31.

Humphrey, A. (1960). SWOT analysis for management consulting. *SRI International.*

Kahneman, D. (2003). Maps of bounded rationality: Psychology for behavioral economics.

The American Economic Review, 93(5), 1449–1475.

Kahneman, D., & Tversky, A. (1979). Prospect theory: An analysis of decision under risk. *Econometrica, 47(2)*, 263–291.

Kahneman, D., Slovic, P., & Tversky, A. (1982). Judgment under uncertainty: Heuristics and biases. *Cambridge University Press.*

Kaplan, R. S., & Norton, D. P. (1996). The balanced scorecard: Translating strategy into action. *Harvard Business School Press.*

Kate, K.T. & Niels, G. (2009). The Relevant Market: A Concept Still in Search of a Definition. *Journal of Competition Law & Economics, 5(2),* 297–333.

Kim, W. C., & Mauborgne, R. (1997). Value innovation: The strategic logic of high growth. *Harvard Business Review, 75(1)*, 103–112.

Kim, W. C., & Mauborgne, R. (2004). Blue ocean strategy. *Harvard Business Review, 82(10)*, 76–84.

Lawrence, P. R., & Lorsch, J. W. (1967). Differentiation and integration in complex organizations. *Administrative Science Quarterly, 12(1)*, 1–47.

Leinwand, P. & Mainardi, C. (2010). The Coherence Premium. *Harvard Business Review,* 1–6.

Liedtka, J. (1998). Strategic thinking: Can it be taught? *Long Range Planning, 31(1)*, 120–129.

Mahoney, J. T., & McGahan, A. M. (2007). The field of strategic management is within the evolving science of strategic organization. *Strategic Organization, 5(1)*, 79–99.

Mankins, A. C., & Steele, R. (2005). The teamwork trap. *Harvard Business Review, 83*(3), 73–81.

McGrath, R.G. (2010). Business Models: A Discovery Driven Approach. *Long Range Planning. Vol. 43,* 247–261.

Miller, D. (1996). Configurations of strategy and structure: Towards a synthesis. *Strategic Management Journal, 17(6)*, 505–525.

Miller, D. (1990). The Icarus paradox: How exceptional companies bring about their own downfall. *Harper Business.*

Mintzberg, H. (1994). The Fall and Rise of Strategic Planning. *Harvard Business Review,* 107–114.

Mintzberg, H., & Waters, J. A. (1985). Of strategies, deliberate and emergent. *Strategic Management Journal, 6(3),* 257–272.

Minto, B. (1987). The Pyramid Principle: Logic in Writing and Thinking. *Financial Times Prentice Hall.*

Myers, S. C., & Marcus, A. J. (2018). Fundamentals of Corporate Finance. *McGraw-Hill Education.*

Osterwalder, A., & Pigneur, Y. (2010). Business model generation: A handbook for visionaries, game changers, and challengers. *John Wiley & Sons.*

Popper, K. (1959). The Logic of Scientific Discovery. *Abingdon-on-Thames, Routledge.*

Porter, M. E. (1980). Competitive strategy: Techniques for analyzing industries and competitors. *Free Press.*

Porter, M. E. (1985). Competitive advantage: Creating and sustaining superior performance. *Free Press*.

Porter, M. E. (2008). The five competitive forces that shape strategy. *Harvard Business Review, 86(1)*, 78–93.

Rappaport, A. (1986). Creating Shareholder Value: A Guide for Managers and Investors. *Free Press*.

Reeves, M., Love, C., & Tillmanns, P. (2012). Your Strategy Needs a Strategy. *Harvard Business Review,* 76–83.

Schiavi, G.S. & Behr, A. (2018). Emerging technologies and new business models: a review on disruptive business models. *Innovation & Management Review, 15(4),* 338–355.

Simon, H. A. (1959). Theories of Decision-Making in Economics and Behavioral Science. *American Economic Review, 49*, 253–283.

Sull, D. (2007). Closing the Gap between Strategy and Execution. *MIT Sloan Management Review,* 30–38.

Taleb, N. N. (2008). The Black Swan. *Penguin Books.*

Taleb, N. N. (2012). Antifragile: Things That Gain from Disorder. *Random House*.

Teece, D. J. (2010). Business models, business strategy and innovation. *Long Range Planning, 43(2-3)*, 172–194.

Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal, 18(7),* 509–533.

Tversky, A., & Kahneman, D. (1992). Advances in prospect theory: Cumulative representation of uncertainty. *Journal of Risk and Uncertainty, 5(4),* 297–323.

Valentin, E.K. (2005). Away with SWOT Analysis: Use Defensive/Offensive Evaluation Instead. *The Journal of Applied Business Research, 21(2),* 91–104.

Vermeulen, F. (2017). Many Strategies Fail Because They're Not Actually Strategies. *Harvard Business Review*.