Reshaping Strategic Planning Tools in a Digital Era

Understanding the evolution of the Macro and Microenvironmental Analysis

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Abstract

This piece provides a pragmatic approach to the concepts of strategy building, digital transformation, and emerging technologies. Additionally, it explores the inherent difficulties organizations face in analyzing the business environment to achieve a competitive advantage. Concurrently, it reviews the current trends relating to globalization, digitalization, and the inherent dynamism that cause strategies and companies to fail. Time is devoted to expounding on academia's theoretical concepts and perspectives of strategy formation and establishing the linkages between innovativeness, digital transformation, and business strategies. Central to the theories of macro and microenvironmental tools are the limitations that static snapshots and tunnel-vision have on strategy building. Throughout the paper, practical examples provide a realistic overview of the business environment using case studies, statistical excerpts, and the tools themself to assess the relationship between digitally evolving markets and strategic deficiencies. Subsequently, the paper also explores theoretical considerations for the improvement of environmental analytical tools. Critical to the impact of digitally evolving markets, adjustments must be made to analytical tools to improve perspectives on developing sustainable competitive advantage in a digital business ecosystem.

Keywords: digitalization, emerging, innovative, macroenvironment, microenvironment, strategy

Reshaping Strategic Planning Tools in a Digital Era

At the renaissance of every business, industry, or organization, the basic concept focuses on analyzing the external and internal environment characteristics to define a structure that guarantees the realization of a shared vision. The success of this analysis will determine the viability of the plan that circumscribes the current state from the future state and provide the inherent solutions to close the gap between the two. As business and environments evolve, the relevance and practicality of said concepts and analytical tools come into question. The more globalization and technology transform the business environment, the more it redefines the strength of the consumer and approach to meeting their needs and that of the shared vision.

This paper will explore the impact analysis of technology within the macro and micro environmental frameworks used for strategic planning. The report will recommend additional considerations and use cases to improve the strategic analysis process with case studies and academic literature.

The Role of Strategy and Strategic Planning

What is a strategy, and what is its role in business? To answer these questions, the report will explore the concepts giving rise to such ideologies. Petrova (2017) defines strategy using several schools of applicability. First, a science and art of placement where decisions relating to how and when are considered the strategy (p.41). The second school of thought is that strategy is considered an operational art and procedure(Petrova, 2017). It is from these schools of thought that strategy is intelligently allocating resources through unique systematic sets of activities to achieve an objective (Horwath, 2020). Hence composing three principal components; resource allocation, a unique system of activities, and goal attainment. It is through the strategy that answers the "how," and without a clear definition of the goal or objective, a strategy will lack direction.

In the essence of organizational strategy, Hitt and company (2009) describe it as an "integrated and coordinated set of commitments and actions designed to exploit core competencies and gain a competitive advantage."However, the corporate strategy goes further to solidify what is known as a competitive strategy. According to Michael Porter (1996), "competitive strategy is about being different. It means deliberately choosing a different set of activities to deliver a unique mix of values". While similar in definition, both ideologies are different in scope.

To bring the concepts together, Petrova (2017) eloquently describes organizational strategy as:

- Methods for defining medium to long-term objectives and aligning activities proportionately to required resources.
- Plans to identify medium to long-term tasks, actionable functions, and effective allocation of resources to attain objectives.
- The paths organizations choose while pursuing its vision and goals, acknowledging the opportunities and threats existing in the business environment and its capabilities.
- Means by which an organization reacts to changes in the external and internal environment.
- Methods to develop a competitive advantage.
- Evaluating and selecting the appropriate alternative(s) to achieve set goals and objectives.
- The direction the company chooses to pursue its objectives, acknowledging the peculiarities of the external environment and its capabilities and potential.
- A way to establish goals at corporate, business, and functional levels.

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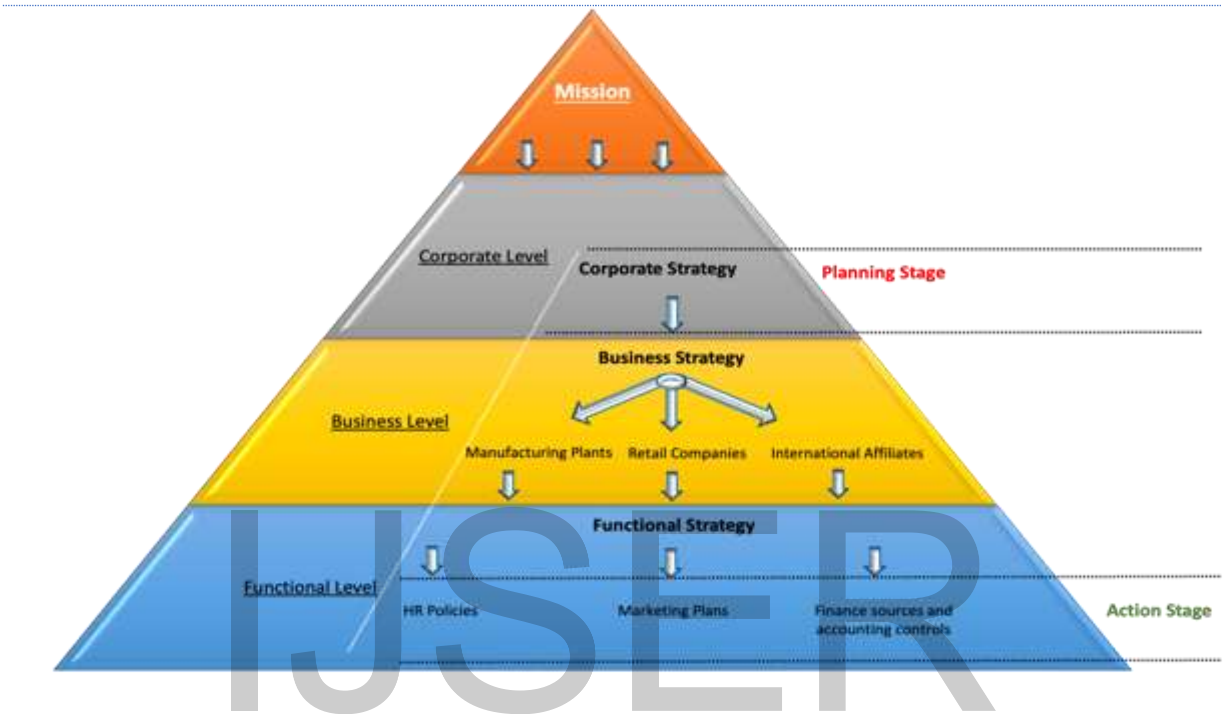
Figure 1

Levels of Organizational Strategy



Notes: Adopted from BusinessStrategy and Strategic Planning: A Definition and Definitive Guide (p. 14), N. Ritson, 2019, Bookboon, Copyright 2019 by Neil Ritson & bookboon.com.

Interestingly, there is no one-sentence definition for strategy but rather a holistic view of how an organization aspires to close the gap between its current and where it wants to be in some future state, also known as the vision and mission. Although literature uses the terms interchangeably, ideally, the vision is broad in its scope and positioned in the future. At the same time, the mission is the declaration of commitment to the vision and articulation of critical goals (Ritson, 2019). As a result of Petrova's (2019) summations above, organizational strategy has three critical strategic levels; corporate, business, and functional level strategies, as depicted in Figure 1 above.

A mission clarifies a company's direction towards achieving its overall vision. From this perspective, a corporate-level strategy emerges; this level explores the road to attaining financial practicality. The corporate strategy must dictate the business engaged in or aspire to be in what business or businesses the organization should initiate? Thus, translating to the formula for the future state and structure the organization will use to compete (Ritson, 2019).

Defining the strategy provides direction, but from that strategy, a company must establish its strategic position. Porter (1996) argues that at this moment, a "company attempts to achieve sustainable competitive advantage by preserving what is distinctive" and separates it from the competition (p. 2). Therefore how do managers strategically position an organization? Porter (1996) theorizes three underlying principles.

1. Creating a valuable and unique position using different activities, through;
   - satisfying few needs of many,
   - satisfying the broad needs of few or,
   - satisfying the broad needs of many in a narrow market.
2. Compromising on where to compete (requiring trade-offs)
3. Developing the right "fit" between company activities

As a consequence of needing a strategy to realize a competitive advantage and close the gap between the current position and the future state, organizations must engage in strategic planning.

The Strategic/Corporate Planning Process

Strategic planning as a practice has evolved from a fragmented process including only senior managers and executives at the tactical level and others at the functional level to a more efficient approach called corporate planning (Joshi, 2016). Hence, developing such a plan requires dedication, constant evaluation, and realignment to market trends and evolution goals.

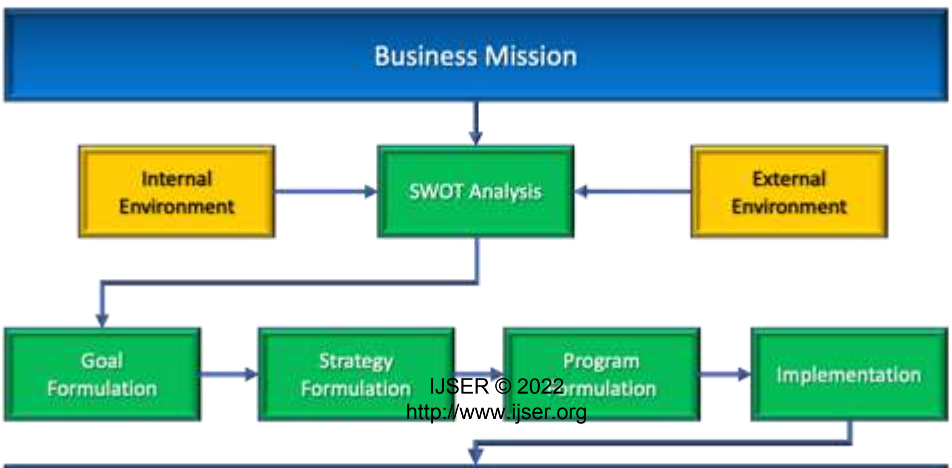
The corporate planning process includes several steps that aid organizations in closing the gap between vision and reality. Bhasin (2021) describes the steps as follows (Figure 2):

- Define long-term corporate goals and objectives (goal formulation).
- Analyze macro and macroenvironment using critical analytical tools.
- Analyze strengths, weaknesses, opportunities, and threats.
- Coordinate goals of the short-term and long-term plans (strategy formulation).
- Implement the requisite structural changes where necessary.
- Form strategic plans in tándem with business goals (program formulation).
- Evaluate the performance continuously to allow for adequate planning.

Although an effective corporate plan provides direction, better decision-making, coordination, and improved allocation of resources, the plan is as good as the information gathered. The analytical frameworks used in analyzing the environment play a key role in determining how the organization will operate within its given industry. That premise begs the question; are the analytical tools of the previous century still effective in digitally transforming business environments?

Figure 2.

Strategic Planning Process



Notes: Adapted from Marketing Management, (p.70) P. Kotler, K. Keller, 2015, Pearson Education Inc., Copyright 2016 by P. Kotler, K. Keller and Pearson Education Limited.

Transformation of the Business Environment

The application of technology in business has gone beyond the thoughts of early academia. Businesses of the past were ineffective and inefficient when compared to the feats of today. It is through access to modern tools, processes, and skills that have catapulted said achievements. At the dawn of the twentieth century, technology and globalization dramatically impacted the way people do business by removing borders. However, the continuous changes occurring in globalization and innovation are triggering the evolution of the business environment at a rapid rate.

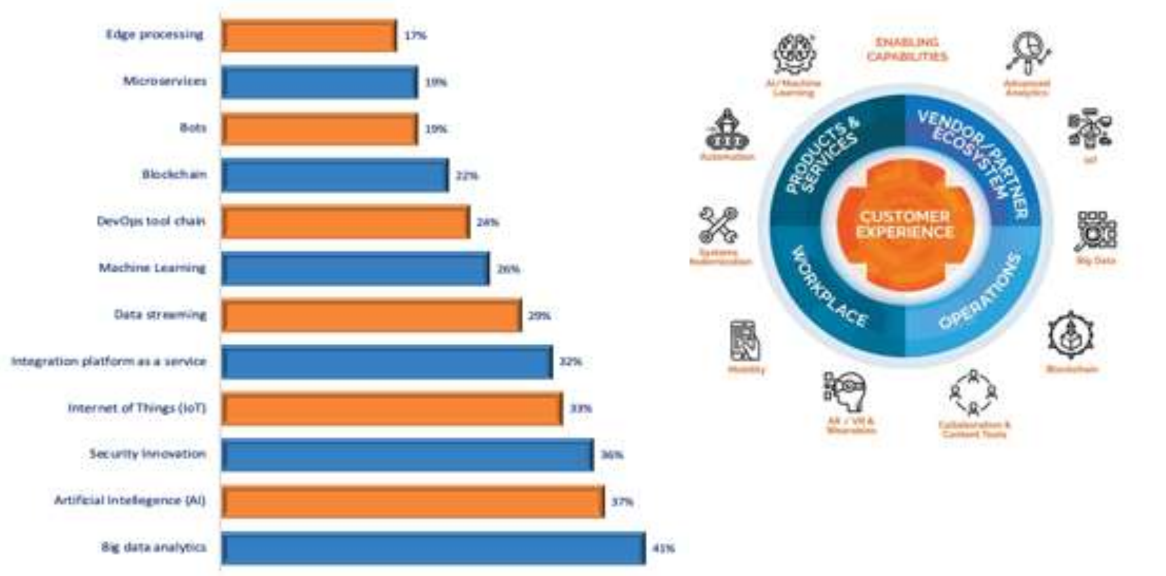
Consequently, the market architecture dictates that businesses understand internal and external organizational networks to effectively capitalize on and drive innovation. Moving through the digitalization of processes into a fully transformed digital structure is not a straightforward process. Thus, forcing organizations to evaluate the need to adapt quickly or risk becoming obsolete in a digitally evolving marketplace. However, the risks of failing to adapt are considerable; the complexity increases as innovation cycles become dynamic and shorter.

McDowell and company (2019) argue that innovation in the marketplace demands adaptability and to avoid the adverse effects of failure to change. Managers must learn to appreciate the disruptors and pitfalls that threaten existence. Additionally, organizations must learn to analyze, pursue, and implement new solutions and strategies that will allow them to adapt to changing conditions and innovate to create a competitive advantage (p.2). Dell Boomi IT and Business Report (2020) identifies two main forces driving innovation. First, improving the customer experience, this initiative results from access to information, ease of processes, an increase of substitutes, and the desire to gain and retain customers while maintaining a competitive advantage (Smartbridge, 2020). Dell Boomi IT and Business Report (2020) also supports the driving forces by re-enforcing that "without an innovative and agile technology foundation, organizations risk being leapfrogged by more nimble rivals."

As the world changes to borderless commerce, supporting technologies expand across applying the Internet of Things (IoT), big data analytics, security, innovation, machine learning, robotics, Blockchain, and microservices. Figure 3 highlights the level of investment that has been taking place in these technologies across one thousand two hundred companies in nineteen countries worldwide (Smartbridge, 2020).

Figure 3.

Investments in Innovation

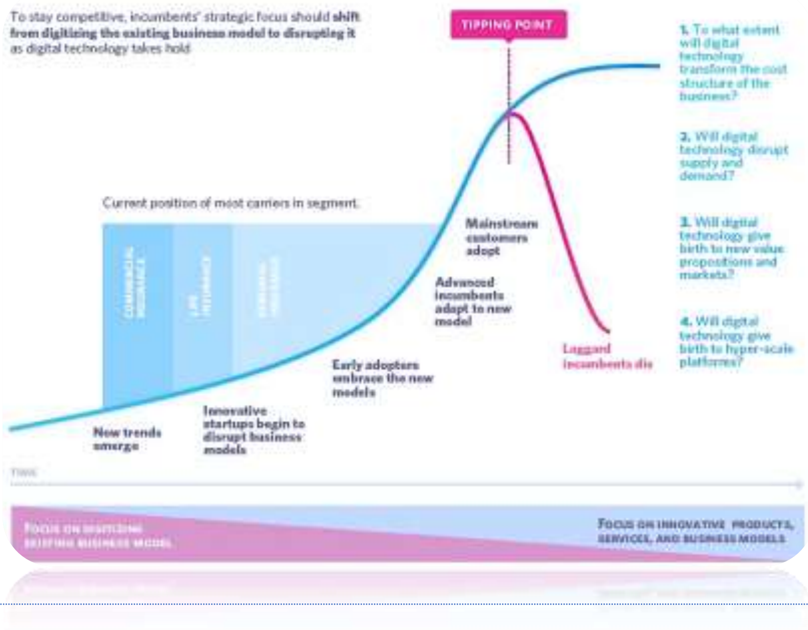


Notes: Adapted from *Modernization, Transformation, and Innovation in Business*.https://smartbridge.com/modernization-transformation-innovation-business/.Copyright 2021 by Smartbridge.

Notwithstanding the evolution of the business environment, many organizations acknowledge the need to change but transition slowly. Digital transformation in any spectrum refers to modernization of technology infrastructures, digital optimizations, new business models, innovative processes to enhance customer experience, communications, operations, product creation, and delivery. A report produced by KMPG (2019) highlights the Technology Industry Innovation Survey results, and surprisingly it alludes to the knowledge of said technologies but differing views on importance and application. The report summarizes the top 10 technologies driving transformation and the relevant rankings throughout 2018 and 2019. The survey supports that the Internet of Things (IoT), Robotic Process Automation (RPA), Artificial Intelligence (AI), Machine Learning, Blockchain, and Autonomation are most relevant (Zanni & Grandi, 2019).

Figure 4.

The Digital Tipping Point



Notes: Industry Spotlight: Insurance at the Inflection Point.https://www.cathaycapital.com/press-room/industry-spotlight-insurance-at-the-inflection-point-digitization-disruption-in-the-developed-world-meets-massive-emerging-market-growth-opportunity/.Copyright 2021 by Cathay Capital.

The Dell Boomi IT and Business Report (2020) also shows that the retail, finance, and life sciences industries are more innovative, while 19% of companies in the public sector report on innovative initiatives (Smartbridge, 2020). However, could this be a lack of foresight or misrepresentation of the impact of these emerging technologies? Figures 4 and 5 show the relevant stages in modernization and digital transformation and reveal that companies are adopting slowly and dictate the need for more proactive strategies

Figure 5.

Modernization and Transformation by Industry

Notes: From *Modernization, Transformation, and Innovation in Business*. https://smartbridge.com/modernization-transformation-innovation-business/.Copyright 2021 by Smartbridge.

Figure 6illustrates the perceived benefits and challenges organizations associate with digital technology ranked 1 to 3 concerning relevance to organizational objectives. Coincidentally, very few had concerns with the capital outlay in comparison to strategic direction.

Figure 6.

Benefits and Challenges of Adopting Emerging Technologies

2019 Rank of Technologies	Internet of Things (IoT)	Robotic process automation (RPA, e.g. software bots)	Artificial intelligence, cognitive computing, machine learning	(tie) Blockchain	(tie) Robotics and automation (including autonomous vehicles)	Augmented reality	Virtual reality	Social networking, collaboration technologies	Biotech, digital health, genetics	On Demand marketplace platforms
Top benefits for companies to adopt this technology										
Improved business efficiencies	1	2	2	1	1	1	2	2	1	1
Increased profitability	1	1	1		3	2	1	1	1	2
Cost reductions	2		3	3	2					
New business insights from incremental data				3			3	2		
Product and/or service differentiation				2		3				1
Business process automation									2	2
Increased market share		3								
Biggest challenges for companies to adopt this technology										
Unproven business case	1	2	1	1	3	3	1	2	1	
Technology complexity	2	1	2	2	2		3	3	2	
Security	3				1	2	2	1		1
Regulatory compliance			3			1				1
Legacy technologies		3							3	
Lack of capital to fund new investment				3						
Limited experience to turn data into valuable insights										2

Notes: From The top 10 technologies for business transformation. T. Zanni & F. Grandi. 2019. p.3.https://assets.kpmg/content/dam/kpmg/ie/pdf/2019/05/ie-top-10-technologies-for-business-transformation.pdf. Copyright 2019 KPMG International Corporation.

The analysis also underscores that organizations are willing to transform in conjunction with the environment and requirements of the market but lack the practical knowledge and aptitude to take the necessary steps. The KPMG report explains that most organizations believe that capitalizing on emerging technologies will create a competitive advantage through improved efficiencies, cost reduction, and differentiation (Zanni & Grandi, 2019). Outside the challenges of adopting new technologies, it notes that as the business environment evolves, so does the requirement for tools to assess the impact externally and internally.

Macro and Micro Environmental Industry Analysis Frameworks

A primary and secondary environment exists in every ecosystem, with the primary having the immediate impact and the secondary to a lesser extent a more gradual occurrence. Coincidentally, every business exists within a primary operating environment called the internal microenvironment and another separate but connected external macroenvironment.

Morris (2019) describes the macroenvironment as the dimension where significant and uncontrollable factors influence all organizations' decisions, performance, and strategies on a country or global level. These factors include political, social conditions, economic, technological, and environmental or natural factors (p.72). Additionally, Morris (2019) explains that the microenvironment(or competitive environment) is the primary industrial sphere of the upstream and downstream markets. However, Morris (2019) expresses that an industry is a collection of companies producing services or products that are close substitutes, where they influence each other. Through this influence, industries have a significant mix of strategies to gain competitiveness and profit (p.55).

Figure 7 illustrates the two dimensions within the business environment mentioned earlier that organizations exist. Moreover, organizations can only develop effective strategies if they can critically examine and analyze the impact of existing and emerging forces in these industrial spheres and identify corporate-specific strengths, weaknesses, opportunities, and threats (SWOT) resulting from industry characteristics.

Figure 7.

The Business Environment

Notes: From the Impact of Micro and Macro Environmental Factors on Marketing.https://blog.oxfordcollegeofmarketing.com/2014/11/04/the-impact-of-micro-and-macro-environment-factors-on-marketing/.

To effectively analyze this ecosystem of factors, organizations use a set of defined frameworks. Firstly the PESTLEFramework, created by Francis Angular in 1967, essentially analyzes the macro-environmental influences of Politics, Economics, Societal, Technological, Legal, and Environmental(Post, 2018). Secondly, the Porter's 5 Forces model, coined in the 1970s by Michael Porter of Harvard competitive environment built on five influential forces, discussed later in the report. Concurrently, to effectively determine the impact collectively and create a strategic plan, organizations need to employ the concepts of SWOT Analysis. Theorized by Albert Humphrey between the 1960s and 1970, essentially to determine the critical gaps and benefits achieved from driving strategy and instituting a competitive position in the environment(Joshi, 2016).

Macro EnvironmentalAnalysis Framework

In retrospect, there are several tools or methods to analyze the external environmental impact on business, but the most widely applied is the PESTLE. This tool is a robust tool that has survived decades of evolution in the business environment and focuses on the key factors.

Figure 8.

PESTLE (PEST framework)

Notes: Adapted from Strategic Sprint 1. PESTLE Analysis for personal strategies (PEST, PESTEL, STEP). https://www.slideegg.com/pestle-analysis-template-powerpoint-2. Copyright 2021 by Deem Rytsev

The PESTLE consists of six primary factors (Parboteeah, 2019; Morris & Hodges, 2019) explained below (Figure 8).

1. Political Forces

   This factor considers how the politics of governing impact uncertainty and create opportunities for businesses considering government legislation, international laws, local regulations, and taxation.

2. Economic Forces

   These forces focus on the economic variables associated with political actions. These include Gross Domestic Product (GDP), growth, inflation, currency exchange rates, and regional issues.

3. Sociocultural Forces

   These forces focus on the economic variables associated with political actions. These include inflation, income distribution in society. Additionally, it looks at lifestyles, family size, ethnic background, health consciousness, and culture.

4. Technological Forces

   This force focuses on the state of technological and technical thinking on a wide scale. It considers the level of interest by government and industry and validates the changes in those levels. Other things to consider are the state of wireless technology, cyber security, and the disruptive nature of technologies in adjacent industries. Disruptive in the sense that it dramatically alters business processes and transactions.

5. Legal factors

   These factors examine the regulations concerning monopolies, private property, intellectual property, employment status, discrimination, and protections.

6. Environmental

These factors answer questions relating to local and global environmental issues. It identifies ecological areas of concern for specific industries and international pressure from groups worldwide and locally.

Table 1 illustrates PESTLE Analysis on several multinational corporations and highlights their inherent concerns in the macro-environment. Google, for example, general generic strategy, competitive position, advantages, and growth strategies find support and influence from the macroenvironment. However, as a technology company, consideration must be given to the relative dynamism of the macroenvironment and complexities so that Google can overcome threats and utilize opportunities.

Parrell to Google LLC is Apple Inc., another global technology and software company focused on a mixture of products and software services. Apple lauds its achievements by responding to the evolving environment and predicting changes before they occur. It is through this approach that the company has expanded into other offerings and markets. Despite these gains, the analysis alludes to looming threats to activities in China and disagreement with its home country, the United States (US) (PestelAnalysis Contributor, 2015).

Lastly, in Tesla's case, the analysis illustrates a customer base that relies on factors relating to the cost-effectiveness of technology in the transport sector. Coincidentally, Tesla continues to show strength in this area through a solid brand image and improving profits. Kissinger (2019) also alludes that Tesla's effectiveness reflects the capability to address external factors. Tesla supports this through the application of information and occurrences in the macroenvironment to facilitate strategy formulation.

Nevertheless, is the success of any company only reliant on the analysis of the macro-environment, or are there other inherent benefits of analyzing other areas?

Table 1

PESTLE Analysis of 5 Corporations

	P	E	S	T	L	E	
Company	**Political**	**Economic**	**Socio-Cultural/Social**	**Technological**	**Legal**	**Environmental**	**Citation Source**
Google LLC (Multinational Tech Company)	1. Increase in free trade agreements (o) 2. Stable political climates in critical markets (o) 3. Government-sponsored online companies (t)	1. Economic stability of markets (central) (o) 2. Rapid growth of developing nations (o) 3. Decreasing cost of renewable energy (o)	1. increased use of social media (o) 2. Increase the diversity of online users (o) 3. Increase criticism of the use of personal data (t) 4. Diversity and inclusiveness (o & t)	1. Growth in internet access in developing nations (o) 2. Increase adoption of mobile devices in global markets (o) 3. Increase in use of cloud services globally (o)	1. New regulations for online privacy (o) 2. Strict regulations on intellectual property (o) 3. Increase restrictions on the use of customer's data (o & t)	1. Continuous support for environmentalism (o) 2. Developing interest in sustainable business among suppliers (o)	(Rowland, 2020)
Apple Inc. (Multinational Tech Electronic, Software Services, Mobile Devise)	1. Higher income inequality and corporation tax issues (t) 2. Social and political unrest in China plus calls to restrict Chinese imports by 3. Growth of anti-Americanism in China (t) 4. increase in antitrust concerns and political pressure (o & t)	1. Increased labor costs in China (t) 2. Stagnation of middle-class income across developed countries (t) 3. Inflation of US dollar against other currencies (o & t)	1. Increase consumer spending in developing countries (o) 2. Increase in lack of emotional attachment of young people (t) 3. Price point issues in developed countries (t) 4. Ethical concerns about relationships with China (o & t) 5. Diversity and inclusiveness (o & t)	1. Increase duplication of products (t) 2. Limited consumer product offering (t) 3. increased use of mobile devices (o) 4. Increase in cybercrimes and criminal capabilities (o & t)	1. Increase in regulations for Services (finance) (t) 2. Increase litigation issues (automobile) (t) 3 Increase in Intellectual property laws (music, software) (o & t)	1. Disposal issues relating to obsolete units (t) 2. Pollution effect of production in China (t) 3. Increase electricity rate in other nations (t) 4. Impact of global warming on transoceanic shipping and supply chain (t) 5. Increase energy regulations on data center (o & t)	(PestelAnalysis Contributor, 2
Netflix (Multinational Video Streaming)	1. Federal Communications Commission regulations on Cable TV (o) 2. Limited access to other countries (t) 3. Permission & Censorship (t) 4. Restricted access (t) 5. EU ruling of European Content (o & t)	1. Deflation of US dollar and Exchange rates (o & t) 2. Covid19 Pandemic (o & t) 3. Monthly subscriptions (o) 4. Content privacy and Torrenting (o & t) 5. New Global Competition (t)	1. Work environment requirements (o) 2. Scholarships (o) 3. Compassionate leadership (o) 4. Support of the Minorities (o) 5. Increase trend of streaming videos using phones (o & t) 6. Diversity and inclusiveness (o & t)	1. Video formats affecting defense system (t) 2. Automatic translations (o & t) 3. High-quality videos 4. Unpopular voting (t)	1. Increase in Class-action lawsuits (t) 2. Increase in copyright issues (t)	1. New clean energy requirements for data centers (o)	(Ali Shaw, 2020)
Starbucks (Global Restaurant and Food)	1. Effects of Federal government changes (o & t) 2. Issues relating to the trade war with China (t) 3. Labour Laws (t) 4. Tax guidelines (t)	1. Changes in economic conditions (o & t) 2. Exchange rate fluctuations (o & t) 3. Interest rate changes (o & t) 4. Tax level changes (o & t) 5. Restricted economic environment of various markets (t)	1. Employee benefit demands (o) 2. Shift to organic products (o & t) 3. Growing emphasis on innovation on Social Wellness (o) 4. Changes in customer values (o) 5. Changes in Work patterns (o) 6. Changes in family patterns in Europe and the US (o)	1. Digitalization goals (o) 2. Data analytics (o) 3. Increase in the use of mobile platforms (o) 4. Emerging technology (o) 5. Biotechnology (o) 6. Advancement in agriculture (o)	1. Increase in regulations on locally made items 2. Risk of litigations 3. Tax rate changes (t) 4. Licensing regulations (t) 5. New trade and customs laws (o & t)	1. Ecological disasters impacting coffee beans 2. Increase demand for focus on environmental issues (o) 3. Increase demand for focus on environmental issues (o) 4. Increase in Environmental regulations (o)	(Shamsul, 2021)
Tesla (Car Manufacturer and Software)	1. Increase in government incentives for electric vehicles 2. Development of global trade agreements 3. Stability in significant markets	1. Reduction in battery costs 2. Reduction in renewable energy costs 3. Stability of economies	1. Increase in low-carbon lifestyle 2. Increase in preference for renewable energy 3. Distribution of wealth in developing markets 4. Diversity and inclusiveness (o)	1. Speed of evolution of technology 2. Evolution to automation in business 3. Increase in online mobile systems	1. Expansion of international patent protection 2. Energy regulations on consumption 3. Regulation of dealership sales in the US	1. Climate change 2. Expansion of environmental programs 3. Regulations relating to waste disposal	(Kissinger, 2019)

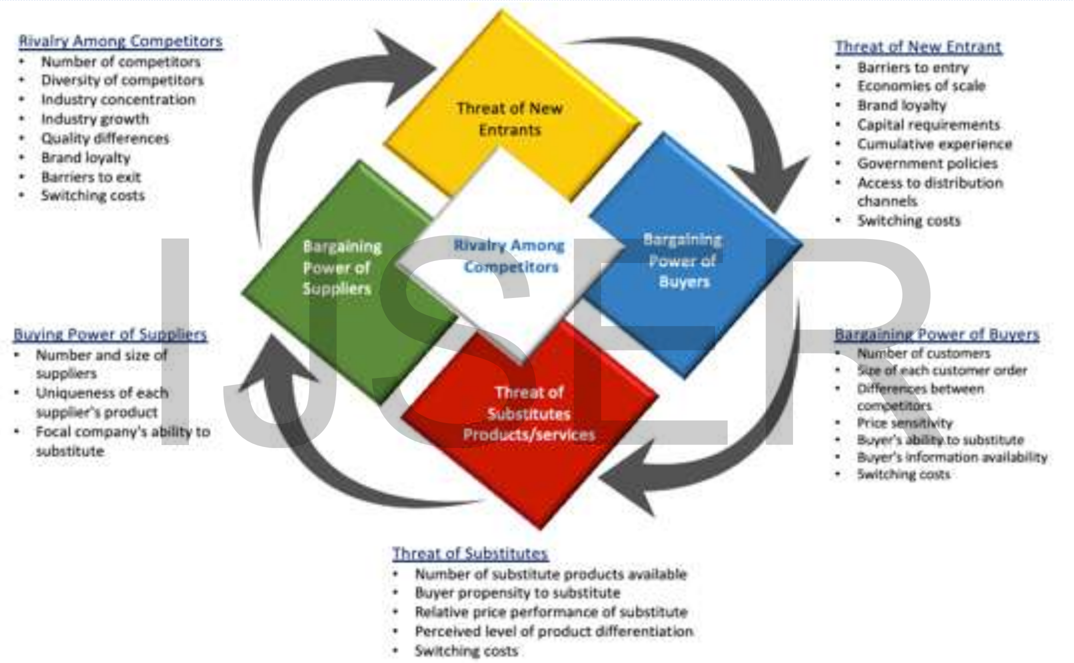
Notes: Created by Author using case studies from multiple sources. Key: (o) Opportunity, (t) Threats, (o & t) Opportunity and Threat

Micro Environmental Framework

Analysis of the microenvironment rests on the concepts and ideologies of understanding the nature of competition in said environment. Michael Porter (1996) idealizes this process through his Porter Five Forces Model.

Figure 9.

Porter's Five Forces Model



Notes: Adapted from Strategic Management: Concepts and Cases.p.74. F. David. 2011.Prentice-Hall, Copyright 2011 by Pearson Education, Inc.

Porter reports that strategic plans must focus on the five forces that will enable a company to define its position and best defenses against competitive elements (Porter, 1996). Additionally, organizations can influence the balance within the environment through calculated strategic moves by anticipating shifts and understanding factor impacts (Porter, 1996). Figure 9 illustrates Porter's Five Forces model. The Porter Model is peculiar in application but unique in its process. The model must be applied using three steps to understand if acceptable profits are possible through competition (David, 2011):

i. Identify critical elements of the competitive forces that impact the business.
ii. Assess how solid and relevant each element is to the business
iii. Align on the decision whether collectively the strength of the element value competing or abandoning the industry.

1. *Rivalry Among Competitors*

According to David (2011), this force is the most powerful of the forces. The strategies used here can be successful only when they result in a competitive advantage over their rivals (p. 75). Consequently, the rivalry among competitors in an industry increases as the number of competitors increase. Concurrently, rivalry intensifies when there are diverse strategies among rivals and a high frequency of mergers and acquisitions(David, 2011).

2. Threat of New Entrants

The extent to which the industry allows the entrance of new competitors is also a strategic element as it impacts the intensity of competitiveness. In most cases, the existence of barriers to entry makes it difficult for new competitors. These include gaining economies of scale, access to know-how and technical skills, and competing experience(David, 2011).

3. Bargaining Power of Suppliers

The bargaining power of suppliers evolves as the number of suppliers that exist in a given industry change. When there are few valuable suppliers and substitute raw materials, price points and switching costs are relevant. At this point, suppliers and producers work collectively to offer reasonable prices, improve quality and services to reduce delivery cycles and inventory costs (David, 2011).

4. Bargaining Power of Buyer

Consumer buying power increases as they become concentrated or purchase in large volumes. This increase impacts the intensity of the competition because firms may have to seek to institute other services to gain loyalty. Additionally, standardized and differentiated products contribute to the level of power because customers can demand selling price, which makes this force another significant impact in building competitive advantage (David, 2011).

5. Threat and Development of Substitutes

Indeed, operating in an industry with rivals would result in threats of substitutes. David (2011) argues that the existence of substitute products and services places a ceiling on price before applying a cost to switch. Requisite price ceilings translate to profit ceilings and intensified competition but what is critical is that the pressure from substitutes increases as the price of substitutes decline (p77).

Table 2 highlights Porter's Five Forces model from a high level for six companies competing within their respective industries. Google's industry assessment reveals that rivalry among competitors is a relatively strong force, which means that this force limits the ability to grow, owing to many firms in the industry, high levels of diversity, and low switching costs. Coincidentally, the suppliers' power is also weak as there are many suppliers, and they are small in size.

In the case of Apple, the environment in which it operates is highly competitive, and the rivalry is such that it impacts the strategies used in creating a high-value brand. Many competitors are engaging in an intense competition where a loss to one is again to another. However, the threat comes from the financial stability of its significant competitors to diversify as Google and Samsung. As for suppliers, Apple operates in a customer market as there are many suppliers globally with low switching costs. Apple avoids monopolizing the production of its parts and material, hence spreading out the risk and power.

Netflix is known for its dominance in the video streaming industry, and that the assessment illustrates that there is a moderate rivalry between competitors. Although the general competitive environment is high, the offerings are diversified, and consumers often subscribe to multiple competitors simultaneously. However, larger technology giants with solid financial backgrounds and technology are a considerable threat if they diversify into the market.

Rivalry in the electric car industry is something to note, and for Tesla, the competition is intense, and the company must be mindful of strategic decisions relating to this. There is a small number of organizations that aggressively compete for market share. Competitors who are not financially sound would find it difficult to enter the market. In retrospect, the switching costs are low, and customers change readily to alternatives. The customer bargaining power is moderate as switching costs are low and volume purchases are low given the moderate availability of substitutes. However, for suppliers, the power to bargain is equally moderate as suppliers tend to integrate forward.

Table 2

Porter's Five Forces Model Framework

	Rivalry Among Competitors	Threat of New Entrants	Bargaining Power Buyers	Bargaining Power Suppliers	Threat of Substitute Products/Services	
Company	FORCE 1	FORCE 2	FORCE 3	FORCE 4	FORCE 5	Citation Source
Google (Multinational Tech Company)	1. Large quantity of organizations in IT and online services (SF) 2. Diversification of technology is high (SF) 3. Low switching costs (SF)	1. Cost of doing business (MF) 2. High cost of brand development (WF) 3. Capability to fulfill regulatory requirements (SF)	1. Small size of individual customers (WF) 2. Increasing and high demand from buyers (WF) 3. Quality of information for customers (MF)	1. High availability of suppliers (WF) 2. Large volume of suppliers (WF) 3. Size of individual suppliers (WF)	1. Switching costs to substitutes (MF) 2. Availability of substitutes (MF) 3. Substitute performance to price ratio (WF)	(Smithson, 2019)
Apple Inc. (Multinational Tech Electronic, Software Services, Mobile Devise)	1. Aggressiveness of organizations (SF) 2. Low differentiation (SF) 3. Low switching costs (SF) 4. Large quantity of organizations in the market (SF)	1. High capital requirements (WF) 2. High cost of brand development (WF) 3. Capacity of potential for new entrants (SF)	1. Low switching costs (SF) 2. Small size of individual buyers (WF) 3. High buyer knowledge and information (SF)	1. Moderate/High number of suppliers (WF) 2. Moderate/High overall supply (WF) 3. High organization concentration to supplier concentration (WF)	1. Moderate/High availability of substitutes (MF) 2. Performance of Substitutes (WF) 3. Buyer propensity to substitute (WF)	(Ferguson, 2019)
Netflix (Multinational Video Streaming)	1. Large number of organizations (SF) 2. Low switching costs (SF) 3 Diversification of technology (WF)	1. High capital requirements (MF) 2. High cost of brand development (MF) 3. Capacity of potential for new entrants (SF) 4. High cost of brand development (WF)	1. Customer loyalty (SF) 2. Price sensitivity (SF) 3. Limited revenue stream through subscription (SF) 4. Threat of substitutes (SF)	1. Low switching costs (SF) 2. Forward integration of suppliers (SF) 3. Dependency on suppliers (SF) 4. Backward integration (MF)	1. Switching costs to substitutes (SF) 2. Availability of substitutes (MF) 3. Substitute performance to price ratio (MF)	(Amna et al., 2018)
Starbucks (Global Restaurant and Food)	1. Aggressiveness of organizations (SF) 2. Low differentiation (MF) 3. Low switching costs (SF) 4. Large quantity of organizations in the market (SF)	1. Cost of doing business (MF) 2. Supply chain cost (MF) 3. Cost of brand development (WF)	1. Low switching costs (SF) 2. High availability of substitute (SF) 3. Small individual buyers (WF)	1. Individual suppliers are moderate in size (MF) 2. Large variety of suppliers (WF) 3. Large supply (WF)	1. High substitute availability (SF) 2. Low switching costs of substitutes (SF) 3. Low cost of substitute products (SF)	(Greenspan, 2019)
Tesla (Car Manufacturer and Software)	1. Limited number of organizations (WF) 2. High Aggressiveness (SF) 3. Low switching costs (SF)	1. High brand development cost (WF) 2. High cost of doing business (WF) 3. High economies of scale (WF)	1. Low cost of switching (SF) 2. Moderate availability of substitute (MF) 3. Low volume of purchases (WF)	1. Forward integration (MF) 2. Size of suppliers (MF) 3. Supply level (MF)	1. Switching costs (SF) 2. Substitute availability (MF) 3. Performance of substitutes (MF)	(Kissinger, 2019)
UBER (Multinational Ride Sharing)	1. Large number of rivals and niche (SF) 2. Direct competition for niches (WF) 3. Low switching costs (SF)	1. Capital requirements (SF) 2. Economies of Scale (MF) 3. Niche focused entrants (MF)	1. Customer loyalty (SF) 2. Price sensitivity (SF) 3. Value proposition (SF) 4. High buyer knowledge and information (SF)	1. Supplier loyalty (SF) 2. Price sensitivity (SF) 3. Value proposition (MF) 4. Low switching costs (SF)	1. Low switching costs (SF) 2. Substitutes availability (MF) 3. Impact of public transport (WF)	(Peachyessay, 2021)

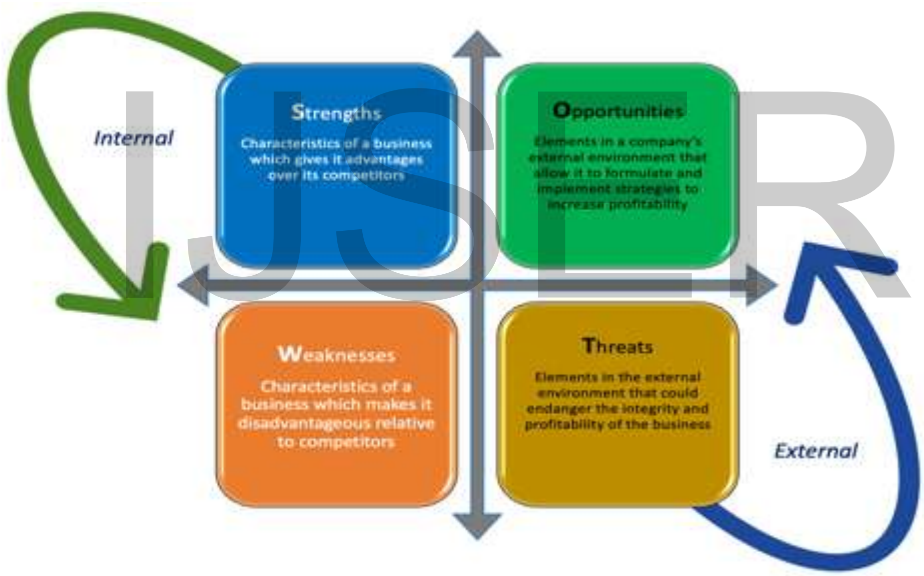
Notes: Created by Author using case studies from multiple sources. Key: (SF) Strong Force which requires attention and could increase competition, (MF) Moderate Force which requires attention but could become critical, (WF) Weak Force does not require immediate attention and has little impact on the competitive situation

A Collective Perspective

As companies engage in analysis of the respective environments, it is incomplete without a level of detailed introspection on part understanding the resources that allow the organization to perform. As mentioned in prior sections, Alex Humphrey envisioned the SWOT Analysis framework that defines these capabilities and gaps for strategic planning. SWOT analysis is a collective review of the organization's strengths, weaknesses, opportunities, and threats (Schooley, 2019) (Figure 10).

Figure 10.

SWOT Analysis Framework



Notes: Adapted from SWOT Analysis. Corporate Finance Institute.

2021.https://corporatefinanceinstitute.com/resources/knowledge/strategy/swot-analysis/.Copyright 2021 by CFI Education Inc.

Schooley (2019) exclaims that the primary goal of SWOT is to assist in the development of awareness of the factors contributing to the business decision process. As a precursor to the objective, SWOT analysis aims to discover recommendations and strategies, focussing on leveraging opportunities and strengths to circumvent weaknesses and threats (Schooley, 2019). Reviews in academia suggest that for a strategic plan to be holistic and practical, SWOT should complement the PESTLE and Porter's Forces model to clarify the market and industry better and use resources to attend to the same.

When conducting a SWOT analysis, it is critical to explore the below elements of each factor within the framework (Corporate Finance Institute, 2021):

1. Evaluate *strengths* from a customer and internal perspective.
    a. What advantages exist?
    b. What unique resources does the company have those competitors lack?
    c. Define the Unique Selling Proposition of the business
    d. What is the perception of the organization in the eyes of the consumer?
    e. Define low-cost resources possessed by the company that others do not have

2. Evaluate *weaknesses* from a customer and internal perspective.
    a. What does the company need to fix?
    b. What weaknesses/gaps do consumers see?
    c. What factors erode the company's brand image?

3. Evaluate *opportunities* from an external perspective
    a. Are there opportunities to capitalize in the market?
    b. How can the organization capitalize on trends?
    c. Can the organization capitalize on any changes in technology or markets?
    d. Can the organization capitalize on changes in lifestyle, social patterns?

4. Assess *threats* from an external perspective.
    a. Are there any obstacles facing the organization?

b. Can the organization identify things the competitor is better at executing?

c. Are changes in technology threatening the organization's position?

d. What threats do the weaknesses create?

e. Are changes in lifestyle and social patterns a threat to the organization?

Table 3 illustrates a high-level approach to the SWOT analysis process for the same six major multinational companies discussed previously. The analysis highlights Google's strength as a pseudo-monopoly through its search engine dominance. Its substantial brand value is second only to Apple as one of the most valuable organizations in the world. Contrary to its strengths, Google has challenges with its privacy policies regarding information and the use of algorithms. There is also an over-reliance on Google advertisements, as 84% of the revenues correlate to macroeconomic conditions (Bhuyan, 2021).

Table 3 also highlights an overarching view of Apple Inc., one of the world's most popular electronics and software technology companies. The assessment done by Smithson (2020) explains that Apple has successfully overcome weaknesses and threats while taking advantage of opportunities. Apple owes its success to the internal factors within the organization and its technological capabilities. Other key strengths include brand value, high profit margins, premium pricing, rapid innovation, and significant value (Smithson, 2020). Moreover, Apple exposes itself to limited distribution networks because of its exclusivity policies using authorized dealers.

Additionally, premium prices are inclined to generate less benefit to the consumer and the dependence on sales in high-end segments. Through these same weaknesses come opportunities, like the possible expansion of the distribution to other areas of the electronic segment—likewise, the opportunity to increase marketing aggressively to gain higher volumes and develop new product lines. As the markets evolve, so does competition, and the threat increases, players seek to diversity and aggressively compete.

The analysis shows Netflix has a global reach with a significant global footprint which boosts its brand publicly. Additionally, it prides itself on high-quality original content targeted at a specific niche. Moreover, it has the opportunity to exploit advertisements and access niches to gain additional market share. The analysis also indicates the threat of government regulation policies restricting operation in several countries and competition from traditional TV providers and existing technology giants like Apple, Amazon, Disney, HBO, and much more.

Further, the SWOT analysis framework explores Starbucks, a global franchise that benefits from its brand image, extensive global supply chain, and controlled diversification throughout its subsidiaries. Notwithstanding, its strengths Starbucks' main weaknesses hovers, high price points, generalized standards, and the ease of imitation (Lombardo, 2019).

Table 3

SWOT Analysis Framework

	S	W	O	T	
Company	**Strengths**	**Weaknesses**	**Opportunities**	**Threats**	**Citation Source**
Google (Multinational Tech Company)	1. Search engine monopoly 2. Brand valuation 3. Rapid growth 4. Adaptability	1. Incoherent privacy policy 2. Over-dependence on Google Ads 3. Failed social media entry	1. Cloud storage 2. Product line diversification 3. Acquisitions/Investments	1. Global issues with China 2. Competition from the Big Tech companies (Facebook, Apple, Amazon, Netflix) 3. Growth in Chinese Search Engine Baidu 4. Shift to vertical	(Bhuyan, 2021)
Apple Inc. (Multinational Tech Electronic, Software Services, Mobile Devise)	1. One of the strongest brands 2. High-profit margins/premium pricing 3. Rapid innovation process cycle 4. Product software ecosystem	1. Limited distribution network 2. Premium selling prices 3. Reliance sales in high-end market segments	1. Expansion of the distribution network 2. More Aggressive marketing for higher sales volumes 3. Development of new products/services (electronics	1. Aggressive competition from multinationals (Samsung, Amazon, and Microsoft) 2. Imitation competition based on low prices 3. Rising labor costs in production facilities	(Smithson, 2020)
Netflix (Multinational Video Streaming)	1. Global reach 2. Originality 3. Reasonable pricing 4. Adaptability 5. Award-Winning Shows	1. Rising debts 2. Over-dependence on specific markets 3. Increasing prices	1. Mobile streaming facilities 2. Advertisement exploitation 3. Niche marketing	1. Competition from emerging entrants 2. Government regulations 3. Piracy 4. Hacking and cyber crimes	(Davis, 2021)
Starbucks (Global Restaurant and Food)	1. Strong brand image 2. Sophisticated and comprehensive global supply chain 3. Moderate diversification through subsidiaries	1. High price points 2. Generalized standards for most products 3. Ease of Imitability	1. Expansion in developing markets 2. Diversification of Business 3. Strategic partnerships or alliances	1. Competition from low-cost sellers 2. Imitation 3. Independent coffeehouse shifts	(Lombardo, 2019)
Tesla (Car Manufacturer and Software)	1. First in the market 2. face value 3. Ally strength 4. Quality assurance 5. Word of mouth	1. Lack of infrastructure 2. Global expansion 3. One man army	1. Unfair advantage 2. innovation 3. Cost tailoring	1. Rising competitors 2. profit margin 3. sustainability 4. market penetration	(Davis, 2021)
UBER (Ride Sharing)	1. First mover advantage 2. Low operational costs 3. Effective implementation of 'Think Global, Act Local' strategy 4. Uber ecosystem 5. High levels of user convenience	1. Damaged brand image (scandals) 2. Increasing loss of business 3. Ease imitation (business model) 4. Focus on technically savvy customers 5. Low earnings potential for drivers	1. Increasing adoption of sharing economy 2. Self-driving cars 3. Brand image repair 4. Increase internet penetration 5. Increase service range	1. Legal actions and restrictions in developing countries 2. New competition 3. The risk of scandals and ethical issues 4. Growing challenges from traditional taxi services 5. Drivers leaving due to low earnings	(Dudovskly, 2021)

Notes: Created by Author using case studies from multiple sources to provide a comparative view on multiple company analyses.

Like the other industry giants, Telsa enjoys the power of strength through being the first in the market, building a face value worth billions, and creating strength through allies and quality assurance. Telsa has a unique place in the market as the focus goes beyond the car but expands to the experience. Electric long-range vehicles, luxury with the most innovative technologies not yet imitated by others. However, while there is much to enjoy strategically, the same analysis shows that Tesla lacks infrastructure charging electric vehicles (Davis, 2021).

With each analysis framework discussed prior comes limitations, but to what extent do these limitations challenge the framework's applicability in creating viable long-term strategic plans?

Limitations

Therefore, the rhetoric question remains. Are sixty-year-old theoretical frameworks still relevant in the analysis of the digital business environment? However, strategic plans fail outside the limitations of analysis tools and more on the approach to the process. Several things can lead to strategic plan failures if planners do not understand the environment and focus too much on the results. Additionally, team members continuously shelve valuable ideas out of fear of disruption.

Respectively each framework has limitations, and when supported by another, it provides greater insight to developing solid strategic plans. This chapter will examine the limitations of the frameworks discussed in the preceding chapters and provide practical examples of companies that failed to align strategy to an evolving market environment.

Limitations of the PESTLE

With the inherent benefits that the PESTLE analysis provides, it has critical limitations that affect its efficiency. Frue (2018) discusses several disruptive shortcomings of the framework and the impact on strategy.

1. Despite highlighting six primary factors affecting the external environment. The framework does not provide a complete picture of the environment.
2. The factors are very dynamic and change rapidly, and plans including dynamic information reduce accuracy and practicality.
3. The framework does not go in-depth unless a specific factor is said to be critical. Hence its underlying design may be too simplistic.
4. Data collection is a complicated process, and information is not always available, and in some cases, excess information leads to overload.
5. The PESTLE process is time-consuming, given the vast amount of information and resources to complete the analysis.
6. The priority plan and implementation of the PESTLE process are subjective and can cause ambiguity.

Limitations of the Porter's Forces

Porter's Five Forces analysis is the modern theory of competitive advantage, but it is not without limitations. Goyal (2020) describes critical criticisms and limitations of the famed microenvironmental analysis tool.

1. The framework ignores the effect of complementary products and services but recognizes substitute products and services.

2. The framework alludes to an industry structure as the primary driver for competition and profitability. However, it ignores if an industry is emerging or mature, regulated or unregulated, high-tech or low-tech.
3. The framework oversimplifies value chains and does not prioritize buyer and consumer segments between channels like distributors.
4. Porter's framework is static; it provides a snapshot view of the industry, does not consider the dynamism in modern and evolving markets, and lacks value.
5. The framework also ignores agility (innovativeness) and focuses predominantly on market dominance, equally important in an evolving market.
6. Porter also limits the model by not having an apparent strategic positioning factor. Conversely, his framework focuses on the forces as singular ítems, making it abstract, prescriptive, and rigid.
7. The framework does not provide a means of sustainability for competitive advantage.

Limitations of SWOT Analysis

Of all frameworks, SWOT analysis boasts the most versatile and practical analytical tool, but notwithstanding its practicality, it also has several limitations. Frue (2028) highlights in her article limitations that are worth noting for the analysis tool.

1. The framework is rigid to the point that it restricts overlaps. For example, weakness can not be an opportunity, nor can strength by weaknesses. Its one-dimensional view limits its complete analysis of an organization, not to mention it impairs the decisión process.
2. SWOT analysis is highly subjective, and this increases as the information accuracy diminish. Without reliable and relevant data, SWOT fails.
3. Like other analyses, information overload is probable as there is no threshold for data relevance which can be a problem.

4. SWOT frameworks also lack hierarchy in that the analysis does not assign priority to any of the four factors. If the wrong one is given focus at the time, it may cause an issue in the future if conditions change.
5. This framework is not the only step in the strategic planning process, and despite its value, additional steps exist beyond the four functions presented to plan a successful strategy.

Given the limitations discussed above, do companies that use these frameworks fail? If so, why did the strategy fail? In an article published by Seim Mol (2020), he argues that effective company strategies fail because it lacks focus. Coincidentally, organizations do not fail to innovate because of their drive or ability but failure to identify opportunities and threats. Most companies, if not all, focus on sustaining the core business despite the changing environmental needs. There are numerous instances of failed strategies, including General Motors, Compaq, Toys “R” Us, Sony, Motorola, Saab Automobile, and Yahoo, to name a few. However, to bring it into perspective, the paper discusses some recent corporate failures of the 20th century.

It is fair to say Kodak was once a significant player in the photographic film industry, if not the most dominant before bankruptcy. However, its failure was due to market disruption, and it failed to capitalize on its skills at the time. Nevertheless, it was not the digital camera that led to failure but the failure to use its’ internal capabilities to innovate beyond anticipation. At the time, Kodak possessed some seven thousand (7000) patents for products not yet in the market backed by its engineers (Mol, 2020). The unfortunate thing for Kodak is that it improved its photography but failed to evolve as a business. By the time it opted to engage in innovative change, it was too late because it spent unnecessary time developing the wrong strength.

For Nokia, another stalwart in the mobile industry a few years back also failed to innovate. Nokia’s dominance changed in the late 2000s with the advent of the graphic user interface smartphone.

However, the difference in technology was the software, not so much the hardware. Nokia being the dominant player at the time, missed the opportunity to be the first mover. Thinking that changes to the software would alienate users versus meeting the needs they did not know were already present. Nokia's strategy focused on the strengths and undervalued the impact of the competitive landscape given its position in the market.

Another prehistoric titan was Blockbuster, the company that "never saw it coming." However, did Netflix just undermine years of hard work by Blockbuster with a simple switch to digital streaming, or is there something else? Coincidentally, there is more to the story, Blockbuster at the time, had an opportunity to invest in the Netflix start-up, but the stakeholder refused repeatedly. Instead, Blockbuster stakeholders made several changes, new CEO, price adjustments, new strategic direction, and in the end, filed for bankruptcy(Mol, 2020). Blockbuster failed to innovate because the strategy was not in line with the stakeholder's beliefs.

After careful examination of the concepts of emerging technologies and the impact, these realities have on the business environment. The report also explores the concepts of the strategic planning process and the relevant analytical tools to test their relevance in the evolving marketplace. Ironically, through the analysis of the limitations. The macro and micro environmental analysis devices appear to be better together than in silos, and it is for that reason that the next chapter explores theoretical considerations for frameworks that appear less than ideal in a rapidly evolving digital marketplace.

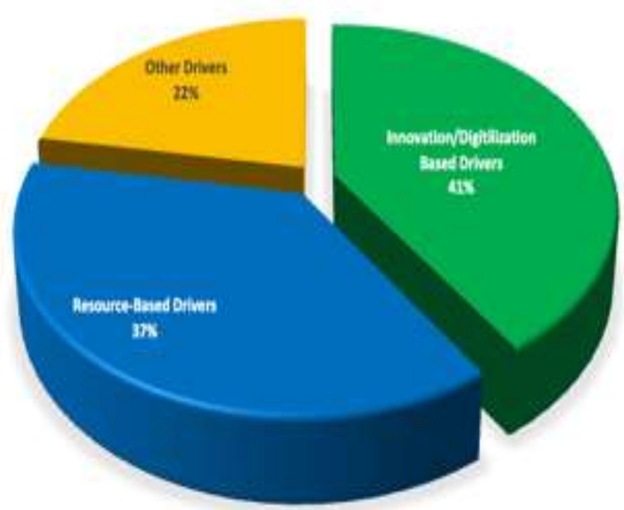
Considerations in a Digital Business Environment

Regarding the information discussed in prior sections, it is evident that the more archaic analytical tools have gaps worth noting. However, it is more of a consideration of the perception of the environment, what information is available, how to use it in the planning process, how to achieve competitive advantage and sustain it in the long term. Achieving this criterium in a digitally evolving business environment is critical to the success of any business strategy. On that premise, analytical tools must be applicable, flexible, and practical to cover all areas of concern.

Coincidentally, academic articles criticize and theorize that the Porter Five forces model is outdated and requires impartial review (Figure 11). The fundamental reason for this focus is to ensure strategies act as enablers to competitive advantage in an evolving micro-environment. Therefore, for organizations to add value to strategic planning in a digitalized environment, the requisite tools need to be holistic in its review. In the second chapter of this report, Bhasin (2021) highlights the second planning process as an internal and external environment analysis before assessing the internal capabilities. This section will review considerations for adjustments to assess competitiveness in a digital environment effectively.

Figure 11.

Literature Suggesting Drivers for Industry Competition



Notes: Adapted from the 5 Competitive Forces Framework in a technology-mediated environment. Johnson M. 2014. Copyright 2014 by University of Twente.

Firstly, the impact of complementary products and services was not a consideration in the early model but was brought to the forefront by Adam Brandenburger in 1998 (Spulber, 2009).The primary application of creating synergies that allow better positioning is a force worth considering as part of the analysis, especially given that the digital age is all about relationships and the value it adds. As the market evolves, organizations will push to find innovative complementors to enhance positions they would not have before digitalization.

Secondly, Larry Downes suggests that companies in a digital environment move beyond Porter's Five forces to consider three additional forces: digitalization, globalization, and deregulation (Johnson, 2014, Isabelle et al., 2020). However, Johnson (2014) suggests that the model considers further expansion to include the theory of innovativeness. Digitalization, as a force, covers the power of information technology, and as the power grows, so does access to information. In this scenario, digitalization is quantifiable by the industry's degree of digital input, processing, output, and infrastructure. If industries consist of high levels of digitalization, the threat of digitalization is high, and on the inverse, the threat is low (Johnson, 2014, Isabelle et al., 2020).

Globalization, in retrospect, allows for improvements along the supply chain, communications, commerce on a global scale. As such, competitive advantage emerges from creating and maintaining relationships with more agile and mobile customers and partners for mutual advantage. It is due to this situation why globalization is measurable and able to provide information for strategic planning. Concurrently, as countries experience lower taxations and government consumption, the greater the chances for Foreign Direct Investment (FDI) and the greater the exposure to globalization. Conversely, the higher taxes, expenditure, and government consumption, the lower FDI will be, and subsequently, the lower exposure to globalization (Isabelle et al., 2020).

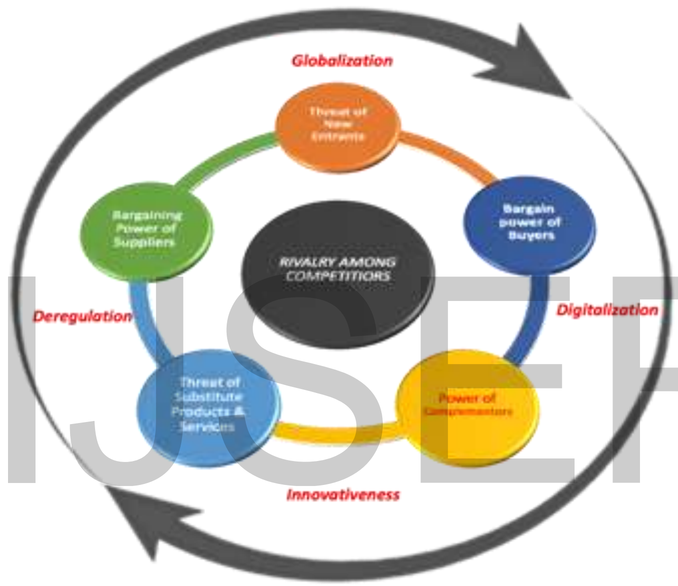
Downes, views of deregulation are interestingly valuable as it explores the concepts that state the existence of monopolies, oligopolies driven by economic systems. Politically strong states can push radical reforms, and countries are open to learning from each other. These characteristics are measurable based on incumbent control, political strength, and the learning abilities or imitation of practices. Therefore, where governments are monopolistic, politically intense, learning and duplicating new reforms is the norm, the greater the exposure to deregulation activities. However, where the state is oligopolistic, politically weak, has low learning practices, and few duplications of reform, the industry exposure to deregulation is low. Johnson (2014) references studies of North Americana and European companies that highlights that government regulation and deregulation impacts industry competition and is driving force.

Additionally, Bruijl (2018) and Johnson (2014) provide academic support for innovativeness as another force for consideration in a digitalized economy. Both authors cite that innovation of itself plays a crucial role in achieving competitive advantage and drives competition. Porter's model does not consider this a force on its own but alludes to it as a precursor of new entrants, but it goes beyond new entrants. However, Johnson (2014) argues that innovating and being more innovative than competitors drives industry competition, and it must be a vital factor. The authors explain that innovativeness measures the number of patents registered within a market/industry and country and the level in intellectual property index. As such, if the number of patents in an industry is high and the Intellectual Property Index is high, competitors' level of innovation is high. Conversely, if those items are low, the level of innovativeness is low.

Based on the abovementioned considerations, it becomes critical to preempt said forces into one framework. Figure 12 provides a holistic pictorial representation of the ideas in a conceptual model called the Competitive Drivers Framework.

Figure 12.

Conceptual Competitive Drivers Framework



Notes: Expounded Conceptual Framework of Porter's 5 Forces (1979); Adam Brandenburger's Complementors (1998), and Steve Downes' 3 Forces Model (1999) illustrated by Darren S. Fisher (2021) as a Conceptual Competitive Drivers Framework for the Digital Business Environment

No strategy is solid, nor is any error-proof, but what is evident is that all strategies depend on information and the use of that information in the strategic planning process. Interestingly how do companies move forward with this new information? How do organizations approach analysis of the evolving digital environment to reap sustainable competitive advantage?

Conclusions and Recommendations

This paper aimed to establish the impact of the rapidly evolving digital environment on the strategic planning process, which includes the assessment of the practicality of using essential strategic planning macro and microenvironmental analysis tools and their relevance in analyzing today's digital business environment. Real-world examples and supporting literature prove that digital evolution influences all aspects of business and strategy. For this reason, review considerations become crucial to value enhancement.

Leaders must "begin with the end in mind" (Covey, 2009, p.106). Closing the strategic gap amid the current state and future state aligns organizational strategy to the company's vision. The essence of effective strategic planning is rooted in the quality of information and the use of said information to make practical paradigm-shifting decisions to create a competitive advantage. However, a competitive advantage is only valuable if it becomes sustainable.

The impact of digitalization transformation changes how business transacts, interacts, and satisfies needs and goals. Emerging technologies such as Artificial Intelligence, Machine Learning, the Internet of things, Automated Robotic Processing, and Blockchain aim to disrupt the holistic business environment. Therefore, for businesses to remain relevant, they must utilize available tools to assess their position, state of readiness, innovativeness, and willingness to innovate. Studies suggest that the digital transformation process is not simple, and numerous companies fail to transition in time or not at all. Hence, understanding the criteria requires the effort of all strategic stakeholders.

Real-world examples prove that innovativeness is critical in the digital business environment irrespective of the industry. There is an increasing demand for the available tools to identify conditions and analyze effectively for strategy building. Popular macro and microenvironmental analysis tools such as PESTLE, Porter Fiver Forces, and SWOT face becoming obsolete in an evolving digital market. Therefore, expansion by adding additional technological complementors, innovativeness, digitalization, deregulation, and globalization is necessary. These additional forces provide depth and expose the strategic planning process to a broader scope to anticipate the impact and changes of the digital environment. These newly indoctrinated forces add value to the existing models by making them creative and inclusive. After which, organizations must explore combining different tools to provide a holistic and interconnected industry analysis. For example, using the Resource-Based View (RBV) tool also provides an avenue for identifying resources that allow for superior performance, resulting in sustainable competitive advantage(Bruijl, 2020).

The final recommendation is to build innovative strategies that support the corporate strategic vision and goals. Therefore, dedicating efforts to aligning innovation across product, process, and business model spectrums, respectively. This parallel or ingrain strategy is key to providing detailed plans to create unique value that consumers align with worth, which translates to additional competitive advantage in a digital environment.

In conclusion, organizations must understand that the strategic planning process is not a one-time solution to achieving specific goals or objectives; instead, it includes systematic and cyclical reviews as the tools only provide a snapshot of industry conditions. Additional evaluative tools are available, such as the Objectives and Key Result (OKR), which aid in solving issues, improving processes, and encouraging innovation. Industry leaders in innovative companies like Google, Microsoft, Intel, and Netflix currently integrate this tool into the planning process, notwithstanding the inherent benefits of other proprietary analysis tools(Conrad, 2020).

This report does not provide a solid solution to the efficiency gaps of past or modern industry analysis tools. Instead, it brings to the forefront the limitations emerging technologies create for interpreting industry conditions to build valuable and sustainable strategies and the different perspectives to improve the state of analysis procedures. With that affirmed, organizations have a responsibility to stakeholders to maximize their return on investment through anticipating, evolving, and reacting to the needs and conditions of the new digital business environment.

List of Acronyms

Acronym	**Definition**
AI	Artificial Intelligence
GDP	Gross Domestic Product
HR	Human Resources
IoT	Internet of Things
IPR	Intellectual Property Rights
IT	Information Technology
LLC	Limited Liability Company
OKR	Objectives and Key Results
PEST	Political, Economic, Social, Technological
PESTLE	Political, Economic, Social, Technological, Legal, Environmental
RBV	Resourced-Base View

RPA	Robotic Process Automation
SWOT	Strengths, weaknesses, opportunities, and threats
US	United States of America

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