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The Company's Business Model and its Valuation: A Theoretical Approach

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Abstract *The company Strategic Formula (SF) is a theoretical business model. The SF defines the strategic profile of the firm by considering two different strategic front: the Internal strategic front, defined by the choices on corporate governance, on organizational structure, on operating processes and on strategic resources and the External strategic front, defined by the choices in real markets, capital markets, social context. Both the internal and the external strategic fronts are strictly related by systemic and dynamic bidirectional relationships. The quality of the SF of the company can be evaluated on the basis of the coherence of all its elements in a dynamic perspective. Only if the SF is characterized by a "systemic-structural-dynamic consonance" of each of the structural elements of the internal and strategic front, it can be considered to be effective and able to generate value over time for the company.*

Key words Business model, management strategy, business strategy, financial strategy, social strategy, corporate strategy, valuation

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1. Introduction

A company business model can be defined as the way by which the firm competes in its own business. Specifically, it describes its basic logical and methodological approach to do business with main regard to products, customers, suppliers and competitors, in order to create a competitive advantage and to preserve it over time. Only if a company is able to generate and defend a competitive advantage it can realize value for its shareholders and, in a larger vision, for all the stakeholders. Therefore, the business model is one of most important management's tools. It is one of the most relevant pillars of the "strategic thinking" in a context characterized by markets where competitive advantage is increasingly dynamic rather than static; in this sense, models must be adapted to the changes in both environmental and internal structural elements of the firm.

2. Literature review

The definition of the business model applied by the firm plays a key role in the strategic management and entrepreneurship fields. Usually, the business model is used to describe the basic logical and methodological asset of the firm, the way it does its business and how it creates value for its stakeholders (Aspara *et al*., 2013).

The business model provides an innovative framework that introduces a new perspective into management discussion (Cavalcante *et al.,* 2011; Hacklin and Wallnofer, 2012). The debate about business model, since the beginning, was not limited to the academic context and practitioners have always been interested on the relationship between the business model and the firm's capability to create value over time (Barden-Fuller and Morgan, 2010; Chesbrough and Rosenbloom, 2002; Johnson *et al*., 2008; Markides and Sosa, 2013; Shafer *et al*., 2005; Teece, 2010; Wirtz *et al*., 2010).

Since the late 1990s, literature on this topic shows both interest and criticism (Zott *et al*., 2011). The studies show a different approach in the definition of the business model as well as its function and aim (Baden-Fuller and Haefliger, 2013).

A large part of the academic literature focused on the business model of specific firms developing general conceptualizations (Chesbrough, 2010; Chesbrough and Appleyard, 2007; Johnson *et al.,* 2008; McGrath, 2010; Morris *et al.,* 2005; Siggelkow, 2002; Teece, 2010; Zott and Amit, 2001, 2008, 2010), while much more studies focused on the corporate business model and on the business strategy in a single or multi-businesses.

In general terms, it is possible to identify two main approaches to business model: a static approach and a dynamic approach. While the first is focused on the word "model" and thus on the coherence between its elements on the basis of the core components by emphasizing to the static dimension as consequence, the second one focused on "concept" rather than words, by emphasizing the need of a continuous, change in order to innovate both the firm's structure and the way to do business for its goals achievement.

In a context characterized by a high level of dynamism and by an increasing and fierce competition, one of the most relevant issues about the business model is to define a systematic framework concept that is able to link all the different elements of the competitive strategies. Indeed, while in classical strategy literature the difference between "corporate business model" and the "business model of the corporation's business" and, therefore, between corporate and business level are well-known (Ansoff, 1957, 1965; Chandler, 1977; Porter, 1980), as well as the corporate and business strategy that they have been the subject of in several autonomous studies, much less clear is the link between corporate level and business units and their business models (Aspara *et al*., 2013; Chesbrough, 2006; Chesbrough and Rosenbloom, 2002; Linder and Cantrell, 2001; Smith *et al*., 2010; Van de Meer, 2007). Even less clear are the firm links between its business modelin each business units and the different areas which form the corporate business model.

In a previous study (De Luca *et al.*, 2016) we have defined the Strategic Formula (SF) of the firm. In that study we show how the Strategic Formula of the firm is strictly linked with its capability to generate value over time. Specifically, we have showed as the firm's capability to create value is due to the its capability to compete simultaneously in the business, in financial markets (in order to acquire at favorable conditions the capital needed to its development) and in the social context (in order to attract the strategic human resources and the general consensus). The jointly capability of the firm to compete simultaneously in the business, both in the financial markets and in the social context depends on the internal structure of the firm. Therefore, the SF is a business model able to systematically join the business strategies, the financial strategies and thesocial strategies, as well as the internal strategies about the governance and the operating process, in a unique and complete perspective. In other words, the SF can be considered a business model able to jointly optimize the business strategies in each business units, financial strategies in the capital market and social strategies in the social context based on the basic elements of the firm's internal structure. In this sense, business, financial and social strategies are among them systematically and dynamically connected on the basic elements of the firm's internal structure. In the *SF* model, the strategic business units the capital markets and the social context define the external strategic front of the firm while the basic elements of the firm's internal structure define its internal strategic front.

In order to define the firm business, financial and social strategies, we look at strategy theory and models in the business, as well as at capital market and social context literature (Baden-Fuller and Barney 1986; Drucker, 1986; Grant, 1991a, 1996; Hamel and Prahalad 1989, 1990; MacDonald 1985; Magretta, 2002; Mintzberg and Waters 1985; Porter, 1980, 1985, 1987; Rumelt, 1974, 1984).

The arguments about the firm internal features, with main regard to the central role of the human capital, in order to jointly optimize the external and internal strategic fronts, are based on the studies about the resources based view (RBV) (Barney, 1991, 2001; Barnes, 1984; Cyert and March, 1963; Grant, 1991b; Kolehmainen, 2010; Lamberg *et al.,* 2009; Teece, 2007; Teece *et al*., 1997; Tripsas and Gavetti, 2000; Wernefelt, 1984).

The SF presents three main innovative elements (De Luca *et al*., 2016).

First, the SF does not concept lies within the traditional strategy, regarding of competitive advantage, (Chesbrough, 2010; Demil and Lecocq, 2010; Osteewalder *et al*., 2010), but it is a stand-alone concept and thus it is a complete model rather than just a single part (Baden-Fuller and Haefliger, 2013; Baden-Fuller and Morgan, 2010). Much of the firm's business models proposed in literature are focused on corporate business models or on single business model of the firm in strategic business units. Less attention has been paid on the definition of a conceptual framework that simultaneously takes into account the competitiveness of the firm at corporate and business level. Differently, the proposed SF tries to do so. In this context, business, financial and social strategies fall within the model of SF as it resides primarily in the minds of the top managers, who rely on their own cognition about the way the firm can create value over time (Aspara *et al*., 2013; Baden-Fuller and Morgan, 2010; Barabba *et al.,* 2002; Casadesus-Masanell and Ricart, 2007; Chesbrough and Rosenbloom, 2002; Gambardella and McGahan, 2010; Osterwalder, 2004; Tikkanen *et al*., 2005).

Second, SF defines a theoretical-conceptual framework in which there is a joint optimization of the strategies at corporate and business level. In this context, the corporate business model is defined only upon the firm choices about the definition of its internal structure, as well as competitive strategies in the business, capital market and social context.

Third, SF shows as the firm competitiveness in the business is closely connected to its capabilities to compete simultaneously in the capital markets and in the social context, in order to acquire both the financial and the human resources needed to its development. Therefore, the business strategy is closely connected to financial strategy in the capital markets and to the social strategy in the social context.

Finally, in the SF model the firm's internal structure can be seen as the ring of connection between business strategy, financial and social strategies and, then, between corporate and business level.

In this perspective, the firm competitive advantage is the result of the combination of the systemic strategies, with regard to the firm's internal structure (internal strategies about corporate governance, organization, processes), as well to the business (business strategies about products, customers, suppliers and competitors), to the capital markets (financial strategies in order to acquire the capital need to its investment) and to the social context (social strategies in order to attract the best human capital resources). Therefore, the valuation of a business model requires the simultaneous valuation of each strategy through the "consonance" of each and every element in a dynamic way rather than a static one. Specifically, after the definition of each element of both the company internal and external strategic frontiers, the approach is to evaluate the "consonance" between them. In this perspective, it is the entire business model to be evaluated, with regard to the internal structure as well to the strategies in the business, in the capital markets and in the social context, rather than each single part.

3. The business model of the company: strategic formula

A company can be defined as that system characterized by dynamism and by its opening towards the environment with which it maintains several types of relationships, both economic and non-economic, in order to pursue and to maintain over the time economic and financial balance.

The company Strategic Formula (SF), instead, can be defined as a theoretical business model. It draws on the company's strategic profile by linking several variables in a systemic - dynamic way. In this sense, the SF can be considered as an ideal and conceptual model in which ideas are developed on the basis of which the decisions are taken and the actions that the company puts in place are defined, in order to be competitive on the markets.

Therefore, like all the others business models, the SF has to be considered as a problem-solution finding approach, rather than a simply defined asset, put in place by the company at a specific time. It is the way used by the firm to define its asset and its strategic profile before and to define its action in the business, in the capital markets and in the social context after, by following a continuous circular path. Indeed, the definition and development of the strategy should not be considered as separate stages, isolated and unique in the life of the company, but as a process, continuously powered by the dynamic nature of the company-environment paradigm.

Based on these considerations, the company's government requires, on one side, a model characterized by both internal efficiency and effectiveness and, on the other side, a coherent and balanced system of relationships with each external players. These relationships can have economic and non-economic nature and they are bi-directional: from the company to the environment and from environment to the company.

The model is based on two main pillars: the efficiency of all basic elements of the firm's internal structure; the coherent and balanced relationships with the surrounding environment. The ESF is able to optimize the business, financial and social strategies, respectively in the real markets, in particular in the Strategic Business Unit (SBU), in the capital markets and iu the social context, through the internal organizational structure. Therefore, the SF defines the how the company is internally structured and how it manages the relationships with economic, financial and social players needed to its development over time.

Therefore, the SF defines the strategic profile of the firm by considering two different strategic fronts (De Luca, 2013; De Luca et al., 2016; De Luca, 2017):

- *Internal strategic front*: which refers to the internal structure of the company. It is defined by all the elements, both tangible and intangible, needed for the achievement of the company's activities;
- *External strategic front*: it refers to the structural relationships between the company and the several players operating in its environment.

The SF's Internal Strategic Front consists of each element needed to the construction of the competitive advantages of the company. The internal structure generates the uniqueness of the firm because it defines the company's specific features. Therefore, it is the main reason why a company is different from another.

The internal structure of the company is defined by four main structural elements (De Luca, 2013; De Luca *et al.,* 2016; De Luca, 2017):

- *Corporate governance*: it refers to the rules and procedures by which the decision-making process in the government area is defined and the managerial and operating activities at each level of the company are controlled. The quality of corporate governance depends on its operating efficiency, rather than on the compliance to the rules as defined by law. Therefore, the model adopted by the corporate governance is based on the specific company features, considering its well-defined elements of entrepreneurship and managerial skills. In this sense, the corporate governance processes and rules should involve all managers, which must be characterized by both a high professionalism and competence (Bianchi Martini, 2009);
- *Organizational structure*: it regards the hard and soft components that give form and substance to each part of the organization; indeed the hard elements define the mechanism of relationship among each part of the organizational structure. It defines the company working model, the hierarchy levels, the relationships mechanism among each part of the organizational structure, both formal and informal. On the other side, the soft components refer to intangible variables such as culture, values and managerial approach (Invernizzi, 2011). They give substance to the relationship mechanisms in the organizational structure on the basis of the behaviour acquired by the company as function of its value and culture (Hofstede, 1993). The company's ability to compete in the business is strictly related to its organization structure because it defines the basic elements to compete in the business;
- *Operational processes*: it regards all the operations and activities that can affect the decision-making process. Specifically, it regards how resources and skills are coordinated and combined within the firm in both its vertical and horizontal dimensions. Therefore, the operational processes refer to the implementation of the entrepreneurial idea and then to the modification of the SF, due to the links between both the above mentioned internal and external environment;
- *Strategic resources of the company*: they refer to both the company's tangible and intangible assets and to the human skills necessary for their coordination. Strategic resources represent the most relevant way to compete in the business by giving uniqueness to the company; in such a way they are able to protect the company from imitation processes. They both generate and preserve the competitive advantage of the company in the business. Not all sources can be defined as "strategic": a resource is strategic just if relevant to value creation for the firm over the time. In this perspective, human capital, with regard to the skills, knowledge, culture, ideas and value can be considered as strategic. Indeed, it is the people that translate the strategic idea of the company in actions in real markets, capital markets and social context by developing and preserving a competitive advantage able to create value over time. In addition, there are people able to modify the internal structure faster than competitors are, by following market's changes (Bertini, 1995; Coda, 1988).

The SF's External Strategic Front defines each one of the company external players with whom the company develop several types of relationships, both economic and non-economic. They can be grouped in three main classes, in order of nature and interests: players in real markets, players in capital markets and players in the social context. Therefore, the SF's External Strategic Front can be divided in three main sections: *i)* real markets with regard the Strategic Business Areas (SBA) of the company, *ii)* capital markets and *iii)* social contest (De Luca, 2013; De Luca *et al*., 2016; De Luca, 2017):

The first field of competition for the company is the Real Market as defined in the Strategic Business Areas (SBA's). The SBA's, can be one or plus and they are referred to any markets in which the company competes. In each SBA the company competes through a business strategy in order to satisfy the customers' needs and expectations better than competitors.

Each SBA can be defined by two main elements (Coda, 1984, 2012; De Luca, 2013; De Luca *et al*., 2016; De Luca, 2017):

1. *Competitive players*: which refer to the players of business where the company defines structural relationships over time. Specifically, they can be customers, suppliers, competitors (both the existing competitors, that potential entrant in the business, that the producers of potential substitute products);
2. *Product system*: it refers to the product that the firm offers in each SBA. The product system can be defined by its material and immaterial feature, service component and economic and non-economic term. It is worth noting that the firm defines its product on the basis of the usage functions of the product. Describing usage functions rather than physical features means to better understand market expectations and to produce an asset in line with customer's needs.

The second field of competition for the company is Capital Market. It refers all investors in equity and debt. In Capital Market the firm competes through the financial strategy in order to acquire, at favourable conditions, the capital needed to its survival and development over time.

Given these premises, the Capital Markets can be defined by analysing the following two main elements:

1. *Financial players*: which refer to the investors in equity and debt. The debt-holders assume only a default risk of the firm while the share-holders assume the full risk of the firm.
2. *Company financial profile*: it refers to the risk-return profile of the company in the capital markets. Therefore, the firm qualifies itself as an investment offer for investors both in the equity and in the debt side.

Finally, the third field of competition for the company is the Social Context. It refers to all others stakeholders different from investors in equity and debt. In the Social Context the firm has to develop a social strategy in order to satisfy social interests and expectations, by involving the human resources in the entrepreneurial project. Indeed, on one hand, the firm attracts the strategic human resources needed to develop and to preserve its competitive advantage in the SBA and in the Capital Markets and, on the other side, it obtains that general consensus necessary to its sustainable development (Baden-Fuller *et al*., 2000; Carroll, 1991; Chun, 2005; Clarkson, 1995, 1998; Freeman, 1984; De Luca, 2013; De Luca *et al*., 2016; De Luca, 2017).

The Social Context, also, can be defined by the following two main elements:

1. *Social players*: which refer to all each player with a direct or indirect interest, with different degrees, in the company's activities, such as workers, managers, unions, local communities, institutions etc. In this context, the financial stakeholders are not considered. Therefore, they consider every stakeholders different from the investors in equity and debt;
2. *Entrepreneurial-social proposal*: it refers to the firm's proposal to the social players that tends to satisfy their interests and expectations by involving them in the entrepreneurial project. Therefore, through the entrepreneurial-social proposal, the firm attracts both the strategic human resources and the general stakeholders' consensus.

The defined SF of the company can be schematically represented as shown in Figure 1 (De Luca, 2013; De Luca *et al*., 2016; De Luca, 2017).

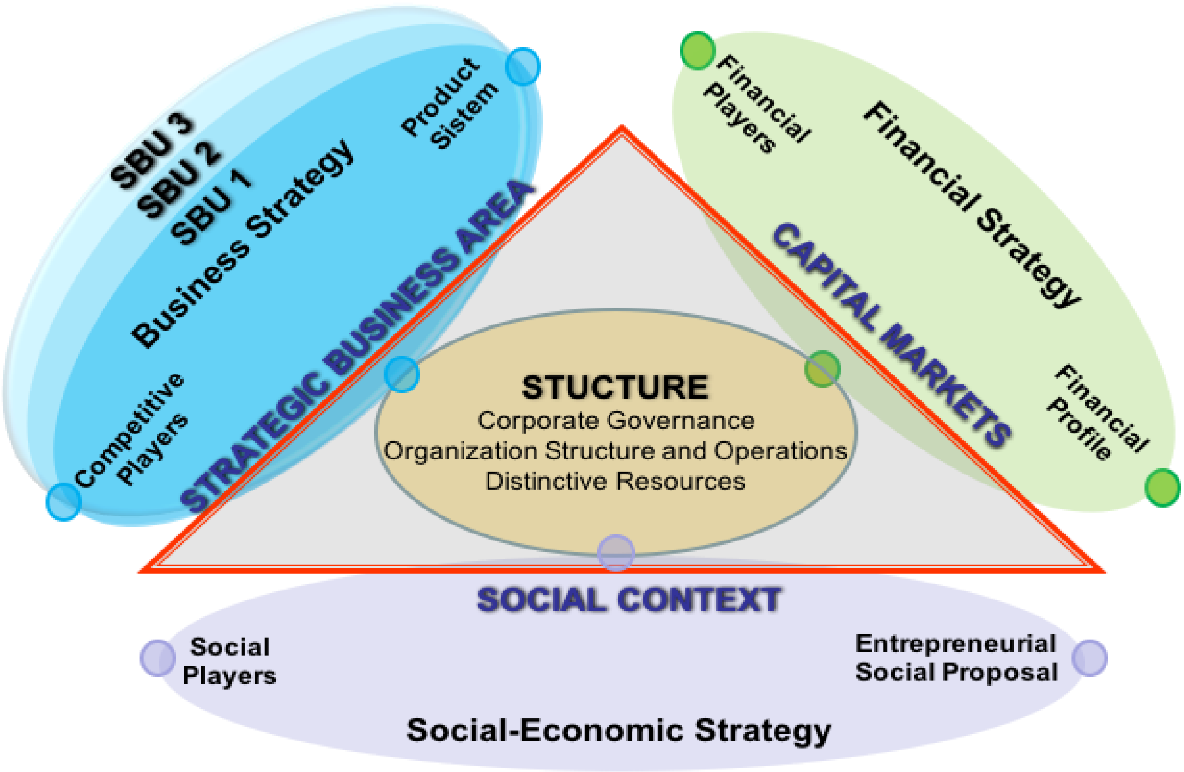

Figure 1. The company Strategic Formula

4. Valuation of the business model: the "consonance" of the Strategic Formula

The Strategic Formula, as defined in its internal and external strategic fronts, allows to simultaneously optimizing the company operating in the business area, capital markets and social context. Both the internal and external strategic fronts are strict related by systemic and dynamic bidirectional relationships.

The internal and external strategic fronts are strictly related between them. The success of the company depends on their joint quality. Therefore, the valuation of the company business model must be operated by considering the systemic and dynamic relationships between both the internal and external strategic front.

In this sense, the quality of the SF of the company can be evaluated on the basis of the coherence of all its elements in a dynamic perspective: only if the SF is characterized by "consonance" of all structural elements of the internal and strategic fronts in a dynamic perspective, it can be considered effective and able to generate value over time for the company (De Luca, 2013; De Luca, 2017). Specifically, the consonance of SF must be:

– *Systemic*: each element of the internal and external strategic fronts must be aligned;

– *Structural*: there always must be correspondence between the features of each element of the strategic fronts, both internal and external, based on a well-defined and structural bidirectional relationships;

– *Dynamic*: the systemic-structural relationships between elements of both the internal and external strategic fronts must be dynamic over time and never statics.

Therefore, the SF is characterized by "consonance" just if its elements of the internal and strategic front are linked by relationships that are Systemic-Structural-Dynamic.

The search of the consonance must be considered as a strategic approach, based on change rather than on a specific target to be realized in a given time. Indeed, each element of both the internal and external strategic front, as well as the relationships among them, changes over time because, in turn, the company's environment (business areas, capital markets and social context), as well as its internal features change. The successful of the company can never be defined as a given condition; instead it is a value creation process over time (Bertini, 1995).

Generally, if there is a speed difference between both the internal and external aspects, the external changes are faster than those internal and consequently, the greater the probability of firm's default.

Based on it, the company internal structure allows to achieve and consolidate a competitive advantage in the business areas, in the capital markets and in the social context; furthermore, the research of these competitive advantages require a continuous adaptation of the company internal structure that is due to the continuous changes in the real markets, in the capital markets and in the social context, according to the logics of the strategic change.

In this sense, the company success should not be understood as a temporary situation but as a way of being. In this sense, the Systemic-Structural-Dynamic Consonance of the SF, rather than representing a target to achieve at a given time should be considered as a changing based strategic approach.

The company internal structure has a key role in the SF. It is the ring of connection between business, financial and social strategies which allows creating a virtuous circle between them. It is the pillar upon which are defined: *i)* the products offered in the real markets, *ii)* the financial offered in the capital markets and the *iii)* entrepreneurial-social proposal in the social context.

Specifically, the distinctive resources allow a better ideation, design and development of a "product system" in line with the needs and expectations of customers in superior way than competitors. The "product system" capability to meet the critical factors of the real markets allows the company to create, to develop and to maintain a competitive advantage over competitors in the real markets by continuously generating value.

The company's capability to create such a value in the real markets, jointly to an internal structure characterized by efficiency and effectiveness of the organizational and operating model and by good governance, allows showing to the capital markets, a risk-return profile in line with investors' expectations. In this sense, the positive valuations of the investors allow the company to generate, to develop and to defend a competitive advantage over competitors in the capital market that increases the company's capability to attract the capitals needed to its development at profitable conditions.

Therefore, the company's capability to raise capitals increases its investments in real markets; it reinforces its competitive advantage over competitors and increases its value in the real markets. In turn, the increase in the cash flows increases the company's capability to raise capitals in the capital markets reinforcing its competitive position, , it creates a virtuous circle between business areas and capital markets where the one increases the other, upon an increase of the expected cash flows.

The company's capability to raise capitals at profitability conditions in the capital markets, jointly to the capability to invest in profitably way in the business and to a company culture geared to sustainable development, allow the company to define an entrepreneurial-social proposal in line with the needs and the expectations of the stakeholders.

This capability allows the company to generate, to develop and to defend a competitive advantage over competitors in the social context and to convert it in to the ability to attract and to develop the strategic human capital needed for its competitiveness in the business, in the capital markets and the social consensus in order to obtain a sustainable development.

Specifically, the attraction of the strategic human capital, allows the company to increase its distinctive resources and, thus, to reinforce its internal structure. It increases the company's ability to generate a product system in line with the customers' needs and expectations by generating value in its business that, in turns, increases the company's capability to raise capitals at profitability conditions in the capital markets to invest in the business. The reinforcement of the company position both in the business and capital markets, one hand, increases its capability to attract the best strategic resource, and, on the other hand, it gives the company a capital to be invested in the social context. Therefore, the company reinforces its position in the social context as well.

Therefore, the Systemic-Structual-Dynamic Consonance of the SF generates a virtuous circle between business areas, capital markets and social context. It allows the company to generate, to develop and to defend a joint competitive advantage in the business area, the capital market and the social context.

It is worth noting that the quality of the company's resources, and specifically the human resources, plays a key role in the company's internal structure.

Such resources have to adapt continuously to be aligned with the environment changes. It could be a problem in the short term, because the internal structure elements tend to be stable. Consequently, a company's culture based on changing, rather than a structural change in a given time, seems to be much more effective.

5. Discussions and conclusions

The Strategic Formula (SF) of the company is a theoretical business model. It draws on the company's strategic profile by linking several variables in both a systemic and dynamic way. In this sense, the SF can be considered as an ideal-conceptual model in which the ideas are developed, on the basis of which the decisions are taken and the actions that the company puts in place are defined in order to be competitive on the markets.

The SF defines the firm strategic profile by considering two different strategic fronts: *Internal strategic front* and *External strategic front*.

The SF's Internal Strategic Front refers to each element needed for the construction and preservation of competitive advantage, representing the firm internal features which generate its own uniqueness.

The company internal structure is defined on the basis of four main structural elements:

i) *corporate governance,* refers to the rules and procedures by which the decision-making process in the government area is defined and the managerial and operating activities at each level of the company are controlled;

ii) organizational structure, refers to both the hard and soft components that give form and substance to every part of the organization. While the hard elements define the mechanism of relationship among all the parts of the organizational structure by defining the work model of the company, the levels of hierarchy, the relationships mechanism among all parts of the organizational structure, the soft components refer to the intangible variables such as culture, values and managerial approach by giving substance to the relationship mechanisms in the organizational structure;

iii) operational processes refer to the way resources and skills are coordinated and combined within the firm in both its vertical and horizontal dimensions;

iv) strategic resources of the company refer to both the company's tangible and intangible assets and to the human skills necessary for their coordination. These structural elements represent the most relevant way to compete in the business because, while giving uniqueness to the company, are able to protect it from imitation processes. Doing so, they generate and defend the company competitive advantage in the business. The SF's External Strategic Front refers to all the external players of the company with whom it must develop several types of relationships, as much of economic as of non-economic nature. On the basis of the nature and interests of all players, the External Strategic Front can be divided in three sections:

1) real markets with regard the Strategic Business Areas (SBA) of the company. The SBA's can be one or more and refer to the markets in which the company sells its products and where the firm defines its business strategy to compete in the business, in order to satisfy the customers' needs and expectations better than competitors. In each SBA the company defines its business strategies on the basis of two main elements: *a) competitive players*, that refers to the players of business with whom the company defines structural relationships over time such as customers, suppliers, competitors; *b) product system*, that refers to the product, with regard to both its material and immaterial elements, that the firm offer in each SBA.

2) capital markets, where the firm has to acquire, at favourable conditions, the capital needed to its survival and to its development over time. In the capital markets the firm defines its financial strategies on the basis of two main elements: *a) financial players*, that refers to the investors in equity and debt; *b) company financial profile*, that refers to the risk-return profile of the company in the capital markets.

3) social contest refers to the all others stakeholders different from investors in equity and debt. With them the company has to define relationships in order to acquire the human strategic resources and general consensus need to its development over time. In the social context the firm defines its social strategies on the basis of two main elements: *a) Social players*, that refers to all the players with a direct or indirect interest, with different degrees, in the company's activities such as workers, managers, unions, local communities, institutions, etc.; *b) Entrepreneurial-social proposal*, that refers to the firm's proposal to the social players that tends to satisfy their interests and expectations by involving them in the entrepreneurial project.

The Strategic Formula, as defined in its internal and external strategic fronts, allows to simultaneously optimizing the company's operating in the business area, in the capital markets and in the social context. The internal and the external strategic fronts are strictly related on the basis of systemic and dynamic bidirectional relationships.

The internal and external strategic front must be considered as two parts of a total. The success of the company is function of their joint effectiveness and efficiency. Therefore, the valuation of the company business model must be carried on by considering the systemic and dynamic relationships between the internal and external strategic front.

The quality of the SF of the company can be evaluated on the basis of the coherence of all its elements in a dynamic perspective. In this sense, only if the SF is characterized by "consonance" of any of its structural elements of the internal and strategic fronts in a dynamic perspective, it can be considered for the company both effective and able to generate value over time. Specifically, the consonance of SF must be: *i) Systemic:* all elements of the internal and external strategic fronts must be aligned between them; *ii) Structural*: there always must be correspondence between the features of each element of strategic fronts, both internal and external, based on a well-defined and structural bidirectional relationships; *iii) Dynamic*: the systemic-structural relationships between elements of both the internal and external strategic fronts must be dynamic over time and never static.

Therefore, the SF is characterized by "consonance" just if all its elements of internal and strategic front are linked by relationships that are Systemic-Structural-Dynamic.

The continuously search of the consonance must be considered as a strategic approach based on change rather than a specific target to realize in a given time. Each element of both internal and external strategic front, as well as, the relationships among them, changes over time on the basis of the changes in the company-environment. The successful of the company can never be defined as a given condition in a given time, but as a process of value creation over time.

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