Simplicity on the Far Side

Idea In Short

Strategic management courses cover a dense list of tools: case studies, industry surveys, return-on-equity analysis using the DuPont formula, resource-based view theory, crossing the chasm between early adopters and the mainstream market, and choosing between contested and uncontested market spaces. None of these frameworks are the point on their own. Their real purpose is organizing genuinely messy data into buckets simple enough to support a real decision.

A dense toolkit taught for a reason

A typical strategic management course covers a genuinely dense set of tools across a single term: real business cases, market research drawn from surveys and financial filings, tools for screening public companies, the DuPont formula for breaking down return on equity, debates over the validity of resource-based view theory, the challenge of crossing the chasm between early adopters and a skeptical mainstream market, choosing between contested and uncontested competitive spaces, and constantly weighing trade-offs in service of a durable competitive advantage.

Frameworks exist to organize, not to impress

None of these tools are valuable for their own sake. Their entire purpose is helping organize genuinely messy, often contradictory information into buckets simple enough to support an actual decision. A frequently repeated observation on this point, often attributed to jurist Oliver Wendell Holmes Jr., captures the underlying philosophy precisely:

> I would not give a fig for the simplicity this side of complexity, but I would give my life for the simplicity on the other side of complexity.

The distinction matters. Simplicity reached by ignoring complexity is naive. Simplicity reached after genuinely working through complexity is earned, and it is the only kind worth building a decision around.

Return on equity, decomposed

The DuPont formula illustrates this principle concretely. Rather than treating return on equity as a single undifferentiated number, it separates the figure into distinct components covering profitability, asset efficiency and financial leverage.1 A leader looking only at the combined figure cannot tell whether performance is being driven by genuine operating strength or simply by higher borrowing, while the decomposed version makes that distinction immediately visible.

Crossing the chasm between early adopters and everyone else

A product that wins over early, enthusiastic adopters does not automatically win over the broader, more risk-averse market that follows. This gap, commonly described as crossing the chasm, explains why many promising products stall after an encouraging launch: the sales approach and messaging that convinced early believers rarely translates directly into convincing a skeptical mainstream buyer.2

Choosing where to compete

Deciding whether to compete in a crowded, contested market or to search for a genuinely uncontested space is itself a strategic choice with real trade-offs. Contested markets offer proven demand but intense competition, while uncontested spaces offer less competition at the cost of unproven demand, and neither choice is inherently correct without understanding a specific organization's actual strengths.

Building an economic moat

Ultimately, most of these frameworks point toward the same underlying goal: identifying and sustaining a genuine competitive advantage, sometimes described as an economic moat, that competitors cannot easily replicate.3 A framework that fails to clarify how an organization protects that advantage has not actually done its job, regardless of how

sophisticated it looks on a slide.

Picking the right tool for the actual question

The genuine skill in strategic management is not memorizing every framework available. It is recognizing which tool actually clarifies the specific decision at hand, and setting the rest aside rather than forcing every situation through the same familiar model out of habit.

- 1DuPont Analysis
- 2Technology Adoption Life Cycle
- 3Economic Moat

Summary

Strategic frameworks exist to organize messy, contradictory information into buckets simple enough to support a real decision, not to serve as decoration on a slide. The value of any single framework lies entirely in whether it clarifies the actual choice in front of a leadership team, and the discipline of choosing the right one for a given problem is itself a genuine strategic skill.