

## Foreword

How do firms expand within and across industries? What are the consequences of different patterns of growth? Are specific paths associated with more success than others? - These questions are so central to the field of Corporate Strategy. Our knowledge regarding those questions is still very limited. Answers to them are of highest interest to top managers and researchers as well. Until now strategy literature has revealed very few studies that are based on large scale empirical analyses and more importantly are longitudinal in nature. Longitudinal analyses, however, are necessary to address the above-mentioned longitudinal questions.

The dissertation by Fabian Günther analyses the impact of product scope of expansion as one major aspect of expansion processes' impact. Product scope of expansion as relatedness of the new business relative to the businesses the firm is already active in leads to complexity that a company has to cope with. This requires adequate resources. Larger product scope leads to higher complexity and higher complexity *ceteris paribus* leads to negative impact on growth and performance. The limitations of any company in regard to its ability to cope with complexity and in regard to its resources can lead to overstretch.

The analysis of these topics in this work is characterized by two major differences compared to previous research. First, different expansion steps are distinguished in regard to the product scope that is specifically associated to them. This involves that a step of two different companies towards the same industry can differ in regard to product scope depending upon the businesses the two companies were active in prior to this expansion step. Second, all expansion steps are considered along the expansion path. Only these two features of the analysis make it possible to capture the "total challenge" of the expansion path for a company. At the same time, this approach involves high efforts regarding data collection. The collection of data for this work and the design of the Scope Change Database (SCD<sup>®</sup>) to which this work contributed took place at my Chair and is another unique feature of this dissertation.

Fabian Günther's dissertation delivers not only an improvement of empirical research on growth, diversification, and success, but also stimulates further research. The results ultimately lead to the following questions: How can companies protect themselves against overstretch resulting from expansion within and across industries? Which abilities do companies need in order to cope with complexities resulting from different patterns of expansion within and across industries?

I wish this work a large number of readers and an intensive discussion.

Prof. Dr. Thomas Hutzschenreuter