

# Rethinking corporate strategy in the age of geoeconomics

**From tariffs to tech wars, yesterday's stable-world strategies are gone. Find the opportunity by renewing your strategic thinking.**



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Welcome to the age of geoeconomics, where countries wield economic power to achieve political goals. The playbook of recent decades — shared rules, open markets, relative

stability — has been torn up. Trade, investment and internationalization, once seen as neutral engines of growth, have become instruments in a high-stakes geopolitical contest.

At the [20th Banking Industry Meeting](#) in Madrid, [Jordi Gual](#) and [José Manuel González-Páramo](#) explained how this shift was redrawing the map. “Imperialism is back,” Gual warned. “Major powers are using their economic strength — in the form of globalized firms, international presence and trade capacity — to gain advantage in negotiations, expand their influence and ensure access to critical resources.”

This geopolitical reality is reshaping the business landscape, prompting companies to fundamentally rethink their strategies, says [Jordi Canals](#). “Current geopolitical disruptions are shattering some of the core principles of companies’ business models, throwing their strategies into crisis,” he states.

With cost savings and efficiency no longer the reliable default setting of corporate strategy, companies must engage in a process of deep reflection on how they intend to create value for their customers in the coming years. It’s not about growing everywhere; it’s about growing wisely, with foresight and a clear-eyed [understanding of the geopolitical risks involved](#).

## **Analyzing geopolitical risk, in 4 steps**

### **Identify the risks**

Higher tariffs? Policies that protect local manufacturers? Local conflicts?

### **Assess those risks**

Thoroughly examine their root causes and their scope.

### **Estimate their probability and impact**

Don’t discount low-probability risks, which may have a very high impact on your company.

### **Prepare contingency plans**

More important than estimating the probability of X or Y is having a strategic plan for what you will do in the event of X or Y to mitigate the fallout.

# Liquid times require stable management

“Strategic issues are those that have a material impact on the medium- and long-term viability of the firm and/or its basic size and scope in terms of geographies and market segments,” writes [Mike Rosenberg](#) in his book [Strategy and Geopolitics](#).

“Issues of national sovereignty, war and radical political upheavals can affect any number of strategic issues for a firm in a specific country or region of the world. Companies might lose their legal and social license to operate, they might have their assets confiscated or nationalized, or they might be putting their employees’ livelihoods — and even their lives — in jeopardy. Such issues, because of their serious nature, rightfully belong on the [agenda of the board of directors](#), whose responsibility is to look at such strategic issues in depth and approve the strategic direction of the firm.”

In a so-called [Liquid world](#), where policies and alliances shift by the day, company leaders must stop reacting to everything and draw up scenario-based strategies for stable management. Rosenberg recommends [three levels of analysis](#), both in terms of timeframes and the potential challenges.

Imagine where your company will stand over the next 12 months, over the next three to five years, and then beyond five years. And for each timeframe, consider three levels of complexity:

## **1. What may directly impact the business today?**

For example, tariffs on your products.

## **2. What may indirectly impact the business soon?**

For example, suppliers or competitors affected by tariffs.

## **3. What is the worst-case scenario, something unexpected that would have a serious impact on your business?**

For example, a war involving Taiwan, which would cut off supplies from China.

For each scenario, lay out the alternatives and allow for contingencies. And as you move forward, regularly assess what’s working, what the organization is learning and what adjustments need to be made to your strategy as you go.

# Be clear about your goals and stick with them

“The complex, rapidly changing geopolitical situation makes it even more important to analyze the situation continuously,” [reiterates Miguel Angel Lopez Borrego](#), CEO of Thyssenkrupp.

Consider the U.S.-EU trade deal agreed in July 2025, which would see a 15% tariff levied on most EU exports to the U.S. and leave 50% tariffs on EU steel, described as crippling for the industry. Yet long before Trump came to power and announced a raft of protectionist tariffs, Lopez Borrego had seen the writing on the wall for steel and, ever since becoming CEO in 2023, had been pivoting the German conglomerate in new directions. He had already been in months-long negotiations with steel partners and unions, culminating in a [restructuring agreement](#) more than two weeks before the U.S.-EU trade deal was announced. Throughout the whole process, Lopez Borrego insists “you have to be clear about your goals and stick with them” because “you never know how the geopolitics will play out.”

This means not reacting to every twist and turn but staying true to your own strategic vision and business convictions. This entails frank, honest, transparent information sharing: “not telling people what they would like to hear (and) not trying to find compromises with those who are not following your agenda, because that ultimately leads back to inefficiency, which is precisely what you are trying to avoid ... This is when you need to be extremely calm but very, very decisive.”

Another German industrial giant, Deutz, has been undergoing a similar transformation owing to the shifting landscape. As [Christoph Zott](#) explained in a recent [post](#), the push toward decarbonization was already prompting the manufacturer of diesel and gas engines to reevaluate its business model, but the Russian invasion of Ukraine in 2022 was a decisive moment to refocus its strategy toward defense applications — [something Thyssenkrupp is also doing](#).

Such moves open up new markets, new partnerships and new customer bases while delivering a new value proposition: reliable, adaptable, high-performance engines where domestic sourcing is critical, says Zott. And as with Thyssenkrupp, Deutz’s transformation is CEO-driven and the process has not been easy. “Bringing about business model change never is,” says Zott, acknowledging internal pushback is to be expected until the new strategy becomes accepted.

“Indeed, my decades-long work on [business model innovation \(BMI\)](#) shows that, to be

successful, it takes three important ingredients: BMI mindset, BMI process and BMI tools. And a lot of resilience along the way!”

These examples highlight that “even established firms in traditional industries can adapt when conditions shift. With the right approach, legacy assets can be redirected to meet new demands — and uncertainty can become a source of opportunity and renewal.”

## **Strategic actions**

### **Anticipate**

Draw up scenario-based strategies to anticipate different futures.

### **Cast a vision**

Identify the opportunities that the new geopolitical context presents and how you will capitalize on them.

### **Adapt**

Adapt your business model to stay relevant and create competitive advantage in the new landscape.

### **Diversify**

The new paradigm is strategic autonomy and less dependence on single markets and suppliers.

### **Take the long view**

Combine efficiency with greater resilience and longer time horizons.

## **Strategy shifts open opportunities in key sectors**

As noted by [Nuria Mas](#) and [Pedro Videla](#), the shift in U.S. strategy opens opportunities for [Europe to address long-standing structural issues](#) that were ignored for too long. Vitor Constancio, former Vice President of the European Central Bank, elaborated on some of those [necessary reforms](#) in an interview with [Mireia Giné](#) at the [Banking Industry Meeting](#) in Madrid. “The world has changed,” he said. “Just as we can no longer rely on the defense umbrella of the U.S., we cannot rely on the dollar-based system as it was operated by the U.S. until now. We must act.”

One action might be to take a leaf out of the U.S. playbook, as [Joan Jané](#) outlines in his report on the [U.S.'s new industrial strategy](#). He analyzes the feasibility of revitalizing certain sectors, including electronics, automotive, textiles, pharmaceuticals, food and beverage, fast-moving consumer goods, aerospace and, as highlighted previously, defense. And while opportunities exist, he admits it depends on [a steady pipeline of talent with the right skill sets](#) and [constructive collaboration between public and private stakeholders](#).

Regardless of whether the U.S. realizes its intended “manufacturing renaissance,” there are salient lessons for every business for recalibrating their strategies. As Jané explains, it’s about “building capacity in the right places, for the right products, using the right technologies. It is about creating flexible, clean, secure and regionally distributed ecosystems that align economic, environmental and security objectives.”

The strategic imperative shared by everyone is to “drive long-term innovation cycles, promote job creation in both high-tech and traditional sectors, and reduce dependency on vulnerable foreign supply chains.”

In this effort, we may need to emulate the ecosystem model, “fostering regional clusters where manufacturers, engineers, data scientists and entrepreneurs co-locate and collaborate. These ecosystems are not just factories — they are innovation engines.”

Several participants at a [Geopolitics Summit](#) held on IESE’s Madrid campus in May 2025 spoke of the strategic sectors that held the most promise. Apart from [defense](#), key areas identified were energy and digital technologies, including artificial intelligence, cybersecurity and digital currencies.

With regard to energy, [Gonzalo Escribano](#), head of the Energy and Climate Program at the Elcano Royal Institute, called for a three-pronged strategy of decoupling, de-risking and cooperative rivalry with competitors. With energy becoming a weaponized resource for companies as well as for countries, a control strategy is required, ensuring steady supplies, reducing consumption and increasing autonomy. “One form of control is to combine appropriate management of imported fossil fuels with home-produced decarbonized sources, electrification and efficiency. Public-private partnerships can help boost defense-related energy markets, such as decarbonized fuels and batteries, and benefit from joint support schemes.”

A similar logic applies to AI — another source of rivalry between countries and companies. [OpenAI](#) — studied by [Sampsá Samila](#) and [Pascual Berrone](#) — illustrates how frontier AI

capabilities have become strategically significant to firms and increasingly to governments. In [winning the AI race](#), Samila echoes a point made by Jané: “It’s about having a whole ecosystem in place.” He notes that there tend to be more product innovations, more patents and more startups where there is also a deep and liquid capital market, citing from [his own research](#) on positive spillover effects.

In navigating the new world order, Samila and Berrone return to the timeless principles of strategic decision-making: Remain agile and adaptive because industries and competitive landscapes can change rapidly. Regularly assessing the market, monitoring competitors and being prepared to pivot when necessary can help you maintain a leading position in this new age of geoeconomics.

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MORE INFO:

“[3 keys to shockproof your global supply chain](#),” based on the book [Strategy and Geopolitics](#) by Mike Rosenberg.

“[How to survive on PLUTO, a radically different planet](#)” by Mike Rosenberg. *I by IMD* (June-Aug. 2025).

“[Estrategia de la empresa ante cambios geopolíticos disruptivos](#)” by Jordi Canals.

The business case study “[Thyssenkrupp: reinventing the German industrial giant](#)” by [Marta Elvira](#), Helmuth Ludwig and Jordan Mitchell is available from [IESE Publishing](#).

“[Elevate & Innovate: transforming the world through entrepreneurial thinking](#),” a special report published in [IESE Business School Insight No. 166](#) (Jan.-April 2024).

“[The manufacturing renaissance: reshoring, innovation and industrial strategy for U.S. competitiveness](#)” by Joan Jané and Holly Anne Hill.

The business case study “[OpenAI and the large language model market](#)” by Sampsa Samila and Pascual Berrone is available from [IESE Publishing](#), along with “The governance saga at OpenAI: governance crises threaten an artificial intelligence pioneer” [Part A](#) and [Part B](#) by Pascual Berrone, Romain Boulongne, Sampsa Samila and Isaac Sastre Boquet.

[Prepare for a new age of conflict, warns Spain’s defense chief](#)

This article is included in [IESE Business School Insight online magazine No. 170](#) (Sept.-Dec.

2025).

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