

# Press Release

Berlin, January 19, 2017

## ESMT Berlin study examines cost traps in business models 4.0

In his recent case study “[Cost Traps in Business Models 4.0](#),” [Olaf Plötner](#), Dean of Executive Education at ESMT Berlin, identifies nine cost traps with which traditional industrial enterprises are confronted in the digital age. The results show that cost overruns that pose difficulties in terms of target definition, marketing, and implementing business models 4.0 can be traced back to the following nine factors:

- 1) Overambitious profit targets
- 2) Overestimation one’s own capabilities
- 3) Ignoring unpredicted developments
- 4) Outdated sales force
- 5) Risky pricing models
- 6) Misguided MarCom
- 7) Failed customer integration
- 8) Urge for perfection
- 9) Inflexible corporate structures

Plötner comments, “Modern data-based technologies allow German mechanical and plant engineering to develop innovative business models, often in form of complex services. Such innovations require changes and timely costs which are not immediately manageable.”

To counter cost traps, Plötner suggests that companies should develop a deep understanding of their customers, business units, and risk management strategies as well as recruit IT specialists.

Link to study: <https://www.esmt.org/cost-traps-business-models-40>.

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### About ESMT Berlin

ESMT Berlin was founded by 25 leading global companies and institutions. The international business school offers a full-time MBA, an executive MBA, a master’s in management, as well as open enrollment and customized executive education programs. ESMT focuses on three main topics: leadership and social responsibility, European competitiveness, and managing technology. ESMT faculty publishes in top academic journals. Additionally, the business school provides an interdisciplinary platform for discourse between politics, business, and academia. The business school is based in Berlin, Germany, with Schloss Gracht as an additional location near Cologne. ESMT is a private business school with the right to grant PhDs and is accredited by the German state, AACSB, AMBA, EQUIS, and FIBAA. [www.esmt.org](http://www.esmt.org)