

What is Strategy?

People often decide that they need to work on their business strategy before really understanding what strategy is. And doing something that is not understood leads to disappointments when the strategy is not developed in the way that they were expecting, is not implemented successfully, or does not work in the way they thought.

My personal definition of strategy is this: Strategy is how you achieve your own objectives by winning the hearts, minds, and business of customers by out-thinking and outmaneuvering competitors.

Strategy is about providing a consistent match or strategic fit between two components—your positioning and your capabilities.

Positioning is how the company is to be seen from the outside. Positioning describes how your customers will see the company, how your competitors will see the company, and how your company reacts and responds to all the external stakeholders.

Capabilities describe what your business is really good at and what special skills it is able to bring to solving customer problems better than competitors.

The best strategies fit like a perfect handmade glove.

Special and distinctive capabilities are used to create unique positions in the marketplace that give targeted customers an unbeatable combination of benefits for the price charged.

Why Should a Company Develop a Business Strategy?

First let me clear up a misunderstanding about business strategy. Whatever you do in your business, you already

have a strategy because strategy emerges from actions as much as from formal strategic planning sessions.

I'm sure that you have an objective for your business, even if it is just to survive to earn a basic level of profit that allows you to feed and house your family. And I'm sure that you do things in the business that you believe will move you closer to achieving your objective. The problem is that the strategy you are following may not be very good if you haven't gone through a considered process of gathering and analyzing facts, opinions, and trends. Your strategy may not take into account clear threats from competitors, changing customer needs and priorities, or difficulties in the business environment.

On a more positive note, you may not have spotted a great opportunity that could mean that your business has the potential to do much better.

Why Is Strategy Important?

It is the source of long-term profits.

You are in a fight with competitors over the profitable business of customers, and the battleground is uncertain and constantly evolving.

Chinese general and military strategist Sun Tzu said, "It is said that if you know your enemies and know yourself, you will not be imperiled in a hundred battles; if you do not know your enemies but do know yourself, you will win one and lose one; if you do not know your enemies nor yourself, you will be imperiled in every single battle."

Source: Paul Simister



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