

Executive Insight >> Thought Leaders

Understanding the Essence of Strategy

Strategy is about setting yourself apart from the competition. It's not just a matter of being better at what you do - it's a matter of being different at what you do. Increasingly, the companies that will be the true leaders will be those that don't just optimize within an industry, but that actually transform their industry. The fundamental truth about strategy is that a company simply cannot be all things to all people and do a very good job of it.

Many management groups misunderstand the notion of competitive strategy. Strategy is the creation of a unique and valuable position, involving a competitively differentiated set of activities that integrate and compound to create a value proposition that is difficult, if not impossible, to imitate. The success of a strategy depends upon doing many things well – not just a few – and integrating them well.

Importantly strategy requires executives to make choices. You have to decide what particular kind of value you want to deliver to whom. The essence of strategy is choosing what not to do.

Managers must clearly distinguish strategy from operational effectiveness. Both are essential, but the two agendas are different. The operational agenda involves continual improvement everywhere there are no trade-offs. Failure to do this creates vulnerability even for companies with a good strategy. The operational agenda is the proper place for constant change, flexibility, and relentless efforts to achieve best practice. In contrast, the strategic agenda is the right place for defining a unique position, making clear trade-offs, and tightening fit. It involves the continual search for ways to reinforce and extend the company's position. The strategic agenda demands discipline and continuity; its enemies are distraction and compromise.



Charlesmore Partners helps clients develop the organization to deliver their strategies; to convert strategic intent into results.

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