

Business strategy and its importance to a business entity

[Business](#), [Strategy](#)



Strategy refers to determination of where one or a business is currently, where it is headed to and lastly how to get to that point. A business strategy generally refers to the overall objectives, goals and vision of an organization and the means of achieving the objectives, goals and vision. It is the art of formulation and also implementing specific decisions and actions aimed at achieving the overall goals and objectives of an organization. A business strategy as such provides the bigger picture showing how individual activities are organized and coordinate to ensure that the overall desired goals and objectives are met.

Since a business strategy gives the overall direction of an organization, without it is difficult to attain or achieve the desired results or goals (Pearce II, & Robinson Jr, 2009). One of the major importances of a business strategy to an entity is that it gives the overall direction of a business entity. Business strategies are formulated based on the available opportunities as well as threats facing a business, and also the internal weaknesses and strengths.

The aim of a business strategy is to ensure that the threats posed by the external environment are minimized and also to strengthen or minimize the effects of internal weaknesses. The opportunities and strengths are combined to ensure maximum productivity is achieved. Without a business strategy, it would be difficult for an entity to realize the opportunities available to it as well as the threats. a business would not thus take advantage of an opportunity posed by an environment thus would not be profitable.

Without a strategy a business is also more vulnerable to threats and its own internal weaknesses which increases costs and reduces productivity (Pearce II, & Robinson Jr, 2009). Another importance of having a business strategy is that it helps an entity gain competitive edge over its competitors. The markets are characterized by high competition which requires strategic decision for an organization to survive.

As mentioned above, a business strategy enables an entity to spot any opportunities and to take advantage of them before its competitors realize them. This gives an organization a competitive edge in the market thus increasing sales or profitability. Most of the organizations without clear business strategies end up being driven out of the market by their competitors. Apart from helping in profitability improvement, a business strategy also helps improve the motivation and creativity of workers. Direction is one of the most motivating factors for employees. The objectives and goals of an organization determine the commitment of the employees as well as their creativity levels.

Businesses which are viewed as having no direction or goals tend to have less motivated employees. Setting goals energizes the workforce to work harder to attain such goals. This not only increases the employees' motivation but their loyalty to an entity. Also, when employees are aware of the objectives of an organization, they also tend to come up with more creative ways of achieving the preset goals. This reduces production costs, increases productivity, competitive power and ultimately ensures growth of an entity (Pearce II, & Robinson Jr, 2009).

Change in an organization is inevitable especially due to competition, changes in consumer needs and preferences, government policy, dynamism in technology and the increasing globalization. Unfortunately, change is highly resisted by employees especially it entails changes in routine work or work places. Business strategy helps to ensure changes are made effectively and efficiently. Employees working in business which have business strategies understand well the overall goal of such entities and also what it takes to reach such goals.

If employees understand the goals, it is easier for them to accept changes which are deemed to help achieve the goals. Without a business strategy, instituting change is the most difficult task since it is met with much resistance and cynicism (Pearce II, & Robinson Jr, 2009). A business strategy is the overall determinant of the success, survival, profitability, growth or failure of a business and thus an important aspect or composition for any organization.

Reference: Pearce II, J, & Robinson Jr, R. (2009). Strategic management: formulation, implementation, and control. New York, NY: McGraw-Hill/Irwin.