

# What is strategy article review examples

[Business](#), [Company](#)



Michael Porter tries to explain the real business meaning of the term strategy in his article. He explains several things known to many to be connected with the success and failure of businesses. The article majorly concentrates on the distinguishing factors between operational effectiveness and managerial strategic acting and thinking. With these two aspects, he shows what strategy means. Strategy is the creation of exclusive and valued position, involving a diverse set of activities, which means if there existed only a single ideal position, strategy would be nonexistent.

According to Porter (1996, p. 61), operational effectiveness should not be considered a business strategy, but it is a necessity in business. Strategy requires companies to be flexible to enhance their relevant response to the competitive markets and the available changes. Benchmarking is essential for business companies to enable achievement of best practices. Aggressive outsourcing also boosts the efficiency level of the companies, while nurturing core competencies enable them stay on top of the game. Operational effectiveness is rather static, which is not essential for today's dynamic business markets and evolving technologies as asserted by Kippenberger (1998, p. 24). It is highly possible for competitors to copy market positions of a given business making competitive advantage unreliable. Therefore, it is substantial for companies to try and distinguish between strategy and operational effectiveness, even though they are both vital for immense performance. Establishing a uniqueness or difference that can be preserved is critical when a company wants to outperform its competitors as shown by Maney (2010). Customers are the central focus point; thus delivery of quality and valuable services to them is significant. The cost should also be

considered as customers will often go for low cost, quality products. Oliver (1997, p. 699) suggests that operational effectiveness, on the other hand, deals with producing alike, but better products and services than those of competitors. Strategy requires making hard choices and taking risks, which is not the case in operational effectiveness. Improving on the already existing ideas is not strategic enough for business today. New, innovative and creative ideas are required to provide strategic management of businesses.

Porter (2008, p. 80) also explains that strategy involves unique activities, where a business can achieve competitive advantage through competitive strategy. Such a business is considered different from its rivals in the sense that it operates under its unique rules and activities. This in turn, leads to delivery of unique set of values attractive to customers. A perfect strategy withstands market competition, in which case, a business is advised to have a strategic competition with its rivals as shown in Maney (2010). This competition enables a business to attain new positions that can enable the wooing of customers into their market. Strategic positions are difficult to find because they are not obvious as in operational effectiveness. Finding such positions needs creativity, innovativeness and insight to realize the most appropriate positions. Rumelt (2011) explains that the strategic positions are often linked to change, and strategic business managers should be able to realize this and take the necessary, relevant steps. Strategic positions necessary for businesses are often based on customer accessibility, variety of services and products produced by a company and the needs of the customers. These bases can be wide or narrow depending on the customers,

therefore; the company has to focus on the relevant customer population, and design its business activities accordingly as asserted by Njuguna (2009). Competitive strategy can also relate to generic strategy where a business concentrates on its differentiation from rivals, focus on the customers and its managerial leadership properties. These aspects enable the business to present a strategic position in the industry giving it a competitive advantage. The strategy enhances the ability to choose; preventing future incidences of different, contradictory strategies.

A strategy having been defined as a clear, unique position with a different set of activities requires sustainability as argued by Porter (2008, p. 84). A unique and valuable position is not a guarantee for being sustainable since it is bound to attract several imitations. Therefore, it is essential for a business or company to reposition itself from being a clone into an upscale, quality goods and fashion- oriented producer or dealer. It is also significant to note that sustainable strategy can only be achieved through trade- offs, which occur in cases of incompatibility of activities. Porter (1996, p. 69) asserts that a company practicing strategic operations should consider trade- offs to enable its survival in the competitive markets. They create the need to choose and protect the business from straddles and repositions. Trade- offs are concerned with the consistencies relating to reputation or image of the company or business. Activities also give rise to trade- offs because different positions need varying product configurations. They can also be brought about by limits on the business internal control and coordination. Therefore, trade- offs should be positioned in businesses since they are pervasive in competition but substantial to strategy as shown by Straudinger (2010).

They are known to create the chances of choosing, thus limiting what a company can offer its customers. Trade-offs also deter repositioning since competitors engaging in the available approaches degrade the quality of their activities and undermine their business strategies. Trade-offs are hence significant in enhancing sustainable advantage, and it gives strategy a new meaning in relation to competition in business as argued by Maney (2010).

After Porter described all the possible meanings for strategy, he concludes that it is a combination of activities. He suggests a strategic fit that can be used to create competitive advantage in the market and enhance vast profitability. Porter (1996, p. 70) suggests that strategic fit is designed to lock out imitators through the creation of a strong chain. The value of a given activity can be enhanced by other activities in the same company, making strategy a combination of different activities. Fit takes care of the whole more as compared to individual parts, which in turn leads to the realization of competitive advantage from all the activities as explained by Rumelt (2011). Fit also contributes in a substantial reduction of costs while increasing differentiation among various activities. Apart from competitive advantage, strategic fit is also essential for sustainability. This is possible because positions having their foundation on systems of numerous activities are more sustainable than those resting on individual activities. Hence strategy is considered a combination of creative and valuable activities. Companies that position their activities on the strategic fit are sustainable because the systems by nature are difficult to untangle from the company's externalities, making them extremely hard to imitate. This improves the

competitive advantage of the company against its rivals as argued by Porter (2005, p. 14). Fit incorporated in the activities of a company creates incentives and pressure that are relevant in improving operational effectiveness; this makes imitation even harder to the rivals than before. It is thus of significant to note that poor performance of a given activity can degrade the performance in other activities, in which case, weakness can be exposed and get the relevant attention. Activities that complement others are difficult to imitate as the competitor will need to imitate the entire system of activities which in most cases prove impossible. According to Porter (1996, p. 72) strategic positioning often set the rules relevant for trade- offs, which are responsible for determination of configuration and integration of individual activities. A perfect business strategy also requires rediscovery, where businesses or companies get to rediscover the importance and purposes of strategy. Strategic choices should be made accurately and for the right reasons as asserted by Barney (1995, p. 52). Companies need also to be careful when it comes to growth. This is because the growth trap has been found to initiate the most perverse impact on business strategy. Leadership also has certain impacts on strategy formation, as many forces at work can prevent making of choices. It is thus essential for companies to make strategic management the core responsibility of leaders so as to influence the working of the workers below them.

Porter (1996, p. 76) asserts that unique strategies accompanied with clear trade- offs are the foremost contributors to success of most companies. Identification of a perfect position is the initial stage, followed by aligning

activities with the chosen strategic position. Identification of distinct activities from those of the rivals may provide exceptional instincts when strategizing. The most profitable activities, customers and channels also help in making strategies. From these ideas, a unique activity can, therefore, be created to facilitate further success of the company. Strategy development is a new emerging industry that is undergoing technological changes. This makes managers have uncertainty about the needs of customers, making it difficult to make choices concerning appropriate services and goods. The uncertainty is, therefore, bound to facilitate the introduction of hedging and imitation in business fields as shown by Barney (1995, p. 56). This is where competitive strategy comes in; creation of unique products through integration of different activities always saves the day. Strategic stability does not, however, infer a static interpretation of competition. It is advisable to keep growing in terms of operational effectiveness and try to modify the frontier of production. At the same time, it is essential to encompass the level of uniqueness of the business activities while strengthening the fit among the company's activities.

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