

### Business Strategy

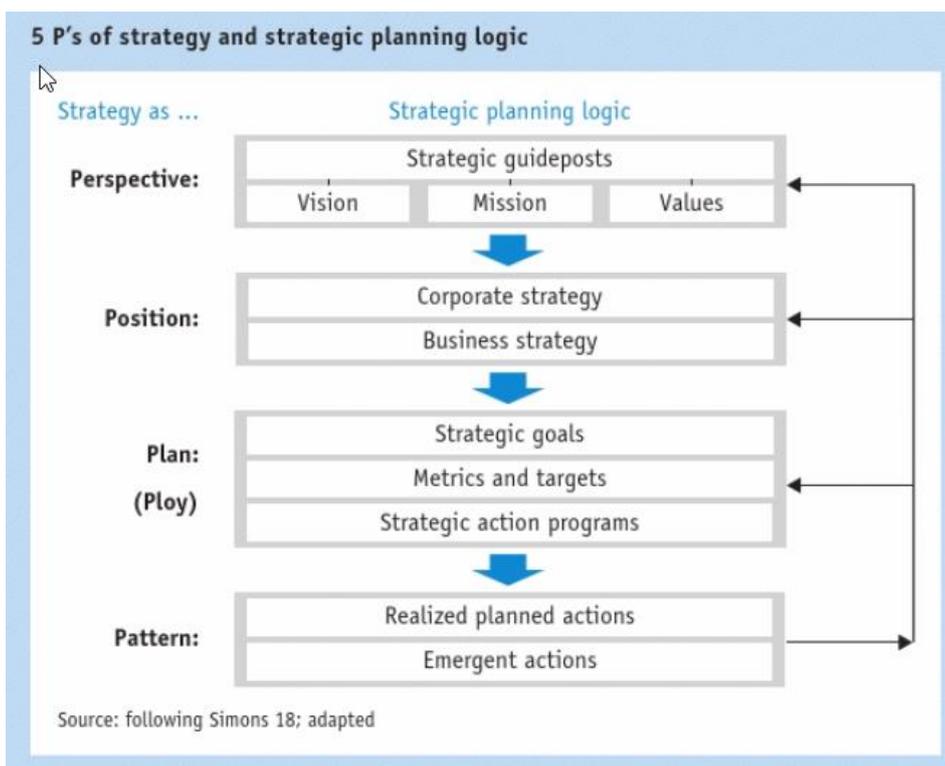
To better understand what strategy means in a business context, it is helpful to recognise different interrelated views of strategy that can be found in management practice and research. Understanding and integrating those different views is supposed to reduce some of the confusion that comes with the term *strategy*.

**Many business operators are likely to define strategy as a plan that specifies what the company intends to do and when. It is made purposely in advance of the actions to which it applies.** Others may understand strategy more as a specific competitive move or ploy to pre-empt an opponent's response in a head-on competitive situation. In this understanding it is also a plan but more in a sense of outmanoeuvring an opponent in a 1:1 business setting.

Another understanding of strategy is specifically related to the position in the environment that allows an organisation to generate sufficient "returns". In practical terms this might be a particular industry or the financially most promising product- market combination within the competitive arena a company focuses its resources on.

Whereas the position is outside the organisation, the understanding of strategy can also be based on a more internal view. Here, strategy is seen as a collective perspective in people's minds. It is a kind of shared mental model that builds the strategic orientation of the company.

A final understanding of strategy as a pattern is not related to the intention of people but to the resulting behaviour of an organisation. Here the key is consistency in behaviour, whether intended or not. **Successfully realised strategies are not always planned in advance and planned strategies are not always realised.**

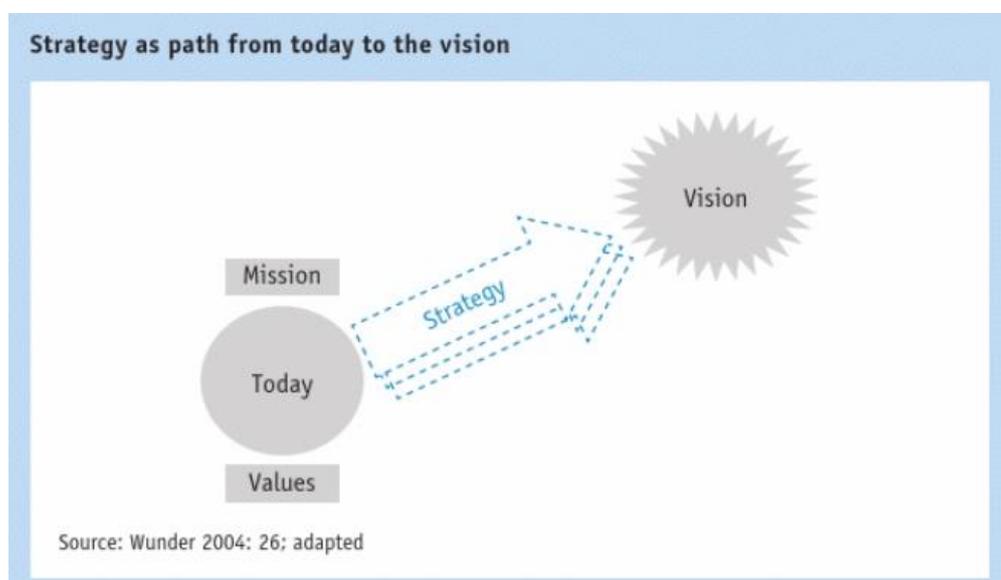


The diagram above provides an attempt to integrate the different views of strategy in a hierarchical order following a strategic planning logic. Strategic guideposts are established by a company's vision, mission and values. They provide a high-level normative direction and strategic context. This is a view of strategy as perspective.

Framed by the strategic guideposts the company has to decide where and how it wants to compete based on industry and market attractiveness and dynamics as well as its own resources and capabilities. This is the core of formulating corporate and business strategies and reflects a view of strategy as position.

Once certain strategy options have been decided on and strategy is set, it is refined with strategic goals, quantified with metrics and targets, and translated into strategic action programs as well as corresponding budgets and incentives. This is related to the view of strategy as plan. Some of those goals or actions may capture certain moves to outwit rivals or fight competitive threats that are viewing strategy as ploy.

Finally, strategy is what really happens. The strategic behaviour of an organisation may have been planned according to the process described or it may emerge unplanned through learning and trial and error. In any case, it is a consistent stream of actions and decisions. This is strategy as a pattern. By describing how companies like Ikea, Wesfarmers, Apple or others present themselves in the market, key strategic elements can be clearly identified as they reflect consistency in behaviour of those companies. Cornerstones of their strategies are visible for everybody to see without knowing whether they were ever planned in formal strategy sessions or just emerged over time.



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