

Simple  
Practical  
Powerful



**FORTITUDE**  
BUSINESS CONSULTING

## What is Business Strategy?

‘What is business strategy?’, is a common question business owners and managers ask. It’s an important question because success does not happen by itself.

It takes planning and deliberate action to create success.

Not having a clear and well-developed business strategy is a recipe for disaster and heartbreak.

As a business owner or manager, you know that success depends on your ability to establish and maintain a competitive advantage.

It’s not a matter of whether a business strategy is required, but a question of what’s involved in effectively developing and implementing it.



### Business Strategy Purpose and Superior Profits

In addressing the question ‘What is business strategy?’, it’s essential to understand that the purpose of a business strategy is to achieve superior profits.

Likewise, it’s important to understand that business profitability is determined by the:

- Industry in which the business operates in and the industries overall structure and performance (the industry’s level of profitability)
- Strength of the business’s value proposition, its uniqueness, and the quality of the resulting industry and market position the business achieves within its industry (the business’s performance within its industry)

#### **PARTNERSHIPS CREATING SUCCESS®**

Fortitude Business Consulting Pty Ltd | ABN 30 167 470 662 | ACN 167 470 662

T 1300 551 040

E [grant.ferry@fortitudebusinessconsulting.com.au](mailto:grant.ferry@fortitudebusinessconsulting.com.au)

W <https://fortitudebusinessconsulting.com.au>

Ultimately, business performance relates to both the health of the industry and the ability of the individual business to establish and maintain a market position that establishes a competitive advantage relative to its rivals.

It's the key choices that allow a business to achieve above average industry profits!

Without being clear on the critical aspects of how you are seeking to achieve superior business profits, it's practically impossible to implement the strategies and the actions needed to achieve above average profits.

## The Critical Choices

'What is business strategy?' – it's the choices you make and the actions you take to achieve your business's mission and vision.

It's a set of crucial decisions directed at creating and sustaining a competitive advantage that will enable you to achieve superior profits. It involves making critical choices about:

- What customers you will serve (your target market segment)
- What unique value you will provide (the specific and unique customer needs you serve)
- The combination of resources and activities adopted to create your unique and specific value proposition (how you create and deliver your product offering and prevent others from imitating it)
- The strategies you employ and the amount of effort you devote to the innovation activities needed to sustain that value over time

Ultimately, business strategy consists of a few critical choices and is a commitment to what you will and will not do (a commitment to a plan of action).

It's a set of deliberate, coherent and mutually reinforcing measures (resources and activities) aimed at achieving above-average profits.

## What is Business Strategy and Where do Superior Profits Come From?

Business strategy is about achieving a competitive advantage, and this comes from:

- Being able to meet specific customer needs better than your rivals
- Finding ways to prevent your rivals from imitating you

Achieving this involves making choices about what should be done and what should not, specifically:

### **PARTNERSHIPS CREATING SUCCESS®**

Fortitude Business Consulting Pty Ltd | ABN 30 167 470 662 | ACN 167 470 662

T 1300 551 040

E [grant.ferry@fortitudebusinessconsulting.com.au](mailto:grant.ferry@fortitudebusinessconsulting.com.au)

W <https://fortitudebusinessconsulting.com.au>

- Choosing a unique position in the market – not duplicating or imitating others
- Focusing on serving a particular target market segment and set of customer needs – not drifting from one target market segment or set of needs to another
- Making the tough choices needed to establish and sustain a unique position – being steadfast so that you can develop the knowledge and expertise that supports superior performance
- Forging fit between your value proposition and the resources and activities needed to deliver it - making sure they are coherent and mutually reinforcing to create leverage and most importantly, barriers to imitation



Business strategy is important because the right strategy stops you from trying to serve all customers and their needs. It allows you to focus and be better than your competitors at something valuable and unique while developing specialisation and erecting the barriers needed to sustain that position over time.

## What is Not Business Strategy?

Business strategy is essential, however, it's vital not to confuse it with the business's purpose, mission, goals or particular actions.

Business strategy is none of these!

'What is business strategy?' - it's a holistic set of coherent and mutually reinforcing choices about how you are going to achieve the business's mission, vision and goals.

Perhaps the biggest mistake made by business owners is the belief that striving to be the 'best', having the best product, the best staff and so forth, will lead to superior performance and ultimately, success.

This is a flawed assumption that must be avoided (for more information refer to our blog post 'Business Strategy – Are You Making This Critical Mistake!').

## Developing Your Business Strategy

Business strategy is vital to winning in a competitive environment and achieving the success you are seeking.

It requires a clear notion of what you will do and most importantly, what you will not do!

### **PARTNERSHIPS CREATING SUCCESS®**

Fortitude Business Consulting Pty Ltd | ABN 30 167 470 662 | ACN 167 470 662

T 1300 551 040

E [grant.ferry@fortitudebusinessconsulting.com.au](mailto:grant.ferry@fortitudebusinessconsulting.com.au)

W <https://fortitudebusinessconsulting.com.au>

If you are interested in learning more about how to develop and implement a winning business strategy, give the team at [Fortitude Business Consulting](#) a call on [1300 551 040](tel:1300551040).

**PARTNERSHIPS CREATING SUCCESS®**

Fortitude Business Consulting Pty Ltd | ABN 30 167 470 662 | ACN 167 470 662

T 1300 551 040

E [grant.ferry@fortitudebusinessconsulting.com.au](mailto:grant.ferry@fortitudebusinessconsulting.com.au)

W <https://fortitudebusinessconsulting.com.au>

