

Strategy:

- ❖ Strategy is all about integrating organizational activities and utilizing and allocating the scarce resources within the organizational environment so as to meet the present objectives. While planning a strategy it is essential to consider that decisions are not taken in a vacuum and that any act taken by a firm is likely to be met by a reaction from those affected, competitors, customers, employees or suppliers.
- ❖ Strategy can also be defined as knowledge of the goals, the uncertainty of events and the need to take into consideration the likely or actual behavior of others. Strategy is the outline of decisions in an organization that shows its objectives and goals, reduces the key policies, and plans for achieving these goals, and defines the business the company is to carry on, the type of economic and human organization it wants to be, and the contribution it plans to make to its shareholders, customers and society at large.
- ❖ Strategy may be defined as the **direction** and **scope** of a organisation over the **long term**, which achieves **advantage** for the organisation through the configuration of **resources** within a changing **environment** and to fulfil **stakeholder** expectations.

- ❖ The definition of strategy encompasses a comprehensive master approach that states how the corporation will achieve its mission and objectives. It maximizes competitive advantage and minimizes competitive disadvantage.

The characteristics of a strategic decision/strategy

- Strategy is likely to be concerned with long-term direction of an organisation.
- Strategic decisions are normally about trying to achieve some advantage for the organisation over competition.
- Strategy is likely to be concerned with the scope of the organisation's activities.
- Strategy can be seen as matching the resources and activities to the environment in which it operates.
- Strategy can be seen as stretching an organisation's resources and competences to create new opportunities or to capitalise on them.
- Strategies may require major resource changes for an organisation.
- Strategic decisions likely to affect operational decisions.

Relationship between strategy and competitive advantage

A company achieves competitive advantage when it provides buyers with superior value compared to rival sellers or offers the same value at a lower cost to the firm. The advantage is sustainable if it persists despite the best efforts of competitors to match or surpass this advantage. A company's strategy is its action plan for outperforming its competitors and achieving superior profitability. In effect, it represents a managerial commitment to an integrated array of considered choices about how to compete. These include choices about:

- i How to attract and please customers?
- ii How to compete against rivals?
- iii How to position the company in the marketplace?
- iv How best to respond to changing economic and market conditions?
- v How to capitalize on attractive opportunities to grow the business?
- vi How to achieve the company's performance targets?