

## WHAT IS STRATEGY?

Michael Porter; professor, business man, consultant, advisor, and author reports that modern business strategy emerged as a field of study and practice in the 1960's: prior to that time, the words "strategy" and "Competition" rarely appeared in the most prominent management literature. Alfred Chandler wrote in 1962 that "Strategy" is the determination of long-term goals of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals. In the 1980's Michael Porter defined strategy as the "... broad formula for how a business is going to compete, what its goals should be, and what policies will be needed to carry out those goals".

Bruce Henderson; founder, president, chairman of Boston Consulting Group (BCG), wrote that: "Strategy depends upon the ability to foresee future consequences of present initiatives." He wrote that the basic requirements for strategy development include, among other factors: 1) extensive knowledge about the environment, market and competitors; 2) ability to examine this knowledge as an interactive dynamic system; and 3) the imagination and logic to choose between specific alternatives".

Henderson continued to say that strategy was valuable because of: "finite resources, uncertainty about an adversary's capability and intentions; the irreversible commitment of resources; necessity of coordinating action over time and distance; uncertainty about control of the initiative; and the nature of adversaries' mutual perceptions of each other".

Basically there are "3- Levels of Strategy":

Corporate

"Where We Need To Go"

What business are we in, or want to be in?

What do we do, for whom, and why do we do it?

What do we need to improve?

Competitive

How are we going to compete in our chosen business?

Operational

What resources and capabilities  
do we have to support the corporate and  
competitive strategies?



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