



WHAT IS STRATEGY?

ACCORDING TO PORTER



1 Operational Effectiveness Is Not Strategy

After a decade of impressive gains in operational effectiveness, many companies are facing diminishing returns. Continuous improvement has been etched on managers' brains. But its tools unwittingly draw companies toward imitation and homogeneity.

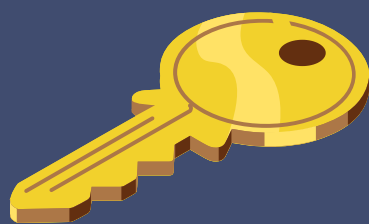


a difference that can be preserved



2 Strategic Positioning

attempts to achieve a sustainable competitive advantage by preserving what is *distinctive* about a company. It means performing different activities from rivals, or performing similar activities in different ways.



Principles

01

Strategy is the creation of a unique & valuable position, involving a different set of activities.

02

Strategy requires you to make trade-offs when competing, i.e. choosing what not to do!

03

Strategy involves creating "fit" among a company's activities.

5 FORCES

Strategy does include scanning your established rivals but must also include four additional forces:

