

**COMPETITIVE STRATEGY**

**By**

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## What is Strategy?

A business strategy is a combination of guiding principles that effectively help organizations make wise decisions. The strategy developer must understand what they are walking into before coming up with a complete package and must effectively communicate the strategy to his or her colleagues to evade misunderstanding and consequently organizational resistance or death of morale (“Demystifying Strategy”, Harvard Business Review).

This video defines business strategy and how to achieve and sustain it as a way of fostering organizational growth and profitability. To formulate an effective strategy, one has to consider the following factors:

**Premises of Competition:** Identify existing ideas and different organizational strategies of the leading companies that offer similar products or/and services as you and exploit their strengths and weakness; and then use their weaknesses to capture the market.

**Uniqueness of Value:** Think about what good your idea brings to the customer. Consider exceptional styling, reliability, reputation, and customization of products and services. What value a product or service would have to the customer is a very important factor especially for new entrant businesses. Convince consumers why they should abandon a product or service they have been using for years for new one you are offering. Customers want something they have been fantasising about for years; something unique and economically relieving. Make them feel like they cannot do without what you want to offer them.

**Resource/capabilities:** A business strategy requires the establishment of unrivalled client and customer network connection, mighty techniques and product or/and services knowledge and the understanding of consumer behaviour (“Business Strategy Formulation: Theory, Process, and

the Intellectual Revolution”). If the resources are in plenty, they should be used, but with prudence. Take advantage of competitors whose resources do not match yours. This is a way of exploiting competitor weakness. You have what they do not; therefore, use it to establish market dominance. The resources which include human capital, money, assets and reputation can buy your product or service customer confidence. Samsung is using its established reputation in the industry to introduce new products that people will buy just because they are Samsung’s, the company they seem to know inside out.

Sustenance of the Unique Value: Customers must enjoy the unique values they were attracted to in your product or service. If your strategy is reliability, continue to offer high quality products and services; otherwise, you might lose what you have already pocketed.

### **Strategy Application by Some Leading Firms**

Steve Jobs, for that matter established a unique business strategy of producing exceptional quality consumer electronics such as personal computers, iPods, iPads, and iPhones. Reliability guarantees have helped Apple, Inc. have a loyal customer base and unfading reputation. The company outsources component manufacturing and supply to Chinese electronic companies; and despite the fact that China has a history of making low quality stuff, Apple, Inc. takes the driving seat and demands good products.

The sleek design of Apple products and services takes consumers by surprise. The death of Steve Jobs did not stop Apple from sticking to its unique value position. Until today, the firm continues to offer ingenious products and services to sustain its unique value; that is, reliability and the sense of style “The Need for Innovations in Business Models. School of Business”;

“MODULE 1: Introducing the Business Model Innovation Frame work: Just a Couple of Examples of How Technology Revolutionized Firms”.

### **Business Model Innovation**

The video addresses the challenges modern businesses face in relation to the formulation and sustenance of effective business models “The Need for Innovations in Business Models. School of Business”; “MODULE 1: Introducing the Business Model Innovation Framework . Just a Couple of Examples of How Technology Revolutionized Firms”).

It is imperative to acknowledge that entrepreneurs and CEOs face a climbing task in comprehending what innovation is all about. Some of the misconceptions include: (1) innovation is all about originality of ideas, (2) innovative success requires huge resources, and (3) complex technology is the backbone of innovation success. The truth of the matter is that innovation is any idea that increases customer and product value or lowers the cost of working capital, products and services without hindering organizational profitability. In other words, innovation has to bring about competitive advantage. It must make people choose that product over similar products being offered by competitors (Casadesus-Masanell and Zhu, 2011; “The Need for Innovations in Business Models. School of Business”; “MODULE 1: Introducing the Business Model Innovation Frame work . Just a Couple of Examples of How Technology Revolutionized Firms”).

The steps to the execution of an effective business model are fundamental as far as innovation is concerned. There are four steps: (1) initiation (Know your target consumer, the value you want to bring to customer, methods of revenue generation, and the timing), (2)

idealization (analyse the 55 business models one at a time), (3) integration and (4) implementation. The design of a business model involves a lot of patience and risk taking.

### **Application of Business Models by Some Leading Firms**

The secret to successful innovation is the ability to analyse the industry to see what others are offering to customers and their business models. Then come up with a mix of the models to optimise organizational objectives. This is what is being referred to as creative innovation. Creative innovation is used by Amazon and Apple. Amazon and Apple use the Razor and Blade pattern to come up with products and services that look original, but in real sense they are the derivatives of other successful models (Casadesus-Masanell and Zhu, 2011).

There are 55 business models that are all important and effective depending on organizational culture and resources. When establishing a business model, one must use one at a time to confirm its economic feasibility before trying the next one. Designing a business model require the filling of the pilot, testing the pilot and going back to the design phase to make the necessary adjustments to ensure the strategy is in conformity with company values and objectives, otherwise the hierarchy and colleagues may frustrate your efforts.

### **Conclusion**

In conclusion, the three videos facilitate business and entrepreneurial empowerment. They offer solutions to strategic and innovative problems. Business strategies and innovation models are the key to prosperity in the business world as they improve performance and profit realization. As the world of business is evolving by the day; however, people must think outside the box and to do that, thorough knowledge of business dynamics must be available (Casadesus-Masanell and Ricart, 2009).

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