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Strategy and Strategic Management: The Search for the Missing Link

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ABSTRACT— ***In this paper, we describe how strategists must deal with balancing the dynamic tension generated by the possible intermeshing of "illusory" and "past" elements in strategic decision-making for either cooperation or competition. These possibilities weaken the collapsing alternative of searched reality. They also recall past problems which reoccur in the present decision making, which doesn't do anything more than limit the possibilities (digging into past difficulties as if they still exist is, at least, a waste of time). Looking towards the future (there is no other possibility in the strategic field) and knowing how to select what is relevant from the past for decision making is an act of balance, wisdom and survival for companies and countries in the whole world.***

Keywords— strategy, strategist, strategic thinking, wisdom, decision making, cooperation, strategic competition

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1. INTRODUCTION

When we use the term strategy we mean a way of shaping the future of leading organizations. That is why we refer to the strategic direction as the study of processes and content analysis, formulation and definition of strategy implementation. The word "strategy" is used in the business world to mean "often radically different things,"[1] creating much confusion and difficultly in understanding this central concept of business management.

Both the business world and at the military fields use an expression that explains why strategists are sought to command operations: *decision making*. It is obvious that the implementation of a strategy requires someone to *take risks* (controlled risks, but in the end, still risks) and eventually *makes decisions*, but it is not obvious that such decisions are sound and valuable at current and future times.

Ricart (2008) states that "strategy with no decision is equivalent to a decision with no action: finally useless"[2]. Certainly the decision is not always an expression in terms of absolute magnitudes, and to act or not to act is in itself a decisive action (or expression of a choice): a strategist can even choose the *path of non-action* to ensure a target within the strategic process. Therefore, we have stated in previous publications that strategic decision making depends on the ability to think on a central goal, considering the long-term conditions (scenario) and articulating an adaptive model (strategy) to project value creation in dynamic conditions (or pattern of change).

We will define business strategy, or more commonly known, *strategy,* as *the choice of a model for the future of the company and how to achieve it, meaning the scheme that unifies, integrates, and gives coherence to the decisions of the company, in order to generate wealth and value*. Some aspects of these definitions need to be analyzed in detail.

Any strategy involves choosing an image or idea for the future for the company (concept model[3]); therefore, establishing goals and objectives to achieve in the interaction between the company and its environment is a basic component to strategy, since it provides coherence to the forces working towards achieving those goals.

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1 Garrido, F. (2007): "Pensamiento Estratégico". Edit. Deusto, Barcelona, España.

2 Ricart, J. (2008): "Estrategia y Dirección Estratégica". En "Lo que se Aprende en los Mejores MBA", Edit. Gestión 2000 (pp.51-85), Barcelona, España.

3 Garrido, F. (2012): "Estrategas", Edit. McGraw Hill-Furtwanguen, Madrid, Spain.

However, it is not limited to a vision or model for the future: to follow a strategy also involves concrete methods for achieving that future. If a good solution for both purposes contains the essence of the strategy, our definitions insist there be central aspects: the need to develop a clear and precise framework that gives consistency to all decisions made at all levels of the organization. In a previous work (Ricart & Garrido, 2012) we stated that " the strategy acts as a conceptual pattern that seeks to give meaning to all business decisions"[4].. This *integrative* aspect makes it possible for decisions, made by members of the company operating in different positions and seemingly disparate areas of operation, to contribute to a common goal.

If we consider the guidance of texts and classical schools of strategy, we see that for them the act of strategic thinking requires the presence of a balance between experience and knowledge, which leads to an appropriate decision. This is what the Greeks called the "wisdom of the general" [5] (estrategon sophi) and the Chinese would define as a matter of "intelligence , honesty , humanity, courage and strictness" displayed by who commanded an army. To that expression of this "directive wisdom" is what Von Clausewitz[6] called coup d' œil or a kind of "flash" which would achieve assertively illuminate the vision of who makes and implements the decisions of future, in real time.

2. DOES EVERY COMPANY NEED A STRATEGY?

Companies that follow a strategy can assess the effect of any circumstance (internal or external) on their plans to advance through a planned schedule and so can analyze whether or not to modify their goals (or course of action) and prepare contingent actions "in situations of uncertainty or dominating change". On the other hand, companies without a strategy move likes a ship drifting at the mercy of turbulent winds. The strategy is how to set the direction and coordinate the efforts of all the crew to move in the chosen direction and mode. That's why in the high level decision making process, it's expected to be not only a carrier of a certain *wide* level of knowledge, but fundamentally *deep* knowledge for proper direction towards goals.

A large number of companies tend to imitate competitors' strategies that have succeeded, and it's necessary to remember that the strategic "implants" usually are not well resisted by the organizational system. Moreover, some companies also tend to "perpetuate the strategies that brought them success in the past"[7]. The facts show that neither imitation strategies nor continuity are themselves a guarantee of success; rather the opposite: they can negatively impact those who promote them, if they don't consider the particular internal and external situation of the company. A strategy is a *tailor made suit for each company* and the situation in which it is used, i.e., the environment or scenarios of the sectors in which the company acts or want to act in the future.

Kurtzweil (2012) has proven through his work in neuroscience applied to the world of decision-making that " our brain is always thinking in future tense " and that it is natural to those who devote themselves to the strategy as a high level decision-maker (managers), since they work to build, create and believe in a possible future for everyone in the organizations. We must recognize that the future always arrives and therefore, the company must systematize its own way to navigate within and toward that future, which itself is a process of survival.

3. TAILOR MADE STRATEGY

Every company operates in multiple environments as a result of dividing its different functions and adding operations at different levels. For example, the daily operations in functional departments operate in a very different reality from agreements of product homologation among partners at an international level, or from the transactions of the company's purchase-sale processes. To translate the general concept of strategy to the specific reality of each situation in which decisions are made in a coordinated and mutually reinforcing way is, undoubtedly, a key to the success of the strategic direction of the company.

It is useful to distinguish three levels of strategy, which correspond to objectives and decisions at different levels of aggregation: *corporate strategy, business strategies and functional strategies*. Each level has basic components of any strategy (objectives, resource allocation, development of competitive advantages, exploiting synergies, etc.), although the relative weight is different for each level and each contributes differently. Recognition of these levels allows us to look for solutions closer to the reality of each company and for each of the ingredients of the strategy.

The highest level of strategy is the **corporate strategy**. At this level, strategy should enable us to define the type of company desired, the businesses that want to operate, and the relative weighting of the business units of the company. For example, the decision to enter into a new sector (whether via internal development, in collaboration with other companies or acquisition) is a matter of the corporate level.

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4 Ricart, J. & Garrido, F (2012): "Estrategia y Dirección: del pensamiento a la acción estratégica". En "Lo que se Aprende en los Mejores MBA del Mundo", Edit. Gestión 2000 (pp.14-30), Barcelona, España.

5 Beaufré, T.H. (1963): "Introduction a la stratégie", Editorial Centre d'Etudes de Politique Etrangere, Paris, Francia.

6 Carl Von Cláusewitz (1976): "On War", Edit. Princeton University Press, Princeton, New Jersey.

7 Llopis J. y Ricart J. E. (2013): "Que hacen los buenos Directivos", Edit. Pearson, Madrid, Spain.

Once the company has decided in which businesses wants to get involved, **the business strategy** is focused on addressing how it will compete in each of these. Every business must define its own strategy, since "the behavior of competitors and business dynamics are specific to each situation." Each business unit must, from corporate guidelines, form a coherent unit in terms of products / markets susceptible to competition from other businesses. The business strategy incorporates scenario analysis. The result is a positioning of each business unit in a manner that enhances and exploits competitive advantages that benefit the whole corporation.

Finally, the **functional strategies** contribute, along with decisions at the most disaggregated and closest level, to the operational reality of the company. At this stage, the goal is to maximize the contribution of resources allocated to the achievement of departmental functions. The patterns are defined by a functional performance mode selected to compete in the business strategy. In turn, each business will be supported by the various functions to achieve their goals. Consequently, each functional strategy aims to consistently support the priorities established at the corporate and business levels.

The breakdown of the strategy at all three levels, corporate, business and functional, is essential to have a coherent and operational guideline in determining the appropriate framework for decision-making. These three levels are present in all companies and there should be an effort to recognize then in an explicit way.

For large companies and those that are very diversified or geographically dispersed, it may be appropriate to recognize an intermediate level between the corporation and business, which we will call *group level* or cluster of related businesses. However, it is considered that their performance is a delegation from the corporate level in terms of group configuration, and that the resources provision is consistent with the given vision to corporate level business. Consequently, from the conceptual perspective, there are still three strategic levels, considering the level of the group as a delegation of the corporation.

4. CORPORATE LEVEL STRATEGIES

The role of the corporate center of a diversified company is complex and can take very different forms depending on the characteristics of the environment, the culture and history of the company, its philosophy and its management style

More or less explicitly, every company must define its scope and essence of action, i.e. its mission as a company. This is usually expressed in terms of (1) scope of products; (2) scope of customers; (3) trading area; (4) geographical area; and (5) distinguishing characteristics. The last of these terms should be especially noted. The company must be aware of their distinct advantages, activities that the company is able to do really well, and their distinctive characteristics compared to other companies, particularly in relation to their competitors. "Building an idea of a challenging future" or the vision of the company, can be completed with some indication of the general terms that guide similar relationship with various groups that have interest in them: their owners or shareholders, their employees, customers, suppliers, the community they serve, etc. This definition sets up what we call the **corporate philosophy** of the company—its fundamental code of practice. This philosophy along with the mission of the company, constitute the basic constitution of the company which will guide all its actions.

We do not mean that the company vision is immutable, as indeed it should change depending on the changes that occur in their environments or scenarios of action, and also following the creation of new competitive advantages or the requirements of a new group of interest. Moreover, these factors are influenced significantly by the micro-history and culture of the organization (influence of internal processing), which implicitly shape the vision of the company.

To complete the vision of the company, quantitative objectives or aggregate purposes of the corporation must be defined, as well as how they will be measured and the standard of comparison. Finally, it is advisable to complete this scheme of defining the driving forces of the company, which is understood as the basis for differentiating the company from its competition and key points for success. Another term used to refer to this factor is strategic thrusts or special strategic topics. This definition, along with the purpose, constitutes the basic guide for the planning and strategic orientation necessary at the level of individual business units.

4.1 Configuring the company strategy

Businesses are complex organizations to handle. Under the same property, we have very different businesses facing different customers and competitors. It is necessary to adapt the various businesses to the specific characteristics of the competitive environment that confronts certain product and market configurations. To be effective in this adaptation, it is necessary to explicitly recognize the existing differentiation between the different activities the company performs. It is useful to segment the company into homogeneous "business" units as we have discussed in the previous section. Consequently, the configuration of the company starts with an clear recognition of diversity and appropriate **segmentation** into business units.

However, setting up a company does not end there. It's not enough to subdivide it; it is necessary to consider the possibilities of integration between businesses for competitive advantage. The configuration should consider the possibility of establishing **horizontal strategies** to obtain advantages related to acting within a group. The interaction between these two seemingly opposing forces, segmentation and integration, largely determines the configuration of the company.

To complete the configuration it is necessary to consider an additional element: **vertical integration**. Under this concept, we seek to define the boundaries of business in the context of the activities within the production cycle, choosing which of them should be made in the company and which one should not, and defining relationships with other organizations outside these limits, as customers, distributors or suppliers.
In short, segmentation, horizontal strategies and the definition of vertical integration in the firm and are the basic elements to define the appropriate model of organization

4.2 Allocation of corporate resources

Weighing different businesses is an unavoidable task of the corporate center. Resources, both human and financial, are limited and must be allocated so that the whole company can obtain the maximum benefit from their use, a fact which should include corporate strategy.

When the company decides to abandon a business by selling it, liquidating it or just milking it until exhausted, or, on the contrary, decides to enter into a new business by developing it internally or by acquisition, there is little doubt that considerations of resource allocation are transcendental. However, this is also true for those businesses in which we keep acting. The level or type of resources will be different if we must assign a business to grow, stay the same, or shrink.

There is a comprehensive set of tools used in the process of allocating financial resources to the different businesses according to their attractiveness, life cycle, growth, involvement, resources, etc. However, it is important to emphasize that often, the really scarce resource is *managerial talent*, which must also be captured, sustained, and assigned to various businesses and functions. The adaptation of management style to the characteristics of the business, as well as the distribution of managerial skills where they are more precise, is a difficult but fundamental task for the future of the company and its businesses.

4.3 Business strategy

Businesses are groups of related products and services that share the same set of competitors and are aimed at a relatively homogeneous group of consumers. These products and services are affected similarly by changes in price, quality or style, so that it becomes appropriate to define a strategy for all of them. It is the responsibility of the company's general management to provide the appropriate framework for analyzing and formulating business strategies at the level of each business and its groups (or SBU[8]). These strategies should be, at all times, consistent with the objectives and guidelines established at the corporate level.

The business strategy is the company's framework for action in each of its businesses. Through its strategy, the company establishes how to compete in the business, i.e., how to position itself related to other companies and, at the same time, how to organize their resources and skills to maintain an advantageous position against them. In this framework there are four key elements, closely interrelated, which specify the business strategy are derived (see Figure 1) :

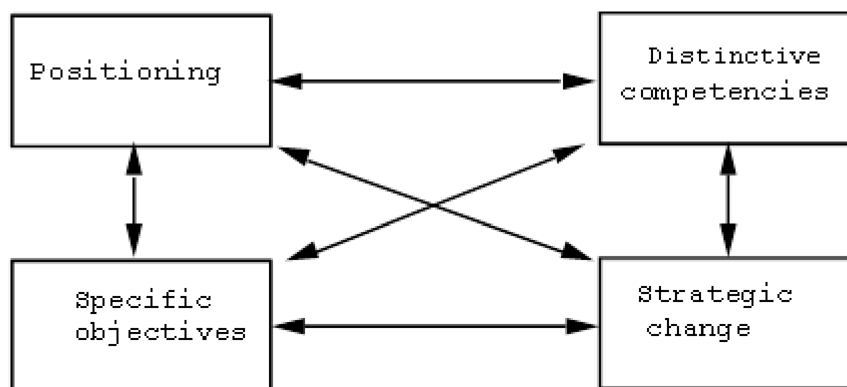

Figure 1. Contents of the business strategy

8 SBU, Strategic Business Unit, is usually referred as a grouping related that share a same or similar business strategy Business. It is the basic unit of strategic analysis in large organizations.

– *Positioning*: This is to define how the company decides to compete in this business over its competitors. As a result of this mode of competition, the company will be able to access a specific customer segment. Therefore, positioning means choosing which customers to access and how to do it differently than our competitors

_ *Distinctive capabilities*: These are the set of skills and knowledge in the organization on which the company intends to rely in order to get an advantageous spot on its business positioning that will endure. They are based on the so-called strategic assets of the company.

_ *Strategic changes*: They determine the intended way to use the distinctive capabilities in order to act in the chosen position, and the immediate development of these capabilities. Thus, consistently with the scheme presented in the previous chapter, the company can move towards the ideal strategy based on potential strategic and organizational changes.

- *Specific objectives*: The above points should finally be articulated and quantified in a few specific objectives, which the business will try to implement, as well as the necessary standards to guide the business operations.

As a result of the business strategy, the company has clearly defined boundaries and a clearly defined future, i.e. in the areas in which it competes every day and the areas in which it will seek to compete in the future. Basically, we are defining what we mean by *business*. The business strategy takes this definition as a starting point, and represents a deliberate effort to develop this business in the best possible way for the whole company.

The business direction must engage in a comprehensive analysis of the scenario in which it competes (or expects to), as well as the competitors in each of them, trying to move toward their next moves and actions.

The business direction must also consider the internal capabilities of the organization. The strategy should propose ambitious but achievable challenges, without conscious dismantling of the company, so that for its formulation it is necessary to characterize the current state and possible changes in the organization's knowledge, skills and resources, within the planning horizon.

According to Garrido (2014) "the strategic formulation is a creative task of synthesis between the three central elements" and is how to dig in the reallity richness to create the future value, and to do this, a deep *mandate* analysis is also needed. Figure 2 illustrates the components involved in the essence of **formulation of strategy**:

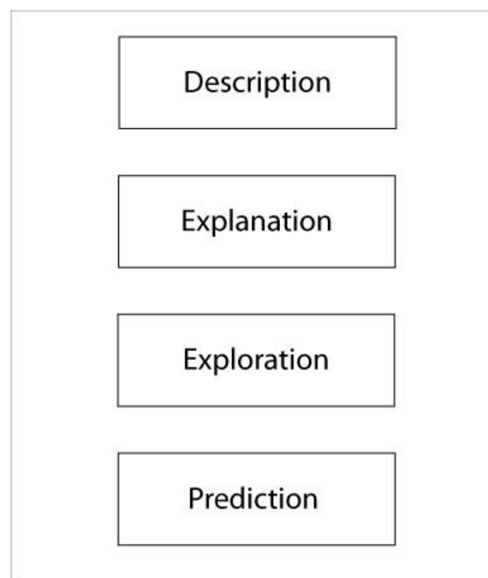

Figure 2: Deep model for strategy *formulation* (Garrido, 2015)

This figure cannot be read literally. First, the starting point is the definition of business done in the corporate context. This definition, along with the associated corporate guideline, is the definition of the competitive environment in which to develop business strategy.

The strategy formulation is *a creative task of synthesis* between the two types of elements (external and internal), and it seeks to establish how to take better advantage of the opportunities the environment, consistent with the

competitive potential of the organization and with the development of its key distinctive capabilities established in its corporate strategy.

The work of matching external and internal elements of the business is especially difficult due to the fact that both aspects are dynamic: the attractiveness of the industry and competitive position change, as does the set of knowledge and skills of the organization. The business strategy is a constant effort to adapt to a changing environment, while achieving a grounded, long-term sustainable competitive position.

Another complex element is related to the difficulties of implementation of organizational development that requires our ideal strategy. Therefore, this analysis is not complete without considering how the organization will progress iteratively between the organization and the possible strategy.

5. DEFINING BUSINESS

Formulating a strategy requires a clear concept of what the business is. The business unit needs to understand and define its business in a broad enough way to allow it to detect the repositioning of competitors, the emergence of new substitutes, significant changes in industry trends or any other changes that may affect their competitiveness. These aspects are essential for the proper formulation and control of the business strategy.

5.1 External Analysis

The business unit, defined in the previous section, does not have to match the product areas and markets in a given sector of economic activity. It is possible that the activity of the business unit is limited to only a part of the activities of the sector or, conversely, supposed to compete in several related sectors at the same time.

The process of strategy formulation requires the management of the business unit to formulate two key questions: what is the competitive structure of the sector or sectors in which we are involved?, and what is the relative position of the company in the sector or sectors ? Understanding these issues and providing the sign of its evolution is the basis for establishing the best way for the business unit to compete in the coming years. The business unit should analyze the basic factors that determine the degree of profitability of the sector or sectors, and the major competitors in them. This analysis, which we call external, can be implemented through conceptual schemes like those presented below.

Structural Analysis: The intensity of competition in a sector determines, ultimately, the odds of long-term profitability for companies competing in the same field together. The higher the level of competition, the lower the average profitability of companies (and vice versa). Recognition of the main sources of competitive pressure allows the business unit to defend itself against them or try to influence them in their favor. The analysis of the sector (or scenario) should not be understood as a deterministic study. Factors of a similar nature may have different consequences on the performance of the sector, as a result of a different story. We all know sectors should reflect its structural factors; however, a strong rivalry can manage to maintain good discipline in behavior. Conversely, there are sectors that could be more stable, but which recurrently enter into price wars because of mistrust due to past performance. Then, sector analysis requires a deep understanding of its past performance, a historical analysis and decisive character in the sector, and prudential judgments in interpreting the data.

The final goal of the sector analysis is trying to foresee future developments, anticipating possible changes to its structure, and effects on the profitability of the company as part of it. To do this, it is especially useful to try to identify what forces are creating pressures for change in the sector. The business unit should pay attention to the development of all those forces that can permanently change structural conditions and the attractiveness of its sector.

This does not imply that the company should be tempted to copy the competitor's strategy. As we shall see, the essence of the strategy is to "be different", far from pure imitation. However, we cannot ignore the actions of competitors. Some of these actions become necessary for competition guidelines. Others constitute its specific positioning. Both are important to us, but trying to avoid pure replication, ultimately, destroys the attractiveness of the sector.

Competitor analysis: The purpose of the analysis is to identify competitors and key competitive positioning of each of the rivals that identify with the business unit in certain scenes and scenes features.

The analysis of competitors tries to identify their current strategy and future goals, as well as their main strengths and weaknesses. For this, it is necessary to apply appropriate methodologies for strategic context information[9], getting involved in the search and systematic classification of all kinds of competitive information.

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9 Garrido, Francisco: "Ancient knowledge for a New Cooperation Strategic Model: a bridge to the Oriental and Occidental School's of Strategic Thinking", The Asian Journal of Business and Management (ISSN: 2321-2802), Volume 02, Issue 02, April 2014.

10 The value is the amount that buyers are willing to pay for a solution. This value is directly related to how the product or service meets the needs of the consumer relationship. However, to achieve competitive advantages , the relevant variable is not offered value but perceived by consumers , which is influenced by the extent to which the company properly communicates the benefits of your products / services to consumers value. Ultimately , the value for the buyer

The business will try to achieve their long term goals with the least competitive cost possible and it must elude its rivals, especially those who have a greater competitive ability (whatever the chosen position, it is unthinkable that other companies do not exist with similar positions, with which it must compete) and therefore the business strategy should include how the company aims to achieve an advantageous position in relation to their current and potential direct competitors.

To the extent that the objectives of the business match those of its competitors, the success of its strategy will depend on developing sustainable competitive advantages over them.

Competitive positioning and competitive advantages: in each sector, companies are strategically positioned along a small number of strategic dimensions, such as the level of product quality, price policy, the consumer group or geographic markets it serves the channel of distribution, cost position in manufacturing and distribution, etc. Each dimension has a certain range of strategic options, according to the sector. Given the performance of each company in these dimensions, the company shall develop a range of resources and capabilities that constitute its portfolio of strategic assets. These are the bases for sustaining competitive advantages.

Therefore, the business will have a competitive advantage in a particular product or service when it is possible to create a differential between the (perceived) value to the purchaser[10] of the product (willingness to pay) and the cost of production and distribution, relative to the values for the buyer and costs of products or services from their competitors. There are basically two ways to create such a differential: by increasing the willingness of the buyer to pay while keeping costs at competitive levels, or reducing costs while maintaining an acceptable level of value to the buyer. Whatever the distinctive competencies that pursues business unit are, they should be useful in any of these two generic ways to create competitive advantages.

However, it is a matter of concern how a company develops a competitive advantage. This advantage must be the result of those skills, resources and "distinctive" capabilities of the company and what it can do really well. For these capabilities to work as the basis of competitive advantage, they must meet certain conditions such as being scarce (not all companies have this capability), hard to imitate (a capability not easy to develop) or replace (to develop other skills that also work for the final consumer or client), not available from the market (some transferable) and valuable (useful as competitive difference). When these conditions are met, these distinctive capabilities are strategic assets and serve as a basis for developing competitive advantages. The identification of these strategic assets requires advance analysis to internal aspects.

5.2 Internal analysis

The purpose of internal analysis is to evaluate the potential of the business unit for creating an effective competitive advantage in their fields of business. To do this, it's necessary to determine what skills are essential for the creation of such advantages, review the current status of the capacity of the organization, assess the extent to promote or erode the cost savings or the creation of value perceived by the consumer, and establish the changes that can be made in the appropriate direction in the planning horizon.

We have seen that the basis of competitive advantage must be sought in strategic assets and we should know their characteristics, and now it is time to identify which ones are available in the company. It is useful to find assets in each of the activities of the company, within each of the five categories traditionally used for this connection: technological, positional, know-how, regulatory and organizational, being among the most relevant ones.

For determining these assets it is useful to start from what top management of the company defines as the "driving force" that leads the activities of the company or represents its main competitive advantage. In this sense, we understand the set of core assets of a company as what differentiates it and individualizes it, and allows it to develop different strategies and maintain the differences between competitors. Competitiveness is not only based on anticipating market trends and rapid responding to changes in customer demands, but also in the development of capabilities that enable companies to successfully react to these changes, which is often a deciding factor.

Summarizing, a higher perceived value, and / or a lower final cost than competitive products can be achieved through superior performance in at least one of the activities of the value chain of the company, or better, through an innovative combination of activities in business processes in the context of the system of value creation. Obtaining and sustaining competitive advantage depends not only on the understanding of the value chain and business processes, but above all, the extent to which they fit into the system of value creation.

6. THE BUSINESS MODEL

Coined years ago by P. Drucker, this concept has risen again, especially in the Internet world. According to Casadesus-Masanell and Ricart (2010) business model is "the combination of the strategic choices of the company and its

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is the addition of the target product or service and its subjective value, based on the promotion made of the same value.

consequences provides an integrative concept of competitive positioning and strategic assets with important dynamic features which allow an interesting analysis of competitive interaction between business models that interact in the competitive context." From that, the choices of the company may be regarding policies, (tangible) assets and the governance structure for these policies and assets. The consequences can be flexible or rigid if they vary periodically if accumulated year after year like most intangible assets. Both, choices and consequences integrate the business model.

The so defined business model incorporates various aspects of external and internal analysis, providing a conceptual schema, a very useful tool for a better understanding of our ideal strategy, and embodied in an organization and possible strategy. The business model, conditions of our possible strategy and evolution gives us a way to try to meet the challenges of the ideal strategy. The business model is the dynamic language of how to make our strategy a reality.

No competitive advantage lasts forever. Competitors try to increase their advantage over us and take advantage of opportunities that provide this environment. We must do the same, constantly developing our strategic assets to increase and sustain our competitive advantage. This is important to deeply understand the nature of our strategic assets. Some important questions are: To what extent our strategic assets are unique? Are they different? Not imitable? Are they defensible against competitors? Are they valuable for our customers?

If in our base of competitive advantage, our strategic assets do not meet the conditions implied in the questions, then we are vulnerable, and we have built unsustainable competitive advantages. If the strategic assets are plentiful and easily available, competitors may acquire and erode our advantage easily. If they are easily imitable, they may be developed without too much trouble, etc. Our competitive advantage is not sustainable.

Consequently, when conducting internal analysis to understand our capabilities and decide which *strategic assets* develop or use, we need keep in mind the sustainability criteria; only when our competitive advantage is sustainable will make sense to develop as a competitive weapon. If it is easily imitable, even if it can give you a temporary advantage, it quickly becomes a strategic asset but not necessarily a source of competitive advantage.

Since it is increasingly difficult to develop clearly sustainable advantages, the strategy must be able to incorporate a process of organizational learning and development of capacities that involves the relentless pursuit of new strategic assets. In this way, we will sustain our advantage by always staying ahead of our competition. This is a clear way to win the race.

7. SUMMARY AND CONCLUSIONS

Strategy can be considered a model for the future to present value. Competitive strategy defines the framework for action by the business against its rivals, trying to form the best way to compete in order to achieve the mission and the strategic objectives.

The sector is the basic competitive environment of the business. The structural variables of the sectors in which the company carries out its activities determine a percentage of the business, and thus largely allow for the understanding of the intimate structure of the industry; anticipating potential developments and trying to change the rules in favor of the company are key elements for formulating a business strategy.

Also, the ability of the business to achieve its strategic objectives will be determined by the competitive advantages that count in relation to its direct competitors. The business, seen under a strategic point of view, must rely on its strategic assets to support its possible competitive advantages (a complete understanding of the business model allows us to understand the nature of wealth-generators of existing competitive advantages and how these benefits should evolve in the future to create value.

The business should fix its ideal strategy without considering its internal current business model limitations, eliminating, as far as possible, the pressures of formulating conservative strategies and facilitating making strategic choices more consistent with the business mission (we will approach this ideal strategy, through the implementation of successive emerging strategies for change and adaptability).

If we have thought through our strategy and business model to a level as ideal as possible, the implementation of such possible strategy through a selected business model is greatly facilitated. Now, it will be necessary to adapt structures, develop systems, adapt processes, empower people. But if we defined the direction and key parameters to achieve, the task of directing is greatly facilitated. The strategy aims to constantly improve the efficiency of the organization in order to achieve the objectives of wealth generation in their daily reality and should act as a catalyst for change and potential adjustments to the strategic objectives underpinning the strategy of the company.

From this, the process of strategy formulation is understood as the crystallization of a future model that is synthesized and communicable, and the company should strive to identify and select those options that, beyond ensuring the survival of the organization long-term, promote the full development of its mission and purposes.

This is why we ask what is and what is not strategy? When do we consider whether a decision is strategic? How do we understand the formulation of the strategy? This chapter has attempted to deepen the answer to these questions. Those decisions which affect the content of the strategy in any of its levels is a strategic decision. Decisions which are difficult to reverse mark the direction of the company, limiting the options open to the company or how you can access their choices are *strategic decisions*. Decisions which set the path for other decisions or serve as a conceptual framework for them are *strategic decisions.*

The company needs a framework which rules its performance in a rapidly changing environment like the current one. Until now, we have not found a good substitute for the definition of strategy. Leading in an organization is *directing its strategy*. It is not enough to manage resources efficiently. We need to know the direction; we must define the ends and means, in a consistent and integrated way to transmit the entire organization, as a guide for their daily actions. We implement a *strategic direction*, without neglecting the link that has often gone unanswered and with no crystallization: the formulation of strategy.

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