

# What is Strategy?

Yazeed Alnasrallah

**Abstract:** All strategic managers must appreciate the difference and use of operational effectiveness and strategic positioning in management. Operational effectiveness is act of doing something similar to competitors, but in an exceptional and extraordinary manner. Organizations that are successful in ensuring high operational effectiveness are successful in motivating their employees and have better planning strategies in place. High operational effectiveness leads to higher profitability for organizations. In a dynamic and hyper-competitive business environment, the productivity of a business is dependent on technological advancements and better management strategies

**Keywords:** Operational Effectiveness, Strategic Management



Michael Porter provides some important elements that every modern manager ought to understand and practically implement. The article provides managers with an effective description of two common terms that all strategic managers must appreciate and learn to differentiate and use them in their management practices (Porter, 1996). Operational effectiveness and strategic positioning are the two terms that Porter discussed. Operational effectiveness is one such business management terminology that dominates the discussion of the Porter's document in relation to ideas of strategy. Operational effectiveness according to Porter (1996) is an act of doing something similar to other businesses, but in a more exceptional and extraordinary manner compared to the main rivals of the business. A large number of modern organizations emulate each other.

## Operational Effectiveness

The focus of this discussion is operational effectiveness.

Operational effectiveness is a business terminology that in practice, should relate to the idea of performing similar activities in a more exceptional manner than the way a fellow business rival performs them (Porter, 1996). Nowadays, doing business is not just having a prominent idea that can help someone to capture profits from the available product or service demands. While trying to understand why exceptional matters, people should know that inventors have already explored and exploited almost 95% of all modern business ideas. Based on the perceptions of Porter (1996), includes a number of efficient practices that allow companies to utilize its inputs through enhanced means of reducing imperfections in the products and developing better products.

People should stand out exceptional in their business operations. Porter (1996) brings an understanding that operational effectiveness should imply a situation where a company needs to invent new ideas of conducting similar business activities or reinvent new ideas of conducting the existing businesses. Based on the

- Author name is Yazeed Alnasrallah currently pursuing master degree in business administration in Clayton State University, Morrow, GA, USA. E-mail: Ya1988.a@gmail.com

perceptions generated in the article, companies have varied operational effectiveness. Companies that are capable of ensuring high operational effectiveness achieve this through eliminating wasted effort, using more sophisticated technologies, finding ways to motivate employees, and having better planning strategies. With the use of strategies that ensure high operational effectiveness, companies in this levels mark significant differences in profitability compared to their competitors. The above tools of operational differences directly affect the relative costs and product differentiations.

Just as Porter (1996) postulates, the best way to understand how a company can stand exceptional in its operational effectiveness is through accessing its ability to manage new ideas using different approaches. Think of a new business idea that has just emerged in a company that lacks a full capacity to deal with a change. Of course, new business ideas will call for improved operational strategies. In this case, the company may show its exceptionality in the operational effectiveness by willingly acquiring different management approaches, different management personnel or even employing new ways of managing capital investment. This is because, as Porter (1996) postulates, the productivity frontier of every company existing in the modern competitive business environment is elastic towards technological advancements and better management approaches.

## References

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