Why Strategy Choices Matter More

Idea In Short

Strategy is one of the hardest business concepts to define succinctly, and a surprising share of senior executives privately admit they lack confidence in their own company's direction. Four ideas separate a genuine strategy from a wish list: know what the organization is actually good at, build a coherent system of activities around that strength, choose a distinct position rather than copying competitors, and close the gap between the strategy on paper and what actually happens day to day.

A concept that resists easy definition

Strategy is a genuinely difficult concept to describe succinctly, even for people who teach it for a living. Despite entire courses, consulting practices and executive committees built around the word, a surprisingly large share of senior leaders privately admit they lack confidence in their own organization's direction. One widely cited figure holds that 60% of top executives surveyed across thousands of companies reported no confidence in their own stated strategy, a striking admission from people whose job depends on setting it.

Bad strategy destroys more value than bad execution

A commonly cited finding attributes the large majority of corporate value destruction, roughly 80%, to bad strategic decisions rather than to poor execution of a sound plan.1 That distinction matters enormously in practice. Organizations that fail typically did not simply execute a good plan poorly; they built their plan around a fundamentally weak or unfocused premise from the start, and no amount of operational discipline could fully compensate for that initial miscalculation.

Know what you are actually good at

The starting point for any credible strategy is an honest answer to a deceptively simple question: what does this organization do better than anyone else. That answer needs to be specific enough to guide real decisions, not a vague claim to quality or customer focus that could apply equally to any competitor in the same market.

Differentiation is genuinely hard

Finding a distinct position takes real discipline, not just aspiration. As one widely shared framing puts it:

> You have to find a way to differentiate, and that is not easy.

Companies that instead chase growth broadly, entering every adjacent market their competitors enter, often end up with a wide footprint and no real advantage anywhere within it. A common description of this outcome captures the risk well:

> A lot of companies are chasing growth across the board, letting a thousand flowers bloom, and they are left with a field of weeds to clean up.

Build a system, not a single move

A genuine strategy links together a coherent system of mutually reinforcing activities, not one clever tactic that a competitor can copy within a quarter. The central strategic question worth returning to repeatedly is who the organization is choosing to be: what few capabilities will it apply consistently across everything it brings to market, rather than treating every opportunity as a one-off decision made in isolation.2

Closing the gap between plan and practice

Even a well-designed strategy fails if daily execution drifts away from it. Closing that gap requires constant, deliberate reinforcement, revisiting the stated direction often enough that it actually shapes decisions made under pressure, rather than sitting untouched in a planning document that nobody consults once the fiscal year begins.3

A question worth revisiting often

Returning to the same core question periodically, who are we going to be and what will we do better than anyone else, keeps a strategy alive rather than letting it calcify into an unexamined assumption. Organizations that treat strategy as a living, frequently revisited choice rather than a one-time exercise are the ones that tend to still recognize their own direction five years later.

- 1Corporate strategy
- 2Competitive advantage
- 3Strategic planning

Summary

Most value destruction in business traces back to bad strategy decisions rather than bad execution of a sound plan. Knowing what an organization is genuinely good at, building a coherent system of activities around that strength, resisting the urge to chase every competitor's move and closing the gap between stated strategy and daily execution together separate genuine strategic clarity from a wish list dressed up as a plan.