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Michael Porter on: What Are The Most Common Strategy Mistakes?

Michael Porter, Harvard Business School professor and author, is a giant among strategy and competition gurus. If you've studied strategy at all, Porter is a must read, including his most popular book *Competition*. Joan Margretta, Porter's former editor at Harvard Business Review, has captured his latest views in her new book, *Understanding Michael Porter: The Essential Guide to Competition and Strategy*.

Here are a few excerpts from the book, taken from an interview with Michael Porter when Joan Margretta asked the question: What are the most common strategy mistakes?

Here are three things you can do to improve your organization's ability to adapt faster to marketplace changes:

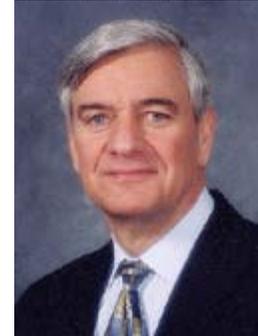
- 1. Managers confuse operational excellence as the strategy or marketing as the strategy.** Managers tend to miss that strategy links choices on both the demand side (marketing) with the choices about the supply side (operational excellence). You cannot have strategy without addressing both.
- 2. Over estimating strengths.** Most companies have an inward looking bias and therefore are overzealous about what they do well. Real strengths have to be something the company does better than its competitors. They do it better because they are approaching it differently than their competitors.
- 3. Getting the definition of the business wrong.** Defining the industry too narrowly could cause you to miss competitors outside your industry who could encroach on your markets. Defining the industry too broadly can be dangerous because it can lead you to a decision that takes you too far from your core competencies.
- 4. Not having a strategy at all.** According to Porter, this is the worst mistake of all. Many managers find it hard to make choices and accept limits to their business. They find it difficult to let go of anything irrespective of the fact that the product or market has lost its value. Rather, they want to offer more products, serve more markets and satisfy more customers in the name of growth. The result is more complexity and misunderstanding in the ranks.

Over the years we have witnessed many of our clients attempt to make these strategy mistakes. What we have found is that by challenging the status quo and asking the right question, the resulting strategy is much more robust with greater competitive advantage.

We welcome any questions or comments you may have.

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Dick Albu

[LinkedIn](#)



Rob Krist

[LinkedIn](#)

“Having a strategy in the first place is hard. Maintaining a strategy is even harder.”

Michael Porter
Harvard Business School professor and author

strive to exceed all their business objectives. We do this by establishing strategy management as an organizational competency and part of everyone's day-to-day responsibility. We work collaboratively with goal driven, proactive CEOs of middle market companies that are open to new ideas and passionate about increasing the value of their businesses today and tomorrow.

To learn more, call us for a free consultation. For more information about Albu Consulting, visit our website at www.albuconsulting.com.

Dick Albu, *President*
RALbu@albuconsulting.com

Rob Krist, *Managing Director*
RKrist@albuconsulting.com

Albu Consulting LLC
1177 High Ridge Road Stamford, CT 06905
Tel: 203/321-2147
Website: www.albuconsulting.com
