

THE SKILLS YOU NEED GUIDE TO LEADERSHIP

BUSINESS STRATEGY AND ANALYSIS:

Developing the Skills You Need to
Understand and Position Your Business



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Understand and Position Your Business**

Skills You Need

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“The essence of strategy is choosing what not to do.”

Michael Porter

Much has been written and said about business strategy over the years, not least by the great Michael Porter. Why, then, would another book on business strategy be necessary? And why would it be part of a series of books on leadership?

First, the *Skills You Need Guide to Leadership Part 4: Business Strategy and Analysis* is not just another strategy book. It is designed as a practical guide to give you the skills to understand your business, your market, and your competitors. It will therefore help you to position your business effectively in the market.

Second, business strategy and analysis is an essential part of business leadership. Being able to grasp and use data to gain insights into your business, your market and your competitors has never been more important for organisational leaders.

This book may usefully be read alongside the other parts of the Skills You Need Guide to Leadership. As a leadership text, however, it is perhaps rather different from our other eBooks. New and established leaders may use it to learn useful new skills and techniques. Those at lower levels in organisations should also find it a helpful how-to guide to various business analytical techniques, as well as an important aid to understanding why business analysis matters for strategy and therefore for leadership.

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PART 4:

**BUSINESS STRATEGY AND
ANALYSIS: Developing the
Skills You Need to Understand
and Position Your Business**

1

Why Does Business Analysis Matter to Leaders?

Businesses around the world have long tried to develop something called sustainable competitive advantage.

This means having something that gives you an edge over your competitors, and that continues to do so. The concept can apply to both people and businesses but, in this eBook, it is largely only applied to businesses.

In this case, sustainable competitive advantage means something that your customers see as a long-term reason to buy from you rather than your competitors.

A crucial part of developing a sustainable competitive advantage is being able to identify areas where you have an advantage, however small. You can then build on that and develop it further.

An advantage may come from something that you do better than your competitors, or it may come from identifying a gap in the market that nobody has yet worked out how to fill. The key is to find those advantages and then exploit them to build yourself a unique place in the market, and in the hearts and minds of your customers.

To identify areas where you have an advantage over your competitors, you need to **understand your business, your competitors and your market.**

This is where business analysis comes in.

DEFINING SUSTAINABLE COMPETITIVE ADVANTAGE

A competitive advantage is anything that allows a business to outperform other businesses in the same industry or sector (its competitors). A sustainable competitive advantage is one that lasts in the longer term.

Sustainable competitive advantage can arise from anything that means that your customers are more likely to buy your products or use your services.

For example:

- A new process that enables you to produce something quicker and therefore more cheaply;
- Better customer service as a result of investing in your staff; or
- A patented invention which only you have free access to use.

“Strategy is about setting yourself apart from the competition. It’s not a matter of being better at what you do – it’s a matter of being different at what you do.”

Michael Porter

Because a sustainable competitive advantage leads to long-term gains over your competition, it is highly sought-after by businesses.



LONG-TERM, NOT FOREVER

A sustainable competitive advantage is a long-term concept, but **will not last forever.**

As soon as any company develops an advantage, its competitors will immediately start trying to copy what it does. Once one of them manages to do so, the advantage is gone.

Businesses with a sustainable competitive advantage must therefore **continue to innovate to ensure that they stay ahead.**

**The full eBook
is available at**

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