
What makes a good business strategy?

Strategy is essential for businesses of all sizes and at all stages. However, it doesn't have to be a complex process.

The word 'strategy' is much used and abused. It has its origins in ancient Greek military terminology, which provides clues about its true meaning – leading and guiding. In a business context, it can be taken to mean how best a business can fulfil its purpose, and achieve its vision and objectives.

Strategy is about determining a destination and how best to get to there. It's also about being able to switch course because of changing economic, competitive or other circumstances. Strategy is about the long term, how you may or may not effect changes, and your appetite for risk. It's not about day-to-day operational tasks, although they may be driven, sometimes unconsciously, by your strategy.

Well-performing small businesses have a clear sense of purpose. They put the focus on their customers and are often first to market with new offers and services. These are good indicators of a strong strategy.

Increasingly, small businesses are being required to commit their strategy to paper, for a variety of purposes, such as raising finance or securing a grant. That's a good move as it often gives a busy entrepreneur, with a strategy that is sophisticated yet not written down, the incentive to create a long-term game plan.