



Strategy vs tactics: The cornerstone of a great business

Description

This guide defines the most critical element of business success and explains how to use it to build a winning company.

Learn what strategy actually is, the cornerstone of every great business. This guide clarifies strategy vs tactics and explains how to build a winning company.

Introduction: Your next move

In business, as in chess, anyone can make a move. You can lower a price, run an ad, or launch a feature. These are **tactics**. But winning the game requires more than just good moves; it requires a **strategy**, the “what” and “why” that connect all your moves into a coherent plan for victory.

Many founders get lost in a flurry of activity, mistaking motion for progress. This lack of strategic direction often leads to wasted resources, confused teams, and missed opportunities. But beneath every truly great business is a solid foundation, and the **cornerstone** of that foundation is a clear strategy. So what is strategy, really? It isn’t a long to-do list or a vague mission statement.

This guide is for founders, entrepreneurs, and small business owners seeking clarity. It will give you a clear, powerful definition of strategy, explain how it differs from tactics, and show you how **strategic thinking** is used to make the right decisions.

By the end, you’ll understand how to **define your strategy, use it to guide decisions, and apply key frameworks** to build a winning plan. Applying this will bring focus to your efforts, create a sustainable competitive advantage, and align your team. You’ll likely notice clearer priorities, more effective resource allocation, and ultimately, better business results.

Why strategy matters: The numbers

A clear strategy isn't just an academic exercise; it's a powerful driver of real-world performance. The data is undeniable.

- **You Grow 30% Faster:** Businesses with a formal [business plan grow 30% faster](#) than those without one, according to research cited by Upmetrics.
- **You're 2.5x More Likely to Get Funded:** Founders with a complete business plan are **2.5 times more likely** to successfully secure investment capital.
- **The Right Team is Crucial:** A CB Insights analysis found that [23% of startups fail](#) because they don't have the right team—a critical component that a good strategy and plan must define.

Defining Strategy: More than just a plan

In his foundational *Harvard Business Review* article, *What Is Strategy?*, **Michael E. Porter** provides the clearest definition: strategy is the creation of a unique and valuable position, involving a different set of activities.

In simple terms, it's about making clear choices to be different. It is not about being the best at everything; it is about choosing to deliver a unique form of value to a specific set of customers. The most powerful part of strategy is deciding what not to do.

As business thinker Henry Mintzberg noted in works like *The Rise and Fall of Strategic Planning*, strategy can be planned or emergent. In fast-moving industries, strategies often emerge from learning what works, a point Mintzberg called emergent strategy. Many successful startups evolve this way before formalizing their plan.

What is a business strategy in simple terms?

Business strategy is the set of guiding principles that determines where a company will play and how it will win. It's the high-level plan for how you will achieve your vision in the face of competition.

- **Example:** A local bakery's vision might be to be the town's most beloved gathering spot. Its strategy could be: We will win by creating the highest-quality artisanal sourdough and a premium in-store experience, targeting customers willing to pay more for quality and atmosphere.

Strategy vs. tactics, goals, and vision

Founders often confuse these terms, which leads to weak strategy. Understanding the hierarchy is key: your Vision guides your Strategy, which sets your Goals, which are achieved through Tactics. Here's a simple breakdown of how they fit together.



Term	What It Is	Example
Vision	The ultimate, long-term future you want to create.	• To be the leading platform for online businesses.
Strategy	The high-level plan for how you will achieve your vision.	• We will win by providing the most user-friendly tools for a niche of non-technical founders.
Goals	The specific, measurable outcomes that show your strategy is working.	• Achieve 10,000 active users by the end of the year.
Tactics	The individual actions you take to achieve your goals.	• Run a social media ad campaign; launch a referral program.

How is strategy used in business?

A clear strategy is not a document that sits on a shelf. It is an active tool used daily in **strategic management** to:

1. **Gain a Competitive Advantage:** Strategy is fundamentally about being different. It allows you to create a "moat" around your business by offering value that competitors cannot easily replicate.
2. **Guide Decision-Making:** When faced with a new opportunity, a new feature request, a new market, your strategy is the filter. You should ask: "Does this align with our strategy?" If the answer is no, you have a clear reason to say no and stay focused.

3. **Allocate Resources Effectively:** Every business has limited time, money, and people. A clear strategy tells you where to invest those resources for the greatest impact and prevents you from spreading them too thin.

Example in Action: When Netflix moved from DVDs to streaming, this wasn't a tactic, it was a **strategic choice** aligning with its long-term vision of convenience and scalability. For example, a small SaaS company might decide *not* to serve enterprise clients at all, a strategic choice to stay lean and focused on startups.

Steps to take: Define your business strategy

1. **Clarify your vision** (the future you're building).
2. **Identify your unique advantage** (what makes you different).
3. **Choose your playing field** (the specific customers, markets, and channels you will focus on).
4. **Document 3-5 strategic priorities** for the next 12 months.
5. **Review your strategy quarterly** and adjust based on real results.

Three Proven Strategy Frameworks

While strategy is a way of thinking, several famous models can help you formulate your own. These are not strategies in themselves, but frameworks to help you make your strategic choice.

- **Porter's Generic Strategies:** This model, from **Michael Porter**, says you must choose one of three ways to compete: be the cheapest (**Cost Leadership**), be the best (**Differentiation**), or serve a narrow niche better than anyone (**Focus**).

		Competitive Advantage	
		Lower Cost	Differentiation
Competitive Scope	Broad Target	1. Cost Leadership	2. Differentiation
	Narrow Target	3a. Cost Focus	3b. Differentiation Focus

- **Blue Ocean Strategy:** Developed by **W. Chan Kim and Renée Mauborgne**, this framework is about creating a new market (‘‘blue ocean’’) where there is no competition, instead of fighting in an existing one (‘‘red ocean’’).
- **Disruptive Innovation:** Coined by **Clayton Christensen**, this model is often used by startups to challenge large, established companies by offering a simpler, more affordable solution to an overlooked part of the market.

How to choose the right strategy model for your business

The right framework depends on your situation. Use this simple guide to help you choose:

- **If your market is mature and crowded**, use **Porter’s Generic Strategies** to find a clear competitive position.
- **If you have an innovative idea that redefines the rules**, use **Blue Ocean Strategy** to map out a new market.
- **If you are a startup with a technological or business model advantage**, use **Disruptive Innovation** to plan your attack on incumbents.

For a deeper dive into how to apply these models, see our upcoming guide: ‘‘Choosing the Right Strategy Framework.’’ (Optional to write, if this article gets approval)

‘‘The essence of strategy is choosing what not to do.’’ • **Michael E. Porter**

Putting it all together

Strategy is not a long, complicated document. It is a clear, concise choice about how your business will be different and create unique value. It's the unifying logic that guides all your decisions and turns a collection of tactics into a winning plan.

By understanding what strategy is, and what it isn't, you can move beyond simply running your business to leading it with focus and purpose. Now that you understand the foundation of strategy, the next step is documenting it.

You can start right now by downloading our [Business Plan Template](#) to define the strategic choices that will guide your growth.

Before diving into common questions, remember: your business strategy is not static; it evolves as your market shifts. The key is to revisit, not rewrite.

Frequently asked questions (FAQs)

- **What is the difference between strategy and tactics?**

Strategy is your overall plan for achieving a long-term goal (like winning market share), defining where you play and how you win. Tactics are the specific, short-term actions you take to execute that strategy (like running an ad campaign or launching a new feature). Strategy is the "why", tactics are the "how".

- **How is strategy different from a mission or vision statement?**

Your mission is why you exist (your purpose). Your vision is where you're going (your future state). Your strategy is the specific, high-level plan for how you will get there in the face of competition.

- **How do I know if my strategy is good?**

A good strategy is focused, creates a competitive advantage, aligns activities across your organization, and is adaptable. Ultimately, its success is measured by whether it helps you achieve your long-term goals and vision.

- **How often should a startup review its strategy?**

While the core strategy should be relatively stable, a startup should review it quarterly. The fast-paced nature of new ventures means you must constantly check if your strategic assumptions are still valid and if adjustments are needed.

- **Is a business plan the same as a strategy?**

No. Your strategy is the core set of choices about how you will win. Your business plan is the formal document that articulates that strategy, provides the evidence to support it (market research, financials), and details the plan to execute it.

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