

## Steps to Competitive Advantage

A winning strategy involves five critical elements.

In the healthcare industry, the most important decisions faced by executives and governing boards are, more often than not, posed by the marketplace. This applies to non-profit and for-profit companies and across large, diverse corporations and small businesses alike. The expectations and actions of consumers, government agencies, stockholders, competitors, and other interests continually reset the rules of competition.

An organization's ability to successfully develop and implement competitive strategy is the principal means to creating and sustaining competitive advantage over the long term. Successful organizations approach competitive strategy as the compilation of processes to define the boundaries of the business, redefine the basis of competition through innovation, and create an organization capable of success in unpredictable markets.

Although market leaders approach strategy formulation and execution in many ways, there are commonalities in practice that characterize great organizations and form the foundation for effective competitive strategy. This includes an artful mix of analytical processes and intuitive leaps of faith; strategic thinking skills that engage discussion at all levels about potential opportunities and threats; a willingness to recognize weaknesses and challenge prior successes; a laser focus on what's important; and a long view that is little obscured by short-term, less significant issues.

Successful competitive strategy should address the following five critical elements that provide the framework for creating and sustaining competitive advantage:

**Choosing the future.** A strategic vision is the guiding theme that articulates an organization's intentions for the future. More than a vague expression of hope, it should clearly articulate leadership's beliefs about how the competitive environment is likely to evolve, state its aspirations for what the business can and should become, and establish guiding principles for future success. Thus, in addition to "what" an organization aspires to become, a strategic vision also lets us know "how" it intends to compete.

**Redefining competition.** Innovation is the hallmark of competitive strategy. Successful market leaders pursue innovation in products, strategy, and operations as a means to deliver customer expectations and continually redefine the basis for competition in their markets. Innovators transcend the trappings of competition through new product design, modes



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of delivery, business models, marketing strategies, technology applications, strategic alliances, and partnerships to achieve breakthrough levels of growth and performance.

**Ideas into action.** The strategic plan is the managerial game plan for how the business intends to fulfill its mission, realize its vision, and achieve its objectives—how to move from ideas to action. The process of strategic planning should focus an organization's leaders on the most critical aspects required to lead the business into the future; balance commitment to the long-range view, with achievement of short-term business objectives; establish investment priorities; and build commitment to the actions and resources required for success.

**Accelerating competitive performance.** A company's strategy is realized through its leadership structure, operating model, organizational culture, strategic relationships, and competitive capabilities. Market leaders promote strategic unity among all of an organization's various parts and business units by motivating individuals and teams to pursue strategic objectives and rewarding them for results.

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Organizational structure is aligned to optimize expertise and flexibility. Proprietary sources of advantage are built through innovation, relationships, and resource deployment.

**Sustaining competitive advantage.** Strategic leadership is the capability to build and strengthen the company's long-term position in the face of emerging market developments, technology advancements, and organizational challenges. It is also constant management attention to the competitive differentiators of an organization, its products, and its services. It includes the ability to challenge and inspire allegiance to the organization's future direction and the entrepreneurial insight to recognize and initiate adaptations to the strategy.

The basis of competition for healthcare providers is rapidly changing. The requirements of success in this new era will be vastly different than those of the past decade. Market leaders will be those that shape and adapt to the new rules. **MHS**