

What Is Strategy and Why Is It Important?

A board-level guide to shaping—not following—the future

By Reinout Schotman



Many mid-sized companies operate efficiently, serve their customers well, and deliver on quarterly targets. Yet something fundamental is often missing: a clear strategy. Without strategy, success is temporary, and the risk of stagnation or decline looms large.

What Strategy Is – and What It Is Not

Strategy is not a plan, not a mission statement, and not a budget. It is the conscious choice to create and sustain a unique position in the market. Strategy is about making sharp, irreversible choices: where will we play, how will we win, and what will we deliberately not do?

Strategy is choice under constraint; planning is coordination under certainty.

An instructive example: an investor once acquired a small technology firm holding a unique patent. He assumed that a patent alone would guarantee success. What he failed to consider was whether customers would understand the product, care about its application, and ultimately be willing to pay for it. The oversight illustrates that assets only become strategic when they connect to real market needs. He also misunderstood the intentions of larger competitors: instead of wanting to buy him out, they saw the innovation as a threat that could erode existing revenues—making acquisition unattractive. **Advantage only exists where a unique asset intersects a paying problem.**

Why Mid-Sized Companies Need Strategy Most

Companies with revenues of €50–500 million sit in a difficult position. They are too large to rely on intuition and improvisation, yet often lack the structures and people to execute strategy consistently. At the same time, they are squeezed between large players with scale advantages and smaller challengers with agility. Without strategy, the risk is being commoditised or pushed aside.

Porter versus Henderson

Michael Porter emphasised that strategy is about building a defensible market position through cost leadership, differentiation, or focus. Bruce Henderson (BCG) saw strategy as dynamic: a game of moves and countermoves, about actively shifting the rules of competition. For mid-sized firms navigating turbulent markets, Henderson's dynamic view is often the more powerful lens.

In practice, the choice of lens matters. A traditional manufacturing company might adopt Porter's approach by doubling down on a niche and defending it with service and quality differentiation. A technology scale-up, on the other hand, could follow Henderson's thinking—using acquisitions, ecosystem partnerships, or innovative pricing to change the basis of competition. Viewed through a Hendersonian lens, even in seemingly stable markets the rational question is whether to compete on existing terms at all. Stronger outcomes come from shaping markets, disrupting established players, or branching out into adjacent spaces where an organisation can truly make a difference. The most effective leaders know when to defend their position structurally and when to play dynamically to tilt the rules in their favour.

True strategy is creating a game that gives you asymmetric advantage.

The Price of Having No Strategy

Without clear strategic direction, predictable patterns emerge: fragmented growth, margin erosion, internal confusion, and vulnerability to disruption. Companies drift into “natural competition”: playing the same game as everyone else, but without structural advantage. The absence of strategy also reduces a company’s ability to attract capital, as investors demand clarity on long-term positioning. Moreover, employees confronted with unclear priorities often disengage or leave, increasing turnover and weakening organisational resilience.

Strategy as a Leadership Discipline

Strategy belongs on the CEO’s and board’s agenda. It is not about lengthy slide decks, but about making directional choices and building unique assets. Consultants can reinforce the process, but they cannot replace leadership ownership. Boards can institutionalise this discipline by scheduling quarterly strategic reviews, separating long-term positioning metrics from operational KPIs, and even appointing a fractional Chief Strategy Officer to maintain focus without heavy bureaucracy.

Conclusion

While strategy must remain fluid, it should not swing on a quarterly beat. Because it is deliberate, it must be long term, with only minor adjustments to stay on course and remain focused. That is why vision and mission are the essential first building blocks: how do we see the world evolving, and what is our purpose in it?

From this foundation, treat strategy as a living, adaptive discipline. For mid-sized leaders, the task is to revisit choices regularly, challenge assumptions, and embed strategy into leadership practice. Done well, it builds resilience against disruption, clarity in capital allocation, and the organisational conviction to act boldly when opportunities arise. Strategy is the art of making today’s choices that deliver tomorrow’s advantage—aligning market positioning, investment priorities, and leadership focus. For mid-sized companies, it is not a luxury but a necessity: the difference between shaping their future, or being shaped by it.

About Outdoor Connect

Outdoor Connect is an independent strategy advisory platform focused on board-level value creation for mid-sized, growth-driven companies (€50–€1B). We bring direct senior engagement—without the traditional consulting pyramid—to help founders, CEOs and boards set direction, make sharper capital allocation choices, and embed an execution rhythm. Core areas include growth strategy in technology and the energy transition, strategic repositioning in fragmented markets, and board-level sparring on value creation and M&A preparation.

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