

The nature of strategic planning

Business



Strategic planning is the formulation of long term plans for successful running of environmental prospects and threats with regard to a company's strengths and weaknesses (McNamara 2012). This is inclusive of a venture's mission, specific objectives, proper strategies, as well as set policy guidelines. In many ways, it is the key step in determining the upcoming direction of a business.

A good strategic plan is influenced by many factors that include the intricacy of the endeavor, the abilities of the leadership, as well as the nature of the industry (Bryson 2011, pp. 45-9). Basically, a company cannot afford to travel in a slapdash manner; in this regard, it has to travel with the support of a roadmap. A strategic plan, therefore, provides the roadmap for a company (Bryson 2011, pp. 79-85). The plan ensures that the business keeps moving in the right direction.

It also serves as the hedge against risks and uncertainties as well as costly oversights and overnight susceptibilities. It also lends a framework for the company thus ensuring that the future decisions on issues regarding product-market choices and investments are taken systematically and One key importance of strategic planning is the fact that it enables long-term decisions concerning a company. Beginning from the mission and the philosophy of a company, down to the choice of businesses and strategies, all the important aspects in the running of a company are organized through strategic planning (McNamara 2012). It is mainly through strategic planning that a company is able to make the right decisions with regard to its mission, objectives, as well as its business interests and market (McNamara 2012).

Another reason why strategic planning is vital in any given company is due to the fact that it ensures the optimum utilization of resources.

In most cases, the resources available to any company are limited. It is, therefore, natural for a company to use its resources creatively and optimally.. Strategic planning helps a company to utilize its resources well. It also provides a frame of reference for investment choices.

Additionally, it is useful in the concentration of the application of resources on crucial areas (Bryson 2011, pp. 67-73). Strategic planning is instrumental in preparing a company to face the future. It shapes the future of the company in its favor. In many ways, its major burden is to influence the mega environs in the company's favor by working in the business environments and shaping them.

This means that a strategic plan prevents a company from merely watching the happenings and getting carried away by them (McNamara 2012). Subsequently, a strategic plan is crucial in helping a company to obtain pertinent competitive advantages. This is very helpful for the survival and growth of the company. In essence, the more extreme the competition, the more vital is the need for a competitive advantage. All these can only emanate from strategic planning.