

Relationship between strategic and financial planning

[Finance](#)



of of affiliation Strategic management refers to the roadmap that defines the direction of a business in terms of achieving the set goals and through elimination of inefficient process and adopting efficient and profitable procedures. On the other hand, financial planning refers to the procedural management of the business's finances in a bid to meet the business needs over a specific period. This essay intends to examine the relationship between the financial and strategic management, based on cost.

At Lowes company, the strategic planning involves ensuring of all employees observe the ethical code of conduct, which requires employees to practice integrity of highest level in ensuring that no act of corruption and embezzlement is practiced. Adherence to this code of conduct ensures that, truthful and accurate information is reported and this ensures correct financial planning. In essence, proper financial planning of an organization like Lowes immensely depends on accurate and transparent strategic processes (Dellaportas, Thomsen, & Conyon, 2012). For instance, when fraudulent financial report is presented due to improper strategic procedures, it results to improper financial planning and this implies that, the financial report posted for the investors represented the biased position of the organization. This may results to losses to the firm itself and the investors.

In terms of cost, the initiative of implementing the strategic plan that involves ethics and compliance procedures in line with the financial reporting control system requires extra capital. This is necessary for ethics related capacity building meetings, constructing integrating financial reporting systems and training the staff on the benefits of the initiative (Lowe's, 2014).

However, it is realizable that, the organization will reap immense gains in the end. This initiative is classified under capital expenditure and once it has been implemented, no recurrent expenditure is expected. This means that, the initialization and implementation is cost is incurred.

References

Dellaportas, S., Thomsen, S., & Conyon, M. (2012). Principles of ethics and governance in financial services. North Ryde, N. S. W: McGraw-Hill Australia.

Lowe's, (2014). Ethics and Governance. Retrieved from: [http://www. lowes. com/cd_Ethics+and+Governance_4733678154_](http://www.lowes.com/cd_Ethics+and+Governance_4733678154_)