Role and importance of strategic planning

Business, Strategic Management

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Introduction

Strategic planning has been previously used for the tangible products rather than being used for services like the hospitability or the tourism industry which has just recently gone through a massive change.. Previously strategic management was not applied to the sector as it was only restricted to the product industry whereas now the new dynamics have changed the workings and now strategic management has become a part of this service industry as well and not only that but now it is alos used extensively in the service sector.

Having said that , still the strategic management literature found regarding the hospitability and the tourism industry is very restricted as very less work has been done in this regard. The industry is still in its infancy so the limited relevant literature is an important issue. (Gilbert and Kapur, 1990)

It will be noticed that marketing plays a very evident role in the process of strategic management because all the material found on the subject matter is referring to marketing while defining the business strategic business planning. This essay will attempt to define strategy and strategic planning using a case study of Disneyland Florida in relation to tourism to make a critical assessment.

This will be done by use of the internet, journals, books, and an attempt to speak to someone at county hall and the London Development Agency. The limitations for the study includes time constraints,, lack of literature that is accessible and constraint computer facilities.

Strategic planning theory

Strategic planning is considered as the vital function in the tourism and hospitability industry because it enables the firm to stay aware of the latest trends of the industry along with keeping the customers satisfied. This also gives a competitive advantage to the company over its competitors and helps it to work smoothly in the competitive and fast paced industy .

It is a very powerful marketing tool; which is used to identify the customer, the customer's needs and wants to provide for those needs and wants.

Strategic planning is the process wherby abn organisation evvaluaates itself in order to determine its intended destination and formulates guidelines or ideas on how best to achieve it.

O' Connor has defined it as an incorporated process where th success is based on the longer success mangagement of an organization. (O'Conner, 2000)

Francis Buttle has defined it as a plan of action which is used to achieve the objectives. (Hotel and Food Service Marketing, 1993).

Further to elaborate the process has been described as a methodology where a fit is maintained beteeen the organization's abilities , resources and the transforming oppportunites in the market. (Kotler, Bowen, Makens, 2003)

Buttle has differentiated between the tactics and the policies where the policy has been defined as lasting conditions which are imjposed upon deceision making while a strategy is refered to as rather a flexible thing where the practices are change according to the situations.

Thus a strategy is an evolving process which keeps on changing . Hall has identified the procrss as very integral because it allows enough developments in the tourism while the unequal preparation and development activities with reference to tourism are connected to an entire wide tourism plan to provide an entire frame for tourism.

The strategic plans are considered as a long term goal which identifies chief means due to which the achieving goals has specified the important resource allocation to turn up at the ways. It has been considered as flexible and constantly evolving phenomena.

In 2005 Mc Gee has called at a transforming phenomenon which should be changed according to the ecxternal environment. Hospitality and tourism industry, countries, hotels and tour operations are always competing with each othere. Give the ficklenesss of consumers and the speed with which they are willing to move to other providers, it is imperative that organisations formulate strategies that would keep their target markets interested and attract new customers.

Kotler in 2003 has defined the term as a process where a fit is made beteen the organization and the resource in the presence of th transforming marketing opportuniteies. Thus, when formulating a strategy, an organisations's employees are crucially important in the executing of these strategies. A successful outcome is wholly dependant on how consumers perceive tha organisation through the representation by its employees and that is the most important reason why the wworkforce is considered and an integral asset for a company.

Importance of strategic planning

It is requird to formulate current goal with a complete plan in the mind. The planning is important because it includes the feedback from all the stakeholders. Hereas when one fails to plamn the tourism trip them he may go through various sever problems or negative situations at the destinations, thus, the planning of tourism is considered as a very integral approach for the policy maker who are planning tourism development. (Hall, 2008)

By planning the tourism development the things in the process could be made relatively easy. The actors in the presence of a plan may respond in

fewer spans of time which may be beneficial for the policy , makers and the tourism development as well and along with it, it would also provide a route to the planning process.

Destinations in general function in an extremely aggressive situation where customers have a broad variety to choose from and which are very often comparable within a district or country . The confront destinations have been forced to face is to the development of something which is an exclusive thing or a physical situation, or a culture, or perhaps a set of products that has the ability to not only satisfy one time visitors but repeated ones also. (ESCAP2010)

3. Tourism planning approaches

3. 1. incremental growth approach:

Incremental growth refers to making sure that transformation can be done as the development processes opens up. In tourism this would be interpreted as that if formerly a plan has been made and the recommendations are also done, then the development alternatives are chosen prudently and is then implemented steadily and observed frequently until the objectives would have been met (Getz 1986). Even when the objectives are met, the incremental approach suggests a constant evaluation and check to make sure that the development supports cultural integrity and ecological integrity. Generally the theory which is applied at its best to the planning that generally takes place at different destinations and various levels that are site -specific. (Tomothy and Tosun 2003).

The approach is significant because of its flexibility and the fact that it enables high levels of predictability. (Getz, 1986). The process which is incremental development enables flexibility and encourages efficiency as it gives space for adjustments and changes in the process of development in the cases where various situations exist which have not been seen previously and may hamper the development of tourism.

The advent o the incremental development has been contributed by the dissatisfaction of the conventional control which usually has focussed on quick development and partial flexibility. Previously a lot of stress is made on preparing the plan as the final prodfuct of a planning effort. Thus the approach manages to maintain that the planning process is constantly changing and is a continuous process, which should be adaptable keeping in mind the way of meeting the objectives of development. (Inskeep, 1991).

In 1992 Timothy suggested at quite a few places that in today's world quite a few clear examples of incremental tourism can be found because this newly developed concept has not been tried and tested much. Thus there are various examples of this around the world as well where long term strategic planning is doen in the manner that scatters physical and various othere forms of development initiatives into different development periods which may vary from 5 or 10 or 20 years. In 1991 it was suggested by Inskeep that the today's modern tourism plans have adopeted the approach as a way which would enable it to check the progress and assure the viability of development programs.

It is important to note that when looking and evaluating tourism, incremental plans make things slightly complicated. Since, there are so many variations in the trends, the tourism industry is affected them by them increasingly. Consequently, it is important to ensure that plans for development are made keeping these things int consideration. According to Timothy and Touson (2003) there needs to be an incremental plan hich may be introduced. This incremental plan is all about a careful preparation of toruism based plans and it looks at the future potentials of the touism industry and also allows for a certain deal of flexibility coming along. This way even the future goals and aims can be looked upon judged and evaluated.

3. 2 community approach

In relation to this perspective, Murphy (1985) argues and favours the community form of tourism as being more sustainable in contrast to traditional mass tourism. The one reason why this happens to be the case is because it allows for a greater ease and flexibility to the locals as compared to the traditional ways when strong leaders made most of the decisions regarding tourism. Also there must be a great deal of consideration to the local ecology before any means to allow an increasing amount of tourism are introduced.

According to cooper and hall (2008) the community based tourism approach has emerged during the 1970s and particularly has thought about by tourism secondly the main factors. Firstly, there needs to be a consideration of the ethical and social along with the economic negative externalities brought about by tourism . Next ,, It should also be noticed that if a tourism decision

has to be made successful and effective, there needs to be a greater involvement of the local community in the decision making process.

Murphy (1985) points out htat the fact the local needs are looked upon to is an important phenomenon in tourism industry today. Take the instance of st Lucia and the street party nearby the fishing village of Anse La Raye. The place was particularly famous for the local fish fry project which involved the selling of the local sea food in the traditional way. The particular street was held out and its local touch manintained out against the increasing traffic and the great inflos of tourists from across the world (Competing with the Best).

Despite the many advantages that this approach has with it should be remembered that implementing such an approach has two main problems. Firstly, the approach is very time consuming and expensive to be implemented. This is because no clear decision can be made as to who decides how tourism plans should be made and finally who has the final verdict. Also since, its means of developing tourism may not be of a direct benefit to the country's economy, the government may also be reluctant to encourage it.

In other words it may be said that he community approach to tourism focuses mainly on the development of the community rather than on the development of the individuals who make up the community. Thus the community in itself tends to be more important than the locals (hall 2008). The approach makes and gives a greater authority to the local stake holders than otherwise.

3. 3 collaborative approach

With respect to the community based approach , hall states that collaboration of people in this case tends to be highly important.

There should be a constructive use of the many opinions and a joint decision should be reached

Gray (1989) states that a stake holder looks upon to analyse if the current circumstances help to serve his interest or not and that if there would be any collaboration that could be reached upon the various stake holders before reaching a proper decision about what to do.

When there is a joint deciosion which needs to be reached upon by everyone in general. It is important to note that the power does not rest within one individual but with all the people in total (wood and gray 1991). Thus , gray (1988) suggests that it is important for the stake holders to be responsible or eligible for the tasks that are to be carried put if the right type of a decision needs to be made. Also the stakeholders may not have an access to most resources which is also an important issue which may be needed to be taken into consideration.

Coordination has become one of the pre requisite for the planning and policy making of tourism. The term refers to the relating issues and decisions which enable them to match with one another and operate in a consistent manner.

Coordination for tourism takes place in 2 manners which is horizontally, an example of which would be between the gobernment agencies which would

be answerable for different tourism- related actions at the similar level of governance which includes the national parks, tourism and transportation while vertically the example would be that among diverse levels of government (like local, regional and provincial with in an secretarial and procedure systems (hall, 1999). In order to attain complete tourism development, collaboration between planning sectors at all levels is very important.

4. practice of strategic

A business can have the best ideas and plans, however if the human resoures is not able to understand and carry forward the instructions, thus it may take the organization towards the failure.

Therefore it is necessary that an organisation conduct a SWOT analysis before formulating a strategic plan. Internal analysis of the organization which includes the strengths and weaknesses and the external environment for the opportunities and threats, the organisation would better understand how best to proceed with its strategic planning.

The strategic process of planning includes the indemnification of an organization's , vision, and the environmental scanning and strategy formulation and strategy implementation. (www. quickmba. com). Carrying out a PEST analysis is also beneficial to the strategic planning process. It has been considered that the economic stability is very important for the financial safety. Sociyt and the culture of the operational area should be

taken into consideration when planning and technological advancement would keep the organisation abreast and ahead of global developments.

5. Disneyland Paris in Europe (community approach)

Disneyland Paris in Europe is practical example of community approach.

Tokyo's success made it clear to the management that the Europe Park would be a good idea. Dissatisfied with the Tokyo deal, the Europe Park was managed in a very different manner. Disney has now managed to negotiate a larger stake in the park, nearby hotels and restaurant amenities. This huge opportunity got with itself immense risks as well . in april 1992, Euro Disney welcomed the European visitors.

Euro Disney is located 40 km from the central Paris and as planned it has managed to be the most lavish and the biggest theme park that had to be built till now. (bigger than Anaheim', Orlando's or Tokyo's parks). It was also projected to be a sure-fire money maker for its parent Disney. Neverthelesss, to the management's surprise the natives failed to take goofy over Mickey .

The company struggled to get the consumers or huge sales, in the early years it had to ace a decline of over 10% . By summer 1994 Euro Disney had lost some $900 million, and up to today., Disneyland Resort Paris is still not profitable. Disney Group thought that they get success in Tokyo with Disneyland Tokyo now they had better idea and plan for other cultures to adopt the American Disney concept. Because of this they charged highly than others. When the Disneyland Paris was opened, in a limited time it gave shock to the Disney group that the plans failed to achieve their expectation.

Due to this Disneyland paris faced a great loss in beginning and the condition start worse.

As a result, it was thought seriously by the management to shut down the park. In such a situation the Saudi al-wahid bin abdul-aziz al-saud provided the essential cash injection ($500 million) which became the life support for the management as it enabled the organization for the reorganization and the financial stability for temporary basis. This helped the park a lot and it managed to get back the foot fall of the consumers. The immense profit that the company has gained has encouraged it to expand with another " Disney Studio" and a retail and office compound in Paris.

5. 1 Reason of Disneyland Paris Failure at the beginning

The reason of disneland paris failure at the beginning, Disney failed to approach public and public involvement. Due to cultural difference. This was the main reason of Disney failure and they experienced huge loss. The concept of disneland paris is similar to Tokyo and united states.

The concept of Euro Disney consider and known as American. The French people are very sensitive about their history, language and custom. They protect their culture and language against English. The environment of Disneyland Paris was totally based on American style and culture.

Disneyland Paris planning analysis

Analysis of the Disneyland planning shows that the concept of the Disneyland paris is very unique. The Disneyland brand is very famous in Europe. The Disneyland Groupe is well known in all over the world. The idea

and plan of Disneyland is successful in California, orland and Tokyo. The location they chosen is good and target the all big markets such as united kingdom, germany, france, etc. The exudation of strategy is good. From theory strategic planning to reality the implementation of plan in action is well introduced. There is nothing wrong with structure and construction. Walt Disney company had built the bigger and most lavish theme park than other parks. The project is perfect but failed to work as Disney management whished.

6. result

From above mentioned data it shows that the strategy planning not always goes right and gets success. It's important to achieve the task we should completely analyse all other aspects, because strategy planning is not sufficient for success. The other aspects that are related to strategy should be studying well weather it is related to loacation , finance, marketing, socially, economically, public approach and pubic involvement, advantages and disadvantages of strategy, profits and loss, a complete analysis of strategy is essential before exudation and implementation of strategic plan. Because the strategic out come depend on this . the result we get helps us to make a conclusion about how much the rate of success we achieve from this strategy. At the beginning Disneyland paris was not successful but after changing the strategy and again strat with new strategy process. In 1995 disneyland paris starts work well and European theme park become successful. The number of visitors is increasing day by day to visit Disneyland Paris.

7. island of timor-leste (incremental approach)

The island of Timor-Leste (Tourism development strategies for Timor – Leste is a classic example to show how tourism development can be allowed by using the incremental approach. The place is located near Indonesia and has emerged as a new country for tourism development. The tourist attractions in this country are magnificent landscapes along with ancient cultures as well as an attractive and distinct history. However , the island lacks infrastructure facilities in addition to an adequate level o financial investments and funding. Moreover, there is a need for a popular legalisation and the documentation of the various historical sites. There also needs to be a careful ensuring of the fact that the cultural buildings and monuments are properly secured (tourism development strategies for Timor-Leste)

According to the Timorese the incremental approach is the best policy to allow for a strong and sustainable tourism development because it considers community participation in addition to sustainability. The islanders believe that there are no hard and fast rules to provide a great deal of facilities to the tourists coming in. (tourism development strategies for timor-leste) the island tourists are against the hasty construction of buildings and thus aim to avoid them. However , they care for the sustainability of their environment which is and important step for the future because this timor lestor approach to develop tourism allows the maximum benefit of the local community.

Recommendation

Thus it can be assured that the Timor Lester approach allows for the maximum benefit of the local population and is therefore important for

future developments as well since it focuses on step by step building of facilities and infrastructure which would be beneficial for everyone that is , the tourism industry, the tourists and also the economy of the country.

Conclusion

I have chosen examples of two different approaches of strategic planning related to tourism one is community approach and other is incremental growth approach. Disneyland Paris study analysis represents community based approach. Though the concept of Disney was good but initially they faced problems. In initially the Disneyland Paris strategic approach was not completely community based approach. Disney is copied same strategy of Tokyo and U. S. They failed to get people attraction. Disneyland management didn't recognize the cultural and custom difference between America and Europe. That was the main reason Disneyland Paris failure at the beginning and experienced a great loss. The condition become worse Disneyland Paris failed to work as owners want. But later they start with new strategy that was completely based on community approach. Disneyland Paris starts work well and they succeeded in getting public interest. In incremental growth approach when planning stage is begin and after the preparation of the plan the options are chosen very carefully. Exudates step by step and monitored continuously until the task have been achieved. I believe that there are enormous advantage to this approach because tourism is multifaceted industry. In tourism the choices of tourist change rapidly. Island of Timor-leste near Indonesia has a unique magnificent landscapes, ancient culture and textured history. Its new for tourism development. The Island lack many facilities such as water supply,

accommodation, roads and electricity, it is also lack of finance . according to " In Trimorese" opinion incremental approach is the best because there are few programme for development those focuses on keeping natural environment. Incremental approach initiates a plan and use local support. Different locations have different criteria it's not necessary that if one strategy is successful in elsewhere and when same strategy transfer in somewhere else it will get same response.