

# Runninghead: strategic planning report

[Business](#), [Management](#)



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## **Strategic Planning**

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### **Introduction**

In today's competitive and dynamic environment it is quite essential for businesses to adopt coherent business strategies and planning tools to get the most reliable, useful, timely, accurate, and relevant information. Such information provides with the opportunity to improve strategic decision-making and enjoy competitive advantage over competitors. Businesses that have such intentions always believe in having effective strategic plan, which is defined as the course of actions to accomplish various broad objectives of an organization. Strategic plan is made at the corporate level of hierarchy in any organization where many important decisions such as objectives of an organization, changes in these objectives, and the resource allocation are taken (Kreitz, 2007). Strategic plan also informs about the policies related to

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resources and their usage, acquisition, and even disposition. Above all, it starts by knowing mission of business and then moves and takes decisions according to it.

## **Discussion**

Strategic plan differs from management or operational plan in many ways. They have different scope, nature of feedback, and orientation. Strategic plan emphasizes on information about internal and external factors to the organization, focusing on financial and non-financial information too. The external orientation of strategic planning provides business with the information of suppliers, customers, outside environment, new technology, state of markets and their trends, labor markets, and competition (Mahoney & McGahan, 2007, pp. 79–99). Furthermore, the factors such as economy, political unrest, and the legislations of government that can have huge impacts upon business and are thus necessary to be known in today's highly competitive and high tech environment are also part of strategic consideration. In a strategic plan, emphasis of decision-making is placed upon future orientation, meaning that it covers long periods in to the future like five to ten years and involves important decisions such as development of new products, moving in to new markets, establishing new ventures, expansion, knowing about external environment etc.

In addition to this, strategic plan focuses on the whole organization rather than confining itself to particular department or function, giving each member of business a proper guidance and way to put his efforts in achieving organizational goals and responding to the changing environment. It links all the areas and departments of business and takes their inputs to

ensure goal congruence. In this way, cross-functional decisions help the organization to achieve success

However, before making a strategic plan, it is better for a business to ask and consider few important things such as what makes it different from others, how to achieve the satisfaction of customers, the adoption of strategies that minimize the risks business faces, and the way market may change in the future. By analyzing such issues, it can come to know about product and customer profitability, competitors' responses on financial effects, value of market share, cash flow, new technology introduction, shareholder wealth, new opportunities, and review of management resources etc (Ireland & Miller, 2004, pp. 8-12). Such display of strategic information, which is qualitative and quantitative, summarized at a high level, and prepared on an ad-hoc basis help to manage a business effectively and efficiently.

## **Problems**

While developing a plan to meet the needs of customers and organization, the foremost problem that can be faced is of commitment from the management. A reasonable plan on paper can fail on ground reality if plan is not backed by adequate commitment of the management. While developing and launching a strategic plan top management finds themselves in a situation, which can reduce the executive decision, making power as such planning requires involvement of overall organization (Belderbos & Sleuwaegen, 2005, pp. 577-593). Furthermore, strategic planning allows individuals in the organization to exercise a limited control within their framework, which limits the executive decision-making at organizational

level. Executives are still in command, but their major task is then confined to building plans and controlling them through the help of individuals within the organization. This problem can serve as a hindrance to deliver successfully to the customers an organization targets. When the top management is not committed towards a plan, which can bring them long term success and help in enhancing the customer base it leads to failures at organizational level. In order to overcome this problem, the management should avoid rigid behavior and instead focus on developing and implementing the plan wholeheartedly. To counter these issues management should be enlightened with the benefits that they at organizational level can achieve by implementing a plan successfully. Another problem that can arise while developing a plan to meet customers and organizational needs is the inflexibility of plans and the related planning (Mintzberg, 1994). There are short term and long-term plans, which cater the organizational needs on different level. Long term plans are broader and look for particular objectives that an organization want to achieve, whereas short term plans tend to focus on day to day operations of the organization. If both are inflexible then organizations cannot change them easily despite heading into a course of failure. Inflexible planning does not even provide alternative course of action in case objectives and targets are not achieved. This can cause various problems for the organization. In order to counter these problems alternative plans can be developed so that if plans backfire then alternative course of action can be implemented. For that planning should be flexible rather than rigid or inflexible.

## **Continuous Improvement**

Continuous improvement is an ongoing process to improve the processes of an organization. Improvements can be in terms of the products or services a company offers or the processes through which a company operates (Hudson, 2000). Continuous improvement technique can be applied in developing plans to meet customer and organizational need. To meet customer needs an organization must constantly focus on developing methods through which they can give the customers the best possible offer in terms of a product or service. Whereas in terms of organization, continuous improvement technique can help in developing improvised plans for their future, which will ultimately benefit both customer and organization. The importance of continuous improvement in organizational planning is that it helps in adequate and improved planning and assist an organization in smoothing the processes involved in overall business operations. Continuous improvements techniques have played a major role in the success of Japan, where the technique is applied by the name of Kaizen (Hudson, 2000). In terms of organization, continuous improvement can provide an organization with flexible and alternative planning which will help an organization to achieve both its short term and long-term objectives. The basic ingredient required to implement it successfully is the training of employees and acceptance of top management that this technique will serve them the best. As far as the customers are concern, continuous improvement technique can facilitate them in terms of smooth deliver of products and services to them.

## Conclusion

Strategic Planning is undoubtedly very essential for any business as it gives appropriate directions and purpose through which individuals and organizational goals are aligned. This helps businesses to move in the present and future with certainty and confidence. However, problems highlighted above should be dealt carefully to take full advantage.

Continuous improvement helps businesses largely as it ensures quality products, services, and processes on persistent basis.

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