

Define strategic financial planning

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Define Strategic Financial Planning Answer Strategic planning is always in reference to the future which an organization has set for itself and wants to achieve it. Accordingly, all processes and operations that are geared to achieve the envisioned future can be described as a strategic planning. Though it looks simple, it passes through several processes such as information collection, analysis of information collected, critical issues involved, review of strategies to achieve strategic goal, and finally developing a full proof strategy that can help achieve an ultimate long-term objective.

Strategic planning is broad in its outlook and encompasses various strategies. Financial planning is a specific endeavor, a small part of a broader strategic planning though very crucial. Financial planning often deals with immediate issues in hand or internal factors. Strategic planning would focus on both internal and external factors together. Strategic planning deals with SWOT analysis. Financing planning decides only about how to harness financial resources and use them.

While implementing a strategic plan, the company may encounter several financial difficulties such as liquidity constraint due to delayed receivables or some other reason, cost overrun during project implementation stage or cost escalations, non availability of funds from the market due to credit squeeze. No strategic plan can work until and unless a proven financial plan is at place time to time to meet immediate and future needs of the organization.

References

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