

STRATEGY & PLANNING

Concept

Strategic management is an ongoing process that assesses the business and the industries in which the company is involved; assesses its competitors and sets goals and strategies to meet all existing and potential competitors; and then reassesses each strategy regularly to determine how it has been implemented and whether it has succeeded or needs replacement by a new strategy to meet changed circumstances, new technology, new competitors, a new economic environment, or a new social, financial, or political environment.” [Lamb, Robert (1984), Competitive strategic management, Englewood Cliffs, NJ: Prentice-Hall, 1984].

Planning is both the organizational process of creating and maintaining a plan; and the psychological process of thinking about the activities required to create a desired future on some scale. As such, it is a fundamental property of intelligent behaviour.

Objectives for Excellence

Strategy and plans are prepared and tuned using company results and data about market and competitors' evolution.

Plans include objectives and indicators to measure the results to be obtained.

Employees play an important role in defining plans and objectives of their own activities, especially in aspects related to improvement.

There is a process to make employees understand plans and strategies, oriented to promote their active participation in the achievement of objectives.

Continuous improvement and innovation are considered key elements in the preparation of the company plans.

Actions for implementation

The organisation has relevant and complete information about internal performance indicators, performance of competitors, customers and providers, when defining the strategy.

The organisation prepares a formal definition of the strategy that is then collected in a document, publication or presentation.

The basic points of the strategy are well known by the personnel in the organisation, ensuring their involvement in its development.

The strategy includes values and priorities on innovation.

The most significant achievements are transmitted as an example to encourage the participation within the organisation.

Best practice¹**Think about****Why fails strategic plans?**

- Failure to understand the customer: Why do they buy? Is there a real need for the product? Inadequate or incorrect marketing research.
- Inability to predict environmental reaction: What will competitors do? Fighting brands, Price wars; Will government intervene?
- Over-estimation of resource competence: Can the staff, equipment, and processes handle the new strategy? Failure to develop new employee and management skills.
- Failure to coordinate: Reporting and control relationships not adequate, Organizational structure not flexible enough.
- Failure to obtain senior management commitment: Failure to get management involved right from the start; Failure to obtain sufficient company resources to accomplish task.
- Failure to obtain employee commitment: New strategy not well explained to employees, No incentives given to workers to embrace the new strategy.
- Under-estimation of time requirements: No critical path analysis done, Failure to follow the plan, No follow through after initial planning, No tracking of progress against plan, No consequences for above.
- Failure to manage change: Inadequate understanding of the internal resistance to change; Lack of vision on the relationships between processes, technology and organization.
- Poor communications: Insufficient information sharing among stakeholders, Exclusion of stakeholders and delegates.

¹ Real case coming from the experiences of InnoSME users, to be incorporated in the future.

The planning function

- Purpose of Plan - Helps management to clarify, focus and research their businesses, provides a considered and logical framework, and offers a benchmark against which actual performance can be measured and reviewed.
- How a plan should be? – A plan should be a realistic view of the expectations. Preparation of a comprehensive plan will not guarantee success, but lack of a sound plan will, almost certainly, ensure failure.
- Importance of the planning Process: A plan can play a vital role in helping to avoid mistakes or recognize hidden opportunities. The planning process enables management to understand more clearly what they want to achieve, and how and when they can do it.
- Preparing Plan – For a comprehensive business plan, management has to: Clearly define the target / goal in writing, Identify all the main issues, which need to be addressed, Review past performance, Decide budgetary requirement, Focus on matters of strategic importance. What are requirements and how will it be met? What will be the likely length of the plan and its structure? Identify Shortcomings in the concept and gaps. Strategies for implementation. Review periodically.

Resources and Links

[Strategic Management](#) – A collection of self-study Modules introducing the basis of the strategic management.

[The Journal of Business Strategies](#) – The review of the Gibson D. Lewis Center for Business and Economic Development in the Sam Houston State University.

[The Strategy Compass](#) – The web site supporting the book: The Strategy Compass: Timeless Strategic Direction for all Businesses. This is a book which cuts through a lot of the academic debate and presents business strategy as it should be presented – a wonderfully simple and clear subject for making every business more and more profitable.

[Strategy+Business](#) – The web page of the magazine, with articles and best practices cases.

[Strategic Management Club Online](#) (SMCO) – This user friendly web site provides strategic planning tools, templates, links, and information that can help you analyze cases and prepare professional-looking reports for class. The SMCO web site is designed to "save you time" in doing case research, preparing matrices, and even job hunting – activities often engaged upon in a business policy class.

[Strategic Management Science](#) – Is an international group of experts in the application of management science and operations research.

[What Is Strategic Management?](#) – The web page provides information in sector and companies, especially practical cases.