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## An Overview of Strategic Planning

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**ABSTRACT:** Strategic planning is an integral aspect of organizations, but its influence has been addressed for many years. For strategic planning and success partnerships, there are inconsistent findings (positive and negative) as most research have been conducted in developing world organizations. However recent research studies argue that it is equally important to identify internal and external factors affecting strategic planning and performance relationship as previous researches were limited to finding directional relationship. Researchers argue that future research should shift from a focus on “does planning lead to performance?” to “how, when, and why does strategic planning lead to performance?” Since there are limited strategic planning research studies in Sri Lankan context, paper concludes propositions for future research in line with empirical justifications.

**KEYWORDS:** Strategic planning, Strategic management, Strategic monitoring, Strategic evaluation.

### I. INTRODUCTION

The word “strategy” is derived from Greek word “strategos” which means “the roles of a general”. The term “planning” in management is a process of preparing ways to use resources more economically and efficiently so that the purpose of the company is achieved. Strategic plan benefits can also be summed up as: improving teamwork by putting together all the business unit strategies within the context of an overarching strategic strategy; checking the success and development against goals. Defining and leveraging potential marketing prospects[1].

Strategic management is defined as the technique and science of formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its objectives, while strategic planning is an organizational direction process that determines how its resources are allocated for the pursuit of the strategy[2]. Strengthening operating capacity, ensuring leaders and staff meet shared objectives, as well as evaluating and aligning the organizations’ course with evolving environments is often characterized as organizational preparation practice that helps to goals, consolidate energies and resources. Business strategy is the plan of an organization in its markets to gain strategic advantage. It is founded upon the idea that the founders of the business know how to thrive in a market and have forecasts of the most promising markets and how an enterprise should give consumers distinct qualities in those markets that rivals find it hard to imitate. Strategic management is then a mechanism that starts with the realization of itself and then places a company in a dynamic market climate to achieve success[3].

### II. ORGANIZATIONAL STRATEGY AND LEVELS

Strategy is characterized as the development of a single role involving a variety of activities. Planning strategy to ensure surprise, free execution in a controllable and realistic environment, as intentions conceived and expressed by corporate leadership Strategy reinforces corporate survival in a dynamic environment by planning ahead and solving competition's challenges[4]. Consequently, the approach focuses specifically on winning and surviving in the industry through the provision of goods, services and initiatives that are compatible with competitor offerings.

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## III. LEVELS OF STRATEGY

The stages of organizational strategies are distinct. The four layers of organizational strategy, market strategy, practical strategy and organizational strategies are primarily in place[5].

- a. Corporate level strategy: This strategy is mainly concerned with selection of business, product and markets.
- b. Business unit strategy: A strategic business community may vary from one company to another or from one sector to another, but can be a department, product line, profit center, geography etc. At the business unit stage, competitive concerns include putting business against competitors, accommodating emerging technology, shaping rivalry through vertical and horizontal convergence, government lobby and networking, etc.
- c. Functional level strategies: Functional strategic challenges are tied to market operations and the supply chain. These techniques include marketing, processing, R&D and finance.
- d. Operational strategies: These are how any aspect of the organization is structured to include strategic guidance and practical plans at the level of businesses and business divisions. The corporate plan also emphasizes on workflow problems, human and financial capital, etc. These techniques include shop floor choices taken by managers and staff including payment invoices, control of supply chains, utilization of inventory and other tools, including the employees of the company with the best interests to gain a competitive edge.

## IV. STRATEGIC PLANNING

The word strategic planning emerged in the fifties and became very popular from the mid-sixties to the mid-sixties. During this time, strategic planning was commonly considered to be the solution to all the organizations' issues. Strategic planning is a mechanism that focuses on strategic and tactical priorities, objectives and plans, based on the corporate agendas, projects and initiatives aimed at achieving the goals and intended outcomes of the organization. Strategic planning must be action-oriented, only effective if it is associated with execution and this is always the fault of the process[6]. Strategic planning is the mechanism by which corporate leaders decide what they want to be and how they can accomplish the goal level or role in future. Strategic planning is a deliberate and structured mechanism that analyses the present situation and defines goals with resources dedicated to achieving competitive advantage in an enterprise [7]. Strategic planning "a rigorous effort to create basic decisions and actions that shape the nature and direction of the activity of an organization (or of another entity) under legal boundaries."

Strategic planning thus focuses on the production of the organizational outlook and identifies the goals, processes and practices required to accomplish this defined outlook. The declared vision requires concrete targets that are practical and feasible, yet still sufficiently complicated. Strategic preparation includes the establishing of goals and the engagement of personnel, as well as the application of discipline or order[8].

## V. STRATEGIC PLAN

A strategic plan that is a blueprint for the organization as they go into the future is the consequence of the strategy planning process. An action plan is a tool to identify the operational guidance and thereby defines the organization's practical goals and objectives. Tapera also noted that strategic planning is a mechanism that can lead to new and creative solutions that set the groundwork for future organizations. For this reason an ambitious and creative ideas should shape a successful strategy plan.

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## VI. STRATEGIC PLANNING STAGES

The strategic-management process consists of three stages, namely;

### *a. Strategy formulation:*

The execution of the plan covers the development of a goal and purpose, the recognition of strategic opportunities and risks, the determination of internal strengths and vulnerabilities, and the selection of long-term corporate goals, the development of alternative or competitive strategies and the consideration of strategies for the enterprise[9].The policy formulation involves agreeing on when and when to spend, firms to give up entirely, the type and volume of capital allocation, determination on extending or diversifying activities, entry or withdrawal in foreign markets, whether to combine or form joint ventures, and how other organizations can prevent hostile acquisition by aggressive businesses.

### *b. Strategy Implementation:*

Whereas 60 percent of the companies do not relate their strategic execution to budgeting, 75 percent do not link workforce compensation to strategic planning, 86 percent of company owners and administrators do not devote less than an hour a month debating strategies.It noted that policy intervention, scarce resources and global economic environment outside the reach of organizations are obstacles for the execution of the strategy. Never adopted 66% of Organizational Strategies, 70% to 90% of organizations could not execute their strategies effectively, and only 63% of financial targets foreseen in their strategies have been accomplished, and strategies are typically not implemented because of inadequate implementation[10].

Organizations can only achieve successful competitive progress by continual creativity and consistent adaptability and businesses outside of the world to successfully follow a plan can initially only achieve success that is blinded and failing in the long run when the environmental transition cannot be tackled in the first place. The cost of delays to deliver the programmes is considerable and comprises poorer staff morale, decreased faith in top management and a weakened organization, which also leads to greater employee cynic than cynicism. Therefore, the execution of the techniques can or may not work, both externally and internally, by separate reasons. The corporation should analyses and respond to the competitive climate, so that plans do not fall short.The failed strategic execution of individuals and organizations has significant implications and can thus be stopped.

### *c. Strategy evaluation:*

Without a successful or efficient plan assessment it is not possible to devise and adapt strategy to changing situations. The plan assessment is a crucial step in leading the execution process of an organization. Consequently, policy appraisal should aim to see past the apparent facts surrounding an enterprise's status and examine more basic variables and patterns impacting market achievement.

## VII. CONCLUSION

In a dynamic market climate, business plans are the foundation for survival and should thus evolve successfully. A strategic plan is worthless if it is executed effectively, and a good appraisal plan is needed. Organizations should be geared toward successful strategic execution for the recruiting of professional and inspired employees who should be recruited at a higher management level in compliance with their achievements.Members and workers of companies should have a view of their organizations' governance. This encourages the creation of a high-performance society. Increased financial control, on the other hand, would improve stability and policy capacity.

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