

The Principles behind a Strategic Plan

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Abstract

This strategic planning has changed dramatically between the 1960's and 1970's. Having survived its original design flaws, it has evolved into a practical system of strategic management. Planning systems, in fact, have become more sophisticated in their selection of planning approach and techniques. The approach to the strategic plan should involve different methods and techniques, more complete and more sensitive to the critical uncertainty of many of the variables that planning must address. This change represents a recognition of the basis of a strategic plan that are able to determinate its success. Implementing this strategic approach, focused on method and technique, can play a variety of important and useful roles peripheral to the strategy development and implementation process.

Keywords

Strategic Plan, Management, Organizations, Organizational Theory, Decision Making, Strategic Management

1. Introduction

A strategic plan consists in a process of planning, which set goals and states tools and actions useful to achieve them in a medium-long term perspective. Thus, a strategic plan, designs also all the ongoing activities in the environment outside a company, describing therefore the potential results and possible outcomes, whether or not they are desirable.

Strategic planning is an essential process in preparing to carry out your organization's mission. An effective strategic planning process provides a framework to make decisions on how to allocate organizational resources, address challenges and take advantage of opportunities that arise along the way. We could therefore state that this plan is an organizational process and has to define a strategy or direction to take in order to make decisions on, for example, the

resource allocation, the business strategy or the possible alternative direction to follow to develop a business.

In order to determine the strategic direction of an enterprise, it is necessary to understand its current position and the possible ways to develop a strategic plan, but it is also necessary to know and to understand what is behind this plan.

This paper will guide the reader through the basis of a strategic plan, in order to let him to understand what is really important developing this plan for a successful business.

2. The Strategy Basis

Between the 1960s and 1970s, the discussion about strategy, with reference to the economic area and to the management of the business, has begun begins to talk strategy. The enterprise, based in fact its contribution on new businesses, on a careful analysis of the commercial potential of the idea of the underlying business.

This analysis will lead to the definition of a strategic plan that maximizes the opportunities through choices in terms of positioning, target markets, location and scope of activities. Thus, enterprises, operating in a certain context, must constantly interact with the external environment, and they need to optimize the strategies in order to do that. After defining or affirming the vision, mission, activities and values, the next stage is identifying strategic issues. To accomplish this task, the company must look at conditions and trends in the physical, social, economic and political environments that may have a positive or negative impact. This type of assessment is referred to in the industry as a SWOT analysis (also known as SWOT matrix) *i.e.* a strategic planning tool, used to evaluate the strengths, weaknesses, opportunities and threats in a project or in a business or in any other situation where an organization or individual has to take a decision in order to achieve an objective. The overall scope of the SWOT analysis will be based on the company mission, but however the overall goal is to identify factors or conditions to which the organization can build strategic responses. Then this analysis may affect the internal environment (analyzing strengths and weaknesses) or the external environment of an organization (analyzing threats and opportunities), as above mentioned. We can say that, normally, the company purpose is trying to obtain a position that will allow its survival or its success, though, of course, conditions permit it.

Thus, it is natural to think about the competitive pressures within the industry; in fact, companies operate in a sector where there are also other companies with competitive pressures, *i.e.* conditions that allow the company to operate in a certain way (or world) [1]. To fully understand the current situation of the enterprises, we should know what is the current position, or rather the situation that the current performances of the enterprise are trying to create, and so the position that the company plays with respect to its competitors, both in terms of market share and in terms of strategic choices [2].

Defined the current situation of the enterprise, which is the starting point, we should understand what are the goals of the enterprise, in which market position the company wants to aspire, or better, which are the results, both in economic terms that enterprise wants to achieve and also in terms competitive and social. What is able to connect the starting point with the aims, is precisely the strategy, *i.e.* the way by which the company intends to achieve these goals.

We can therefore say that the enterprise strategy is the action plan drawn up by management for the enterprise (for operations management and business activities of the company itself). Thus, strategy represents an action plan to manage business activities and to reach the goal that the company has set itself [3].

Studying in deep the strategy, rather than referring to the concept of strategy itself and to the action plan, we should refer to the strategic process that acquires a more dynamic sense. The strategic process starts from the company, or rather from its approach to the external world or environment, so to customers and to competitors, with its baggage of values, with its cultural background and with its organizational identity in order then to make concrete this vision in terms of objectives to be achieved and of strategic audit that necessarily passing through the relation of this plan of action with the goals achievement (Table 1).

3. Difference between Method and Technique

Before introducing a study of the strategic process, it is important to know the difference between method and technique.

The method, *i.e.* the methodology, is less strict and more generally of formal logic; the methodology has not in fact a technician approach and doesn't teach how we should proceed in the effective management of a strategic survey. Methodology codifies research practices already in place in order to highlight what deserves to be considered later and examines this research to explain the procedures used and the ways of explanation offered.

Table 1. An example of a SWAT analysis template.

		FAVORABLE	UNFAVORABLE
		STRENGTHS	WEAKNESSES
INTERNAL	What are your strengths?		What are your weakness?
	What do others perceive as your strengths?		What do the others perceive as your weakness?
	What do you do better than others?		What do your competitors do better than you?
			What can you improve?
		OPPORTUNITIES	THREATS
EXTERNAL	Which conditions can positively impact you?		Which conditions can negatively impact you?
	Which opportunities are available for you?		What are your competitors doing that may impact you?
			What impact do you weakness have on the threats to you?

This approach to codify procedure highlights the risks, indicates the possibility that could have been overlooked and suggests improvements. Thus, methodology makes possible the generalization of methodological knowledge, transmitting to company management the specific contributions of a studied datum.

We can therefore underline that the methodology is a prescriptive discipline and in the meanwhile a descriptive discipline.

In order to understand this double nature is important the reference to the role of methodologist. The methodologist studies and teaches with descriptive approach, that means open to learn from others' research experiences, evaluating them without preconceptions and reporting them systematically and synthetically. Using his skills, competences and experiences at the service of a research, own or others, the methodologist remains prescriptive, because he has to choose the tools to use and how to use them, considering what he learned playing the other role. So, the methodology is not method and not even technical. The methodology asks, in fact, questions about which are the methods and the techniques to learn and to explain the reality. The method is a combination of procedures, rules, principles that are useful to know, to explain and to organize the reality; the method is much more complex than a simple one-dimensional sequence of procedures to be followed in order to arrive to know and to explain the reality.

The technique actually derives from the ancient Greek and it means a transmittable artistic ability. It represents, in fact, a scientific research tool and includes specific procedures, rules or principles useful to know, to explain and to organize the reality. We can therefore say that the technique represents a "tangible object". The diversity of their nature does not imply greater or lesser importance for the scientific work; the method and technique, in fact, are dependent on each other. The essential of the concept of the method is in the selection of the most suitable techniques for a cognitive problem, it is also in the ability to modify existing techniques, adapting them to their specific problems, and, finally it is also in imagining new procedures [4]. Once a new procedure, or a change to an existing procedure, is been created, the same is in fact is encoded and disseminated light, becoming a technique available to the whole business community.

4. The Use of Method and Techniques in a Strategic

In the social context, we are talking about methods and techniques. In fact, while the consideration about methods and techniques (methodology) is unique, many can be the methods and techniques available useful to know and the explain the reality.

Social Sciences, unlike the physical ones, are multi-paradigmatic, considering that there are two general concepts about the nature of social reality: the positivist paradigm and interpretative paradigm. This means that each concept about the nature of reality (paradigm) has a different approach and, consequently, different techniques.

In learning, the methods and the techniques are before known, then they are transferred to the logical plan of the method and techniques:

- In the researcher heritage, methods and techniques could anyway exist even in the absence of the methodology;
- The total absence of the reflection about the methods and techniques (methodology) obstructs the evolution of the rules.

In Economics and in Management, the perspective to "look to the future" is without any doubt one of the fundamental strengths, which enable the companies to continue living and growing over time [5].

The Business planning is fundamental to this development and growing process of the enterprise, which—without it would be to follow only short-term goals. In fact, the short-term business management alone is not sufficient to ensure that a company could continue to live and to grow over time [6].

With the strategic plan, on the contrary, a company will be able to establish its objectives, its guidelines and to concentrate its efforts in order to ensure that these are met. Thus, a strategic plan consists in the preview of a number of decisions connected with each other.

The output of a strategic plan is therefore a strategic document, where all data are ordered in a quantitative and estimated. These data regard the future management objectives, *i.e.* predictions, targets and combinations chosen to achieve this objective [7].

Instead, a program planning concerns the determining operational process, based on the data provided, on the achievable targets related to resources available.

Practically, we could state that a strategic plan, on the basis of the corporate strategy definition, goes show the strategies could be developed during a certain period of time (medium or long term).

A program planning, instead, focuses on the strategies' implementation, outlined by the operational programs (short term) [8].

5. Conclusions

Defining a strategic plan is an organization's process of defining its strategy, or direction, and making decisions on allocating its resources to pursue this strategy.

This approach to the strategic planning became prominent during the 1960s and remains an important aspect of strategic management. It is executed by strategic strategies (for example the SWOT analysis) involving many parties and research sources of the organization [9].

We can state that the strategy has not a unique definition, but it generally involves setting goals, objectives, actions, and resources to execute. A strategy therefore describes how the ends (goals) will be achieved by the means (resources) and it can be oriented in different directions, related to the company itself or the external environment. In other words, the strategy represents an action plan to manage business activities and to reach the goal that the company

has set itself [10].

Before starting this process, it is important to underline the principles behind it. Method and technique, in fact, are two different approaches to the strategy and when they are properly combined, they can make the company strategy more effective and efficient. The method, in fact, is less strict and more generally of formal logic and it has not in fact a technician approach; the approach is descriptive while the technique represents a scientific research.

In a strategic plan, method and technique are dependent on each other, and knowing these two different approaches to a strategy makes the company management able to establish its goals, its guiding principles and to concentrate correctly all the efforts and resources [11].

The combination of method and technique will result in a strategic plan able to define the achievable target and the necessary resources, with a critical and complete approach.

Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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