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# **Strategic Planning**

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# Objectives

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- Introduce the importance of strategic planning
  - Discuss the nature of strategic planning
  - Explore how entrepreneurs can carry out effective strategic planning
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# Strategic planning is:

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- The formulation of long-range plans for the effective management of environmental opportunities and threats in light of a venture's strengths and weaknesses.
    - Defining the venture's mission
    - Specifying achievable objectives
    - Developing strategies
    - Setting timelines and measures
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# Benefits of strategic planning

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- Cost savings
  - Fewer cash-flow problems
  - Faster decision making
  - More efficient resource allocation
  - Improved competitive position
  - More timely information
  - More accurate forecasts
  - Reduced feelings of uncertainty
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# No Strategic Planning?

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- Reasons for the Lack of Strategic Planning
    - Time scarcity
    - Lack of knowledge
    - Lack of expertise/skills
    - Lack of trust and openness
    - Perception of high cost
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# Basic Steps in Strategic Planning

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1. Examine the internal and external environments of the venture (strengths, weaknesses, opportunities, threats)
  2. Formulate the venture's long-range and short-range strategies (mission, objectives, strategies, policies)
  3. Implement the strategic plan (programs, budgets, procedures)
  4. Evaluate the performance of the strategy
  5. Take follow-up action through continuous feedback
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# **Fatal mistakes that entrepreneurs fall prey to in their attempt to implement a strategy**

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Flaw 1: Misunderstanding industry attractiveness

Flaw 2: No real competitive advantage

Flaw 3: Pursuing an unattainable competitive position

Flaw 4: Compromising strategy for growth

Flaw 5: Failure to explicitly communicate the venture's strategy to employees

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# Implementing a Strategic Plan

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- The use of incremental goal attainment that takes a new venture from start-up through strategy reformulation.
  - Advantages of **milestone planning** are:
    - the use of logical and practical milestones
    - the avoidance of costly mistakes caused by failure to consider key parts of the plan
    - a methodology for re-planning, based on continuous feedback from the environment.
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# Summary

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- Strategic planning requires near-term commitment for long-term benefits
  - Value exists in the plan, but more so in the process of planning
  - Regular evaluate and update the strategic plan
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