

Strategic Planning

Objectives

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

Strategic planning is:

- 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

Benefits of strategic planning

- 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

Basic Steps in Strategic Planning

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

Fatal mistakes that entrepreneurs fall prey to in their attempt to implement a strategy

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

Implementing a Strategic Plan

- 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.

No Strategic Planning?

- 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

Summary

- 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