

TYPES OF PLANNING

Strategic Planning

The strategic planning is the process of determining overall objectives of the organization and the policies and strategies adopted to achieve those objectives. Strategic Planning consists of the process of developing strategies to reach a defined objective. It sets the long-term direction of the organization in which it wants to proceed in future.

According to **Anthony**, it can be defined as the “process of deciding on the objectives of the organization, on changes on these objectives and on the policies that are to govern the acquisition, use and disposition of these resources.”

An assessment of available resources is made at the top and then things are planned for a time period of upto 10 years. It basically deals with the total assessment of the organization, strengths capabilities and weaknesses and an objective evaluation of environment is made for future pursuits.

Examples of strategic planning in an organization may be planned growth rate in sales, diversification of business into new lines, type of products to be offered and so on. Strategic planning also involves the analysis of various environmental factors specifically with respect to how organization relates to its environment.

- It is the determination of the long-term objectives of an enterprise, the action plan to be adopted and the resources to be mobilized to achieve these goals.
- Since it is planning the direction of the company's progress, it is conducted by the top management, which includes chief executive officer, president, vice-presidents, General Manager etc.
- It is a long range planning and may cover a time period of up to 10 years.
- It essentially focuses on planning for the coming years to take the organization from where it stands today to where it intends to be.
- The strategic plan must be forward looking, effective and flexible, with a focus on accommodating future growth.
- These plans provide the framework and direction for lower level planning.
- Strategic planning identifies the opportunities and threats which the firm is likely to face in future.

Tactical Planning

Tactical planning is done for setting short term goals and action plan in order to achieve the long term goals set by the strategic planning in a company. The horizon is hence shorter than the strategic plans and this type of planning is generally executed by independent departments or company functions. Thus the tactical planning is the prerogative of Middle/departmental level managers in an organization.

Tactics are generally flexible in nature according to the strategy of the company and less risk is associated with the failures of the tactical plans. Unlike the strategic plans which when fail, do great harm to the company, the tactical plans are changeable from time to time and thus do less harm to the company if gone wrong. If the strategic plan of a company is for 5 years then the tactical plan may be for one year or may be for a few months, depending on the type of business and the required pace of change. They are also different from the operational plans which are made by front line managers to show the direction to small teams to contribute towards strategic and tactical objectives of the company.

Flexibility is the main characteristic of the tactical plans. They should be adaptable to the changing needs and emergencies or contingencies faced by a company. Also the market conditions like change in prices, economic slowdowns, changes in interest rates and inflation are common things. Tactics need to be flexible enough to bear these changes.

Example: If a company is a manufacturer of automobiles and company makes a strategy of increasing its production level in the coming year, then it will make tactical plans for each of the manufacturing plants. Now those tactical plans should be able to accommodate the uncertainties like failure of machinery, strike by employees, cut in supplies, electricity failures etc.

Tactical plans describe the tactics that the managers plan to adopt to achieve the objectives set in strategic plan.

- Tactical plans span a short time frame (usually less than 3 years) and are usually developed by middle level managers.
- It details specific means or action plans to implement the strategic plan by units within each division.
- Tactical plans entail detailing resource and work allocation among the subunits within each division.
- Flexibility needs to be built into tactical plans to allow for unanticipated events. Flexibility in the face of change is a necessary component of the ongoing tactical planning process.

Operational Planning

Operational planning is also known as tactical or short-term planning. Operational planning can be defined as “Operational planning is the process of deciding, the most effective use of the resources already allocated and to develop a control mechanism to assure effective implementation of the actions so that organizational objectives are achieved.”

Operational planning deals with only current activities. It keeps the business running. These plans are the responsibility of the lower management and are conducted by unit supervisors, foremen etc. These are short-range plans covering a time span from one week to one year.

This type of planning typically describes the day-to-day running of the company. Operational plans are often described as single use plans or ongoing plans. Single use plans are created for events and activities with a single occurrence (such as a single marketing campaign). These are more specific and they determine how a specific job is to be completed in the best possible way. Most operational plans are divided into functional areas such as production, finance, marketing, personnel etc.

Examples of operational planning may be adjustment of production within given capacity, increasing the efficiency of operating activities through analyzing past performance, and so on.

- They are usually developed by the manager to fulfill his or her job responsibilities.
- They are developed by supervisors, team leaders, and facilitators to support tactical plans.
- They govern the day-to-day operations of an organization.
- Operational plans can be:
 - **Standing plans:** Drawn to cover issues that managers face repeatedly, e.g. policies, procedures, rules.
 - **Ongoing plans:** Prepared for single or exceptional situations or problems and are normally discarded or replaced after one use, e.g. programs, projects, and budgets.