

# **Strategic Planning and Strategic Management**

## **Meaning of Strategic Planning**

Strategic planning is a long-term forward-looking activity, performed by high-level managers, that focuses on the organization as a whole. It establishes the overall objective of the enterprise, frame policies and most importantly helps in determining the organizational strategy to meet the competition & survive and growth in the organization.

Strategic planning is the art of formulating business strategies, implementing them, and evaluating their impact based on organizational objectives. The concept focuses on integrating various business departments (accounting and finance, research and development, production, marketing, information systems, management) to achieve organizational goals.

Strategic planning means planning for strategies and implementing them to achieve organizational goals. It helps in knowing what we are and where we want to go so that environmental threats and opportunities can be exploited, given the strengths and weaknesses of the organization.

## **Benefits of strategic planning**

### **1. Helps formulate better strategies using a logical, systematic approach-**

It is still the most important benefit. Some studies show the strategic planning process makes a significant contribution more than the decision itself.

### **2. Make wise business decisions-**

How do you distinguish between a good idea and a great idea? Without a clear vision of what you want to achieve, and mission or purpose for doing it, everything seems like a good idea. What project do you invest in? How should you and your staff invest your time? Having clarity about what you want to do, who you need and how to get there will focus limited financial and people resources.

### **3. Increased profitability and market share**

Focused planning and strategic thinking will uncover the customer segments, market conditions, and product and service offerings that are in the best interest of your firm. An intentful and targeted approach to markets and opportunities which guide your sales and marketing efforts, distribution and other business decisions which ultimately mean more profit to the bottom line and a stronger market position.

### **4. Enhanced communication between employers and employees-**

Communication is crucial to the success of the strategic planning process. It is initiated through participation and dialogue among the managers and employees, which shows their commitment to achieving organizational goals.

Strategic planning also helps managers and employees to show commitment to the organization's goals. It is because they know what the company is doing and the reason behind it. Strategic planning makes organizational goals and objectives real, as the employees can understand the relationship between their performance and compensation. As a result, both the employees and managers become innovative and creative, which fosters the growth of the company further.

### **5. Empowers the individuals working in the organization-**

The increased dialogue and communication across all the stages of the process strengthens the employee's sense of effectiveness, initiative-taking, and imagination. It explains the need for companies to decentralize the strategic planning process by involving lower-level managers. A good example is that of Walt Disney Co., which dissolved the strategic planning department and assigned the roles to Disney business divisions.

## **Meaning of Strategic Management**

Strategic management is a top-management function which is employed to set priorities, concentrate and channelize resources ensures that the employees are aligned towards the achievement of the goals of the organization.

Strategic Management is all about identification and description of the strategies that managers can carry so as to achieve better performance and a competitive advantage for their organization.

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### **Benefits of Strategic Management**

- It allows organizations to be proactive rather than reactive.
- It sets up a sense of direction.
- It increases operational efficiency.
- It helps to increase market share and profitability.
- It can make a business more durable.

### **Difference between strategic planning and strategic management**

<b>BASIS FOR COMPARISON</b>	<b>STRATEGIC PLANNING</b>	<b>STRATEGIC MANAGEMENT</b>
<b>Meaning</b>	Strategic Planning is a future oriented activity which tends to determine the organizational strategy and used to set priorities.	Strategic Management implies a bundle of decisions or moves taken in relation to the formulation and execution of strategies to achieve organizational goals.
<b>Stresses on</b>	It stresses on making optimal strategic decisions.	It stresses on producing strategic results, new markets, new products, new technologies etc.

<b>Management</b>	Strategic planning is a management by plans.	Strategic management is a management by results.
<b>Process</b>	Analytical process	Action-oriented process
<b>Function</b>	Identifying actions to be taken.	Identifying actions to be taken, the individuals who will perform the actions, the right time to perform the action, the way to perform the action.

## Conclusion

The scope of Strategic management is greater than Strategic planning, in the sense that the latter is one of the important components of the former that draft strategies to stand in the competition and it is helpful for survival, growth and expansion of the company.

Strategic planning is an activity performed by top management of the organization that helps to relate the organization with the business environment.