STRATEGIC THINKING AND PLANNING- BUSINESS POLICY AND STRATEGIC MANAGEMENT

Abstract

Strategic thinking and planning serve as the intellectual backbone of business policy and strategic management. This chapter explores the mindset, skills, and frameworks required to anticipate change, envision the future, and craft purposeful strategies that align with an organization's mission and environment. It distinguishes between strategic thinking—a creative, intuitive, and long-term perspective—and strategic planning, which involves structured processes for setting goals, analyzing environments, and formulating action plans. The chapter emphasizes the role of vision, foresight, and innovation in shaping strategies that not only respond to current realities but also proactively shape competitive advantage.

In addition, the chapter outlines various tools such as SWOT analysis, PESTLE analysis, scenario planning, and strategic mapping, which assist leaders in translating strategic ideas into executable policies. It addresses how internal capabilities and external opportunities must be balanced for effective strategic formulation. By integrating both analytical rigor and imaginative foresight, strategic thinking and planning enable organizations to stay resilient amid uncertainty and complexity. Through case examples and application exercises, this chapter equips readers with the ability to approach strategy formulation not just as a procedural task, but as a dynamic and continuous learning process.

Keywords: Strategic thinking, Strategic planning, Business policy and Strategy formulation

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I. INTRODUCTION

The top operation of any establishment is concerned with opting a course of action from among colorful possibilities to achieve the association's pretensions. Strategic operation is the process of developing and achieving objects, and strategy serves as a means to that end. Strategy is the overarching design or general' plan' that an association adopts to move or reply to defined objects by exercising its coffers. Strategies generally concentrate on a broad plan of action and the associated deployment of precedence and coffers to achieve comprehensive pretensions. An association is supposed effective and operationally effective if its points and tactics are aligned. There has to be integration of the corridor into a complete structure. Strategy helps the association to meet its uncertain situations with due industriousness. Without a strategy, the association is analogous to a boat without a model. It's like a vagrant with no specific destination. Without a good strategy, the future is constantly bleak, adding the liability of commercial failure. Strategic operation can be defined as the art and wisdom of developing, enforcing, and assessing cross-functional opinions to help an association achieve its pretensions

II. MEANING OF STRATEGIC PLAN

A company's game plan is essentially its strategic plan. A corporation needs a strong strategic plan to compete successfully, much like a cricket team needs a solid game strategy to have a chance of winning. Profit margins are indicative of a company's commitment to particular markets, policies, processes, and operations over less desired courses of action. They are the outcome of difficult managerial choices made among many viable alternatives by most industries' businesses.

According to the definition, strategy is "the art of so moving or disposing the instrument of warfare as to impose upon enemy, the place, time, and conditions for 1 fighting by oneself." I The idea of strategy is interpreted more broadly in the field of management. Glueck states that "Strategy is the unified, comprehensive and integrated plan that relates the strategic advantage of the firm to the challenges of the environment and is designed to ensure that basic objectives of the enterprise are achieved through 7 proper implementation processes." According to this description, strategy emphasizes the following:

- A cohesive, all-encompassing plan;
- A competitive edge in relation to environmental concerns; and

- Appropriate execution that guarantees the accomplishment of fundamental goals.

Below is another description of strategy that links strategy to its surroundings.

"Strategy is the organization's consistent approach to adapting to its environment over time in order to achieve its goals and fulfill its mission."

The following is emphasized in this description

- It's the manner in which an association reacts to its surroundings.
- Its charge and points are to be fulfilled. There's disagreement among specialists over the exact extent of strategy.

Two broad kinds of delineations have surfaced as a result of the lack of agreement strategy as exertion inclusive of thing setting and strategy as action exclusive of thing setting. Strategy as a course of action, encompassing the establishment of objectives.

In the 1960s, Chandler sought to define strategy as the process of establishing fundamental long-term goals and objectives for an organization, along with adopting the necessary courses of action to achieve them and the allocation of coffers necessary for carrying out these pretensions.

This description provides for three types of conduct involved in strategy

- Determination of long term pretensions and objects.
- Relinquishment of courses of action. iii) Allocation of coffers.

Strategy as Action Exclusive of Objective Setting

This perspective offers an additional way to define strategy. According to this view, strategy reflects how a company adapts to its environment by allocating key resources and focusing its efforts on achieving its objectives. Michael Porter defines strategy as “the creation of a unique and valuable position through a distinct set of activities.” A strategically positioned company either performs different activities than its competitors or executes similar activities in a unique manner.

Proponents of this interpretation describe strategy as a comprehensive, integrated, and cohesive plan that aligns a firm's strategic strengths with external demands.

By considering both perspectives, strategy can be defined as management’s approach to achieving its objectives. It involves identifying and assessing alternative paths that deviate from an established mission or goal and selecting the most effective course of action.

These definitions help clarify the essence of strategy. The following are key insights into its nature.

Nature of Strategy

An organization's strategy is a fundamental plan of action that guides its interaction with external forces and supports the activities necessary to achieve its objectives. Strategy emerges from the integration of internal and external factors, aligning internal capabilities with external opportunities and threats.

Strategy consists of a series of coordinated actions designed to accomplish a specific objective, resolve an issue, or achieve a desired outcome. The actions taken vary depending on the situation. At times, a strategy may involve contradictory actions, as it is influenced by external conditions. Organizations may engage in conflicting activities either simultaneously or over time.

Strategy is inherently future-oriented, addressing new and unprecedented circumstances with strategic responses. For effective implementation, organizations must establish certain systems and protocols.

As a guiding framework for corporate decision-making and operations, strategy defines and communicates an enterprise's identity through key objectives and policies. It fosters a unified vision and ensures effective resource allocation. Well-developed strategies shape managerial thinking and decision-making while providing an integrated approach to navigating environmental challenges.

Essence of Strategy

Strategy refers to the process of identifying, evaluating, and selecting the most suitable alternative to an already established mission or goal.

Strategy is characterized by four key elements:

- **Long-term Objectives:** Establishing goals that guide the organization's future direction.
- **Competitive Advantage:** Differentiating the organization to gain an edge over competitors.
- **Vector:** Defining the strategic direction and movement toward achieving objectives.

III. STRATEGY VS POLICIES AND TACTICS

This section compares the concept of strategy with that of programs and tactics.

Strategy vs. Programs

Strategy is often mistakenly used interchangeably with policy, but the two are distinct and should not be confused.

A **policy** serves as a guideline for decision-making and actions taken by subordinates. It is a general statement or understanding formulated to achieve objectives. Policies outline a framework for decision-making, ensuring consistency and clarity. They may be broad or

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specific, organizational or functional, written or implied. Power is delegated to subordinates for policy implementation, and policies must be well-integrated to support the successful execution of strategy. For example, in the case of two employees with similar performance, a promotion policy might dictate that the senior employee is given priority for promotion.
Strategy, on the other hand, focuses on the direction in which human and physical resources are deployed and utilized to maximize the chances of achieving organizational goals in a dynamic environment. Unlike policies, strategies involve specific actions designed to accomplish objectives. They are action-oriented, empowering individuals within the organization to implement them effectively. Since strategies often require real-time decision-making, they cannot always be delegated.

While both strategy and policy contribute to achieving organizational objectives, they serve different functions. Strategy provides a framework for decision-making, whereas policy consists of predetermined decisions that guide actions under specific conditions.

IV. LEVELS OF STRATEGY

Strategic decision-making is generally regarded as the responsibility of top management. However, it is useful to distinguish between the different levels at which strategy operates:

- **Corporate Level**
- **Business Level**
- **Functional Level**

Types of Companies and Strategic Business Units (SBUs)

Companies can be broadly classified into two categories:

- **Multi-Business Companies:** These organizations operate in multiple business segments, each managed as separate divisions or product groups known as **Strategic Business Units (SBUs)** or **profit centers**. For example, **Reliance Industries Limited** is a diversified company involved in textiles, yarn, and various petrochemical products.
- **Single-Product Companies:** These companies focus on a single business area. For instance, **Ashok Leyland Limited** specializes in the manufacturing and sale of heavy commercial vehicles.

Strategic Business Units (SBUs)

The key idea behind SBUs is identifying independent product or market segments that an organization serves. Since each product operates in a unique environment, a distinct SBU is created for each segment.

Each SBU:

- Has a well-defined product-market focus and strategy.
- Develops its strategy based on its individual capabilities and needs while aligning with the overall organization's objectives.
- Allocates resources according to its specific requirements to achieve organizational goals.

In contrast, single-product organizations have a single **Strategic Business Unit**, meaning corporate-level strategy applies to the entire business. In these cases, functional strategies are implemented at the next level to guide operations. In multi-product companies, each SBU formulates its own **business-level strategy**, which serves as a bridge between **corporate strategy** and **functional strategy**.

Three Levels of Strategy

1. **Corporate Level Strategy**
    - Formulated at the highest level, aligning with the overall organizational vision and policies.
    - More conceptual, value-driven, and flexible compared to lower-level strategies.
    - Involves significant risk, cost, and profit potential.
    - Focuses on long-term growth, innovation, and overall business direction.

Corporate-level strategies play a crucial role in shaping the organization's future and serve as a foundation for decision-making across different business units and functions.

2. **Business Level Strategy**

The strategies developed by each **Strategic Business Unit (SBU)** to optimize resource utilization in response to its external environment fall under **business-level strategies**. At this level, strategy serves as a comprehensive framework that outlines objectives for SBUs, allocates resources across functional areas, and ensures coordination among them to achieve corporate-level goals. These strategies function within the broader organizational framework, adhering to corporate policies and long-term objectives.

SBU managers play a key role in shaping business-level strategy, which focuses on **individual units within the organization**. While the **corporate-level strategy** defines the overall direction and resource allocation, business-level strategy determines the **"how"**—such as product or service offerings and target markets. However, corporate strategy is more than just the sum of individual business strategies; it provides overarching guidance that influences each SBU’s approach.

3. **Functional-Level Strategy**

This level of strategy is concerned with specific **functional areas** of the organization, such as marketing, finance, and operations. It focuses on how these functions contribute to business and corporate strategies. Functional strategy involves setting objectives, allocating resources within a particular function, and ensuring coordination to support SBU and corporate-level goals.

In some cases, there is also a **fourth level** of strategy known as the **operating-level strategy**. This level is even more specific, dealing with sub-functions within a major functional area. For example, within the marketing function, operating-level strategies might focus on market research, sales promotions, or advertising campaigns.

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Each of these strategy levels has distinct characteristics and plays a crucial role in an organization's success.

Importance of Strategy

With increasing external pressures, businesses must develop and implement clear strategies to remain competitive and survive. Some companies, like **Martin Burn** and **Jessops**, failed due to a lack of strategic direction, while others, such as **Reliance** and **Infosys**, emerged as market leaders through effective strategic thinking.

Key Benefits of Strategy

- **Guides Long-Term Decision-Making:** Strategy helps organizations make informed decisions based on future forecasts.
- **Enhances Competitive Advantage:** It enables firms to adapt to market trends and effectively counter competition.
- **Increases Flexibility:** Strategy prepares management to handle unexpected changes in the business environment.
- **Drives Financial Success:** Well-formulated and executed strategies contribute to profitability.
- **Provides Clear Direction:** Strategy aligns organizational objectives and ensures clarity in goal achievement.
- **Boosts Organizational Effectiveness:** Effective strategy implementation enhances overall performance.
- **Improves Employee Satisfaction:** A well-structured strategy provides employees with clarity and motivation.
- **Encourages Proactive Thinking:** Strategic planning cultivates a habit of forward-thinking among managers.
- **Enhances Employee Motivation:** It aligns employees' work with corporate goals, fostering a sense of purpose.
- **Encourages Management Involvement:** Strategic planning engages various levels of management in decision-making.
- **Improves Coordination and Communication:** It strengthens corporate communication and resource allocation.

With these benefits, it is evident that strategy is an integral part of an organization, serving as the key to achieving goals efficiently and effectively.

Features of Strategy

1. **Strategy is Essential** because predicting the future with absolute certainty is impossible. Given this unpredictability, businesses must be prepared to navigate unforeseen challenges that arise in the dynamic business environment.
2. **Focus on Long-Term Growth** – Strategy is centered on long-term progress rather than everyday operations. It involves anticipating future developments such as **innovations, new products, advanced production methods, and market expansion**.

3. **Understanding Market Behavior** – A well-crafted strategy considers **customer trends, competitor movements, and employee responses**, ensuring that organizations can proactively adapt to changing circumstances.

Strategy: A Roadmap for Success

A strategy serves as a **structured plan** that defines an organization's **mission, vision, and direction**. Its primary goal is to **capitalize on strengths while minimizing competitors' advantages**. In essence, strategy acts as a **bridge between the present state and future aspirations**.

A company's **strategy statement** establishes its **long-term objectives and key policies**, providing a **blueprint for decision-making and actions** over the years.

Key Components of a Strategy Statement

Strategic Intent

Strategic intent defines the fundamental reason for an organization's existence and its long-term competitiveness. It provides **clear direction**, aligning **immediate priorities** with the company's vision and motivating employees to work towards ambitious goals.

A strong **strategic intent**:
- Focuses the organization on **achieving success in a competitive landscape**.
- **Inspires employees** by emphasizing the significance of their efforts.
- Encourages **collaboration and individual contributions** to organizational goals.
- Guides **resource allocation** to maximize value creation.

Difference Between Strategic Intent and Strategic Fit – While **strategic fit** focuses on aligning existing resources with external conditions, **strategic intent** prioritizes **building new capabilities** to seize emerging opportunities.

Mission Statement

A **mission statement** outlines an organization's **purpose and role in serving stakeholders**. It provides a **guiding framework** for strategic decision-making and highlights:
- **Current capabilities** (what the organization does).
- **Key stakeholders** (who it serves).
- **Unique value proposition** (what differentiates it from competitors).

For example:
- **Microsoft's mission**: "To help people and businesses throughout the world realize their full potential."
- **Walmart's mission**: "To give ordinary folk the chance to buy the same thing as rich people."

Three Core Elements of a Mission Statement

- **Vision or Purpose:** Defines the long-term aspirations of the company.
- **Core Values:** Outlines the principles guiding employee behavior and corporate decisions.
- **Goals and Objectives:** Establishes measurable targets aligned with the organization's mission.

Although mission statements provide long-term direction, they may need periodic revisions to adapt to **organizational growth and industry changes**. However, any modifications should preserve the **fundamental values and purpose** of the original mission.

Characteristics of a Mission Statement

- **Achievable and Realistic** – The mission should be **feasible and attainable** within the organization's capabilities.
- **Clarity** – It must be **well-defined and unambiguous** so that it can guide decision-making.
- **Inspirational** – A strong mission statement **motivates** management, employees, and society as a whole.
- **Balanced Scope** – It should be **neither too broad nor too restrictive**, providing clear direction without being overly limiting.
- **Unique and Impactful** – The mission should be **distinctive** enough to leave a lasting impression.
- **Analytical** – It must **examine and incorporate key strategic components** to provide a well-structured direction.
- **Credible** – The mission statement should be **believable and trusted** by all stakeholders.

Vision Statement

A **vision statement** outlines where an organization aspires to be in the future. It encapsulates the company's **dreams and long-term ambitions** to meet stakeholder needs.
For example:

- **Microsoft's vision**: "To empower people through great software, any time, any place, or any device."
- **Walmart's vision**: "To become the worldwide leader in retailing."

A vision acts as a **guiding principle**, answering the question: **"Where do we want to be?"** It serves as a **strategic reminder** of what the organization is striving to achieve. Unlike a **mission statement**, which primarily addresses customers, a **vision statement is directed at the organization and its employees**.

Key Features of an Effective Vision Statement

- **Unambiguous and Clear:** It must be **straightforward and easy to understand**.
- **Aligned with Core Values:** It should be **consistent with the organization's culture and beliefs**.
- **Realistic yet Ambitious:** The aspirations should be **rational and achievable**.
- **Concise:** A short and memorable vision statement ensures better recall and understanding.

To successfully implement the vision, it must be **deeply embedded within the organization** and embraced by all members.

Goals and Objectives

Goals represent the **desired future state or outcomes** an organization strives to achieve. They provide **specific direction** and ensure that the mission and vision are realized. Well-defined goals:

- **Translate the mission into measurable targets**.
- **Coordinate different departments and functions** within the organization.

Characteristics of Effective Goals

- **Precise and Measurable** – Goals should be **clearly defined with quantifiable metrics**.
- **Focus on Key Priorities** – They should address **critical and significant business issues**.
- **Realistic but Challenging** – Goals should be **achievable yet push the organization toward growth**.
- **Time-Bound** – There should be a **clear deadline** for achieving them.
- **Cover Financial and Non-Financial Aspects** – Goals should include **both monetary and operational targets**.

Objectives are specific milestones that organizations set to **achieve over time**. They form the **foundation for business planning**, with policies designed to support them.

Features of Effective Objectives

- **Multiple in Nature** – An organization should have **varied objectives** rather than just one.
- **Short-Term and Long-Term** – Objectives must balance **immediate needs with future aspirations**.
- **Adaptive to Change** – They should be **flexible** enough to respond to evolving business environments.
- **Feasible and Practical** – Objectives should be **realistic, actionable, and clearly defined**.

Strategic Management Process

The **strategic management process** involves defining an organization’s **long-term strategy** and selecting approaches that enhance performance. It is a **continuous cycle** that involves:

- **Evaluating the business environment and industry trends**.
- **Analyzing competitors and market conditions**.
- **Setting clear goals to address current and future challenges**.
- **Regularly reviewing and refining strategies**.

Strategic management consists of three core stages: **formulation, implementation, and evaluation**. The **hierarchy of strategic intent** forms the foundation of this process, ensuring that an organization’s **vision, mission, business strategy, and objectives** are aligned. Since this step has a **long-term impact**, it requires careful **planning and philosophical consideration**.

Strategic Intent

The **foundation of strategic management** is established through the **hierarchy of strategic intent**. This concept defines **what an organization represents** and was first introduced in a **1989 Harvard Business Review article** by **Hamel and Prahalad**.

Key Aspects of Strategic Intent

- It is the **core focus** of an organization.
- This focus can sometimes **exceed available resources and capabilities**.
- It envisions a **future leadership position** and establishes criteria for measuring progress.
- It involves:
    - **Developing and Communicating a Vision**
    - **Crafting a Mission Statement**
    - **Defining the Business**
    - **Setting Clear Objectives**

A **vision** outlines the long-term aspirations of an organization.
A **mission** defines how the organization connects with society.
A **business definition** describes operations based on customer needs, target groups, and available technologies.

Objectives specify measurable achievements within a given timeframe.

Management and Competitive Focus

- Strategic intent emphasizes **winning in a competitive environment**.
- The concepts of **stretch and leverage** play a key role:
    - **Stretch** refers to the gap between **organizational aspirations and available resources**.
    - **Leverage** focuses on **efficiently utilizing limited resources** to bridge this gap.

The **strategic fit** ensures alignment between **organizational resources and the external environment**, positioning the company for success. When this fit is achieved, the **strategic intent appears more practical and achievable**.

This **hierarchy of strategic intent** flows from a broad vision, mission, and purpose down to **specific objectives and actionable strategies**.

Vision

A **vision statement** sits at the **top of the strategic intent hierarchy**, describing what the organization **aspires to become** in the long term.

Definitions of Vision

- **Kotter** defines it as a **future-oriented description** of an organization, corporate culture, technology, or business.
- **Miller and Dess** describe vision as a **broad, forward-thinking set of intentions**.

Key Aspects of Vision

- It is **an aspiration rather than a concrete plan**.
- It serves as a **motivational force** driving organizational efforts.
- Vision represents the **desired long-term position of an organization**.

Envisioning: The Process of Creating a Vision

Developing a strong vision is a **complex task** and requires:

- **Core Ideology** (unchanging beliefs and values)
- **Envisioned Future** (clear long-term objectives)

Core Ideology consists of:

- **Core Values** – Fundamental beliefs guiding the organization.
- **Core Purpose** – The reason for the organization's existence.

Envisioned Future includes:

- **Long-term objectives**.
- **A clear, vivid description of the organization's future state**.

Benefits of Having a Vision

- Encourages **innovation and experimentation**.
- Promotes **long-term strategic thinking**.
- Inspires **risk-taking and bold decision-making**.
- Enhances **organizational competitiveness and originality**.
- Serves as a **motivational tool for employees**.

Core Values and Core Purpose

These elements are essential for creating a **strong organizational vision**. **Collins and Porras** introduced this concept to provide a **philosophical perspective** on business strategy.

- **Core Values** – These are **fundamental and lasting principles** that shape the organization's culture. They reflect beliefs about **employee welfare, customer interests, and business ethics**.
- **Core Purpose** – This defines the **fundamental reason for the organization's existence** and serves as its guiding philosophy.

Characteristics of Core Purpose

- Represents the **primary reason for existence**.
- Explains **why the organization was established**.
- Focuses on **internal organizational goals**.
- Provides a **long-term strategic direction**.
- Strengthens the **connection between the organization and its employees**.

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Mission

A **mission statement** defines the **organization's role in society**. It has been a crucial aspect of **business strategy** for decades.

Definitions of Mission

- **Hunger and Wheelen**: "The purpose or reason for an organization's existence."
- **David F. Harvey**: "A mission provides awareness of purpose, competitive positioning, and alignment with opportunities."
- **Thompson**: "The essential purpose of the organization, defining its existence, industry, and customer base."

Key Aspects of a Mission Statement

- Defines the **core purpose of the organization**.
- Answers **why the organization exists**.
- Provides a **sense of direction and purpose**.
- Aligns the organization's goals with **external opportunities**.

Nature of a Mission Statement

- Defines the **organization's role in society**.
- Reflects **corporate philosophy and values**.
- Justifies **the organization's existence**.
- Embodies **long-term strategic goals**.

Characteristics of an Effective Mission Statement

- **Achievable and Realistic** – It should set **attainable** goals.
- **Balanced Scope** – It must be **neither too broad nor too narrow**.
- **Clarity** – A mission statement should be **clear and actionable**.
- **Distinctiveness** – It must stand out and be **unique**.
- **Societal Connection** – It should highlight **how the organization benefits society**.
- **Adaptability** – It must be **dynamic** to respond to changes.
- **Motivational** – Employees should feel **inspired** by it.
- **Action-Oriented** – It should guide **how objectives are achieved**.

Some critics argue that many **mission statements are just slogans**, lacking true strategic depth.

Examples of Mission Statements

- **Ranbaxy Industries**: "To become a research-based international pharmaceutical company."
- **Eicher Consultancy**: "To make India an economic power within 10 to 15 years."

Formulating a Mission Statement

Sources for mission statement development include:

- **National Priorities** from government policies.
- **Corporate Philosophy** built over time.
- **Insights from industry leaders and strategists**.

- **Consultants specializing in corporate strategy**.

Mission vs. Purpose

- **Mission** focuses on the **external role** of the organization in society.
- **Purpose** is an **internal driving force** aimed at employees and stakeholders.
- **Mission is outward-facing**, while **purpose is inward-facing**.

Business Definition

A business is defined based on:

- **Customer Needs** – What problems it solves.
- **Customer Groups** – The target market.
- **Alternative Technologies** – How it delivers value.

Oerik Abell's Three Dimensions of Business Definition

- **Customer Groups** – Different categories of customers.
- **Customer Functions** – The services/products offered.
- **Alternative Technologies** – The methods used to deliver solutions.

Example: Watch Manufacturing Business

- **Customer Groups**: Individual buyers, corporations, sports teams, educational institutions.
- **Customer Functions**: Timekeeping, alarms, fashion accessories, gift items.
- **Alternative Technologies**: Manual, mechanical, and digital watches.

A **clear business definition** helps in **strategic planning, diversification, mergers, and competitive positioning**.

Five Stages of the Strategic Management Process

Strategic management is **more than just a set of rules**; it is a **philosophical approach** that requires strategic thinking. **Senior management** must first **conceptualize the strategy** before implementing it.

The **five stages** of strategic management are:

- **Goal Setting:** Defining long-term objectives.
- **Analysis:** Assessing internal and external environments.
- **Strategy Formation:** Developing competitive strategies.
- **Strategy Implementation:** Executing plans effectively.
- **Strategy Monitoring:** Evaluating progress and making adjustments.

By following these **systematic steps**, an organization can ensure **sustained growth, competitive advantage, and long-term success**.

V. STAGES OF STRATEGIC MANAGEMENT PROCESS

Strategic management is an ongoing process. Therefore, it must be realized The Five Phases of Strategic Management

Each element within the strategic management process is interconnected, working collectively to achieve organizational goals.

1. Goal-Setting

The goal-setting phase is crucial for refining the organization's vision. It involves three key aspects: defining both short-term and long-term objectives, outlining the process for achieving them, and assigning specific tasks to employees based on their strengths. Goals should be well-defined, realistic, and aligned with the organization's core values. The final step in this phase typically involves crafting a mission statement that clearly communicates the company's objectives to stakeholders and employees.

2. Analysis

This phase is vital as the insights gathered here influence the subsequent steps. The focus is on understanding the business's sustainability, strategic direction, and growth opportunities. It requires a thorough examination of internal and external factors that may impact objectives. This includes assessing strengths, weaknesses, opportunities, and potential threats that could shape the organization's future.

3. Strategy Formulation

After analyzing relevant data, the next step is to develop a strategic plan. This involves identifying existing resources that can support goal achievement and determining additional resources that may be required. The challenges the organization faces should be ranked based on their significance, and various strategic approaches should be developed to address them. Since business environments are constantly changing, formulating contingency plans is essential to ensure adaptability.

4. Strategy Implementation

This phase focuses on putting the strategy into action. If the current organizational structure does not support the strategy, necessary changes should be made before execution. Employees must understand their roles and how their efforts contribute to the overall goal. Additionally, securing necessary funding and resources is essential. Once these elements are in place, the plan can be executed effectively.

5. Evaluation and Control

Evaluating the strategy involves measuring performance, continuously monitoring internal and external factors, and making adjustments when needed. Success is assessed by comparing actual results to initial goals. Regularly reviewing external market conditions and internal performance ensures the organization can adapt to changes. If progress is not aligning with expectations, corrective measures should be taken. In cases where adjustments are ineffective, the strategic management process should be revisited and refined to address emerging challenges.

Strategic Planning in a Competitive Business Environment

In today's dynamic business landscape, relying on budget-driven or forecast-based planning is no longer sufficient for large corporations. Instead, organizations must engage in strategic planning, which involves setting clear objectives, analyzing internal and external environments, implementing strategies, and continuously assessing progress. This ensures businesses remain agile and capable of making necessary adjustments to stay competitive.

VI. KEYWORDS

Policy	:	Guideline for decisions and actions on the part of subordinates and is a general statement of understanding made for the achievement of objectives
Procedures	:	A series of functions or steps performed to accomplish a specific task or undertaking
Programmes	:	A single use comprehensive plan laying down the principle steps for accomplishing a specific objective and sets an approximate time limit for each stage
Rules	:	A principle to which an action or a procedure conforms or is intended to conform
Strategy	:	A unified, comprehensive and integrated plan that relates the strategic advantage of the firm to the challenges of the environment.
Tactics	:	It is the means by which previously determined plans are executed