5 Process of strategic planning

5.1 Need for a systematic process of strategic planning

The case for systematic development of planned strategies has been challenged, both by managers and by certain researchers:

- On the one hand it is claimed that the difficulties of long-term prediction make any systematic process of analysis and planning impossible (Mintzberg, 1994, p. 227ff.).
- On the other hand the strategies, it is claimed, do not contribute to the achievement of company goals, because rapidly changing market conditions and fierce competition mean that the systematic construction of long-term success potentials is impossible.

Recent experience has shown that predictions of long-term developments and the determination of the future success potentials have grown considerably more difficult. But to draw the conclusion that systematic strategic planning has become impossible or pointless is, in our view, throwing out the baby with the bathwater:

- One does not deal with increased turbulence, which makes prediction more difficult, by simply abandoning planning. On the contrary, the increased difficulty of long-term forecasting should lead us to intensify planning efforts. This conclusion is inescapable because, no matter whether there is a planned strategy or not, investment in resources will take place and this will determine the long-term competitive position of the company. If there is no intended strategy, these investments produce an emergent strategy, and this will contain considerable risks and can threaten the existence of the firm.
- There is no opposition between strategic thinking and rapid and flexible decision-making. On the contrary, correctly understood and unbureaucratically applied strategies will generally increase the quality of daily operational decision-making. Strategies used as management tools can help to prevent companies from slipping into competitive positions and markets which offer little hope of success. Clear strategies mean that companies do not fragment their limited resources by pursuing too many new ideas. Dynamic market development and tough competitive conditions do not change the fact that a company always needs clear ideas in order to achieve and to defend competitive advantages in attractive markets.
Prahalad & Hamel (1994, p. 6) seem to get it about right: "While much of the criticism of the field may be valid, critics often miss the point. We believe that the need for strategic thinking, during this turbulent decade, is greater than ever."

5.2 Overview of the process of strategic planning

Figure 5.1 shows the suggested process of strategic planning.

The suggested process of strategic planning is founded on four elements:

- The model for the assessment of strategic success potentials presented in Chapter Three.
- Published processes of strategic planning.
- Heuristic principles, which simplify the identification and evaluation of options. Inset 5.1 describes the most important of these principles.
- Practical experience of the authors as strategic management consultants, which serves as a basis to evaluate the applicability of particular problem solving tools in business reality. Following the action research approach (see for example Clark, 1972; Stringer, 2007) a considerable number of consulting projects have been systematically assessed and thus made available for the development and improvement of the method.

Figure 5.2 displays the elements on which the strategic planning process is based.

In the next section, we will briefly describe the content of each step in the process. We restrict the explanations at this stage as a more detailed account follows in Parts III to VI where each step will be analyzed in detail and where practical recommendations will be made.