



CONTEMPORARY ASPECTS OF THE STRATEGIC PLANNING

Nedko Minchev

“St. Cyril and St. Methodius“ University of Veliko Tarnovo, Bulgarian

Abstract: In the conditions of fierce competitive struggle and strong turbulence of the environment, the company management must concentrate its efforts on the choice of a long line of behavior and development, which to provide and support the internal organizational changes. Only in this way, organizations can respond timely to changes and competitive pressure and to build and sustain long-term competitive advantages. Until two or three decades ago organizations could operate successfully thanks to the good performance of their daily obligations and successful resolution of internal problems associated with improved efficiency and use of resources in their current activity. At the present stage, however, into day's dynamic processes this alone is not enough, or if organizations rely only on this they would be doomed to failure in the development and in the competitive struggle.

Key words: strategy, strategic planning, strategic management

INTRODUCTION

Dynamization of the changes in the environment, the occurrence of new demands and changes in consumer attitudes, the increasing competition for resources, the internationalization of business, the emergence of new business opportunities based on the achievements of scientific and technical developments, development of communication and opportunities for information sharing, open access to modern technology, changes in the meaning and role of the human factor and many other reasons have led to a sharp increase in the importance of strategic planning.

Main reason which is external to the organization for the development of strategic planning is the process of globalization of business in recent decades. Multinational companies segment the market according to the characteristics and national differences and preferences, looking for opportunities to standardize consumption. The products of global business are sold at any point of world and are an important factor in the competitive struggle on the local markets, with which all should reckon with. To lead a successful competitive struggle with similar organizations the development and implementation of adequate long-term strategy is necessary, in which a basic place take gradual and long-term purposes for achieving competitive advantages. Thus by strategic management organizations are able to respond to the emergence of new and more complex economic-managerial tasks caused by the dynamism and uncertainty of the environment. Most of the problems which need solution are precedents in business practice and therefore to them cannot be applied ready, standardized solutions moreover tasks are characterized by a large number of variables, the complexity of the relationships between them, the presence of random factors, as well as by different kinds of constraints.

* * *

A review of the literature shows that there is no consensus on what constitutes strategic management. A generalized definition might sound like- selection of sphere and mode of action in the name of achieving long-term purposes of the organization under constantly changing environmental conditions.

If we need to summarize the views, it can be said that strategic management is related to long-term purposes and activities of the organization with the idea to provide timely long-term competitive advantage in the light of expectations about the development of the external environment and internal capabilities. It is a

priority of the senior management or the owner, because they are the only ones to have all the necessary information, there require authority and mechanisms for preparation and implementation of strategy and personal ambitions and opportunities are not irrelevant too.

The summary of the term strategy is very difficult as the authors emphasize one or another feature, the decision of one or another practical case. But strategy can generally be defined as organizational actions and management approaches, ensuring organizational equilibrium based on the changes taking place in the environment made for the sake of long-term purposes of the organization. The question of how strategy formulation combines so reconcile with the competitive advantages of the enterprise arises. On one hand, the strategy is aimed at strengthening the positions and growth of the organization and on the other through it creation and promotion of innovation in the form of competitive advantage is needed. It can be said that the presence of strategic management in an organization talk about rationalism, about an approach for rearranging the established ways of interaction of the organization. Even more-it is considered that the presence of a strategic way of thinking is an opportunity to oppose the management because through strategy and strategic management are frequently confronted past and present types of activities providing profit to new ones, i.e. there is an intersection of interests. This contradiction is known in literature as the “paradox” of strategic management, namely ensuring adaptability of the organization to the external environment through efficient ongoing functioning.

Thus the strategy itself can be defined as a complex potentially powerful weapon with which a modern organization can oppose to changing conditions, i.e. this is a serious tool to help organizations tackle the instability of the environment and for the implementation of the ideas for long term development.

Creating of a strategy pursues three main tasks (Thompson, & Strickland III, 1995):

1. Formulation of strategic vision and purpose of the organization;
2. Formulation of development purposes;
3. Implementation of the strategy for the sake of achieving the desired results.

According to Mintzberg (Mintzberg, 1991) effective strategy must include three key elements:

- Basic purposes and tasks of the activity;
- the most significant elements of the policy outlining the scope of work;
- sequence of key actions to achieve the purposes which do not go out from within the selected policy- in other words #program#.

Bowman speaks of strategic installation (Bowman, 1990). It lays down the basic rules under which an entity operates. For instance:

- common values and principles;
- identifying the need, which will satisfy specific needs and will serve specific market segments;
- legitimate claims and demands of stakeholders-employees, shareholders, consumers, community organizations, etc.;
- relation to growth and financing, decentralization, innovation, etc.

In order to meet all these requirements, the management of the enterprise should conduct in-depth research and analysis.

But whatever model we choose we can summarize that at this early stage of strategy formulation the views of the owner and management for the future state of the environment and the ability of the enterprise to take appropriate position in it in accordance with the conditions are vital. The owner forms their vision based on a variety of information about the external environment and internal capabilities of the enterprise, and also in accordance with his own aspirations and ambitions. Moreover it is important the expectations for development of the sector of the market, customers and competitors and of course the expected major events and their consequences for the external and internal environment to be taken in mind.

Part of the vision for the future is the mission of the organization. There is a debate for its exact positioning in the overall process of strategic management, but we will focus on the nature and content of it.

Mission divides, distinguishes the company from others, and expresses its own characteristics, the focus of its activities and its path of development. Generally it can be defined as a reflection of the current market opportunity to meet the specific type of public needs with a specific product in a competitive struggle. It should be emphasized that in the mission the philosophy of the organization and the main reason for its

existence are reflected. Practically these are the values, beliefs and principles according to which the company carries out its organizational and social functions.

We can conclude that mission is defined as a business term that represents the philosophy of business, the purpose, the meaning of existence of the organization, which actually distinguishes it from other similar organizations.

The second integral element of the process of determining the directions of development of the organization is the development and formulation of development purposes. Choosing the variant of development, a range of business, public needs to be satisfied, etc. is made in the name of the purposes. In every organization there is the so called hierarchy of purposes, including to varying degrees markets, products, customers, etc.

According to Randall and Fahey purposes are structured in the following hierarchy levels (Fahey & Randall, 2001):

– Purposes. Stated purposes help the strategic orientation in an action program to be transformed, allow results by a report of the time horizon to be specified and graphically present the key intermediate orientations.

– Operational tasks. These are short-term purposes-measurable, concrete and formulated in detail. Their performance in totality approaches the organization a step closer to achieving the overall global purpose.

The third integral element of the process of determining the directions of development of the organization is the development and formulation of strategy. The strategy provides an answer to the question how the purposes to be achieved. Modern development, the rate of changes in communications, technology, science, etc. are so rapid and dynamic that practically strategic planning appears to be the only management tool for analysis and prognostication of problems and opportunities for growth. On the basis of the strategy are analyzes of the internal and external environment, i.e., it accounts the influence of many factors. The interaction between the factors examined in the different sectors and markets is very specific, their impact to the various enterprises is also different, and they themselves change constantly. All these suggest that even choosing similar strategies they never happen none and the same conditions.

CONCLUSION

Development and selection of the strategic alternatives is the initial easier part of the organizational mechanism to achieve certain purposes. The strategy implementation is considered to be the most difficult part of the process of strategic management, as this is where practically any necessary changes and targeted measures and actions are realized. According to Thompson and Strickland “The introduction of the strategy in action and its organizational implementation requires the resolution of many different management tasks and the use of relevant management habits” (Thompson & Strickland III, 2001), i.e. the successful strategy requires not only clarifying of the possibility of obtaining competitive advantages on the market but also the creation of a relevant organization capable of implementing them.

REFERENCES

1. Bowman, C. 1990, *The essence of strategic management*. Prentice Hall.
2. Fahey, L. & Randall, R. 2001, *The portable MBA in strategy*. Washington.
3. Mintzberg, H. 1991, *The Strategy Process, NY*.
4. Thompson, A. & Strickland III, A. J. 1995, *Crafting and implementing strategy*. IRWIN.
5. Thompson, A. & Strickland III, A. J. 2001, *Strategic management – concept and cases*. IRWIN.

Contacts:

Nedko Minchev, Assoc. Prof. Dr
“St. Cyril and St. Methodius” University of Veliko Tarnovo
Faculty of Economics
Veliko Tarnovo 5000, Bulgarian
E-mail: n.minchev@uni-vt.bg
