The Strategic Process

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**Introduction**

[*Management is efficiency in climbing the ladder of success; leadership determines whether the ladder is leaning against the right wall*](https://www.azquotes.com/quote/66170?ref=strategic-management)- ([Stephen Covey](https://www.azquotes.com/author/3347-Stephen_Covey)). Management activity in an organization that is used with the intention to set priorities, assess energy and resources, strengthen operations, and ensure that employees and other stakeholders are working coherently towards common goals is called Strategic Planning. It also establishes agreement around intended outcomes and results and assesses and adjusts the organization's direction with changing social context and internal environment. Strategic planning guides an organization to set a road map to achieve the firm’s goals. Execution of these goals is called Strategic Management. In other words, the comprehensive collection of ongoing activities and processes that firms use to systematically coordinate and align resources and actions with mission and strategy in the firm to keep all the departments of the firm on track while pursuing the firm’s goals is called Strategic Management. Every entrepreneur in this competitive era looks for a well-defined strategic planning framework to manage the business activity in a firm because business activities cannot be left on their own if the investors want their business to keep running. A strategic planning framework plays an instrumental role in successful business activity because performs as a road map for the firm to achieve its development goals. Key components of a strategic planning framework include vision, mission, time frame, and objectives. A picture of a successful and bright future of a firm is presented in the vision statement. The amount of time that a firm intends to consume to achieve its short-term, mid-term, and long-term goals is called Strategic Time Frame. Finally, the goals envisioned by the executives of a firm in the vision statement are called the Strategic Objectives of the firm. Leadership is always the central entity in the formulation and implementation of a strategic planning framework. No strategy can be successfully formulated without able, competent, and committed leadership. Moreover, the implementation of a strategic planning framework without leadership is impossible.

**Key Components of a Strategic Planning Framework**

The process of formulating a direction for a firm to achieve its business goals is called strategic planning whereas the document that is used to communicate with the firm and the firm’s goals is called a Strategic Planning Framework. This framework also includes the actions needed to achieve those goals and all of the critical elements developed during the planning exercise in a firm. Key components of a strategic planning framework have been explained below.

1. **Vision Statement**

Vision Statement is defined to set a future image of the firm after achieving its strategic objectives. A vision attempts to briefly summarize the picture while providing a motivational element. For instance, a refrigerator producing company might set out a vision statement along the lines of, “To see a high-tech refrigerator in every home in America”. This vision statement paints a clear picture of a future where no American home lacks a high-tech refrigerator in a corner of the house. Such statements motivate the people in a firm to work restlessly to see their vision imagination turned into reality.

1. **Mission Statement**

Mission Statement follows the Vision Statement and it defines what the organization has to do to make its dream reality. It handles the question of the company's purpose in a more realistic way than the Vision Statement. A mission statement is drafted to set out the reasons for a business exists and what it hopes to achieve (Phaal, & Muller, 2009). A mission statement is considered effective if it defines the elements which are essential to achieve the firm’s goals. Typically, it communicates the essential priorities of the firm such as product manufacturing and its selling. If we revisit the example of a fictional refrigerator company, the firm intends to build and distribute computers through retail outlets for middle-class households and focuses on emphasizing on better customer services.

1. **Strategic Time Frame**

Every business strategy is formulated keeping in view that it would consume a certain amount of time to be fulfilled; the description of that amount is called Strategic Time Frame. A time frame is set out to pursue the short, mid, and long term goals of a firm. This component of a strategic planning framework provides a common frame of reference to every member of the company.

1. **Strategic Objectives**

The fourth and an important component of the strategic planning framework is called Strategic Objective which constitutes goals that a firm intends to achieve. Companies usually set goals that they will pursue in steps in a different amount of time. In the example of Refrigerator Company mentioned above, the firm can set what kinda quality they of the refrigerator in what amount of time and how much time they would require to present the product in the market. Moreover, the time frame may also define how much time the company would require to update the product in a certain way.

**The Value of Using a Strategic Planning Framework**

The value of using a Strategic Planning Framework can be understood by the phenomenon that almost a very successful firm in the modern era has a history of spending much money and time on the formulation of a Strategic Planning Framework. Co-Founder, Chief Operating Officer & Product Management of Envisio Solutions Inc. Cara Ong identifies five important benefits of formulating a strategic planning framework. At first, a strategic planning framework helps the organizations to stay proactive rather than reactive while competing with other rivals in a market. A firm can foresee its future and prepare itself accordingly with the help of a strategic planning framework (Mazzarol, 2004). For instance, a company can anticipate certain unfavorable scenarios before they happen and can avoid threats before time. By staying proactive with the help of a strategic planning framework firms stay up to date about the market trends. Secondly, a strategic planning framework sets a sense of direction for a firm. It means that it helps the firm to identify the track it would follow in the future. Thirdly, by keeping the firm proactive, up to date and aware of its track, the strategic planning framework increases the operational efficiency of the firm. The fourth major benefit of formulating a strategic planning framework is that it helps the firm to increase its market share and increase the profit (Ward, & Griffiths, 1996). A strategic planning framework is of much value for long-term success and sustained competitive advantage as by suggesting an organized and clear business strategy it can make a business more durable. Ong argues that business is a tumultuous concept as it may be booming one year and in debt the following year. An up to date and comprehensive strategic planning framework helps the firm to survive and grow in the rising and falling social and economic context of the firm.

**The Role of Leadership in the Strategic Planning Process**

Barron defines the role of strategic leadership in his article *Strategic Leadership: Theoretical and Operational Definition* (1995) published in the Journal of Structural Psychology in the words that leaders should think strategically about where changes are needed and why. Psychology When a firm runs, the leader is always on the driving seat. A competent and committed who is aware of the business strategy and goals of his/her firm can make the firm the leader company in the market whereas a leader who lacks such traits can cause unrepairable harm to the firm. According to Barron, strategic leadership is demonstrated by individuals in all areas of the organizational environment who possess skills to create and communicate vision and effect change through interactive leadership. Leadership is not only the CEO of a company rather all the departmental heads who contribute to decision making in a company are called leaders (Mapetere, Mavhiki, Nyamwanza, Sikomwe, & Mhonde, 2012). A competent and wise leadership formulates the strategic planning framework according to the rules of SMART (Specific, Measurable, Achievable, Realistic, and Timely) goals. After formulating a framework successfully, the leadership plays an instrumental role to apply strategic planning to run the operations of the firm. Workers just come, work, and go, it is the leaders who take responsibility for the success or failure of the company.

Leadership has the responsibilities like developing an initial agreement concerning the strategic planning effort, identifying and clarifying mandates, values, and the mission of the firm, and exploring the environment outside the organization in order to identify the opportunities and threats the organization is facing. Leadership is obliged to conduct an internal environmental assessment to identify its strengths and weaknesses that are also called SWOT analysis.

**AFI Strategy Framework**

The strategic planning process goes on under the shadow of AFI Strategy Framework that is defined as a model that links three independent strategic management tasks that together help a firm to pursue its goals. AFI Strategy Framework includes three tasks: Analyze, Formulate, and Implement. External and Internal Analyses of a company are made to set goals for the company. After analyzing and assessing the internal cum external factors that can influence the performance of a firm, AFI Strategy Framework suggests to formulate a business strategy (Rothaermel, 2016). It determines how the firm would pursue its development goals. The third task of the AFI Strategy Framework suggests implementing the formulated strategy. Strategic Leadership, Corporate Governance, and Organization Design are included in this task. Moreover, leadership observes Business Ethics on this stage.

**Conclusion**

The art of formulating business strategies, implementing them, and evaluating their impact based on [organizational objectives](https://corporatefinanceinstitute.com/resources/knowledge/strategy/corporate-strategy/) and goals is called Strategic Planning. Strategic planning sets out a road map for a company to follow in the pursuance of its goals. It also guides the leadership to identify the step it needs to take to reach the destination. Key components of a Strategic Planning Framework include Vision Statement, Mission Statement, Strategic Framework, and Strategic Objectives. Vision Statement gives a picture of the future a company intends to pursue whereas Mission Statement identifies the step the company would take to achieve those goals. Strategic Timeframe explains the amount of time the firm would require to achieve the identified goals whereas Strategic Objectives are the actual goals the organization intends to pursue. Formulating a strategic planning framework for a company has become too important in this competitive era that no organization can achieve its goals without formulating a well-defined and comprehensive strategic planning framework. Leadership is the central entity in the performance of a company that a company with able and prepared leadership might go far ahead of another company only because of leadership differences. All the Strategic Planning is formulated and implemented in accordance with the AFI Strategy Framework that consists of three stages like Analysis, Formulating, and Implementation of a business strategy. In simple words, a pre-analysis of the internal and external environment of a company is made before formulating the business strategy. Business Strategy follows this stage where the leader decides what to do. In the final stage, the formulated business strategy is implemented practically.

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