**CorporatePlanning**:Corporateplanningreferstotheprocessofplanningundertakenbytopmanagementtoachievetheirorganizationgoals.

# Twosignificantphasesincorporateplanning:

1. EnvironmentalScanning
2. Strategyformulationandimplementation

Missionistheguidingforceforalltheactivitieshere.Thefirststepintheprocessofachievementofthemissionistobreakthemissionintoobjectives,strategiesandprogrammehavetobeformulatedandimplementedtoachievethegivenobjectiveswhichwouldeventuallyleadtothefulfillmentofmission.

**Mission**:Thisisalsocalledoverallobjectiveoroverallgoal.

**Missionorpurpose**:Themissionorpurposeidentifiesthebasicfunctionortaskofanenterprisesoragencyorofanypartofits.Everykindoforganizedoperationhas,oratleastshouldhaveifitistobemeaningful,purposeormission.

Somewritesdistinguishbetweenpurposeandmission.Whileabusinessforexamplemayhaveasocialpurposeofproducinganddistributinggoodsandservices.Itcanaccomplishthisby fulfillingamissionofproducingcertainlineofproducts.

**Objectives**:Objectivearetheendstowardswhichactivitiesisaimed-theyareresults tobe achieved. Theyrepresentnotonlytheendpointofplanning buttheend towardwhichpoint ofplanning buttheendtowardwhichorganizing,staffing,leading andcontrollingareaimed. Whileenterprisesobjectivesarebasicplanoffirmadepartmentmayalsohaveitsownobjectives.

**Goal**:Itgoalsnaturallycontributetotheattainmentofenterprisesobjectivesbutthetwosetsofgoalsmayentirelydifferent.

**Forexample**:Theobjectiveofabusinessmightbetomakeacertainprofitbyproducingagivenlineofhomeentertainmentequipment,whilethegoalofthemanufacturedepartmentmightbetoproducetherequirednumberoftelevisionsetsofgivendesignandqualityatagivencost.

**Strategies**:“PlanofAction”

1. Generalprogramsofactionanddevelopmentofresourcestoattaincomprehensiveobjectives
2. Theprogramofobjectivesofanorganizationandtheirchanges,resourcesusedtoattaintheseobjectives.
3. Thedeterminationofbasiclong-termobjectivesofanenterpriseandadoptionofcoursesofactionandallocationofresourcesnecessarytoachievethegoals.

**Policy**:Policyabroadguidelinesetbythetopmanagementforthepurposeofmakingdecisionsatdifferentlevelsintheorganization,oncethecorporateobjectivesareestablishedpoliciescanbeformulatedorganizationpolicyreflectstheowner’sattitudetodifferentsegmentssuchacreditorstheemployees,customersandsocietyatlarge.

**Programmes**:Programmesrefertothelogicalsequenceofoperationstobeperformedinagivenprojectbasedonasetofgoals,policies,procedures,rulesandtaskassignments.Theyareusedcarryoutagivencourseofaction.

**Purpose**:Astrategyisanoperationaltooltoachievethegoals,andthus,thecorporatemission.Strategiesdono attempttooutline exactlyhowtheenterpriseistoaccomplishitsobjective.Acompanymayviewdownsizinginacompetitivemarketto rendercosteffective services.Thus,strategyprovidesaframe worktoguidethinkingandaction.

**StrategicManagementProcess**:Strategicmanagementisaprocessorseriesofsteps.Thebasicstepsofthestrategicmanagementprocessare

Identifying CorporateMission:Identifywhattheorganizationwantstoachievetostartwithforthepurposeofitisnecessarythatallconcernedpartiesunderstandtheoverallpurposeoftheorganizationandthemethodsofattainingthem.Itisalsodesirablethattheyagreeonthecorporatepoliciesoftheorganization.

Formulatestrategicobjectives:Bypreparingstatementsofmission,policy,strategy,andgoals,thetopmanagementestablishedtheframeworkwithinwhichitsdivisionsordepartmentspreparetheirplans.Itisessentialthatthemembersoftheorganizationagreeonthesegivenstrategicobjectives.Thestrategicobjectivesthusformulatedreinforcethecommitmentofthemembersoftheorganizationtoachievethecorporategoals.

Appraiseinternalandexternalenvironment:Toevolvealternativestrategiestoachievetheseevolvealternativestrategiestoachievethesegoals,adetailedappraisalofboththeinternalandexternalenvironmentiscarriedout.Theappraisalofinternalenvironmentreveals thestrengths and weakness of thefirm.Theappraisalofexternalenvironmentrevealstheopportunitiesandthreatsforthefirm.ItispopularlycalledasSWOTanalysiscapitalizesoninternalstrengths,makeuseofbestopportunitiesandbewareofthethreatsintheexternalenvironment.

Developandevaluatealternativestrategies: Therecouldbesomealternativestrategiestopursueagivengoals.Ifthegoalistoexpandthebusiness,thefollowingcouldbethethreealternatives.

* Soldnewproductstotheexistingproductline
* Findingnewmarkets,apartfromthepresentmarketterritories.
* Manufacturingwithintheorganization,thecomponents,whichwereearlierprocuredfromoutside.

Similarly,ifthegoalistoattainstability,thealternativestrategiescouldbetomaintainthefollowing.

* Theexistingrangeofproducts
* Theexistingmarkets
* Thefunctionspresentlybeingcarriedout.

Selectthebeststrategy:Forthefirmtobemoresuccessful,itisnecessarytofocusitsstrategiesarounditsstrengthsandopportunities.Itisaprerequisitethatthenumbersoftheorganizationagreeonthestrategicplan.Suchaplan,whichhasbeengenerallyagreedupon,isnormallyconsideredasthebeststrategy.

Establishstrategicbusinessunits(SBUs):Itismorestrategictodefineabusinessunitintermsofcustomergroups,needsand/ortechnologyandsetupthebusinessunitaccordingly.Mostofcompaniesdefinetheirbusinessesintermofproducts.

FixtargetallotresourcestoeachSBU:ThedevelopmentofSBUsbasedonappropriatefindingthetoplevelmanagementknowsthatitsportfoliohascertainold,establishedrelativelynew,andbrandnewproducts.

ResourcesshouldbeallocatedbasedonmarketgrowthrateandrelativemarketshareofSBUs.Hereresourcesmeanexecutivetalentmoneyandtime.

Developing operatingplans:Theoperating plan explainhow thelong-termgoalsoftheorganizationcanbemet,thecorporateplansrevealhowmuchtheprojectedsalesandrevenuearewherethetopmanagementfindsasignificancegapbetweenthetargetedsalesandactualsales,itcaneitherdeveloptheexistingbusinessoracquireanewonetofillthegap.

Monitorperformance:Theresultsoftheoperatingplansshouldbewillmonitoredfromtimetotime.Inthecaseofpoorperformance,checkupwiththemembersoftheteamtofindouttheirpracticalproblemsandsorttheseout.Also,itisessentialtoverifywhetherthereareanygapsinformulatingtheoperating/tacticalplans.

Revisetheoperatingplans,wherenecessary:Itisnecessarytorisetheoperationalplansparticularlywhenthefirmdoesnotperformaswellasexpected.Theplanescanberevisedintermsoffocus,resourceortimeframe.

Functional areaprofit

# Environmentscanningprocess

CorporatePlanning

Environmentalscanning

Environmentalanalysis

Environmentaldiagnosis

InternalEnvironment

ExternalEnvironment

GeneralEnvironment

IndustryEnvironmen

InternationalEnvironment

Strategicadvantage profile

Opportunity and Threats

Strength and Weakness

**EnvironmentalScanning**:Environmentalscanningisavitalpartofthecorporateplanningprocess.Effectiveplannerstrytoanticipatewhatislikelytohappenorattempttoinfluencetheenvironmentinfavourabledirections.Thisrequireslong-termstrategicvisionandcommitmentstocorporateplanning.

Evaluation

Whyenvironmentalscanning:

* Thebanksandbusinessenterprisesinthepublicsectorarebeingdisinvestedbythegovernment.
* Thegovernmentpolicieskeepingchangingthecurrentfocusofthegovernment ofIndiahasbeenanglobalization,privatization,deregulation.Asaresultsforeigngoodsarebeingdumpedintothemarkets.
* Computershavewipedoutthemarketfortypewritersandelectronictypewriters.
* Info-techindustry,whichwasverystrongforoverdecades,suddenlyrevealeddowntrend.
* TheadventoftelevisionchannelshasalmostzeroeddownthemarketforVCRandsignificantlyaffectedtheflowoffilmviewertraffic.

**Environmentalanalysis**:Referstotheprocessofanalyzingtheenvironment,component-wiseorsector-wisetoprovideabasisforfurtherdiagnosis.Itinterrelatestheformationofobjectives,generationofalternativestrategies,andotherrelatedissues.

**Environmentaldiagnosis**:Comprisesthemanagerialdecisionsbasedontheperceivedopportunitiesandthreatsofthefirm.Ineffect,ithelpstodeterminethenatureoftheimpendingtaskstotakeadvantageofopportunityortoeffectivelymanagethreat.

**ExternalEnvironmentAnalysis(OpportunityandThreat)**:Theexternalenvironmenthasaprofoundimpactonthebusinessoperationsirrespectiveofthe natureofthe business.The businesshas tomonitorthe keyforces both in tomicroandmacroenvironment.Theforcesinthemicro-environmentmaybecustomercompetitors,andother

Theforcesinthemacroenvironmentmaybedemographic,economic,technologicalsocio-cultural,politicalorlegal.Allthesefactorsandpartiesaffectthebusinessoperationsbothintheshortandlongrun.Thesefactorscanbegroupedunderthreepartsoftheenvironment.

1. Generalenvironment
2. Industryenvironment
3. Internationalenvironment
4. Generalenvironment:Afirmissaidtobemoreeffectivewhenitsstrategycaterstotheneedseffectivewhenitsstrategycaterstotheneedsoftheenvironment.Theadditionalfeaturesaddedtothemainproductattimescouldprovideanewlifetothemainproduct.Thecorporateunits,whichrealizethis,willsurviveinthelong-run.

Thus,themajorcausesofgrowth,decline,andotherlargescalechangesinfirmsarethefactorintheexternalenvironment,notinternaldevelopment.

* + Socio-economicsector
	+ Thetechnologicalsector
	+ Thegovernmentsector
1. Industryenvironment:Itisanimportantcomponentoftheoverallenvironmentalanalysisasinputforcorporateplanning.Industryreferstothegroupoffirmscarryingonsimilaractivity.Ithasthreesectors,customers,suppliersandcompetitors.

Customers:Thestrategistmustidentifyandanalyzethecustomersfortheorganizationlocatesthepotentialcustomersandtheemergingchangesintheirbuyingpattern.Itisnecessarytoidentifytheprofileofbuyersintermsoftheirneedsandpreferencesbasedonthebasicdemographicfactorssuchasage,incomesizeofhouseholdandconsumptionpattern.Thesefactorscreatetheprimarydemandforproductsorservice and help to scanthegeographicalenvironmentforpotentialmarketandcustomers.

Suppliers:Strategistalsomustdeterminetheavailabilityandcostsofsupplyconditionincludingrawmaterials,energy,prevailingtechnology,moneyandlabour.Thesuppliercaninfluenceafirmanditsstrategy,particularlywhenthefirmisoutsourcingitslogisticrequirements.

Competition:Thestrategistmouldshisstrategyinthelightofthecompetitor’sstrategy,theexitorentryofcompetitorstobeanalyzedanddiagnosed.

1. InternationalEnvironment:Thestrategyofglobalizationimpliesagreatsourceofopportunitiesandalsothreatstobusinessfirms.Suchfirms,whichanmakeuseoftheopportunities,wouldflourishandthose,whichcannotgearup,woulddemise.

**InternalEnvironmentanalysisanddiagnosis**:Internalenvironmentalanalysisanddiagnosisisaprocessofanalyzinganddiagnosingthefirm’sinternalstrengthsandweaknesses.Byidentifyingitsstrengthandweaknesses,thefirmcanstrategicallyexploittheavailableopportunities,overcomethreats,andcorrectweaknessesplacingitselfatacompetitiveadvantage.

Conductinginternalanalysisanddiagnosis:Identifyfirsttheinternalstrengthandweaknesses.Thestrengthandweaknessesmayincludethefollowing.

* + Marketingfactors
	+ Researchanddevelopment
	+ Engineeringdesignandmanagement
	+ Productionmanagement
	+ Managerialpersonnel
	+ Accountingandfinancialpoliciesandprocedures.

# Profileofresearchanddevelopment:

* + Financialresources(budgettoconductresearch,todevelopnewproductsandprocesses,improveexistingprocessesandsoon)
	+ Infrastructure(intermsofstate-of-the-arttechnologies)
	+ Human resources (howmanyscientist and engineers are required,presentlyavailable,turnoverofkeypersonnel)
	+ Organizationalsystem(systemtomonitortechnologicaldevelopmentsfromtimetotime)

**Strategy advantageprofile**:Theultimateresultofsuchadetailedinternalanalysistobuildastrategicadvantageprofilestrategicadvantageprofileisatoolusedtoevaluatesystematicallytheenterprisesinternalfactorsthecompetitivestrengthsorweaknessesforeachinternalareasuchasmarketing,R&Dandothers

**SWOTAnalysis**:SWOTanalysisisdefinedastherationalandoverallevaluationofacompany’sstrength,weakness,opportunities,andthreatswhicharelikelytoaffectthestrategicchoicesignificantly.

**Externalenvironmentanalysis (Opportunities andThreats)**:The externalenvironmenthasaprofoundimpactonthebusinessoperationsirrespectiveofthenatureandsizeofthebusiness.Thebusinesshastomonitoritskeymacro-environmentforcesandmicroeconomicparties.

Opportunities:Itnecessaryshouldidentifywhatopportunitiesareavailabletoittofocusupon.Thelatesttechnology,deregulatedorfreemarkets,liberalizedrulesandregulationsandothermay make alotofdifference forabusinessorganizationprovideditcanenvisionhowtoavailthesevisionaryidentifyopportunitiesfromtreats.

Threats:Somedevelopmentintheexternalenvironmentrepresentsthreats.Athreat isachallengeposedbyanunfavorabletrendoradevelopmentthatresultsinthelossofsalesorprofittilladefensivemarketingactionisinitiated.Afewexampleofthreatcouldbeoutlinedaschangeingovernmentpolicysuchasliberalizationprivatizationandglobalization,changingtechnologychangingvaluesystemsenvironmentalconstraintslawandorder.

**Internalenvironmentanalysis(StrengthandWeakness)**:Itisnecessarytoanalyzeone’sownstrengthandweaknessperiodicallytosustainthedegreeofitscompetitivestrength.Generallytopmanagementoranoutsideconsultantreviewscompetenciespertainingtomarketing,financial,manufacturingandorganizationalsystemandrateseachfactorasamajorstrength,minorstrength,mental,factor,minorweakness,ormajorweakness.

Strength:Itisnotnecessarythatabusinessorganizationhastocorrectall itsweaknessnorthatitspropagateitsstrength.Thebigquestioniswhetherthebusinessshouldlimititselftothoseopportunities,whereitspossessestherequiredstrengthorshoulditconsiderbetteropportunitieswhereitmighthavetodevelopcertainstrength.

Weakness:Sometimesthecompanymaynotdowellnotbecauseitsdepartmentslacktherequiredmotivationbutbecausetheydonotworktogetherasateamforexampleconsiderthecaseofanelectronicscompanywhichemploysengineers,salesandservicestaffforitsoperations.Itisnotadequateiftheykeepondoingtheirwork.Theorganizationbecomesmoreeffectiveonlywhentheyworkasateam.Itistherefore,criticallyimportant tobuild effective teams and assess theeffectiveness oftheseteams.Thisisapartoftheinternalenvironmentalaudit.Progressivecompaniesadoptthisstrategy.

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| **Strength:**1. Valueformoneyprogramme
2. Pooloftrainedfaculty
3. Widechoiceofoffering
4. Nationalnetworkofwellequippedtrainingcentre
 | **Weakness:**1. Notaggressiveinselling
2. Coursedifferentialsnotsharp
3. Counselorenthusiasminadequate
4. Customersservicenotfocusedenough
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| **Opportunities:**1. Growing demand for computereducation
2. Computer library be coming anecessity
3. Growthofrichtrainingneeds
4. Need for customized trainingmodules
 | **Threats:**1. Riseinnumberofcompetitions
2. High rate of technologicalobsolescence
3. Commoditizationoftrainingundercuttingoffees.
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**StrategyFormulation**:Thisisoftenreferredasstrategicplanningorlong-rangeplanning.Thisprocessisprimarilyanalytical,notaction-oriented.Thestrategyformulation process isconcernedwithdevelopingacorporatemission,objectives,strategyandpolicy.

Thisprocessinvolvesscanningexternalandinternalenvironmentalfactors,analysisofthestrategicfactorsandgeneration,evaluation,selectionofthebestalternativestrategyappropriatetotheanalysis.

HenryMintberghaspointedoutthatcorporationsobjectivesandstrategiesarestronglyaffectedbytopmanagement’sviewoftheworld.Thisviewdeterminesthemodetobeusedinstrategyformulation.Thesemodesincludes

Entrepreneurialmode:onepowerfulindividualformulatesStrategy.

* Thefocusisonopportunitiesratherthanonproblems.
* Strategyisguidedbythefounder’sownvisionofdirection.

AdaptiveMode:Thisstrategyformulationmodeischaracterizedbyreactivesolutionstoexistingproblemsratherthanaproactivesearchfornewopportunities.

PlanningMode:Analystsassumemainresponsibilityforstrategyformulation.

Strategicplanningincludesboththepracticesearchfornewopportunitiesandthereactivesolutionofexistingproblems.

Thus,strategyformulationprocessinvolvesenvironmentalanalysisorganizationalanalysis,developmentofstrategicalternativesandanalysisandselectingthemostappropriatestrategyfromthealternativesdeveloped.

Thecorporatelevelstrategiesinclude:

* Stabilitystrategies
* Growthstrategies
* Retrenchmentstrategies
* Combinationstrategyorport-foliorestructuring

# Implementationofstrategies:

* Institutionalizationofstrategy
* Settingproperorganizationalclimate
* Developingappropriateoperatingplans
* Developingappropriateorganizationalstructures
* Periodicreviewofstrategy