Chapter 4
Approaches to Strategy Development

ABSTRACT

This is a review of the work of several authors writing about strategic planning in the order it is done to obtain a broad view of different approaches to the strategic planning issue and what different authors consider to be the key elements of information that are needed to describe the future direction of an organisation. The search is for a degree of commonality between the different approaches and between the different terminologies used.

INTRODUCTION

This chapter is the beginning (phase one) of the normative research model and is about determining the initial state of the topic under investigation. This chapter is also assisted by the descriptive research that is reviewed in chapter 8. The literature that is concerned with the strategic development of organisations was reviewed to investigate the opinions of several different authors to see what they consider to be the critical information elements used to define the strategic direction for the organisation: these information elements are then examined to see if a common set of elements can be determined, that can then be used to form the development of the proposed IARM. Alternative strategic planning models used to represent the concept of organisational strategic planning (OSP) are examined to identify any commonality in the various process steps for strategic planning.

The literature indicates there is considerable confusion with strategic planning terminology and over which planning functions are encompassed within each author’s consideration of the strategic planning landscape. Rea and Kerzner (1997) write that “despite a rich and varied history, all this strategic-planning experience has not led to a single school of strategic thought or to a set of concepts that will work well in all circumstances” (p.2).

Lynch (2003) also writes about the disagreement between researchers on the definition of strategic planning and uses the term ‘corporate strategy’ which defines “an organisation’s basic direction for the future: its purpose, its ambitions, its resources and how it interacts with the world in which it operates” (p.5).
Ball (1982) defines strategic planning as a “process for exercising favourable influence over future events” (p.33). Barry (1998) writes that “strategic planning is the process of determining what your organization intends to accomplish and how you will direct the organization and its resources toward accomplishing these goals in the coming months and years” (p.1) and, from a different perspective, Gordon (2005) writes states “for stakeholders the strategic plan is their roadmap to the future they have envisioned” (p.1).

There are many alternative views about what is meant by the term ‘strategic planning’ and even whether it is worthwhile. McKay and Marshall (2004, p.23) cite Magretta who writes that “the terms ‘business model’ and ‘strategy’ are among the most sloppily used in business, People use them interchangeably, to refer to everything – so they mean nothing” (Magretta, 2002, p.2). The use of the terms ‘business modeling / planning’ and ‘strategic planning’ could be clarified by use of the following quote.

While the strategic plan looks outward and surveys the environment in which the organizational unit operates, customer attributes, and competitive forces; the business plan looks inward and is concerned with what the organization will do to fulfill the requirements of the strategic plan. (Department of Defense, 1993, Ch 4 p.1).

McKay and Marshall continue with citing Quinn’s explanation of strategy as follows:

A well formulated strategy helps to marshal and allocate an organisation’s resources into a unique and viable posture based on its relative internal competencies and shortcomings, anticipated changes in the environment and contingent moves by intelligent opponents (Quinn, 1996, p.3).

Roney (2004) reviews significant books on business planning, starting with Drucker’s The Practice of Management (1954), then Anshoff’s Corporate Strategy (1965), and Steiner’s Top Management Planning (1969). Roney follows Steiner in the use of the term comprehensive planning, to refer to the “systematic procedure for selecting goals and strategies that define, respectively, standards for the future success of a business or corporation and the deliberate pursuit of those standards through objective seeking work” (2004, p.33). However Roney (2004), while admitting that other terms are more generally used, such as strategic management, strategic planning, long range planning, business planning and corporate planning, however comments that as none are universally accepted, he prefers the term comprehensive planning as he feels it is more descriptive of an overall planning scheme.

This author uses the term ‘organisational strategic planning’ (OSP) as the expression of the concept because this research is more concerned with the implementation aspects which are generally agreed to be of a planning nature, rather than strategy formulation which is the creative innovation required to determine the strategic direction of the organisation.

A cross section sample of management writing from several different authors is reviewed to guard against a single bias view of strategic management theory the authors reviewed included:

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