

STRATEGIC PLANNING PROCESS IN ORGANIZATIONAL DEVELOPMENT

Mohammad Eshteivi Ahmouda Shafter

Faculty of Economics, Azzaytuna University, Libya

Dr. Adu Ssalam Masaud Hander

Faculty of Economics and Political Science, Azzaytuna University, Libya

Dr. Saleh Salem Ghnaem

Faculty of Economics, Azzaytuna University, Libya

ABSTRACT

Strategic planning is a set of intentions expressed as a plan. The plan turns the intentions into reality by focusing on the broad future of the organization based on an analysis of the external and internal environment. To be prepared, we need to build plans that articulate priorities and strategic actions that will get us ready for the future, and we need to do the tasks to implement effectively in an ever-changing environment. As a result, our planning process focuses a organization management/leadership team on planning not just for market and product/service growth but also on planning for the development of the infrastructure (resources, operational systems, management systems, and organizational culture) needed to promote sustainable success. In a very real sense, our strategic planning process is a comprehensive “strategic organizational development planning process.”

Key words: planning process, strategic organizational development, Management Systems

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1. INTRODUCTION

Management Systems has developed a unique, proven methodology for strategic planning that has been used by hundreds of organizations to grow successfully and profitably over the long term. Strategic planning in these turbulent times must be relevant, cost-effective, and transforming. It can help us, our employees, and our utility adapt and respond to new demands and emerging issues. This new kind of strategic planning process is based on assumptions that reflect our real world, so the plans it produces fit with the day-to-day questions and actions that shape the success of our enterprise.

There is broad agreement among nonprofit leaders and experts that planning is a critical component of good management and governance. Planning helps assure that an organization remains relevant and

responsive to the needs of its community, and contributes to organizational stability and growth. It provides a basis for monitoring progress, and for assessing results and impact. It facilitates new program development. It enables an organization to look into the future in an orderly and systematic way. From a governance perspective, it enables the Board to set policies and goals to guide the organization, and provides a clear focus to the Executive Director and staff for program implementation and agency management. Most organizations understand the need for annual program objectives and a program-focused work plan. Funders require them, and they provide a basis for setting priorities, organizing work, and assessing progress. A growing number of Hispanic community-based organizations go beyond funder requirements to develop annual objectives and operating plans which also include a systematic plan for resource development, organizational development, and in some cases Board development. Most groups find it practical to define objectives for a 12-month period, and to design strategies and programs to meet them.

2. MATERIAL AND METHODOLOGY

2.1. Steps in the Management Systems' Strategic Planning Process

Management Systems methodology for strategic planning consists of six steps, as shown in below.

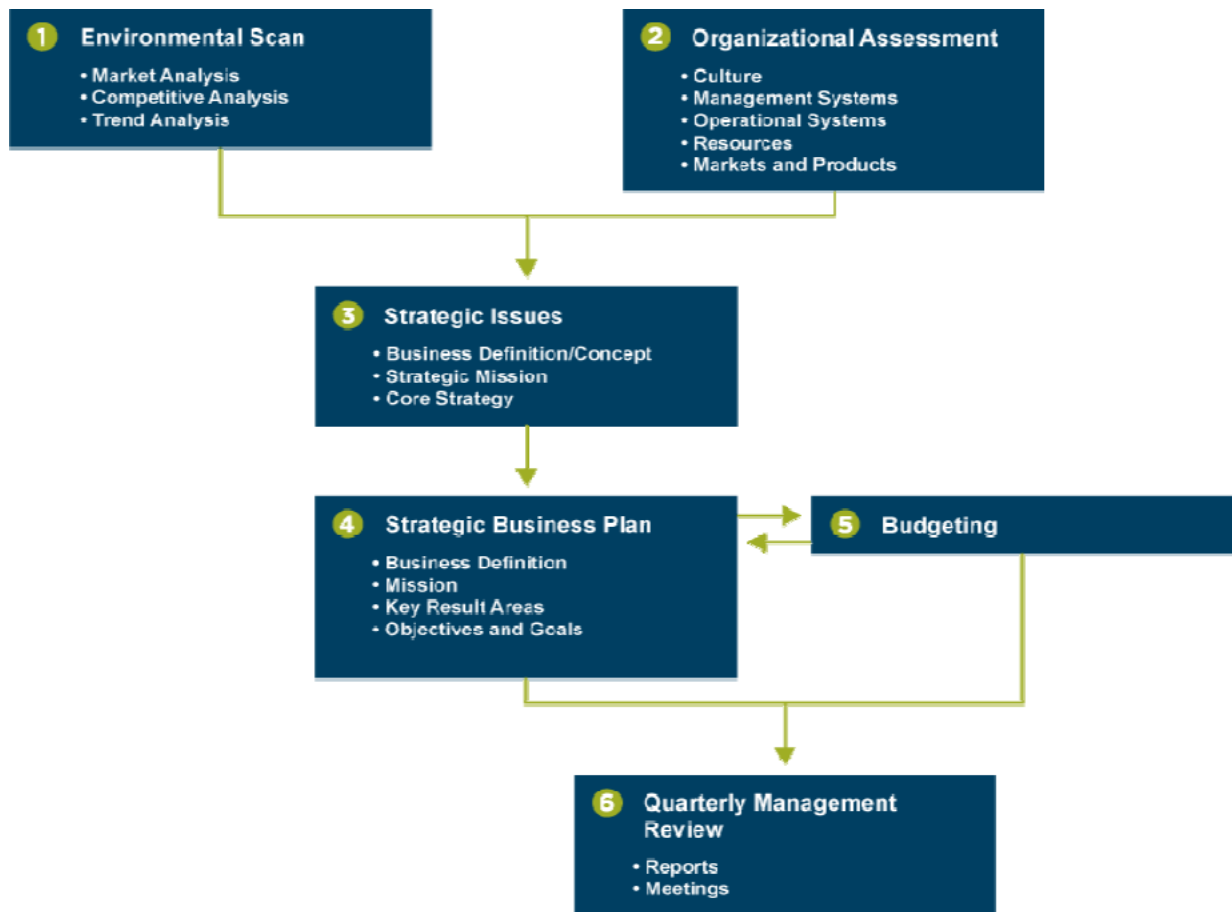


Figure 1 Steps in strategic planning process

2.2. Steps in Management Systems' Strategic Planning Process

Step 1: Environmental Scan

- Identify Target Market (Customers) and strengths and limitations with respect to meeting market needs
- Identify the strengths and limitations of Key Competitors
- Identify Key Market Trends and the threats and opportunities they present

Step 2: Organizational Assessment

- Identify the company's strengths and limitations at each level in the Pyramid of Organizational Development™

Step 3: Strategic Issue Resolution

- Identify and work to resolve specific strategic issues – identified through an analysis of information collected about the company's environment and internal capabilities.

Step 4: Strategic Business Plan

This plan consists of the following components:

- Business Definition/Concept Statement: A one- to three- sentence statement that answers the question: "What business are we in?" It identifies the boundaries in which the business will operate and provides focus.
- Strategic Mission Statement: A broad statement of what an organization wants to achieve during the planning period (typically 3-5 years). The Strategic Mission Statement should include specific targets (e.g., revenue, market share, profitability, expansion, brand, etc.) against which performance can be assessed and a date (3-5 years out) by which these targets should be reached.
- Core Strategy: Defines how the organization will compete to "win the game" in its market. A Core Strategy (or what might be thought of as an organization's "success formula") should reflect the factors that differentiate or will differentiate the company from those with whom it competes for customers. These factors should be truly unique.
- Key Result Areas (KRAs): Areas of an organization's operation in which performance has a critical impact on the achievement of the overall Strategic Mission. In a very real sense, Key Result Areas or "KRAs" are critical success factors.
- Objectives: Broad statements of what an organization wants to achieve in the long run (that is, by the Strategic Mission's due date). In a sense, Objectives reflect the strategy that the organization is adopting with respect to each Key Result Area (KRA). Each KRA will have one or more Objectives.
- Goals: Specific, measurable results that an organization wants to or needs to attain by a specified due date to make progress in achieving a specific Objective. Goals should be SMART:
 - Specific – Define a specific outcome
 - Measurable – Targets against which progress can be assessed
 - Accountable – someone on the team has responsibility for each Goal – and Actionable – action can be taken on the Goal
 - Realistic – a high probability that the Goal can be achieved by its due date – and Results-Oriented – results to be achieved, versus action to be taken
 - Time-Dated – Specific due date

Step 5: Budgeting

- Identifies how financial resources will be invested to help the organization achieve its plan.

- Involves translating the overall strategic plan into financial terms. It should be noted that the development of a strategic plan and budget is an iterative process – it may be that an organization will need to adjust its strategic plan, depending upon the financial resources available to support it.
- Budgeting is the responsibility of an organization's "CFO."

Step 6: Management Review

- A half- to full-day meeting each quarter during which management:
 - Reviews progress being made against Goals.
 - Celebrates successes with respect to achieving Goals.
 - Identifies any problems or anticipated problems with respect to achieving Goals and develops plans to address these problems.
 - Discusses and works to resolve any other issues that might affect organizational performance. These include new opportunities or threats presented by the market and changes to the company's internal operations.

3. RESULT AND DISCUSSION

Strategic planning helps provide an organization with an intentional and focused way to arrive at decisions and actions that will guide what it do and why it does it. Strategic planning typically involves a review and examination of an organization's mission, vision, values, goals, and objectives. As part of this process, the board and staff will oftentimes do a situational analysis. This involves both an internal analysis and examination of the organization's strengths and weaknesses and an external analysis or environmental scan that looks at trends, opportunities, or threats that might affect its viability. Nonprofits should have a clearly stated mission. A mission statement describes the overall purpose of an organization, and it answers the question, "Why do we exist?" It also says, "This is who we are and what we're all about." It is important for the board and staff to periodically revisit the mission. This review helps affirm the mission's relevance and accuracy. It can also be a catalyst for revising it to reflect changes in the external environment or in the nonprofit's particular field. The mission becomes the anchor for developing broad organizational goals and corresponding objectives and strategies. A major benefit of a clear and focused mission is how it can help the board and staff makes decisions about continuing or expanding existing programs and services, eliminating them, or creating new ones. The time horizon for strategic planning has changed considerably in the past several years.

There are a variety of approaches that a board and staff can take to strategic planning. The differences are usually the order in which certain parts of the process are done (e.g., developing the mission statement before or after conducting the situational analysis) or the particular activities conducted as part of the preparation (e.g., if interviews or surveys will be conducted with various groups of stakeholders, or if certain kinds of data need to be collected or research done).

4. SUMMARY AND CONCLUSION

This approach has a new effective strategic planning approach incorporating six methods and business tools that can be customized by individual utilities to respond to their specific landscape needs. This unique approach – Scan, Plan, Do provides an effective strategic planning framework specifically designed

- Designs an approach to fit our organization and utility's need resulting in a tailored planning process
- Focuses our utility on the important strategic issues yielding a strategic plan that is relevant to our external and internal landscape
- Aligns our organization with the strategic direction creating a common understanding and commitment to implementing strategic change

- Integrates strategy with utility operational plans supporting the successful execution of strategic and operational goals
- Offers unique and specific strategic planning tools for utilities, easing the need to adapt tools that are widely used in other industries
- Creates a dynamic, continuing, and sustainable planning process allowing strategic direction to shift and flex with change

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Mohammad Eshteivi Ahmouda Shafter

Lecturer, University Professor in Azzaytuna University, M.Sc. In Business Administration in 2006 from Republic of Sudan, High Diploma in Computer in 2003, Libya Academic Attach of the Libyan Embassy in India 2016, State Supervisor (Australia - New Zealand - Malaysia - India), Teaching staff member at Faculty of Economics, Azzaytuna University, 2012-2016.



Dr. Adu Ssalam Masaud Hander

Faculty member & University Deputy for Administration and Financial Affairs. Ph.D. in Business Administration, University Deputy for Administration and Financial Affairs. Head of Committee for Employees' Affairs, Head of Committee for Bids and Tenders. Head of Committee for Training and Development, Head of Editing Body for Economics and Commerce Journal – Faculty of Economics and Political Sciences – Azzaytuna University – Soug Alahad. Chancellor Designate of Azzaytuna University. Head of many administrative committees.



Dr. Saleh Salem Ghnaem

PhD in Management Business, College Management Academy Studies Supreme, Cairo, Egypt in 2009. Director of the Office of Administrative and Financial Affairs and faculty members at the faculty of Arts and Science Petrhonh from 1995-98, Head of Department of Business Administration, Faculty of Economics and Political Science, Zliten from 1999-2001, President of the University of Zaytuna designate from sept 2012 to Dec 2013, Director of Faculty members at University of Azzaytuna Management from 2013 to 2015, Member of Scientific Committee and its decision for faculty members at the University of Zaytuna from Jan 2013 until Oct 2015.