

Unit 12: Strategic Planning

Unit code: H/602/2330

QCF Level 7: BTEC Professional

Credit value: 15

Guided learning hours: 45

Unit aim

This unit provides the learner with an understanding of how to review current organisational management strategies and the skills to develop a strategy plan in an organisational context.

Unit introduction

A Chinese proverb states that if you are planning for one year, grow rice. If you are planning for 20 years, grow trees. If you are planning for centuries, grow men. This unit focuses on how organisations undertake strategic planning and its importance in a fast changing, turbulent marketplace. Learners will understand why it is important to develop a strategic vision and mission, establish objectives and decide on a strategy. Strategy and strategic plans map out where the organisation is headed, its short- and long-range performance targets, and the competitive moves and internal action required to achieve targeted business results. Learners will understand that a well-constructed strategic plan is essential for organisations to cope with industry and competitive conditions.

In this unit, learners will discover how important it is for an organisation to understand what is happening in their external environment and how the environment is changing. This will then enable learners to review an organisation's existing business plans, using appropriate tools and techniques. Having explored the competitive environment, learners will understand how to develop strategic options using modelling tools and then develop a strategic plan, giving due consideration to the core values, vision and mission of the organisation. Learners will then look at planning the implementation of a strategic plan and the creation of monitoring and evaluation systems to measure progress.

Learning outcomes and assessment criteria

In order to pass this unit, the evidence that the learner presents for assessment needs to demonstrate that they can meet all the learning outcomes for the unit. The assessment criteria determine the standard required to achieve the unit.

On completion of this unit a learner should:

Learning outcomes	Assessment criteria
1 Understand the external environment affecting an organisation	1.1 explain the importance of external factors affecting an organisation 1.2 analyse the needs and expectations of stakeholders of an organisation 1.3 analyse the major changes taking place in the external environment that will affect strategy
2 Be able to review existing business plans and strategies of an organisation	2.1 use appropriate tools to analyse the effects of current business plans 2.2 review the position of an organisation in its current market 2.3 evaluate the competitive strengths and weaknesses of an organisation's current business strategies
3 Be able to develop options for strategic planning for an organisation	3.1 use modelling tools to develop strategic options for an organisation 3.2 develop a comparative understanding of activity from organisations in the market 3.3 create options to form the basis of future organisational strategy
4 Be able to construct a strategy plan for an organisation	4.1 propose a suitable structure for a strategy plan that ensures appropriate participation from all stakeholders of an organisation 4.2 develop criteria for reviewing potential options for a strategy plan 4.3 construct an agreed strategy plan that includes resource implications

Learning outcomes	Assessment criteria
5 Be able to examine factors affecting an organisational strategy plan	5.1 compare core organisational values (ethical, cultural, environmental, social and business) with the current business objectives of an organisation 5.2 develop appropriate vision and mission statements for an organisation 5.3 produce agreed future management objectives for an organisation 5.4 develop measures for evaluating a strategy plan
6 Be able to plan for the implementation of a strategy plan	6.1 develop a schedule for implementing a strategy plan in an organisation 6.2 create appropriate dissemination processes to gain commitment from stakeholders in an organisation 6.3 design monitoring and evaluation systems for the implementation of a strategy plan in an organisation

Unit content

1 Understand the external environment affecting an organisation

External environmental factors: needs and expectations of customer groups, shareholders, suppliers and sub-contractors, the workforce and the community as a whole; review the success and direction of competitors and the market sector as a whole; effects of potential longer-term changes – in politics, and legislation, technology, product design, trends and expectations; use of external surveys and statistics; use of appropriate tools; SWOT (strengths, weaknesses, opportunities, threats) analysis, STEEP (social, technological, economic, environmental and political) analysis; market research; primary and secondary information; customer complaints and feedback; feasibility; competitor analysis; customer analysis; market analysis

2 Be able to review existing business plans and strategies of an organisation

Business plans and strategies: use of appropriate tools eg value chain analysis, Porter's Five Forces, Boston growth-share (BCG) matrix, SWOT analysis; internal surveys and statistics; product life; strategic drift; market share; measures for monitoring and evaluating; unrealised and emergent strategy; life cycle analysis; effects of globalisation; sustainable competitive advantage; pricing strategies; resources analysis; economies of scale and scope; core skills and competences; organisational culture analysis; market equilibrium; experience curves; comparative analysis

3 Be able to develop options for strategic planning for an organisation

Strategic planning: Ansoff matrix strategies; vertical, backwards and forwards integration; horizontal integration; differentiation; cost leadership; Mintzberg's strategies (deliberate, emergent); leadership and differentiation; strategic alliance; merger, acquisition; competitive strategies; value-based strategy; contingency strategy; market niche; market segmentation; adding value; market share; workforce competence development; product portfolio; reconfiguration; gap analysis; profitability; niche markets; present portfolio analysis; benchmarking

4 Be able to construct a strategy plan for an organisation

Management strategy: reviewing options; attractiveness to stakeholders; stakeholder participation; criteria for judging options; feasibility studies; risk assessment; reviewing additional recent material; cost-benefit analysis; consistency with organisational values; effects on market position and share; costs and investments; opportunity costs; scenario planning; simulation modelling; sensitivity analysis; balanced scorecard approach; potential globalisation and internet advantages; resources issues eg financial, workforce

5 Be able to examine factors affecting an organisational strategy plan

Vision versus mission: core organisational values eg ethical, cultural, environmental, social and business; growth; profit; customer orientation; workforce expectation; management style

Objectives and measures: SMARTER (specific, measurable, achievable, realistic, time-based, evaluate, reevaluate) objectives; business ethics; raising awareness; promoting good practice; role modelling; stakeholder involvement; managing diversity; spiritual and cultural issues; environmental considerations

6 Be able to plan for the implementation of a strategy plan

Planning: gaining general organisational agreement; communication with stakeholders; organisational development; timetable for implementation; Business Process Re-Engineering (BPR); management by objectives; action planning, performance appraisal; structure and strategic fit; developing policy; communication systems; guidelines; focus and realignment; contingency planning; monitoring and evaluation control systems; dissemination and cascading processes

Essential guidance for tutors

Delivery

Learning outcome 1 looks at understanding the external environment of an organisation and is an important starting point when studying strategic management. Learners in employment could explore the external environment of their own organisations and draw conclusions on how changes in the external environment impact on their organisations. Learners can also draw on topical examples of how organisations are responding to changes in the external environment, for example technological developments affecting the music and entertainments industry. When learners are examining the external environment, they need to concentrate on customers, competitors and the marketplace.

For learning outcome 2, learners could review the various tools available to analyse existing strategic plans within their organisation (if appropriate). They could be encouraged to assess where their own organisations are positioned in their respective marketplaces. Case studies can be used to good effect in delivering SWOT analysis and other analytical tools can be used to assess the current strategic position of a variety of organisations in a number of different marketplaces.

For learning outcome 3, learners will need to be aware of the importance of developing strategic options. Tutor input could introduce and develop understanding of the use of modelling tools to develop strategic options. Learners may be able to draw on their experiences of this process in their own organisations. Tutor-led discussions can be a useful way of helping learners develop their skills in decision making in relation to available strategic options. Learners could make an assessment of competitor activity and, again, tutors could encourage learners to use experiences and knowledge gained in their own organisations.

For learning outcome 4, learners could be shown how a strategic plan is structured and developed. They could be given examples of existing strategic plans so they can see the variety and differing forms that exist. Learners could then examine how potential options that may appear in the plan are reviewed.

For learning outcome 5, learners need to understand the importance of core values that exist in any organisation and how they are related to business and strategic objectives. Using case studies and other publications, tutors could encourage learners to review a number of different organisations and identify the dominant cultures that exist within them. Tutor-led discussions can then help learners understand how culture, core values, mission and vision are all linked and the impact they have on strategic planning. Learners also need to understand why evaluation and performance measures need to be in place to assess the progress and development of a plan.

For learning outcome 6, learners could be shown how to develop a schedule for implementing a strategic plan and take part in group discussions on the importance of effective communications in ensuring that all stakeholders commit to the plan.

Outline learning plan

The outline learning plan has been included in this unit as guidance and can be used in conjunction with the programme of suggested assignments.

The outline learning plan demonstrates one way in planning the delivery and assessment of this unit.

Topic and suggested assignments/activities and/assessment
Introduction to the unit and the programme of assignments
Tutor-led discussion on external environmental factors affecting organisations – group work and exercises
Tutor-led discussion on how stakeholders influence organisational activity – group work and exercises on customers, competitors and markets
Visit to a local organisation with a talk on how changes are affecting the business
Guest speaker on business planning followed by a group discussion
Tutor input on the use of tools and techniques in planning
Tutor-led discussion on strategic options activity – group work and exercises
Case study exercises covering strategic options
Tutor-led discussion on analysis of competitors' activity – group work and exercises
Guest speaker and discussion on the structure of a strategic plan
Strategic planning case studies
Tutor-led discussion on core values and the importance of vision and mission activity – group work and exercises
Tutor-led discussion on setting objectives – group exercises
Case studies on implementation of strategic plans – monitoring and evaluation
Guest speaker on monitoring and evaluation of plans – discussion and group work
Assignment: The Production of a Strategy Plan for an Organisation (covering all assessment criteria)
Review of unit and assignment guidance

Assessment

Learners need to research information from an organisation and develop a full strategic review of the organisation based on their research.

For AC 1.1 and 1.3, learners need to show that they understand and explain the importance of the various external factors that impact on the way their chosen organisation conducts its business. Learners need to use tools and techniques such as SWOT and STEEP to help analyse the external environment of their chosen organisation and to consider what happens when significant changes occur in the external environment that may cause their organisation's strategic plans to change. Learners need to ensure that their analysis considers customers, competitors and the marketplace in which their organisation operates.

For AC1.2 learners, will be expected to analyse the needs and expectations of all stakeholders of their chosen organisation and how they may have influenced strategic decision making within their organisations.

For AC 2.1, and 2.3, learners will be expected to use appropriate tools to analyse the effects current business plans are having within their chosen organisation and evaluate the competitive strengths and weaknesses of current business strategies in place.

For AC2.2, learners need to review their organisation's current position in its marketplace. This could include market share information and a discussion on competitor activity.

For AC3.1, learners need to use the various modelling tools available to develop strategic options for their chosen organisation.

For AC3.2, learners need to develop a comparative understanding of activity from organisations in the market. They could achieve this by reviewing what other organisations are doing in the marketplace and what this activity will mean for their chosen organisation.

For AC3.3, learners need to create options to form the basis of a future strategy for their organisation. For example, this could be entering new markets or developing new products.

For AC4.1, learners need to propose a suitable structure for a strategy plan. They need to show that the plan will be developed in such a way that all stakeholders in their chosen organisation will be able to participate in its formation.

For AC4.2, learners need to develop criteria for reviewing potential options for their strategic plan. For example, if one strategic option is to raise prices, then the learner would describe how the effect of this would be measured.

For AC4.3, learners need to construct an agreed strategy plan that includes the resources that will be needed to implement the plan. They will need to examine factors affecting their plan, including a comparison of their organisation's values against their current business objectives (AC5.1). From this comparison, they need to develop appropriate vision and mission statements that will guide the plan (AC5.2) and produce agreed future management objectives (AC5.3).

For AC5.4, learners need to develop measures for evaluating their strategy plan.

For AC6.1, learners need to develop a schedule for implementing their strategy plan in their chosen organisation.

For AC6.2, learners need to create appropriate processes to disseminate information to stakeholders in their chosen organisation that will gain their commitment to the strategy plan when it is implemented.

For AC6.3, learners need to design systems that will monitor and evaluate the implementation of their strategy plan.

Programme of suggested assignments

The table below shows a programme of suggested assignments that cover the criteria in the assessment grid. This is for guidance only and it is recommended that centres either write their own assignments or adapt Edexcel assignments to meet local needs and resources.

Assessment criteria covered	Assignment title	Scenario	Assessment method
All assessment criteria	The Production of a Strategy Plan for an Organisation	The learner selects an organisation and undertakes a full strategic review of its activities. The review will include an assessment of the organisation's external environment, a review of its existing plans, consideration of strategic options, the development of a strategic plan, an examination of core values and, finally, the development of a schedule for implementation of the plan, including how it will be monitored and evaluated.	Report

Essential resources

If learners cannot use their own organisations as the basis for assessment, access to local organisations will be a valuable resource.

Indicative resource materials

Textbooks

Barney J – *Gaining and Sustaining Competitive Advantage, 4th Edition* (Pearson Education, 2010) ISBN 0132479060

Cusumano M A and Markides C – *Strategic Thinking for the Next Economy* (Jossey-Bass, 2001) ISBN 0787957291

De Wit, B and Meyer R – *Strategy: Process, Content, Context, 3rd Edition* (Cengage Learning EMEA, 2004) ISBN 1861529643

Grant R – *Contemporary Strategy Analysis, 7th Edition* (John Wiley and Sons, 2010) ISBN 0470747099

Gratton L – *Living Strategy: Putting People at the Heart of Corporate Purpose* (Financial Times/Prentice Hall, 2000) ISBN 0273650157

Harrison J S – *Strategic Management of Resources and Relationships: Concepts and Cases* (John Wiley and Sons, 2002) ISBN 0471222925

Johnson G, Scholes K and Whittington R – *Exploring Corporate Strategy, 8th Edition* (Financial Times/Prentice Hall, 2008) ISBN 1408206935

Johnson G and Scholes K – *Exploring Public Sector Strategy* (Financial Times/Prentice Hall, 2000) ISBN 0273646877

Kaplan R and Norton D – *The Strategy-focused Organization: How Balanced Scorecard Companies Thrive in the New Business Environment* (Harvard Business School Press, 2000) ISBN 1578512506

Lynch R – *Corporate Strategy, 4th Edition* (Financial Times/Prentice Hall, 2005) ISBN 0273701789

McGee J, Thomas H and Wilson D – *Strategy: Analysis and Practice* (McGraw-Hill Higher Education, 2005) ISBN 0077107055

Mintzberg H – *The Rise and Fall of Strategic Planning* (Financial Times/Prentice Hall, 2000) ISBN 0273650378

Mintzberg H, Ahlstrand B and Lampel J – *Strategy Safari: Your Complete Guide Through the Wilds of Strategic Management, 2nd Edition* (Financial Times/Prentice Hall, 2008) ISBN 0273719580

Pettigrew A M, Thomas H and Whittington R (Eds) – *The Handbook of Strategy and Management* (Sage, 2006) ISBN 141292121X

Stacey R D – *Strategic Management and Organisational Dynamics, 6th Edition* (Financial Times/Prentice Hall, 2010) ISBN 0273725599

Journals

Academy of Management Journal (Academy of Management)

British Journal of Management (John Wiley and Sons)

California Management Review (University of California, Berkeley)

European Management Journal (Elsevier)

Harvard Business Review (Harvard Business Publishing)

Journal of Business Strategy (Emerald)

Journal of Management Studies (John Wiley and Sons)

Long Range Planning (Elsevier)

MIT Sloan Management Review (Massachusetts Institute of Technology)

Strategic Change (John Wiley and Sons)

Strategy and Leadership (Emerald)

Websites

www.ft.com

Financial Times

www.managers.org.uk

Chartered Management Institute

www.sps.org.uk

Strategic Planning Society