

# Can Strategic Planning Make Strategy More Relevant and Build Commitment Over Time? The Case of RACC

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This paper illustrates that the way a company approaches strategic planning has major implications on the development of strategy. Lessons are inductively derived from the evolution of strategic planning at RACC automobile club. This case shows that the planning process is a powerful tool in the hands of management. Active participation in the process can contribute to middle managers' awareness of key principles, issues and goals. It also assists them to make strategy relevant, and to prepare their minds for necessary adaptations during the implementation stage. Strategy, conceived as a shared framework in the mind of all strategists, is a strong glue that can align the organization around a chief purpose. The case study shows that an upfront, clear definition of the purpose for the planning process has a major say in the ultimate outcomes that the firm reaches.

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## Introduction

Is it preferable that a manager meets a given plan as it was initially approved, or that the same manager is capable of changing the plans according to a given strategy? The answer depends on what the organization sees as the purpose of strategic planning and its reason for articulating a strategy in the first place. The existence of a strategic plan *per se* does not necessarily lead to a relevant strategy.<sup>1</sup> In their criticisms of planning, Mintzberg and Simon claim that the link between strategy and strategic planning may be vague or even non-existent.<sup>2</sup> Still, many companies find that how they conceive of

strategy and their approach to strategic planning has a major impact on the usefulness of what results from the process. In our view, strategic planning that guides discussion among managers at different levels, can play an important role in stimulating the collective process for shaping the development of common goals and priorities. Adopting that perspective, the purpose of this paper is to describe how the planning process of a single firm, Reial Automòbil Club de Catalunya (Royal Automobile Club of Catalonia), serves to establish a common understanding and commitment to strategy among the firm's managers over time. Our contribution is to draw key lessons from this revelatory case.

Approaching strategic planning as a system for building shared understanding and commitment sounds appealing. At a minimum, when accomplished, such shared understanding and commitment leads to co-ordinated implementation and operational integration. Strategic planning would then connect desired outcomes of the strategy process, such as setting direction, creating flexibility and providing meaning. In doing so, it would fulfil a need of integration. Yet, the dominant notions of strategy,<sup>3</sup> (positioning choices, a vision, a pattern of decisions, or maps of value propositions) provide only partial responses to practitioners' requests to make strategy a useful tool for managers at different layers within the firm. We believe that the core of the problem may lie in the failure to capture the multi-faceted character of strategy and the need to connect different aspects of the strategy development process.

Fundamental to this problem, translating strategy into managerial action requires common understanding of strategy and its underlying logic.<sup>4</sup> That is, the process of building collective understanding must co-ordinate direction-setting, establish clear priorities and convey meaning, hence, helping guide subsequent actions. Traditionally, however, planners have focused mainly outside the firm, underrating organizational, behavioral and cognitive factors within the firm. Even when emphasis has been given to internal factors, it has come at the expense of a focus on the external aspects of the firm, and rarely has a feasible way been proposed to integrate these key ingredients.<sup>5</sup> The demands on firms and management teams require balancing these different purposes and requests, while adapting the process to continually changing circumstances. Ocasio and Joseph, in this issue, state that "planning practice cannot remain static, but must evolve to facilitate changes in corporate agenda."<sup>6</sup>

This paper reports findings from a longitudinal case study focused on how strategic planning at RACC has changed both in methodology and purpose over time. It evolved from a basic mechanistic approach into a radically different approach that emphasises goal setting, collective deliberation and balancing aspects of the planned and emergent approaches to strategizing.<sup>7</sup> The analysis of the case sheds light on the relationship among distinct components of a planning system and how their interdependencies change as strategic planning is transformed to meet different purposes. Over time, the company has changed the nature of top management intervention and placed an increasing emphasis on the role of middle managers.<sup>8</sup> More importantly, changes in the process seem to be driven by more mature responses to the central issues of why the company wants a strategy in the first place. Especially, the study shows that a firm's approach to strategic planning influences prospects for successful implementation. In short, the case is a useful illustration of an effective approach to various issues in contemporary planning practice.

The remainder of the paper is organized as follows. First, we provide a brief overview of the literature on strategic planning. We then describe the case study's initial conditions and its evolution over time. This is followed by an explanation of how we have interpreted the planning evolution within RACC. Finally, we close with a discussion of implications for practice and theory.

## **Making strategic planning more relevant to managers**

Beginning in late 1980s and continuing through the 1990s, strategic planning received substantial criticism for not serving the purposes for which it was originally intended.<sup>9</sup> During this time, it became increasingly recognised that the demands of today's competitive environment are at odds with the way formal strategic planning was initially designed and with the culture it induced.<sup>10</sup> In

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