Barriers to Effective Strategic Planning

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ABSTRACT: *Despite the best intentions and a lot of hard work, strategic planning most predictably fails. It's not that strategic planning is a bad idea but there are some barriers which involve in its failure. This paper explores how and where strategic planning goes awry and what executives can do about it. The study finds some of the most common barriers in effective strategic planning like, strict time limits, identical procedures, lack of accountability, power and influence which organizations frequently face in strategy formulation and implementation. It is concluded that, in order to achieve the goal of effective strategic planning, effective change management and leadership are indispensable. On the one hand, it is mandatory for the leadership to involve employees in decision making process, along with the explicit description of their roles within the organization, and on the other hand, full mechanism of employees' accountability and regular checks are required to remove these barriers.*

Keywords: Effective strategic planning, barriers, strategy formulation, Strategy implementation strategic business units (SBU's)
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There is always resistance to change. Whenever organizations want to move ahead, regardless of their size, level of economic development, they have to face dynamic and complex environments due to the globalization, technological development, new emerging markets. At that time organizations need more sophisticated and contemporary strategic planning for their survival and growth. As organizations moves toward strategic planning, they face different barriers or obstacles.

This paper will describe some most common barriers which firms face toward effective strategic planning. There are Barriers at different stages of effective strategic planning, like barriers in formulation of strategic plans, barriers in implementation of strategic planning. At foremost we will discuss what strategic planning is? "The word strategy derives from the Greek word strategies ("stratus" - army & "ago" - which is ancient Greek for leading/guiding/moving to), which referred to a 'military commander' during the age of Athenian Democracy" *(John Butler)* A well-disciplined effort to make decisions and actions that shape and direct what an organization is, what it does and why it does it (Crosby and Bryson, 2005)Strategic planning is concerned with finding the best or most advantageous fit between organizations and their environment, a set of concepts, procedures and tools designed to assist leaders and managers for organizational stability and managing change (Bryson, 1995). Strategic planning is a process to determine a company's future direction which include setting goals, and then determine different strategies for achieving those goals (Sánchez Abril, Levin et al, 2012).

Firms usually go for strategic plans to achieve superior finical results and competitive advantages over rival firms. And usually these benefits appear at the last stage of strategic planning process at the time of resource allocation and final decision making. If all the resource allocation throughout the firm and operating decision making is integrated with planning then it will be effective strategic planning (Marx, 1991).Strategic planning is inextricably interwoven into the entire framework of management. Planning cannot be distinguished from rest of management process.

Strategic planning is not separate from management. Strategic planning provides guideline and direction, and boundaries for operational management*(Steiner, 1979).*

Historical Perspectives

Idea of strategic business planning came from 1960's. At the time of its origin it held the business communities spellbound by promising to provide some kind of benefits like superior financial returns and competitive advantages associated with strategic planning. How intensely business communities attracted toward strategic planning, can be measured by the amount of resources organizations were willing to spend. A huge amount of resources were expanded on manager's training, writing reviewing and monitoring of strategic plans. New strategic business units (SBU's) were created for developing their own strategic plans which integrated with overall goal of organization(Marx, 1991).

Strategic planning with its characteristics was first time introduced in business communities in the mid-1950. At that time largest companies around the world develops formal strategic planning systems-called long range planning systems managerial focus typically on the operations*(Steiner, 1979).*

At the time of its origin strategic planning was known as "Long range planning system". This long range planning system had a narrow focus and inward looking, extended up to 5 or 10 years,. There were long list of goals based on corporate models with top down organizational constituents. While new concept of strategic planning had outward influences with a time horizon of 3 to 5 years, Integration throughout the organization and representation from all the departments. Strategic planning is action(Bryson, 1988).

After that in 1980's resources devoted from various companies for strategic planning, steadily started too declined. Those organizations which were at forefront of strategic planning reduce the amount of resources or totally abounded the strategic planning and move toward conventional view that "Japanese do not plan" The reason behind this was that, strategic planning failed to produce desired or promised results as aforesaid in above paragraphs. There were some bureaucratic problems and strategic business planning failed to overcome these hurdles. "Like in General Electric which was one of leading pioneer strategic planning in 1960's.There planning system was very dynamic and idea oriented. They hired a planning head; he hired further two vice presidents, those vice presidents hired planners. Books got thinker, more than 16 or 18 people attended meetings and whole process become more bureaucratic and ultimately no solid decisions were made"

Literature Review

Al-Ghamdi (1998) found seven problems that frequently occur during strategy implementation process. Managers failed to anticipate the needed training and instructions for employees in order to equip them with the required skills for execution. The planners did not link employee's performance during implementation with the overall reward system of the organization. There is a mismatch between anticipated time needed for implementing the plans which is considered during

strategy formulation and the actual time it need for implementation of the strategy (Al-Ghamdi, 1998).Marx reveled, that obstacles to effective strategic planning relates with the planning process itself, content of business plans and with the reward process essential for the successful implementation of plans. Four root causes of obstacles to effective strategic plans which are highly interdependent and mutually reinforcing, included (a) lack of top management's commitment (b) staff control (c) entrenched self-interests (d) corporate culture. If these four root causes effectively tackled then many barriers to effective strategic planning can be eliminated (Marx, 1991).

According to Butler, Brown et al. there are four barriers to effective strategic planning (a) Fear, (b) Cynicism, (c) Ignorance (d) a combination of Time and Place. Removal of these four barriers will lead to effective strategic planning and will provide a vision for future, actions toward achieving objectives (Butler, Brown et al, 2000).

Jones and Goldberg described, no doubt that strategic planning is very much important but formulation of plans face number of challenges like: organizational culture, politics within organization and resistance to change. And similarly there are barriers toward strategic evaluation: problems in reporting, elevation techniques, and in strategic report(Jones and Goldberg, 1982) .

Cascella (2002) stated that mostly business leaders admire the importance of strategic planning but there were just few managers able to implement plans as that were planned because of more emphasis on formulation process instead of its implementation and to take actions as defined by plans. It is not a matter that how top manners perceived what strategy is but the main thing is that, how line mangers or others within the organization perceive strategy and react toward planning. Three main reasons of poor planning in organization (a) lack of proper linkage at each level of organization (b) misallocation of resources (c) insufficient operational measures (Cascella, 2002).

According to Snow and Hrebiniak (1980), the way to effective strategic planning is full of potholes. The longer the time for execution of plans the more the chances of failure of plans. More the presence of people at execution or formulation of plans is also a hurdle for effectiveness of strategic plans. Execution usually involves change- responsibilities, objectives, structures, which is considered as a threat and ultimately resist. Lack of shared knowledge, inadequate knowledge, and vague strategies are considered to hurdle in effective strategic planning(Snow and Hrebiniak, 1980).

Hansen and Boyd identified implementation problems such as (a) failing to periodically alter the plan (b) deviation from actual objectives and (c) lack of confidence about success (Hansen, Boyd et al, 1998). Lau revealed three major levels of strategy implementation: content, context, process. Found a considerable gap between the top manager's strategy knowledge and ability to use their knowledge (Lau, 1999).

Murphy and Hanchett focused on some bureaucratic problems involved in effective strategic planning. Such problems include over emphasis on day to day duties, conflict between the priorities between top managers and dearth of teamwork in organization. To avoid such problems top management must be focused on some most significant actions and goals, communications and priorities must be clearly defined (Murphy, Hanchett et al, 2012)

Nunes stated, the implementation obstacles that most companies face fall into two categories: problems internal to the company and problems by outside forces within industry. These internal and external issues are affected by the extent of flexibility which usually companies have to launch strategic initiatives in successful manner (Nunes, 2003). DeLisi argued that "the six strategy killers" of strategy implementation, pinpointed by (Beer and Eisenstat, 2000)

Okumus explained why strategic planning fails? And found some reasons for this failure. Lack of interest from top management, failure to motivate the mangers and an overall perception of organization to resist the change due to their entrenched interests.(Okumus, 2003)

Terborgh and Robinson (1990) described the reasons for not planning. People within the organizations are at foremost a huge hurdle in effective strategic planning. A threat to the power and influence, system, process, and structure of organizations is also a hurdle toward effective strategic planning (Terborgh, Robinson et al, 1990).Hasanpour and Gorji(2007) argued that successful strategy implementation depends on three factors that are: strategy, structure, and processes (Hansen, Boyd et al, 1998). Lebwohl, Clark stated that to implement the strategy successfully, organizational culture and organizational structure have to be changed (Lebwohl, Clark et al, 2007).

Alexander on the other hand, points out that many organization's leaders and managers object to the hubbub of the strategic implementation models and consider the confusion from diversity and mass of elements and processes in those models are the main cause of failure of effective strategy implementation (Alexander. 1991).
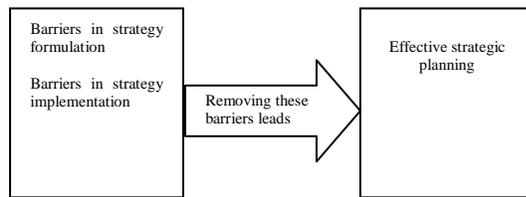
Theoretical Framework

Fig 1: Theoretical Framework

Barriers to Strategy Formulation

Some serious flawed within the formulation process of business plans and therefore these plans fails to produce effective results. Some of barberries in formulations of effective strategic planning are as follow:

Identical procedures: In case when different SBU's of a business are forced to follow some identical or uniform procedure in order to develop their plans then this rigidity become barriers toward effective strategic plan. For the purposes of effective strategic planning the procedure must be flexible and unstructured, as each unit of business has to face different problems and different opportunities and threats in the environment.

Strict limitations: If some restrictions are imposed on planning reviews like, time limit imposed on plan review and a fixed scheduled may be forced for reviewing process. We have to cheek the validity of our plans, for this purposes we have to review our plans freely, if some kind of time limit or schedule imposed on review then it became difficult to get desired results. Give free time weather 2 hours or 2 days for review and each business unit may set schedule for review as per its needs whether to review plan after 4 months or 4 years.

People: Understanding your culture, sub-culture and people of organization is very important while strategy formulation. Getting failed in this understanding becomes an obstacle in effective strategic planning.

Emphasized ceremonial work: In the formulation of strategies a barrier which usually faced is the more focus on the ceremonial or formal working, like massive paper work and properly fully designed presentations. As in the formal presentations the discussion which is required to elicit the rigorousness of any plan eliminated. And a good plan goes toward the right commutative issues and actions plans, no doubt analysis is required for effective strategic plans but keep in mind also that analysis is not

our plans so such more emphasized ceremonial work reduce the effectiveness of our plan and become a barrier toward its effectiveness.

Limited discussion: The main purpose of our business plans reviews is to get the things out of box. We have to elicit an open discussion regarding the opportunities and threats business units face within its environment. Each SBU should get consul from its top management regarding issues it faces and on the other hand top management should provide a clear and feasible roadmap and guideline so that particular unit of business tackle the threats and utilize opportunities in its business environment.

Barriers to Strategy Implementation

There are some barriers in the implementation of strategic plans which restrained effectiveness of plans. Some of these barriers are:

Lack of accountability: No plan could be effectively implemented without reviewing progress of plans regularly. Plans could not be effective without proper monitoring system. When plans are not reviewed regularly then no corrective erasures could be made and as a result plans become irrelevant to the business operations. And without reviewing plans us accountability could not be take place which is very necessary for business plans. And successful implementation of plans required that those who are responsible for perusing a plan must be accountable so that they could be rewarded or penalized as per needed. When there is lack of such accountability then it became a barrier in effective strategic implementation (Marx, 1991)

Lack of commitment: Lack of commitment from management in the planning process is a main and root cause of all the obstacles in effective strategic planning. When management didn't take interest in formulation and implementation of strategy then all other hurdles create. Limited accountability, strict time limits on reviews and a strict scheduled for reviewing the plans all are the obstacles just due to lack of management commitment.

Inadequate instructions to employees: Managers usually fail to adequately anticipate the required training and instructions for the employees in order to equip their employees with the skills required for the implementation of strategy. Sometime planners didn't link employee's performance with the reward system during implementation phase. there is generally a mismatch between anticipated time for implementation ,

which is considered during strategy formulation stage and the actually time needed to takes it to complete the execution of the strategy (Al-Ghamdi, 1998).

Power & Influence: The way in which organizations usually conduct its businesses provide some people in organization with power and influence. Any strategy that could result in a change within organization and which might disrupt their power and influence is generally opposed. People have their interest with status co, sometime such change is also threaten to top management because unfamiliarity with new rolls, analytical techniques. When organizations are divided in different business units then some of top managers feel that their control over firm and their influence will be diminish that's why they create hurdles in implementation of strategic plans (Dyson and Foster, 1980; Marx, 1991)

Culture: In order to successfully implement a strategy we have to change our culture. As in organizations usually culture is no support the risk taking, on the other hand for success entrepreneurial ship and risk taking is very much necessary. We need a culture which support risk taking, business cannot avoid risk by saying that we will not address it. If culture is not supporting then implementation will be restricted only toward generic strategies instead of a specific strategy required by firm to cope with challenges (Jones and Goldberg, 1982)

Some other most common barriers to effective strategic planning

1. Lack of understanding of the role in the execution process
2. Deviation from planned objective
3. Changes in responsibilities of employees were not clear
4. People are not fully rewarded for the execution of plans
5. Inadequate directions given by departmental mangers
6. Information system used for implementation is inadequate
7. Overall gals are not understood by employees.**(Al-Ghamdi, 1998)**

How to Remove Barriers?

Clear communication: At Each level, leadership should clearly define the goals of the organization to their employees and their role in achieving those goals. Each leadership rung must identify those tasks that must be done, after that focus on the efforts of their employees so those main objectives could easily be achieved.

Manage the Change Process: First step in the whole process is to develop strategy. In order to effectively implement strategy we have to manage the whole change process. Effective change management will not remove all the concerns, but it will help keep them to a bearable level and will allow the organization to continue without significant loss of productivity.

Participation of employees in planning process: Make it as much as possible that your employees also take part in planning process and their suggestion must also take in account all those stake holders which will effected by change process may call in planning process. When employees will take participate in planning process then they will be very much clear about their rolls and goals of organization.

Regular checks: Proper system of Regular checks provides a framework for ensuring that employees accomplish their assigned tasks. And their performance is measured with a bench mark and then corrective actions are made in order to enhance their capabilities.

Accountability: Employees must be accountable for not achieving their defined tasks. There should be a full mechanism for accountability so that employees may be evaluated, they may be penalized or rewarded as per needed.

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