

A Global Review on a Business Planning Process: Case of a Small Business

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ABSTRACT

Modern business organizations have continued to increase in not only size but also in complexity of operations. This has resulted to the need for strategic dimensional growth

According to Cole (1994), "Strategic management is a process, directed by top management, to determine the fundamental aims or goals of the organization, and to ensure a range of decisions which will allow for the achievement of those aims or goals in the long term, while providing for adaptive responses in the short term." We must go back to the "roots" of management thinking about management as an integrated activity with its many components or functions to evaluate how strategic management has developed.

Keywords: Business planning, management, operational planning, process of management, small business, strategic planning.

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I. PRINCIPALS OF MANAGEMENT AND PLANNING

A. The Process of Management

Henry Fayol is considered the father of modern management. His point of view was primarily focused on the operational aspect of management, or what a manager's actual duties were. Fayol outlined five management principles that apply to all managers in all organizations.

B. Planning in Management

Planning is a decision-making process carried out by top management with the following objectives in mind.

- What the organization is to achieve in terms of its goals and objectives?
- The policies of the organization.
- How realistic is the organization in terms of achieving its objectives?

Management planning is the most vital tool in an organization as it directs, controls, and regulates the operations in an organization.

C. Principles of Planning

There are irreducible constants in planning regardless of the approach an organization will adopt. They include:

- A plan's objective must be identified. The objectives that must be met must be properly defined.
- Planning needs to be based on knowledge and statistics that are properly defined. Several data sources are employed, including historical records and performance statistics.
- To prevent confusion, the organization's various roles' or subsystems' plans must be synchronized. When coordination reaches the level of long-term tactical planning, it becomes increasingly

challenging, partly because the persons involved are far removed from the operational level.

- Clear set standards to be achieved by the plan.
- All plans should be flexible enough to accommodate any arising changes during their practical implementation. The phrase things might not be the same on the ground is true, and so these plans may need adjustments during implementation.
- A clear communication between all the parties and personnel concerned

D. Importance of Planning

The day-to-day activities of an organization are dictated by both operational and short-term planning. With a focus on real-world application and implementation, this kind of planning is also carried out at the lowest levels of management and supervision.

To set and maintain an organization's "on course" for the achievement of its primary goals and objectives, long-term planning, both tactical and strategic, is equally crucial. The organization should plan every area of its operations. It establishes and reaches financial, sales, and production targets, ensures a respectable return on capital, and directs the organization in achieving its goals.

E. Responsibility for Planning

Supervisors and managers are tasked with carrying out operational and short-term planning. A sales manager is expected to lay down the sales plans for an entire week or two (short term of course). He/she is also mobile the necessary both human and physical resources to ensure smooth running in his department for the entire course required. Therefore, planning is

best achieved when every part involved takes responsibility.

On the other hand, long term future projection/planning is carried out by the more senior officials in an organization, say executives. Long term future plans may include marketing, production or growth plans.

They also ensure that all the legal requirements for the organization to operate are available. Some organizations go an extent of selecting a governing body to lead the organization. Experts and advisers are also involved when there is need to.

A planning committee is essential for bigger organizations in both tactical (long term) and operational (short term) planning.

F. Stages in Planning

1) Recognizing need for action

Identify a business opportunity or a situation into the existing organization and come up with solutions or actions to be taken to maximize the opportunity. It's good to consider the types of plans also.

2) Setting of Goals

The second and possibly most significant step in the planning process is setting of goals. In this process, planners set the goals for both the entire organization and the various departments. Departmental objectives will be more planned and specific whereas organizational objectives offer a general direction.

3) Developmental Premises

Although planning is always done with the future in mind, it is never assured. Therefore, to perform the role of management, certain assumptions must be made. The premises are as stated above. These presumptions are based on forecasts, current plans, and previous policies.

4) Identifying Alternatives

Identification of the managers' alternative options is the fourth step in the planning process. There are numerous options available to accomplish the firm's goals; there is no single best option. It is important to identify each of these potential alternatives.

The manager must have options available to them. He might opt for a creative solution in the hopes of getting more effective outcomes. If he decides against experimenting, he will follow the more conventional path of action. Finding the alternatives is not the challenge with this phase; it is reducing them to a manageable number of options so that each one can be carefully considered.

5) Examining Alternate Course of Action

Every option will be examined, with the benefits and drawbacks considered, and substitute plans created to serve as supporting plans.

6) Selecting the Alternative

This phase of planning involves making decisions. Because the original plan is the most lucrative with little risk and is adaptable to changing circumstances, it will be chosen as the best and most viable plan to be implemented.

7) Implementation of the Plan

Implementing the plan is the final phase in the planning process. The strategy is implemented at this point to accomplish the organization's goals, and all other management duties come into play. The various sorts of plans, including processes, policies, budgets, rules, and standards, are the tools needed for such implementation.

G. Relationship between Forecasting and Planning

Forecasting is necessary for effective planning. Only when the results of forecasting are used to create future does it become useful. The likelihood of creating realistic plans increases with forecasting accuracy, which increases the likelihood that the company will achieve its long-term goals. Planners rely heavily on forecasting methods because there are projecting plans of an uncertain future. Forecasts skills should be sought regularly as plans uncertainties demand.

H. Evaluating for Pre-planning Forecasts and Information

Research is needed to acquire information to be used in the planning operation. However, collection of statistics, forecasts and other information about planning need to be not short or long. This is because less or a lot of information included may have negative impact on planning. These impacts include plans may be unclear and difficult to understand and it may lead to deviation of the plans due to many courses of actions which are suggested.

To avoid these effects, it is important of the planners to navigate from any materials which do not adhere to the plans they intent to implement. There is also need of evaluating contracting information to make it relevant hence suitable to making decisions.

Additionally, planners need to understand between opinions and facts. This is because opinion and facts often contract each other. Understanding the difference between the two will make the plans which are implemented to be clear and understandable for all managers and supervisors.

I. Levels of Planning

It is typical to believe that there are three fundamental stages of planning in formal management theory.

Top level planning – it is usually carried out by the top-level management of an organization. These plans are usually long term. They are the most expensive types of plans

Second class planning – these kinds of plans are undertaken by the executives in charge of an organization. They may include marketing, sales, or structural adjustment plans

Third class planning – these plans are termed as operational or activity planning. They are carried out by supervisors or department managers, and they are only projected to short term basis.

Even though planning is categorized into three levels, there are more than three levels of management hence they may result to overlapping of planning activities.

J. Strategic, Tactical, and Operational Planning

Although the three levels of planning are used at the same time, they have different impact. Operating planning have some challenges when implemented hence may restrain tactical plans.

Operational plans effects are short-term hence it might be unreasonable to abandon tactical operations. Operational plans do not have impact of the strategic plans hence they can be implemented at the same time. However, strategic plans have some impact on the operational plans hence can be termed as dependent to them.

On the other hand, there is a relationship between tactical and operational planning. As a result, there is need to make changes in operational plans in case of tactical plan changes. For instance, tactical plan of entering a competitive market may involve change of product design. This means that the production plans will also change to accommodate the changes proposed.

However, implementation of tactical plans may be difficult hence it is important to make these changes at this level.

Similarly, making changes in the strategic plans means that tactical planning needs some modifications to meet the recommended requirements.

Nevertheless, strategic planning may be implemented without tactical planning since it may function independently without the need of modifying tactical plans.

II. MANAGEMENT OF A SMALL BUSINESSES

Small businesses are referred as a common construct in business as they focus on how individuals can establish businesses that can grow in the long run. There is a common perception that the management of small businesses is easy, intuitive, and flexible. It is based on the understanding that individuals seeking to manage small businesses will have to invest their personal energy to guarantee the overall success of the business.

The investment considered by the business owners is based on the need to ensure that the investment can survive and is able to grow in the long run.

There are various types of small businesses including entrepreneurship. Individuals who establish entrepreneurships will tend to be constrained by the bureaucratic tendencies associated with large businesses and they would like to maintain a sense of independence.

Additionally, the consideration of entrepreneurship is based on the understanding that it is critical to break away from the different constructs that push individuals toward enslavement. The construct of entrepreneurship is geared toward ensuring that individuals can grow their enterprises, and, in this situation, the initial concept may be lost.

There are different examples of entities that started as entrepreneurships and they have been able to establish a global presence including Uber, Airbnb, Flipkart, and Palantir. The testament by the organizations indicates that small entrepreneurships can grow in the long run.

The discussion also indicates there are difficulties associated with the establishment of entrepreneurships such as the construct of funding. In most instances, small businesses are not able to secure sufficient funding to ensure they are able to maintain operations in the long run.

Additionally, it is essential to consider the risks associated with small businesses such as the loss of funds and the high taxes and other levies as charged by the government. There is a need to ensure that the small organizations are protected in the long run and are presented with an enabling business environment to help them grow.

Planning and strategic management is a critical component in helping small businesses ensure they can maintain operations. Most small businesses are unable to create a comprehensive business plan to help them secure funds from different organizations.

However, such organizations lack the financial and legal capacity to ensure they can maintain liquidity. It is critical for such businesses to maintain viable businesses plan such that they can appeal to other potential investors. By seeking additional investments, entrepreneurships can grow into viable entities such as corporations and multinational corporations. It is critical to maintain the viability of the different business structures to ensure they can enhance aspects such as efficiency and profitability.

III. SUMMARY

As a rule, strategic management in small businesses needs to be simplified in comparison to that of large companies, even though some small businesses already have well-developed strategies in place. A general assumption is that managers in small firms lack the skills that their counterparts in large organizations possess.

There are, however, times when this is not the case. There are thousands of small businesses around the world that develop strategic plans on a smaller scale, and implement similar planning, implementation, and operation systems, as well.

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