STRATEGIC PLANNING AS THE INEVITABILITY OF MODERN MANAGEMENT

Summary: The business strategy includes identifying different ways to achieve the vision, mission and goals of the organization. Organizations, both formal and informal, have their own goals and plans. The extent to which they will achieve their goals depends on managerial performance, efficiency and effectiveness. In conditions of increasing levels of turbulence and complexity of the environment in which organizations perform their business and wider social mission, managers are increasingly required to have leadership qualities and entrepreneurial spirit. Ability to create vision, mission, goals and strategies and their implementation in the life of the organization, change management, communication, ability to constantly learn, intuitiveness, confidence, creating new values are just some of the features of a modern manager required by new competition, new technology and new lifestyle. The company must strive to provide and permanently maintain a competitive advantage - its position in relation to other companies engaged in the same activity. The choice of business area is, in fact, the positioning of the company on the market and is oriented towards business efficiency. Strategy as a planning decision refers only to those decisions on the choice of business area and allocation of factors of production that have a significant and lasting impact on the profitability of the company. The basic elements for defining the area of business activity are products, market and technology. The business area is determined, first of all, by the category of customers whose needs the company intends to satisfy with its business activity. In order to define business areas, it is important to always talk about the product-market relationship.

Key words: strategic management, planning, business activity
1. Introduction

The strategy, as a planning decision on the basic principles of achieving business goals, is oriented to the choice of business areas and the allocation of factors of production in order to create and maintain a competitive advantage in the environment. In the process of formulating the strategy, the key issue is determining the area of business activity. It is safe to say that this decision determines the fate of the company or any other organization as a whole. Finding areas of activity that ensure the use of the company’s potential is not easy\(^1\).

The company must strive to provide and permanently maintain a competitive advantage - its position in relation to other companies engaged in the same activity. This is largely conditioned by the scope of the activity, as well as the manner of its performance. That is why it is said that strategy is a way of integration with the environment. The choice of business area is, in fact, the positioning of the company on the market and is oriented towards business efficiency.

Given that the factors of production are limited and due to the impossibility to re-allocate the allocated funds, it is important to select the business area and allocate the factors of production simultaneously. It is necessary to choose a priority in meeting his identified needs. Competitive advantage is the basic criterion used in establishing priorities between different business areas to which limited factors of production should be allocated\(^2\).

The strategy, as a basic planning decision which determines the ways of achieving business goals, must harmonize its three elements: (1) business area, (2) allocation of factors of production, and (3) competitive advantage. It is necessary to choose those business areas for action where there is marketing and technological competence as a way to ensure a lasting competitive advantage.

In order for there to be noticeable differences in the profit realized by companies competing in one branch, there must be external or internal changes in it: (1) changes of external character for the branch are changes in the external environment - new customer preferences, changes in regulations, changes in relevant input prices or advances in science, (2) internal changes are initiated within the industry and usually occur as a result of innovation, the emergence of new products and production processes, new management techniques or new marketing approaches\(^3\).

The basic characteristics of strategy are: (1) the existence of a strategic situation, and (2) strategic behavior. A strategic situation means a competitive relationship between different buyers and sellers of a certain product line, in a cer-


tain market or business area. A strategic group is a group of companies in one branch that have the same or similar strategies. Sometimes there is a tendency towards competition and sometimes towards explicit or tacit agreement between companies. The company must have a strategy of relations with all participants in the business. In choosing a strategy, the company can act in two ways, as follows: (1) the company can choose a strategy to adapt to the environment - other organizations and institutions in the environment whose activities depend on the results of its business, and (2) the company can initiate various forms of cooperation with other participants. business to overcome the constraints in the environment.

Also, the company can choose a strategy of accepting conflict situations and confrontations with other participants in business, where there are two cases, namely: (1) when there is no common language with suppliers, you can go to the production of your own part or a set of products, and (2) if there is a disagreement with trade companies, they can go to open their own stores where they will sell their products.

The position for a certain strategy or combination of strategies depends on the position of the company in the environment and its potential (individual strategic business units apply their strategies in their strategic business areas).

2. Strategic planning

The necessity for strategic planning of business activities is a consequence of the action of numerous factors. In the first place is the frequency of changes in the environment. The process of globalization of the world economy has the consequence that the influence of global competition (new competition) is felt in an increasing number of branches and activities. Restrictions on entry into numerous national markets are decreasing, so that fewer and fewer companies are protected from the consequences of events in the world global economy. In the economies of many countries, service activities are increasing participation in the social product and the structure of employees, and branches and companies with high technology are emerging. In addition to the emergence of global competition, there is the creation of global strategic alliances of a large number of companies from different national economies.

Companies perform their business activity in industries that are experiencing significant changes. In order for a company to focus on the main drivers of

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5 Ilić, R. (2011): *Strategic Management in Sport*, 7th International Conference, Management in Sport, Alpha University, Faculty of Management in Sport, Belgrade.
change, it must define the essential strategic issues that require adequate decisions and activities. In this sense, there is a need to consider and define the key success factors, which means that companies must determine the essential characteristics that are necessary to ensure continuous business success⁷.

In a discontinuous, turbulent environment, it is not always easy to recognize the driving forces of change, identify important strategic issues and use the right critical success factors in decision-making. The characteristics of a turbulent environment are: growth is impossible extrapolate, earlier strategies become unreliable, profitability is not accompanied by an increase in business activity, the future becomes uncertain. A planned approach to such a situation is necessary in order to understand the state of discontinuity, in order to assess the effects of the company. Based on that, it is possible to define a planned response and choose a way that has a positive effect on achieving the business goals of the company.

Discontinuity is defined as a lack of continuity in space and time. There are interruptions and pauses in the course of events in economic activity, and these are not the usual seasonal and economic cycles. Then there is a breaking of trends and the termination of the validity of the usual ways of business thinking, decision-making and action. In the conditions of discontinuity, the company must have the flexibility to react quickly in the short term, as well as the orientation towards jobs that will bring results in the long run.

Management must continuously check its views on the environment with real events - changes in the elements and factors of the environment. Creativity of planning in conditions of discontinuity means the orientation to research (market and technological) of new opportunities that are created for the company in changes in the environment⁸.

Strategic planning is necessary due to changes in the economic, social, demographic, environmental, legal, political environment. Changes in the environment affect the company in different ways. Through strategic planning, the company takes measures to reduce the impact of environmental change on its position in the industry, to reduce response delays and ultimately to reduce response costs. Companies often react to the changes with a delay, when the damage has already occurred. It is too late to react rationally when the company becomes aware of discontinuity. It is necessary to shorten the gap between perceiving the changes that mean danger to the company and making planning decisions that will initiate activities in a rational direction⁹.

The notion of strategic planning has recently gained more and more relevance and significance. Authors dealing with modern strategic management define this term in different ways. Some argue that strategic planning is the

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Strategic Planning as the Inevitability of Modern Management

management of inevitable changes in the economy. For others, it is a method of allocating limited resources to the company to create the company’s business in the future. Third, the method of dealing with a complex market situation. For the fourth, positioning the company in the middle in a way that it can prosper in the future. Fifth, the process of choosing the optimal path from today’s to future business. For the sixth, the process of making the business sensitive to the opportunities and dangers in the environment, setting goals and allocating resources to achieve them. It is important to point out the tendency to give all long-term plans the epithet strategic or to use the terms long-term and strategic planning as synonyms.

The fact is that individual plans have, or may have a strategic character and that strategic decisions have long-term effects on the company’s business results. In contrast, not every long-term plan has to have a strategic character. Many of these plans represent the simplest extrapolation of the past situation in the future, so the question can be asked whether they are plans or the results of predictions.

Plans that have a strategic character in most cases relate to one part of the company’s activities. Strategic plans are not always adopted at precise time intervals, but when there is a need to rationally approach the dangers and opportunities that are perceived in the environment. In this case, the programs (projects) have a strategic character as well as some time plans achieve some specific goals in the business of the company.

The need for strategic planning arises from changes in the environment and the need of companies to react to them rationally. Changes in demand, competition, technology, business conditions require companies to react to them rationally. Strategic planning enables a rational reaction to the identified trends of factors that affect the company’s business.

Strategic planning is a process that includes: consideration of market conditions, consumer needs, competitive strengths and weaknesses, social, political, legal and economic conditions, technological development as well as consideration of specific opportunities and dangers facing the company. Creating strategic plans involves obtaining information from the external and internal environment in order to determine the strategic directions of action based on the goals.

3. Purposefulness of organizational change

The main purpose of organizational change is to achieve a sustainable comparative advantage. When taking action to change, organizations must also keep in mind their social obligations and responsibilities. Structural changes are associated with effectiveness rather than efficiency. This is a consequence of the

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understanding that efficiency is a consequence of changes in the company itself, while efficiency is an external problem of the company. The essence of strategic management consists in its monitoring and establishing adequate relations with the environment.\(^\text{12}\) Theory and practice distinguish between operational and strategic management. Strategic management activities are aimed at establishing the relationship between the company and the environment in order to achieve business goals. Therefore, it is necessary to obtain adequate inputs and deliver to the environment of adequate output - products and services.

Operational management deals with the transformation process. Operations are the process of changing inputs into outputs and adding value to an object. In addition to input, transformation process and output, the environment in which the company conducts its business activity is also important. It has a complex role because it provides inputs, imposes constraints on the transformation process and output users. In the transformation process, value is added to a product that will be marketed in exchange with customers. In operations, the company should emphasize what it considers to be the key value of the business and focus on what it knows best - it has its own resources and capabilities.\(^\text{13}\)

Strategic management itself can be seen both as a concept and as a process. The concept of strategic management is characterized, above all, by orientation towards the environment, proactive and interactive approach, long-term orientation, connection of strategic and operational decision-making, action dimension, respect for stakeholder interests and the like. All the characteristics of strategic management can be classified into three groups: external, systemic and internal.

There are significant differences in the interpretation of the strategic management process. This is the area that has been most covered in the professional literature. There are a large number of books written on strategic management. Almost every one of them contains a different view of the stages of that process. The analysis of strategic management as a process is very important as it allows the identification of key stages in the concept itself. Acceptance of strategic management as a process is important also because the process is connected with the flow of information between interrelated phases of analysis, which is necessary to achieve the goals.

The strategic management process consists of assessing the environment, defining goals, evaluating and choosing a strategy, and taking a series of actions based on them. All these activities can generally be divided into two: strategic planning and strategic implementation. The task of strategic management is to enable the organization to react rationally and in a timely manner to changes in the environment in which it performs its business and wider activity. In this


sense, strategic management includes: strategic planning (strategic analysis and its selection) and strategic change - transformation (strategic implementation and control)\textsuperscript{14}.

The first step in the process of strategic management, refers to the strategic, situational analysis of internal and external factors of the organization. Strategic selection or formulation of strategy (their generation, evaluation and selection) is the second step of such a process. Implementation, ie implementation of strategies in the life of the organization and strategic control are the third step of strategic management.

Since great change is very difficult to realize, this process must be supported by extremely powerful energy. No individual can ever come up with the right vision, convey it to a large number of people, eliminate key obstacles, achieve short-term success, lead and manage dozens of change projects and instill new approaches in the culture of the organization. Weak teams are even worse. A strong leading coalition is always necessary - it has the right composition, the right level of trust and a common goal. Forming such a team is always the most important part of the initial stages of any process with the goal of restructuring, reengineering, or modifying the instruments used in a range of strategies\textsuperscript{15}.

Organizational changes occur when there is an external or internal imbalance or imbalance. In other words, all the causes of organizational change can be divided into two groups: external and internal. External causes of change consist of changes in the environment that lead to, or may lead to, an external imbalance of the organization, ie its non-compliance with the requirements of the environment. It is a situation in which changes in the environment place demands that the organization also change. Internal causes of organizational change consist of changes in the company itself that lead to internal imbalances in the organization. This is a situation when due to changes in one and the absence of changes in other components of the organization, an internal inconsistency appears between them\textsuperscript{16}. The company then experiences numerous disturbances and loses the efficiency of functioning, which requires organizational changes in the direction of achieving a new internal balance between organizational components.

The main causes of organizational changes are changes in the environment and changes in the company itself to which the organization must adapt. There are at least two points of view or ways in which a company can adapt to external and internal changes. The first perspective is advocated mainly by members of the continuous development paradigm and according to it the top management of the company anticipates or at least very quickly notices changes in both exter-


nal and internal environment of the organization and adjusts the organization of the company before the potential imbalance that these changes could cause formed. The second perspective is the one implied by the discontinuous equilibrium paradigm, which assumes that the company’s management will not be able to monitor changes in the environment and in the company itself and will not be able to adapt the organization to these changes on a continuous basis.

The built awareness that changes are necessary for the organization still does not mean that the changes will be realized. For several reasons, management may abandon the mention process even though it is aware that changes are inevitable. There are two main reasons that determine such management behavior (Živković, 2008). The first reason is that top management may abandon the change process if it assesses that the organization does not have sufficient knowledge and skills or resources to implement the changes. The second reason is manifested in the assessment of management that possible changes would jeopardize their interests and positions in the organization.

The essence of organizational changes is a program of activities based on good information about the current state of the organization, current opportunities and problems and the expected effects of planned actions.

### 4. Strategic choice and strategy formulation

The essence of formulating a strategy is one of the most sensitive issues in its study. The art of management lies in the correct formulation and later its implementation. Strategic planning is long-term planning and refers to the organization as a whole. As part of strategic planning, the task of the manager is to determine what the organization should do to be successful in the future, usually 3-5 years. Here, strategic planning should be distinguished from long-term planning\(^\text{17}\). Namely, not every long-term plan is also strategic. Most long-term plans are about simply extrapolating the past situation to the future. On the other hand, strategic planning implies making decisions about which jobs to build further, which jobs to maintain, which to eliminate, as well as which new jobs to introduce and develop. Therefore, strategic planning is much more complex and requires more time than long-term planning.

Although strategic plans affect the company as a whole, they are usually related to one part of the company’s activities. Thus, for example, a large number of marketing plans and research and development activities have a strategic character. This is the situation with all activities in the company that are naturally oriented to change its strategic position in the environment.

The necessity of strategic planning is directly related to changes in the environment. The high speed, frequency and stochasticity of change reinforce the need for strategic planning. In such conditions, strategic planning should stabilize the position of the company and prepare a timely response of the company to all expected and unexpected challenges. It is important to ensure an active rather than a passive response to change. The task of strategic planning is to look at the main drivers of change and to focus on the essential strategic issues.

Strategic planning is a process that necessarily presupposes information gathering activities, namely: market research, consumer needs, competition activities, availability of resources, monitoring of changes, technological development, socio - political, legal and economic conditions, etc. In practice, developing strategic plans involves accessing information from the environment and deciding on the organization’s mission, goals, strategies, and portfolio plan.\(^{18}\)

Similar to the goals, the plans, according to the level of the company, can be divided into strategic, tactical and operational. The adoption of strategic plans and decisions directly affects the adoption of tactical and operational decisions, ie. to the process of operational planning and control. The link between strategic, tactical and operational planning is very strong and significant.

In its business, a company can opt for one strategy or combine several strategies simultaneously. In order to select the appropriate strategies, it is necessary to first know a number of opportunities for strategic action.

In order for the organization to achieve its mission and goals, it is not enough to formulate, ie make a choice of an adequate strategy, but it is necessary to make a strategic change, ie implement a strategy. Through the implementation of the strategy, the organizations translate the conceptual solutions into practical realizations. This means turning goals into tasks, identifying activities, allocating resources, institutionalizing organizational structure, and inaugurating organizational culture. This requires knowledge, skills, motivation, leadership and control.\(^{19}\)

Implementing change is the most critical phase of management in change management. Although the planned order comes after strategic analysis and strategic choice, management must think about it from the very beginning of the change management process. Therefore, after successfully initiating changes, diagnosing the current state of the business system, creating and communicating the vision, mission and goals of the organization, motivating employees for change, management should approach the primary phase of change management - implementing change.

The change implementation phase is the process in which changes are made. In this phase, the application of a new organizational scheme, a new production procedure, a new quality management system, etc. begins. The implementation

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\(^{19}\) Coutler, M. (2010): Strategic Management in Action, Data Status, Belgrade.
phase of change is, therefore, the phase in which decisions are made and implemented, problem solutions are created and implemented, or improvement initiatives are adopted and implemented.

The period of change is a difficult period for employees. They face uncertainty and fear of losing their position and job. The new things that are introduced in the organization frustrate them because they are unknown and require employees to learn and adapt. Because of all this, the process of change should be as short and efficient as possible\(^\text{20}\). Managing the change process aims to shorten the change process and make it more painless, both for the organization and for the employees.

The process of implementing change takes place in several stages that need to be undertaken. The stages of the change implementation process are:
- Defining a change plan
- Providing the necessary resources
- Realization of changes in stages
- Identifying and breaking resistance to change

At the beginning of the implementation phase of the change process, all necessary preparations should be made in order for the process to take place as efficiently as possible. The vision of changing business systems provides framework directions for action and is directed in that direction. The vision is not operational and without a precisely defined plan of action the success of change can be called into question. Therefore, it is necessary to define a specific action plan that needs to be taken in order for change to occur. It is necessary to plan in more detail when certain decisions will be made, who will be the bearers of activities, how many resources are provided and more. This practically means that the general change plans that were defined by the vision at the beginning of change management are now operationalized and adapted to real conditions\(^\text{21}\).

This is especially important due to the fact that the implementation of changes, due to the passage of time, is realized in different conditions and circumstances than those that were planned and visually defined at the beginning of the transformation process. Planning change is defined as “a clearly thought-out plan and a change in structural innovation, a new policy and goal, or a change in work philosophy, climate and style”.

Resistance to change can occur for a variety of reasons. Employees may be dissatisfied with the current state of affairs in the organization, but they may also be afraid that any change will be a destabilizing factor and will contribute


to worsening conditions. Organizational scientists have found that resistance to change stems from both individual and organizational factors.

The final phase of the strategic management process is the control and revision of the strategy. The goals of the control and revision of the strategy are, above all, to establish and qualify the results and create conditions for taking corrective actions by timely and reliable review during the implementation. The need for control and revision arises because the process of strategy implementation, which is initiated by planning decisions, takes place in the time and space in which these circumstances may occur, i.e., there are deviations from the intended conditions. Namely, due to the immanent limitations of the forecast on which the planning is based, then due to the large number of possible events that can relativize the preconditions for the implementation of the strategic plan, as well as for the needs of qualification and sanctioning (positively or negatively) phases of the strategic management process²².

If the planning process makes decisions on goals, policies, strategies, and plans, i.e., programs, the implementation of which, in the near or distant future, should be ensured through the organizing process, then it is certainly important to reflect and qualify the course of their realization through an adequate control mechanism and suggest possible corrective action. Since strategic control examines whether the achievement is in line with the intended change in the position of the company in a given environment, it is relevant to determine the standards as accurately as possible. Standards are related to both market performance and resource use directions²³.

5. Conclusion

The fact that strategic decisions usually involve long-term engagement of companies as well as the fact that over time the circumstances in which they occur change, increasingly affirms the need for evaluation and control, both the process of making them and their compliance with new circumstances. Namely, as shown earlier, the process of strategic management implies sequentially related phases that are aimed at ensuring the effective and efficient operation of the company. The goal is to determine whether the strategy, as a product of strategic management, is in line, above or below expectations or opportunities.

Strategic management enables successful dealing with the problem of dynamic harmonization of the company’s potential with the changing requirements of the environment. It also expresses a proactive approach in managing the developmental behavior of companies and the ability to actively deal with


strategic changes that represent a completely new type of problem and for the solution of which there are no routine frameworks. The focus is not only on anticipating changes in the external environment, in order to better, without significant changes in the internal configuration of resources, capitalize on existing strengths and avoid weaknesses, but also on necessary and significant changes in internal structures.

What is common to the different definitions of strategic management is that it is a way of thinking that refers to making decisions concerning the future of the company and the implementation of such decisions. The experience of a large number of companies shows that the bottleneck for the successful implementation of strategic management often lies in the speed of changing the traditional way of thinking and behaving. Strategic management represents certain managerial decisions and actions that determine the company’s long-term performance. This includes examining the environment, formulating a strategy, implementing it, and evaluating and monitoring it.

Competitive advantage is a key concept and basis for understanding the nature of strategic management. Strategic management includes strategic decision-making and implementation of decisions made, thanks to which the company creates and maintains competitive advantages. Strategic management affirms the importance of strategic intentions, creating a sustainable competitive advantage, as well as creating a flexible planning system, organizational structure, business culture and orchestrated use of resources in general.
Strategijsko planiranje kao neminovnost savremenog menadžmenta

Literature

- Ilić, R. (2011): Strategic Management in Sport, 7th International Conference, Management in Sport, Alpha University, Faculty of Management in Sport, Belgrade.
STRATEGIJSKO PLANIRANJE KAO NEMINOVNOST SAVREMEMENOG MENADŽMENTA

Sažetak: Poslovna strategija uključuje identifikovanje različitih načina za postizanje vizije, misije i ciljeva organizacije. Organizacije, formalne i neformalne, imaju svoje ciljeve i planove. U kojoj meri će postići svoje ciljeve zavisi od menadžerskih performansi, efikasnosti i efektivnosti. U uslovima sve većeg nivoa turbulencije i složenosti okruženja u kojem organizacije obavljaju svoje poslovanje i šire društvene misije, od menadžera se sve više traži da poseduju liderске kvalitete i preduzetnički duh. Sposobnost stvaranja vizije, misije, ciljeva i strategija i njihova primena u životu organizacije, upravljanje promenama, komunikacija, sposobnost stalnog učenja, intuitivnost, samopouzdanje, stvaranje novih vrednosti samo su neke od odlika savremenog menadžera koje zahtevaju novi konkurencija, nova tehnologija i novi način života. Kompanija mora nastojati da obezbedi i trajno održi konkurentsku prednost - svoj položaj u odnosu na druga preduzeća koja se bave istom delatnošću. Izbor oblasti poslovanja je, u stvari, pozicioniranje kompanije na tržištu i orijentisan je na efikasnost poslovanja. Strategija kao planska odluka odnosi se samo na one odluke o izboru poslovnog područja i raspodjeli faktora proizvodnje koji imaju značajan i trajan uticaj na profitabilnost preduzeća. Osnovni elementi za definisanje područja poslovne aktivnosti su proizvodi, tržište i tehnologija. Područje poslovanja određeno je, pre svega, kategorijom kupaca čije potrebe kompanija namerava da zadovolji svojom poslovnom aktivnošću. Da bi se definisale oblasti poslovanja, važno je uvijek govoriti o odnosu proizvoda i tržišta.

Ključne reči: strategijski menadžment, planiranje, poslovna aktivnost