I.3. Business planning

Business planning is a formalised decision-making process whereby a company develops a desired representation of its future state and the means of achieving it.
A distinction can be made between strategic planning and operational planning.
- Strategic planning: Formalised decision-making process through which a company sets out its broad development objectives, in particular the nature of the areas of activity in which it engages and the intensity of its commitment.
- Operational planning: A procedure whereby the company translates its strategic guidelines into action plans implemented by all of its departments, divisions and units as part of their normal activities.

- **Planning procedure**

According to *Martinet*, business planning can be divided into three parts:

1. choosing the general policy and fundamental objectives;
2. strategic planning: 'choosing possible strategies' and determining missing resources;
3. operational planning: 'definition of actions to be taken, timetable'; allocation of resources and responsibilities; definition of production, marketing and financing programmes.

– A business plan must be updated annually and 'continue to provide guidance as far ahead as possible'.

I.3.1. Strategic planning

This concept originated and developed in the world of large companies faced with the challenges posed by rapid technological and market changes: how to position oneself in the long term in an environment that is becoming more uncertain than in the past?
-There are several definitions of the concept:
Some define it as the combination of forward thinking and strategic thinking, and in particular as the use of scenarios to explore possible futures in order to develop a strategic plan. These are the futurists. Forward thinking is a reflection on the possible futures of a human community, not to predict the future but to help build a future that meets the aspirations of that community, to prepare better decisions that are more likely to lead to the desired future.
- Other definitions of the concept:
Strategic planning is the long-term orientation and definition of policies, activities and development of an organisation. This involves the ability to anticipate and prepare for structural changes or adaptations over a relatively long period of time. It influences and takes into account structural and infrastructural changes.
Strategic planning is an approach, a continuous and dynamic thought process that consists of:
- setting a limited number of priorities based on the organisation's mission and its current situation in today's and tomorrow's society;
- determining specific, measurable and appropriate objectives based on the overall priorities;
- determining indicators;
- developing an action plan;
- evaluating results.

It requires knowledge of the organisation's mission and current situation, the ability to project into the future, the establishment of priorities and the determination of objectives.
Strategic planning is an approach, a process of continuous, dynamic reflection involving decisions to be made and implemented (and therefore a commitment to be honoured) with short-, medium- and long-term consequences. It is an institutional adjustment comprising a programme and action plans (monthly, quarterly, half-yearly or annual). It involves choosing strategic options based on diagnoses, assessments or, better still, institutional analysis (of a structure or institution).

Although all definitions convey the essential characteristics of strategic planning, we have chosen the last two, which are much more relevant to our concerns and describe our approach much more clearly.

I.3.1.1. The principles of strategic planning

Although not exhaustive, the following list summarises the main principles of strategic planning:
- it consists of allocating limited resources to meet needs (which are often unlimited and competing);
- it remains the responsibility of senior management;
- People must be involved, as their participation is essential to the planning process.
- Participation is more important than the perfection of the plan.
- Good planning requires a system.
- Planning is an integral part of management.

I.3.1.2. Levels of strategic planning

Over the last century, planning has evolved from a discipline reserved for experts to one involving most employees within an organisation. Planning requires active involvement in terms of management and focuses on establishing and maintaining a creative and continuous process of improvement with a view to achieving long-term objectives and short-term results. Moral values and visions play a key role and form the basis for this.
Three levels of planning (**Table 1**) can be defined:

- ➢ long-term strategic planning;
- ➢ medium-term planning, also known as programme planning or overall planning;
- ➢ short-term or operational planning.

a. Long-term strategic planning

Long-term strategic planning is a powerful tool for diagnosis, analysis, discussion and collective decision-making within an organisation.
- **Duration:** 5 to 10 years (sometimes longer depending on the sector, such as energy or infrastructure).
- **Objective:** To define the organisation's long-term strategic directions.

-Content:
- Company vision and mission.
- Choice of markets, products and technologies.
- Overall growth or diversification objectives.
- Long-term investment policy.

-Examples:
- Develop an international presence over the next 10 years.
- Reorient the company towards a sustainable strategy.
- Become the market leader in an emerging sector..

b. Medium-term planning (overall planning or planning programme)

-Duration: 2 to 5 years.
- Objective: To translate broad strategic guidelines into overall programmes or plans.
-Content:
- Breakdown of overall objectives into objectives by department or by project.
- Planning human, financial and technical resources.
- Launching structural projects (digitalisation, development of new products, etc.).

- Examples:
- Launch 3 new products within 3 years.
- Reorganise the internal structure for greater efficiency.
- Modernise production facilities.

C. Short-term (operational) planning
- **Duration**: Less than one year (often monthly, quarterly or annually).
- **Objective:** To implement medium-term plans through concrete and measurable actions.
- **Content:**
• Daily or weekly activities.
• Operational budgets.
• Planning tasks, schedules, production, etc.
- **Examples:**
• Planning marketing campaigns for the quarter.
• Organising staff schedules.
• Monitoring monthly performance indicators.

Table 1: Levels of strategic planning.

Planning level	Duration	Main objective	Example
Long term	5-10 years	Vision, mission, strategic direction	Develop a new international subsidiary
Medium term	2-5 years	Overall action and resource plan	Launch a new product range
Short term (operational)	Less than one year	Implementation of concrete actions	Plan monthly production

I.3.1.3. Usefulness of strategic planning
Strategic planning is useful on two levels:
- internal
- external

A. Internal usefulness
Internally, strategic planning is:
- a process of reflection and introspection;
- a management tool;
- a means of communication and motivation.

➢ **A process of reflection and introspection that allows you to:**

- anticipate changes in the organisation's environment;
- highlight threats and opportunities surrounding the organisation;
- formulate strategies to take advantage of opportunities and avoid identified threats;
- clarify the resources available to the organisation and determine the actions it could take and their impact on itself.

➢ **A management tool that allows you to:**

- define the organisation's strategic directions and objectives;
- specify the priorities to be met and the optimal actions to be taken in the short and medium term;
- identify concrete ways to coordinate policies and activities within your organisation;
- provide a reference framework for your management, particularly results-based management;
- allocate resources in proportion to the relative importance of the activities set out in your action plan;

➢ **A means of communication and motivation to:**

- inform staff about the challenges facing the organisation;

- promote understanding, assimilation and acceptance of strategic directions and objectives among staff;
- promote consultation and teamwork.

B. External utility

Externally, strategic planning is:

- a process of systematic questioning about the environment;
- a tool for dialogue with the various stakeholders in contact with the organisation.

➢ **A process of systematic questioning about the environment that makes it possible to:**

- understand the trends that influence the organisational environment;
- identify the organisations that are leading the trends in the sector (the leaders, the good runners-up, the organisations that are lagging behind);
- assess how these trends influence the opportunities and threats for your organisation;
- confirm the value of your current positioning or determine a future repositioning for your organisation.

➢ **A tool for advocacy and dialogue with the various stakeholders in contact with the organisation in order to:**

- inform them about your strategic choices, projects and priorities;
- reach agreement with them on the organisation's development prospects and priorities;
- demonstrate the organisation's active participation in the development of its sector of activity;
- develop partnerships with them based on a sound analysis of the organisation's strengths and needs.

I.3.1.4. The limitations of strategic planning

However, strategic planning is not a cure-all. It has limitations, some of which are listed below:

- It does not eliminate risk.
- It does not guarantee success (or profit).
- It does not change the environment.
- It does not eliminate the need for energetic and innovative leadership.
- It does not replace the spirit of entrepreneurship.

I.3.2. Operational planning

Operational planning consists of defining all the activities necessary to implement strategies or, in other words, developing tactics (how to do it, according to what timeframe or technique).

Mission: this is what I am sent to do; the mandate, the raison d'être of the organisation (Coalition), its roles and responsibilities. Why were we formed? Why do we want to exist? What do we want to achieve by existing? It allows us to determine our goals and set our objectives. It is underpinned by socio-cultural values and beliefs/convictions.

Vision: this is what I see on the horizon, my dreams; it is the desire to become, i.e. our wishes; our dreams that we turn into reality.

Priorities: these are the most important, urgent and useful actions to be taken; they are the urgent needs for action. These needs, which are often multiple, must be selected and ranked. Priorities justify the mission and, consequently, the objectives of institutions and the strategies for achieving them.