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Joseph B. Gregg
Florida International University, hospitality@fiu.edu

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Abstract
Strategic planning is the key to producing a realistic, attractive rate of growth and a respectable return on investment. The author analyzes the steps in the planning process and looks at the environmental and cultural values which influence the strategic planner in his/her work.

Keywords
Joseph B. Gregg, Strategic Planning: Implications and Applications for Line Managers, "WOTS UP" or "SWOT" analysis [Strengths, Weaknesses, Opportunities, and Threats], Connectors, Corporate values, Corporate Marketing Environment, FIU

Strategic Planning: Implications and Applications for Line Managers

by
Joseph B. Gregg
Assistant Professor
School of Hospitality Management
Florida International University

Strategic planning is the key to producing a realistic, attractive rate of growth and a respectable return on investment. The author analyzes the steps in the planning process and looks at the environmental and cultural values which influence the strategic planner in his/her work.

There are several perspectives from which strategic planning can be viewed, and thereby defined. The Boston Consulting Group, considered the father of strategic planning, defines it thus:

> . . . it is . . . a systematic means of analyzing the economic and competitive prospects for corporate operations and charting a long-term course of action.[1]

Dr. Dan Austin, responsible over two decades for long-range planning for several systems of higher education in the United States, claims it is but a method of planning intended to culminate in decision-making for the purpose of developing an optimal relationship between an organization and its environment.[2]

Robert LaRue, renowned international marketing expert and hospitality industry consultant, claims strategic planning is "thinking systematically about the future and making current decisions in (a) creative, actionable plan(s)."[3]

Analysis and synthesis of these observations lead to certain conclusions about strategic planning: It is systematic, future-directed, analytical, creative, action-oriented, relationship-structured. Above all, it is a road map from survival to growth to prosperity.

Strategic planning has been frequently misdefined as a formula for short cuts. "Planocrats" appeared on the scene in the early 1970s with a mystique that suggested that planning was beyond the ken of mere operations personnel, and required the complex, and often convoluted, formulae of the planning fraternity. It was somewhat analogous to the mystification of red and white wine through the once popular academic application of statistical research measures. The planocrats developed ritualized processes and strategic formulae to project markets, profits, expansion, diversification, cash flow, ad infinitum. There even emerged two trade associations for planners, the North American Society for

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Corporate Planning and the Planning Executives Institute. The Boston Consulting Group developed a quantitative formula-matrix which seems somewhat less than workable in the volatile market of the mid-1980s. In brief, the whole "complicated" topic scared the hell out of a lot of bright operations people. And in more cases than half, the professional planners' plans failed.[4]

Strategic planning does not now, nor did it ever, substitute for good management. It is not a marketing panacea; it will not replace hard work with automatic crystal ball growth. It is largely "blood, sweat, and tears." The functional task of strategic planning is to develop a long-term, time-phased plan that will produce a realistic, attractive rate of growth and a respectable, attainable return on investment by achieving a market position sufficiently advantageous that competitors can react, or retaliate, only over an extended time period at a higher than normally acceptable cost. That's what it's all about, plain and simple.

Strategic Planning Has Benefits

When one speaks of undertaking formal planning, one is in considerable danger of speaking to a steadily diminishing audience, for once the terms of planning are defined, the allure is replaced by awareness of the complexity in planning and analysis and the amount of effort required of the planner. This same planner will find his or her time and good intentions intruded upon by a myriad of operational concerns, personnel problems, maintenance and repair exigencies, and unanticipated crisis hitherto seemingly beyond the experience of the recorded hospitality history. Given this, there remain compelling reasons why one ought to engage in formal planning, beyond the most compelling of all: It works!

If the only certainty of the future is that it will be unlike the past, a business desiring to maintain growth and profitability must constantly re-evaluate the reason(s) for its success to date. In the United States nearly 50 million residents change their permanent address every single year.[5] This change is projected to continue unabated in the foreseeable future.

Whatever is in business is vulnerable to technology, to market changes, and to competitive improvement. Planning is, therefore, a shield against obsolescence, which kills as many businesses as incompetence.[6]

Planning should expand your business horizons. As you explore and investigate the environment — both controllable and uncontrollable elements — in which you corporately exist, you discover, to quote Dr. Austin, "WOTS UP": weaknesses, opportunities, threats, and strengths. As you systematically analyze and evaluate, you develop more reasonable alternative activities and courses of action which permit orderly change to the corporate advantage.

Strategic planning ought to put subjective value judgments to the test. Some things we "absolutely know" we discover are only feelings or biases. Planning often leads to the clarification of significant operating relationships within the corporation.

Planning should provide several other distinct advantages:

- In a hierarchical sense, plans often look, and are structured and implemented, like an organizational chart. As such, a plan may inherently provide a decision framework to guide subordinate actions.

- Communications-wise, good plans tell other supervisors what the top of the chart, or network, intends.
- Goal-planning supports performance evaluation.
- Good plans well-implemented are also good controls.

Organizational Environment Is Important

Where strategic planning occurs (re-emphasizing Dr. Austin's statement that an organization ought to seek the optimal relationship with its environment), two salient points must be understood:

- "Optimal" means best possible, not necessarily utopian or perfect or ideal — just the best of what is possible.
- A "relationship matrix" exists which is highly complex and consists of micro-macro-environments, i.e., inside organizational influence factors, as well as less controllable external elements which interface and interact one upon the other, with varying degrees of effect on business.

For example, your organization, at a minimum, is comprised of these significant elements:

1. personnel
2. systems
3. programs
4. procedures
5. finances
6. facilities
7. equipment
8. work climate
9. public image
10. value (behavior) system

Each impacts on the other, as any analysis, review, or decision-making situation will discover, and is impacted upon by a series of external (macro) forces, often beyond our ability to control and which are a part of the interface:

11. the economic environment
12. the political scene
13. demographics
14. the social situations
15. competitive capabilities
16. legal implications, and
17. technological change

All of these must be considered in the planning process and evaluated against one another in a systematic manner. They must be "screened" from a position of possible impact on the strategic decisions which are made in the following top management control areas:

18. the organization's mission (or continuing purpose)
19. its goals and objectives
20. the clientele
21. the product/service/program mix
22. the differential advantage an organization seeks over its competitors

The result is a continuing, varying interplay of 22 environmental elements or "connectors," a complex relationship which can only be optimized by formal, strategic planning. It would be most atypical to successfully "guess" one's way through these factors in making an operational judgment. Yet your competitors will likely continue to do just this on their flight to obsolescence!

There are many effective techniques in environmental analysis, a necessary first step in the planning process.

- brainstorming
- systems simulation (games)
- vulnerability analysis
- trend extrapolation
- cross-impact matrices
- alternative future analysis

Each requires the assessment of all the 22 factors alluded to previously. One simple, do-able technique is the "Inside-Out/Outside-In" approach to planning. Lineally, it looks like this:

Table 1
Matrix Analysis of Environmental Factors

Inside-Out	Identify major decision issues of the organization.	What are the external trends that need to be considered?	Make a detailed analysis of those external factors which seem to be pertinent to the decision at hand.	Define strategic responses necessary to deal with threats or exploit opportunities.
Outside-In	Identify major trends in the macro-environment.	What factors are most likely to impact on the company?	Make a detailed analysis of the possible effects.	Create strategic responses necessary to deal with threats or exploit opportunities.

Only when the impact of this primary Matrix Analysis of Environment Factors is concluded is the professional planner ready to proceed. First, however, a few words need to be included in planning about corporate values, perhaps the most important environment connector of all.

One of the flaws operations managers often weave into their planning is the misinterpretation or omission of corporate values.[7] Values, simply, are conceptions of the desirable and every hospitality organization has them, whether stated or implied; they are most often manifested in the posture of top management.

Discipline-based values are those based on your academic/scientific/vocational (training) background. Graduates with B.A. and B.S. degrees are likely to have differing perceptions. Role-based values, on the other hand, are perceived "proper" views, attitudes, and operating patterns of conduct equated with one's status and/or position in an organization.

There are also cultural values, those beliefs based on economic status, social orientation, religious beliefs, ego-enhancement needs, aesthetic posture, and values based on knowledge and understanding. They are all part of the corporate value system.

It is important that a strategic planner take the time to make the effort to understand the corporate value system as the plan develops. If one fails to do this, one may be creating an exercise in futility. If you do not plan to pursue and achieve what corporate management believes to be of the highest corporate value, your planning is destined to failure or, worse, to be ignored.

Strategic Planning Process Is Simple

The strategic planning process is, by and of itself, a relatively simple one. Its function is to develop "high-yield" strategies (See Exhibit 1).

The strategic audit, then, could be accomplished by first developing, illustratively, this kind of information:

- How successful have we been?
- What is happening in the market?
- What customers are we serving?
- What customers will there be to serve?
- How do our customers see us?

In the balance of this report, we have detailed a number of (steps) which are intended to firm up the strategy planning process. They sequentially, logically, and expeditiously undertake to develop data that could be used in the final decision-making phase of the planning process.

Exhibit 3 tracks "bottom-line" figures for a given period, likely the typical five-year planning period. It seeks patterns or problem-identification in the areas of sales, gross profit, expenses, pre- and post- tax nets, assets, and net worth. It is a quick self-evaluation of a company's operational efficiency and focuses in on present status needs before the corporation considers growth, change of direction or other strategic moves. Conservatively it suggests you look in before you look on.

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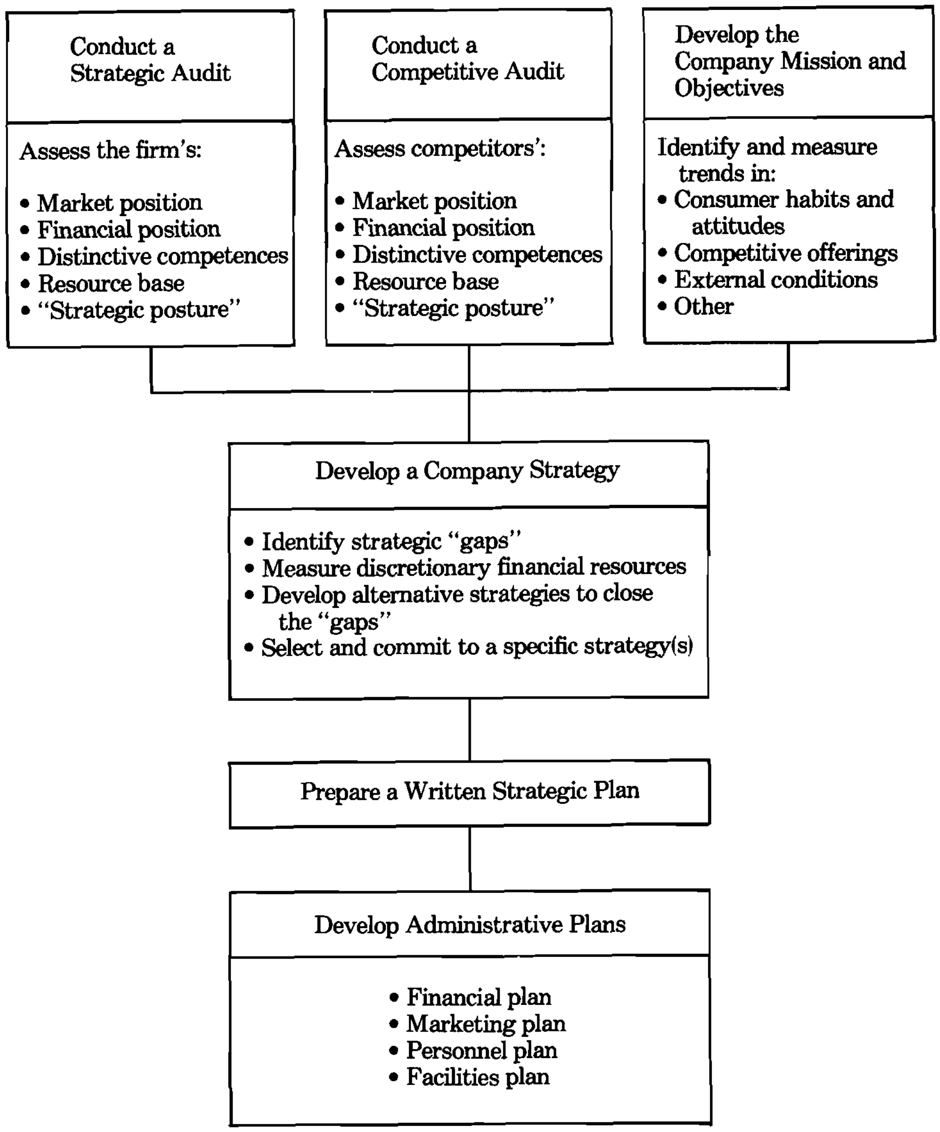
Exhibit 1
The Strategic Planning Process



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Applying the process to a marketing problem as an illustration, we might see the planning developed as follows in Exhibit 2.

Exhibit 2
Developing A Marketing Strategy

Part I. **The Strategic Audit**
How successful have we been?
What is happening in the market?
What customers are we serving? What customers will there be to serve?
How do our customers see us?

Part II. **The Competitive Audit**
Who are our major competitors?
What markets do our major competitors serve?
How would we rate our competitors?
What are our competitors' major strengths and weaknesses?
How do our competitors' strengths and weaknesses compare with our own?
What moves are our competitors most likely to make during the next five years?

Part III. **The Company Mission and Objectives**
What are our stakeholder expectations?
Corporate Guidelines Form

Part IV. **Developing a Marketing Strategy**
What are our strategic gaps?
What is the magnitude of our discretionary financial resources?
Some alternate strategies

Exhibit 3
How Successful Have We Been?

	1981	1982	1983	1984	1985
Net Sales	____	____	____	____	____
Gross Profit	____	____	____	____	____
Operating Expenses	____	____	____	____	____
Net Profit (BT)	____	____	____	____	____
Net Profit (AT)	____	____	____	____	____
Total Assets	____	____	____	____	____
Net Worth	____	____	____	____	____

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Exhibit 4 rates the competition and subsequent steps seek answers to the following questions:

- Who are our major competitors?
- What markets do our major competitors serve?
- How do we rate our competitors?
- What are our competitors' major strengths and weaknesses?
- How do their weaknesses compare with our own?
- What moves are our competitors most likely to make during the next year? Five years?

Continuing with the competitive audit in the next step, prepare a listing of the individual competitors' major strengths and weaknesses, describing each one briefly. Finally, compare each major competitor's strengths and weaknesses with our own strengths and weaknesses in terms of doing business with each of our major types of customers. For example, weigh and evaluate by customer category the following:

- our strengths
- our weaknesses
- competitors' strengths
- competitors' weaknesses
- evaluation for each customer category of our relative position.

The emphasis is to develop a specific strategy for each primary competitor, focusing on our strengths, and his weaknesses, and, equally, to avoid self-defeating confrontations where we/they are obviously too strong to fight — or that our efforts would be too costly.

Next we suggest narrative development of these defined competitive strengths and weaknesses, primarily so that no significant area is overlooked, be it price, ambience, facilities, personnel, variety of services, etc.

Finally, we propose that you list various target markets, such as senior citizens, singles, family groups, yuppies, whomever the sub-groups may be, and cross-analyze them across the strength-weakness continuum to arrive at a point of decision. Given one target group, you may wisely decide to forego market activities that look destined to failure. Another may be worth a greater advertising effort. You may discover one group you seek is willing to pay more and is doing so at competitors X, Y, and Z. You may even discover target groups that you have totally missed in your day-to-day operational concerns.

From the competitive audit, a set of alternatives can be constructed for consideration. As there is typically no "right" answer to a problem as opposed to a "best" answer, it is necessary to consider a logical method of analyzing data to arrive at the best conclusions (See Exhibit 5).

However, it is first necessary to analyze stakeholder expectations:

- Who are the most influential members of our corporation?

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Exhibit 4
How Would We Rate Our Competitors?

Rate each competitor on each characteristic using a scale of 1 to 10, with 10 being the highest.

	Characteristics	Competitors (Name)	(Name)	(Name)	(Name)	(Name)
____	1. ____	____	____	____	____	____
____	2. ____	____	____	____	____	____
____	3. ____	____	____	____	____	____
____	4. ____	____	____	____	____	____
____	5. ____	____	____	____	____	____
____	6. ____	____	____	____	____	____
____	7. ____	____	____	____	____	____
____	8. ____	____	____	____	____	____
____	9. ____	____	____	____	____	____
____	10. ____	____	____	____	____	____
	TOTAL: Competitor Index (Maximum of 100 for all 10 characteristics)	____	____	____	____	____
____	(Our Index for the same set of characteristics)					

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Exhibit 5
Some Alternative Strategies

Listed below are several alternative strategies. In column 1, check those strategies you are not willing to consider. In column 2, rank the strategies in your order of preference — your first choice would be number 1, your second choice number 2, and so on. Use column 3 and the back of the page to make whatever additional comments and qualifications are necessary.

Alternative Strategies	Column 1 Not Willing to Consider	Column 2 Rank Order	Comments
Increase the number of present types of customers in your current markets			
Obtain new types of customers in your current markets			Specify types
Expand to new geographical markets to present types of customers			Specify types
Expand to new geographical markets and market to new types of customers			Specify types and markets
Introduce new items			Specify the items
Add new "features"			

- What do they want the company to do in the future?
- What are our investors and/or top management going to expect of the company during the next five years?
- What are we going to have to do differently to satisfy their expectations?
- What are our key employees going to expect of the company during the next five years?
- What are we going to have to do differently to satisfy their expectations?
- What are our other personnel going to expect of the company during the next five years?
- What are we going to have to do differently to satisfy their expectations?

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- With regard to the major types of customers that we have identified, which will experience the most significant growth in the next five years?
- To what extent are programs developed for one major customer type transferable to the other major types of customers?

Decision-Making Varies According To Plan

Each plan addresses a strategy for an attack on a problem or challenge and a framework for arriving at organizational decisions. A good planner recognizes that. Just as there are different kinds of plans for divergent problems, so there are different kinds of decisions for different planning considerations. They are:

- **Grade 1: Strategic Decisions**
  Decisions relating to the corporate mission, goals and objectives, clientele sought, product/program/service mix, and differential advantage.

- **Grade 2: Coordinative Decisions**
  Policies and procedures
  Project priorities
  Staffing, employee benefits
  Budgets
  Pricing policy

- **Grade 3: Functionally Independent Decisions**

Finance	Development	Personnel
Accounting system	P.R. information package	Hiring process
Cost analysis procedures	Social participation: selected community groups	Job assignment

- **Grade 4: Functional Dependent Decisions**

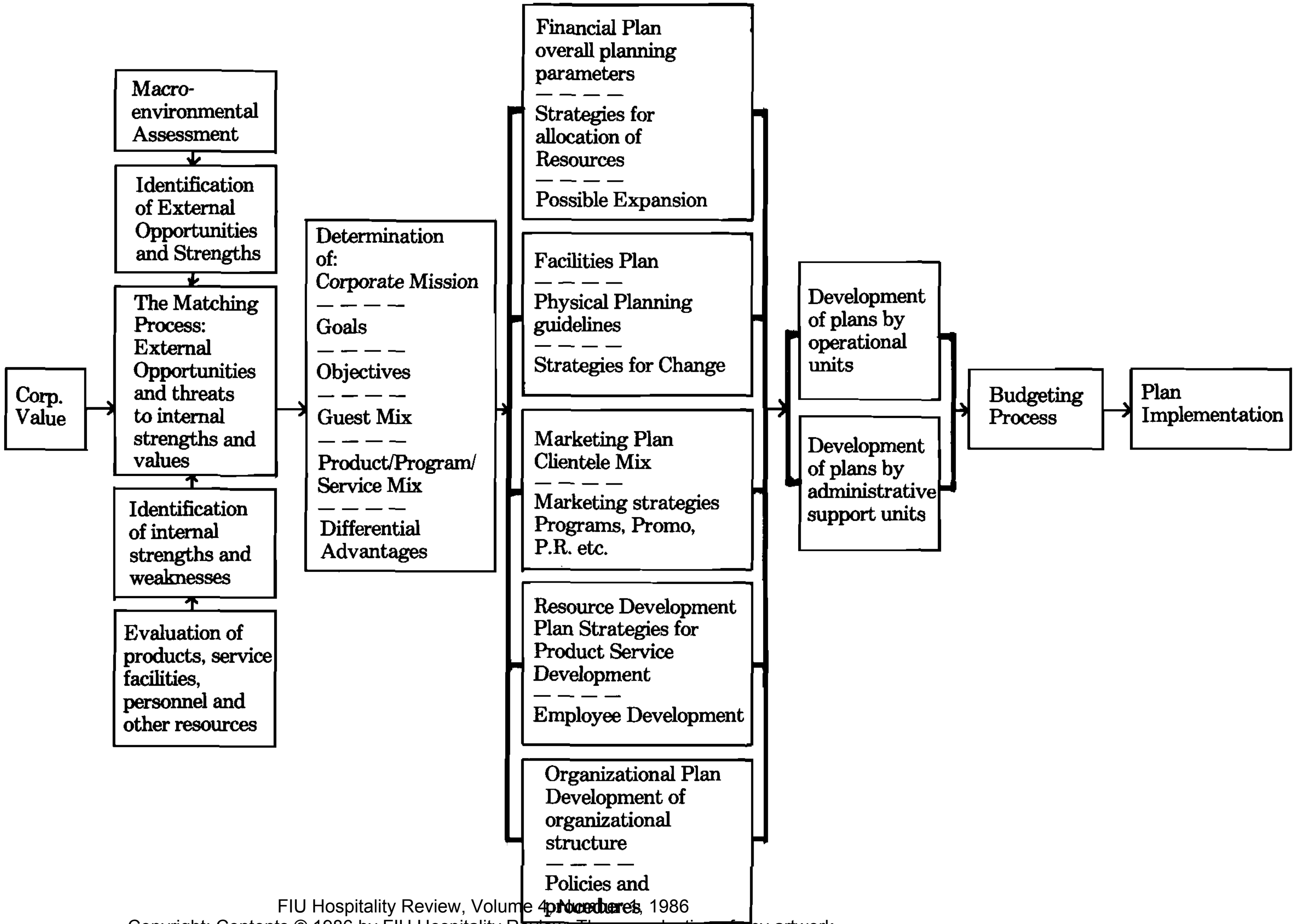
Finance	Development	Personnel
Budget development timetable	P.R. programs	Work schedules
Cost-price determinants	Charity participation	Number of personnel in a department

This means that plans are meant for implementation and, thus, decision-making on different levels by different authority figures. Good management recognizes the reaches and the constraints of his/her authority. Top management typically evolves strategic decisions. Staff and line coordinate Grade 2 decisions in concert and in agreement with the strategic decisions.

Grades 3 and 4 decisions are assigned to mid-management and first level supervisory personnel and certain administrative support staff, based on performance needs.

Good planning does not exist in a planning vacuum. Plans conceived without "decisions determinations" risk, to quote Roger Schipke, senior

Exhibit 6
A Strategic Planning Process for Corporations



vice president of General Electric's Major Appliance Business Group, an "isolated bureaucracy of planner grabbing hold . . . and gaining ownership . . . of your business."[8] Equally as undesirable, the plan takes on a life separate from any necessary decisions and consumer resources needed for operational viability. It is only toward decision-making that effective planning leads. Wise managers select the appropriate decision construct.

Planning is time-consuming, complex, and effective only if it is systematic, and decision-oriented if it is to be worth the effort it will take. In model form, the strategic planning process takes this shape (Exhibit 6):

References

[1]Boston Consulting Group, Boston, Mass., 1984, as quoted in *Business Week,* (September 17, 1984), p. 62.

[2]Daniel Austin, *Strategic Planning for Institutions,* (Ft. Lauderdale, Florida: Nova University, 1985), p. 2.

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