

Strategic Planning: Still Going Strong?

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AT THE END OF THE 1970s strategic planning suffered a downturn in popularity and influence. In large part this was due to the inability of strategic planning tools to deliver what was expected of them. "Thus, during the turmoil of the 1970s, firms had to learn the hard way that what was then called 'long-range planning' and somewhat less ambitiously, 'strategic planning', did not lead to the necessary adaptiveness or even survival".¹ At a more fundamental level, the classical rationalistic approach to planning and strategy implementation was questioned by critics such as Mintzberg² and Quinn.³ Confidence in the value of strategic planning was thus eroded leading many firms to dispense with their "armies of planners".⁴ During the 1990s, however, strategy has regained some of the reputation and influence that it had previously lost. One reason for this is that "there is a growing feeling that practical strategic advice can be based on sound deduction and systematic observation".¹ A major factor in this resurgence of practical strategy-making is the development of the resource-based view of strategy.^{5,6} The basic managerial implication of this view is that firms may secure a strong performance by acquiring certain endowments of resources.

The prescriptive strategic management literature implies that there is a positive association between strategic planning and company performance, with the direction of causation from strategic planning to performance. The empirical evidence has produced mixed results, however, as not all published studies of strategic planning and performance have identified a positive association.⁷ Some have argued that formal strategic planning may be dysfunctional if it introduces rigidity and encourages excessive bureaucracy.⁸ It is recognised, however, that there may be non-financial consequences of strategic planning which provides benefits to the organisation.⁹

This article provides new empirical evidence on the nature and practice of strategic planning in U.K. companies. Based on a sample of 113 public limited companies (54% manufacturing sector and 46% service sector) a descriptive account is provided of attitudes towards a range of strategic planning issues and the use of a range of tools and techniques of strategic planning. Among other things the article reports on respondents views to planning procedures, the commitment to strategic activities, emphasis on areas of strategic planning, strategic objectives, and views on strategic planning processes. One finding is that spreadsheet "what if" analysis, analysis of "key" or "critical" success factors, financial analysis of competitors, and SWOT analysis are the highest ranked set of tools/techniques of analysis used by firms in the sample. Respondents indicate a very positive attitude towards strategic planning which is seen as important by firms in the sample. © 1999 Elsevier Science Ltd. All rights reserved

Greenley^{7,9} has pointed out there are some basic reasons why companies need strategic planning. First, it should improve the performance of companies. Prescriptive strategic management theory stresses the planning of a mission, the setting of objectives (including performance objectives), and the implementation of strategies and control systems to ensure the objectives are achieved. Second, strategic planning could lead to indirect improvements in performance by improving the effectiveness of man-



agement throughout an organisation. Such benefits include process advantages, such as the ability to identify and exploit future marketing opportunities, personnel advantages such as the encouragement of a favourable attitude to change, and the view that strategic planning keeps the company synchronised with the external environment so that changes can be adapted to accordingly. Boyd,¹⁰ for instance, notes that strategic planning is one tool to manage environmental turbulence. Others have argued that it is the act of planning which is of real value.^{11,12} Strategic planning may therefore be effective as a process of management, regardless of the performance achieved.

This study aims to examine the extent to which UK companies use the tools and techniques of strategic development advocated by the classical model of strategy formulation,¹³⁻¹⁵ and to examine views and attitudes towards the standard strategic planning approach.

Strategic Planning

Although there is no clear consensus as to the conceptualisation and measurement of planning system characteristics,¹⁶ it is expected that such characteristics would contain a mix of features. As advocated by Pearce *et al.* formal strategic planning is a "process of determining the mission, major objectives, strategies, and policies that govern the acquisition and allocation of resources to achieve organisational aims".¹⁷ These authors point out that when the term "formal strategic planning" is used the intent is to convey that a firm's strategic planning process involves explicit systematic procedures used to gain the involvement and commitment of those principal stakeholders affected by the plan. An effective strategic planning system will link long-range strategic goals with both mid-range and operational plans. In order to facilitate this activity those involved in the strategic planning process collect data, forecast, model and construct alternative future scenarios. The standard approach to strategic planning would incorporate an external environmental analysis to identify the opportunities and threats facing the organisation, and an internal analysis to identify the organisation's strengths and weaknesses.¹⁸ Such a SWOT analysis may itself encompass a number of different forms of analysis, for example, an examination of the industry structure as advocated by Porter,¹⁹ and an examination of the resource base of the organisation^{5,6} including the identification of core competencies.²⁰

An additional planning system characteristic is the extent to which strategies within organisations result from a deliberate or an emergent process. Whether strategy formulation is, or can be, a deliberate process and the extent to which strategy emerges without any formal planning has been subject to debate.^{2,21,22} If

strategies emerge within an organisation, it might be expected that some of the standard tools and techniques of the strategic planning process would not be explicitly utilised or reported by such an organisation. To put the findings in context, the extent to which respondents considered the formulation of strategy in their organisations to be the result of a deliberate or of an emergent process is reported.

Research Method

Sample

A postal questionnaire was sent to 500 companies selected using a stratified random sampling plan from the EXTEL database of U.K. listed companies. After one reminder 113 useable responses were received, representing a 23% response rate. Systematic size or industry differences could not be detected between respondents and non-respondents. The sample of 113 public limited companies had mean sales of £712m and mean number of employees of 7270. The sample is therefore composed of relatively large firms. In total 54% of the sample companies were classified as operating in the manufacturing sector, and 46% in the service sector. The distinction between the manufacturing sector and the service sector firms is drawn because industry context (e.g., dynamism, concentration, life cycle) may play a part in the planning-performance relationship and the degree of formal strategic planning may be expected to vary between industry sectors.

Respondents

Respondents were 56% CEOs (e.g., Chairman, Managing Director) 18% finance executives (e.g., Finance Director, Company Secretary) 18% planning executives (e.g., Planning Manager, Development Director) and 8% other senior executives (e.g., Marketing Director, Land Director).

Findings

Company Characteristics

A number of company characteristics related to the strategic planning process are set out in Table 1. Around two-thirds of the firms in the sample have a written mission statement, with over 90% having a set of medium/long term objectives, with (as a proportion) marginally more of the service sector firms having a mission statement and set of objectives than manufacturing sector firms. Around two-fifths of all firms *do not* have a person or a group with specific responsibility for identifying either opportunities and threats, or strengths and weaknesses. Over one-fifth of all firms *do not* have a group with specific responsibility for business/corporate and/or strategic planning. There is relatively little difference between

TABLE 1. Company characteristics¹

Does your company have	All Firms				Manufacturing				Services			
	Yes		No		Yes		No		Yes		No	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
A written mission statement	71	65.1	38	34.9	37	62.7	22	37.3	34	68.0	16	32.0
A set of medium/long term objectives	101	92.7	8	7.3	53	89.8	6	10.2	48	96.0	2	4.0
A person or group with specific responsibility for identifying opportunities and threats in the external environment	64	58.7	45	41.3	33	55.9	26	44.1	31	62.0	19	38.0
A person or group with specific responsibility for identifying the strengths and weaknesses of your company	68	62.4	41	37.6	37	62.7	22	37.3	31	62.0	19	38.0
A group with specific responsibility for business/corporate and/or strategic planning	86	76.8	26	23.2	45	75.0	15	25.0	41	78.8	11	21.2

¹ Totals less than 113 are due to missing values.

TABLE 2. Longest period for which plans are prepared¹

	No plan		Under 5 years		5 years		Over 5 years	
	No.	%	No.	%	No.	%	No.	%
Production plan ²	26	23.4	71	63.9	8	7.2	6	5.4
Sales/market forecast	1	0.9	87	78.4	14	12.6	9	8.1
Human Resource/Staffing plan	6	5.4	87	78.3	17	15.3	1	0.9
Financial plan	0	0.0	75	67.0	31	27.7	6	5.4
Capital plan	3	2.7	76	67.8	26	23.2	7	6.3
Corporate plan	4	3.6	56	50.0	45	40.2	7	6.3
Business plan	1	0.9	74	66.6	32	28.8	4	3.6
Strategic plan	3	2.7	47	42.0	47	42.0	15	13.4

¹ Totals less than 113 are due to missing values.

² High "no plan" response due to service firms in the sample.

firms in the manufacturing sector and firms in the service sector with regard to these characteristics. What is surprising about these findings is that a significant proportion of firms apparently have no one with specific responsibility for conducting basic SWOT analysis or overall planning.

Time Periods of Planning

Table 2 shows the longest periods for which a number of types of plans are prepared. For the sample as a whole, apart from production plans, relatively few companies produce no plans at all. The considerable number of firms that produce no production plans is accounted for by the composition of the sample in that 23 of the 26 firms that produce no production plans are in the service sector, so this finding is not particularly surprising.

Table 2 shows that it is usual for most firms to produce plans for a period of up to five years with

relatively few firms planning beyond five years. The exception to this is the strategic plan where over 55% of firms plan for five or more years ahead. The corporate plan also has a fairly long time horizon with over 46% of firms developing a corporate plan for five or more years. The shortest time horizons apply to planning in the areas of the sales/market forecast and human resources/staffing where over three-quarters of the firms plan for a period of under five years. Financial planning and capital planning also does not extend beyond five years for most of the firms in the sample

It is relatively unsurprising that the plans with the longest time horizon are in the areas of strategic planning and corporate planning, as the conventional view of strategy indicates a relatively long time horizon when considering these aspects of an organization. It is somewhat surprising, however, that the business plan for most of the firms in the sample does

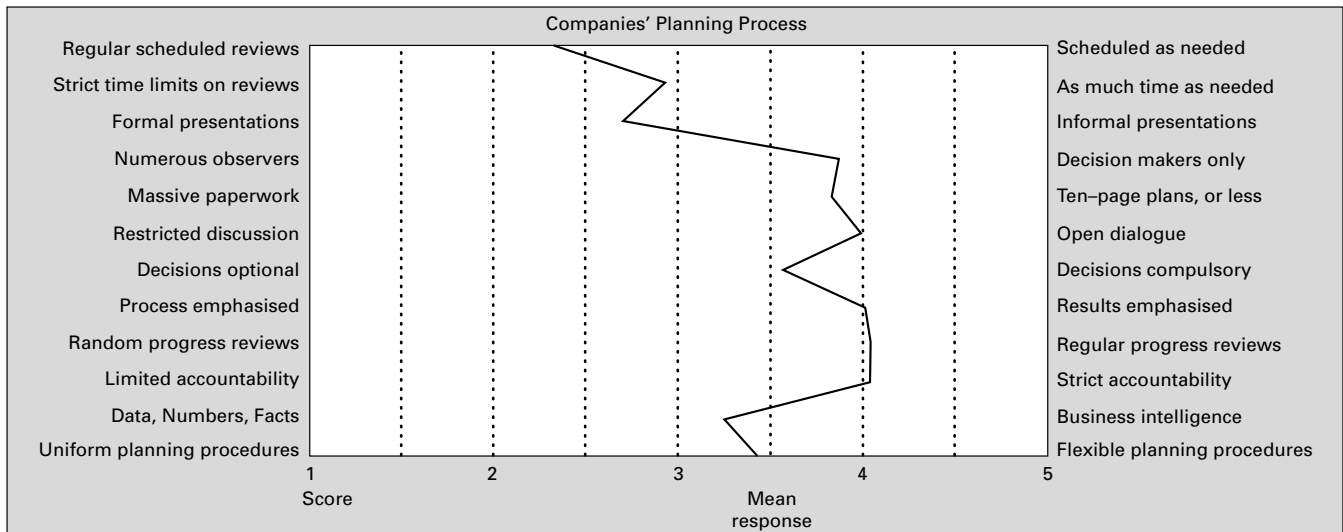


FIGURE 1. Companies' Planning Process

not extend beyond five years, as the conventional view would anticipate a relatively long time horizon in this area also. This finding may be related to the relatively short-term perspective firms apparently have with regard to sales/market forecasts. Overall the findings indicate that most of the firms in the sample do engage in a planning process over most of the relevant dimensions of planning, but that few firms have a planning horizon beyond five years even in those areas of planning related to the strategy of the company which would be expected to embody a relatively long time horizon.

Planning Procedures

Figure 1 indicates the nature of company planning procedures for all firms in the sample. A number of items are clearly greater than the median measure of three, indicating that planning procedures are typically characterised by strict accountability in the planning process rather than there being limited accountability; that there are regular progress reviews rather than random progress reviews; and that results are emphasised rather than the process being emphasised. The findings also indicate that there is open dialogue of the planning procedures rather than there being restricted discussion; that planning procedures are characterised by decision makers only rather than there being numerous observers; and with plans of 10 pages or less rather than the planning process involving massive paperwork. Only one item is appreciably less than the median, indicating that planning procedures involved regularly scheduled reviews rather than being scheduled as needed.

Figure 1 shows the mean response for all of the firms in the sample. The means for the sub-samples of firms located in the manufacturing sector and the services sector (not shown) are very similar, and closely match the sample averages shown in Fig. 1. A test of differences in means results in only one significant difference, which relates to the continuum "strict time limits on reviews" to "as much time as needed". For this item the mean for the manufacturing sector is significantly lower than the mean for the services sector, indicating that for firms in the manufacturing sector planning procedures err towards strict time limits on reviews compared to firms in the services sector where the time frame is rather more flexible.

Commitment to Strategic Activities

The extent of the sample firms' commitment to various strategic activities is shown in Table 3. For the whole sample the mean value for each of the activities is below the median measure, indicating a relatively high level of commitment for each activity. The greatest level of commitment is found with regard to specification of business objectives/aims, and specification of corporate objectives/aims. Although still at a relatively high level of commitment, the lowest ranked activities involve monitoring results against strategic plans and evaluation of strategies. Table 3 indicates that firms appear to have a greater commitment to formulation aspects of strategy and relatively less commitment to the implementation and evaluation of strategy. In part this may be because firms find it less difficult to commit themselves to

TABLE 3. Commitment to strategic activities

	All Firms		Manufacturing		Services	
	Rank	Mean	Rank	Mean	Rank	Mean
Specification of business objectives/aims	1	2.00	1	2.02	2	1.98
Specification of corporate objectives/aims	2	2.08	2	2.19	1	1.96
Seeking commitment to plans from organisational members	3	2.18	3	2.22	3	2.14
Generation of strategies	4	2.35	4=	2.35	4	2.35
Fostering of supportive climate/atmosphere	5	2.43	6	2.47	5	2.39
Monitoring of results against strategic plans	6	2.45	4=	2.35	7	2.56
Evaluation of strategies	7	2.50	7	2.48	6	2.52

The mean is the average on a scale of 1 = very committed to 5 = not committed.

aspects of formulation, such as specification of objectives, but more difficult to engage in implementation, monitoring and evaluation activities. Caution must be exercised with regard to this conclusion, however, because even with the lowest ranked activities, firms in the sample reveal a level of commitment which is clearly below the median measure, hence the findings should not be interpreted as indicating that firms in the sample are not committed to the lowest ranked activities, it is simply that they are somewhat less committed to these activities compared to the highest ranked activities.

Table 3 shows that there is relatively little difference in the rank order of commitment to strategic activities between manufacturing sector firms and services sector firms. A test of difference in means shows that there are no significant differences between the two groups of firms. It may be concluded, therefore, that there is no significant difference in the level of commitment to the range of strategic activities

shown in Table 3 between manufacturing sector firms and service sector firms.

Emphasis on Areas of Strategic Planning

Table 4 shows emphasis on particular areas of strategic planning for firms in the sample ranked by mean response. The greatest emphasis is on closely related markets with the least emphasis on totally new markets. The other areas of greatest emphasis are on quantitative objectives and on internal capabilities of the company. The former findings are consistent with the strong commitment the firms have to specification of business and corporate objectives, reported when discussing Table 3. The relatively great emphasis on internal capabilities of the company contrasts with the weaker emphasis on external aspects of analysis associated with the effect of social, political and tech-

TABLE 4. Emphasis on areas of strategic planning

	All Firms		Manufacturing		Services	
	Rank	Mean	Rank	Mean	Rank	Mean
Emphasis on closely related markets	1	3.98	1	3.98	1	3.98
Emphasis on quantitative objectives	2	3.93	2	3.92	2	3.94
Emphasis on internal capabilities of the company	3	3.76	3	3.82	3	3.69
Emphasis on definition of the nature of the company	4	3.09	4	3.25	4	2.90
Emphasis on the effect of social, political and technological trends on the company	5	2.88	5=	2.90	5	2.87
Emphasis on long-term variances from prior plans	6	2.84	5=	2.90	6	2.77
Emphasis on contingency plans	7	2.67	7	2.77	7	2.56
Emphasis on totally new markets	8	2.60	8	2.65	8	2.54

The mean is the average on a scale of 1 = little or none to 5 = a great deal.

nological trends on the company, reflected in comparatively low rank for this variable and a mean below the median. It is also noticeable that there is relatively little emphasis by the firms on long-term variances from prior plans and on contingency planning. These findings fit the pattern of commitment to strategic activities reported in Table 3. They add force to the view that firms in the sample pay relatively little regard to assessing reasons for actual outcomes not matching anticipated outcomes, or to developing contingencies around these variances. Yet this is despite the reported high level of commitment and emphasis on objectives. The picture that emerges is of a strong focus on specifying and quantifying the objectives at the beginning of the planning period, but with little regard to the analysis or evaluation of the attainment of the objectives at the end of the planning period.

Table 4 shows that there is very little difference in the rank order of the areas of strategic planning between manufacturing sector firms and service sector firms. This close conformity of emphasis on particular areas of strategic planning is confirmed by a test of difference in means: there are no significant difference in means between the two groups of firms except for emphasis on definition of the nature of the company, which is greater in manufacturing sector firms than in service sector firms.

Tools and Techniques of Strategic Analysis

Table 5 shows the current use by firms in the sample of a range of tools and techniques of strategic analysis ranked by regularity of use, and the change in the use of these practices in the previous five year period. Dealing first with current use, four items clearly exceed the median measure: spreadsheet “what if” analysis; analysis of “key” or “critical” success factors; financial analysis of competitors; and SWOT analysis. This set of highest ranked tools/techniques of analysis is somewhat surprising in the context of what might be expected from the prescriptive view of strategic appraisal. The reason for the finding that spreadsheet analysis is ranked first may be associated with the ease with which this type of analysis may be undertaken given the widespread availability of PCs and relevant software. In this regard it is the technology—its availability and relatively undemanding skills of application—that is driving the type of tool/technique used in strategic analysis. This may be contrasted with the lower ranking of corporate modelling/strategic planning software, which although ranked relatively high appears to be used less frequently than spreadsheet analysis, perhaps because of the more demanding skills required to effectively use this type of analysis.

The analysis of “key” or “critical” success factors, and financial analysis of competitors, both imply consideration of external influences on the firm, which would also be reflected in the assessment of the oppor-

tunities and threats embodied in the SWOT analysis employed by firms. Internal analysis is of course that part of the SWOT analysis to do with assessing strengths and weaknesses, and the fifth ranked technique, core capabilities analysis, is explicitly a consideration of internal factors. On balance, however, there appears to be a marginally greater consideration of external factors associated with the highest ranked tools/techniques of strategic analysis used by the firms in the sample.

With this apparent relative focus on the external environment it is rather surprising that Porter’s 5-forces/industry attractiveness analysis, and PEST analysis attain such a low ranking, with means well below the median. This also begs the question of the nature of the external analysis in the SWOT analysis conducted by firms. The standard strategic analysis approach would recommend that Porter’s 5-forces and PEST analyses would be integral components of the external appraisal of the company, leading to a considered view of the opportunities and threats facing the firm. It is something of a puzzle that while the firms in the sample make relatively frequent use of SWOT analysis, they appear not to employ Porter’s 5-forces analysis and PEST analysis when doing so. Quite what the opportunities and threats analysis does entail is unclear, but it may perhaps simply be a listing of perceived factors which are not supported by an explicit analysis. This interpretation is consistent with recently reported findings into the use of SWOT analysis by consultants hired under the DTI MPI scheme.²³ This study concluded that the reported SWOT analyses tended to generate long lists of descriptive items. There was little effort to prioritise or verify points and the output of the analyses was rarely subsequently used in the strategy process.

Little use is made of portfolio matrices, which is perhaps unsurprising given the indifferent results which have been achieved with their use.¹³ More surprising perhaps is that little use is made of scenario construction given the increased emphasis of this technique in some quarters over recent years.^{24–27} The technique of cognitive mapping²⁸ is little used. This is not surprising as this is a relatively new technique compared to many of the others listed, and it is likely that awareness of this technique is limited among this sample of firms.

Table 5 shows that there is little variation in rank order of the tools/techniques of analysis between firms in the manufacturing sector and firms in the services sector. A test of difference in means between the two groups of firms indicates only one significant difference, that regarding PIMS analysis. This has a significantly higher use in manufacturing than in services, although both groups of firms make relatively little use of this technique of analysis.

Overall, it may be concluded that for the firms in the sample there is relatively little use of a broad

TABLE 5. Use of tools and techniques of strategic analysis

	Current Use*						Change in Use**		
	All Firms		Manufacturing		Services		All Firms	Manufacturing	Services
	Rank	Mean	Rank	Mean	Rank	Mean	Mean	Mean	Mean
Spreadsheet "what if" analysis	1	3.99	1	3.92	1	4.08	2.48	2.41	2.57
Analysis of "key" or "critical" success factors	2	3.86	2	3.83	2	3.90	2.51	2.46	2.57
Financial analysis of competitors	3	3.70	4	3.59	3	3.82	2.45	2.46	2.44
SWOT analysis ¹	4	3.61	3	3.64	4	3.56	2.26	2.35	2.15
Core capabilities analysis	5	2.90	6	3.02	7	2.76	2.41	2.35	2.48
Corporate modelling/Strategic planning software	6	2.84	5	3.03	8	2.62	2.34	2.35	2.33
Analysis of organisational culture	7	2.79	7	2.80	6	2.78	2.34	2.33	2.35
Economic forecasting models	8	2.72	8	2.53	5	2.94	2.16	2.13	2.20
Stakeholder analysis	9	2.45	9	2.34	9	2.58	2.29	2.22	2.37
Value chain analysis	10	2.29	10	2.31	10	2.28	2.20	2.17	2.24
Portfolio matrices ²	11=	2.05	12	2.02	11	2.08	2.14	2.13	2.15
Scenario construction	11=	2.05	11	2.14	12	1.94	2.20	2.15	2.26
Cognitive mapping	13	1.83	18	1.24	19	1.12	1.99	2.04	1.94
Porter's 5-forces/industry attractiveness analysis	14	1.69	13	1.63	13	1.76	2.08	2.00	2.17
PEST or STEP analysis	15	1.64	14	1.59	14	1.70	2.08	2.07	2.09
Experience curve analysis	16	1.55	15	1.48	15	1.64	2.01	2.00	2.02
Delphi ³	17	1.37	17	1.34	16	1.40	2.03	2.02	2.04
PIMS analysis ⁴	18	1.34	16	1.46	18	1.20	1.98	1.98	1.98
SSM (Soft Systems Methodology)	19	1.20	19	1.17	17	1.24	2.03	2.02	2.04

¹ Or TOWS or "WOTS up" analysis.

² e.g., BCG; Growth-Share; Shell directional policy matrix.

³ Qualitative group forecasting technique.

⁴ Profit Impact of Market Strategy analysis.

* The mean is an average on a scale of 1 = not used to 5 = regular.

** The mean is an average on the scale 1 = decreased; 2 = "about the same"; 3 = increased.

range of tools/techniques of strategic analysis. There appears to be occasional use of a limited set of analytical techniques, led by spreadsheet "what if" analysis. There is little difference in the use of tools/techniques between firms in the manufacturing sector and firms in the services sector. The evidence from this sample would indicate that many firms are not particularly sophisticated in terms of the tools/techniques most regularly used for strategic analysis.

Table 5 also shows the change in use of the identified tools/techniques of analysis over the previous five years, with two being the median measure of change in use, indicating that the use has been "about the same". Care must be taken when interpreting the change in use measures. A measure of two can mean that the tool/technique has been used a great deal in the last five years and is still used a great deal, or that the tool/technique has not been used in the last five years and is still not used. It is apparent, however, that the highest ranked tools/techniques of analysis are also the ones that appear to be experiencing an

increase in use. This is particularly the case with the service sector firms, where the two highest ranked tools/techniques of analysis also have the two highest mean scores reported for change in use, clearly indicating increased use over the past five years.

There is no evidence from this sample of a decrease in the use of any particular tool/technique of analysis. As previously noted, this may also imply that there has been little prior use and that this lack of use has not changed over the five years preceding the survey. Change of use of particular tools/techniques of analysis shows little variation between firms in the manufacturing sector and firms in the service sector. A test of difference in means between the two groups of firms reveals that there are only three significant differences. There has been a significant difference in the use of SWOT analysis with manufacturing firms tending to increase their use of this form of analysis compared to firms in the services sector. Similarly there has been an increase in the use of cognitive mapping by manufacturing firms compared with service sector firms. In contrast there has been an

TABLE 6. Views on strategic planning processes

	All Firms		Manufacturing		Services	
	Rank	Mean	Rank	Mean	Rank	Mean
Strategic planning is seen as important	1	3.90	1	4.00	1	3.79
Formal strategic planning is/would be an effective way to achieve improved financial performance	2	3.72	2	3.86	5	3.55
The <i>making</i> of strategy has been effective	3	3.62	5	3.54	2	3.72
Our strategic planning has been effective in achieving our objectives over the past five years	4	3.59	4	3.59	3=	3.60
The strategy adopted is the result of a very deliberate process of formulation	5	3.55	6	3.52	3=	3.60
The strategic planning process achieves a good fit (or alignment) between the external environment and the internal capabilities of the organisation	6	3.52	3	3.64	7	3.38
The <i>implementation</i> of strategy has been effective	7	3.49	7	3.50	6	3.47
The strategy adopted has "emerged" over time without being the result of a deliberate plan	8	2.44	8	2.38	8	2.51
Strategic planning has encouraged excessive bureaucracy	9	1.64	9	1.64	9	1.64
Strategic planning has resulted in rigidity and inflexibility of response to the changing environment	10	1.56	10	1.63	10	1.49

The mean is an average on a scale of 1 = strongly disagree to 5 = strongly agree.

increased use of Porter's 5-forces model by firms in the service sector compared with firms in the manufacturing sector. Overall however it may be concluded there has been relatively little change in use of the major tools/techniques of strategic analysis between firms in the manufacturing sector and firms in the services sector.

Views on Strategic Planning Processes

Respondents' views on a number of statements concerning the strategic planning process are shown in Table 6. The four highest ranked statements indicate very positive attitudes towards strategic planning, with the first ranked being that "strategic planning is seen as important". There is also broad agreement that formal strategic planning is/would be an effective way to achieve improved financial performance, and that the making of strategy has been effective, and more concretely that "strategic planning has been effective in achieving objectives over the past five years". Consistent with this, the negative statements regarding strategic planning achieve the lowest rank positions: "strategic planning has encouraged excessive bureaucracy" and "strategic planning has resulted in rigidity and inflexibility of response to the changing environment". Both of these statements attract relatively little agreement from the sample firms.

It is notable that the statement "the strategy adopted is the result of a very deliberate process" has a greater level of agreement and is ranked somewhat higher than the statement that "the strategy adopted has 'emerged' over time without being the result of a deliberate plan". The perception among the sample

firms clearly appears to be that strategy formulation is more of a deliberate process than an emergent process. This view is consistent with the tenor of the responses to the set of statements shown in Table 6. If strategy formulation was not seen as a deliberate process it is unlikely that the positive statements regarding strategic planning would have attracted the level of agreement that they have, or that the negative statements would have attracted the level of disagreement that they have.

Table 6 reveals that there are a number of variations in rank order of the statements between firms in the manufacturing sector and firms in the service sector. However, a test of difference in means between the two groups of firms reveals that there is only one significant difference which relates to the statement "the strategic planning process achieves a good fit (or alignment) between the external environment and the internal capabilities of the organisation". This achieves relatively more agreement from firms in the manufacturing sector than from firms in the service sector.

Summary and Conclusions

This article has reported on the nature and practice of strategic planning in U.K. companies. The main findings are:

1. It is usual for most firms to produce plans for a period of up to five years with relatively few firms planning beyond five years. The exception to this

is the strategic plan where a majority of firms plan for five or more years ahead.

2. Planning procedures are typically characterised by strict accountability in the planning process, there are regular progress reviews and results are emphasised rather than the process being emphasised.
3. The greatest level of commitment to strategic activities indicates that firms have a greater commitment to formulation aspects of strategy and relatively less commitment to the implementation and evaluation of strategy.
4. The area of strategic planning which attracts the greatest emphasis is on closely related markets with the least emphasis on totally new markets. The other areas of greatest emphasis are on quantitative objectives and on internal capability of the company.
5. Spreadsheet "what if" analysis, analysis of "key" or "critical" success factors, financial analysis of competitors, and SWOT analysis are the highest ranked set of tools/techniques of analysis used by firms in the sample.
6. The highest ranked set of tools/techniques of analysis are also the ones that appear to be experiencing an increase in use over time.
7. There is broad agreement among firms in the sample for the statement that "strategic planning is seen as important". There is also broad agreement that formal strategic planning is/would be an effective way to achieve improved financial performance, that the making of strategy has been effective, and that 'strategic planning has been effective in achieving objectives over the past five years'.
8. There are relatively few significant differences in the findings between firms in the manufacturing sector and firms in the service sector.

A number of conclusions may be derived from the results of these findings. First, firms in the sample have a relatively short time horizon across most dimensions of planning. This perspective may be consistent with the generally short-term view which is

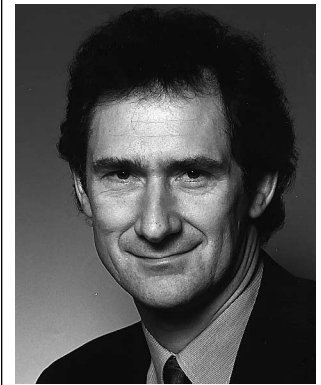
frequently cited as a characteristic of U.K. firms. Second, firms appear to have a greater commitment to formulation aspects of strategy and relatively less commitment to the implementation and evaluation of strategy. Firms tend to focus on specifying and quantifying objectives at the beginning of the planning period but have little regard to the analysis or evaluation of the attainment of objectives at the end of the planning period. Third, the most regularly used set of tools and techniques of strategic analysis is surprising in the context of the prescriptive view of strategic management and may be associated with the ease with which the analysis may be undertaken. Moreover, some doubt may be cast over the quality of the analysis which occurs, in particular that associated with SWOT analysis. Finally, the perception among the sample of firms is that strategy formulation is more of a deliberate process than an emergent process.

The aims of this study were to examine the extent to which U.K. companies use the tools and techniques of strategic development advocated by the classical model of strategy formulation, and to examine views and attitudes towards strategic planning. We have found a reasonable and increasing level of use of several older and simpler strategic planning tools and techniques, with apparently little use of older more sophisticated or newer techniques. Despite this relatively unsophisticated approach to strategic planning, there is generally a very positive attitude expressed by respondents to its benefits for their organisations. Furthermore, the relatively large U.K. public companies studied, in general adopt an explicit and deliberate approach to their strategic planning activity. We therefore conclude that companies can obtain benefits from a classical approach to strategic planning and these benefits are apparent with the use of relatively unsophisticated tools and techniques. Despite the fluctuating popularity of strategic planning in its various guises since the 1960s, strategic planning is currently perceived to be of benefit and is still going strong.

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