THE ROLE OF STRATEGIC PLANNING IN WASTE MANAGEMENT

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SUMMARY: Strategic management as a field of study tipically deals with large and established business and their relationship with their market environment and operation context. However, knowing where the business is going, together with the opportunities and routes avalilable to get it there, is as important to a small enterprise as to a large one. Despite the importance and growing recognition of small firms and entrepreneurial ventures and their contribution to economic vitality, employment generation, innovation and business development, the value and importance of strategic managament and thinking to the small firm comunity have only been recognised and acknowledged comparatively recently.

1. INTRODUCTION

Strategic management is the set of managerial decisions and actions that determines the long-run performance of a corporation. It includes environmental scanning (both internal and external), strategy formulation, strategy implementation and evaluation and control. The study of sstrategic management, therefore, emphasiezes the monitoring and evaluation of external opportunities and threats in light of a corporation`s strenghts and weaknesses.

Originally called business policy, strategic management incorporates such topics as long-range planning and strategy. Business policy, in contrast, has a general management orientation and trends primarily to look inward with its concern for properly integrating the corporation`s many functional activities. Stategic management, as a field of study, incorporates the integrative concerns of business policy with a heavier environmental an strategic emphasis. Therefore, strategic managament has tended to relace business policy as the preferred name of the field.

Many of the concepts and techniques dealing with strategic management have been developed and used succesfully by business corporations. Over time, business practitioners and academics researchers have expanded and rafined these concepts. Initially, strategic management was of most use to large corporations oprationg in multiple industries.

2. PHASES OF STRATEGIC MANAGEMENT

Basic financial planning. Managers initiate serious planning when they are requested to propose next year`s budget. Projects are proposed on the basis of very little analysis, with most information coming from within the firm. The sales forse usually provides the small amount of environmental information. Such simplistic operational planning only pretends to be strategic management, yet it is quite time consuming. Normal company activities are often suspended for

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weeks while managers try to cram ideas into the proposed budget. The time horizon is usually one year.

Forecast-based planning. As annual budgets become less useful at stimulating long-term planning, managers attempt to propose 5-year plans. They now consider project that may take more than 1 year. In addition to internal information, managers gather any available environmental data - usually on ad hoc basis - and extrapolate current trends 5 years into the future. This phase is also time consuming, often involving a full month of managerial activity to make sure all the proposed budgets for together. This process gets very political as managers compete for arger shares of funds. Endless meetings take place to evaluate proposals and justify assumption. The time is usually 3 to 5 years.

Externally oriented planning. Frustrated with highly political, yet ineffectual 5-years plans, top management takes control of the planning process by initiating strategic planning. The company seeks to increase its responsiveness to changing markets and competition by thinking strategically. Planning is taken out of the hands of lower level managers and concentraced in a planning staff whose task is to develop strategic plans for the corporation. Consultants often provide the sophisticated and innovative techniques that the planning staff uses to gather information and forecast future trends. Upper level managers meet once a year at a resort retreat led key members of the planning staff to evaluate and update the current strategic plan. Such top-down planning emphasiyes formal strategy formulation and leaves the implementation issues to lower management levels. Top management tipically develops 5-year plans with help from consultants but minimal input from lower level.

Strategic management. Realizing that even the best strategic plan are worthless without the input and commitment of lower level managers, top management forms planning groups of managers and key employess at many levels from various departments and work groups. The develop and integrate a series of strategic plans aimed at achieveing the company`s primary objectives. Strategic plans now detail the implementation, evaluation, and control issues. Ratger than attempting to pefrfectly forecast the future, the plans emphasize probable scenarios and contingency strategies. The sophisticated annual 5-year strategic plan is replaced with strategic thinking at all levels of the organizaetion throughout the year.

3. BENEFITS OF STRATEGIC MANAGEMENT

Research has revealed that organizations that engage in strategic management generally out-perform those that to not. The attainment of an appropriate match or fit between an organization`s environment and its strategy, structure, and processes has positive effects on the organization`s performance. There is three most highly related benefits of strategic management: clearer sense of strategic vision for the firm, sharper focus on what is strategically important and improved understanding of a rapidly changing environment.

To be effective, however, strategic management need not always be a formal process. It can begin with a few simple questions:

Where is the organization now? (Not where do we hope it is!)

If no changes are made, where will the organization be in 1 year? 2 years? 5 years? 10 years? Are the answers acceptable?

If the answers are not acceptable, what specific actions should management undertake? What are the risks and payoff involved?

Studies of the planning practices of actual organizations suggest that the real value of strategic planning may be more in the future orientation of the planning process itself than in anny written strategic plan. Small companies, in particular, may plan informally and irregularly. Nevertheless, studies of small business reveal that even though the degree of formality in strategic planning may have only a small to moderate impact on a firm`s profitability, formal planners have significantly greater growth in sales than do formal planners.

Planning the strategy of large, multidivisional corporations can become complex and time consuming. It often takes slightly more than a year for a large company to move from situation assessment to a final decision agreement. Because of the realtively large number of people affected by a strategic decision in such a firm, a formalized, more sophisticated system is needed to ensure that strategic planning leads to successful performance. Otherwise, top management becomes is needed to ensure that strategic planning leads to successful performance. Otherwise, top management becomes isolated from developments in the business units, and lower level managers lose sight of the corporate mission and objectives.

4. BASIC MODEL OF STRATEGIC PLANNING

Strategic management consists of four basic elements: environmental scanning, strategy formulation, strategy implementation and evaluation and control.

4.1. Environmental scanning

Environmental scanning is the monitoring, evaluating, and disseminating of information from the external and internal environments to key people within othe corporation. Its puropse is to identify strategic factors - those external and internal elements that will determine the future of the corporation. The simplest way to conduct environmental scanning is through SWOT analysis. SWOT is an acronym used to describe those particular strenghts, weaknesses, opporunities and threats that are strategic factors for a specific company.

The external environment consists of variables (opportunities and threats) that are outside the organization and not tipically within the short run control of top management. These variables form the context within which the corporation exists.

The internal environment of a corporation consist of variables (strenghts and weaknesses) that are within the organization itself and are not usually within the short run control of top management. These variables from the context in which work is done. They include the corporation`s structure, culture and resources. Key strenghts from a set of core competencies that the corporation can use to gain competitive advantage.

4.2 Strategy formulation

Strategy formulation is the development of long range plans for the effective management of environmental opportunities and threats, in light of corporate strenghts and weaknesses. It includes defining the corporate mission, specifying achievable objectives, developing strategies, and setting policy guidelines. Strategic formulation includes definition of mission, goals and strategies.

An organization`s mission is the prpose or reason for the organization`s existence. It tells what the company is providing to society. A well concieved mission statement defines the fundamental, unique purpose that sets a companyy apart from other firms of its type and identifies the scope of the company`s operations in terms of products(including services) offered and markets served.

It may also include the firm`s philosophy about how it does business and treats its employees. It puts into words not only what the company is now, but also what is want to become - management`s vision of the firm`s future. The mission statement promotes a sense of shared expectations in employees and communicates a publis image to important stakeholder groups in the company`s task environment. It tells who we are and what we do ass well as what we`d like to become.

Objectives are the end results of planned activity. They state what is to be accomplished by when and should be quantified if possible. The achievement of corporate objectives should result in the fulfillment of a corporation`s mission. In effect, this is what society gives back to the corporation when the corporation does a good job of fulfilling its mission. Some of the areas in which a corporation might establish its goals are: profitability, efficiency, growth, shareholder wealth, utilization of resources, reputation, contributions to employees, controbution to society, market leadership, survival, personal needs of top management.

A strategy of a corporation forms a comprehensive master plan stating how to corporation will achieve its mission and objectives. It maximizes competitive advantage and minimizes competitive disadvantage. The tipical business firm usually consider three types of strategy: corporate, business and functional.

Corporate strategy describes a compan`s overall direction in terms of its general attitude toward growth and the management of its various businesses and product lines. Corporate strategies tipically fit within the three main categories of stability, growth and retrenchment.

Business strategy usually occurs as the business unit or product level, and its ephasizes improvement of the competitive position of a corporation`s products or services in the specific industry or market segment served by the business unit. Bisiness strategies may fit within the two overa;; categories of competitive or corporative strategies.

Functional strategy is the approach taken by a functional area to achieve corporate and business unit objectives and strategies by maximizing resource productivity. It is concerned with developing and nurturing a distinctive competence to provide a company or business unit with a competitive advantage.

4.3 Strategy implementation

Strategy implementation is the process by which strategies and policies are put into action through the development of programs, budgets and procedures. This process involve changes within the overall culture, structure, and/or management system of the entire organization. Except when such drastic corporate wide changes are needed, however, the implementation of strategy is tipically conducted by middle and lower level managers with review by top management. Sometimes referred to as operational planning, strategy implementation often involves day to day decisions in resource alocations. Strategy implementing ilnclude: programs, budgets and procedures.

A program is a statement of the activities or steps needed to accomplish a single use plan. It makes the strategy action oriented. It may involve restructuring the corporation, changing the company`s internal culture, or beginning a new research effort.

A budget is a statement of corporation`s programs in terms of money. Used to planning and control, a budget lists the detailed cost of each programs. Many corporations demand a certain percentage return on investment before management will approve a new program. This ensures that the new program will significantly add to the corporation`s profit performance and thus build shareholder value. The budget thus not only serves as a detailed plan of the new strategy in action, but also specifies through pro forma financial statements the expected impact on the firm`s financial future.

Procedures, sometimes termed standard operating procedures, are a system of sequential steps or techniques that describe in detail how a particular task or job is to be done. They tipically detail the variious activities that must be carried out in order to complete the corporation`s program.

4.4 Evaluation and control

Evaluation and control is the process in which corporate activities and performance results are monitored so that actual performance can be compared with desired performance. Managers at all levels use the resulting information to take corrective action and resolve problems. Although evaluiation and control is the final major element of strategic management, it also can pinpoint weaknesses in previosly implemented strategic plans and thus stimulate the entire process to begin again. Performance is the end result of activities. It includes the actual outcomes of the startegic management process.

5. CONCLUSION

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