

STRATEGIC PLANNING PRACTICE OF THE TOP 500 COMPANIES: CASE OF KONYA

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Abstract. Strategic plan can be defined as organization's plan which is chosen among the alternatives and determines the vision and mission by taking into consideration the external threats and opportunities under given the conditions of organization's strengths and weaknesses. It determines the paths, methods and resource distribution of the companies to reach the strategic goals. Analysis of external and internal conditions is important components of strategic planning. Then mission and vision are redefined to determine the new path for organizational goals. Under today's circumstances strategic planning is an integral part of corporate communication. The purpose of the study is to determine whether this concept is understood and practiced professionally among top level companies. City of Konya's eight companies, which were among Turkey's top 500, were examined. Interviews were performed with the companies' senior level managers. With the questions, it was tried determine whether the concept of strategic planning was understood and practiced effectively in their management activities. Study showed that only three of companies had strategic plans, whereas five of the companies didn't have any. It was seen that each company had different strategic planning/planning practice experiences.

Key words: strategic management, strategic planning, Konya's top level companies.

1 INTRODUCTION

Corporate communication aims at keeping balance and harmony between organization's own dynamics and social expectations by establishing close relationships with all stakeholders. It determines of a new path for organization by evaluating internal and external environment. Strategic planning, which is a dynamic process and provide organization a competitive advantage, comes into effect at this point. It can be seen as a proactive attempt to adapt stakeholders' expectations into organizational activities and be described as the logic behind activities of corporate communication strategy practitioners (Steyn, 2004 : 179-180). It is possible to say that strategic planning approach is widely known and used in management theories and practices, however it is not used in the same frequency in corporate communication practices (Van Ruler, 1997:263). This study explored Konya's national level top industrial establishments' strategic planning approaches.

1.1.About Strategy and Strategic Management

Origin of the term strategy comes from Greek word *strategia* which is defined as "art of troop leader, command, generalship" in Henry George Liddell, Robert Scott, A Greek English Lexicon. Gadish ve Gilbert (1998:140) defined strategic management as a long term plan of organization by taking into consideration internal strengths/weaknesses and external opportunities/threats for competitive advantage. Chaffee (1985:90) identifies strategic planning into three groups:

- Linear strategy which, contains decisions, actions and plans to reach organizational goals, assumes that managers behaves rationally. It is relatively a static model.
- Adaptive strategy is more dynamic one which tries to foresee adaptability of organization to external factors.

- Interpretive strategy sees organization as a whole of cooperative agreements which enters into force with desired relationship of stakeholders. The existence of organization depends on mutual reconciliation with stakeholders.

Strategic management gathers existing mission and environmental conditions to set a guide for organization's future activities (Greene et al, 1985:536). Strategic management is a process of matching environmental demands with organization's capabilities and then determining, organizing and executing a strategic plan. The followings are important questions to form strategic plan (Fred 2011:40):

- Where are we now?
- Where do we want to go?
- How can we reach there?

In literature, it is seen that various studies classified strategic planning process in different number of stages. However it can be said that strategic planning process covers three main parts as planning, implementing and evaluating. Gadiesh and Gilbert (1998:139-147) mention about a seven-step strategic planning process:

1. Defining current business and mission
2. Perform external and internal audits
3. Formulate new business and mission statement
4. Translate the mission into goals
5. Formulate strategies to achieve the strategic goals
6. Implement the strategy
7. Evaluate performance

1.2. Benefits of Strategic Management

Strategic management helps organizations to become more proactive for determining their future. During the procedure, organizations need to establish strong communication with their stakeholders. This strong relationship contributes organization's success for creating corporate culture and mutual understanding. It also decentralizes the authorization and this supports developing wider participation and sharing within organization and provides a learning environment for all staff. Strategic management increases awareness for threats, helps to understand competitors' strategies, increases productivity and decreases resistance to changes. It encourages the interaction between managers and staff, brings order, discipline and self confidence to organization. It develops the organization's ability to see the problem in advance, and give correct and quick decisions. It also increases staff motivation (Fred 2011:16-18).

Besides the above mentioned non-financial benefits, there are also financial benefits of strategic management to organizations. Researchers showed that organizations having strategic management have more profits and become more successful when compared to organizations having no strategic management practices. Companies applying strategic management experience more increase in sales, profits and productivity figures. Companies having strategic plan are more prepared for fluctuations in external environment and this minimizes financial risks and provides long term success in business performance (Fred 2011:17-18).

1.3. Difficulties of Practicing Strategic Planning

Strategic planning, which provides organization a path for reaching goals, is a complicated and demanding process. Because of these difficulties some companies may avoid enter into strategic planning process. These difficulties may also be seen as factors of failure for some strategic planning practices. These factors are listed by Fred (2011:18-19) as below:

- Lack of knowledge and experience in strategic planning
- Poor rewarding structure
- Ongoing current work load besides new strategic plan practices
- Seeing the plan as a waste of time-lack of belief
- Additional costs due to strategic planning

- Some people may not be eager due to laziness
- Existing success of organization-people may not need a new plan when things are going good
- Fear of being unsuccessful
- Overconfidence
- Prior bad experience
- Self-interest- some people may have fear of loosing existing state and privilege due to new plan
- Fear of uncertainties
- Existing of different opinions regarding plan-some people may sincerely believe that this plan is wrong
- Lack of confidence to managers

Besides these factors, there are also some more pitfalls that need to be taken into consideration when deciding strategic planning process. Using strategic planning to gain control over decisions and resources, doing strategic planning only to satisfy accreditation or regulatory requirements, failing to communicate the plan to employees and create a collaborative/supportive environment during process, top managers that are not supporting actively plan and conflicting with the decisions, failing to involve key employees in all phases of planning and being so formal in planning process can be shown as examples of these pitfalls (Fred, 2011:18-19).

2. KONYA'S TOP 500 COMPANIES' STRATEGIC PLAN PRACTICES

2.1. Aim, Scope and Methodology

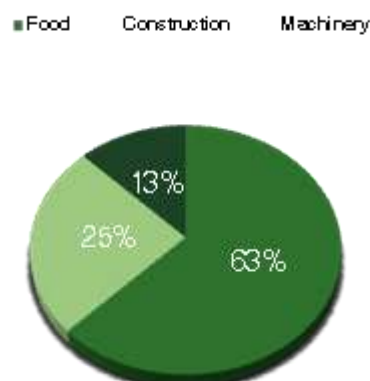
The purpose of the study is to determine whether strategic planning is understood and practiced professionally among top level companies. Each year Istanbul Chamber of Commerce announces top 500 industrial establishments of Turkey. In 2013 list, Konya, which is the sixth largest city in terms of population, existed in that list with nine companies. Except one of them, eight companies accepted to take part in our study. Interviews have been performed with the companies' senior level managers. With questions, it is tried to be determined whether the concept of strategic planning is understood and practiced effectively in their management activities. Universe of the study is top 500 companies of Turkey and sample is Konya's companies in that list. All the companies requested us not to use their answers in academic studies with their company names. Therefore names of the companies were not declared in this study.

2.2. Findings

In our study, there were eight companies existing in Turkey's top 500 list of the year 2013. Five of them were functioning in food production sector, two of them were in construction and one of them were in machine production sector (Figure 1).

Figure 1. Sectoral Distribution of Companies

The companies were not newly established organizations. The newest one was established in 1989, whereas the oldest one was established in 1954. Four of them were



operating more than 50 years, and four of them were operating for 35-25 years.

It was expected that top 500 companies had higher percentage of having strategic plans. However in our study it was seen that only three out of eight companies had strategic plans. When sectoral distribution of these three companies was analyzed, it was seen that two of them were in food sector and one of them was in construction. These three companies expressed that they prepared their plans within 4-6 months for 5 years period of time. They indicated that the plans were prepared within their company and without any professional support. When plan preparing team was asked, these three companies gave different answers. In the first company, the plan was prepared by corporate development specialists in corporate development unit. The second company's plan was prepared by financial affairs unit. The third company had a more professional approach in preparing the plan since they involved different units including management board, financial affairs and executive board, budget and planning unit.

Table 1. Answers of Companies having Strategic Plan

	Company 1 (food production industry)	Company 2 (construction industry)	Company 3 (food production industry)
Sharing plan with stakeholders	Yes, with internal stakeholders	Yes, with internal stakeholders	Yes, with internal stakeholders
How often and how do you share plan	During whole process of strategic planning, via face to face and electronic communication tools	During preparing plan, via face to face and electronic communication tools	During whole process of strategic planning, via face to face and electronic communication tools
Interim assessments	In every 3 months and a revision per year	In every month and a revision per year	In every 2-3 months
Problems	Difficulty in collecting correct information especially in market analysis phase	Difficulty in setting harmony with budgets	Uncertainties in market
Any failure?	No	No, revisions were helpful	Yes, due to uncertainties in market conditions

The three companies' experiences during execution of strategic planning were asked and the answers were summarized in Table 1. Representative of Company 1, which was operating in food sector, stated that during the whole strategic planning process they shared the plan with only internal stakeholders. Sharing was done via electronic or face to face communication. There were interim assessments of plan which were held every three months and a general revision once a year. During the process, they had difficulty in collecting correct information especially in market analysis phase. The company's representative said that they didn't experience failure during the process. Company 2 which was operating in construction sector shared their plan with internal stakeholders during preparing plan phase. They used face to face and electronic communication tools like Company 1. They had interim assessments in every month and a general assessment once a year. According to the Company 2, their main problem was to set a harmony with budget, because sometimes the costs of strategic planning exceeded the budget. Representative of the Company 2 said that they didn't experience any failure during

procedure. Company 3, operating in food production sector, shared its plan with internal stakeholders via written and electronic communication tools during the planning procedure like Company 1. It had interim assessments in every 2-3 month and their biggest problem was the uncertainty in market conditions. Company 3 faced failure in their strategic plan due to sectoral problems and uncertainty in market conditions. All three companies were happy to have a strategic plan, they believed that it was helpful.

It is observed that five companies, which don't have any strategic plan, had also some plans and activities which can be seen in strategic plans as sub headings. For example Company 4 in food production sector did competitor analysis, product analysis, vision-mission statements and set targets. Similarly Company 5 in food production sector and Company 7 in machinery production sector did internal and external environment analysis, financial and human resources analysis, and target setting. Company 6 in food sector and Company 8 in construction sector also had external analysis like competitor and market analysis. All the five companies had social responsibility projects and sponsorship activities in order to build strong and healthy relations with their target audiences. All of them informed that they shared their plans with internal stakeholders in every 1-3 months via written or verbal communication tools. However Company 6 and Company 8 stated that they shared their plans with internal stakeholders limitedly. Difficulties that companies faced during implementation of plans differed but mostly economic fluctuations and problems arising from employees were expressed. Moreover one company faced legal permission problems during implementation of their plan. All the companies except from Company 6 declared that they didn't faced failure while executing their plans. However Company 6 faced failure due to legal permission process in their investments and problems with stakeholders (Table 2)

Table 2. Answers of Companies having no Strategic Plan

	Company 4 (Food sector)	Company 5 (Food sector)	Company 6 (Food sector)	Company 7 (Machinery sector)	Company 8 (Construction sector)
Activities or plans done for the success of company	Competitor analysis Product analysis Vision/mission statements Setting targets	Internal and external environment analysis Human resources Financial analysis Setting targets	Competitor analysis Market analysis	Internal and external environment analysis Financial analysis Setting targets	Competitor analysis, Financial analysis Market analysis Investment analysis
Any corporate social responsibility activities or sponsorship?	Yes, both	Yes, both	Yes, both	None	Yes, both
Sharing your plans with stakeholders? How?	Only with internal stakeholders Written/verbal	Only with internal stakeholders Written/verbal	Only with internal stakeholders (limited) Written/verbal	Only with internal stakeholders Written/verbal	Only with internal stakeholders (limited) Written/verbal
Any interim evaluation?	Every 2-3 months	Every 3 months	Every 2-3 months	Every 2 months	Every 1-3 months

	Company 4 (Food sector)	Company 5 (Food sector)	Company 6 (Food sector)	Company 7 (Machinery sector)	Company 8 (Construction sector)
Any difficulties while executing your plans	Market conditions Employee problems	Economic fluctuations	Legal permissions	Economic fluctuations	Economic fluctuations Employee problems
Any failure in your plans?	No	No	Yes, in having legal permission and problems (for investments), problems with stakeholders and sometimes with employees	No	No

3. CONCLUSION

With the rapid change in the world it is inevitable for companies to adapt themselves to new conditions. In order to handle new conditions and be prepared for coming crisis, they need to analyze current situation they are in, set new goals for the future, determine new performance criterion and successfully implement these in order to reach their objectives. For companies, strategic planning is an instrument that provides a path for achieving goals and builds corporate reputation.

Strategic plans offer opportunities for companies to understand their internal and external environment; determine organizational priorities; set up new goals, mission and vision; prevent future risks and crises and improve organizational performance to reach their objectives. It has been an outstanding concept since 1960's, and increasingly is being implemented among organizations.

This study investigates Konya's companies, which were listed in the top 500 industrial establishments of Turkey, to understand their approach to strategic plan and to explore whether strategic plan is fully practiced by top companies. Study showed that only three out of eight companies had strategic plan, which was found very low in number for such level companies. It was seen that they regularly share the plan with only internal stakeholders. Two of the companies shared plan during the whole process (analysis, planning, implementation, evaluation), whereas one of them shared it only in planning phase. Problems that the companies faced during process were different from each other. One of them had difficulties in collecting correct information during analysis period, the other had problems with higher implementation costs which exceeds planned budget and the third company' difficulty was uncertain market conditions. It was informed by the representatives of the companies that two of the three companies' strategic plan was successful; however, one of them's plan had failure due to market uncertainties.

The rest five companies, which hadn't any strategic plan, also had some environment analysis and goal setting activities but not executed under the umbrella of strategic planning. They communicated their plans (not strategic plans) regularly with their internal stakeholders. All of them, except one had social responsibility projects, which usually existed in strategic plans. It was seen that mostly economic fluctuations and unstable market conditions were their basic obstacles.

This study had been executed in Konya, one of the developed cities of country, and covered the top level companies of the city. Results of this study showed that Konya's top companies didn't apply strategic planning in a high percentage; however, by applying a new study to all top first 500 and top second 500 industrial establishments in Turkey, can draw a precise picture for top level companies. This new study can also give some clues for spatial and sectoral differences of strategic plan implementing establishments.

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