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CHAPTER 7

- CORPORATE PLANNING,
ENVIRONMENTAL ANALYSIS, AND
STRATEGY FORMULATION:
MEANING,DEFINATIONS,OBJECTIVES,
NEED , FACTORS AFFECTING
CORPORATE PLANNING, STEPS IN
CORPORATE PLANNING.

MEANING

- Corporate planning is a comprehensive planning process involving formulation of plans and their review in the light of new developments. It is undertaken by top management for the company as a whole.

DEFINATION

- According to Steiner, Corporate planning is, “the process of determining the major objective of an organisation and the policies and strategies that will govern the acquisition, use and disposition of resources to achieve these objectives.”

CHARACTERISTICS OF CORPORATE PLANNING

- Comprehensive process
- Wide scope
- Continuous process
- Forward looking
- Integrated approach
- Long term approach
- Intellectual process

SCOPE OF CORPORATE PLANNING

- Operational planning
- Project planning
- Strategic planning

OBJECTIVES OF CORPORATE PLANNING

- Identify new areas of investment
- Exploring new areas of marketing
- Allocating scarce resources
- Helping the organisation to cope with changing environment
- Co-ordinating strategic activities
- Instilling systematic approach of management development

FACTORS AFFECTING CORPORATE PLANNING

- Size of the firm
- Complexity of business
- Technological changes
- Market stability
- Nature of product
- Number of products
- Degree of competition
- Government policies and regulations

PROCESS OF CORPORATE PLANNING

- Setting up of goals and objectives
- Analysis of external environment
- Appraisal of internal resources
- Deciding appropriate strategy
- Strategy implementation
- Evaluation and control

TYPES OF ENVIRONMENT

1. External environment

- Political situation
- Social condition
- Economic condition
- Business Regulatory
- Technological condition
- Market condition
- Supplier factors

2. Internal environment

- Organisation and management
- Personnel
- Production
- Marketing
- Technical
- Finance

TECHNIQUES OF ENVIRONMENTAL ANALYSIS

- ETOP Analysis
- SWOT Analysis

STRATEGY FORMULATION

DEFINITION :

According to Mintzberg, “ a pattern in a stream of decisions and actions.”

CHARACTERISTICS OF STRATEGY

- Planned course of action
- Comprehensive process
- Integrated process
- Intellectual process
- Long term process
- Alternative course of action
- Goal oriented

ADVANTAGES/ IMPORTANCE OF STRATEGY

- Serves as a guide
- Helps in better achievement of objective
- Helps in meeting environmental threats
- Helps to take benefit of opportunities
- Enhances organisational strength
- Helps in optimum utilisation of resources

PROCESS OF STRATEGY FORMULATION

- Appraisal of external environment
- Appraisal of internal environment
- Review of mission and objectives
- Generating strategic alternatives
- Strategic choice

QUESTIONS

- **Short Answer Type Questions.**

1. What are the objectives of corporate planning?
2. What do you understand by evaluation of internal environment?
3. Explain the process of strategy formulation.

- **Long Answer Type Questions.**

1. Explain the process of corporate planning.
2. What is meant by strategy? Explain its importance.
3. Explain the techniques of environmental analysis and diagnosis.

REFERENCE

- Ghosh , P.K.: Business policy-Strategic planning & Management
- Stenier George : A Top Management Planning

KEY WORDS

- Corporate planning
- Retrenchment strategy
- Goals
- SWOT analysis