

# The Strategic Importance of Corporate Planning Unit

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Organisations are established to fulfil some social obligations which are brokered compromises of the needs of its stakeholders. These obligations include the maximisation of the wealth of shareholders through the efficient production of goods and services which have the capacity to deliver satisfaction to consumers. Profitability and growth, the logical outcome of such an efficient allocation of resources, are influenced by the activities of competitors. Therefore, only a firm able to identify and hold on to its market niche in the midst of fierce skimming activities of competitors can thrive.

This is possible if it satisfies its market segment more effectively and efficiently than competitors in this dynamic and complex economic environment through value creation. However, it cannot achieve this onerous task by watching things happen or wondering what happened or react to competitors' actions, even if, ferociously.

It must make things happen by being ahead of competitors. Although leadership has a price, such proactive strategies are easier to evolve through deliberate investment in Research and Development which is coordinated by the Corporate Planning Unit. Thus, an organisation without a planning department will find it difficult to set standards and objectives from the perspective of the customers. Inevitably therefore, it will continue to watch things happen, wonder what happened until its market segment is taken-over by competitors while its inventory of finished goods will mount due to brand switching activities of its customers.

**But what is a plan or corporate planning upon which depends sustained survival of companies?** - A plan is a predetermined course of action designed to

achieve positive growth and development over a given period of time. It is a deliberate attempt to harness the resources of an organisation in the drive to attain set objectives in the future. The Corporate Planning Unit, therefore, analyses the past and present and makes a projection into the future based on available information. It sets a target against which current performance should strive to attain. In some cases, it makes projections based on simulated business scenarios which enable

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organisations to prepare for any unforeseen adversities. It does not only articulate the goals of employees, units and organisations properly, it provides a vehicle for timely and honest feedback to all.

Planning is essential for long term survival of any business enterprise as it affords resource managers the opportunity to determine the most profitable way to allocate limited resources among competing ends. It is a guide towards the attainment of the firm's mission statement. In addition to the fact that the future of any business is so uncertain, the political, economic, social and technological (PEST) environments are constantly changing. To survive, make profits and grow, a firm must put in place some strategies that would enable it tide over these business uncertainties.

Also, business risks cannot be wished away; they can only be reduced considerably, if not eliminated, through strategic planning that involves diversification of productive investment activities, rational allocation of resources, improved coordination of operations, anticipation of PEST environmental changes and the neutralisation of organisation's threats and weaknesses.

Thus, a strategy, as the means of achieving the objectives of the organisation, is a unified, comprehensive and integrated plan that relates the strategic strengths and opportunities of the firm to the challenges of the environment and it is designed to ensure that the basic objectives of the enterprise are optimally achieved with least possible cost implications. It is the lot of the planning department to galvanise the personnel to think and suggest strategies which are creative solutions to identifiable problems, collate and fine-tune such ideas and recast them in simple, understandable and logical strategies for progressive implementation by management.

In fact, the existence of a planning department charged with the duty of preparing and monitoring the execution/implementation of corporate plans, holds the key to the future survival of an organisation. It also determines how well an organisation outwits its competitors, conquer its environment and make things happen.

**Conclusion** - While present performance depends on what the management does, the future prospects depend on the planning department. To ensure continuity, both must work hand in hand. A company without a planning department will drift along, react to competitors' actions until it gets overwhelmed. Its social obligations will not be achieved and stakeholders will complain through foreclosure of the organisation. For organisations to adequately prepare for and overcome the challenges of the emerging complex business scenario of the next millennium, the establishment of Corporate Planning Unit is a *fait accompli*.

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