

# Financial Training College Pakistan

## Lecture Notes on 2.1 : Chapter - 1 - Business Strategy

*Developed by the Expert FT Faculty for ACCA Students*

### BUSINESS STRATEGIC / OPERATIONAL PLANNING

#### Mission, Goals, Objectives, CSF, PI

□ **Mission:**

- ✿ Denotes organization's broadest aim in the long run
- ✿ E.g. maximize profit

□ **Goals**

- ✿ Denotes long run open-ended ways to achieve the mission
- ✿ E.g. increase income or decrease expenses

□ **Objectives**

- ✿ Denotes quantity / time assigned targets to achieve goal
- ✿ E.g. increase income by 25% in the next year

□ **Critical Success Factors (CSF)**

- ✿ Denotes those important business areas where 'everything must go right', in order to achieve the set objectives;
- ✿ E.g. concentrate on sale of a particular product or decrease staff cost

□ **Performance Indicators (PI)**

- ✿ Measure to check whether quantified objectives have been achieved or not;
- ✿ E.g. comparison of budgets with actuals and investigating reasons for variations

#### Strategic Planning

- Strategic Planning (SP) is a long-term (L/T) plan to achieve set mission / goals.

The time horizon for this type of planning is 5-10 years

- SP is done keeping in mind the following:

- ✿ Mission, goals and objectives
- ✿ External evaluations
  - ▶ Customers
  - ▶ Suppliers
  - ▶ Competitors

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□ In-house evaluations

- Capacity and resources
- 4 M evaluation (men, material, machinery & money)

### Operational Planning

- Converts the SP into short term working plans
- Also known as Functional or Grassroots level planning
- Operational planning relates to short-term planning of various components of the business, such as:

- ▶ Research & development
- ▶ Human resource and Administration
- ▶ Production
- ▶ IT and Systems
- ▶ Marketing & sales
- ▶ Finance

### Comparison b/w Strategic & Operational Planning

	Strategic Planning	Operational Planning
Source of info	Mostly external	Mostly internal
Type of info	Broad / wide	Precise / accurate
Required level of accuracy	Medium / low	High
Timelines	Greater than 5 years	Maximum 1 year
Frequency of usage	Infrequent	Very frequent

### STRATEGIC PLANNING FOR IS / IT

#### Information System (IS) Strategy?

- Deals with WHAT Business Objectives can be achieved by using IT
- Integrates IS planning with organization's L/T strategy
- E.g. use of robotic machinery, online systems (ticketing, credit cards,), etc.
- IS strategy planning is done keeping in mind:

- ▶ Corporate plans
- ▶ Business needs
- ▶ Management's expectations
- ▶ Potential external opportunities and threats

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### Information Technology (IT) Strategy?

- q Addresses the concept of HOW the IS strategy will be achieved
- q Deals with IT options (hardware and software) that can be used to achieve the IS strategy
- q E.g. use of computers, electronic data processing & communication, softwares, etc.
- q IT strategy planning is done keeping in mind:



Current use of IT equipment  
Current infrastructure  
Cost & benefit of making a particular function / department computerized  
Implications on workforce (training, etc.)

### Why is IS/IT Strategy Important???

- q Aligns IS/IT activities with the overall corporate strategies / needs
- q Supports strategic and operational activities
- q Involves high costs
- q Critical to success - specially if its your strategic weapon or competitive

Advantage or serving as a barrier to entry for new companies

- q Affects on the quality of analysis and presentation of Management Info. For DM
- q Facilitates better customer service