*Strategic Management*, 9e: Chapter 13 study guide

Strategic planning in small companies

By comparison with large diverse companies, there is a much narrower product range in smaller companies. The scope of the issues may also be narrower. Hence, there may be less need to go through a formal planning process and resource allocation procedure. Planning systems may also be simpler and shorter. Changes in the environment will be less of an issue in the planning sense: small companies should be able to react more quickly and responsively.

Nevertheless, the same basic planning process will apply: background assessment, vision for the future plus long-term aims, and then medium-term and short-term plans. The time-horizon may differ and the planning style is likely to be more informal. As soon as external finance is needed to support or expand the business, however, basic plans will be required. Such plans will need the same strategic logic, evidence and justification as apply to larger organisations.