CORPORATE STRATEGIC PLANNING AMONG MOTOR VEHICLE FRANCHISE HOLDERS IN NAIROBI

UNIVERSITY OF NAIROBI

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DECLARATION

I hereby declare that this is my original work and that it has not been presented for examination purpose in any university, college or institution of higher learning

Sign.....Date 15/10/2003

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This project paper has been submitted for examination with my approval as the supervisor for the candidate.

Sign.....Date 16/10/03

Dr. Martin Oguta

DEDICATION

I dedicate this project paper to my late mother, Mrs Jesca Vieliza Busolo, who passed away on 6th March, 2002 and behind whose inspiration I enrolled for the MBA course.

ACKNOWLEDGEMENT

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Befitting to say, thumbs up to you all plus any other person who might have contributed in one way or another.

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ABSTRACT

The central focus of this study was to investigate and establish the extent of corporate strategic planning practice among motor vehicle franchise holders in Nairobi. It also sought to establish the challenges encountered in applying corporate strategic planning practices among the franchise holders.

In undertaking the study the eight leading motor vehicle franchise holders in Nairobi were considered. Data collection was done by use of questionnaires reinforced by interviews.

Research findings revealed that motor vehicle franchise holders in Nairobi do engage in corporate strategic planning. It was established that these organizations have long range plans focused on goal orientation and set objectives. It was also established that the top management of these organizations have an active interest in undertaking the planning function and overseeing implementation of the planned activities. Furthermore, it was noted that corporate strategic planning plays a key role towards effective and efficient service delivery by motor vehicle franchise holders. Finally, it was established that there are a myriad of challenges facing corporate strategic planning practice among motor vehicle franchise holders one of which is resource limitation.

Arising from the research findings, it is recommended that the management of motor vehicle franchise holders in Nairobi should continue to embrace corporate strategic planning as a philosophy in their respective organizations. They should also seek to strengthen their planning systems for the overall good of the organizations. Furthermore the commitment of top-level management in the

design and implementation of plans should be maintained. It is also recommended that amicable ways of managing challenges facing the planning process among motor vehicle franchise holders should be sought.

Finally, it is recommended that more research be carried out in the area of corporate strategic planning with a specific focus on the process itself.

DEFINITION OF TERMS

- CORPORATE - Of or concerning the whole organization
- FRANCHISE HOLDER - Businesses with the right to deal with and sell motor vehicles
- COMPANY PROFILE - Outline of characteristics specific to a given company
- ORGANIZATIONAL CULTURE - The type of civilization of a given organization together with its associated customs
- MULTINATIONAL ENTERPRISE - A company having branches in several different countries
- WHOLISTIC VIEW - A point of perception that puts into consideration the entire organization
- FORMAL PLANNING - Planning that is done according to custom or convention
- INFORMAL PLANNING - Non-systematic form of planning that does not necessary conform to spelt out procedures

- ORIENTATION - The position and sense of Direction
- PHILOSOPHY - Personal view of life
- EXTENT - The degree to which something applies. In this regard, whether corporate strategic planning is deeply entrenched or not
- CHALLENGES - Things that have to be encountered

CHAPTER ONE

INTRODUCTION

1.1. BACKGROUND

Corporate planning as we know it today is largely a post world war II phenomenon. Following the Second World War, western countries experienced unprecedented high rates of economic growth and levels of employment and economic prosperity. Markets expanded; further growth was seemingly assured. Hence the problems confronting successful businesses concerned how best to invest long term in capital equipment, how to increase output without upsetting existing administrative systems and how to control risk and integrate operations. Long term planning became popular among progressive Enterprises (Benett, 1999).

During the 1960s and early 1970s there occurred major developments in the business environment, which impacted heavily on businesses. These developments include sophistication of financial capital markets, greater accessibility to credit facilities, technological innovations and evolvement of a climate that made business environments to be liable to sudden and dramatic change.

Long term planning could not cope with these new realities. The changing environment therefore stimulated great corporate interest in planning of all kinds a means to deal with environmental uncertainty (Capon, 1987). A variety of conceptual developments and technological advances gave further impetus to the awaken concern

and many companies began to place high priority on improving the planning of strategy, often reorganizing as part of the process.

With passage of time there occurred widespread adoption of corporate strategic planning philosophy throughout the world.
In Kenya, corporate strategic planning was at first limited to giant multinational enterprises operating in the country. However, at the moment the phenomenon is largely embraced by organizations in different spheres of the economy.

A wide range of studies has been conducted confirming the prevalence of corporate strategic planning practice in organizations. In the Kenyan context, these studies include those done by Shumbusho (1983), Kangoro (1998), Kiliko (2000) and Mittra (2000). The study by Kangoro was focused on public sector organizations while that of Kiliko was focused on the NGO sector. This study differs with these two studies because it lays focus on private sector companies. The study differs with those of Shumbusho and Mittra because whereas the studies of the aforementioned scholars are rather generalised, this study is very specific. For example, whereas Shumbusho's study sought to explore corporate strategic planning among selected companies belonging to different sectors, this study gives specific focus to a single sector, that is, the motor vehicles franchise holders industry. It specifically focuses on corporate strategic planning among motor vehicle franchise holders operating in Nairobi; its state and challenges encountered in its formulation.

1.2. STATEMENT OF THE PROBLEM

Motor vehicle franchise holders comprise an industry that is very critical in Kenya's national development initiative. It offers employment opportunities to a large proportion of the country's population. Besides, this sector provides some technical service that has served to improve the quality of life of Kenyans. Absence of motor vehicle franchise holders will certainly impact negatively on the country's economy. Efficient delivery of services, the zeal towards increased profitability, attainment of competitive advantage against business rivals and the ability to operate in a cost effective manner has therefore become a concern of the leaders of the various motor vehicle franchise enterprises countrywide.

Over the last two decades there have been major shifts in the Kenyan business environment. The realities of the changing environment demands that motor vehicle franchise holders should operate efficiently and effectively in order to survive. The demands of liberalization and increased competition have meant that the franchise holders should make a deliberate effort to put in place strategic measures that would give them an edge over the competitors. The managers of these organizations are now required to possess the capability to adapt and restructure the enterprise to challenge constraints and to regard organizational structures as a key component to the overall success of the organization.

The challenge posed on top leaders of motor vehicle franchise holders is particularly enormous. This is because corporate level decisions made by these companies represent a fulcrum upon which all latter level activities are hinged. If something goes wrong at the

corporate level, then there is every chance that the equilibrium will be distorted down the line.

In considering the above, it comes out clearly that corporate strategic planning is one phenomenon that that needs to be given closer attention in addressing factors present in the changed environment. In this regard, one may wish to establish whether corporate strategic planning is already being practiced among motor vehicle franchise holders and to what degree. Another issue would be to understand the difficulties encountered in the design and implementation of corporate strategic planning initiative in these organizations. This study was focused towards addressing these concerns with specific reference to motor vehicle franchise holders operating in Nairobi.

1.3 RESEARCH OBJECTIVES

The objectives of the study were as follows:-

(a) To establish the extent of corporate strategic planning among motor vehicle franchise holders in Nairobi.

(b) To establish the challenges encountered in applying corporate strategic planning practices among motor vehicle franchise holder enterprises in Nairobi.

1.4 IMPORTANCE OF THE STUDY

(a) The research aimed at helping managers of motor franchise holders and also of other organizations to understand issues regarding corporate strategic planning.

(b) The study hoped to help managers of motor franchise holders firms and of other organizations to understand the

relationship between corporate strategic planning and performance.

(c) It intended to help managers of motor vehicle franchise holders and of other organizations to take note of some of the major challenges likely to be faced in the corporate strategic planning process.

(d) The study was focused to bringing about a better understanding of corporate strategic planning as applied to the private sector in Kenya.

(e) It was intended that the study would stimulate further research in this salient area of study. That it would help other researchers who might be interested in venturing into a similar field of study with some relevant facts, particularly as pertains to the corporate strategic planning phenomenon.

CHAPTER TWO

LITERATURE REVIEW

2.1. WHAT IS STRATEGIC PLANNING?

Different writers have defined the concept strategic planning from several points of view. Naylor (1979) defines strategic planning as long range planning with a time horizon of 3-5 years. Saunders and Tuggle (1977) look at it as organization wide planning which covers all major functions, which is inclusive of goals as well as means and which is long range in nature but effectively integrated into the management system utilized by senior management. Hofer (1976) suggests that strategic planning is concerned with the development of a viable match between an organization's capabilities and the risks present in its environment. In their definition, Litschert and Nicholson (1968) view strategic planning as the highest level of decision making concerning a company's basic direction and purpose in order to assure long term health and vitality of the organization.

Other scholars who have attempted to define strategic planning include Henri Fayol (1949), who simply stated that strategic planning means both to assess the future and to make provision for it. On the other hand Bill Goetz (1949) has perceived it as "fundamentally choosing". That strategic planning is the guidance of change within a social system. To John Friedmann (1967), planning may be simply regarded as reason acting on a network of ongoing activities through the intervention of certain decision structures and processes. Harold Koontz and Ceril O'Donell have not been left out either. In their masterpiece titled, *Principles of Management* (1972),

they have defined strategic planning as deciding in advance what to do, how to do, when to do it and who is to do it. That planning bridges the gap from where we are and to where we want to go.

Arising from the above definitions, some conclusion can be made regarding the meaning of the broad concept, strategic management. First, it is quite vivid that strategic planning is a conscious activity – it involves the conscious determination of action. Secondly, strategic planning is a futuristic phenomenon. Thirdly, it is an intellectual process. In other words, it is a process that involves basing decisions on purpose, facts and considered estimates. Perhaps Rusell Ackoff's (1970) definition of strategic planning as a design of a desired future and of effective ways of bringing it about best suffices to bring about a broad based and all-inclusive understanding of the same.

2.2. NATURE OF CORPORATE STRATEGIC PLANNING

Roger Bennett (1999) has looked at corporate planning as a philosophy since it cannot possibly survive in a firm that is managed by intuition and last minute decisions. He further asserts that corporate planning has a future orientation and that it embraces the evaluation of the implications of future decisions, the establishment of performance standards for an organization, the analysis of the environment in which the company operates and the precise specification of goals. He concludes by saying that corporate planning necessarily precedes other managerial activities. That changes in the organization, staffing and so on follow from corporate planning.

Hugh Macmillan (2000) has expressed full agreement with the above view when he perceives corporate planning as a phenomenon that

seeks to address the issues of an organization as a whole. That corporate strategic planning addresses issues relating to the intent, scope and nature of an organization.

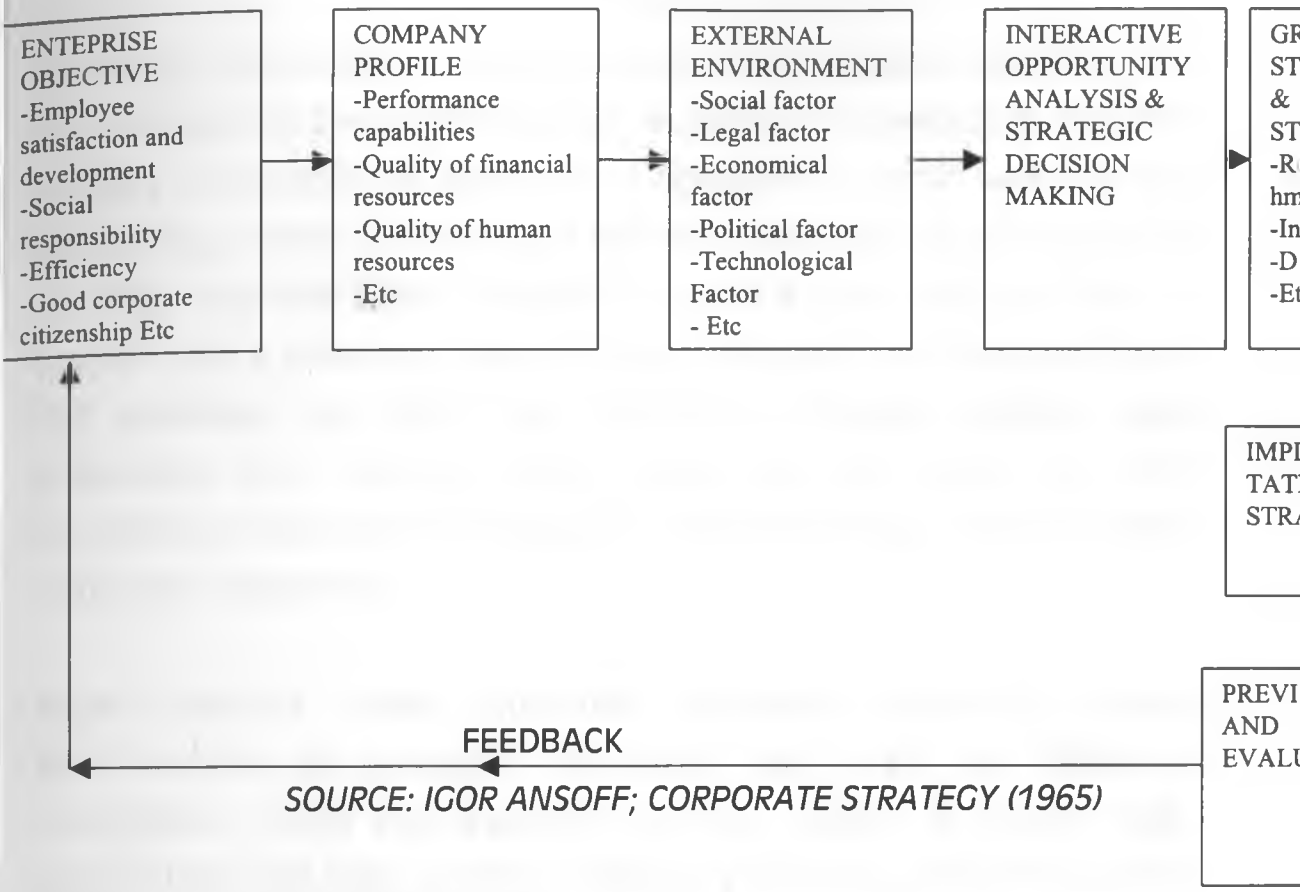
Another scholar who has contributed in this area is D.E Hussey (1978). He focuses on corporate strategic planning as being a comprehensive continuous process of management looking towards the future which is implemented within a framework and which is responsive to changes in the environment. That it is a complete way of running an organisation and it involves advance evaluation of future implications of decisions, setting of performance standards, defining the prime goals of the organization and continuous study of the environment.

Steiner (1979) adds another dimension of structure. He argues that corporate strategic planning links three major types of plans viz: - strategic, medium range programmes and short range budgets and operational plans. That corporate strategic planning entails a more or less formalised effort of a company to establish basic company purposes, objectives, policies and strategies.

2.3 STRUCTURE AND PROCESS OF CORPORATE STRATEGIC PLANNING

2.3.1 CONCEPTUAL MODEL

As correctly observed by George A. Steiner (1979) a conceptual model is one that presents an idea of what a thing in general should be, or an image of a thing formed by generalizing from particulars. An insightful conceptual model is a powerful tool because it provides proper guidance for quality performance in practice. At this juncture it should be emphasized that corporate strategic planning processes vary from company to company. For instance the process applied in small companies may be radically different from that of large and sophisticated companies. Nevertheless, given below is a representative model as advanced by Igor Ansoff (1965), which can lead to an understanding of the corporate strategic planning process.



SOURCE: IGOR ANSOFF; CORPORATE STRATEGY (1965)

EXHIBIT 1: CONCEPTUAL MODEL

Conceptual models produced that are more or less comparable to the above illustration include the models of leading authors such as Peter Lorange and R.F Vancil (1977), Hussey and Ringbakk (1972), R. Antony (1965), F Gilmore and R.G. Brandenberg (1962) and G.A Steiner (1979). In his concluding remarks on the same, Steiner (1979) safely asserts that operational flow charts vary with the differences among organizations but that underneath the basic components captured in the above illustration are found in better systems.

2.3.2 ANALYSIS OF THE COMPONENTS

Robert M. Grant (1998) has looked at enterprise objective as being the purpose behind the existence of an enterprise. He indicates that the primary motivation of owners of a company is profit whereas the underlying common interest of different stakeholders is the firm's survival. That the quest for profit over the long term is likely to require that a company treats its employees well and develop their full potential, act fairly and honorably towards suppliers and customers and conduct itself responsibly in relation to the environment and society's values. All these are thus classified under enterprise objective.

Roger Bennett (1999) interprets company profile to mean identification of company strengths and areas of resource constraints. Taking this argument further, Robert M. Grant (1998) asserts that the basic units of company resource analysis are the individual resources of the firm, items of capital equipment, the skills of individual employees, patents, brands and so on. He goes ahead to state that to identify and appraise a company's capabilities, managers must look deeply and look from different perspectives. Critical to objectivity, he says, is establishing the quantifiable measures of performance that permit the comparison of the firm with other firms. Grant's ideas on company resource profile can be presented diagrammatically as shown below.

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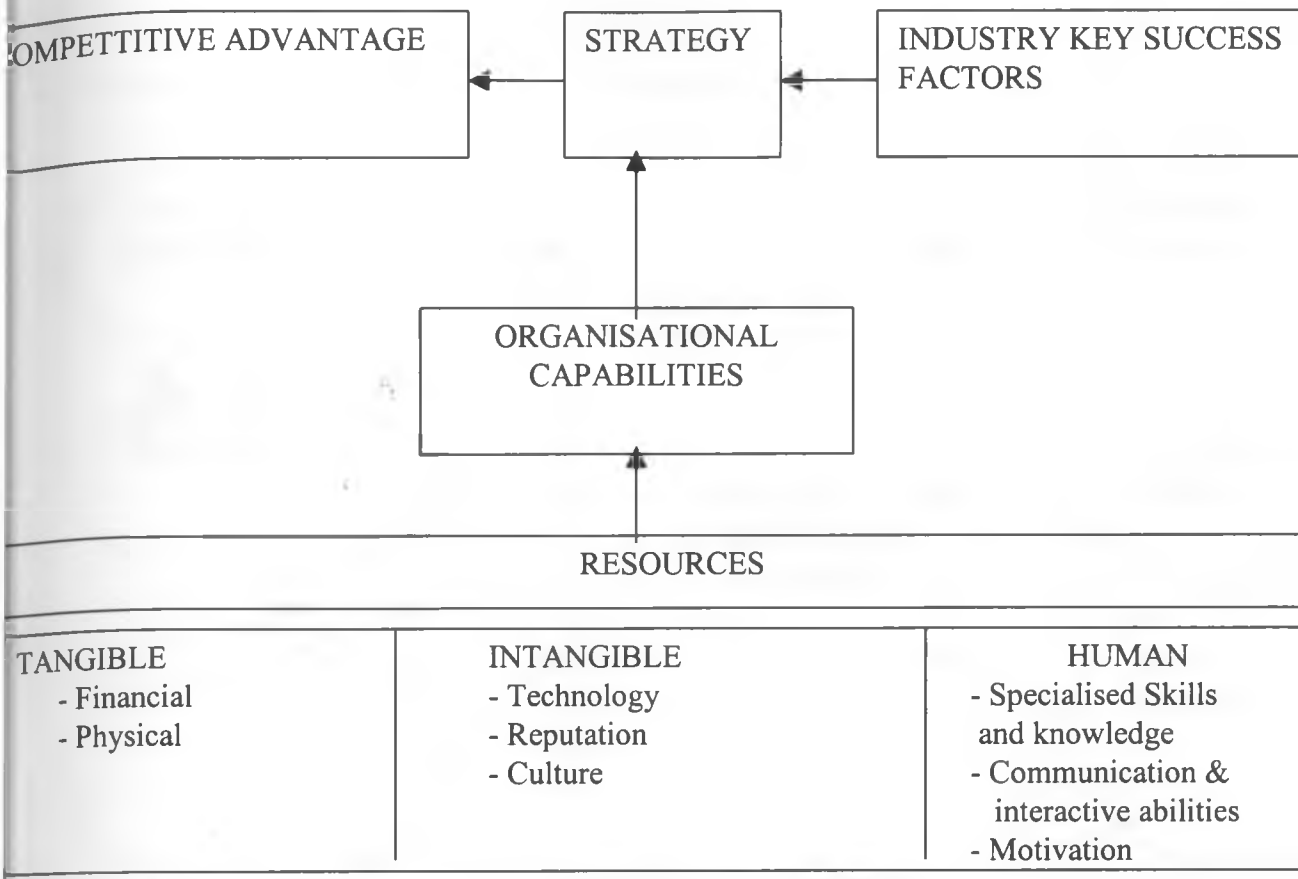
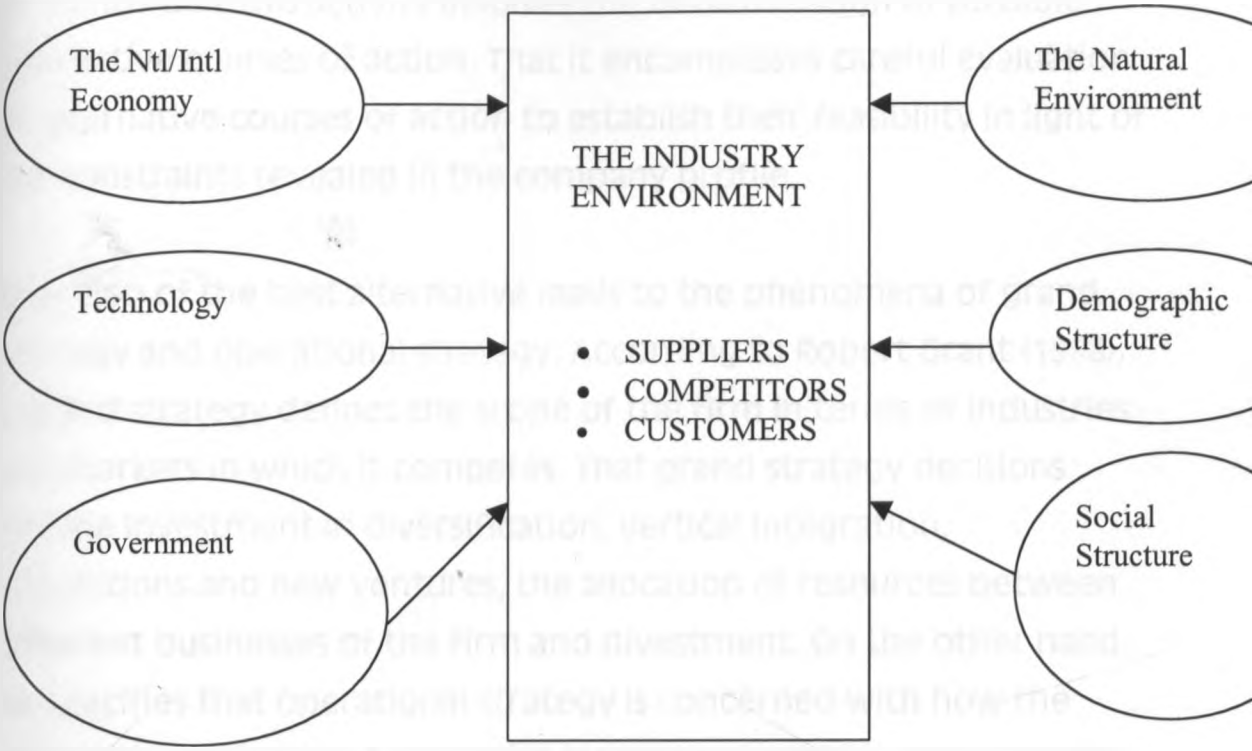


SOURCE: R. GRANT; CONTEMPORARY STRATEGY ANALYSIS (1998)

EXHIBIT 2: RELATIONSHIPS AMONG RESOURCES, CAPABILITIES AND COMPETITIVE ADVANTAGE

The various scholars of strategic management such as Igor Ansoff (1965), Russell Ackoff (1990), Robert Grant (1998) and Johnson and Scholes (1999) tend to agree on the fact that the environment of the firm consists of all external influences that impact a firm's decisions and performance. External environment analysis therefore focuses on factors that are directly relevant to its strategic planning; in particular those factors that influence the demand and supply of goods/services. The following diagram best illustrates the factors put into consideration by these scholars.



THE MACRO ENVIRONMENT

SOURCE: R. GRANT; CONTEMPORARY STRATEGY ANALYSIS (1998)

EXHIBIT 3: THE BUSINESS ENVIRONMENT

Robert Grant (1998) in his book titled Contemporary Strategy Analysis concludes by saying that macro level factors such as general economic trends, changes in demographic structure or social and political trends are critical determinants of the threats and opportunities a company will face in the future. On the other hand, the industry environment helps one to determine which of the macro level influences are important for the firm and which are not.

Interactive opportunity analysis and strategic decision making is the next step in the strategic planning process. Roger Bennett (1999) contends that this activity involves the determination of possible alternative courses of action. That it encompasses careful evaluation of alternative courses of action to establish their feasibility in light of the constraints revealed in the company profile.

Selection of the best alternative leads to the phenomena of grand strategy and operational strategy. According to Robert Grant (1998), a grand strategy defines the scope of the firm in terms of industries and markets in which it competes. That grand strategy decisions include investment in diversification, vertical integration, acquisitions and new ventures, the allocation of resources between different businesses of the firm and divestment. On the other hand, he specifies that operational strategy is concerned with how the firm competes within a particular industry or market. Jay Bourgeois (1980) refers to it as a competitive strategy, noting that this strategy concerns itself with issues on how a firm can establish competitive advantage over its rivals.

Implementation of strategy has been cited to involve the detailed allocation of tasks, commitment of resources, overcoming resistance to change, coordination of activities, among others. It is the actual operationalization of the set plans and objectives.

Review and evaluation of corporate strategic plans is the last step in the planning process. According to Bennett (1999), this step involves monitoring results and varying the plan to meet changing circumstances. Of particular interest here are deviations of actual from planned outcomes. These deviations may be caused by

inaccurate forecasts, unanticipated shortages of resources, reactions of competitors and many other factors. Review and evaluation thus leads to feedback on the basis of which another corporate strategic planning cycle is determined.

2.4. CORPORATE STRATEGIC PLANNING PREMISES

The *Chambers Dictionary* defines a premise as something upon which a conclusion is made. It is that which goes before. Corporate strategic planning premise therefore refers to factors that are essential for the corporate strategic planning exercise to take place. Substantive corporate strategic planning premises involve looking at expectation of the environment, expectation of major inside interests, the database and evaluation of the organizations and environment. In his analysis of this topic Steiner (1979) contends that before undertaking strategic planning, it is important that those involved have a thorough understanding of what the top management has in mind and how the system is going to operate.

Commenting on the same, another scholar, R. Benett (1999) came up with eleven principles considered important for effective corporate planning. These are: -

(a) As far as possible, plans should be based on facts and not opinions.

(b) Plans should incorporate some degree of flexibility to accommodate unforeseeable events.

(c) A plan should be as detailed as expenditure constraints allow.

(d) Plans should not extend too far into the future; accurate prediction of the distant future is simply impossible.

(e) All alternative courses of action should be considered.

(f) Side effects and implications of the actions envisaged should be examined.

(g) Instructions to individuals and departments must be incorporated into the plan.

(h) Plans should be concise and easy to understand.

(i) As the plan is executed, its effectiveness in achieving stated objectives should be monitored.

(j) Targets embodied in plans should always be reasonable. Over ambitious targets can never be achieved and lead to low morale and cynicism among workers. Equally, targets that are too low have no operational significance.

(k) While all aspects of the firm's operations need to be considered when developing plans, the greatest emphasis should be placed on identifying and examining the key factors that are crucial to the company's success.

He goes ahead to say that corporate planning could be effected through formal or informal procedures. Formal corporate planning procedures establish set rules for how plans are determined and will lead to consistency (all plans are formulated to the same format), and ensure that issues are analysed in-depth. Informal corporate planning procedures on the other hand involve plans which are not written down but which are well thought out and reflect the vision and aspirations of the management of an organization.

On the same breath Bennett (1999) argues that the corporate planning functions can be effected through the planning department or through planning committees. A planning department is a unit within an organization charged with the

responsibility of coordinating planning activities. This department typically employ well-qualified people, often with a management accountancy background. Organizations without planning departments may have planning committees. The role of a planning committee is to identify strategic planning issues, explore options and draft an overall framework for the corporate plan. He (Bennett) is however quick to point out that there are situations where even though there is a planning department in place, a committee of senior managers from various key functions is convened periodically to assist the planning department in its work.

Taking the corporate strategic plan formulation argument further, G.A Steiner (1979) asserts that strategic plans are formulated either as master strategies or programme strategies. He defines master strategies as basic missions purposes, objectives and policies.
On the other hand he views programme strategies as being concerned with the acquisition, use and disposition of resources for specific projects. Other writers in agreement with this concept include K. Andrews, in his book titled *Concept of corporate strategy* (1971), Lorange and Vancil in *Strategic Planning Systems* (1977) and W.E. Rothschild in the book, *Putting it all together* (1976).

2.5 CHALLENGES POSED TO CORPORATE STRATEGIC PLANNING

(a) The Cultural Web

Johnson and Scholes(1999) have defined a cultural web as a representation of the take-for-granted assumptions or paradigm of an organization and the physical manifestations of organizational culture. That a cultural web includes things such as the routine ways

that members of an organization behave towards each other and towards those outside the organization, the rituals of an organizational life, symbols such as logos, offices, cars and titles, power structures, control systems, organizational structures, stories told by the members of the organization to each other, to outsiders, to recruits etc. A.L. Wilkins in his book *Organizational Symbolism* (1983) describes the last feature as an aspect which controls the organization. The point advanced here is that the presence of the aforementioned features is likely to exert a preserving and legitimising influence on the core beliefs and assumptions that comprise the paradigm. In such a set up, it becomes a bit tricky to design radically new corporate strategic plans and push through to the ultimate success.

(b) Organizational Structure

This aspect has also featured prominently in the works of Johnson and Scholes (1999). In their book titled *Exploring Corporate Strategy*, they argue that an organizational structure can serve to delineate important relationship and emphasize what is important in the organization. That underlying formal structures, one is likely to find less formal systems described as tribal, relating to the professional constraints and norms that exercised control over individuals and the old boys network. These associations can to a large extent lay influence on the atmosphere in which corporate strategic planning is taking place.

(c) Uncertainty and the Learning Organization

Chaos theorists who write about management argue that the organizational world appears to be so turbulent and chaotic that it is not possible to predict what will happen and when. In this regard, it becomes rather tricky to put in place corporate strategic planning measures with full confidence. This is because, the argument further goes, corporate strategic planning has predetermined fixed objectives yet the environment is too complex and rapidly changing. Danny Miller (1990) has particularly pointed out that organizations practising strategic planning normally face situations where there is lack of fit with environment. That the delicate balance that an organization faces makes agreement and consensus around issues facing an organization rather elusive, yet it must cope with it.

(d) Division of Responsibility

Thompson and Strickland (1992) have observed that a common challenge experienced in the process of corporate strategic planning has to do with the division of responsibility between the planning department and the operating executives. That staff planners often feel that line managers have little appreciation of the importance strategic planning activity and want to proceed on their own without any type of structured direction. On the other hand, line managers frequently think they have a clear picture of what they want to accomplish with their organization and prefer to spend their time getting on with the business at hand instead of attending meetings, filling out forms and discussing philosophical issues that may seem to have little relevance to showing improved earnings in the next quarter.

(e) The Time Challenge

This challenge has been covered well by Thompson A. and Strickland in their book titled, *Readings in Strategic Management* (1992). They argue that while it is important that a comprehensive analysis of relevant material should be included in the planning process, this is a very hectic and frustrating exercise. The seemingly endless parade of trivia and necessity to listen to one or two people discuss concepts that are not important to the total group presents to the participants a very trying experience. Even before strategic planning sessions, there are problems with the proper use of managers' time. Too often, top-level managers become heavily involved in the mechanics of the planning process. The result, it has been observed, can be serious conflicts between planning department and line management.

(f) Chances of Implementation

As observed by Thompson (1992), of greater importance than the issue of getting the right plan on paper is the need to have the plan successfully implemented. He further observes that the challenging bit of corporate strategic planning process is the ability to come up with plans that will be implemented as desired. That failure to implement strategic plans normally creates anxiety, frustration and even conflicts. Commenting on the same, Johnson and Scholes (1999) have observed that the managers responsible for implementation of strategies, usually line managers may be so busy with the day-to-day operations of the business that they cede responsibility for strategic issues to specialists. However, they point out, specialists do not have power in the organization to make things happen. The result can be that strategic planning becomes an intellectual exercise removed from the reality of operation. Such an activity is, of course, doomed

to fail. It is perhaps along this frame of mind that General William Sherman said in 1969 in the context of American civil war; " I know there exist many good men who honestly believe that one may, by aid of modern science, sit in comfort and ease in his office chair and with figures and algebraic symbols, master the great game of war. I think is an insidious and most dangerous mistake."

(g) The Process Itself

The process of strategic planning may be so cumbersome that individuals or groups in the firm might contribute to only part of it and not understand the whole. This is particularly problematic in very large firms (Johnson G. and Scholes K., 1999). These scholars have also observed the fact that there is a danger that strategy becomes thought of as a plan. That managers may see themselves as managing strategy because they are going through the process of planning. They are fast to quip that strategy is, of course, not the same as the plan – it is the long-term direction that an organization is following and not a written document on the executive's shelf.

Commenting the same issue in his book titled, *The Rise and Fall of Strategic Planning*, Henri Mintzberg (1994) has asserted, " If you have no vision but only formal plans, then every unprecedented change in the environment makes you feel your sky is falling in." He, like Johnson and Scholes (1999), has observed that strategic planning can become over detailed in its approach, concentrating on extensive analysis which while sound in itself, may miss major strategic issues facing the organization. These scholars have also highlighted the fact that strategic planning can become obsessed with the search for absolute determinants of performance – a set of economic indicators e.g. – or a definitely right strategy. In the first place, it is

unlikely that a right strategy will somehow naturally fall out of the planning process. It might be more important to establish a more generalised strategic direction within which there is flexibility.

2.6 THE VALUE OF CORPORATE STRATEGIC PLANNING.

Planning compels management to prepare for future eventualities, to clarify its priorities and to think ahead in a systematic way (Bennett, 1999). It introduces into an organization a new set of decision-making forces and tools (Steiner, 1979). Given below are specific benefits of the corporate strategic planning phenomenon, as expounded by various scholars.

(a) Setting of Objectives

This is what Igor Ansoff (1965) refers to as goal orientation. Corporate strategic planning enables setting of specific objectives. Individuals in organizations will generally strive hard to achieve clear objectives that are set for their organizations. In the same vein, long-range objectives are more likely to be met if plans are carefully prepared to reach them (Steiner, 1979).

(b) Reveals And Clarifies Future Opportunities And Threats

Rider R. (1983) has pointed out that strategies must be capable of being modified as new situations develop. Corporate strategic planning, the argument further goes, makes this possible. It leads to the identification of opportunities and threats within an organizations environment. Essentially, this enables an organization to position itself appropriately in the environment.

(c) Wholistic View Of An Organization

Among the scholars who have highlighted this benefit are Igor Ansoff (1965), Russell Ackoff (1970), G. Steiner (1979) and D.A. Ringbakk (1972). The argument here is that corporate strategic planning looks at an organization as a system composed of many sub-systems. The top management of an organization therefore look at the organization as a whole and the interrelationship of parts. The best solution of the whole thus generates more value to the organization.

(d) Performance Measurement

Many scholars consider corporate strategic planning to be the basis for measuring performance of an organization. That management has available standards of both a quantitative and qualitative nature in a strategic plan. In this regard a well conceived planning programme is perceived to have the capacity for managers at all levels to appraise these attributes in managers under their authority.

(e) Basis For Other Management Functions

Planning both precedes and is inextricably intermeshed with other management functions (Steiner, 1979). For instance, planning is obviously essential for effective control. Resources are used effectively when the objective of their use is known. With corporate planning, all the firm's activities will be integrated and co-ordinated (Bennett, 1999). The idea here generally is that if a planning program of proper scope is conducted, other managerial functions are more easily and suitably performed.

(f) Visualizing The Future

Using Naylor's (1979) perception of corporate strategic planning as long range plan with time horizon spreading into the future, various scholars have seen the value of strategic planning as being in its ability to simulate the future - on paper. If the simulation does not result in the desired picture, the exercise can be erased and started all over again. According to these scholars, simulation encourages and permits the managers to see, evaluate and accept or discard a far greater number of alternative courses of action than he might otherwise consider. This bringing forth of more alternatives for review may produce ideas that a lesser forth would not. Simulation thus allows for experimentation without actually committing resources.

(g) Framework For Decision-making

Listchert and Nicholson (1968) have highlighted this notion in their book titled *Characteristics Of Long Range Planning*. This matter has also come out clearly in the works of George A. Steiner (1979) in his book titled *Strategic Planning, What Every Manager Must Know*. The point put into perspective here is that strategic planning gives guidance to managers throughout the organization in making decisions that are in line with the aims and strategies of the organization. That strategic planning helps to ensure that managers' efforts are focused on meaningful action in line with their own and company interests.

(h) Strategic Bringing to Focus Issues

Delmar Kargar (1975) conducted a study of 90 companies in the US in different industries in 1975. He concluded that on the basis of financial measures, those companies that had long range planning

systems did better than those that did not. He and other scholars therefore propagated a view that effective corporate planning functions to flush up to higher levels of management strategic issues with which they should be concerned. In this way, the management's attention is focused on key issues and not diverted to lesser concerns hence the greater the probability of success for such organisations.

(i) Corporate Planning as a Channel of Communication

A well-organised planning system is an extremely useful communication network (Steiner, 1979). The planning process is a means for communications among all levels of management about objectives, strategies and detailed operational plans as noted previously. As plans approach completion, common understanding is generated among all levels of management about opportunities and problems important to individual managers and to the organization.

(j) Managerial Training

On this issue, the various scholars including Rusell Ackoff (1970) contend that strategic planning is a management training process. That it forces managers to ask and answer the very type of questions that managers must deal with. Further, that the strategic planning system establishes a framework within which presumably better decisions are made throughout an organization in conformance with top management wishes.

(k) Sense of Participation

This has been explained vividly by G.A. Steiner in his book, *Strategic planning* (1979). He presents a notion that strategic planning leads to improved manager motivation and morale. By helping to formulate

plans, managers obtain a sense of satisfaction in at least a partial creation of their own destiny. A feeling of personal security may also be enhanced and confidence built.

2.7. LIMITATIONS OF CORPORATE STRATEGIC PLANNING

It was once stated that for every positive move, there must be an anti of it. This is to say, notwithstanding the aforementioned benefits of corporate strategic planning, some limitations have also been identified. In the analysis below focus shall be put on some of the major limitations as observed by the various scholars and clearly presented by George A. Steiner in this book, *Strategic Planning, What Every manager must know* (1979).

(a) Planning is Expensive

The argument here is that in a typical corporate planning effort of even and medium sized organization, a significant effort is required to do effective planning. That the time of many people is occupied and costs are incurred for special studies and information.

(b) Uncertainty of the Future

Corporate strategic planning has also been accused of "creating full confidence over uncertainty (Wachira, UGCC 1996). The contentious issue here is that forecasting is not an exact science and plans that are based upon predictions that prove incorrect may fail. That there are bound to occur unexpected events in government such as decline in economic activity, contract cancellation, change in labour union activities which will make planning difficult.

(c) Internal Resistance

On this particular aspect, it has been observed that in many organizations, the introduction of a formal corporate planning system raises anticipation bases that can prevent effective planning. In larger organizations old ways of doing things, old rules and old methods may be so entrenched that it is difficult to change them.

(d) Inability To Address Current Problems

That corporate strategic planning is not designed to get an organization out of a sudden current crisis. If an organization is on the road to bankruptcy, for instance, the time that would be spent on strategic planning probably should be directed to dealing with short-range problems.

(e) Planning Is Difficult

In introducing this notion Roger Bennett (1999) stated that corporate strategic planning is administratively burden some. To Steiner (1979) planning is hard work. The point here is that corporate strategic planning requires a high level of imagination, analytical ability, creativity and fortitude to choose and become committed to a course of action. If the talents required are not available and management does not demand excellence in planning, the introduction of formal strategic planning may wind up as a boondoggle instead of a boon.

(f) Plans Limit Choice

That plans are commitments, or should be, and thus they limit choice. They tend to reduce initiative in a range of alternatives beyond the plans.

(g) Imposed Limitations

This final argument states that planning systems will not be effective when they are excessively ritualistic and formal, when line managers give lip service to planning but make their decisions without reference to plans or when line managers devote all their attention for short range problems and neglect thinking about the future. That for effective implementation of corporate strategic plans, the personal commitment of line managers to plans is of critical value and for as long as this is not the case, then the entirety of corporate strategic planning process is not but an exercise in futility.

2.8. SUMMARY

From the above analysis a number of issues stand clear. First and from a fundamental perspective, it is clear that strategy is the great work of the organization in situation of life or death. It is the Tao of survival or extinction (Banerjee, 1999). It is clear that corporate strategy applies to a higher level of an organization (Newmann, 1989). It is also clear that planning in general and formal planning in particular is an important ingredient of the culture of an organization (Capon, 1987). Finally, it is clear that corporate strategic planning has both benefits and costs to an organization.

Nevertheless, most studies have tended to reveal that the benefits accrued from corporate strategic planning surpass by far the costs incurred. For instance, in an in-depth study titled *"Does planning pay?"* Igor Ansoff (1970) came to a conclusion that those organizations that undertook their activities on the basis of long-range plans did better than those that did not plan. To this extent,

perhaps the best way to wrap it up would be to echo George A. steiner's (1970) sentiments that corporate strategic planning will not guarantee success, but all things considered, managers in most companies will probably be better off with it than without it. To assure this result, it will be necessary to tailor the strategic planning system to the unique characteristics of each organization introducing it.

CHAPTER THREE

METHODOLOGY

3.1 RESEARCH DESIGN

The survey design was used as a basis for collecting data.

3.2 POPULATION OF INTEREST

The population of interest for this study were motor franchise holders in Nairobi. A study was conducted on eight motor vehicle franchise holders operating in Nairobi (See appendix A). The respondents in each organization were executives whose schedule involves the economic planning function.

3.3. DATA COLLECTION INSTRUMENTS

The primary data was collected by use of a questionnaire reinforced by personal interviews. The questionnaire itself was divided into four distinct sections (see appendix B). This was done to facilitate systematic and quick interpretation of the data collected.

3.4. DATA ANALYSIS PROCEDURE

In data analysis, effort was put to clearly underscore various issue classifications raised in the questionnaire. Upon receipt of the questionnaire forms from the respondents, the raw data was edited, coded and statistically presented. Percentages and proportions form the basis for interpretation of the data. The analysed data has been presented by use of tables.

CHAPTER FOUR

RESEARCH FINDINGS

4.1 INTRODUCTION

This study had two broad objectives. The first objective was to establish the extent or how widely corporate strategic planning is being applied by Motor vehicle franchise holders operating in Nairobi. The second objective was to establish the challenges encountered in the process of undertaking the corporate strategic planning exercise. The study was conducted on eight firms whose particulars are appended at the end of this paper. The basic focus of the organizations in question was revealed to be as follows:-

TABLE 4.1.1 ORIENTATION OF THE ORGANIZATION

STATUS	NO. OF RESPONSES	PERCENTAGE
For Profit	8	100%
Non Profit	-	0%

SOURCE: RESEARCH

Table 4.1.1 shows that all motor vehicle franchise holders interviewed indicated the profit motive as being the direction of their respective organizations.

4.2 OBJECTIVES OF THE ORGANIZATIONS

The term objective refers to principal goals in an organization setting. This research sought to find out whether motor vehicle franchise holders have clearly spelt out objectives upon which

operations are hinged. Presence of objectives was noted for all firms. The premises of these objectives were based on the following items.

TABLE 4.2.1 PREMISE OF ORGANIZATIONAL OBJECTIVES

ITEM	NO. OF RESPONSES	PERCENTAGE
Growth	7	87.5%
Survival	2	25%
Profitability	8	100%
Revenue Generation	3	37.5%

SOURCE: RESEARCH

From Table 4.2.1, all firms highlighted profitability as the basis of organizational objectives. There were seven responses in favour of growth, three for revenue generation and two for organizational survival.

4.3 POSITION REGARDING LONG-RANGE PLANS

As pointed out earlier, the first objective of this study was to find out how widely corporate strategic planning is recognized and practiced among motor vehicle franchise holders operating in Nairobi. In this regard, respondents from the organizations interviewed were requested to state their views on planning vis a vis the operations of their respective organizations. They were also requested to state whether their organizations make use of corporate plans. In response, all the organizations identified planning as a key component to the operations of the firms. One of the response received indicated, " Corporate Planning is an important tool in this organization". The other one reads " Corporate Planning is important because it touches on all areas that the organization

needs in order to achieve its objectives". As regards the presence of long range plans, the response was as follows:-

TABLE 4.3.1 NUMBER OF FIRMS USING LONG RANGE PLANS

STATUS	NO. OF RESPONSES	PERCENTAGE
Yes	8	100%
NO	0	0%

SOURCE: RESEARCH

Table 4.3.1 shows that all organizations interviewed indicated that they have long-range plans.

The respondents were also requested to state the time frame that long range plans cover. Three options of 0-1 years, 1-3 years and 5 years and above were availed. The feedback to this is contained in Table 4.3.2 below.

TABLE 4.3.2 PERIOD COVERED BY LONG RANGE PLANS

PERIOD	NO. OF RESPONSES	PERCENTAGE
0-1 Years	-	0%
1-3 Years	5	62.5%
5 Years and Above	3	37.5%

SOURCE: RESEARCH

The table shows that long range plans for 5 organizations fall within a period of 1-3 years whereas for three organizations, the period is 5 years and above. Most organizations indicated that once developed, the plans are normally written. In addition, there was overwhelming response to the fact that long-range plans are normally reviewed

periodically and kept current. Finally it was observed a wide range of plans are normally considered, among them being financial plans, marketing plans, personnel plans and product plans.

4.4 APPROACH TO PLANNING

From the organizations interviewed, it was noted that little emphasis is put on planning through a planning department. Formal planning meetings are a feature that strongly characterizes the planning process in the organizations. As regards the role of the Board of Directors in the planning process, the response was as indicated below (Table 4.4.1).

TABLE 4.4.1 ROLE OF BOARD OF DIRECTORS IN PLANNING

ITEM	NO. OF RESPONSES	PERCENTAGE
Format of Corporate Plan	4	50%
Design of objectives embodied in the final corporate plan	4	50%
Approval of the final corporate plan	6	75%

SOURCE: RESEARCH

Arising from Table 4.4.1, 50% of the response shows that the board of directors influence the format of corporate plan and also the design of objectives embodied in the final corporate plan. 75% of responses revealed that the board of directors play an influential role in the approval of the final corporate plan

As regards the role played by the Chief Executive in corporate strategic planning, the respondents' view were as follows:-

TABLE 4.4.2 ROLE OF CHIEF EXECUTIVE OFFICERS IN PLANNING

ITEM	NO. OF RESPONSES	PERCENTAGE
Format of Corporate Plan	7	87.5%
Design of objectives embodied in the final corporate plan	8	100%
Approval of the final corporate plan	2	25%

SOURCE: RESEARCH

Table 4.4.2 indicates that there was 100% response to the fact that the Chief Executive plays an active role in the design of objectives embodied in the final corporate plans. 7 responses favoured the Chief Executive as regards the format of corporate plan and 2 for approval of the final corporate plan. The study also revealed that top-level management among the companies focused on do understand and accept corporate planning as an essential tool to lead the organization.

4.5 ESSENTIAL FACTORS IN STRATEGIC PLANNING

A risky situation is one in which the probabilities of various outcomes can be measured; an uncertain situation is where they cannot. Risk is involved in many planning scenarios. The following weights were put against each of the factors indicated.

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TABLE 4.5.1 FACTORS CONSIDERED IN THE PLANNING PROCESS

ITEM	NO. OF RESPONSES	PERCENTAGE
Political and Legal Development	**7**	**87.5%**
General Economic Trends	**8**	**100%**
Competitors	**8**	**100%**
Market Trends	**7**	**87.5%**
Technological Trends	**4**	**50%**
Socio cultural Trends	**2**	**25%**
Organizations Internal Resources	**5**	**62.5%**

SOURCE: RESEARCH

From Table 4.5.1, it is clear that a majority of the organizations interviewed perceived the general economic trend and competition as the most significant factors, whereas socio cultural trend was given least consideration.

4.6 THE VALUE OF PLANNING

The organizations interviewed indicated that through corporate planning, specific performance goals and direction is realized. Specifically, the following responses were given against each of the items shown (Table 4.6.1):-

TABLE 4.6.1 VIEWS REGARDING IMPORTANCE OF PLANNING

ITEM	NO. OF RESPONSES	PERCENTAGE
As a tool for conflict resolution	-	0%
As an avenue for dealing with uncertainty	2	25%
As a key device for allocation of corporate resources throughout the organization	6	75%
As a tool towards ensuring that scarce resources are allocated to high yield areas	7	87.5%
As a tool towards increased sales and profits to the organization	7	87.5%
As an essential device towards sequencing future activities	5	62.5%

SOURCE: RESEARCH

87.5% of the respondents were of the view that corporate planning is of great essence towards allocation of resources to high yield areas and also towards achievement large volumes of sales and profit to

the organization. 62.5% of the respondents felt that it is an essential device towards sequencing future activities. There was a nil response on the view that corporate planning is a tool towards conflict resolution.

4.7 CHALLENGES POSED TO CORPORATE STRATEGIC PLANNING

The second research objective was to establish the challenges faced by motor vehicle franchise holders during corporate strategic planning. The respondents were therefore requested to indicate whether there are any challenges in the corporate strategic planning process. The general feeling was that corporate strategic planning is quite challenging. Table 4.7.1 shows the weights that were given against each of the areas specified .

TABLE 4.7.1 FACTORS THAT IMPAIR CORPORATE STRATEGIC PLANNING PROCESS

ITEM	NO. OF RESPONSES	PERCENTAGE
Inadequate Resources	**5**	**62.5%**
Shortage of qualified Personnel	**0**	**0%**
Economic Trends	**6**	**75%**
Technological changes	**0**	**0%**
Political and Legal Factors	**5**	**62.5%**
Socio cultural Trends	**1**	**12.5%**

SOURCE: RESEARCH

Basing on the above figures, economic factors were perceived as a major challenge to most organizations (75%). The other factors given greater focus were inadequate resources (62.5%) and political and legal factors (62.5%). Technological factors and shortage of qualified personnel were on the other hand given least consideration.

The respondents were also requested to state whether they find planning to be a time consuming activity. Table 4.7.2 below provides a summary of the responses received on the matter.

TABLE 4.7.2 CORPORATE PLANNING AS A TIME CONSUMING ACTIVITY

ITEM	NO. OF RESPONSES	PERCENTAGE
Yes	6	75%
No.	1	12.5%
Nil Response	1	12.5%

SOURCE: RESEARCH

Six responses, which comprise 75% of the respondents, indicated that corporate strategic planning is time consuming. One respondent indicated that the process is not time consuming. There was one nil response.

On the same breath the persons interviewed were requested to state whether corporate strategic planning activity is tedious. Seven responses were received whose details is as indicated below.

TABLE 4.7.3 CORPORATE STRATEGIC PLANNING AS A CUMBERSOME AND HECTIC PROCESS

ITEM	NO. OF RESPONSES	PERCENTAGE
Yes	4	50%
No.	3	37.5%
Nil Response	1	12.5%

SOURCE: RESEARCH

As clearly shown in Table 4.7.3, half of the respondents felt that corporate strategic planning is cumbersome and tedious. Three respondents were of the opposite view. Again, there was one nil response.

4.8 IMPLEMENTATION OF PLANS

The planning effort in an organization is considered credible if the formulated plans are put into action. In this vein, the respondents were requested to rate the chances of implementation of formulated plans within their respective organizations. Table 4.8.1 provides a summary of the response:-

TABLE 4.8.1 CHANCES OF IMPLEMENTATION OF FORMULATED PLANS

ITEM	NO. OF RESPONSES	PERCENTAGE
High	4	50%
Moderately High	3	37.5%
Low	-	0%
Very Low	-	0%
Nil Response	1	12.5%

SOURCE: RESEARCH

Generally speaking, most respondents felt that once formulated, corporate strategic plans stand a great chance of being implemented. It was also widely observed that the top management in the organizations under focus takes an active interest in the output and recommendation of the planning effort. The general feeling among respondents was that failure to implement strategic plans could adversely impair the corporate planning initiative in the individual organizations.

4.9 THE FUTURE OF CORPORATE STRATEGIC PLANNING

Corporate Strategic Planning is a continuous process. Plans are normally reviewed and new ones formulated to respond to the changing environmental circumstances. Asked to comment on the future of strategic planning among franchise holders, the responses shown in Table 4.9.1 were given.

TABLE 4.9.1 THE FUTURE PERSPECTIVE OF CORPORATE STRATEGIC PLANNING

ITEM	NO. OF RESPONSES	PERCENTAGE
Bright Future	8	100%
No Prospects	-	0%

SOURCE: RESEARCH

Indeed, all respondents were of the view that strategic planning has a sanctified place in the future of their respective organizations. They view it as an essential phenomenon and as a project worth investing in.

CHAPTER FIVE

SUMMARY, DISCUSSIONS AND CONCLUSION

5.1 SUMMARY, DISCUSSIONS AND CONCLUSION

The first objective of this study was to investigate and establish the extent to which corporate strategic planning is being practiced among motor vehicle franchise holders in Nairobi. Towards this end, the factors considered included the presence of objectives and corporate plans, participation of top level management in the planning process, availability of a clear mechanism through which plans are formulated, consistent practice of the planning activity, commitment to implementation of plans, general acknowledgement of planning as an important tool to the organization, among others.

Arising from the data collected, it was established that all organizations under focus have both the profit orientation and objectives. The objectives are premised largely on growth and profitability. It was also established that all of these organizations have long-range plans. However the period covered by the long range plans vary from organization to organization.

Furthermore, the research revealed that the top management and board of directors play specific roles in the corporate strategic planning process. Whereas the board of directors play a leading role as regards approval of final corporate plan, the Chief Executives are involved in the design of the format and objectives embodied in the final plan.

On the planning process itself, it was noted that a number of factors are normally put into consideration in coming up with corporate

strategic plans. These factors include political and legal factors, general economic trend, competition, market trend and the organization's internal resources.

The fact that corporate strategic planning is an essential feature to effective operation of motor vehicle franchise holders also came to surface. The responses indicated that planning is central for effective allocation of corporate resources throughout the organization. Besides, it was established that planning helps in ensuring that scarce resources are allocated to high yield areas. It is also a tool towards increased sales and profits and an essential device towards sequencing future activities.

The second objective was to establish the challenges encountered in applying corporate strategic planning practices among motor vehicle franchise holder enterprises in Nairobi. Focus was put on the various environmental factors that impact on the planning effort.

The study established a number of challenges encountered during the corporate strategic planning process. The main challenges identified include resource limitation, economic trend, political and legal challenges, time demands and the process itself whereby most respondents indicated that the process is quite involving.
On the overall the study established that Corporate strategic planning is a phenomenon that is well known among motor vehicle franchise holders operating in Nairobi. It brought to surface the fact that specific performance goals are clearly established by corporate planning and that through strategic planning, motor vehicle franchise holders gain a sense of direction that enables them to operate successfully. It further established that corporate strategic planning is accepted as significant tool in the management of motor

vehicle franchise holder enterprises. Equally important, the study revealed that top management take an active interest in planning and implementation of plans. As pertains to challenges what comes out clearly is the fact that corporate strategic planning process among motor vehicle franchise holders is faced with some challenges but most of which can be managed. Finally, it was established that planning holds a bright future among motor vehicle franchise holders.

5.2 LIMITATIONS OF THE STUDY

This study was subject to resource and time constraints. In this regard, the scope covered was limited to motor vehicle franchise holders operating in Nairobi. Furthermore, the context was limited to presence of corporate strategic planning and challenges occasioned thereof.

5.3 RECOMMENDATION FOR FUTURE RESEARCH

As stated above, the scope of research undertaken was limited to establishing the extent of and challenges encountered in corporate planning among motor vehicle franchise holders. Little focus was put on the strategic planning process itself. Further research is therefore recommended to establish the actual corporate planning process ranging from enterprise objective to implementation of strategy and feedback.

5.4 RECOMMENDATIONS FOR POLICY AND PRACTICE

Planning means the deliberate and systematic determination of what to do in the future in order to fulfill the organization's mission and meet its objectives, given certain predicted or intended conditions. Based on the findings of the study and subsequent conclusions, the following recommendations are made.

- The management of motor vehicle franchise holders in Nairobi should continue to embrace corporate strategic planning as a philosophy in their respective organizations
- The management of motor vehicle franchise holders should seek to strengthen their planning systems
- The commitment of top-level management in the design and implementation of plans should be upheld.
- The management of motor vehicle franchise holders in Nairobi should continually monitor results and vary plans to meet changing circumstances
- The management of motor vehicle franchise holders should consider investing in planning enhancing initiatives. This would include sponsoring staff for courses in the field of planning.
- A deliberate effort should be made to address/manage all the challenges that are posed to effective corporate strategic planning

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7.0. APPENDICES

APPENDIX A – LIST OF FRANCHISE HOLDERS SURVEYED

- General Motors (K) Ltd
- DT Dobie
- Toyota (EA) Ltd
- Amazon Motors
- Simba Colt Motors
- Marshalls (EA) Ltd
- Mashariki Motors
- Ryce Motors

APPENDIX B – QUESTIONNAIRE FORM

G. BUSOLO
P.O. BOX 3152
00100 NAIROBI

Dear respondent,

I am a postgraduate student at the University of Nairobi doing a research project as part of the requirements of the degree of Master of Business Administration (MBA). My research project deals with the contemporary practice of corporate strategic planning and its impact on an organization.

Your organization is one of the few private sector organizations chosen for the study. In this regard, I am writing to request you to participate in the study by filling the attached questionnaire form to the best of your knowledge and ability, as it applies to your particular organization. In order to make it easier to respond, the questionnaire has been divided into four broad categories.

The information provided will be used solely for academic purposes and all responses will remain confidential.

Thank you in anticipation of your contribution to our increased understanding of the corporate strategic planning phenomenon.

Sincerely,

G. BUSOLO
MBA STUDENT

PART A - THE ORGANIZATION

1. What is the name of your organization? _____

2. What is your job title? _____

3. For how long have you been in your present organization? _____

4. And for how long have you been involved in planning activities? _____

5. What is the orientation of the organization?

   (a) For Profit

   (b) Non Profit

6. Does your organization have a mission statement?

   (a) Yes

   (b) No

7. Is the mission statement presented in a written form?

   (a) Yes

   (b) No

8. Does your organization have objectives?

   (a) Yes

   (b) No

9. What would you identify as the main objective of the organization? _____

_____

10. What are the objectives generally premised on?

(a) Growth

(b) Survival

(c) Profitability

(d) Revenue generation

(e) Any other (please specify) _____

11. Are the objectives measurable?

(a) Yes

(b) No

PART B - PLANNING

1. Is planning accepted as a philosophy in your organization?

(a) Yes

(c) No

2. What type of plans does your organization have?

(a) Financial

(d) Others (please specify)_____

_____

3. Do you have long range plans in your organization?

(a) Yes

(b) No

4. What time periods do long range plans cover in your organization?

   (a) 0-1 years

   (b) 1-3 years

   (c) 5 years and above

5. Are long range plans for your organization reviewed periodically and kept current?

   (a) Yes

   (b) No

6. Are plans in your organization written once developed?

   (a) Yes

   (b) No

7. To what extent do the following features characterise your planning process?

   (Use a 5 point scale, where 1 = Not at All and 5 = Great Extent)

(a) Informal interactions	1	2	3	4	5
(b) Formal planning meetings	1	2	3	4	5
(c) Having a planning department	1	2	3	4	5
(d) Clearly assigned responsibilities for planning	1	2	3	4	5
(e) Timetables for plan preparation	1	2	3	4	5

8. How influential are each of the following groups with regard to the five corporate planning areas listed.

   (Use a 5 point scale, where 1 = Not at All and 5 = Great Extent)

(a) Outside Members of Board of Directors					
- Format of corporate plan	1	2	3	4	5

- Assumptions used in the final Corporate plan.	1	2	3	4	5
- Objectives embodied in the final Corporate plan.	1	2	3	4	5
- Approval of the final corporate plan	1	2	3	4	5
- Development of missions & strategies for other divisions in the org.	1	2	3	4	5
(b) Chief Executive Officer					
- Format of corporate plan	1	2	3	4	5
- Assumptions used in the final Corporate plan.	1	2	3	4	5
- Objectives embodied in the final Corporate plan.	1	2	3	4	5
- Approval of the final corporate plan	1	2	3	4	5
- Development of missions & strategies for other divisions in the org.	1	2	3	4	5
(c) Planning Department					
- Format of corporate plan	1	2	3	4	5
- Assumptions used in the final Corporate plan.	1	2	3	4	5
- Objectives embodied in the final Corporate plan.	1	2	3	4	5
- Approval of the final corporate plan	1	2	3	4	5
- Development of missions & strategies for other divisions in the org.	1	2	3	4	5
(d) Top Second Line Managers					
- Format of corporate plan	1	2	3	4	5

- Assumptions used in the final Corporate plan.	1	2	3	4	5
- Objectives embodied in the final Corporate plan.	1	2	3	4	5
- Approval of the final corporate plan	1	2	3	4	5
- Development of missions & strategies for other divisions in the org.	1	2	3	4	5

9. To what extent does the corporate planning department have authority to: -
(Use a 5 point scale, where 1 = Not at All and 5 = Great Extent)

(a) Review and criticise divisional plans	1	2	3	4	5
(b) Accept or reject divisional plans	1	2	3	4	5
(c) Offer advisory role in the formulation of divisional plans	1	2	3	4	5

10. With which four organizations/individuals outside your own organization do you have the most contact as regards the corporate planning phenomenon?

_____

_____

_____

11. To what extent are the following factors considered in the planning process.
(Use a 5 point scale, where 1 = Not at All and 5 = Great Extent)

(a) Political & Legal Developments	1	2	3	4	5

(b) General economic trends	1	2	3	4	5
(c) Competitors	1	2	3	4	5
(d)Market trends	1	2	3	4	5
(e) Technological trends	1	2	3	4	5
(f) Socio cultural trends	1	2	3	4	5
(g) Organization's internal resources	1	2	3	4	5
(h) Any other (please specify)					
_____	1	2	3	4	5

12. Generally speaking, to what extent does the top-level management in your organization understand and accept corporate planning as a tool to lead your organization?
(Use a 5 point scale, where 1 = Not at All and 5 = Great Extent)

1 2 3 4 5

13. Is the time required for corporate planning adequate in your organization?

(a) Yes

(b) No

14. To what extent are the resources required for corporate planning adequate in your organization?
(Use a 5 point scale, where 1 = Not at All and 5 = Great Extent)

1 2 3 4 5

15. To what degree would you say that your plans are flexible enough to allow adjustments with changes in environmental parameters?
(Use a 5 point scale, where 1 = Not at All and 5 = Great Extent)

1 2 3 4 5

16. Is there an official planning committee in your organization charged with the responsibility of developing long term plans?

    (a) Yes

    (b) No

17. Are there some basic professional and academic qualifications required of the executive in charge of planning in your organization?

    (a) Yes

    (b) No

18. Does the executive in charge of planning in your organization report directly to the Chief Executive?

    (a) Yes

    (b) No

19. To what extent do you think long term planning has an impact on your organization?
    (Use a 5 point scale, where 1 = Not at All and 5 = Great Extent)

    1 2 3 4 5

20. To what extent do you think the planning process in your organization serves the following purpose.
    (Use a 5 point scale, where 1 = Not at All and 5 = Great Extent)

(a)	Is a device to assure that complicity expectations are resolved	1	2	3	4	5
(b)	Plays a central role in the Organizations communication Network	1	2	3	4	5

(c)	Is a means of organizational conflict resolution	1	2	3	4	5
(d)	Involves a great deal of bargaining	1	2	3	4	5
(e)	Is a means for systematically dealing with uncertainty	1	2	3	4	5
(f)	Is a means of ensuring that specialized knowledge is stored and available to the whole organization	1	2	3	4	5
(g)	Enables the organization to avoid unacceptably high level risk	1	2	3	4	5
(h)	Is often characterized by distortion of data	1	2	3	4	5
(i)	Constraints the decision making capacity of division heads	1	2	3	4	5
(j)	Is a key device for allocating Corporate resources throughout the organization	1	2	3	4	5
(k)	Assures that scarce resources are allocated to high yield uses	1	2	3	4	5
(l)	Has improved the organization's long range resource allocation decisions	1	2	3	4	5
(m)	Has had a measurable positive effect on sales and profits	1	2	3	4	5
(n)	Is necessary to sequence future activities.	1	2	3	4	5
(o)	Plays an important role in auditing ongoing activities	1	2	3	4	5

(p) Encourages development of new businesses by combining expertise and resources from lower level units 1 2 3 4 5

(q) Any other (please specify & rate)

_____ 1 2 3 4 5

_____ 1 2 3 4 5

21. To what extent do you think specific performance goals are clearly established by corporate planning?
(Use a 5 point scale, where 1 = Not at All and 5 = Great Extent)

1 2 3 4 5

22. Do you agree with the view that as a result of planning, a company develops a reasonable sense of direction, with respect to your organization?

(a) Yes

(b) No

23. Again with respect to your organization, to what extent would you agree with the view that a motor vehicle dealer enterprise cannot operate successfully without corporate planning?
(Use a 5 point scale, where 1 = Not at All and 5 = Great Extent)

1 2 3 4 5

PART C - CHALLENGES

1. Do you find planning to be a pleasant and motivating activity to undertake?
   (a) Yes
   (b) No
2. Do you find it challenging?
   (a) Yes
   (b) No
3. To what extent would you consider the following as posing a major constraint to effective corporate planning in your organization?
   (Use a 5 point scale, where 1 = Not at All and 5 = Great Extent)

(a) Inadequate resources	1	2	3	4	5
(b) Shortage of qualified personnel	1	2	3	4	5
(c) Competition	1	2	3	4	5
(d) Economic trends	1	2	3	4	5
(e) Technological changes	1	2	3	4	5
(f) Political and legal factors	1	2	3	4	5
(g) Socio cultural trends	1	2	3	4	5
(h) Lack of commitment by top management to planning	1	2	3	4	5
(i) Lack of training facilities	1	2	3	4	5
(j) Organization structure	1	2	3	4	5
(k) Any other (please specify & rate)					
_____	1	2	3	4	5
_____	1	2	3	4	5

4. What is the probability that the corporate plans formulated will be implemented?
   (a) High
   (b) Moderately high
   (c) Low
   (d) Very Low
5. Do you think failure to implement strategic plans can adversely affect corporate planning effort in your organization?
   (a) Yes
   (b) No
6. Is there normally a conflict of roles between the planning department and line managers with regard to corporate strategic planning?
   (a) Yes
   (b) No
7. To what extent would you say that corporate strategic planning in your organization is a time consuming activity?
   (Use a 5 point scale, where 1 = Not at All and 5 = Great Extent)
   1 2 3 4 5
8. To what extent do you find corporate strategic planning process to be cumbersome and hectic?
   (Use a 5 point scale, where 1 = Not at All and 5 = Great Extent)
   1 2 3 4 5
9. To what degree would you say that the goals and objectives for the corporate planning department clear to everyone?
   (Use a 5 point scale, where 1 = Not at All and 5 = Great Extent)

   1 2 3 4 5

10. When plans are reviewed in the organization, is the atmosphere normally tense or relaxed?

    (a) Tense

    (b) Relaxed

    (c) Any other (please specify) _____

11. To what extent would you say that the top management take an active interest in the output and recommendation of the planning department?
    (Use a 5 point scale, where 1 = Not at All and 5 = Great Extent)

    1 2 3 4 5

12. And to what extent would you say that the second line management take an active interest in the output and recommendations of the planning department?
    (Use a 5 point scale, where 1 = Not at All and 5 = Great Extent)

    1 2 3 4 5

13. Would you agree with the view that corporate planning gets a great deal of resistance from the finance people?

    (a) Yes

    (b) No

14. To what level is there a feeling of teamwork in the corporate planning department in your organization?
    (Use a 5 point scale, where 1 = Not at All and 5 = Great Extent)

    1 2 3 4 5

PART D - GENERAL COMMENTS

1. Generally speaking, how satisfied are you in undertaking the strategic planning schedule in your organization?
   (Use a 5 point scale, where 1 = Not Satisfied and 5 = Very Satisfied)

   1 2 3 4 5

2. To what extent do you think the corporate planning department is highly respected and is held with high esteem in your organization?
   (Use a 5 point scale, where 1 = Not at All and 5 = Great Extent)

   1 2 3 4 5

3. Do you think corporate planning still holds a place in your organization in future?
   (a) Yes
   (b) No

4. Do you consider corporate planning as a project worth investing in?
   (a) Yes
   (b) No

5. What is your final comment on the issue under focus?

_____

_____

_____

_____

APPENDIX C – PROGRAMME OF ACTIVITIES

S/N	TIME FRAME	ACTIVITY
1.	April-May	Preparation of Research Proposal Material
2.	May	Proposal Presentation
3.	June-August	Data collection, analysis and presentation
4.	September	Compilation of final report

APPENDIX D – BUDGET

S/N	ITEM	COST (KSHS)
1.	Stationery (Biro Pens, Writing Pads, Transparencies, Highlighter pens etc)	800.00
2.	Secretarial Services	2,500.00
3.	Photocopy Services	1,400.00
4.	Transport Expenses	500.00
5.	Binding of Final Report	1,000.00
6.	Miscellaneous	500.00
	TOTAL COST	**6,700.00**