

Select a small business that you may want to start. What is strategic management and planning? Why would a strategic plan be important to the success of this business? How are the four functions of management relative to creating and implementing a strategic plan?

A business that I have often thought about starting would be a small baked goods shop. I have loved to bake since I was about six years old and have some great recipes that make my product unique to other shops around.

Strategic management includes the decisions and actions that result in the plans of a company's operation (Pearce & Robinson, 2009). This management process helps define the company's mission statement and the goals to achieve the purposes of that statement from the analysis of its internal and external environments. The internal environment consists of all the employees, sources of capital, and the equipment that helps the company operate. The external environment consists of the competitors, barriers to entry, suppliers, and the economic environment. Strategic planning involves how top management implements the resources of the company for its operation in both the internal and external environments.

A strategic plan is important to this business because there are a large amount of like businesses competing against each other, of which many have possibly greater advantages. By developing a strategic plan before entering such a market, managers can analyze the internal strengths and weaknesses of a company compared to the opportunities within the chosen environment and the threats of the competition being faced. A good plan maximizes the strengths and opportunities of the proposed company while minimizing its weaknesses and threats (Pearce & Robinson, 2009).

Successful managers must effectively *plan* actions the company takes to make good business decisions. Managers must then be able to *organize* the company to work together toward those same goals. A manager's *leadership* qualities enable workers to be motivated and influenced toward higher levels of workmanship within the company. Once *control* is established among the necessary functions, the company is able to run more smoothly and efficiently.

## Response 2

A small business I would like to start is a car wash, detail and express lube operation. This business would serve customers who are looking for a full vehicle detail including wash, polish, wax and interior detailing. I have tossed this idea for several years however the fear of risk and loss has caused me to shy away. A clean, shiny car makes me feel good about myself and this value would be passed on to my customers.

Strategic management is the planning for a business at the highest level. This may include several leaders or one leader in the case of a small business such as my vehicle detail shop. The strategic plan focuses on building a solid underlying business structure which will be

followed by all employees. The strategic plan spells out long term goals including survival, growth which hopefully leads to increased market share, profits, and productivity.

In order for my detail business to survive, a long-term plan will need to be in place. Whether it is where I want to be in five years or me and my employees, a strategic plan on how to get there is necessary. Without a plan it may not be possible to understand where the company wants to be, what resources it may take to get there, or what the best ways are to get to the future goals of survival and growth.

The four functions of management include planning, organizing, leading, and controlling. To implement a strategic plan management must first plan. This includes making decisions about the company's goals and activities to pursue. Organizing for strategic planning includes assembling the necessary human, financial, or physical assets to carry out or achieve a goal. Leading is management's efforts to stimulate high performance by all employees involved and to show all employees why it takes a team effort to reach the mission and vision of the company. Last is controlling which includes monitoring the performance and making necessary changes. Once the decisions on how to reach the goals of the company, achievement must be monitored. If the company as a whole is not moving toward future goals or operating in line with the mission statement, then management must determine why and decide how to apply corrective action.