

**Dr Nikolaos G.
Theriou**

**Department of
Business
Administration, TEI
of Kavala**

THE RELATIONSHIP BETWEEN STRATEGY AND PLANNING: A SURVEY OF THE TOP GREEK COMPANIES

Abstract

This paper studies the existing relationship between strategy and planning in the top most successful Greek companies. It presents an analysis of the way the leading Greek companies use the Long Range Strategic Planning (LRSP) process and its relation to the strategic decision making process. It concludes that the vast majority of the leading Greek companies use some kind of formal LRSP process. LRSP is very useful and necessary to all leading Greek companies irrespective of their size, the sector and the industry they belong to.

Περίληψη

Το παρόν άρθρο εξετάζει την σχέση που υπάρχει μεταξύ στρατηγικής και μακροπρόθεσμου σχεδιασμού των πιο πετυχημένων ελληνικών επιχειρήσεων. Καταγράφει και αναλύει τον τρόπο με τον οποίο οι επιχειρήσεις αυτές χρησιμοποιούν τη διαδικασία του μακροπρόθεσμου στρατηγικού σχεδιασμού, καθώς και τη σχέση αυτού με τη διαδικασία διαμόρφωσης και επιλογής των στρατηγικών τους αποφάσεων. Καταλήγει στο συμπέρασμα ότι η πλειοψηφία των πιο πετυχημένων ελληνικών επιχειρήσεων χρησιμοποιούν κάποιο τύπο τυποποιημένης διαδικασίας μακροπρόθεσμου στρατηγικού σχεδιασμού. Η διαδικασία αυτή είναι χρήσιμη και απαραίτητη για όλες αυτές τις επιχειρήσεις ανεξαρτήτως του μεγέθους, του τύπου και του κλάδου που ανήκουν.

1. Introduction

The purpose of this paper is to critically examine the relationship between planning and strategy in the most successful Greek companies. Many studies attempted to cover this relationship previously, especially in USA and UK: Thune and House (1970), Ansoff, Avner, Brandenburg, Portner, and Radosevich (1970), Herold (1972), Rue and Fulmer (1973), Grinyer and Norburn (1974), Wood and LaForge (1979), Robinson and Pearce (1983, 1988), Rhyne (1987), Javidan (1987), Kukalis (1988, 1989). However, no previous research has been reported on this field in Greece.

This research could provide very interesting insight to both academics and practitioners: a) For academics, because they will contribute further to the knowledge pool, by giving answers, from empirical evidence, to the theoretical issues of the relationship between planning, strategy formation, and the long term success of the company; b) For practitioners, because the empirical evidence will help them to understand better the relationship between planning and strategy formation, so as to think and act accordingly for their long term success and survival.

The paper is trying to give answers by analyzing the results of a questionnaire sent to the top 500 Greek companies, with annual returns well above the average of the industry they belong: From the 500 companies that received this questionnaire only 116 (23,20%) companies responded.

It is found that although most of the top companies in Greece, are successful in the long run, without the adoption of a LRSP department, they use one of the already existing departments (mainly the so called "executives committee" and the financial department) to assist the Board of Directors in their strategic decision making process. These departments proceed, firstly, to the strategic analysis process, so as to provide senior management with adequate information to be able to decide between strategic options. Then, evaluate these strategic options with the construction of long term budgets, mainly 3 to 5 years long and, finally, proceed to the strategy implementation stage with the preparation of short term budgets.

Only a third of the top Greek companies have established an LRSP department. However, most of these companies allow their LRSP departments to follow the whole strategic management process: setting of goals and objectives, strategic analysis, determination and evaluation of alternative strategic options, strategy implementation. Of course, the final decision, for the adoption of specific future strategies, is taken by the Board of Directors. The rest of these companies allow their LRSP department to proceed only to strategic analysis and to the evaluation of alternative strategic options through the use of long term budgets. Looking at the companies that use an LRSP department, it can be seen that the small size companies use their LRSP department as an "advisory body" to the Board of Directors. In contrast, in the medium and large size companies, the LRSP departments actually replace the Board of Directors, because they construct the

whole long range strategic plan and the Board of Directors simply decide, officially, for its adoption. Most of our findings come in agreement with those of Tune and House (1970), Ansoff, et al (1970), Rue and Fulmer (1973), and Rhyne (1987).

This paper is structured as follows: Section two refers to the bibliography and the empirical evidence concerning the relationship between strategy and planning. Section three describes the research method adopted. Section four refers to the characteristics of the companies examined and the analysis of the research results. Finally, section five includes the research conclusions and the implications that could be drawn from this research.

2. Background

For many years now there is an ongoing discussion about the relationship between planning and strategy: Should strategy always be planned (Andrews:1987; Ansoff:1965; Steiner:1969; Naxakis: 1999), never be planned (Sawer:1983; Peters and Waterman:1982; Quinn:1980 & 1995), sometimes be planned (Peters & Waterman:1982; Peters & Austin:1988), or, should it be related to planning in any other way? (Mintzberg:1994).

In the field of strategic management three strategic styles have dominated the last three decades:

- A “**planning style**”(during the 1970's), in which a predictable future is based on analysis of the probable (see Ansoff, 1965).
- A “**visionary style**”(during the 1980's), in which an unpredictable future is based on imagination of the possible (see Hurst, Rush and White,1989).
- A “**learning style**”(during the 1990's), in which an unpredictable future unfolds and is encountered on the basis of understanding the actual (Quinn, 1980).

Each of the above styles emerged as a development of a “**rational**” or “**interpretive**” approach to strategic management:

The air of certainty and stability that prevailed during the 1960's and early 1970's gave rise to a proliferation of analysis and planning tools. Most of the writers were on the belief that economies, markets and customers behaved logically and predictably. They treated strategy as a puzzle, in which the “right answer” could be found through the application of strategic tools. An emphasis on formal rationality permeated the early literature on strategic planning and this is demonstrated by Ansoff's (1988: 172-173) elaborate fifty-seven box model which depicts strategy formation as a deliberate, cerebral process, decomposed into a series of logical steps to be followed in strict sequence.

A number of criticisms have been raised about the formal-rational model: Johnson and Scholes (1997) concede that the intellectual exercise of strategic planning may provide a “useful framework for strategic thinking”. Mintzberg (1994) rejects this approach by claiming that it is unrealistic since it fails to consider competitive values, objectives and power bases. He concludes that the over-

dependence on analytical tools can lead to “paralysis by analysis” with organizations unable to move without all the pieces of the puzzle in place. As the analysis appeared to produce right answers, these plans often become inflexible and unchallengeable.

The “interpretive” approach, on the other hand, - constantly sensing and reflecting on what was happening, drawing conclusions and lessons and then experimenting with new ways of acting - was described by strategic management thinker Henry Mintzberg as the “learning approach to strategic management”. Lindblom (1959) views strategic decision making as a much more chaotic human activity. He proposes the concept of “**incrementalism**”, or the “**science of muddling through**”, to provide an alternative to conventional decision making theory. In other words he equates, in his concept of “incrementalism”, the two strategic styles of “visionary” and “learning” approaches:

“Strategic choice takes place by comparing options against each other and considering which would give the best outcome and could be possible to implement. This process takes place in everyday world of managing, not through planning systems”.

Mintzberg (1994), argues that planners, instead of working in their old top-down way, they have critical roles to play in support of line managers. They should challenge managerial thinking by posing the right questions, not by seeking the right answers. He calls this sort of activity “strategic programming”, but says it need not be formal. Instead, planners may need in some cases to act as what he calls “strategy finders”. A degree of rationality and planning is very essential for an organization.

Quinn (1980) argues that all managers have a view of where they want the organization to be in years to come, but try to move towards this position in an evolutionary way:

“Continual testing and gradual strategy implementation provide improved quality of information (and learning) for decision making and enable the better sequencing of the elements of major decisions. There is also a stimulation of managerial flexibility and creativity, and, since change will be gradual, the possibility of creativity and developing a commitment to change throughout the organization is increased”

In strategic decision making process we could distinguish two main activities: The formation of business strategy (ies) and the formulation – evaluation of all alternative strategic options.

Strategy formation is the creative, intuitive process of strategy creation, the process of grasping the original idea of a new revolutionary strategy:

“Successful business strategies result not from rigorous analysis but from a particular state of mind. In what I call the mind of a strategist, insight and a consequent drive for achievement, often amounting to a sense of mission, fuel a thought process that is basically creative and intuitive rather than rational” (K. Ohmae, 1982: introduction).

However, some writers (followers of the “Design” and “Planning” School of strategic planning) believe exactly the opposite, that strategy formation (or better strategy formulation) should be a controlled, conscious process of thought

(Christensen, et al, 1982: 6, 94, 185, 543). Strategies should be developed neither intuitively nor in emergent fashion; instead, they must be as “deliberate as possible” (Andrews, 1980: 24). Andrews also wrote of the need to change “intuitive skill” into “conscious skill” (Christensen, et al, 1982: 105-106).

Mintzberg (1994: 26) gives a slightly different interpretation to strategy formation and strategy formulation:

“Deliberate strategy (that is, intended strategy that is fully realised), relies on this artificial separation (between strategy formulation and strategy implementation), while emergent strategy does not. Indeed, in the case of emergent strategy, the term **formulation** has to be replaced by **formation**, because here strategies can form without being formulated”.

In other words, Mintzberg agrees with Ohmae, that strategy formation is the creative-intuitive decision making process that creates all these revolutionary emergent strategies that could grow anywhere and by anyone in the organisation. In contrast, strategy formulation is the planned decision making process, which follows a predetermined pattern for the development of the deliberate strategies. Most of the times the only responsible person for this process is the CEO and the Planning department of the organisation.

Thus, if we accept the term strategy formation as given by Mintzberg and Ohmae, that is a creative, intuitive, revolutionary, idea described in the form of a vision that sets the broad outlines of a strategy, and if we accept the “visionary” and “learning” approaches to strategy formation and planning, then we could say that **strategy formation**, is the process of analysing the strategy(ies), which came as an original, intuitive, idea or vision. This is because a strategy that comes out of intuition, unless it is articulated and formalised (as in a computer program), it can be inconsistent, “apt to draw the wrong conclusions” even though possibly “correct in structure and assumptions” (Forrester, 1975: 214). For certain kinds of complex social problems, intuitive approaches are inclined to “address symptoms rather than causes, and attempt to operate through points in the system that have little leverage for change”. This may help in the short-run but “cause deepening difficulties” after that, “so that suppressing one symptom only causes trouble to burst forth at another point”. Our social systems belong to the class called multiple-loop non-linear feedback systems. (Forrester, 1975: 227). Moreover, analysis, when done correctly with the right kind of data, gives answers that are precisely correct. Intuition, in contrast, when applied to problems with which it can deal, tends to be only approximately correct (Mintzberg, 1994: 327).

Typically, this analysis consists of: (a) the attractiveness of the industry, (b) the position of the business vis-a-vis its competitors (competitive position or positioning) and (c) the sources of competitive advantage (core competencies and capabilities). These three are the most important elements of the strategy formulation process (Porter, 1980, 1985 and 1996; Hamel & Prahalad, 1996; Collis & Montgomery, 1995 and 1997; Barney, 1991 and 1997; and Haberberg & Ripley, 2001). Under those approaches of strategy formation and with a vision that sets

the broad outlines of a strategy, any sudden changes of the external environment may appear normal to, even welcomed, by those participating in the analytical strategic formulation process (as described above) of the organisation.

Strategy valuation or evaluation (or the scrutinization of strategies, as Mintzberg, 1994: 378) proposes, involves an estimation of the long term profitability of all alternative strategic options that the previous analysis of strategy formulation produces.

As Quinn found (1980: 202):

“Only after an opportunity was thoroughly investigate and approved on a conceptual level-using a few broad numbers-was it thoroughly analysed in financial terms and put through a separate, more detailed process for actual approval”.

Christensen, et al (1982: 95), include the strategy valuation process in the strategy formulation process: “Formulation comes to an end with the delineation and choice of a particular strategy”. They refer to the “choice” of a strategy and to strategy formation as the process of “decision making”.

Finishing this bibliographical presentation, we could conclude that:

Successful management requires sound analysis for both formulating business strategies and valuing strategies, before, during and after their implementation, because a strategy that comes out of intuition, unless it is articulated and formalized, it can be inconsistent, apt to draw the wrong conclusions even though possibly correct in structure and assumptions. This is where strategic planning becomes of immense importance.

Nevertheless, both practitioners and academics agree that this topic is still a very common and disturbing one. Common, because this relationship is still a puzzle for many top executives in the Greek private sector (not so much in its theoretical but in its practical context). Disturbing, because until now, no empirical research evidence exist for the Greek companies, that could give us an insight or answers to the questions of whether: a) strategies should be planned (formally or informally) and b) LRSP really drives the companies to higher long term performance / profitability.

3. The method

This research is based on a questionnaire, constructed for this purpose and mailed to all CEOs of the top 500 Greek companies. The ranking of ICAP Greek Consulting company, which is based on the annual profitability rate (ICAP:1994-1998), was used for classifying the Greek companies and for identifying the top 500 of them.

All these top 500 companies remained on the list from 1994 to 1998, with some small shifts (upwards or downwards) in the ranking. They are the best and most successful Greek companies with returns well above average of the industry they belong to and come from the manufacturing, the construction and the service sectors.

We have selected the sample in this way, because we, as many others, believe that long term performance should be the leading indicator for the success of any business. And long term success comes mainly through the strategic management process of formation, formulation-evaluation and implementation of strategies (Hamel and Prahalad, 1996). Thus, strategic planning plays a major role in contributing towards the long term success of a business. What it remains to examine, first of all, is whether strategic planning is exercised formally or informally and by whose responsibility, and, secondly, how it is exercised. The present study will attempt to answer the first two aspects, the "formality" and the "responsibility" of the strategic decision making process.

The questionnaires were sent out in December 1999. A covering letter with some explanations of the terms used and directions for the correct completion of the questionnaire was included. A pre-stamped envelope was also included in the questionnaire.

Many similar studies have used mailed questionnaires (e.g. Thune and House, 1970), whereas some others have used interviews with "structured questions" (e.g. Grinyer and Norburn, 1974). The questions used are similar to those of Grinyer and Norburn (1974), especially those concerning the problem of "formality" and "strategic decision taking". This study is considered to be a first attempt in identifying whether Greek leading companies plan their strategies formally and who takes the responsibility of the whole strategic management process.

I have selected the mailed questionnaire for the following reasons, which are valid for Greek companies:

- One can receive answers quicker, if the response rate is sufficient.
- Company people answer more freely to an anonymous questionnaire.
- Personal interviews, especially with CEOs, are very difficult to take place.

By the end of May 2000, 116 completed questionnaires were received, (a 23,2% response rate). Analyzing the data, we compared each answer of the questionnaire with the following characteristics (variables):

- 1) The sector (manufacturing, construction, service) that each company belongs.
- 2) The industry that each company belongs.
- 3) The size of the company according to "the total no. of employees".
- 4) The size of the company according to "the total assets it owns".

All above variables could influence the two questions under examination, of "formality" and "responsibility", because the strategic planning process depends a lot upon the complexity of the sector and / or industry (type of products, customers, competitors, suppliers) as well as upon the availability of resources (skilled people, management and capital, which mainly relate to the size of a company (Hamel and Prahalad, 1996).

By September 2000, another 25 completed questionnaires were returned but

they were not included in the original data set. A thorough analysis of these 25 delayed questionnaires had shown that the answering pattern was very similar to that of the previous 116 companies. In other words, even if the analysis was undertaken again with 141 questionnaires instead of only 116, the results would be, if not identical, very similar indeed.

4. Analysis

4.1. The Sample

The companies that answered the questionnaire have the following characteristics:

- (a) 35 companies (30,20%) are **manufacturing** companies,
7 companies (6,0%) are **construction** companies, and
74 companies (63,80%) are **service** companies.
- (b) 32 companies (32%) are small size, occupying between 1-50 employees,
38 companies (38%) are medium size, occupying between 51-250 employees, and
30 companies (30%) are large size, occupying more than 250 employees.
- (c) 21 companies (21,40%) are small size companies with total assets equal to or less than DRS 1,5 billions (\$1=395 DRS),
42 companies (42,90%) are medium size companies with total assets between DRS 1,5-8,5 billions, and
35 companies (35,70%) are large size companies with total assets more than DRS 8,5 billions.

From the above analysis we could conclude that the sample of the 116 companies is very satisfactory because:

- It includes companies from all three sectors of the Greek economy and from all industries.
- It contains different size companies taking into consideration both criteria:
(a) total number of occupied employees and (b) total assets a company possesses.

4.2. The existence of an LRSP department

The existence of an LRSP department could be taken as an indication that the company acknowledges the seriousness of the strategic planning process and attempts a formal and well organized effort towards the planning and controlling of its operations for achieving their long term goals and objectives. From the 116

companies, 30 (25,9%) have established such a department, and the rest 86 (74,1%) have not.

The economic **sector** (manufacturing, construction or service) does not influence the existence or not of LRSP department.

In contrast, **the industry**, that each company belongs, seems to influence the existence of LRSP department (sig. $\chi^2 = .04$):

Table 1: How the type of industry influences the existence of an LRSP department

Industry	Total no. of companies	Existence of an LRSP department No. of companies (%)
1. Food, Alcohol and Tobacco.	13	1 (7,7%)
2. Manufacturing of Metal products, machinery and electric equipment and appliances.	5	4 (80%)
3. Services	74	18 (24,3%)
3.1. Transport and Communications	2	1 (50%)

This difference of the existence of an LRSP department within each industry is, probably, due to the fact that in the first and third industry (with the exception of Transport and Communications) competition is more severe in an international level, where the external environment is more unstable due to rapid technological changes.

Concerning the influence that the **size** of a company has on the adoption of an LRSP department, we notice the following:

- a) In the first instance, where the size is determined by the total assets a company owns, we see that the bigger the size of a company, the greater the adoption rate of an LRSP department is (sig. $\chi^2 = .045$): In small size companies only the 14,3% (3 out of 18 companies) have such a department, in medium size companies the adoption rate increases to 19% (8 out of 34 companies), and in large companies reaches 40% (14 out of 21 companies).
- b) The results are similar when the size of a company, as determined by the total number of the occupied employees, is examined.

Concluding, we could say that the 26% of the top 500 Greek companies have already established an LRSP department. This adoption rate increases with the size of the companies, and with the increasing uncertainty and / or complexity of their external environment.

Now, concerning the formality and responsibilities of the LRSP departments we notice the following:

From the answers we conclude that the majority of the Greek companies that have established an LRSP department follow a formal strategic planning process in which the strategy formation and even the long term goals and objectives are part of this planning process. Of course, as we shall see clearer further down, the final decision of alternative strategies and long term objectives comes from the Board of Directors. However, they do not participate in the whole strategic decision making process but rather, simply, ratify the proposals of the LRSP department.

Interesting results are given when the same question is analyzed in relation to the **size** of the company, both, in terms of the total assets a company owns and the total number of the occupied employees. It seems very clear that the size of a company influences the duties of the LRSP departments:

There is a close relationship between **size** and

- whether the LRSP department develops formally the whole LRS Plan, including the strategic options (sig. $\chi^2=.018$).
- whether the LRSP department completes the strategic analysis process (sig. $\chi^2=.010$).
- whether the LRSP department proposes alternative strategic options (sig. $\chi^2=.006$).
- whether the LRSP department prepares strategic budgets 3-5 years (sig. $\chi^2=.036$).

Analytically we present the results in the following table 2:

Table 2: Relationship between the size of a company and the major duties of the LRSP department

A/A	Most important duties of the LRSP department:	Size of the company		
		Small	Medium	Large
1.	To develop formally the whole LRS Plan.	-	-	78,60%
2.	To assist and advice the BOD or the CEO to the development of LRS Plan.	-	87,50%	-
3.	To complete the strategic analysis	66,70%	87,50%	92,90%
4.	To propose alternative strategic options.	-	-	71,40%
5.	To prepare strategic budgets (3-5 years).	66,70%	75%	87,50%
6.	To assist and advice the BOD or the CEO to the development and determination of long term objectives.	66,70%	-	-

The **sector** and **industry** do not influence the duties of the LRSP departments.

As a conclusion it can be seen that 70% of the Greek companies that have established an LRSP department follow the formal planning view of the strategic management process. In the small and medium size companies their LRSP

department operates more as an advisory body to the Board of Directors and the CEO, and their major duties are the strategic analysis process and the preparation of long term strategic budgets. Conversely, in the large size companies, their LRSP departments are, essentially, substituting the Board of Directors and the CEO, because one of their major duties, besides the strategic analysis process and the preparation of long term strategic budgets, is the development of alternative strategic options, which are simply confirmed by the Board of Directors and the CEO.

4.3. The non-existence of an LRSP department

Now concerning the Greek top companies, that do not have LRSP departments, we notice the following:

From the 86 companies that do not have an LRSP department, 82 (95,3%) are still planning formally their long term strategic decisions, using one or more of the existing departments or another "official body". Only four (4) companies did not answer these questions. Analytically, it was found that:

- 42 companies out of the 82 use the "executives' committee" (EC)- an official body that consists of all the managers of the company's head office, with the CEO as the chairman of this committee. From those 42 companies, 30 (71,4%) companies use only the EC for their formal LRSP process, 9 (21,4%) companies use both, the EC and the Financial department, and, finally, 3 (7,1%) companies use the EC with the Sales department.
- 35 companies, out of the 82 use the Financial department (FD) for their formal LRSP process : 15 (42,8%) companies use only the FD, 11 (31,4%) companies use the FD and the three related departments of Sales, Marketing and Market Research, and, finally, 9 (25,7%) companies use the FD and the EC together.
- 16 companies, finally, use mainly, their Sales, Marketing and Market Research departments together for their formal LRSP process : 10 companies use above mentioned three departments in cooperation with the FD or the EC and, only 6 companies use these three departments, alone, for their formal LRSP process.

In summary we could say that from the 82 companies:

- 30 (36,6%) companies use only the EC for their formal LRSP process.
- 15 (18,3%) companies use only the FD for their formal LRSP process.
- 6 (7,3%) companies use only the Sales/Marketing/Market Research departments for their formal LRSP process.
- 9 (11%) companies use only the EC and the FD for their formal LRSP process, and
- 22 (26,8%) companies use the EC or the FD in cooperation with the Sales/

Marketing/Market Research departments.

Consequently, to conclude, the majority of the top Greek companies (76 out of 82, 92,7%), that do not use LRSP departments, use, mainly, their EC and the FD for their LRSP process, whereas the three departments of Sales/Marketing/Market Research are used mainly as auxiliary departments to the EC or FD for the LRSP process.

The “sector” and the “size” characteristics do not influence the above mentioned results. It seems that small size companies use mostly their FD (8 companies out of 17), and medium and large firms use, mostly, their EC (16 out of 31 companies and 10 out of 21 companies, respectively).

The answers to these questions seem quite reasonable for the following reasons:

- Even the “large” companies in Greece, except the state owned or public welfare monopolies, are relatively small in relation to “large” companies or corporations of Europe, USA, or Japan. Moreover, the large Greek companies are mainly domestic companies, not very much diversified and they are not international or multinational companies. Most of them are still “family” companies, which are not “public” companies, members of the Greek Stock Exchange. This is the main reason for their simple organizational structure.
- Traditionally, all Greek companies, irrespective of size, were giving much attention to the best organization of their Financial departments (FD), which were responsible, among other duties, for the planning and controlling functions of their companies, especially in the short run (construction of short run annual budgets). Probably, this is due to the fact that Business Administration is relatively new science to the Greek educational system, whereas accounting a very old one.
- Finally, when professional managers started to take managerial posts in the Greek companies, then, most of these companies, especially the “family” type, created the so called “Committee of Functional managers” or “executives’ committee”: an advisory body, at the beginning, for the Board of Directors, which included the managers from all the main functions of the company and the CEO as the chairman of this committee.

Concerning the responsibilities of these “official bodies” we notice the following:

- All companies that, mainly, use their EC in the formal LRSP process, are convinced that it is capable for completing, the strategic decision making process, from the setting of goals and objectives to the formation of alternative strategies (sig. $\chi^2=.001$). The Board of Directors simply ratifies their proposals and the FD takes the responsibility of evaluating those strategic options and then prepare the long term budgets (mainly 3-5 years).
- All companies that, mainly, use their FD department in the formal LRSP process, are using it only as an advisory body, with the responsibility of preparing the strategic analysis (sig. $\chi^2=.001$), assisting the Board of Directors

in the strategic decision making process (sig. $\chi^2=.001$), and, finally, evaluating the strategic alternatives, decided by the Board of Directors, and preparing the long range budgets (sig. $\chi^2=.001$).

- Very few companies use their Marketing/Sales/Market Research departments for their LRSP process, and those who use them are only for advice and preparation of the strategic analysis.
- Very few top Greek companies use independent Management Consulting firms for assisting or advising them in their strategic decision making process (6 out of 82 or 7,32%).
- Finally, from the 116 responded companies, 65 (56%) replied that the Board of Directors (BOD) decides about the company's future strategies, 55 (47,4%) pointed that the Managing Director (CEO) is the one who decides, 22 (19%) stated the Chairman of the BOD, and only 6 (5%) said the "executives' committee" were responsible for this sort of decision.

5. Conclusions – Managerial Implications

The results presented earlier lead us to the following conclusions :

1. There is a very strong relationship between strategic decision making process and planning: Strategy formation, officially, is the responsibility of the Board of Directors (BOD) and the CEO. They decide about the future strategies of their companies. Nevertheless, there is almost always an official department. The LRSP, the "executives' committee", and the "financial department" are the most often used departments, which undertake the responsibility of advising and assisting the BOD and / or the CEO in three areas: (a) They prepare the strategic analysis and, thus, provide the necessary input for the strategy formation process. (b) They prepare the long-range strategic budgets (plans) for the next three to five years (preparation for the strategy implementation), and (c) They advice, sometimes, about the goals and objectives as well as about future alternative strategic options. However, in reality, from the 112 companies that follow the formal LRSP process, 21 companies use their LRSP department and 42 companies use their "executives' committee" (a total of 63 companies or 56,25%), to complete the whole LRSP process, including the strategy formation. The BOD simply ratifies their proposals. From these 63 companies 33 are "large", 20 are "medium" and only 10 are "small" companies. However, for Greek companies this is not considered as a bad result since in the majority of them BOD consists of members that are not real managers, most of the times are people with prestige or the ability to influence the government, or, simply, members of the same family that owns the company. Furthermore, we could say that this phenomenon is an advantage of the Greek firms. This is true, because the "executive committee", usually, consists of senior and, some-

times, middle managers, all responsible for the implementation of the adopted strategy. These managers are considered by RBV theory as “critical managers of competencies, and factor mobility, in an organization” (King and Zeithaml, 2001: 90).

2. Only very few of the top Greek companies are very successful without the use of a formal LRSP process. They do not use any department or official body, which is responsible for the LRSP process. However, the vast majority of the top Greek companies are very successful and follow the formal LRSP process. From this, we may come to conclusion that LRSP do pays back for the top Greek companies that adopt this kind of process, that is the formal LRSP process.
3. It is surprising that within the context of market globalization, intensifying competition, and rapid technology advances, very few top Greek firms resort to experts and consultants. Under these circumstances the future of these companies seem quite uncertain. Hamel and Prahalad (1996: 84) wrote:

“We meet few senior management teams who seem to be fully conscious of their responsibility to develop industry foresight: who understand that, unless they first win today’s battle for intellectual leadership, they will be unlikely to win tomorrow’s battle for market leadership”.

The **implications** that could come out of this research may be summarized as follows:

1. LRSP is very useful and necessary to all companies, irrespective of their **size, sector and industry** they belong to, especially to countries like Greece, where the majority of the companies are relatively small, more or less in the form of SBUs rather than big diversified corporations or international companies and, rather “naive” to the phenomenon of global competition and the internationalization of all markets.
2. LRSP, in most companies, covers a period between three to five years due to the increased uncertainty of the external environment.
3. Strategy and Planning are two different but interrelated processes. Companies need formal planning as a mean to the end, that is, to assist top management in their strategic decision making process, through the strategic analysis process, and their effort to implement the future strategies that have been decided by them, through the construction of the long range budgets and the allocation of the companies’ resources.
4. Strategic decision making process is a separate process, but it is proved to be successful alone, without the use of the formal LRSP process, only to very few top Greek companies. On the other hand, in most of the companies, where strategy and planning are interrelated, as described above, long term success is given. That means that formal LRSP does pay to the companies that adopt it. However, to establish this, it would be necessary to determine

the manner in which formal LRSP was introduced and implemented in each company, the performance over time before and after implementation, and the way that other factors, too, affected performance. The study reported here could not collect evidence of this nature, due to time and resource limits. Consequently, we were unable to show, for instance, whether there has been an improvement in performance of companies after the adoption of formal LRSP. The only thing that could be said is that formal LRSP is a characteristic of a well managed firm rather than the single cause of successful economic performance.

6. References

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