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What if planning were really strategic? Exploring the strategy-planning relationship in multinationals

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Abstract

We address the problems and criticisms of strategic planning leveled by Mintzberg and others by offering an alternative understanding of the 'strategic' in strategic planning. This view aligns various planning modalities with business strategy types; instead of planning resulting in strategy, strategy determines planning. We develop this theory linking aspects of planning with some well-known as well as some newly developed conceptualizations of business-unit strategy. Data taken from a qualitative, case-based study of strategic planning in multinationals and their subsidiaries are used to illustrate and extend our propositions concerning planning–strategy relationships. We surmise that the autonomy/dependency of the subsidiary is an important mediating variable in the type of planning necessary and feasible in these contexts.

Keywords: Strategy; Strategic planning; Multinational; Subsidiary

1. Introduction

Strategic planning appears to be undergoing an identity crisis of sorts as various writers in the field argue for its reformulation (cf. Barry & Elmes, 1997; Ginsberg, 1997; Mintzberg, 1994; Prahalad & Hamel, 1994; Simpson, 1998; Taylor, 1997; Wilson, 1998). Since Hurst (1986) declared the field bankrupt there has arisen a

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pronounced skepticism over strategic planning's ability to generate useful strategies (Mintzberg & Waters, 1982; Mintzberg, Brunet, & Waters, 1986; Quinn, 1980; Sarrazin, 1977), or positively affect organizational performance (e.g. Boyd, 1991; Fredrickson & Mitchell, 1984; Fulmer & Rue, 1974; Grinyer & Norburn, 1975; Powell, 1992; Robinson & Pearce, 1983; Pearce, Freeman, & Robinson, 1987). In the multinational planning context, Herbert (1999) and Brock, Barry and Thomas (2000) have shown how negative effects—like clashes and rebellion—may eventuate due to differences between home and host cultures.

Other authors have ascribed inabilities to demonstrate planning–performance relationships to methodological shortcomings (Baird, 1984; Wheelwright, 1984). For instance, Pearce, Freeman and Robinson (1987) attributed ambiguous research findings to inconsistencies in the operationalization of planning, invalid measurement techniques, inattention to contextual influences, implementation factors, time frames, and size effects. Similarly Peel and Bridge (1998) point out the weaknesses of accounting data.

A number of researchers have gone further, questioning the fundamental logic of strategic planning (Gimpl & Dakin, 1984; Huff & Reger, 1987; Szulanski & Amin, 2001; Wildavsky, 1973). In particular, Mintzberg (1994) has developed an exhaustive case for why strategic planning, as classically conceived, cannot succeed. The essence of his argument is that planning, as a decompositional, analytic activity, is processually and structurally incompatible with effective strategy formulation, an act that largely requires creative synthesis. In summarizing the 'planning school's grand fallacy', he states:

> Because analysis is not synthesis, strategic planning is not strategy formulation. Analysis may precede and support synthesis, by defining the parts that can be combined into wholes. Analysis may follow and elaborate synthesis, by decomposing and formalizing its consequences. But analysis cannot substitute for synthesis. No amount of elaboration will ever enable formal procedures to forecast discontinuities, to inform managers who are detached from their operations, to create novel strategies. Ultimately, the term 'strategic planning' has proved to be an oxymoron (p. 321).

According to Mintzberg's reasoning, planning should be kept conceptually and operationally distinct from strategy formulation. 'Strategic' and 'planning' should be relegated to their separate places in the dictionary. Planning can support strategizing by providing relevant inputs (e.g. market forecasts, competitive analyses) and producing strategy-based implementation plans (or what Mintzberg, 1994, terms 'strategic programming'—see pp. 333–336). But strategy creation itself should occur through other means. To do otherwise is to risk organizational ineffectiveness (as Mintzberg takes great pains to demonstrate through the evidence marshaled in his 1994 book). Heracleous (1998) extends Mintzberg's points on strategic planning's lack of specificity, arguing that it should be preceded by 'strategic thinking'.

Much of the above problem appears to derive from how the term 'strategic planning' has historically been read. Reader response theorists (Iser, 1989; Yanow, 1994) would argue that researchers in the strategy field have, despite varying operationalizations of the planning and strategy constructs, unwittingly and unnecessarily restricted themselves to a singular view of strategic planning. That is, strategic planning has overwhelmingly been read as 'the planning of strategy' (given this reading, a better term might have been 'planned strategizing'). Ironically, a more literal reading of 'strategic planning' would invite the very behavior Mintzberg solicits; strategy should modify planning, suggesting how planning should be done, rather than the reverse. This reading also invites a contingency approach to planning: As the strategic situation changes, so too should planning (Brock, 1995; Grinyer, Al-Bazzaz, & Yasai-Ardekani, 1986; Miller & Cardinal, 1994). Similarly internal structural contingencies (like autonomy) can influence planning's effect on performance (Andersen, 2000). This point will be expanded upon in succeeding paragraphs.

Several studies have shown how changing environmental contingencies have led to more flexibility in planning, for example Dyner and Larsen's (2001) work in power utilities and Bonn and Christodoulou's (1996) Australian research. Kukalis (1989) uses internal structural measures as contingency factors. And one of the findings from the Glaistner and Falshaw (1999) survey of planning in UK firms is a far greater emphasis on planning for closely related markets than for new markets. However, while these studies support a contingency approach, none of them address the central planning-performance question, as raised above.

Mintzberg's programmatic view of planning also reflects a contingency view to a certain extent. Within his framework, planning-as-programming follows strategy—budgets and action plans are constructed that foster realization of the intended strategy. To a lesser extent, he also adopts this perspective when he suggests planning will vary according to his organizational design typology. For instance, he suggests 'machine organizations' will favor planning/programming that is more 'right handed' (analytic and convergent); conversely, 'adhocracies' will use more 'left-handed' (creative and divergent) planning (1994: 399–409).

Mintzberg's most direct support of a contingency approach to planning emerges in his discussion of the conditions in which planning-as-programming will prevail (1994: 342–350). He goes on to specify stability, elaborate structure, tight coupling, and simple operations as 'necessary conditions' and industry maturity, capital intensity, large size, and external control as 'facilitating conditions' for strategic programming.

Fredrickson (1984) and Robinson and Pearce (1983) also adopted a strategy-based perspective when they argued that planning comprehensiveness should vary according to industry volatility and organizational size. Some of Peel and Bridge's (1998) conclusions—for example, that intensiveness of the strategic planning process was positively associated with formal analytical techniques—also reflect a contingency perspective. But in general, the literal, contingency-based view of strategic planning has been obscured by the more totalizing assumptions that 'more planning is better', or that longer-term, more complex, strategic modes of planning should work in most contexts (e.g. Bryson, 1988; Eadie, 1983; James, 1984; Tennant & Roberts, 2001).

A key argument against the indiscriminate use of longer-term and more complex modes is that planning can be a very costly process. It often involves the hiring of additional staff, purchasing data bases, employing consultants, and diversion of other organizational resources (e.g. time and space) from operational tasks (Brock, 2000; Simpson, 1998). Lack of top-management commitment to planning often results in plans being discarded (Lorange, 1980). At its worst planning can be a charade, a political tactic engineered to legitimize the status quo or the preconceived notions of the dominant coalition (Mintzberg, 1994; Ritti & Funkhouser, 1987). There is also evidence that excessive and unnecessary planning data may be collected and analyzed (Feldman & March, 1981).

To address the above concerns collectively, we develop a strategy-based model of planning that recognizes how planning costs and benefits vary with contextual factors and with different forms or modes of planning. We begin by categorizing planning characteristics important to organizational functioning—these are used to create a planning typology. We then develop a strategy model based on competitive type and scope. This is used to locate the planning types, and results in a number of contingency-based propositions about strategy and planning. These propositions are considered in light of planning data gathered from 10 multinational corporations (MNCs). Our analyses of these organization's strategies and planning modes provide preliminary support for most of the propositions, as well as suggesting the incorporation of an additional moderating variable—organizational dependency. We conclude by discussing how this work might be extended in the future.

2. Planning modes

In moving towards a contingency approach to planning it is necessary to have some dimensions of planning with which to work; here we adopt some of the dimensions developed in the MNC context (Brock & Thomas, 1998). Some planning modes are relatively simple, whereas others involve many complex activities. Planning processes may adopt a short-, medium- or long-term time horizon, where short-term is 1 year or less, medium (intermediate) from 1 to 5 years, and long term as 5 years or more (Bartol & Martin, 1991).

Another distinction in planning mode is internal vs. external orientation (Peterson, 1980). Here, we operationalize this in terms of where the bulk of planning information is sought. Traditional year-to-year budgeting relies on data available inside the organization, and is thus a basic form of internally oriented planning that is common to many institutions. More contemporary strategic planning modes look outside the organization and take external factors (such as demographic trends, industry developments, competitors, and political trends) into account in addition to analyzing internal strengths and weaknesses (Hofer &

Schendel, 1978). Five modes of planning incorporating these distinctions are identified in a subsequent section.

2.1. A categorization of planning modes

The many versions of planning could be categorized in countless ways (Ansoff, 1984; Brock et al., 2000; Richardson & Richardson, 1989). The following version—summarized in Table 1—categorizes planning modes by time horizon, and attempts to discern a few groups of planning modes that are sufficiently distinct, and that have some face validity for researchers as well as practitioners.

2.1.1. Shorter-range planning modes

For the purposes of this paper budgeting will represent a planning mode where revenues and costs are projected up to 1 year into the future based on some adjustments to the prior period's figures. This category would include incremental approaches to budgeting (Wu, 1981). Strategy implementation oriented planning is characterized by a focus on implementation factors (such as reward systems, communication, action plans, information systems, and culture) to promote commitment to mutually agreed upon organizational goals. Hoshin Kanri (or Hoshin planning), an outgrowth of the TQM movement, is an example of such an approach (Akao, 1991; Noya, 1982; Tennant & Roberts, 2001).

2.1.2. Medium range planning modes

Comprehensive planning: revenues and costs are projected up to 1 or 2 years into the future based on an analysis of expected business activities. While some external factors, like interest rates and simple customer demand, have a bearing here, the sources of information used in the planning process are predominantly internal to the organization. Program budgeting (Weidenbaum, 1966) and zero-based budgeting (Lindquist & Mills, 1981; Phyrr, 1970) are examples of this type of planning. Strategic planning: medium-term forecasts and analyses of environmental opportunities and organizational capabilities are used to frame activities to compete within the bounds of the organization's mission (Bryson, 1988; James, 1984; Radford, 1980; Robinson & Pearce, 1983). Scenario-based planning where alternative sets of future trends and events are predicted (usually by experts) is usually included in this time frame (Blanning & Reinig, 1998; Schoemaker, 1995; Wack, 1985). While intraorganizational changes, like R&D breakthroughs and losses of

Table 1
Classification of some planning types

	Short-term (<1 year)	Medium-term (2–4 years)	Long-term (5+ years)
Internally oriented	budgeting	comprehensive planning	capital budgeting
Internal and external	implementation oriented planning	strategic planning	long-range planning
Externally oriented		scenarios	

key personnel, may affect scenarios, these planning processes tend to focus outside the organization.

2.1.3. Longer-range planning modes

Longer-range planning modes are typically based on forecasts exceeding 5 years. Capital budgeting is a project evaluation method based on predicted cash flows, tax rates, depreciation, and discount rates over the live of projects. Most of the information for capital budgeting is available from within the organization. Long-range planning is where expected business activities are based on 3–10-year forecasts of the business and its environment (Drucker, 1959; Steiner, 1962).

2.2. The costs of planning

As researchers have defined these increasingly sophisticated planning modes, managers have been exhorted to keep up with the state of the art (Ackoff, 1981; Mintzberg, 1987; Schoemaker, 1995). This approach would be justifiable if planning were a cost-free process. In addition to costs of planning mentioned in the previous section, it is likely that organizations routinely gather more information than they use (Feldman & March, 1981). Using an unsuitable planning mode may result in such undesirable outcomes as: (1) substantial unnecessary expenditure in gathering and analyzing information (Feldman & March, 1981); (2) organizational discord due to the incompatibility of the planning process with other internal processes (Vancil, 1973); and (3) poor strategic decision making because of inappropriate information—or lack of information—on which to base decisions (Lorange, 1980; Robinson & Pearce, 1983). These negative potential outcomes suggest that caution should be used when selecting the approach and scope of an organization's planning process.

This raises the question, 'What should determine planning method and scope?' Here, we hearken back to our earlier 'strategic planning' argument that 'strategy should modify planning'. This is a similar concept to Heracleous' (1998) 'strategic thinking should precede strategic planning'. We suggest that strategy type be used to help choose planning mode because strategy has a pervasive orienting effect on firm structure, process, and identity. When planning types are congruent with firm strategy the costs mentioned above are likely to be minimized, which in turn should have a positive effect on financial performance. The following section introduces strategic concepts useful for differentiating among planning approaches.

3. Business strategy and planning

Business strategy is a familiar and ubiquitous conduct variable. As Lorange puts it, '... planning ... must be ... focused on the strategic decisions that will have to be taken' (1980: 1). Two aspects of strategy appear to have particular import for planning—competitive strategy type and strategic scope.

3.1. Planning and competitive strategy type

An organization's need for information and control depends upon its competitive strategy. As a well-known typology of competitive strategies, Porter's (1980) generic strategies will be considered. While some have criticized this typology in recent years (Johnson and Scholes, 1993: 205−209) as being simplistic, more researchers have built on and extended the original generic strategies (e.g. Govindarajan, 1988; Hill, 1988; Johnson & Scholes, 1993: 209–216; Miller, 1988; Murray, 1988). Other researchers have combined Porter's with Miles and Snow's (1978) generic strategies (Segev, 1989; Walker & Ruekert, 1987). We will start with the basic Porter (1980) strategies and, in the following section, develop a more sophisticated hybrid with the Miles and Snow (1978) typology.

The two polar successful Porter strategies are:

1. ***Differentiators*** gain competitive advantage though creating a perception of uniqueness, quality, and thus desirability of their products and services; and,
2. ***Cost leaders*** gain competitive advantage by driving down costs below those of their competitors; this low cost base typically enables the cost leader to compete on the basis of price.

Successful implementation of these strategies will depend on suitable support from the planning systems. The managers and operators in the organization—be they sales people, surgeons, or inventory control clerks—require varying amounts and kinds of information for discernment of strategically-based opportunities, threats, strengths, and weaknesses (Radford, 1980). At the same time, company members must work within the confines of the controls,[1] and costs that a planning system attracts. For example, a strategy that involves creativity, customization, and market research—like the differentiation strategy—needs substantial external information pertaining to customers and competitors. External information pertaining to changes in customer preferences, new production technologies, information systems, foreign developments, local economic growth statistics and so on would be needed.

On the other hand, a strategy that involves competing on the basis of efficiency—like the cost leadership strategy—will be best implemented if the planning system focuses on internal controls and does not cost a lot to maintain. Internal information pertaining to cost, revenue, revenues, inventories and accounts receivable within the organization would be needed. Analyses of these costs, revenues, and current assets by product, customer, internal department, geographic area, and employee would be needed to ensure efficient allocation of resources. While some external information, especially if relevant to sourcing costs, may be valuable, the relative expense of these data tends to restrict their use in cost leadership. This discussion leads to two simple propositions:

[1] It is also likely that control systems themselves influence strategy (Marginson, 2002).

P1. *a differentiation strategy is best implemented with externally oriented planning;*

P2. *a cost leadership strategy is best implemented with internally oriented planning.*

3.2. Planning and strategic scope

Another fundamental aspect of strategy centers on 'strategic scope.' In Miles and Snows' (1978) well-known strategic typology, for example, a prospector organization—being constantly on the lookout for new products, technologies, and segments—has a high need for longer-range information. The longer-term time horizon is needed to anticipate and organize offerings to meet the ever-changing needs of these changing markets in which prospectors compete. As the prospector plans to embark on new product and target market segments it needs to have anticipated the future demand potential in these segments.

On the other hand, a defender strategy—one that concentrates on serving a stable target population better and more efficiently—has a high need for control over its internal processes. This control helps the defender to keep inventories and costs down, schedule personnel, and monitor operations. Longer range planning processes, while they may be of some benefit, add significantly to the costs of planning and are thus difficult to justify for this strategy that depends on efficient use of resources. Year-to-year budgeting processes—typical short-term plans—meet these needs. Plans can also serve as standards against which to measure—and thus control—performance (Marginson, 2002; Vancil, 1973). Common examples of these plans used for control are the budgets that firms use to regulate customer service and monitor spending. These plans are thus internal, and generally are short term—annual, quarterly, or monthly. We would thus predict that:

P3. *prospector strategies are best implemented with medium/long range planning;*

P4. *defender strategies are best implemented with shorter range planning.*

3.3. Toward an integrated strategic typology

Blending Porter's generic strategies—which primarily capture distinctive competence through which competitive advantage is won—with the Miles and Snow types—which primarily capture scope of the business unit—yields a richer, yet economic typing of the business level strategy construct. An integration of these types is outlined below and depicted with examples in Table 2.

1. Cost leader/prospector: continuously develops new offerings and markets, competes on the basis of low cost;
2. Differentiator/prospector: continuously develops new offerings and markets, competes on the basis of perceived uniqueness;
3. Cost leader/defender: maintains relatively stable offerings and customer bases, competes primarily on the basis of low cost; and,

Table 2
Integrated strategy typology and examples

	Strategic scope: Continuous change	Strategic scope: Stable, concentrated
Competitive advantage: cost	**cost leader/prospector** (examples: discount retail chains, discount motel chains, clone hardware manu-facturers)	**cost leader/defender** (examples: producers of commodities, state col-leges, warehousing and distribution, mens' barber shops)
Competitive advantage: differentiation	**differentiator/prospector** (examples: small advertising and PR agencies, small craft shops, fledgling management consultants)	**differentiator/defender** (examples: ourist (incl. gambling) resorts, Ivy League colleges, large advertising agencies, up-market department stores)

4. Differentiator/defender: maintains relatively stable offerings and customer bases, competes primarily on the basis of perceived uniqueness.

Combining the arguments supporting propositions one through four gives us four more propositions linking the above four strategic types to planning modes. We hypothesize that the cost leader/prospector strategy is best suited to an internal planning orientation, one that primarily focuses on controlling costs while obtaining longer-range information to pursue opportunities for new customers and product offerings. Discount lodging chains, for example, typically have a centralized planning function that employs standardized planning methods to forecast where to locate new inns. Although some external data is used—mainly from low cost sources like state governments and chambers of commerce—most of the planning analyses and programming are based on internally generated management accounting data, occupancy rates, maintenance records, etc.

While still requiring the longer term perspective (as do all prospectors) the differentiator/prospector should gather more external information than the cost leader/prospector. This external orientation is necessary for effective implementation of the differentiation aspect of the strategy. Because this strategy typically deals in the highest value-added offerings, it can justify relatively sophisticated and high cost planning systems. Fledgling management consultants, for example, will personally call on potential clients for informational needs assessment meetings. In addition to planning medium to long-term for their own growth projections, they will be required by banks and other providers of funds to produce 5-year business plans. These plans will include projections by customer and product, economic assumptions, and medium-term capital flows to external sources.

Implementers of differentiator/defender strategies have similar planning needs to the differentiator/prospector with the exception of a lesser need for longer-term information. Collecting and analyzing less longer-term data not only saves money but also is less appropriate for the defensive focus on existing segments. Ivy League colleges, for example, have very strong links with external constituencies like major international corporations, charitable foundations, and elite high schools and graduate programs in North America. Degree and curricular innovations are relatively rare; and when they do occur are completed with reference to past and current academic trends, demand from students, and supply by academics.

Finally, cost leader/defenders have well-developed internal information systems tied in with the management accounting system. The idea here is to use as much internally -generated data as possible. These data are appropriate for the two main areas of the strategic initiative. First, costs are minimized by using internal sources of data. Second, a focus on existing customers is maintained and strengthened. Non-elite state universities, for example, when compared to their more prestigious and better established counterparts, have a more local focus. They may foster contacts with state or local bodies, nearby school systems, their alumni, and neighboring corporations. However, they neither have the resources to gather extensive external data; nor does their strategy necessitate this. These relationships for all four strategies are outlined in the following four propositions and summarized in Table 3.

P5. *A cost leader/prospector strategy will be more effectively implemented with internal and medium/long-term planning.*

P6. *A differentiator/prospector strategy will be more effectively implemented with external and medium/long-term planning.*

P7. *A cost leader/defender strategy will be more effectively implemented with internal and short-term planning.*

P8. *A differentiator/defender strategy will be more effectively implemented with external and short-term planning.*

4. An empirical examination of the model

To help ground and extend our model, we compared it to data taken from a comprehensive, on-going study of multinational corporate planning. This approach—where a deductively derived model is inductively elaborated through case-based observations—reflects developments in Grounded Theory, where theoretical

Table 3
Integrated strategy typology and proposed planning modes

	Strategic scope: Continuous change	Strategic scope: Stable, concentrated
Competitive advantage: cost	**strategy:** cost leader/prospector **planning mode:** internal, medium/long-term	**strategy:** cost leader/defender **planning mode:** internal, short-term
Competitive advantage: differentiation	**strategy:** differentiator/prospector **planning mode:** external, medium/long-term	**strategy:** differentiator/defender **planning mode:** external, short-term

models are used to identify plausible sites for inductive theoretical development (cf. Strauss & Corbin, 1990: 48–55). Our approach also follows calls for more 'grounded' propositions in the strategy literature (cf. Mintzberg, 1994; Prahalad & Hamel, 1994). As Strauss and Corbin (1990: 50–51) explain, this approach is not meant to test a model per se; rather, it provides a vehicle for opening up researchers' thinking and creating greater theoretical density.

Accordingly, we examined 10 New Zealand-based multinational subsidiaries that varied in industry, size, age, and country-of-origin affiliation. The industries represented are: advertising, building supplies manufacturing, car rental, chemicals, consulting, custodial banking, fast moving consumer products, general banking, investment banking, and oil. Apart from their differences, all the organizations are foreign subsidiaries of large and well-established MNCs. Six of the parent companies are North American, two European, and two Australian. Importantly, all 10 are successful organizations in their own right, all thriving in their competitive contexts.

All contacts were made via the subsidiary CEO's office; we specifically sought out organizations where, through press releases and other industry sources, we thought there would be interest in strategy, planning, and host/subsidiary relationships. In eight instances, the CEOs themselves were interviewed; the other two were senior officers conversant with the relevant strategic aspects of their organizations. Each meeting lasted approximately 90 min. A semi-structured interview schedule was used that attended to aspects of the organization's strategy, structure (chiefly relationship to parent and subsidiary units), context, and planning; sample questions are included in Appendix A. As will be seen, some of the questions related to typing, while others related to strategic process and organizational outcome. Interviews were tape recorded and transcribed; anonymity was promised and the data were subject to university ethics guidelines. In return for participating in the study, respondents received summary reports of the results.

4.1. Findings

The findings are summarized in Table 4. Seven of the 10 subsidiaries (the top seven on the table) conformed to at least one of our proposed sets of relationships. Interestingly, the other three all had similar strategic and structural profiles, and simple, underdeveloped planning. This phenomenon will be discussed later.

Of the seven 'conformers', three supported proposition one (differentiation, external planning), and two supported proposition two (cost leadership, internal planning). Proposition three (prospector, medium/long-range planning) was strongly supported by the commercial bank and equivocally supported by the advertising agency—the difficulty here was similar to the three 'non-conformers' in that we had difficulty in categorizing the strategic scope dimension (defender-prospector) and concluded that the Miles and Snow 'analyzer' strategy probably applied in these cases. Proposition four (defender, shorter-range planning) was supported by two of the subsidiaries we studied.

Table 4
Summary of findings

Industry	Autonomous or dependent subsidiary	Planning		Strategy	
		Internal vs. external	Short, medium, long-term	Cost vs. Differentiation	Defender vs. prospector
Advertising	A	Ext	M/L	Diff	Both
Building supplies manufacturing	A	Int	S/M	Cost	Def
Car rental	A	Ext	M/L	Diff	Def
Chemicals	A	Ext	M/L	Diff	Def
Fast moving consumer products	A	Ext	S	Both	Def
General banking	A	Both/Int	M	Cost	Pros
Oil	A	Ext	S	Diff	Def
Consulting	D	Int	S	Diff	Both
Custodial banking	D	Int	S	Diff	Both
Investment banking	D	Int	S	Diff	Pros

Three of the four integrated propositions received support. The commercial bank supported proposition five, building supplies manufacturing supported proposition seven, and the oil company lent support for eight. As above, the advertising agency exhibited the planning characteristics (external, medium/long) in line with proposition six, but the analyzer/differentiation strategy was not consistent with our proposed theory.

The three nonconforming subsidiaries presented an interesting puzzle. All three (consulting, custodial banking, and investment banking) were classed as differentiators with some elements of prospecting; yet all three had internal, short-range planning. In fact we originally termed their planning modes 'minimalist' reflecting that their planning sessions were little more than budgeting exercises, with minimal effort and futurity. The processes' scope and timing were generally imposed from corporate headquarters. All three are very small organizations (fewer than 20 employees), currently niche-playing national subsidiaries of large MNCs. For example, the consulting firm is an affiliate of one of the Big Five[2] accounting/consulting firms. While the parent organization is quite large, complex, and well-established, the affiliate we sampled is only a few years old, small, and very reliant on the parent's systems and international client base.

In re-analyzing our sample, we noted that the seven conformers were all very much autonomous subsidiaries, relying substantially on their own information systems and planning processes. The other three were very much dependent on their parents, not only for systems and planning, but also for marketing. All three carry the prestigious brand names of their parent organizations (which help them to market); they also have the benefits of their sophisticated corporate management and information systems. So, while they do not have the resources to support substantial planning at subsidiary level, they are succeeding nevertheless because of these other advantages and the abilities of niche players to 'cherry-pick' relatively few, lucrative clients and concentrate on meeting their needs. Thus they are able to compete and even flourish with these minimalist planning systems in strategic contexts that would require more autonomous firms to do more longer-term and complex planning.

Overall these preliminary data lend some support for our central argument that strategy should be used to inform planning type. Further discussion of the ideas, findings, and limitations of the study are in the following section.

5. Discussion and conclusions

Notwithstanding the many interesting arguments to the contrary, planning is an important and potentially valuable organizational process. Provided it is used in a manner consistent with an organization's strategic orientation, planning can assist

[2] Since the severe legal and financial problems facing the Arthur Andersen group, and the subsequent closure of most of its affiliate organizations in the second quarter of 2002, many writers now refer to the 'Big Four'.

information gathering, public relations, group therapy, direction and control (Langley, 1988) and facilitate intraorganizational communication, cooperation, and sustained strategy implementation (Akao, 1991). To the extent that internally consistent organizational configurations are associated with superior performance, these findings are consistent with those of Veliyah and Shortell (1993); Miller and Cardinal (1994); Brews and Hunt (1999), and Andersen (2000).

We concur to a large degree with Mintzberg (1994) and others who have drawn attention to the problems with planning in general and strategic planning in particular. But rather than separate strategy and planning, we have argued for ways the two might be incorporated, showing how planning can be derived from and support strategy formation in an MNC.

Contrary to theorists who have argued for unrestrained planning, the above discussions have shown how relatively simple planning modes may be well suited to some situations. The incremental costs associated with longer-term, more externally oriented planning are justifiable in some contexts, less so in others. Until such time that researchers provide some empirical evidence of the validity (or lack thereof) of these ideas, it is hoped that the propositions developed in this paper will encourage practitioners to be more critical about selection of planning modes for their organizations. Just as not all new product launches require a massive international advertising blitz, not all situations require comprehensive, long-range, high-involvement planning.

We found preliminary evidential support for these ideas. Seven of the 10 cases studied supported our propositions, and the other three gave us some interesting ideas on which to build future understandings of the strategy–context–planning relationship. We learned that planning does not necessarily have to be done within the confines of each organization, specifically if an affiliate has corporate support from elsewhere for these processes.

Clearly any study like this that builds on bivariate conceptualizations of strategy types is limited. In fact we found that the prospector-defender dichotomy did not hold in four of the 10 cases, while only one was clearly cost leadership and differentiation. On the other hand we believe that we shake off many of the obvious limitations of strategy typing by adopting our combined typology; and our field research continues to add credence to the validity of this approach in contemporary organizations.

Another limitation of this paper is the dearth of contingency variables used. Future theory building and testing might consider some of the contingency variables from Hambrick and Lei's (1985) study that tested and prioritized contingency variables (e.g. planning centrality and the organizational level at which planning occurs). The effects of different home and host country national cultures on planning processes (Brock et al., 2000) may be integrated into this paper's findings. Further, strategic orientations such as growth, stability, or retrenchment might also be examined relative to planning type. More characterologically based classification schemes of strategy (e.g. Miller & Friesen, 1984) could suggest the use of other planning dimensions, such as planning rigidity or volatility. Planning might be varied by strategic 'genre' (Barry & Elmes, 1997); e.g. their 'technofuturist' strategy category suggests the use of separate planning staffs and heightened attention to temporal factors.

In short, there appear many ways that planning might be informed and directed by strategy. We hope this exploratory, small-sample, qualitative study will be followed up by more rigorous testing of the theoretical arguments presented. We encourage researchers to continue the use of contingency models to test planning effectiveness. And we thus look forward to the continued extrication of the elusive planning-performance relationship.

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Appendix A. Some examples of interview questions

Introductory (ice-breakers):	What is your job title?
	How long have you been in this position?
	What are your main responsibilities
Questions to probe structure:	Who do you[3] report to? Who does s/he report to?
	Where is this person (i.e. in what country)
	How often to you talk? Send e-mail? Send letters?
	Do you have the authority to hire and fire? Managers?
	Do you have the authority to source locally?
Questions to probe strategy:	What primary product/market segments are you in?
	To what extent do you focus on satisfying existing customers vs. going after new customers?
	Sources of competitive advantage? (Cost vs. perception of uniqueness?)
Questions to probe planning:	Please describe the planning cycle (when, where, who?)
	Time horizons?
	Sources of information (internal vs. external)
Questions to probe context:	Name of firms; name of parent company
	Primary industry

[3] Assuming the interviewee is CEO. If not add 'Who does CEO report to?'

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