

REFLECTIONS ON STRATEGIC PLANNING

By Ron Price

Strategy is the second most important and highest risk activity of an organization's leadership. I have spent over 25 years watching and participating in strategic planning. I have experienced every role in the process in almost every kind of organization. I have seen strategic planning at its best and worst, both in design and impact. From these experiences, I offer the following reflections.

Whether small or large, very few organizations and leaders understand what it takes to create an effective and useful strategic plan. Terminology is often confusing, plan documents gather dust, and planning processes get bogged down without effective implementation. Too often, the result of an investment in strategic planning is an organizational cynicism and resulting detachment between the strategic plan and the day-to-day realities of the organization.

As a management consultant who focuses on strategy and organizational transformation, I often begin an engagement with a client by asking to see a copy of their strategic plan (or to sit in on a strategic planning session as an observer). More often than not, the response is "we know we should, but we don't have a strategic plan-maybe you can help us develop one." On those occasions when they do produce a strategic plan, it rarely contains all of the essential components of effective planning and the fact that it usually takes some time for them to locate it tells me that it isn't serving much meaningful purpose in the organization.

So what is a strategic plan and what should the planning process look like?

First, let's differentiate between strategy, and tactics. Strategy represents the direction for an organization and it usually includes one or more big picture destinations that are desired by the leadership. Tactics are the day-to-day operational "ways and means" an organization

employs to achieve the big picture objectives. These terms are often used synonymously and it represents one of the major problems in many planning initiatives. Managers cannot effectively think strategically and tactically at the same time. In other words, every time that a strategic planning session denigrates into talking about tactical issues, the effectiveness of the strategic discussion is lost.

Effective strategic planning is a process that should be broken down into three



separate, yet equally vital, components. These are strategic thinking, long range planning, and operational planning. The following is a brief summary of these three components in the strategic planning process:

Strategic thinking - this first component is intuitive by nature. It addresses the big picture questions of an organization, such as:

1. *Who are we?*
2. *Why are we in business?*
3. *What business are we in?*
4. *What business should we be in?*
5. *Who are our customers?*
6. *Who should our customers be?*
7. *What impact will external factors have on our business in the future?*

It includes reflective thinking about an organization's mission, vision, values, and 10 - 20 year objectives. (What do we want to be known for at some distant point in the future?) It includes a broad look at what makes an organization unique, including its internal strengths and limitations as well as the external opportunities and threats that will likely shape the organization in the future. The focus in this component of strategic planning is on intuition, reflection and "feeling" the organization's future at a deeper, contemplative level.

Long-range planning - analytical by nature, this component focuses on studying the critical strategic issues of the organization with facts, figures, and research. It should include an in-depth understanding of the marketplace, the competition, along with more detailed analysis (metrics) regarding the organization's strengths, limitations, opportunities and threats.

The purpose of this phase is to validate or adjust the conclusions reached through the more intuitive strategic thinking and it should result in committing to 5 - 7 major strategic objectives for the organization to focus on in the coming years (usually a 3 - 5 year time span). Just as it is critical for the strategic thinking phase to be intuitive, it is critical for the long-range planning phase to be more analytical, rich in facts, figures, and detailed analysis. Without both intuitive and analytical thinking, the recipe is incomplete and the final product will be lacking.

Operational planning - the final phase of strategic planning should include a detailed commitment to 12 - 18 month goals, with action plans, timelines, assignments, and systems of accountability. These goals should be the result of the first two components and, after a sufficient amount of ideological debate, there should be total commitment from management toward the achievement of these goals. Effective goals are SMART goals, meaning that these goals should all be written in a way that is Specific, Measurable, Achievable, Relevant, and Time-bound. The operational plan should also include schedules for plan review, adjustment, and ongoing measurement of the plan's execution. Once again, this is a very different component and one that is rarely considered properly or connected effectively to strategic planning overall.

Most organizational leaders excel in only one of the three phases of strategic planning. As a result, organizations experience some disconnect and loss of

focus or energy between the creation and execution of an effective strategic plan. How do we change this pattern and make strategic planning work?

1. It begins at the top of the organization. It should go without saying, but the impact of the strategic planning process on an organization is in direct proportion to the level of commitment and involvement from top management. It is normal and appropriate for the CEO or President of an organization to assemble a team to take on this important task. However, strategy is ultimately the responsibility of the top executive in an organization and a clear, strong commitment to the strategic planning process must be championed by this person.
2. Hire a professional facilitator to guide the strategic planning process. This means more than just hiring someone to facilitate a discussion for a weekend at a local resort. It means bringing on a facilitator/consultant as a partner to be the "strategic conscience" of the organization. Because a facilitator does not carry any managerial or day-to-day responsibilities, she or he is uniquely positioned to remind the organization about what matters most. Of course, this means that your results will be in direct proportion to the expertise, effectiveness, and engagement of your facilitator.
3. Set aside at least four meetings a year, ranging in length from one - three days to keep the strategic planning process alive. In a perfect world, you will review your strategic thinking during the first session, work on long range planning in sessions two and three, and focus on operational planning in session four. Of course, reality dictates more flexibility and may also require monthly or bi-monthly meetings to keep the process moving. In any case, it is critical to take the time necessary to develop the appropriate focus and not to squeeze strategic planning into a pre-determined time frame that fatigues everyone involved and results in decisions of convenience or compromise based on limited investments of time or energy.
4. Teach your board, management, and middle management strategic planning with a broader understanding of the three distinct phases and the differing skill sets required for each phase. The strategic planning framework that I utilize incorporates formal axiology (the study of value) into the process. Over

time, this structure of logic impacts every aspect of the organization and creates a deeper level of commitment to the entire planning process.

5. In one way or another, engage everyone in the organization in the creation and implementation of the strategic plan. The confidentiality of the plan is usually over-emphasized in most organizations and, though I don't advocate distributing the strategic plan in its entirety for the whole world to see, most organizations are too proprietary and don't use the plan to transform and direct an organization effectively. The result is unrealized potential, limited organizational commitment, and ineffective execution of the plan.
6. Keep learning about and improving your strategic planning model. Periodically, take a step back and review the purpose of strategic planning. Ask yourself, "Are we creating clarity regarding the fundamental reasons that our organization exists, what we stand for, and the direction we should move in over the coming years? Are we completing the appropriate analysis to confirm the optimal use of the organization's resources? Do we have a clear picture of who our ideal customers are, who our best competitors are, and how we bring unique values to the marketplace?"

Every organization has an almost infinite reservoir of possibilities contained within its people, markets, and infrastructure. Effective strategic planning helps to define and draw out this potential based on the uniqueness of the organization and the realities of the marketplace in which it operates. A realistic strategic plan, focused and well executed, is still the most dynamic pathway to success in the world of organizational performance. And the chances are pretty good that your competitors still haven't learned how to do it right! So what are you waiting for?

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Top 5 Books on Strategic Planning

- **Blue Ocean Strategy**
- by *W. Chan Kim, Renée Mauborgne*
- **Seeing What's Next: Using Theories of Innovation to Predict Industry Change**
- by *Clayton M. Christensen, Erik A. Roth, Scott D. Anthony*
- **Innovation and Entrepreneurship**
- by *Peter F. Drucker*
- **Management: Tasks, Responsibilities, Practices**
- by *Peter F. Drucker*
- **Making Innovation Work: How To Manage It, Measure It, and Profit From It**
- *Tony Davila, Marc J. Epstein, Robert Shelton*