

Strategic Planning – Brief Guideline

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What Is Strategic Planning?

Strategic planning is an organization's process of defining its direction and deciding on how to pursue it.

Strategy involves fundamental choices about organizational direction.

Planning involves setting goals, determining actionable steps to achieve the goals, and mobilizing resources to execute the plan.

Strategic planning is a comprehensive process for determining what a business should become and how it can best achieve that goal. It includes:

- Clarifying the mission, vision and values of a business
- Appraising the business' full potential and opportunities
- Appraising the constraints and organizational needs
- Exploring options and deciding on strategies and specific goals
- Linking the business's goals to the actions required to achieve them

Why Is It Important?

Strategic Planning offers a systematic process to address the most critical questions confronting a business owner or management team—especially large, irrevocable resource commitment decisions.

It helps the decision-makers be proactive in looking for opportunities, rather than reacting to problems.

Where a team is involved, the process builds commitment and empowers group members to make their own decisions on a continuing basis:

- Clarifying and sharing focus
- Creating a common framework for decision making in the organization
 - Guideline for employees' daily decisions
- Increasing confidence in the business's direction
- Setting a proper context for budget decisions and performance evaluations
- Encouraging fact-based discussions of politically sensitive issues

When Should Strategic Planning Happen?

There is never a wrong moment, because it will inform not only your current decisions, but will help you look for decision opportunities that you might otherwise miss.

However, particularly good moments are:

- When you have new data (e.g., customer reviews)
- When you are facing big decisions
- When new people join the team who will be major decision makers
- Periodically, for example scheduled as an annual event:
 - in the form of a facilitated team retreat, or
 - if you're the sole decision maker (e.g., small business owner), in the form of coaching/consulting sessions (your own annual executive retreat!)

What Elements Are Included?

The following elements are building blocks of a successful strategic plan.

1. Mission Statement, Vision, Values

The *mission statement* is the compass in the storm of organizational life. It is a statement of purpose of the organization. It may be a short sentence, but it should spell out the organization's overall goal and have the potential to guide decisions and actions. It provides the framework within which the company's strategies are formulated.

The Mission Statement Specifies:

Why We Exist as an Organization

- Our cause, the purpose for our existence
- What gap do we fill? How do we make a difference?

What We Do for Whom

- Our core outcome (e.g., service or product) and customer

How to Write it:

- Be succinct
- Don't explain methods or technology
- Write it so you can say it: with ease, from the heart

Complements to the Mission:

The Vision – what will be different if we are successful?

Fundamental Values – what are our unchanging values and priorities that set us apart from others?

2. Stakeholder Analysis

Who are your current stakeholders?

- Who is affected by your decisions?
- Who cares about your business?

Some obvious stakeholders are employees, clients, or investors.

Who are the less obvious stakeholders? Families of employees? Friends of clients?

Who else might be your stakeholders?

Who might care about your business if ... (they knew about it, you targeted different clients, you went international, etc.)?

How much do you care about your different stakeholders? Who are your priorities?

E.g., if one of your employees gets into a conflict with a customer, whose side are you on? Even though the answer will depend on the specifics of the situation (how much you trust this particular employee, how important this particular client is, etc) the question is worth a deeper reflection. The answer says something about your core values and mission and may inform your strategic planning.

How do your different plans and possible futures affect your stakeholders?

What are the priorities of your most important stakeholders?

What do they care about? What do they expect? What are they willing to do for you? Under what circumstances might they be willing to do even more for you?

- Clients: what are they willing to pay for? Why?
- Employees: what are they willing to work for? Why?

3. SWOT Analysis

The SWOT analysis (Humphrey, 2005) explores answers to these four simple questions:

What are your organization's...

- **S**trengths?
- **W**eaknesses?
- **O**pportunities?
- **T**hreats?

The questions call attention to both positive and negative resources in the present (strengths and weaknesses) as well as for the future (opportunities and threats). They create a framework for further discussion on what actions are required to move towards a state of improved stability and effectiveness.

Specific issues that may come out of a SWOT Analysis:

- Explore each market for emerging threats and opportunities.
- What are your strengths and weaknesses relative to competitors?
- Which elements of the value chain should your company make versus buy?

4. What Strategies Are Best? Exploring Your Options

Use your answers to the previous elements (Mission Statement/Vision, Stakeholder Analysis, S.W.O.T. Analysis), not only to inform your current decisions, but to actively look for decision opportunities.

Never Stop Looking for Decision Opportunities!

What strategies would fulfill your values and mission statement best? Which ones would be best for your most important stakeholders? Which ones play into your strengths, etc.?

List all the possible options (strategies, courses of action) you can come up with.

Examples of basic business strategies that you'll need to specify for your own situation:

- Expanding
- Contracting
- Staying liquid for future expansions
- Adding categories of your products
- Targeting different clients
- Narrowing your niche
- Differentiating yourself from competitors

Think Creatively About Your Strategies: Widen Your Options

Consider all the possible strategies you can see right now. What would be the best and worst aspects of each of your strategies?

Now: how can you come up with a better strategy that would combine the best parts of each, and have none (or fewer) of the drawbacks?

Amazingly often, we're able to come up with ideas that are much better than the first obvious solutions, just by thinking harder. Don't stop thinking too soon! Resist the urge to find a solution/agreement right away.

5. Which One(s) Now? How To Decide on Strategies

If unsure at this point, evaluate your alternative strategies with a matrix.

- Consider using weighted criteria decision-making, which involves determining the relative importance of criteria (such as cost, track record, alignment with new vision) and scoring each option on each criterion.

For risky decisions, use a decision tree to think through scenarios and to calculate expected utilities.

This kind of systematic thinking can:

- lead to a surprising amount of *agreement* between parties who disagreed on the basis of an intuitive judgment
- lead to a surprising amount of *innovation and creative thinking*:
 - by drawing attention to features that have the potential of creating win-win options

Prepare to be wrong

Keep in mind that we are terrible at making predictions. Therefore, consider some or all the following, whatever is applicable to your situation:

- Give special weight to reversible options
- Have buffers/reserve
- Specify a "Plan B"
- Get expert opinions
 - But note that experts are also terrible at making predictions! Ask them for information, not predictions.
- Diversity
- Share risks
- "Ooch": test out your strategies in small steps
- Specify "trip-wires" that should initiate a change of plans

6. Major Goals

Once you're clear on your strategies, you can establish *major goals* for a 3 to 5 year planning cycle. It is a good idea to have an annual review of the major goals and other elements of the strategic plan to evaluate progress and to ensure continued relevance.

Major goals provide the framework for the next step: *strategic action plans*.

7. Strategic Action Plans

Strategic action plans identify specific pieces that will be required for the completion of each Major Goal. They provide a structure for fulfillment, consisting of specific projects and SMART goals.

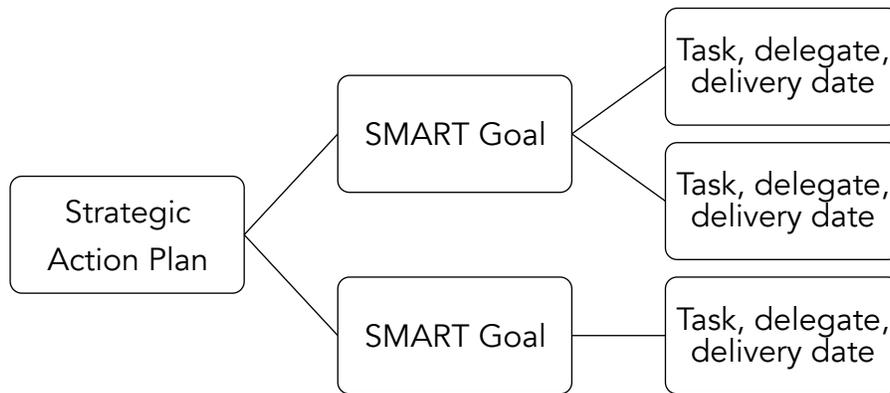
SMART Goals

The SMART acronym (e.g., O'Neill, 2000) can stand for Specific, Measurable, Attainable, Result-oriented and Time-bound (but see Rubin, 2002, for a review of other meanings).

Framing action plans within the structure of the SMART model provides for a clear system of ensuring accountability to objectives and outcomes. SMART goals with specific deadlines should be established for each project or objective within the strategic action plan.

If a team is involved, assign the following roles to each SMART goal. Who is:

- Responsible?
 - The “Doer(s)”: those who do the work to achieve the task (more than one person can be assigned to that role).
- Accountable?
 - The approving authority: the one ultimately answerable for the correct and thorough completion of the deliverable or task, and the one who delegates the work to those *responsible*. Only one person should be assigned to that role.
- Consulted?
 - Those whose opinions are sought, typically subject matter experts; and with whom there is two-way communication.
- Informed?
 - Those who are kept up-to-date on progress, often only on completion of the task or deliverable; and with whom there is just one-way communication.



Example (Excerpt) of an Action Plan with Smart Goals and Assigned Deliverables:

Action Plan: Develop an Emergency Plan for the Clinic

S.M.A.R.T. Goal: Ensure that patients requiring after-hours care have access to a secured service provider.

Task 1: Identify/contract with individuals/organization as service providers

- Who
 - Accountable: Joan
 - Responsible: David
 - Informed: Elizabeth
 - Consulting: Jade, Sam
- When: 7/31 – finish list/update

Task 2: Develop a set of emergency procedures (contacts, triage)

- Who
 - Accountable: Joan
 - Responsible: Tina
 - Consult/Inform: Board members
- When : 8/17 – draft completed

What Happens Next?

Monitor the progress on the strategic action plan, schedule follow-ups, adapt.

Schedule the next strategic planning session at a specific date (e.g., same time next year).

- Fundamental elements such as the mission statement can be revisited briefly if there is continued agreement on them.

Set a “trip wire” for additional strategic planning, for example:

- Environmental changes
- Performance thresholds

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