

Strategic Planning

The Foundation for Needed Change

Most companies have strategies, but according to recent studies, between **70% and 90%** of organizations that have formulated strategies fail to execute them.

A Fortune Magazine study has shown that **7 out of 10 CEOs** who fail, do so not because of bad strategy, but because of bad execution.

In another study of Times 1000 companies, 80% of directors said they had the right strategies but only **14% thought they were implementing them well.**

Only 1 in 3 companies, in their own assessment, were achieving significant strategic success.

Strategic Planning...

Strategic planning combines our view of a desirable horizon with a pragmatic feel for the road

It is a melding of “goals and guardrails”

Strategic planning articulates what we want to accomplish along with an “eyes wide open” understanding of where we are and what we have to work with

Thus... A strategy is planned and emerging!

Perhaps the most asked but least answered question in business today is “What can we do to make our business survive and grow?”

“There are hundreds, if not thousands of techniques, solutions and methods that claim to help business improve productivity, quality and customer satisfaction, whether they be called Total Quality Management, Customer Satisfaction, Re-engineering or

Teambuilding”
David Chaudron, PhD – Org
Consultant

Many try using the “program du’jour” method of organizational change, otherwise known as MBS (**Management by Best Seller**).

However, changing nothing will produce nothing!

Implementing a different buzzword (Total Quality, Just in Time, Re-engineering, etc.) every few months often **creates a “whipsaw” effect that causes mass confusion among employees.**

Often, initial quality improvement teams may be so successful they rapidly create more teams, without the qualitative organization-wide changes (re-engineering) necessary to sustain a permanent effort. Hmmm...

Organizations must first decide on the framework their organizational change long before they choose a buzzword to implement.

The major decisions:

1. Levels, goals and strategies
2. Measurement system
3. Sequence of steps
4. Implementation and organizational change

The levels of organizational change – “Where to start!”

There are four levels of organizational change:

1. Shaping and anticipating the future (level 1) what it is "good" at, and what the future will be like.

2. Defining what business(es) to be in and their "core competencies" (level 2) After a mission has been defined and a SWOT (strengths, weaknesses, opportunities and threats) analysis is completed, an organization can then define its measures, goals, strategies, etc.

3. Reengineering (structurally changing) processes (level 3) level three work focuses on fundamentally changing *how work is accomplished*. Rather than focus on modest improvements, reengineering focuses on making major structural changes to everyday with the goal of substantially improving productivity, efficiency, quality or customer satisfaction.

4. Incrementally improving processes (level 4) focusing in making many small changes to existing work processes. Japanese call this

Skizas = Measurement X Method X Control X Focused Persistence X Consensus

Why is a Company's Strategy Constantly Evolving?

- **Changing market conditions**
- **Moves of competitors**
- **New technologies and production capabilities**
- **Evolving buyer needs and preferences**
- **Political and regulatory factors**
- **New windows of opportunity**
- **Fresh ideas to improve the current strategy**
- **A crisis situation**

Strategy Implementation - f of

Clear Vision

Aligned Goals

Rewards &
Recognition

Business
Skills &
Leadership
Competencies

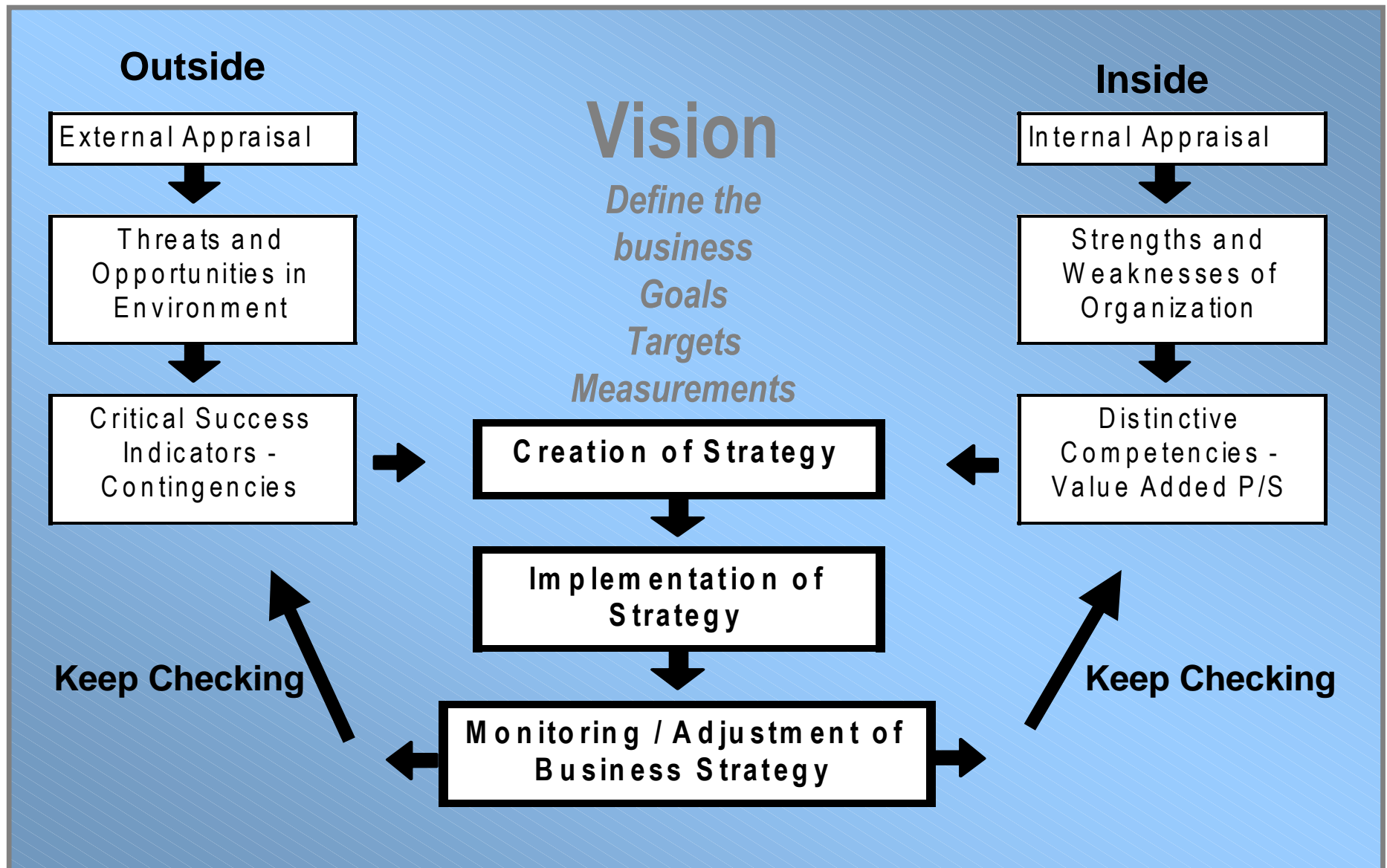
Measurement &
Accountability

Communication &
Deployment

Organization
Optimization



The Elements of the Strategic Business Planning Model



Bryson's 10-Step Strategic Planning Process

1. Agree on a strategic planning process
2. Identify organizational mandates/needs
3. Clarify organizational mission and values
4. Establish an effective organizational vision
5. Assess internal and external environments
6. Identify strategic issues
7. Formulate plans of action to manage issues
8. Review and adopt the plan
9. Develop an effective implementation process
10. Reassess strategies and planning process

From J.M. Bryson, 1995

Simple Strategic Planning Model

Interests + Environment = Strategy

Where...

Interests = *what the organization wants to achieve*

Environment = *conditions controlling decisions*

Strategy = *plan for attaining interests given environmental opportunities and constraints*

Business Thinking → Planning

- 1. Check your ego at the door**
- 2. Create Curiosity**
- 3. Be solution-oriented** (not quick fixes)
- 4. Get evidence**
- 5. Calculate the impact**
- 6. Explore the ripple effect**
- 7. Slow down for yellow lights**

What Strategic Business Planning is Not

Strategic planning does not attempt to make future decisions – it is here and now.

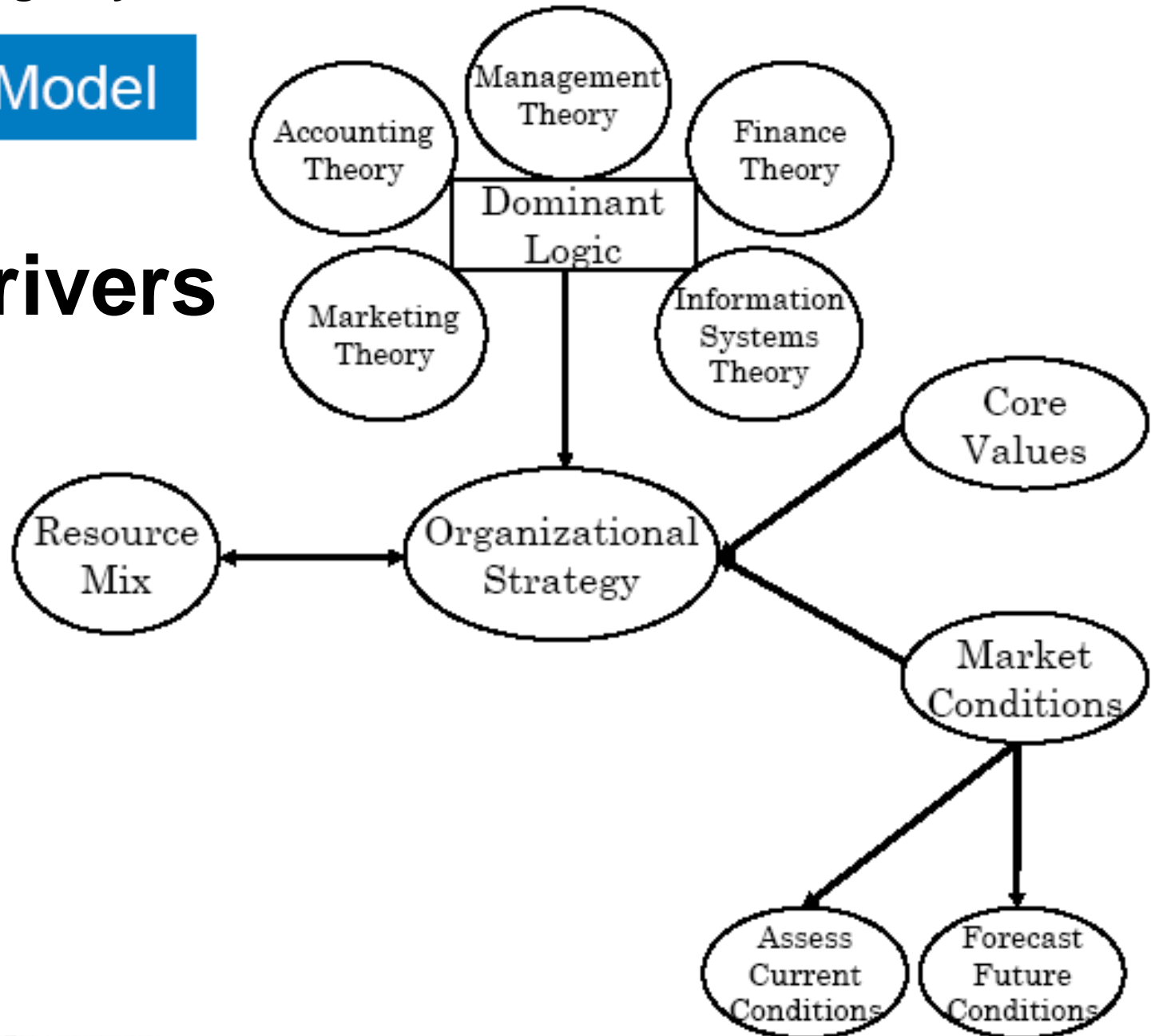
Strategic planning is not forecasting.

Strategic planning is not an attempt to blueprint the future.

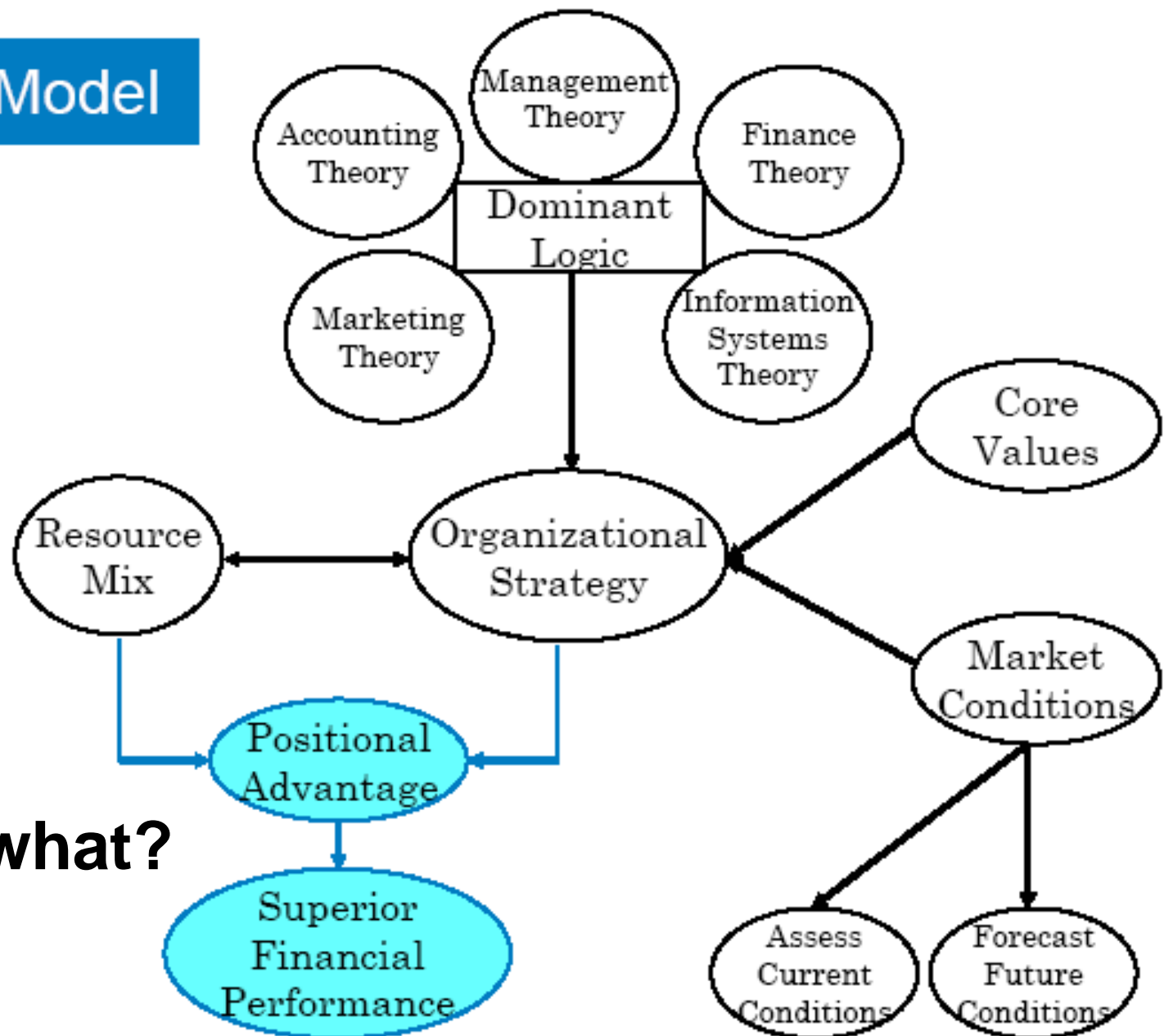
Strategic planning is not necessarily the preparation of massive plans and reports.

Strategic planning is not an effort to replace good management judgement.

Value Drivers



The Model



... To do what?

The Who in Who cares?

