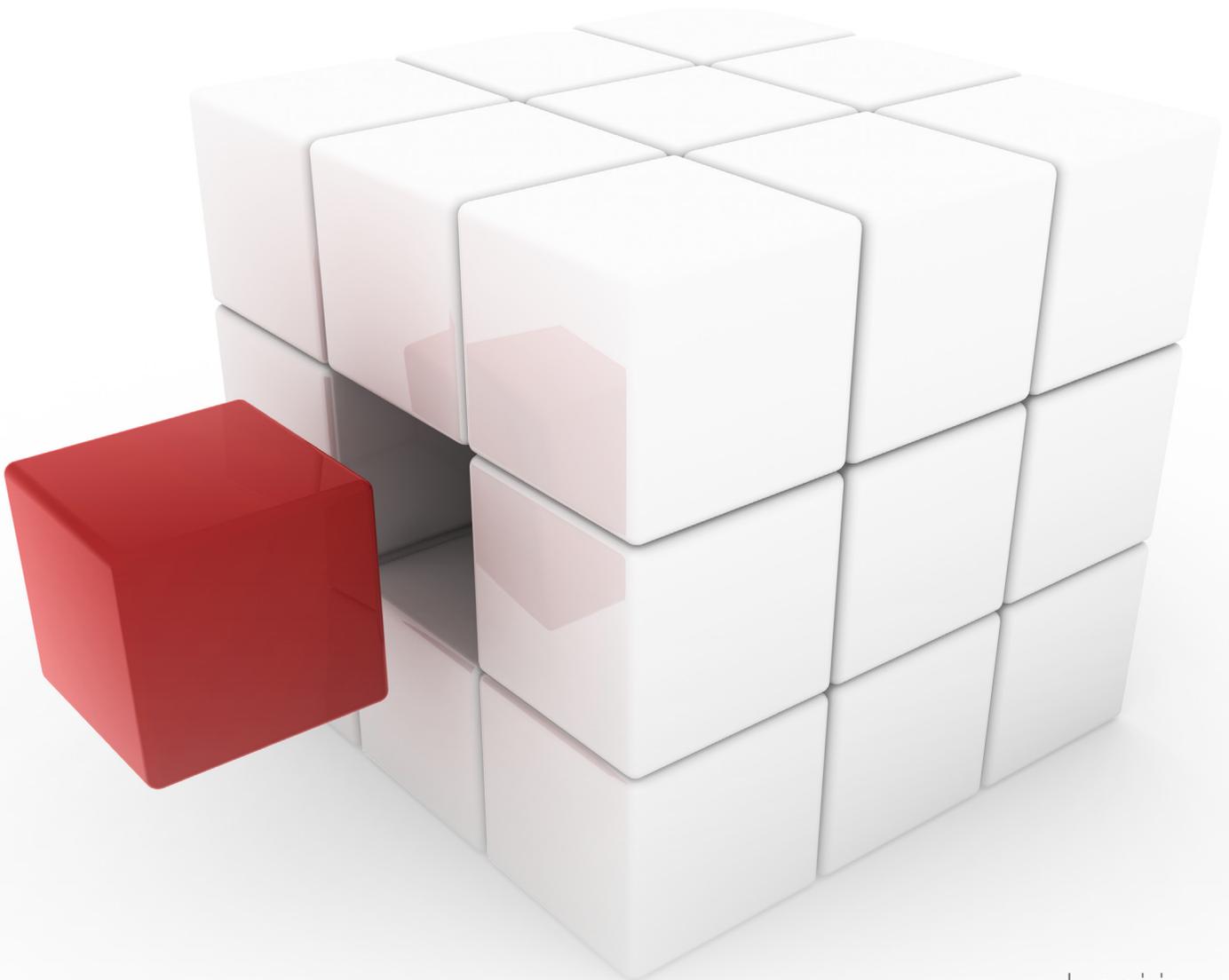


# Strategic Planning:

*An Executive's Aid for Strategic Thinking,  
Development, and Deployment*



*Class A Strategic Planning - (qualitative characteristics)*

# *Strategic planning*

*is an ongoing process and carries an intense  
customer/community, shareholder, and  
employee focus.*

The strategic planning process provides direction to all elements of the company and drives decisions and actions. Employees at all levels can articulate and share the company's vision and its overall strategic direction. They can also articulate their roles in the implementation and execution of the strategic plan.<sup>1</sup>



## STRATEGIC PLANNING PROCESS - GENERAL OVERVIEW

(selected passages for a common understanding)

“What Strategic Planning Is.....We can now attempt to define what strategic planning is. It is the continuous process of making present entrepreneurial (risk-taking) decisions systematically and with the greatest knowledge of their futurity; organizing systematically the efforts needed to carry out these decisions; and measuring the results of these decisions against the expectations through organized, systematic feedback.

As such, planning whether long range or short range, is nothing new. It is the organized performance of an old task. But we have learned that the task will rarely get done unless organized. Above all, it will rarely become achievement unless done purposefully.”<sup>2</sup>

*A Strategic Planning Process is Comprised of Four Primary Elements:*

- Strategic Planning (Development/Creation of Strategy)
- Strategic Deployment (Communication, Feedback, and Execution)
- Integration with other processes (Alignment and Synchronization)
- Monitoring and Evaluation (“Continuous” Strategic Management)



## NUMBER 1 - STRATEGIC PLANNING

(development/creation of strategy)

“Strategic Thinking” - A process that enables the management team to...think through the qualitative aspects of its business and the environment it faces. The team can then decide on a common and shared vision and a strategy for the future of its company.”<sup>3</sup>

“The most fundamental strategic decision is: What should the scope of our products and markets be?”<sup>4</sup>

In its most basic form, three fundamental questions are to be answered in Strategic Planning:

- Where are we? (Performance analysis, assessment and evaluation)
- Where do we want to go? (Vision/mission and goal setting)
- How are we going to get there? (Strategy development and deployment)

“Planning what is our business, what will it be and what it should be need to be integrated. The skill we need is not long-range planning but strategic decision-making... The work starts with the questions “Which of our present businesses should we abandon? Which should we play down? Which should we push and supply new resources to? Strategic Planning does not deal with the future decisions. It deals with the futurity of present decisions. What do we have to do today to be ready for an uncertain tomorrow?”<sup>2</sup>

“*Strategic Planning provides an ongoing opportunity for Strategic Thinking.*”

*Strategic questions to keep asking ourselves:*

- What is our business?
- Who is our customer?
- What is value to our customer?
- What are his unsatisfied wants?
- What are our success requirements?
- What is our match with these success needs?
- What are our strategic dependencies?
- What is our strategic position in the market?
- What must it be to gain lasting uniqueness?
- What should our business be in the future?

## Strategic Planning Process





“The strategic planning process is initiated by Top Management and represents input from key people throughout the organization. Each and every strategy is documented and is linked to and supports the strategic goals.”<sup>1</sup>

“Strategic goals are recognized as ends to which efforts are to be directed. Strategic goals require significant changes in the way in which the business operates and may take several years to implement.”<sup>1</sup>

### SOME CONSIDERATIONS FOR STRATEGY DEVELOPMENT

Driving Force – The one strategic area that is most important to a company and is the engine that propels, or drives, the company forward to success.

*Areas for strategic thinking and direction:*

- Product/service concept
- User/customer class
- Market type/category
- Production capacity/capability
- Technology knowledge
- Sales/marketing method
- Distribution method
- Natural resources
- Size/growth
- Return/profit
- Functional Strategies -  
Engineering, Marketing, Sales,  
Manufacturing, Distribution,  
Financial

*“Value Disciplines – Driving Force:*

- Product
- Operational Excellence
- Customer Intimacy”<sup>5</sup>

Core Competencies? What gives the company lasting uniqueness?

Internal SWOT (Strengths – Weaknesses – Opportunities – Threats)

Facilitator - A facilitator has a very specific role: to keep the discussion moving forward in a constructive manner. The facilitator also keeps the process honest, balanced and objective. He or she will strive to ensure everyone has a chance to speak his or her mind on the various subjects.

(“nominal” approach)

*“The best plan is only a plan, that is, good intentions, unless it degenerates into work.”<sup>2</sup>”*



## NUMBER 2 - STRATEGIC DEVELOPMENT

(communication and execution)

A study of 275 portfolio managers reported that the ability to execute strategy was more important than the quality of the strategy itself... In the early 1980s, a survey of management consultants reported that fewer than 10 percent of effectively developed strategies were successfully implemented. More recently, a 1999 Fortune cover story of prominent CEO failures concluded that the emphasis placed on strategy and vision created a mistaken belief that the right strategy was all that was needed to succeed. “In the majority of cases, we estimate 70 percent, the real problem isn’t bad strategy but ...bad execution.” “... with the rapid changes in technology, competition and regulations, the formulation and implementation of strategy must become a continual participative process”.<sup>6</sup>

“Execution will help you as a business leader, to choose a more robust strategy. In fact, you can’t craft a worthwhile strategy if you don’t, at the same time, make sure your organization has or can get what’s required to execute it, including the right resources and the right people. Leaders in an

execution culture design strategies that are more road maps than rigid paths enshrined in fat planning books. That way they can respond quickly when the unexpected happens. Their strategies are designed to be executed.”<sup>7</sup>

“A process exists whereby the strategies and goals are deployed throughout the organization to gain focus, alignment and engagement throughout the company.”<sup>1</sup>

Strategies are paths to a goal. A strategy without a goal is a path to nowhere. From the top down, an organization needs to set a combination of goals with strategies to meet them. As one goes down through the organization, these goals become targets or sub-goals with sub-strategies or tactics to achieve them. Every goal needs to be explicit, understandable, measurable and time bound. This enables them to be integrated into the company’s other planning processes to identify gaps in expectations and synergies within the company.

## NUMBER 3 - INTEGRATION WITH OTHER PROCESSES

(alignment and synchronization)

“All goals and strategies are integrated into the business plan, which is used to develop and communicate annual financial plans that incorporate input from all operating departments of the company.”<sup>1</sup>

“The company has a business plan which covers market share and projections, financial performance, new product development, customer service levels, resources and desired inventory levels. The business plan is used in the Sales and Operations Planning (S&OP) Process.”<sup>1</sup>

As a practical matter, the goals and strategies developed through strategic planning need to be integrated with the company’s other management processes. This is necessary to ensure minimization of conflicting directives/direction to individuals tasked to execute the plans.

“*It is recognized that the successful implementation of strategies is a direct function of people involvement and continuous communication.*”<sup>1</sup>



## NUMBER 4 - MONITORING AND EVALUATING

("continuous" strategic management)

"It is recognized that strategic goals and strategies are deployed from management throughout the organization and that results are reported from the organization to management. A process exists to monitor progress against plans and to take corrective action when needed."<sup>1</sup>

"Systematic reviews are done throughout the year to determine how annual goals are being achieved. These reviews include: methods deployed, study of data and comparison of plans against activities and plans against results."<sup>1</sup>

"Executive management, individually or as a group, dedicates time to reassess the logic of their strategies and related goals and their achievements."<sup>1</sup>

In most companies, top management is expected to do three things:

1. Run the business well.
2. Grow the business.
3. Improve the capabilities of the enterprise.

Number 1 is supported by Class A planning and control processes and behaviors. We would expect properly managed product portfolios, visibility of demand, supply chain effectiveness and efficiency, satisfied customers and respectable financial results. However, without a strategic view to the future,

the company may be at risk in achieving number 2 and number 3. Strategic planning, properly performed, will establish growth goals and strategies and improved capabilities goals and strategies. Measures supporting these goals are an integral part of Class A strategic planning.

Kaplan and Norton, in *The Strategy-Focused Organization*<sup>6</sup>, expound on the use of the balanced scorecard to help top management measure the strategy – both financially and non-financially.



“ *Systematic reviews are done throughout the year to determine how annual goals are being achieved. These reviews include: methods deployed, study of data and comparison of plans against activities and plans against results.<sup>1</sup> ”*

Done correctly, these measures can address the three management areas above. The balanced scorecard focuses on the following measures:

1. Financial Perspective (traditional financial performance measures)
2. Customer Perspective (basic requirements, differentiators)
3. Internal Perspective (internal capabilities, operational excellence)
4. Learning and Growth Perspective (To achieve our vision, how must our organization learn and improve?)

Numbers 1, 2, and 3 are about running the business well. Numbers 4, 3, and 2 are about growing the business and improving capabilities. Once strategies have been agreed upon in support of strategic goals, appropriate measures should be in place to measure the strategy.



“*Strategic Planning does not substitute facts for judgment, does not substitute science for the manager. It does not even lessen the importance and role of managerial ability, courage, experience, intuition, or even hunch - just as scientific biology and systematic medicine have not lessened the importance of these qualities in the individual physician. On the contrary, the systematic organization of the planning job and the supply of knowledge to it strengthen the manager’s judgment, leadership, and vision.*”<sup>2</sup>



## FOOD FOR THOUGHT

Strategy is an element in a hierarchy (note: The following is a variation of a hierarchy presented in [The Strategy-Focused Organization](#).<sup>6</sup>

*Mission* – Why we exist

*Core Values* – What we believe in

*Vision* – What we want to be

*Strategic Goals* – What we want to be – quantified

*Strategy* – How we will get there

*Balanced Scorecard* – Implementation and focus

*Strategic Initiatives* – What we need to do

*Individual Objectives* – What I need to do

Desired outcomes: Delighted customers, satisfied shareholders, effective processes, a motivated and prepared workforce.

Do the current corporate communications fulfill the Mission, Core Values, and Vision elements?

## STRATEGIC PLANNING PROVIDES:

- Better informed, more timely decisions through continuous strategic thinking and improved communication.
- Clear direction to the organization on what the company will do and perhaps more importantly what it will not do. Focus is achieved not through prioritization but through deciding what will not be done. This frees up synchronized, cross-functional resources to do what top management has strategically chosen to do.
- Greater empowerment with clearly understood boundaries communicated to the entire organization. Every element of the organization understands the direction and his or her actions required to support the company’s strategies.

## TERMS OFTEN USED IN STRATEGIC PLANNING

*Strategic Theme* – A statement or reflection of what top management believes must be done to succeed. Strategic themes reflect executives' view of what must be done internally to achieve desired outcomes. Strategic themes do not directly reflect financial outcomes. As such, strategic themes typically relate to internal business processes.

*Strategic Thinking* – a process of analyzing, evaluating, and reflecting on the nature of the business – understanding its current situation, conceiving possible future states, creating a vision of the organization's future, developing potential means and methods to achieve the vision, weighing the choices and deciding upon a course of action.

*Strategic Plan* – an agreed-upon plan of action in support of the company's vision and mission incorporating top management's strategic themes.

*Strategy Map* – a logical and comprehensive method for describing and communicating strategic plans demonstrating the linkages from strategic goals to tasks/actions.

*Strategic Measures* – key performance indicators of the degree of success in achieving the organization's strategic goals.

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## ABOUT THE AUTHOR

George Palmatier, Oliver Wight Principal, has assisted many companies that make everything from soup to satellites in implementing integrated management processes. He is recognized as an expert on Sales & Operations Planning, Integrated Business Planning and demand management as well as ERP, Integrated Supply Chain Management, and Integrated Product Development (IPD). George works with clients to formalize and integrate their strategic plans into an integrated business management process, Integrated Business Planning. With twenty years of experience in sales, marketing, strategic planning, and general management, George has a thorough knowledge of how to achieve sustained results improving business performance. During his 11 years as vice-president of sales and marketing at Bently Nevada Corporation (now part of General Electric), George was responsible for bringing the sales and marketing departments into an integrated business management process. Bently Nevada was one of the pioneers in developing and implementing Sales & Operations Planning using it in a truly integrated management process. George has authored or co-authored four books: *The Marketing Edge*, *Enterprise Sales and Operations Planning*, *Demand Management Best Practices*, and *The Transition from Sales and Operations Planning to Integrated Business Planning*.



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