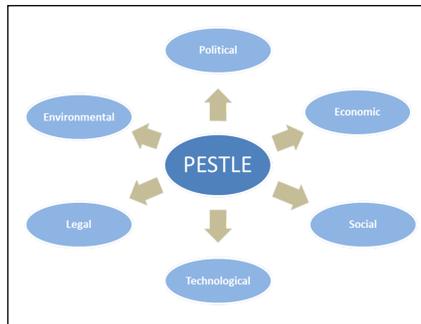

Introduction

What is the purpose of strategic planning? While many business leaders and owners believe that they are already leading their business strategically, in most cases, performance would be much stronger with an effective plan designed to achieve even higher levels of performance. While most businesses start with a business plan, formally or informally, by the time the business has made it through a few years of successful operation, the time has come to determine how to best achieve the next level of business development and growth.

Sometimes growth involves expansion of products, goods or services; movement into new regions; or merging with a competitor or supply chain partner. Savvy business leaders know that the time invested in effective strategic planning returns rewards multiple times the investment. If your company is seeking to grow, expand services, or move into new markets, this guide will be a useful framework for an effective strategic planning process, to best achieve those goals.



Background Preparation - Your Current State

High quality strategic planning requires a solid knowledge of current performance in the market and industry, as a foundation. Obtaining this information may be through databases, dashboards and spreadsheets, that are translated from data sources into visual references for key decision makers. If your business has not developed a strategic plan previously, you will need to start the process evaluating your current performance to your expected performance as projected in your business plan. If you don't have an original business plan, you'll need to evaluate your current performance to your market competitors.

Gather as much information as possible about your competitors in the areas of quality, service, workforce & productivity, customer satisfaction, and financial performance. If your industry is externally regulated, identify how your performance measures compare on items

that are important to your customers, and to regulatory standards. Assemble your financial statements for the past 2-3 years at a minimum. Show your performance on key measures in comparison to your competitors in graphs, and other visual displays.

Identify who your stakeholders are, and engage them in some feedback of their experience with your culture, values, brand, and reputation in your market. Often focus groups, interviews or surveys are used for this step, gathering important insights to guide the strategic direction based upon the core competencies, culture and resources. The art of this step is to be able to effectively gather market research from these stakeholders that adds significant value to the strategic planning process. This is resource-intensive work, either performed internally, or often through an external business or marketing consultant. Based upon the intensity and resource cost, sometimes there is a temptation to forego the market and stakeholder assessment — a very unwise plan for leaders. Gaps in stakeholder confidence and engagement may cost the organization brand equity, and market position, now and into the future. Important stakeholders, to be included, are those who have a vested interest in the success of the business. Once this information is gathered and analyzed, the formative strategic planning session can be arranged.

Session Preparation - Planning for the Future State

The most time consuming and complicated part of a strategic planning process is the preparation, which is essential to an efficient planning session, and creation of an effective strategic plan. Developing the session agenda should include a short portion to reflect the current state in the market and industry, as well as industry-leading trends. Next is a review of the current strategic plan and performance results, as compared to competitors and the industry. Then there is a section devoted to review and modification of the mission, vision, values, and core competencies. Next, there often is a SWOT or PESTLE analysis of the current state, in view of external impacts and risks into the future. Following these discussions, there is often a generative ideation session, to develop specific strategic priorities and objectives. High level strategic planning teams often identify measurement targets or goals aligned to strategic objectives. This is about as far as most senior leadership and board groups proceed.

Typically, management and leadership members develop the action plan to follow, that allows the alignment and accountability for specific goal achievement. Most organizations also agree on specific organizational metrics that reflect achievement of the strategic priorities, that are periodically reviewed by management and the board, to ensure progress

on these key priorities. A centralized organizational dashboard, or similar reporting tool ensures a focus on achieving the most important quantitative and qualitative measures.

Strategic Planning Session - Setting the Future Direction

Once the agenda is set and approved by key leaders on behalf of the organization's leadership, the session can be scheduled. Participants at the session usually include members of senior leadership roles, board members and trustees, and specific employees or external resources as needed to present specific portions of the agenda, or to facilitate the overall strategic planning session. Community stakeholders are often involved either in contributing feedback prior to the session, or as part of the planning session. Beginning with the end in mind, a successful strategic planning session is one that fully engages the attendees to thoughtfully guide the direction of the organization for the future. This is difficult work, and yet, it is key to the development of an effective strategic plan. Frequent breaks are essential, and a setting that allows free movement outdoors is also a positive consideration.

As the day proceeds, thoughts, feedback and decisions made should be captured, and profiled for future review and idea generation. If SWOT analyses were developed prior to the session as part of community stakeholder feedback, this information is incorporated into the data at the beginning, and used to guide the strategic priorities. Depending upon the type of organization, industry, and organizational maturity, scenario planning may also be facilitated to explore different future directions. If scenario planning is involved, consideration must be given to allow participants time to follow the scenario to the point of considering benefits, risks, and impact to future direction.

As the participants begin to process the information, the best direction for the organization will emerge, revealing strategic priorities. From these, specific strategic objectives are established to reflect the strategic outcomes required for organizational success over the period of time anticipated for the strategic planning process. Generally a strategic plan is designed for a time period of three to five years, however some industries are so dynamic that shorter periods of time are more effective.

Once the objectives are established, specific measures of performance should be identified, with respect to competitors, or industry standards. Measures should be relevant, and achievable, yet often are expressed as targets and stretch goals. Management will further cascade supporting goals and measures throughout the organization to achieve the strategic

goals. Departmental or divisional dashboards are often used, and tied to performance compensation of leadership roles.

Strategic Planning Session - Executing the Plan

Once the strategic planning session is completed, leadership assumes the responsibility for translating the thoughts into a cohesive strategic plan document, that can be shared throughout the organization. Often an updated strategic plan is posted visibly where workforce members can refresh the focus and direction as needed. A best practice is reviewing performance results toward strategic goals at workforce and leadership meetings quarterly or semiannually, to ensure that workforce members understand the organization's progress toward strategic priorities.

Once the plan is finalized, organizational leadership works with senior leaders to develop specific action plans and measures for each strategic objective, to ensure that progress is regularly made toward strategic priorities. Measures are regularly reported to governance members for evidence of performance, feedback, and potential need to modify objectives in view of unanticipated market or external changes. A mechanism to rapidly shift priorities in view of these external or competitive changes is a best practice.

Typically a strategic plan intended to serve for 3-5 years is reviewed annually for strategic objective fit, or adjustment of specific objectives to strategic priorities. As this review process occurs, the action plan is updated with specific tactics and measures, still aligned to strategic priorities, to ensure consistent progress over time. In addition, a best practice is to review the effectiveness or limitations of the strategic planning process as part of the development of the next strategic plan. Identified adjustments would be made as part of the updated strategic planning process.

Strategic Planning - Process Map

The following diagram reflects the key elements of the strategic planning process, as executed by Pursuit of Excellence LLC. While there are variations common to certain industries, this represents a combination of key process steps, and judgment by an expert consultant in process design and execution to facilitate an effective strategic planning process, yielding strategic priority results. For more information on strategic planning services, please contact us at www.pursuit-excellence.com, or 715-828-7390.

Pursuit of Excellence LLC
Strategic Planning Map

