

From Fuzzy to Focused - 4 Steps of a Strategic Planning Process

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In this article, we attempt to bring some clarity to the strategic planning process, helping executives like you find the “switch” to shed some light on this fuzzy discipline and to make strategic planning the “guiding light” for your organization.

This is the second of two articles on strategic planning. In the first article, *“Your Strategy – Guiding Light or Dull Fog Horn?”*, we looked at what strategic planning is and is not and why so many competent leaders struggle to create effective strategic plans. We shared that our experience has shown there is a dirty little secret about strategic planning in the leadership ranks - many executives **do not** actually know the building blocks of a strategic planning process – which frequently arises from a lack of understanding of the purpose of a plan.

While there is no shortage of definitions and schools of thought on strategic planning, there does seem to be a lack of simple, effective, step-by-step approaches to developing a strategy that works. Our 4 steps of a strategic planning process are:

1. Do Your Homework
2. Develop Educated Stories about the Future – Strategic Scenarios
3. Craft the Strategy
4. Communicate the Strategy

These steps offer a simple yet efficient approach for developing any strategy - whether commercial, non-profit, government or military. The steps help to define areas in which an enterprise will compete, preferably ways that focus resources to convert distinctive competence into competitive advantage.

Step 1. Do Your Homework

As stated earlier, strategic planning is really about creating possibilities – in an uncertain and unknown future. Therefore, strategic planning requires more than just showing up at the session.

A careful evaluation of the industry landscape is required. A good plan starts with a look into the past to set context. The danger is that we like to think we can repeat the past – specifically past successes. However, the past is NOT the future.

This review and evaluation includes:

A. Focus on Customers

- Develop a detailed analysis of known customer needs
- Segment markets and customers
- Outline the various ways to create value for the customers the company chooses to serve.

B. Understand Your Competitors

- Know their current strategies and approaches to your marketplace
- Predict how they might change in the future.

C. Identify your organization's competitive advantage

This is a critical piece of the strategic puzzle and forms the essence of your strategy. What the enterprise will do differently from all the others defines how it will deliver on the value proposition in a unique way.

- Outline the capabilities or core competencies of the enterprise
- Define how capabilities and competencies match customer needs
- Identify barriers to your organization's ability to leverage its core competencies.

D. Assess Industry/Environment Changes

- Outline technological possibilities
- Review projected demographics
- Forecast regulatory shifts.

Step 2. Develop “Educated Stories” of the Future - Strategic Scenarios

Gathering the data noted above helps to set the context for the full range and scope of conversation required for the crafting of a solid strategy.

We have found that the best way to leverage the preparation as well as focus the creative juices is to create two or three plausible but very different scenarios of possible futures.

Scenario Planning provides a great structure for helping executives create a variety of scenarios that all take a long view. It is a disciplined, structured method for imagining possible futures, using a strategic thinking process.

Scenarios are essentially “educated stories” about the way the world might turn out tomorrow and how we might recognize and adapt to those changing aspects of our world - changes that we might otherwise miss or deny.

Scenarios are not predictions, but are vehicles for helping people learn by crafting alternative images of what may occur. In crafting the scenarios, multiple combinations of uncertainties are discussed and hidden weaknesses and inflexibilities of the enterprise are typically surfaced. (This is also a great lead-in for conversations about change.)

Therefore, the real value comes from the focused, structured dialogue. The end result is not an accurate prediction of tomorrow, but better informed, agile and aligned plans about the future, with an approach that allows for the flexibility of actions necessary for the enterprise when responding to an unpredictable world.

The four core questions in a scenario planning process are very useful in uncovering the nature and impact of the most uncertain and important driving forces affecting the future of the enterprise, which need to be addressed in its strategy.

1. What do we know for sure and how do we know it? (After further inquiry, initial “knowns” are often recast as “perceptions” and fall into question 2.)
 - What political, economic, societal, technological, legal & industry trends are we sure will occur and what effect will they have on future of our organization? What data/evidence do we have?
2. What do we think we know and why do we think this?
 - What political, economic, societal, technological, legal & industry trends do we think will occur and how will they affect the future of our organization? What data/evidence have we formulated our opinions from?
3. What do we not know ... but wish we did?

- What events, whose outcomes are uncertain, will significantly affect the future of our organization? How could we become more certain?
4. What do we now know that we do not know?
- What political, economic, societal, technological, legal & industry trends do we know we are completely unable to develop an information base about?

Step 3. Craft the Strategy

In order for an organization to realize all of the benefits of the hard work that goes into creating a strategy, it is important to capture the essence and specifics in a readily communicable manner.

A strategy document should highlight 5 key areas:

- 1) **Purpose/Mission**
- 2) **Vision**
- 3) **Strategic Statement**
- 4) **Monitoring/Implementation Plan**
- 5) **Values**

The 5 key areas:

1) **Purpose or Mission**

This is a simple, straightforward statement about why the organization exists.

2) **Vision**

The vision should articulate the future state. It should answer the question, “What do we want to become?” (We typically ask executives to, “Stand in the future of your organization and describe what you see and hear.”)

3) **Strategic Statement**

This is the competitive game plan. This statement has two main parts:

- Customers and the value proposition (unique mix of value) and
- How value will be delivered (activities)

4) **Monitoring and Implementation Plan**

Critical Indicators of Success (CIS's) should be outlined, along with each action or Strategic Initiative that is chosen to implement the strategy.

An important note: Calling an Action Plan a “Strategic Initiative” does not change the need to stick to the fundamentals of an action plan. We typically recommend that a template to be followed for each initiative be created, and include the following:

- What is the expected outcome?
- Who is responsible?
- How will the outcome be achieved?
- How will it be measured?
- What is the timeframe?
- What is the required investment?

5) **Values**

This is a brief statement of what the organization believes in and how it will behave internally as well as in the marketplace.

Step 4. Communicate and Implement

We recommend cascading the strategy communication throughout the enterprise so that each level of management becomes the teacher for the next, and the communications become the starting point for integrating the strategy into the behavior of each employee.

This approach will also begin a movement in which all employees will be using the same values and principles as their “guiding light” in making decisions – as well as seeing what personal contribution is required to achieve the strategy.

If people at all levels of an organization understand and support the strategic vision, they will be able to assess the wisdom and desirability of specific decisions, actions, and outcomes simply by asking one question: *“How does this (decision, action, outcome) align with our strategic vision?”*

Effective communication is the way to successfully engage every employee. And the responsibility for generating and delivering a successful communications strategy falls squarely on the shoulders of the leadership team.

What’s Next?

Has this article brought up any questions about how to craft and implement a strategic plan in your organization? If you would like to discuss this article or how we could help improve your strategic planning results, please contact us directly. You can contact Paul at 781-343-4005 or PPlotczyk@GrowthStrategyPartners.com.

Remember to look at our first of two articles on this subject, “Your Strategy – Guiding Light or Dull Fog Horn?” available on our website, GrowthStrategyPartners.com. Also, our podcast on strategic planning “The Dirty Little Secrets About Strategic Planning” is available on our website.

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