DYNAMIC
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Strategic Planning

Purpose of Strategic Planning:

Strategic planning is the periodic resetting of mid to long-term strategic direction and priorities; the process focuses on key issues and the specific initiatives needed to attain long-term strategic goals. It is considered a valuable activity by many successful companies.

Strategic planning vs. Business Planning:

Strategic planning is not to be confused with business planning. Strategic planning is intended to focus on the "big picture" direction of the company while business planning is intended to focus on the day to day activities required to attain goals and fulfill the objectives of the strategic plan. Hence, business planning involves planning all aspects of the business including operations, finances, marketing, HR etc whereas Strategic planning is determining the strategy for the success of the business. Business planning should be carried out by the various business units once the strategic plan is complete.

Complexity of a Strategic Plan:

You should start with the strategic planning process because elements of the Strategic Plan are critical to the development of the business plan. It is important to keep it simple. Many Strategic Plan and Business Plan facilitators and consultants try to develop and draft an ultra complex document that goes beyond the understanding of all but a few. Those complex documents are expensive, complicated and generally of little use to all but the largest, most sophisticated multi-national corporations. If the plan cannot be understood by those responsible for its execution and implementation it is not feasible to spend a small fortune on a document that might never be utilized. It is fair to say that the chance for the success of a strategic plan is directly proportional to its simplicity. A two page outline of the corporate Vision, Mission Statement, and Objectives is much more effective than a three inch thick book with reams of complex, inconsequential or unusable data.

Elements of a Strategic Plan:

The Strategic Plan is a document containing the company's Vision, Mission Statement, and Objectives over a period of time and how specific individuals within the company will achieve those Objectives within that specified time frame. The use for a "Strategic Plan" is to determine your available resources (time, money, people, equipment, materials, technology, and facilities), evaluate those resources, and get everyone on the same course so that their actions are coordinated to achieve each Objective within the resource limitations. It is an internal document to be used routinely as a roadmap for your employees to achieve success. The format is generally as follows:

1. Vision statement
2. Mission statement
3. Goals
4. Objectives
5. Competitive analysis
6. Action plans
7. Risk analysis & contingency plans
8. Financials

The above will vary depending on the interpretation of the elements of the plan. For example, the Mission Statement can vary depending on interpretation and should include the values of the company in regards to its stakeholders. (Customers, employees, vendors, shareholders, board)

Vision and Mission Statements:

Time: A mission statement talks about the organization's present. A vision statement talks about the organization's future.

Function: A Mission statement lists the broad goals for which the organization is formed. A vision statement lists where the organization sees itself some years from now.

About: A Mission statement talks about HOW the organization will get to where it wants to be. A Vision statement outlines WHERE an organization wants to be.

Goals vs. Objectives:

Goals are long term items that the company views as essential indicators of success. Objectives are short term, (usually annual) specific outcomes identified in measurable terms, e.g. dollars or employee counts. (Not to be confused with the activities needed to attain goals or objectives)

Reasons that action plans fail:

1. Mistaking Action Plans for Objectives.
2. Financials inconsistent with Goals, Objectives and Action Plans.
3. The confusion of issues (future problem solving, decision making and present problem solving) with Objectives.
4. Risk Analysis without appropriate Contingency Planning.
5. Lack of preplanning that is necessary to make the process go smoothly.
6. Lack of commitment by the CEO or other key manager.
7. No objective third party facilitator to make the planning process balanced and reasonable.

S.W.O.T. review:

After **objectives** are agreed upon and an **analysis of the competition** has been done, every for-profit business should do a **S.W.O.T**. review as an integral part of its Strategic Planning process. Of course, S.W.O.T. stands for **Strengths, Weaknesses, Opportunities and Threats.** It allows the stakeholders to identify what the company is capable of in light of its position in the marketplace.

Once the myriad of various factors have been identified, discussed and agreed upon, the stakeholders must go about eliminating areas that simply cannot be dealt with due to cost or resource issues. Next, areas that are least important and those that are most critical to success (and attainable) must be identified. Finally, a manageable number of issues must be selected and turned into an action plan by indentifying what must be done in order to reach the desired objectives, given the resources available.

Risk Analysis and Contingency Plan:

Management must review the action plan and determine the potential risk of failure or only partial success and develop a contingency plan in the event that objectives are not being met. This might involve items such as quarterly reviews and possible reduction of compensation costs and expenses if it is clear that an unexpected stumbling block has prevented complete success e.g. change in economy, loss of product line, unexpected competitors entering the market, loss of key employees.

Financials:

Before releasing the Strategic Plan, management must be certain that the company has adequate funds and resources to carry out the action plans. All elements of financial forecasting should be performed with the assistance of accounting professionals.

Why use an outside facilitator?

Outside facilitators enter the picture with an unbiased, unaffected perspective of the company. They will not become embroiled in internal conflicts and will have no reason to favour one point of view over another. Because their role is only to facilitate the planning process, they will not become involved in lengthy debates over form, function, or personal positions. Because they have no dynamics with any of the stakeholders, they will be in a much better position to keep the process on course with the end-goal always in mind.

Most important:

Many business people will balk at the concept of Strategic Planning. However, almost 60% of executives in a recent United States survey confirmed that the strategic planning process plays a highly-significant role in developing strategies for success... Source: *McKinsey Quarterly Survey*