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What Really Makes Strategic Planning Work?

The CEO, and by default the C level executives with him, are responsible for development and growth of an organization. It doesn't matter whether it is a for-profit, a not-for-profit, or some other form, the leadership has a responsibility to lead.

If this team finds themselves working *in* the organization instead of working *on* it, then they need to make changes. When they work in the organization, they are spread too thin. They must delegate or become the impediment to future growth and success.

An approach that helps get CEOs back in the business of working *on* the business is to institute management programs that help to follow through with the key requirements that lead to organizational growth and effectiveness. These are not found in the strategic planning process.

Here is an approach that makes strategic planning a continuous process that enables the organization to take over execution while the CEO goes on to other more strategic activity.

Some background

Here's a surprise, did you know there are many businesses that don't prepare strategic plans at all? In fact, many businesses are satisfied with getting the doors open in the morning, working through the day, tallying up their results at the end of that day, with no further vision of the future beyond getting the door open again the next day.

Of those organizations that do prepare strategic plans, many do this by hiring outside consultants to facilitate their development. Once that is done the consultant normally moves on. They go on to their next client leaving management to assume responsibility for execution.

A majority of companies that do plan don't follow through. They don't implement the organizational structure and dynamics needed for success. They don't track and correct toward the goals they set out to achieve. They don't do the operational things they need to allow them to follow through with achievement. C suite officers have full time jobs already, and tracking performance is just more work. Without the proper mechanics in place they miss their strategic goals and find themselves devoting their time to tactical management.

Your organization may be small enough, or of a type that you don't have to have strategic planning, or think of how you're getting things done while staying focused, but if you are spread too thin, these ideas may help.



Strategic Planning Is All About the Process

First, strategic planning is about the process as much as it is the plan itself. Organizations collectively define the vision, mission, values, goals and objectives for the benefit of working through that exercise and develop common understanding and communication of why they exist.

Strategic planning builds a shared understanding that serves as the basis for teamwork. This shared understanding will enable managers to respond to day-to-day occurrences without having to check with someone first. It allows managers to lead independently yet know they are working within bounds of the common goals.

This will also help keep the team focused. A well formulated plan, with emphasis on achieving the goals will guide your team to spend their time on things that are important. The plan serves as a road map. It should keep you from committing resources to those things that while interesting, aren't important.

A Strategic plan contains specifics that make the plan what it is. It is not a business plan, a sales and marketing plan, an operations plan, a financial plan, a technology plan, etc. It is the overarching plan from which all of these other plans are derived.

Strategic planning and its methodologies use a circular logic. The process begins with an analysis of current environment, leading to establishment of a vision, values, mission, goals and objectives. The goals can be used to establish performance measurements. Once performance measurements are known they will drive tactical management and follow up, which in turn defines the review that leads the next analysis going back into the planning process.

Become A Strategy Focused Organization.

As organizations works toward a shared vision, they tend to become strategy focused. They become dedicated to achieving the goals designed to reach the common vision. The more strategy focused they are the better they respond to the requirements of success. By being strategy focused, individuals within the organization respond in concert with each other, without guidance, to the overarching requirements that come from the plan.

Organizations that are able to continuously execute strategy will become a strategy focused organization. When strategy becomes a continuous process, the organization will excel. This excellence will occur amazingly quickly.

Include Specific, Quantifiable, Realistic Goals And Objectives.

Specific, measurable performance goals that are tracked and reported will foster behavior that produces results. When members of the organization have specific numbers attached to their work, and they know they will be held accountable, they will do everything in their power to demonstrate satisfactory performance. When organizations have unique sets of interrelated performance measurements, they will work together to achieve them.



The trick is having pointed, measurable goals that are not punitive. That is why performance measurement works. It makes achievement part of the measurement system, rather than part of the job description. That makes for a more comfortable and less threatening environment.

Lower level managers know very well that performance measurements are personal, but at least they sense how they are part of the organization and needed, not just measuring their individual performance. If measurement becomes personal without a link to strategic goals then it will be seen as punitive with negative effects on performance.

You may wonder, who will collect the data needed and turn it into performance reports? How much effort goes into collecting data, computing and reporting the measurements? This aspect is no longer significant. Today there are many software tools on the market that will do this. You can do this from a simple spreadsheet you prepare yourself all the way up to a sophisticated software linked into your IT systems. In most cases there is a substantial amount of initial set up, but after that data collection and measurement reporting processes become automated.

- **An example.**

While working with a single board computer manufacturer we identified twelve performance measures throughout the organization that were critically important to the success. These included a critical measure in each of the major functional areas; marketing, sales, supply chain, production operations, shipping and delivery, finance, and technology support operations.

We collected the data needed to report the outcomes monthly, then posted them in a spreadsheet. A copy of the spreadsheet showing the current status was printed out in poster size and displayed on a wall that all employees passed daily when coming and going in the plant and offices. The entire staff knew where they stood and were reminded everyday.

Each performance measure was important in it's own right, but the linkage between them was equally important. For example one of those measures was, as it is in most organizations, sales. But sales were not only important. Equally important was selling what was forecasted. In that organization Marketing prepared the forecast. Sales could sell all they wanted, but they might sell the wrong products. If they sold the wrong products they created a supply crisis. The company would have the wrong materials on hand to meet the demand.

The supply crisis led to a manufacturing delay in throughput, which in turn led to missing on-time and correct delivery of product goals. This lowered customer satisfaction, which made it easier to miss the sales and forecast goals on the next time around. The simple fact of selling what wasn't forecasted resulted in all areas missing their goals.



The company fixed the process by insisting that sales people sell what was forecasted instead of what wasn't in stock. It became a team effort and performance improved in all areas within a very few months.

In truth, every organization, regardless of size has between five and fifteen metrics that demonstrate efficient performance. There may be as few as a couple of dozen, or up to thousands of subordinate or ancillary metrics that feed these basic few, but at the top there are only a few. If you get the entire organization focused on those few, they will work better together as a team.

Establish a frequent regularly scheduled plan review.

Many companies prepare strategic plans following a traditional methodology based on the budget cycle. In fact there are some companies that even combine financial planning with strategic planning.

Companies that prepare strategic plans then don't follow through with frequent plan reviews often find themselves at the end of the planning period not having done what they set out to do. They miss their performance targets, and otherwise kid themselves about how well they have really done. When they combine their plan review with a financial review there is a tendency for the financial review to take precedence. Consequently the plan review and discussion about why the company is not hitting their goals doesn't get the emphasis it needs.

The strategic plan process needs to be a continuous process of primary focus. It should include frequent reviews, adjustments and corrections to either the operations or the plan itself, to insure the plan stays on track. Ideally there is a separate, regularly scheduled plan review meeting, for example, monthly. Such meetings are exclusively devoted to plan review. They are not clouded with issues not directly related to performance.

Institute program management.

Stop doing it all! The role of the CEO is about vision, strategy, trail-blazing, and so-on. The work of the CEO is not about tactical management, micro-management, or actually doing the business of the business. It's all about running your business. If you are working *in* your business instead of *on* your business, you are doing the wrong thing. By instituting program management you can delegate the work and insure success without having to be a worker.

Program management is a concept that comes from project management. It is simply a high level administrative management of project management. Projects in turn are of finite duration.

This technology is most commonly used in Information Technology management in larger organizations, because it is absolutely needed to maintain progress and control of the tactical initiatives of IT. IT managers tend to set up program management to help them keep the wide range of activities they manage on track. In reality, particularly in strategic initiatives, this function should report directly to top management.



You can have program management in your organization, regardless of size. If you are large enough to have strategic initiatives being delivered by someone else, you are probably large enough for this. It's an administrative function that can conceivably be run by an administrator. Most successful businesses probably have this employee. It's simply a process of keeping track of who is doing what and where do they stand on achievement of goals on an ongoing basis.

Once you outline a strategic direction let program management handle the details. Let them drive the tactical obtainment of the goals. There is an entire field of knowledge in doing this, just as there is in very large companies an entire discipline of professional strategic planners. Program management can handle the tactical requirements of goal achievement. Let them keep you apprised of their progress and success.

Manage the activity that achieves the goals and objectives of the plan like projects.

- **Establish ad-hoc teams to address each issue.**

In TQM they call these quality circles. Some companies might be call them "tiger teams" or some other catchy name. These teams are Project Teams. They are assembled containing the cross-functional knowledge and discipline needed to achieve a goal, work to achieve that goal, then disband when they are done.

- **Give the team a mandate.**

Assign the ad-hoc team absolute authority to get the job done. Make sure this is known and understood throughout the organization. Empower the team to deal with potential problems or issues that might arise. Program management should have methods and/or procedures in place to deal with potential show-stoppers. Accept nothing less than results. If they have to check back other than to give status reports they are either not properly formulated or they're working at their fullest potential.

- **Give the team the responsibility for achievement.**

Let it known that failure is not an option. Most people working in an organization will march to this mandate without being told. Nothing is more frustrating than coming up with a solution only to have it second guessed by the organization. The team should be accountable and responsible for results. They must be able to deal with their issues without undue resistance or interference.

- **Give the team the "Power of the President"**

Make sure the organization clearly understand the team's responsibility for results. Give the team the power and authority to get those results then turn them loose to do it. Give the expected results a deadline. George Patton, the WWII General, used to say that if you want something



done by someone give them the expected outcome, the deadline, then get out of the way and let them act. This is also good advice in business.

- **Prepare a project plan.**

A published project plan is a good tool for maintaining control over the activity needed to get results. Publish this plan in a way that is visible and public. Publish the goals and objectives, and frequent progress reports on attainment of those goals and objectives. Program management can control this so that anyone outside that team can see the status and what's next. The rest of the organization will participate and help if you let them.

- **Plan for contingencies.**

The biggest failures in project management come from a lack of contingency planning. Those projects and programs where this activity didn't exist don't deliver on time, don't deliver all that is expected, or just don't deliver at all. Once a project plan is developed, approved and is being worked, the only ongoing planning left is maintaining a constant vigil for potential contingencies that may lead to failure. This should be a routine, ongoing part of the project management process used by these teams. Potential problems should be nipped in the bud. Simply put, this is planning for failure and how you're going to not let it happen.

- **Have targets for achievement.**

Set specific goals at the beginning of a project, and then stick to those targets. If new goals fall out of the work, make those separate from the expected results of the team and go after them with a new team or project extension, after meeting the primary objectives. Keep it simple and don't let the expected results get clouded by issues that arise along the way.

Performance measurement has been in use for decades. Simply stated, there are hard metrics other than financial performance, that depict successful operations. Further, these metrics are linked cross-functionally. If one area of performance is not meeting a target, other areas are unable to do so. If they do they do so with unnecessary expense and excessive work effort. Figure out what those metrics are and use them to drive progress.

- **Expect and demand results.**

Hold the project teams to the expected results established at the beginning of their charter. Don't let them waver and reward and congratulate their success. If management or the organization is indifferent to the expected results the project team will feel it and behave accordingly.

Institute A Process For Change.

There is an entire contingent within your organization that will resist change. This is routine and expected. An organization that wants and expects change needs to provide a process for that.



In organizational dynamics there are complex human emotions and social dynamics that will emerge like a monster, and threaten success. The larger and more significant the change, the larger and more significant this resistance will be. If the changes are organization wide, the entire organization will go into a flux that disrupts and disturbs not only the project results, but organizational results as well. Be prepared to deal with these.

There is an entire science of managing change and that is one of the toolsets that good project managers bring with them. If you are assembling teams from within your organization you should provide this education. Among the contingencies these specialists routinely plan for will be the effects of change and the expected resistance. These effects are extensively studied and written about. Just try googling “Change Management” and see how much reference there is.

Provide For Reengineering The Business.

One of the few truths, the few maxims about business is that they are either growing or dying. The only constant is change. There is no such thing as the status quo, except possibly those where the entire foresight is just getting the door open again tomorrow morning. If the business is growing it grows by contingency. Most processes, policies and procedures were instituted as a reaction to deal with a specific contingency. Since they worked they are left in place to facilitate continuation of the business and become part of “...we do that because that’s the way we’ve always done it.”

Over time, the functioning of the organization is in reality a functioning of a hodge-podge of procedures, hand-offs, double-checks, CYA defensive activities, record keeping, reporting, etc. that just seem to stick together and make the business go.

Business process reengineering simply lets the organization look at all of its processes in terms of form, fit and function and enables them to be comprehensively reviewed for efficiency and purpose. This applies not only to each process in turn, but to the interactivity between them. In the business of the organization, it’s a good bet that there is some amount of activity that doesn’t contribute to increasing sales and/or reducing expenses or risk. Businesses just grow up this way, and it is necessary to every so often step back and take a look. If something in your organization doesn’t add value you shouldn’t be doing it. If your organization is struggling with meeting goals efficiently, chances are good that a review and reorganization of business processes will improve efficiency. The best time to do this is in conjunction with a major change.

Make The Real Thing The Real Thing.

Finally, the most important aspect of organizational dynamics at large, of the focus of the project teams, the focus of each individual in the organization, and so-on, is why and for what does the organization exist?

If a person doesn’t understand why the organization exists, and doesn’t understand how their job relates to the vision and mission of the overall organization, then that person will be dreaming



stuff up to justify their position. Most people don't feel good about being a member of an organization without a purpose. If the organization doesn't give them one, they make it up. It may not necessarily dovetail with the purpose of the organization, but they'll be happy.

I use a saying in most of my work, and that is to ask "what's this got to do with making money?" Of course I mean this abstractly. Every organization exists for a reason. Every process, every duty, every person exists within that organization to support that reason. Anything done that doesn't support that reason is superfluous and unnecessary. It becomes the responsibility of top management, and specifically the C suite, to address this and provide the leadership needed to keep everyone focused on the reason for existence. That's the real thing, everything else is fluff.

So what makes strategic planning work?

It's a combination of disciplines used sensibly throughout an organization, all geared toward achieving specific, quantifiable, measurable results that demonstrate success. It's the application of these disciplines by the members of the organization so the top person there doesn't feel like he or she has to do everything themselves in order to get things done.

At the end of the day, it's all about having repeatable processes in place that quickly and efficiently deal with the contingencies you run into in business. Using these suggestions will help to achieve the strategic initiatives by having a routine process in place that report back on the results of the tactical operations in support of the strategic direction of the organization.