

Strategic Planning

Pure & Simple



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Introduction

There are many strategic planning methods available and many books and resources exist to learn about them. Our approach is to take the best of the best and synthesize a simple, yet effective way of developing a strategic plan. We have tested and refined our approach over many years. It is scalable and can be used to develop the strategic plan for an entire organization or for selected functions and groups.

There is some terminology confusion between “strategic plan” and strategy. They are not the same. We define strategic plan as the entire work starting with the vision and ending with the scheduled implementation plan. Strategies are a part of the strategic plan, they are the “how's” of achieving the specific objectives of the plan.

One reason strategic plans fizzle out over time or fail entirely is because they do not include a disciplined implementation process. Quite often tasks or goals are assigned to individuals with target dates with the hope that it will all come together and be completed with success. Our approach is to “bolt” a disciplined project management process onto the strategic plan and use it to schedule, monitor, and control the implementation. We offer this as an option - it is not a part of this workshop. The steps you will go through with this program are:

1. Environment – corporate/business unit (BU) entity, financial check – establishing the strategic planning team.
2. Environment – BU products/services; customers; markets; geography; competitors
3. SWOT – corporate/BU
4. Current business drivers – best in class, passion, economic driver, business driver
5. Future Business Arena – big changes, economic/business driver, business profile
6. Vision – audacious goal, core values, core purpose, vivid description of future
7. Mission statement
8. Critical Goal Areas
9. Specific Objectives
10. Strategies
11. Operational actions

Agenda

Day 1

- Process Overview 9:00 - 9:30
- Business Environment 9:30 - 10:30
- Break 10:30 - 10:45
- SWOT 10:45 - 12:00
- Lunch 12:00 - 13:00
- Current Business Drivers 13:00 - 15:00
- Break 15:00 - 15:15
- Future Business Arena 15:15 - 17:00

Day 2

- Day 1 Recap 9:00 - 9:30
- Vision – future profile 9:30 - 10:30
- Break 10:30 - 10:45
- Vision generation 10:45 - 12:00
- Lunch 12:00 - 13:00
- Mission statement 13:00 - 13:30
- Goals, Objectives, Strategies 13:30 - 16:30 (15 min. break included)
- Choosing a direction/Next Steps 16:30 - 17:00



Business Environment

Business Unit Profile – Current

Products & Services (what we sell)

Think of product/service groupings, also called families. A typical product/service hierarchy is as follows:

Business Unit: Example- Passenger Cars (other units may be motorcycles, lawn mowers, etc.)

Product Family: Example – Four Door Sedans

Product Sub Family: Example – XYZ Motor Corp

Brand: Example – XYZ Miracle

SKU: Example – XYZ Miracle LS (Luxury Sedan)

List your product families:

- -
- -
- -
- -
- -

SWOT Analysis

A SWOT analysis is very helpful in identifying the ultimate goals and objectives of your strategic plan. It identifies those which are based on facts. Other goals and objectives can be derived from creative thinking processes.

Strengths:

Strengths are demonstrated capabilities that have contributed to your past successes. Examples are a specific production technology, a healthy balance sheet, proprietary business enabling software, best trained people in the industry, etc. Strengths are internal.

Weaknesses:

They are the internal issues that have slowed you down, impeded progress, delivered substandard results. Examples are lack of skilled staff, poor cash flow, capacity constraints, etc.

Opportunities:

Opportunities are external, so don't list opportunities as fixing the internal weaknesses. Opportunities could be things like growing consumption, opening of new markets, new technology, etc.

Threats:

Likewise threats are external. They could be currency exchange, restrictive regulation, aging consumer base, etc.

Current Business Drivers

What is the economic driver (financial or non financial metric)?

The economic driver is the most important metric of your organizations. In the end, your strategic plan must be aligned with this driver. Identifying it will help you stay focused. It is typically expressed as output/input.

Examples:

- Revenue/customer
- Revenue/hour
- Profit/unit
- ER Wait Minutes/patient
- Cost/hospital bed

Your economic driver:

Future Business Arena

What do you anticipate will change the most in your business in the next 5 – 10 years?

You can refer back to your SWOT analysis and your competitor's profile to get some ideas. The purpose of this is to let go of your current issues and opinions and fast forward your mind. To get started, think back about some of the changes in the past 10 years that impacted YOUR business. Use the table below to guide you:

Area	Past 5-10 Year Changes	Next 5-10 Year Changes
Economy/Financials		
Political/Regulatory		
Social/Demographics		
Market Conditions		
Customer Habits		
Competitors		

The Vision

The Article

If you were to read/hear/see about your business 10 years from now in your favourite news medium, what would it say? The article should include the audacious goal and your values. For example:

New York, xx January, 20xx

Today XYZ Motor Corp is proud to announce that it has achieved global market share leadership in the passenger vehicle category. Long known for its excellence in vehicle safety and low maintenance requirements, XYZ has captured the hearts and minds of consumers by offering superior safety and maintenance performance on a lower priced platform. This was achieved by leveraging production capacity and technology to develop slightly smaller vehicles featuring essential amenities for drivers. XYZ has maintained sales of its larger and more luxurious line up by offering customers a unique upgrade option when they are ready to migrate to a larger vehicle.

The Mission

The Mission/Purpose

While the vision statement is qualitative and somewhat futuristic, the mission statement starts the path to action. It describes who you are, what you do for whom, and the expected results once the mission is accomplished.

The following is a simple way of building the mission statement based on the information collected so far.

1. Describe who you are by completing the following sentence, using slide 19 (best in class/passion) as reference.

We are

Example: We are a team of innovative motor vehicle designers and producers

Write your “we are” statement:

We are

Critical Goal Areas

Name 4 – 7 critical, high level goal areas which, if achieved, will ensure the mission is accomplished and the vision is realized. These goals do not need to be specific or measurable, they need to be brief statements.

Example for XYZ Motor Corp:

High Level Goals Areas:

1. Safety Technology Dominance
2. Low Cost of production
3. Effective Capacity utilization
4. Dealer Buy-In
5. Consumer Acceptance

Sufficiency Check:

After writing the high level goals perform a sufficiency check. Read your goals as follow:

If we have safety technology dominance, low cost production, effective capacity utilization, dealer buy in, and customer acceptance, then we will achieve our mission and vision (review mission and vision statement).

Specific Objectives

Objectives are specific and measurable outcomes for each goal area. Achieving all of the objectives for a particular goal leads to that goal being met. Each goal should have 4-7 objectives.

For **example**, let's look at possible objectives for one goal area of XYZ Motor Corp:

Goal Area 2: Low cost of production

Objectives:

- 2.1. To reduce material cost per vehicle to less than 10% of selling price (from average \$ 3,000 each to \$ 2,500 each)
- 2.2. To lower variable manufacturing cost to \$ 500 per vehicle
- 2.3. To hold fixed manufacturing and overhead expenses for the corporation at current levels while volume increases can be as much as 50%
- 2.4. To reduce material inventory in the supply chain by 10%
- 2.5. To reduce vehicle inventory in the supply chain by 25%

These objectives can be restated once current metrics are known. For example if vehicle inventory is \$ 200 million then the objective can be restated as reducing inventory by \$ 50 million. Or as % of revenue, or inventory turns.

Note the numbering system structure: 2.3. means goal area 2, objective 3

Strategies

Strategies are the “how to meet the objective” actions. For each objective list as many strategies you think are required to meet the objective.

Example, XYZ Motor Corp:

Objective: 2.1.: To reduce material cost per vehicle to less than 10% of selling price (from average \$ 3,000 each to \$ 2,500 each)

Strategies:

2.1.1. Negotiate 5% cost reduction from aluminum suppliers (\$ 100/unit avg.)

2.1.2. Light weight engines saving \$ 50/unit

2.1.3. Negotiate fabric costs down by 20% (\$50/unit)

2.1.4. Source new electronics supply saving \$ 200/unit

2.1.5. Standardize tires saving \$ 100/unit

Note the numbering system continues.

Sufficiency Check:

If we execute strategy 1 (spell it out), strategy 2, etc., then we will have met objective # 1. If it isn't sufficient you may be missing strategies.

Implementation Options

2. Use project management to implement the plan

The entire process of project management is covered in a separate course. To summarize how it would work:

- A. The most time consuming part of project management, creating the work breakdown structure (WBS) is already done by the way this course has been set up. Goals – Objectives – Strategies numbering system equates to Deliverables – Sub Deliverables – Work Packages of project management.
- B. The critical benefit of project management is the sequencing of the work packages, or the strategies. Typically there are logical dependencies between strategies. Some must be done before others due to technical or work flow sequence, resource constraints, funding availability, etc. Implementations often fail due to frustration – people want to work on a strategy but run into road blocks because something is missing. Then they try to “muscle” someone else to do the “something” for them on a priority basis. Except they are working on something else. Imagine 200 strategies with no particular sequence. It will be hit and miss what gets done and eventually the entire effort fizzles out. Face saving statements such as “we got the low hanging fruit”, or we have to do “baby steps” are quite common symptoms of strategic plan execution failure.
- C.
- D.
- E.