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# STRATEGIC PLANNING

**BY GEORGE MATYJEWICZ, PHD**

***"When you come to a fork in the road, take it."***

That great philosopher Yogi Berra had a favorite "yogism" that seems to be the mantra of many organizations: "when you come to the fork in the road, take it." Put another way, if you don't have a strategic direction for your business, you can take any road.

The advent of the Sarbanes-Oxley Act of 2002 (SOX), forced organizations to implement a financial risk management process. Many went beyond SOX and implemented an Enterprise Risk Management (ERM) solution – state objectives, identify risks that will prevent the organization from meeting those objectives, establish controls that will mitigate those risks and implement action plans to ascertain that the controls are in place.

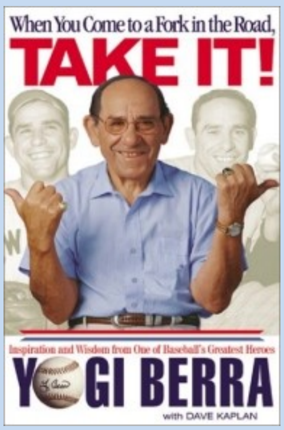
Organizes should go beyond ERM and establish Strategic Planning - the process of developing and maintaining a strategic fit between the organization's goals and capabilities and its changing marketing opportunities. It involves defining a clear company mission, setting supporting objectives, designing a sound business portfolio, and coordinating functional strategies.

Strategic Planning forces you analyze your strengths and weaknesses and identify opportunities and threats that affect your corporate objectives. This is also known as a SWOT (Strengths; Weaknesses; Opportunities; Threats) analysis. Strengths and weaknesses are internal factors over which you should have control. Opportunities and threats are external to your business, over which you may not have control. Your goal is to match your resources and capabilities to the competitive environment in which you work.

The statement of not seeing the forest because of the trees is often the story with business owners/managers. One day runs into the next which runs into the next. When a manager spends most of his/her time "fighting fires" in the workplace, i.e., reacting to problems, it can be very difficult to stand back and take a hard look at the big picture.

To succeed, managers must stay focused on the organization's ultimate goals and objectives. Lose sight of those goals and objectives and you will most likely fail.

Your strategic plan must be simple, realistic and attainable to give management and staff an opportunity to think strategically.




**HOW TO...**

- Differentiate
- Workshops
- Planning meetings
- When ?
- Manage your resources
- How implemented?

**NEED HELP?**

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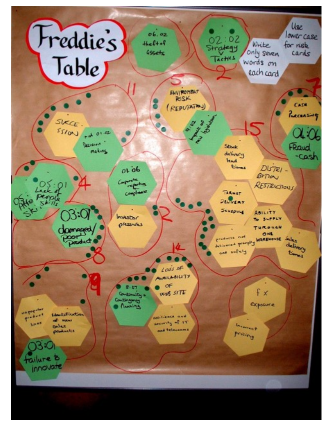
A strategic plan should not be confused with a business plan. You need both. A strategic plan is not the same as an operational plan. The strategic plan identifies your vision and objectives. An operational plan carries out the strategy as defined in the business plan.

**How does Strategic Planning differ from Long-Range Planning?** Long-range planning generally means the development of a plan for accomplishing a goal or set of goals over a period of several years, with the assumption that current knowledge about future conditions is sufficiently reliable to ensure the plan's reliability over the duration of its implementation. Strategic planning assumes that an organization must be responsive to a dynamic, changing environment. Strategic planning involves anticipating the future environment, while making decisions in the present. This implies management staying abreast of changes in order to make the best decisions it can at any given point – manage and plan strategically.




**Workshops.** Strategic Planning should be conducted in a series of workshops, preferably offsite at a retreat, with all key parties involved. The workshop should be a brainstorming session with everybody participating. Focus on realistic SWOT issues that affect your organization, not the latest buzzwords in the industry. Then analyze those issues and narrow them down to fit your organization.

A workshop needs a facilitator, boards for recording SWOT issues, and attendees of equal stature, i.e., all line managers together; all c-level officers together; etc. The boards should be on brown paper, which can be hung around the room using masking tape. This gives members a true clear picture of your organization. Boards should have sections that contain:

⇒ Vision or Goals and Objectives. This should be a top-down approach, i.e., the CEO identifies three goals for the organization. Each business unit manager then identifies his/her three goals which must complement the CEO's goals.
⇒ Corporate Values. Identify the values and ethics that your organization honors.
⇒ SWOT (Strengths; Weaknesses; Opportunities; Threats) issues – internal and external factors that affect your organization.
⇒ Key Strategies. What strategies will you consider to accomplish your goals?
⇒ Strategic Action Programs. Develop action plans to be assigned to the responsible parties, e.g., CEO – develop a corporate business plan; CFO – develop a detailed financial plan; COO – identify resources needs to execute the plans; Board of Directors – bring on more qualified BOD members to advise management; etc.

The best way to conduct such a workshop is to have each of the major categories on a separate board, and the SWOT to be separated into four boards – one each for Strengths, Weaknesses, Opportunities and Threats.

Workshops like this should take 1-2 days for each group. Keep the discussions going and encourage interaction and a wealth of input. The strategic plan should not take longer than two or three months to complete. Otherwise you lose momentum, and the planning effort will fail.

Each meeting should be scheduled at most two to three weeks apart when planning. It's too easy to lose momentum otherwise. Attendance must be mandated from the top down. The CEO needs to issue a clear mandate on the importance of strategic planning. And the CEO must be involved in the planning process.

You may want to consider using a facilitator from outside of your organization if:

1. This is your first strategic planning exercise.
2. Previous strategic planning was not deemed to be successful.
3. There is no one in the organization that members feel has sufficient facilitation skills.
4. No one in the organization feels committed to facilitating strategic planning for the organization.
5. An inside facilitator will either inhibit participation from others or will not have the opportunity to fully participate in planning themselves.
6. You need an objective voice, i.e., someone who is not likely to have strong predispositions about the organization's strategic issues and ideas.

**Typical Planning Meetings.** A brief strategic planning process, as an example, might include 4-5 planning meetings which results in the creation of a top-level strategic plan, that is later translated into a yearly operating plan. To be effective the planning meetings should be held offsite, preferably at a retreat. And agenda should be issued ahead of time to inform members of what is expected so they can plan and bring ideas to the meetings. They must be productive meetings.

1. Start with a half-day retreat where the board chair and/or chief executive kicks off the project and explain the benefits of strategic planning and the organization's commitment to the planning process and identifies who will be involved. The facilitator presents an overview of the planning process. The team then begins the next step in planning – identifying the corporate goals and objectives, and the goals and objectives of the business units. The corporate ethics and values must also be defined. Team members are asked to think about SWOT before the next meeting.
2. The next meeting focuses on SWOT. When this is finished and before the next meeting, a subcommittee is charged to draft the key strategies needed to accomplish the strategic plan. This document is distributed before the next meeting.
3. In the next meeting, planners exchange feedback about the strategies. Feedback is incorporated in the document and it is distributed before the next meeting. The team must then discuss the plans for develops the Strategic Action Programs, which must be developed and distributed before the next meeting.
4. At the next meeting, the team reviews the Strategic Action Programs and exchanges feedback about the strategies. Feedback is incorporated in the document and it is distributed before the next meeting.
5. At the next meeting, the Strategic Action Programs are finalized to be submitted to the CEO and the Board of Directors for final approval and implementation. Management will use this document to establish a yearly operating plan which details what strategies will be implemented over the next year, who will do them, and by when.

During this process, various subcommittees might be formed to gather additional information and distribute it before the next planning meeting. Be certain that meetings are well organized and conducted in an efficient manner to ensure realistic expectations from the planning project.

**When should an organization conduct Strategic Planning sessions?** When to do Strategic Planning will be different for each organization. If yours is a business whose products and services changes rapidly, then you need to schedule Strategic Planning more frequently than an organization in a static or stable marketplace. For example, if you are in the fashion industry, you may need to schedule strategic planning once or twice a year. Or if you are a startup, you definitely need to plan more than once a year. You need to pay close attention to details, i.e., goals, values, strengths, weaknesses, opportunities, threats, responsibilities, timelines, budgets, etc. You should always try to capitalize on your strengths and improve your weaknesses.

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Strategic Planning should be done …

1. When an organization is just getting started. The strategic plan should become part of the business plan, along with a marketing plan, financial plan and operational plan.
2. In preparation for a new major venture, for example, a new product line, creation of a new division, merger or acquisition, etc.
3. For most organizations, at least once a year, to become part of the business plan and related subsidiary plans.

**Who should be involved in the Strategic Plan?** You need a champion – an executive familiar with the company's principles and practices. The executive should be respected in the company, able to enforce the disciplines required by, and know what to expect from Strategic Planning. Typical candidates for this position include the Chief Strategist (or Chief Global Strategist), Chief Executive Officer, Chief Financial Officer, Chief Marketing Officer or even a Board of Director.

In any event, ALL key players should be involved in creating the Strategic Plan. Strategic Planning should be conducted by a planning team.

With the planning team, you should consider:

1. The CEO should drive development and implementation of the plan.
2. Establish clear guidelines for membership, for example, those directly involved in planning, those who will provide key information to the process, those who will review the plan document, those who will authorize the document, etc.
3. A member of the board of directors needs to be included, since they have a primary responsibility to account for the strategy of the organization.
4. Ensure that as many stakeholders as possible are involved in the planning process.
5. Be sure to include those who are responsible for composing and implementing the plan.
6. Involve an administrator who can arrange meetings, record key information, organize visual effects; record the plan as it is being developed, etc.

**How do you ensure implementation of your Strategic Plan?** Often strategic plans end up as an exercise in futility – a document is produced that ends up on a shelf. The organization ignores the valuable information depicted in the strategic plan. It is critical that the CEO and Board of Directors are behind a strategic planning process and guarantee its implementation. To ensure success consider:

1. Involve those who will be responsible for implementing the plan.
2. Be sure the plan is simple, realistic and attainable. Get a buy-in from all team members.
3. Segregate the corporate strategic plan into smaller strategic plans, e.g., a strategic plan for each business unit; one for each department; one for managers responsible for processes, etc. Action plans also need to be developed into smaller segments.
4. In the action plan, identify who is to do what and when and include regular review points. Communicate the action plan and review process to the organization to ascertain the job gets done. Assign one key executive to ascertain that the plan is enacted in a timely fashion – that it stays on target. Place huge emphasis on the importance on feedback.
5. Translate the strategic plans actions into job descriptions and personnel performance reviews.

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**Getting started.** How does an organization begin to develop a Strategic Plan? First you need to identify the players – who will be involved, and what do you expect them to contribute? We use forms to assist in the planning process. The forms help stakeholders organize their thoughts and focus on the task at hand. It is mandatory that stakeholders focus on this important task, and provide input to assist the entire organization. An offsite retreat, planned properly, works best. Participants need time to contribute and time to think about the next steps. Hence, summaries and follow-ups of prior meetings are critical.

**Summary.** Strategic Plans are guidelines, not hard-fast rules. It's OK to deviate from a plan, as long as you understand the reason for the deviations and update the plan to reflect the new direction. Strategic Plans may not be the panacea for success, but it will help you take the right fork in the road.

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About the author. George Matyjewicz, PhD is Chief Global Strategist and Managing Principal at GAP Enterprises, LLC. http://www.gapent.com His dissertation "Just In Time Payments And The New Global Currency For Conducting Business In A Global Economy" was compiled from 3+ decades experience in the business world. He was formerly President/General Manager of a global digital currency company with customers in 120 countries and Chief E-Commerce Officer for a global giftware company where selling the big ones was critical. He was a Principal/Partner at a top 50 U.S. CPA/Consulting firm. He is regularly published as an expert on global business, finance, technology and implementation.

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