

THE PROCESS OF STRATEGIC PLANNING

ARTICLE #1 OF 10

INTRODUCTION TO STRATEGIC PLANNING

Strategic planning is to a business what a map is to a road rally driver. It is a tool that defines the routes that when taken will lead to the most likely probability of getting from where the business is to where the owners or stakeholders want it to go. And like a road rally, strategic plans meet detours and obstacles that call for adapting and adjusting as the plan is implemented.

Strategic planning is a process that brings to life the mission and vision of the enterprise. A strategic plan, well crafted and of value, is driven from the top down; considers the internal and external environment around the business; is the work of the managers of the business; and is communicated to all the business stakeholders, both inside and outside of the company.

As a company grows and as the business environment becomes more complex the need for strategic planning becomes greater. There is a need for all people in the corporation to understand the direction and mission of the business. Companies consistently applying a disciplined approach to strategic planning are better prepared to evolve as the market changes and as different market segments require different needs for the products or services of the company.

The benefit of the discipline that develops from the process of strategic planning, leads to improved communication. It facilitates effective decision-making, better selection of tactical options and leads to a higher probability of achieving the owners' or stakeholders' goals and objectives.

There is no one formula or process for strategic planning. There are however, principles and required steps that optimize the value of strategic planning. The steps in the process described in this series of articles on strategic planning are presented below:

- Current Situation Analysis
- Segmentation Analysis
- Strength, Weakness, Opportunities, and Threat Analysis
- Core Competencies Analysis
- Key Success Factors
- Business Unit Strategy / Business Plan
- Balanced Score Card
- Evaluation

The principles and steps of this process will be discussed in a series of articles following this introduction to strategic planning. The choice, of the planning process that works best, should be driven by the culture of the organization, and by the comfort level of the participants. The strategic planning process must mirror the cultural values and goals of the company.

There are a number of important steps to remember in the process of strategic planning. They include collecting a meaningful and broad data base, creatively thinking about differentiation, defining gaps, assessing core competencies, and understanding the identifying critical resources and skills.

An important distinction in the process is to recognize the difference between strategic planning, or the work being done, and strategic thinking, or the creative, intuitive input. The planning element involves the data collection, goal setting, expectation definition and statement of direction. Strategic thinking includes the intuitive and creative elements. This thinking process takes into account and helps to leverage the values of the internal culture of the business and external characteristics of the market.

Strategic planning can be a challenging process, particularly the first time it is undertaken in a company. With patience and perseverance as well as a strong team effort the strategic plan can be the beginning of improved and predictable results for a company. At times when the business gets off track a strategic plan can help direct the recovery process. When strategic planning is treated as an ongoing process it becomes a competitive advantage and an offensive assurance of improved day to day execution of the business practices.

Use of an outside, independent facilitator can help in the process and in the development of a strategic plan. An outside resource can provide objectivity and serve as a “devil’s advocate” as well as a sounding board for the management charged with plan development. In the final analysis the plan must have the authorship and ownership of the owner and the managers who must execute and follow the strategic plan. It must be their plan.

The strategic plan, to be of real long-term value, must be treated as an ongoing business process. It must be reflective of the owners’ mission and vision. It must evolve and change to reflect changing market and economic conditions. It must be proactive to competitive, market and economic conditions. If those steps are followed, the strategic plan will institutionalize a culture of continuous improvement and disciplined change.

Strategic planning, when treated as a work in progress, rather than as a binder on a shelf, or a file in a computer, provides business with a real and lasting competitive advantage. It will help determine and direct the quality of relationships with suppliers, employees, unions, customers, and bankers.

To get your business to where you desire it to be, start with determination and drive to develop a useful and living strategic planning process. Give it strong support and leadership from the top down. Develop and evolve it with participation and buy-in from the bottom up. Strategic planning is your company's road map to your vision.

John F. Dix and H. Lee "Buck" Mathews
Business Development Index, Ltd. and The Ohio State University
Columbus, Ohio
August 2002

(Article #2 in this series of 10 will deal with step one, Analysis of the Current Situation)