

## **THE PROCESS OF STRATEGIC PLANNING**

### **ARTICLE #9 OF 10 EVALUATION**

Strategic planning pays dividends to companies when approached in a disciplined process with top-down support and bottom-up participation. The following is the ninth in a series of ten articles describing one proven, tested process for effective strategic planning.

The previous eight articles explained the process of developing the strategic plan. The products of the process are both a strategic plan and an annual business plan backed up with a selective, specific Scorecard to measure the progress and results.

The evaluation process needs to be on going and continuous. The evaluation process provides a clinical check-up on the progress of the business compared to both the near term Business Plan and the long-term Strategic Plan. The evaluations process provides a timeframe to determine if the hurdles set up through the scorecard are being met. In addition, the evaluation process provides a time to determine if results are still meaningful and do they add to the goals of continuous improvement for the company and add real value to the customer?

During the strategic planning process there was a constant focus on both the internal and external factors impacting the business. During the evaluation process there needs to be a continuous measurement of the circumstances both inside and outside of the company. Significant changes in conditions or in performance signal the need to consider adaptation to the near term Business Plan to steer the business back on the course set by the Strategic Plan and the Scorecard. Any changes in the near term Annual Business Plan must still conform to the parameters of the long term Strategic Plan.

In cases where the changes cannot be accommodated in the near term Business Plan then consideration for Strategic Plan changes are likely called for. In this case a repeat of part of all of the Strategic Planning Process will help to get the business back on course and in a position to meet its goals and satisfy customer needs.

Remember, changes in the Strategic Plan are normally driven only by significant changes in the external or internal conditions identified in the Strategic Planning Process or by some new material condition in the business environment. Minor or insignificant changes in the marketplace can usually be addressed by changes in the near term Business Plan.

In cases of significant changes it may be necessary to revamp the Strategic Plan and Scorecard. These types of significant changes in the business environment are less

common in traditional product and service companies and more common in high technology, new technology, or rapidly changing market conditional situations. The process of evaluation of the strategic plan needs to be ongoing. It calls for attention and sensitivity to the environment inside and outside of the company. It is the responsibility of both the Senior Management and Middle Management to keep tuned in to conditions and to sound the signal when significant occurrences are identified or anticipated.

The Evaluation Process is best conducted with both a formal and informal component. The formal component may be a quarterly, or other timely period, evaluation of conditions. The informal process is the discipline of the managers to practices of being in the field, visiting customers, and suppliers. It is a continuous process of benchmarking both inside the company and outside of the company and it's industry, including companies and industries not in a directly competitive set; and it is being sensitive to changing conditions within the company.

The on-going Evaluation Process is the early warning system for the company. A well-established formal and informal process and practice in this area can be of significant value to the company. It keeps the near term Business Plan on tract and the long term Strategic Plan vital and effective in steering the company through constant environmental change while delivering consistent and predictable results.

The final decision that comes out of the Evaluation Process is to determine the extent to which the Strategic Plan and Scorecard needs adjustment to continue to be effective as a working tool keeping the company on course. The final test is to determine if the company is meeting the expected results for the owners, employees and most importantly, the customers.

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

\*\*\*\*\*

**(Article #10 in this series of 10 will summarize the entire Strategic Planning Process)**