Life after Planning

How to build strategies that get implemented

By Preston D. Cameron

Walk by the window of any local bookstore and they are visible at every turn. Turn on the television and their advertisements bombard you like snowflakes in a blizzard. What is it? It's today's latest fad diet. You'll find hundreds of books and commercials that contain promises of the ultimate solution to create that essential makeover. Worse yet, if you wander into the business section of the same bookstore, you'll probably find an equally numerous selection of books on strategic planning and strategic management that could pass for the corporate world's version of the latest fad diet. And like those other diet and health books, organizations consume these new books on management and strategy to find that ultimate management and planning fix — the corporate organization makeover.

There they are — hundreds of today's latest titles line the shelves full of breakthrough strategic insights and promising instant results if you will only follow their formula. Unfortunately, in the world of strategic planning and management, you already know that it's just not that simple. No matter how challenging a makeover your organization might require, it takes more that just reading today's latest fad book to produce the desired results.

Think back to 1990 and what company's five-year strategic plan foresaw the impact of the Internet? What "hot topic" management book correctly laid out that essential "six-step program" that accurately predicted your organization's Internet makeover? Could anyone have accurately forecasted how the Web would have an impact on seemingly mundane tasks such as ordering products, or its ramifications for the traditional brick-and-mortar business? In today's environment, competition, customer expectations, the Internet, electronic commerce and government regulations can alter the planning process so quickly that those five-year strategic plans can become obsolete before they are even complete.

In today's dynamic environment, there are two core problems with most of the current fads in organizational dieting, or strategic thinking. The first is that in an effort to make it seem easy to accomplish, organizations make it too confusing to understand. The second problem is that to make it a quick fix, the diet professionals focus on what your organization's strategy should be, but what they don't tell you is how to get it done.

Effective strategic planning for your organization isn't a voluminous document that gathers dust on the shelf, nor is it the latest fad diet book on a local bookstore shelf. It's the ability of your organization to make and fund new decisions, modify and taper the edges of your performance, and the ability to reassess your direction with a quick response capability. The real outcome of any good strategic plan should be a set of interactive strategic actions by the rest of your organization. If you want to transform the role of finance and frontline management, boost the performance of your organization and strengthen your organization's ability to respond to today's dynamically changing environment, focus on changing the behaviors associated with your organization's strategic planning process.

Strategy formulation, as it's traditionally carried out, is ineffective in the current marketplace. Competitors don't schedule their initiatives to coincide with their adversaries' annual planning meetings. Demands for accelerated response times necessitate that your organization define, decipher and deploy tactical and operational plans with pinpoint accuracy. Although strategic decisions must be made with increased frequency — and more frequently by your front-line management — few companies have figured out how to do this well.

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To make your strategic thinking, planning, and management process more effective, let's examine some of the components that are missing from the typical strategic planning process. In short, what happens after "the plan" has been developed? Most organizations fail to separate the components of strategic planning and those that are critical in facilitating the required follow-through. Let's begin by separating the terminology that is confused with strategic planning and management. For example, define

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and identify your organization's vision statement. Often organizations confuse the organization's vision for it's strategic plan. Your vision is what you want to become. It should be qualitative in nature. When properly identified, it's easy to see that it's not a strategic plan.

Organizations also frequently mistake their mission statement for a strategic plan. Mission statements are just that. They are a statement of purpose. They identify why your organization exists. Then your strategic plan must equal your organization's goals, right? Wrong! Goals are just those — goals. They identify what it is that your organization wants to accomplish. So, once you've defined your vision, mission and goals, you are now ready to identify your strategy. In other words, you know what it is you want to become, why you exist and what it is you want to achieve, you just need to know how you will do that. And that is the definition of your strategic plan. Your strategic plan becomes the identification of how you will achieve your vision, mission and goals. The specific tactical and operational plans become the programs or specific steps you will undertake to accomplish that *how*.

Strategic planning takes the vision, mission and goals of an organization and formulates a detailed set of corporate and divisional objectives. In many respects, strategic planning serves as the cornerstone of the overall business planning process. But for many organizations, tactical and operating management isn't involved in the definition of these initial activities. The result is a plan that doesn't account for the present capabilities of the organization as understood by these key managers, a plan that isn't communicated or worse yet, a plan that cannot be implemented.

Within your organization there are three levels of strategic planning, each with specific characteristics and requirements. At the corporate level, strategic planning must deal with answering the question of how

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your organization will achieve its growth targets. What are the underlying drivers that define your growth? Only by first answering this question is your organization prepared to pursue the questions surrounding what business you want to be in and how you will manage the business activities that you have. At the business unit level, your strategic plan needs to define how your business unit will compete, what markets you will serve and most importantly, how you will differentiate your organization in factors like feature, price and cost, for example. Within each business unit, you have functional departments that must participate in the planning process. Strategies at this level must be consistent across the horizon of departments, as well as vertically in the business unit and in concert with your business unit leadership.

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By focusing on strategic thinking (evaluating the forces that are impacting your organization) and strategic management (using your strategic thinking to set and communicate the objectives of your organization), tactical and operational managers become the key components of your organization's strategic analysis and planning processes. For example, a strategic planning and management process should include the following: sensing activities in the market; analyzing and deciding what to do with them; tracking implementation efforts; and learning from the feedback. Who has more intense involvement in these activities than your front-line managers? By focusing on strategic planning, analysis and strategic management as a system of related behaviors that correspond to the areas noted above, your strategic planning process will create a better radar to help your organization identify changing conditions, better practices for decisions and responses, fewer delays and less inertia, and better analysis of feedback from your efforts.

Although you can't know the future, your organization undoubtedly gets hints about the future through the evolution of your markets. Salespeople regularly learn about their competition's activities. People throughout the company can hear whispers about new plants or new products from your competitors. The problem is that organizations typically lack a strong radar system and a behavior process to deal with what these front-line managers have learned. If your organization gleans a scrap of competitive information, do they know what to do with it? And more importantly, does your organization understand how your managers can and should use it?

The result simply stated is that strategic analysis and planning is a line management activity. Any development or initiation of a strategic plan must start at this level of your organization. Success will be predicated on your organization's ability to define the desired end-result behaviors that you require from the strategic planning activity. Effectiveness requires that you be specific about what it is that you are trying to do. Each business area's management team should establish critical success actions and assess their impact on the strategic plans, then develop credible business plans to implement these actions.

From the perspective of time horizons, unless your organization is in a stable industry (and who is these days?), events in your competitive markets are moving so fast and becoming so complex that a planning horizon of more than three to five years in trying to document successful strategies is becoming irrelevant. Today's organizations are finding it more beneficial to establish plans that focus on the dimensions of market space, for example, by organization, by product and by channel. Successful companies rely on an assortment of operational figures, not accounting data, to help manage and develop their strategic plans. They develop multiple options to address a problem and choose between those options within a defined period — typically two months. They dispute alternatives rather than turf. In short, they make informed decisions based on the most complete knowledge of their environment.

Here's where the finance and technology professional can play a lead role in strategic analysis and planning by supporting the development of both qualitative and quantitative objectives. The qualitative objectives should be translated into strategic narratives that clearly state the business aspirations or goals of the organization. The objective becomes focusing on what *must* be achieved rather than what *can* be achieved.

The qualitative and quantitative objectives from the strategic planning process must be communicated across the organization so that your organization's functional areas can develop specific action plans to deliver the strategy. These action plans provide an important mechanism for sharing and translating the strategic plans and organizational goals to ensure that the actions of the functional unit are aligned with the organization's vision, mission and goals. They also provide a means for ensuring that the functional unit will follow a direction and focus that is also being followed by, and in concert with, the rest of the organization. Lastly, they provide a means for holding managers accountable by ensuring that performance measures are set. The focus should be on identifying tactics that specify initiatives to close the gap between current conditions and the desired plan result.

Strategy, as the creation and exploitation of change, is unavoidably dependent and predicated on learning. Most organizations look to what they already know — their operational data, historical facts, or computer-driven reports. They rarely question the perceptions they hold, the beliefs they adhere to, the assumptions they accept, or the projections that inform their view of the future. In short, organizations fail to look at their own behaviors as a part of the strategic planning and analysis process. Instead, they spend too much time trying to grasp the external data upon which they continually perform unnecessary analysis. Conversations that get at the heart of these factors can foster thoughtful decision-making about the future. A willingness to examine these beliefs and elaborate on the logic behind them is absent at many companies where leaders fall back on traditional command-and-control mechanisms. Organizations who want to have a life after planning need to get away from knowledge by authority and move to knowledge by reasoning, and then move on with changing their planning behavior.

A questioning environment for changing your planning behavior works best when informed analysis, rather than politics, fuels the planning debate. Strategies will evolve from the quality of the feedback your planning process generates. Unexpected opportunities can and will develop into strategies. While companies rarely take the time to reflect on why things go badly, it's even rarer still for them to ask themselves why things are going so well during the strategic planning process. Often, front-line managers are perceived by those within the strategic management process as seldom having collective assumptions about the organization's environment, their customers or their competitors; instead, they are expected to just know that the product or service shows a profit. The real value of changing your planning behavior comes from tracking these strategic initiatives. It isn't to see how closely a manager can stick to budget, but to have them analyze marketplace performance and understand why things happen as they do.

Whatever your point of view about strategy analysis, development and management, your organization can and must put into place practices and tools that facilitate strategic decision-making throughout the organization if you want to survive. In turbulent times, annual meetings don't come often enough to leave strategic decisions until then, nor is strategy development the sole domain of a handful of executives at an off-site retreat. Strategy setting is a competency throughout your organization, marked by an ability to make smart decisions based on informed logic, not on hunches. It's about learning from change. Smart companies leverage technologies that bring the insights of more people into the process. Rather than rely on a set of universal facts, they seek what they don't know.

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