

## AN EXTREMELY BRIEF GUIDE TO STRATEGIC PLANNING

### The Strategic Plan

A Strategic Plan documents an organisation's priorities, approach, objectives and strategies and succinctly defines where the organisation wants to go and how it intends to get there. From the developed Strategic Plan might flow Action Plans, Business Plans or Feasibility Studies.

We think that it is dangerous to try to write a Strategic Plan and Business or Action Plans at exactly the same time. There is a tendency to write Business Plans in highly optimistic terms, disregarding major strategic hurdles such as staff development and market research, hurdles that will be identified in the Strategic Plan.

In our experience, organisations often skip over the strategic planning process, jump straight into the Business Plan and fail because they have simply overlooked some very important strategic issues. We believe that the Strategic Plan should be developed first to allow time for discussion and consideration and only then should individual Business or Action Plans be attempted.

The Strategic Plan document is not very detailed, wordy or extensive. It is readable, "accessible" and as simply stated as possible. It often contains plans in graphic form.

The document will probably include:

- ) the organisation's **Vision** (see below) of the future at the planning horizon, say 5 or 10 years out,
- ) a definition of its **Purpose** (see below) in achieving this future (this is often called the "mission statement"),

- ) the **Goals** (see below, sometimes called Objectives, or Key Result Areas) it is seeking to achieve during this planning period, and
- ) the **Strategies** that it will adopt to achieve those goals.

My preference is to combine individual **Goals** and **Strategies** into one statement.

A Board may also wish to include statement of the **Values** (see below) to which the organisation will adhere in achieving its **Vision**.

The objective of the process is to develop strategies that the Board will hand on to those who will implement them. The product of the planning process is the definition of a series of goals and strategies to achieve them. The **Vision Statement, Purpose Statement** and **Values** provide the context for the strategies.

This context might all be seen as airy fairy or, as George Bush Sr once famously said, "...that vision thing...", except that research says that there is a direct correlation between "organisational performance" and the specification of these contextual statements. Some 1998 research found that "*companies consistently performed substantially better than average if they had a vision statement, a specification of behavioural standards or values, a specification of general non-financial goals, and an expression of intent to satisfy the needs of identified stakeholder groups*".

The planning process moves down through these levels, becoming more and more detailed as it progresses.

## AN EXTREMELY BRIEF GUIDE TO STRATEGIC PLANNING

There is often confusion between the **Purpose** and **Vision** Statements.

Again, it is important to remember that the Strategic Plan stops with a series of strategies having been identified. It is at this point that the Board would normally adopt the plan. Some plans go too far and into too much operational detail. They are often so big that they end up holding open office doors.

After the Board has ratified and adopted the plan, management develops its tactics, action and operational plans to implement the Board's strategies.



**Few organisations write good strategic plans!  
Many confuse the parts, particularly the Vision,  
Purpose and Goals.**

**There is confusion over the terms vision,  
mission, purpose, goals, strategies and  
objectives.**

**Many organisations waffle on with politically  
correct or meaningless buzzwords.**

### The Vision Statement

The **Vision** Statement describes your preferred future. If the Strategic Plan is the blueprint for an organisation's work, then the Vision Statement is an artist's impression of the finished product. It describes in words what success will look like. The results of your work will never be greater than the vision that guides it.

Imagine that it is 10 years into the future and you have been wildly successful at what you are hoping to do. The Vision Statement describes the situation you want to see in the future. In developing this vision, you might ask: "How do we want the community to be different? What role do we want to play in our community? What will success look like? What will our organisation look like?"

Martin Luther King said "I have dream..." probably the best known Vision Statement in the last 100 years.

Kennedy said, "We will put a man on the moon by the end of the decade". Success flowed from those visions.

Ford Auto's Vision Statement is: "Ford is the leading consumer company for automotive products and services"

The US Federal Environmental Office's Vision Statement is: "A federal government that applies sustainable environmental practices".

We ask our clients to imagine themselves 10 years into the future and to look around their successful enterprise and describe what they see –that's the **Vision** statement.

## AN EXTREMELY BRIEF GUIDE TO STRATEGIC PLANNING

**“Aboriginal and Torres Strait Islander people have life spans and health equivalent to the best of the rest of the population”**

**“Per capita of population, Aboriginal and Torres Strait Islander doctors are over represented in the health professions.”**

**“AIDA is, and is seen by all in the health professions to be, the peak body for all Aboriginal and Torres Strait Islander doctors”**

The **Vision** Statement, by definition, deals with the position in the **future**. It keeps the organisation focussed on the ultimate outcomes in the future.

Like all parts of the Strategic Plan, the shorter and more succinct the writing, the better.

The **Vision** Statement must deal with those things that the organisation can affect to see the vision become reality. It should be positive and inspiring.

Some organisations don't adopt Vision Statements. The sky will not fall if an organisation does not have a Vision Statement; there is no law requiring Vision Statements. However, to have a sharp focus on a direction, a Board must have developed a mental image of the possible or desirable state of things in the future. I think that **Vision** statements are useful

to create interest and commitment, to focus the entire organisation on a dramatic or inspiring direction, to focus sharply on a purpose and to break the organisation out of limited thinking.

**Vision** Statements should never be generic and should never be boring.

### The Purpose Statement

A **Purpose** statement answers the questions, “why does this organisation exist”, “...what business are we in...”, or “...who are we and what do we do ..?”

Combined with the **Vision** Statement, a **Purpose** Statement defines how an organisation fits into making the vision reality.

The **Purpose** Statement of the US Federal Environmental Office, mentioned above, whose Vision Statement is: “The Federal Government applies sustainable environmental practices”, says that its Purpose Statement is: “To promote sustainable environmental stewardship in the Federal Government”.

Like **Vision** Statements, not every organisation has a Purpose Statement. Some are extensive. However, like all parts of the Strategic Plan, the shorter and more succinct the writing, the better. It is preferable that it is short enough to be remembered and also be memorable. For instance, Lexus whose **Vision** is “Lexus is the best selling luxury car in the world” has a fabulous **Purpose** Statement that is very succinct:

**“Beat Benz”.**

Whereas the **Vision** Statement describes the distant future, the **Purpose** Statement describes the present and near future.

## AN EXTREMELY BRIEF GUIDE TO STRATEGIC PLANNING

**Purpose** Statements might cover the following:

- ) the identity of the customer or client;
- ) the level of performance expected, sometimes the values involved;
- ) the organisation's identity and business;
- ) what is to be accomplished.

*"Canada Tire is a growing network of interrelated businesses; CT strives to meet the needs of its customers for total value by offering a unique package of location, price service and assortment".*

*"FedEx is committed to our People-Service-Profit Philosophy. We will produce outstanding financial returns by providing totally reliable, competitively superior, global, air-ground transportation of high-priority goods and documents that require rapid, time-certain delivery."*

**Purpose** Statements often endure for many years and may have to be modified as the organisation achieves its objectives and the Vision becomes reality.

A good **Purpose** Statement should capture the unique and enduring reason for being.

**AIDA mobilises Aboriginal and Torres Strait Islander doctors, health professionals, business and the government to produce radical improvements in the quality of health of Aboriginal and Torres Strait Islander peoples.**

**AIDA also encourages and supports Aboriginal and Torres Strait Islander people to become doctors.**

**AIDA represents Aboriginal and Torres Strait Islander doctors' needs and views to the Government and other health professionals**

At this stage of the Strategic Plan, the context is still being set.

### **The Values Statement**

A **Values** Statement defines the ethical framework for the organisation and also what values are considered worthwhile by the organisation. A **Value** Statement has a significant impact on both the selection, priority and implementation of strategies.

**Values** Statements will generally identify how the organisation will deal with:

- ) The community;
- ) Customers or clients;
- ) Staff;
- ) Suppliers.

Like all parts of the Strategic Plan, the shorter and more succinct the writing, the better. However, values are unlikely to be encompassed in a single sentence. They usually deal with each of the above.

It is preferable that the **Values** Statement be written in completely unambiguous terms and that generic "motherhood" statements be avoided. They can be written in narrative or dot point style, as shown in the examples below.

Under no circumstances should any organisation adopt a **Values** Statement that it does not propose to adhere to. That will produce an extraordinary backlash.

For instance, it is no use having a public **Values** Statement that talks about "valuing and nurturing staff above all else" if, in the interests of profitability, you have no staff development, and staff cuts, bullying and unannounced sackings are routine. It will come back to bite

## AN EXTREMELY BRIEF GUIDE TO STRATEGIC PLANNING

the organisation and it is simply better to not adopt such statements.

However, **Values** Statements are very useful to help staff model their actions and decisions on what are co-operatively created statements. They are also useful in hiring and promoting staff whose outlook is congruent with the values. They are useful in rewarding and recognising people within the organisation whose work and approach embody the values that the organisation embraces.

Some examples:

*Merck:*

*“ In discharging our responsibilities, we do not take professional or ethical shortcuts. Our interactions with all segments of society must reflect the high standards we profess. We each take responsibility for adhering to business practices that are in accordance with the letter and spirit of the law and with ethics that reflect the highest standards of corporate and individual behaviour.”*

*Pitney Bowes:*

- ) *“We put our customers first;*
- ) *Innovation and risk-taking drive our growth;*
- ) *We identify and solve problems;*
- ) *We conduct business with the highest ethical standards;*
- ) *Our actions make a difference.”*

When the **Values** Statement is written and agreed, the context of the strategic plan is set.

### Strategies

This is the last stage of the Strategic Plan.

Some organisations separate the Goal of a Strategy from the **Strategy** itself. Our preference is that a strong statement of the Goal is connected directly to the **Strategy**. This means that the **Strategy** always “carries around” its reason for being.

**Strategies** are the broadly defined major (probably less than ten) approaches that the organisation will use to carry out its **Purpose** and drive towards its **Vision**. Detailed objectives and detailed actions flow from each strategy. **Strategies** should be written in purposeful language.

Like all parts of the Strategic Plan, the shorter and more succinct the writing, the better; **Goal** and **Strategy** encompassed in a single sentence.

A community newspaper might have the following **Goals** and **Strategies**:

- ) Expand our customer base (Goal) by pursuing multimedia opportunities (Strategy);
- ) Deliver award-winning journalism (Goal) , by recruiting profiled journalist staff (Strategy);
- ) Provide vigorous community leadership (Goal) , by editorial activity (Strategy) and ;
- ) Achieve financial independence (Goal), by conservative reinvestment policies (Strategy).

After this stage is complete, the Strategic Plan is signed off by the Board and is then taken over by management to develop a plan to implement the Strategic Plan. Such plans go by many names

## AN EXTREMELY BRIEF GUIDE TO STRATEGIC PLANNING

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and may include “Business plans”, “Action plans”, or Implementation Plans”.

They normally consist of measurable **Objectives** with detailed **Actions** for each **Strategy** (the acronym SMART is sometimes used to define how these objectives and actions should look: **Specific, Measurable, Achievable, Realistic** and **Time-based**. Others say that they must answer the questions *what, by when and by whom?*).

A **Budget** is also generally developed at this time as part of these plans. The time horizon is generally only 1-3 years.

This Implementation (or Action or Business) Plan is the basis upon which the organisation is run on a day-to-day basis. It is also the basis upon which the Board regularly reviews the progress of the organisation and assesses management’s performance.

The Actions and Budget in this Implementation Plan are generally reviewed at Board Meetings, to make sure that implementation is “on track”, and, if necessary, make changes accordingly.

On the other hand, the Board’s Strategic Plan will be reviewed at least once a year and, if it is being successful is less likely to change until the end of its five or 10-year time horizon. This is one criticism of many strategic planning exercises. It is important that the board scan the strategic horizon for significant changes, particularly in the light of current trends for digital disruption. An organisation’s strategic plan will certainly change if the environment around the company has changed.

However, it should keep out of day-to-day operational matters. Whilst the Board might want to suggest some detailed objectives and actions (a wish list), the best methodology for developing the Implementation Plan is for the

staff or management to suggest a comprehensive plan, aligned to the Strategic Plan, for Board approval.

The reasoning behind this is that it is the Board's role to determine strategic and policy level plans; it is the management and staff's role to implement them by executing well-developed and achievable operational plans.

It is a principle of setting targets that the people who must implement them have a say in their adoption and make the commitment to achieve them.

The Board has a subsequent role in approving the Implementation or Business Plan and also a key role in ensuring performance of the plan.

**Please feel free to contact me about this planning methodology.**

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