Strategic Planning
Mid-Year Review & Adjustment

This is a critical time for many businesses. We're just over halfway through the year and pressure is building to make sure financial projections and performance objectives are met in the remaining months. Yet far too many companies are trying to do so with an ineffective plan or no strategic plan at all.

It is surprising how many small and medium-size companies I encounter that have detailed financial forecasts, sophisticated production schedules and other such management tools, but no overall strategic plan to guide them to success. It would be like trying to design a new product without a clear purpose or construct a production facility without carefully developed blueprints.

Inadequate strategic planning is not limited to any sector or industry. From commodity manufacturers to bleeding-edge tech firms, future directions are all too often left unplanned. This typically leads to disappointing performance for most and disastrous results in the worst cases.

Businesses generally fail to do strategic planning for two main reasons; they lack the expertise to create an effective plan or they do not make it a high enough priority. It is not hard to understand why company leaders would keep putting off strategic planning to focus on day-to-day operations, put out fires and deal with an endless stream of demands that just can't wait. But planning the right course for a business is one of the most effective, low-cost ways to improve company performance and the bottom line. Making the time can provide an excellent ROI for a company.

One of the biggest concerns I hear from CEOs is that they will invest a lot of staff time, energy and cost into a plan that will get filed away and be forgotten days after it has been completed. If this happens, it is likely that the company did not have an effective, well-administered strategic planning process. Stated another way, a business will get out of the plan what they put into it. In my experience, most companies really do not know where to start.

Another concern is that the process will be so involved and cumbersome that it will bog down and be hard to manage. This does not have to be the case. Some planning processes begin with extensive analyses that take much time and many resources (external assessment of market segments, competitive and trend studies, internal appraisal of the business structure and resources, overall S.W.O.T. analysis and more). While these can be valuable tools for a business, they are not essential to every strategic planning process.

The four components of a successful strategic planning process that I believe are essential are buy-in from all the stakeholders, strong communication with everyone involved, a detailed implementation plan that is directly linked to the stated goals and diligent follow up to ensure that the plan is getting the desired results. The process must be designed to achieve all these things or the outcome may be disappointing.

The key is to implement a step-by-step process that keeps the business on track as the team identifies the path the organization should take. It needs to be efficient, inclusive and produce specific, with tangible follow-up actions.

It is important to start with a clear understanding that strategic planning is an ongoing process that requires firm commitment. That doesn't mean it should overburden the management team with endless work and meetings that do little to advance the organization's competitive position, profitability and culture. A properly designed and facilitated planning process will efficiently guide the team from organizational goals to specific objectives and actions for every member. That leads to better performance in all areas, greater personal success for employees and a stronger team culture.

Another important characteristic of an effective strategic plan is that it can provide measureable results. In addition to using these metrics to improve performance and optimize the process itself, they can demonstrate the true value of strategic planning to the company.

My approach to developing an effective strategic plan uses a multi-step process. It starts with the company's guiding principles, which include its values, vision and mission. Values are what the company stands for and how it behaves. The vision is where it is going. The mission is why your company exists and how you will get to where you are going.

The core values are absolute, without exceptions. They are what a company stands for and would never change, regardless of how they impact the business. They are the primary basis upon which all decisions are made. Ralph Larson, CEO of Johnson & Johnson, put it this way: "The core values embodied in our credo might be a competitive advantage, but that is not why we have them. We have them because they define what we stand for, and we would hold to them even if they became a competitive disadvantage in certain situations."

The company's vision is a statement of its potential. The vision statement gives a clear description of what it wants the business to become. This, in conjunction with the values and mission statement is the foundation of all further planning. MIT professor Peter Senge describes vision as a "picture of the future we wish to create." When a company creates a vision that employees can accept and embrace it empowers everyone to work together to achieve common goals.

A company's mission is more tangible and specific than its vision. It helps to apply the vision through a systematic and deliberate process of planning, communicating and measuring a business's direction. The mission statement provides a framework that prevents aimless wandering, minimizes trial and error, and focuses efforts and resources.

The next step in the process is strategic thinking. This is how a company decides what direction the business should take. It considers every aspect of the company, its assets, resources, challenges and opportunities. The planning team then draws upon its knowledge and insight to envision the future and how to get there. The result of this step is a clear, viable strategy for achieving the future success of the company.

With that strategy in place, the company can move on to creating specific goals that will take the business in the right direction. A critical success factor is the quality and effectiveness of the goals that are created. I use a goal-setting process that is described by the acronym SMART WAY, which stands for: Specific, Measurable, Attainable, Results-oriented, Time-bound (set target dates), Written, Achievable and Yours. These are the characteristics of goals that are most likely to be owned, achieved and beneficial to the company and its employees. The "Yours" component warrants a special comment. I cannot stress strongly enough that goals need to be embraced by those who will be carrying them out. If they are relevant to the staff, the likelihood of success is greatly increased.

The best goal planning includes three components that are frequently overlooked. First, ensure that all participants can envision success and the rewards that will be gained from reaching the goals. Next, do the same with the consequences of failure, clearly communicating the costs if the goals are not met. These can range from disappointed customers, lost market share and missed budgets to total business failure. And third, have the team identify as many potential barriers to success as possible and develop ways to remove or avoid them as part of the plan. Adding these elements to the planning process contributes significantly to achieving each goal.

Different departments or components of the business typically have individual goals and actions for their areas, which coalesce into one overall initiative for the company. This creates a tangible roadmap for success.

That roadmap is then ready for implementation by the management team and ultimately, their employees. There must be activity schedules, accountabilities, tracking and evaluation to make sure the plan does not just gather dust on office shelves. This is why it is so important to get the involvement and buy-in of key team members throughout the process. People support and go the extra mile for what they own. It takes the team to make it happen.

The final step is to review and measure progress so that the team can evaluate the results of their plan and its implementation. This management information can be used to keep people and activities on track, identify necessary changes and continuously improve the process.

Following the initial, comprehensive strategic planning process, I recommend annual updates and goal-setting sessions. It is unlikely that the foundational components (values, vision and mission) will often change, but they should be reaffirmed. At the annual sessions, the focus is on goals and implementation plans for the next twelve months. There should also be quarterly progress assessments for evaluating the progress, addressing new opportunities and challenges, overcoming barriers and fine tuning the plan, as necessary.

Now is an excellent time for companies without a strategic plan to initiate the process for next year. There is ample time to do it right. For businesses that have a plan but are not getting the results they want, there is still an opportunity to make real improvement by making revisions and developing a new implementation plan for the rest of this year. In almost every case, effective planning leads to greater success.

© Copyright The Treer Group, 2012. All rights reserved.