

Strategy Made Plannable

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Executive Summary

Organizations perform strategic planning, but do not plan strategically.

Executives must do strategic planning as they consider and anticipate the future. There are many models, tools, and approaches for Strategic Planning and many of them may be appropriate. However, despite using best practices, too often the strategic planning process does not produce outputs that are fundamentally useful to the management team to perform the plan. The process, if executed at all, produces a “plan” that is:

- too lofty, or
- too complicated, and
- doesn't change organizational behavior

What organizations can change is how they layer the various phases of the strategic thinking to create a meaningful plan that individuals can execute. Executives often direct a strategic visioning followed by a detailed planning exercise. What is missing is a translation layer of activity and a persistent governance process layer. As professional managers, they need to honor the scope and boundaries of each stage of the strategy process, allowing for complete thought and clarity of information. Organizations do not need a new Strategic Planning technique, they need to combine and sequence their techniques better to create and communicate consumable strategic information and ultimately garner the value that was initially envisioned.

Introduction

Executive leaders realize they need to show direction, that they have a vision, and that it needs to be communicated. They need a Strategic Plan. They:

- Find a venue that will be acceptable for a multi-day, “roll up our sleeves” get it done meeting.
- Bring the senior management team together and hire an outside consultant to facilitate the brainstorming.
- Apply a best practice technique such as the balanced scorecard or SWOT analysis.
- Define the Big Hairy Audacious Goal (BHAG), set targets, goals, and objectives.
- Eat bagels and fruit.

The process is fun, tiring, comprehensive and exciting for the team. The consultant leaves with the notes and then writes up a 20-50 page document, or perhaps a 120 page slide deck (with all of the market analysis). Cycles of approvals and edits later, the Strategic Plan is ready for presentation to the leadership team and maybe the board (for nonprofit sector). Presentations happen; challenges are made; defenses are mounted; heads nod. The organization now has their Strategic Plan for the next 3-5 years.

And then the plan goes onto a shelf, into the cloud, tossed into google docs or buried in the shroud of SharePoint...until next year's revision. The initial question, "what did we say we were trying to do?"

While there are many paths to strategic planning failure, even the successful ones do not often connect a plan to actual execution. Strategic Planning generates fees for consultants and eye-rolls for management, hearing, "This year will be different!" However, the scenario can work, with some adjustments to the process. Scoping and maintaining the purpose of discrete layers of the Strategy Process creates the roadmap to destination by allowing the executive decision-making process to become the direction needed to structure management work.

What is the problem?

Organizations need to have a direction that all of the staff can follow, and that management can use as the guidance and justification for annual level planning, getting people to focus on the right work. When most organizations plan, however, they start at the wrong level, focus on the wrong detail and fail to create the feedback loop that is needed. We focus on a plan but forget what a plan is meant to do. The strategic plan defines resources and key activities, and its input and constraint on sub-organizational level, long-term and annual planning. But that plan cannot be written from the engagement of one long weekend offsite. When we interview managers and staff after the SP has been rolled out, we find:

1. They haven't read it or don't know much about it
2. It indicates goals and ideas that are lofty, generic, and ennobling, but not useful, or
3. It is very detailed and complicated with many SMART¹ goals as indicated by the consultant, and
4. The plan is not useable and,
5. It becomes out of date within a few quarters.

The techniques applied are good; the problem is that the different elements of the process are not constructed to a meaningful purpose.

- We try and do it quickly, in one sitting
- We use consultants incorrectly
- We make a leap from visions of glory to the misery of activity (directive) detail and lists of goals, objectives, and targets that take more time to develop than to execute
- We don't communicate the direction or the plan (or even see the difference between the two)
- We don't have feedback – other than the executive finding out 9 months later that "we are no longer on the plan."

The "Strategic Planning" process can be improved by scoping the process more definitively. The two common layers of visioning and actual planning are often conflated and usually missing an

¹ Simple, Measurable, Achievable, Relevant, Time-bound

interpretation layer. And with overly complex plans, the *actual planning*, the change of direction needed to be directed to management and staff, does not happen.

Do we even need Strategic Planning?

Yes! The purpose of undergoing the strategic planning process is to create a common understanding of a change that must be made. Given a mission or a vision, the quest for a long term plan that is not simply a multi-year enterprise-level tactical plan is undertaken only when there is a perceived need to be different at some future time. Real strategy is about change. Change for the organization's viability over time is the responsibility of the executive team. If the executives of the organization believe the 2 tenants below, then having a meaningful Strategic Plan is a necessity:

1. Things will be different in the foreseeable future, in the environment in which they produce value and find resources
2. They can choose to take action across the organization to be able to function in that new environment

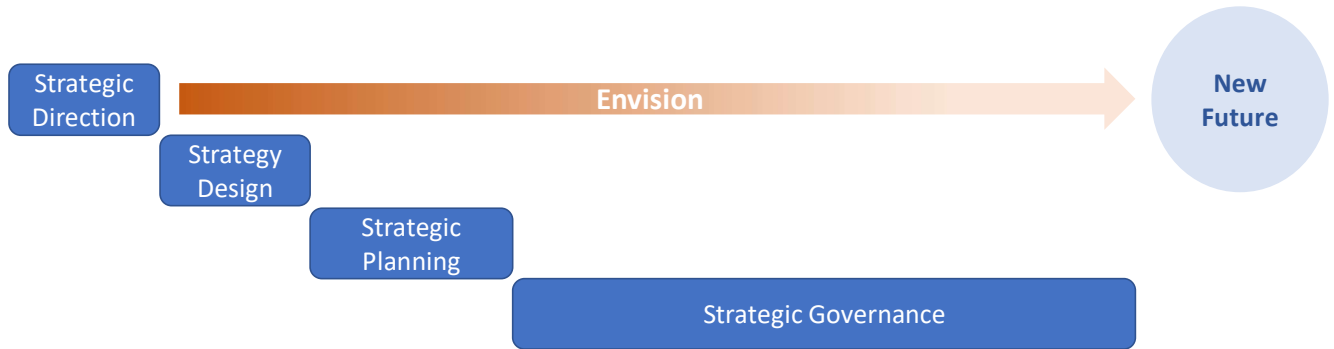
What is to be done?

Disambiguating the process is important to having clarity of purpose, the correct stakeholders, and the outputs needed at each stage of the Strategy Journey. We do not start with strategic planning. A plan has a specific meaning, and the organization cannot start at the plan level. Executives can use the techniques they are familiar with, placed appropriately into four layers of the Strategy Process:

1. **Strategic Direction:** a need to be different.
 - Most generically, whatever the expert techniques used, this effort answers, “what is it we are changing to?” “Why?” “In what time frame?”
 - “Directioning” creates and drives the requirements for the next layers.
2. **Strategy Design:** Sequence of changes that must be true to get to the final condition in the desired timeframe.
 - Work in this layer answers the questions, “as we move into the future, what changes must be accomplished? In what order? By when? How will we see them?”
 - “Design” describes the movement of the change needed.
3. **Strategic Planning:** A time-bound, resourced, sequenced, dependency-determined expectation of work and the interactions between sub-ordinate organizations.
 - This layer engages the managers that will allocate resources, define annual level of work, and assure progress.
 - The plan requires the management to be clear about resources and time needed to accomplish the change required.
4. **Strategy Governance:** Collecting and analyzing information related to completion of the plan and the strategy and any expected outcomes.
 - Provides the feedback requirement to know if change is happening and if the outcomes are what are valuable to the organization.

- Creates the information for the executive to understand the progress of change for which they are accountable.

Strategy Process



Often, organizations attempt the first phase “Direction,” do not perform the second “Design,” overcomplicate the third “Plan,” and initiate the fourth “Governance,” until it gives them negative information. The most important element missing is the strategy, the translation between the direction and the plan.

What to consider

The strategy process demands thinking about directed, intentional change over time and establishing expectations and specific actions that are anticipated. It is a journey with the four phases, each with its own purposes, outputs, and participant roles.

The Strategic Direction Phase

The Strategic Direction phase has three key participant roles, fulfilled by individuals, multiple people, or groups:

1. Executive team
2. Subject Matter Experts (external to the organization)
3. Facilitator

The executives have leadership in sharing their concerns and views of the future.

A facilitator is needed, with the caveat that often the wrong facilitator is chosen. From mission-oriented nonprofits, academic institutions, and government functional organizations, executives tend to hire a facilitator to manage and direct the meeting that is also knowledgeable with the industry or field the organization operates in. The facilitator chosen that “understands our business” may be a future-seer in the field and can provide technical and market insight. While providing intellectual

comfort to the executives, such a selection creates risk, as the role of a facilitator is objective. The facilitator directs the flow of the meeting activity and information, balancing interests, maintaining the scope, and schedule of the Strategic Direction phase.

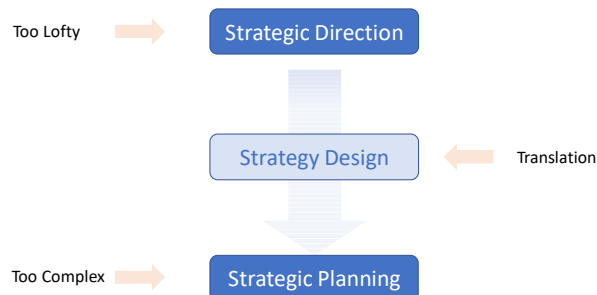
If a Subject Matter Expert (SME) is needed to provide additional views (analysis) and information about the future conditions the organization faces, then they should be hired for that activity. This SME may be a valuable participant on this path, and should be engaged in pre-engagement research, “read-aheads,” and discussions along with the executive team. Their biases will be known, and in the role of a participant, they will not be expected to influence the development of outputs during this phase, which creates a conflict of interest.

The Strategy Design Phase

The Strategy Design phase has three participant roles:

1. Executive Team representative
2. Senior Managers
3. Facilitator

The executive team representative(s) provides continuity from the direction-setting events to the design phase.



At this level, however, the Senior managers, those who directly manage the resources and staff of the organizational functions to achieve and support mission, take the lead in considering the Critical Success Factors (CSFs) and major milestones that the organization must take to achieve the ultimate direction set by the executive team. These Senior Managers all represent different functional areas of the organization and as such can see major impediments, risks and dependencies necessary to create a road map and key indicators. They must have consensus on the expectations and targets of the strategy roadmap. This series of meetings will translate the broad goals into a meaningful document from which specific planning will be based.

The Facilitator’s role includes taking the highest-level ideas, the direction and goals that were established in the direction setting phase, and bringing them forward to the Strategy Design. The Facilitator must also document and continuously reflect the development of the Strategy Roadmap with milestones and related information. The Facilitator encourages and directs the consensus of the Senior Management participants.

The Strategic Planning Phase

The Strategic Planning phase has participant roles

1. Senior Managers
2. Middle Managers
3. Facilitator

For the actual plan development, the Strategy Roadmap is provided as the controlling document for the development of the Strategic Plan. A plan must have identified activities, dependencies, sequence, time and resources. The Strategic Plan is at the enterprise level, with the decomposed categories of work aligning to the subordinate organizations (the organizational functions).

The Senior Managers, having developed the Strategic Roadmap, provide the Middle Managers (Directors or Branch Chiefs having direct management of mission activities and internal operations) with the purposes of the Strategy Design, the roadmap. With an understanding of the intent and direction of leadership the middle managers help the integration of the subordinate pieces of the plan. The Middle Managers must be able to think through what activities their organization will take to meet the roadmap. The Strategic Plan will then become the controlling design and input for each organization to build their own annual plans to.

The Facilitator directs these activities, providing necessary read-ahead information, capturing decisions and concerns that must be taken back to the executives, and captures the enterprise level Strategic Plan. This is the output of the group as documented by the Facilitator.

The Governance Phase

The participant roles here will vary by the size and culture of the organization. Key roles include:

1. Executive team (representative)
2. Senior Management team (representative)
3. Analyst

The executive team representative and senior management team representative are engaged to receive the information to authorize continued work, to reflect on recommendations, and to make recommendations for change in activities needed to achieve the strategic outcome. They will provide feedback on the benefits (value) that are identified through the execution timeframe.

The Analyst role, which may be a team, will provide the capture and analysis of data related to the activities of the Strategic Plan, the key elements of the Strategic Roadmap, and the value that the strategy is producing. This team will also support sharing of any changes or recommendations to the strategic activities that the organizational management needs.

The Strategy Process Schedule: 4 R's

The typical Strategic Planning scenario starts from a failed schedule. To be a thoughtful plan, the entire strategy process must occur over many weeks, not in one offsite, day or weekend. Phase 1 can be accomplished in an offsite over hours or days. Phases 2 and 3, however, are best performed in multiple sessions, “chunked” activities that allow for:

1. **Receiving** input
2. **Refinement** of the data
3. **Reflection** of what has been discovered
4. **Reengagement** to add new elements and get to consensus

Active planning takes absorption of the information and sometimes additional research based on the recommendations made during the meetings. The Facilitator is responsible for establishing and managing the schedule with the participating groups.

Summary

Organizations need to take the planning process in phases, starting with the direction to “what we want to be,” continuing through the logic of the strategy to get there, followed by the specific planning of activities and resources to perform the strategy. These phases should be professionally and objectively facilitated to allow the full engagement of stakeholders and the development of meaningful information. Successful fruition of the plan comes as the organization maintains the discipline to govern the processing, collecting, and analyzing of relevant information and making changes to the plan and expectations during its lifecycle. What has been missing is understanding the scope and relevant participation of each of these phases. The outcome of this sequencing is that the plan produces the results that executives expect, that they are accountable for.