

Strategic Planning Framework Workshop

Workshop Overview & Introduction

- Clearly define the complete strategic planning process
- Explain how to create and execute a strategic plan
- Provide a common model that the entire organization can follow
- **Your name**
- **Employer**
- **Position**
- **Why are you here? (Expectations)**

What is Strategic Planning?

- Process to establish priorities on what you will accomplish in the future
- Forces you to make choices on what you will do and what you will not do
- Pulls the entire organization together around a single game plan for execution
- Broad outline on where resources will get allocated

Why do Strategic Planning?

- If you fail to plan, then you plan to fail – be proactive about the future
- Strategic planning improves performance
- Counter excessive inward and short-term thinking
- Solve major issues at a macro level
- Communicate to everyone what is most important

Fundamental Questions to Ask

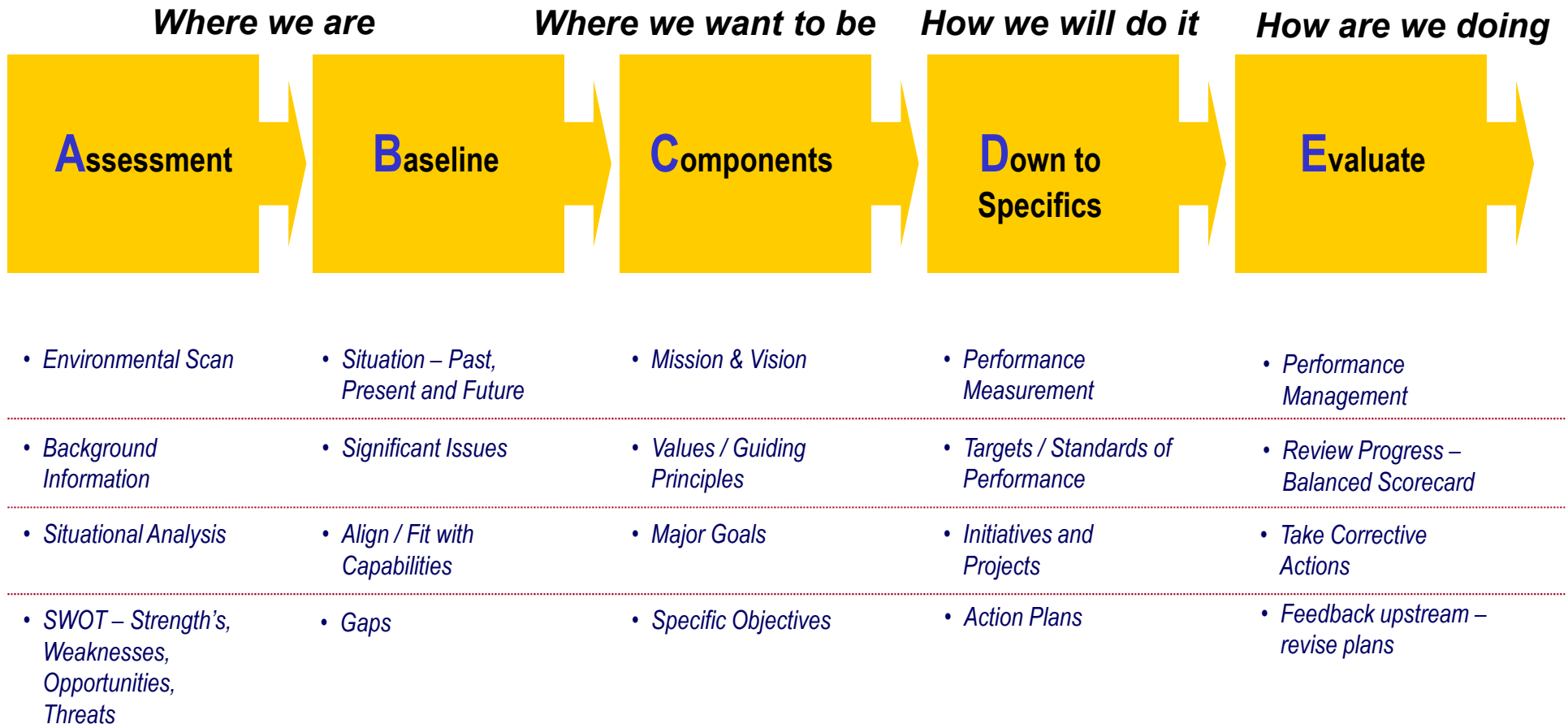
- Where are we now? (Assessment)
- Where do we need to be? (Gap / Future End State)
- How will we close the gap (Strategic Plan)
- How will we monitor our progress (Balanced Scorecard)

A Good Strategic Plan should . . .

- Address critical performance issues
- Create the right balance between what the organization is capable of doing vs. what the organization would like to do
- Cover a sufficient time period to close the performance gap
- Visionary – convey a desired future end state
- Flexible – allow and accommodate change
- Guide decision making at lower levels – operational, tactical, individual

Strategic Planning Model

A B C D E



Pre-Requisites to Planning

- Senior leadership commitment
- Who will do what?
- What will each group do?
- How will we do it?
- When is the best time?

Assessment

Assessment Model: S W O T

Assessment

Internal Assessment: Organizational assets, resources, people, culture, systems, partnerships, suppliers, . . .

External Assessment: Marketplace, competitor's, social trends, technology, regulatory environment, economic cycles .



SWOT

Good Points

- Easy to Understand
- Apply at any organizational level

SWOT

Possible Pitfalls

- Needs to be Analytical and Specific
- Be honest about your weaknesses

Strength's

Assessment

- Strength's – Those things that you do well, the high value or performance points
- Strengths can be tangible: Loyal customers, efficient distribution channels, very high quality products, excellent financial condition
- Strengths can be intangible: Good leadership, strategic insights, customer intelligence, solid reputation, high skilled workforce
- Often considered “Core Competencies” – Best leverage points for growth without draining your resources

Weaknesses

Assessment 

- Weaknesses – Those things that prevent you from doing what you really need to do
- Since weaknesses are internal, they are within your control
- Weaknesses include: Bad leadership, unskilled workforce, insufficient resources, poor product quality, slow distribution and delivery channels, outdated technologies, lack of planning, . . .

Opportunities

Assessment

- Opportunities – Potential areas for growth and higher performance
- External in nature – marketplace, unhappy customers with competitor's, better economic conditions, more open trading policies, . .
- Internal opportunities should be classified as Strength's
- Timing may be important for capitalizing on opportunities

Threats

Assessment

- Threats – Challenges confronting the organization, external in nature
- Threats can take a wide range – bad press coverage, shifts in consumer behavior, substitute products, new regulations, . . .
- May be useful to classify or assign probabilities to threats
- The more accurate you are in identifying threats, the better position you are for dealing with the “sudden ripples” of change



Baseline

Why create a baseline?

Baseline 

- Puts everything about the organization into a single context for comparability and planning
- Descriptive about the company as well as the overall environment
- Include information about relationships – customers, suppliers, partners, . . .
- Preferred format is the Organizational Profile

Organizational Profile

1. Operating Environment

Baseline

- Products and Services – Suppliers, Delivery Channels, Contracts, Arrangements, . . .
- Organizational Culture – Barriers, Leadership, Communication, Cohesiveness
- Workforce Productivity – Skill levels, diversity, contractor's, aging workforce, . . .
- Infrastructure – Systems, technology, facilities, . .
- Regulatory – Product / Service Regulation, ISO Quality Standards, Safety, Environmental, . . .

Organizational Profile

2. Business Relationships

Baseline

- Organizational Structure – Business Units, Functions, Board, Management Layers, . . .
- Customer Relationships – Requirements, Satisfaction, Loyalty, Expectations, . . .
- Value Chain – Relationship between everyone in the value chain
- Partner Relationships – Alliances, long-term suppliers, customer partnerships, . . .

Organizational Profile

3. Key Performance Categories

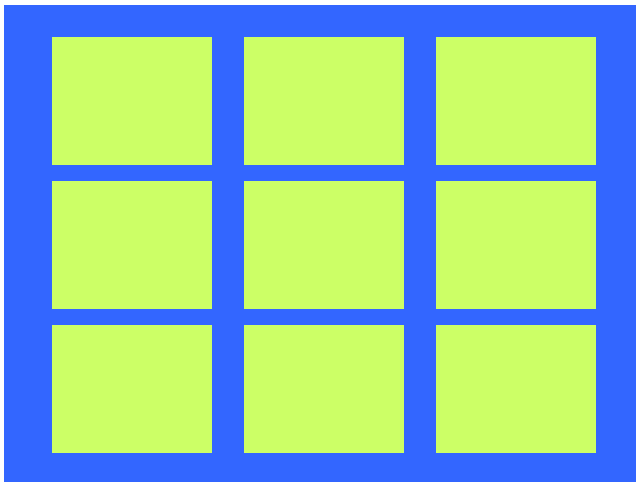
Baseline

- Customer
- Products and Services
- Financial
- Human Capital
- Operational
- External (Regulatory Compliance, Social Responsibility, . . .)

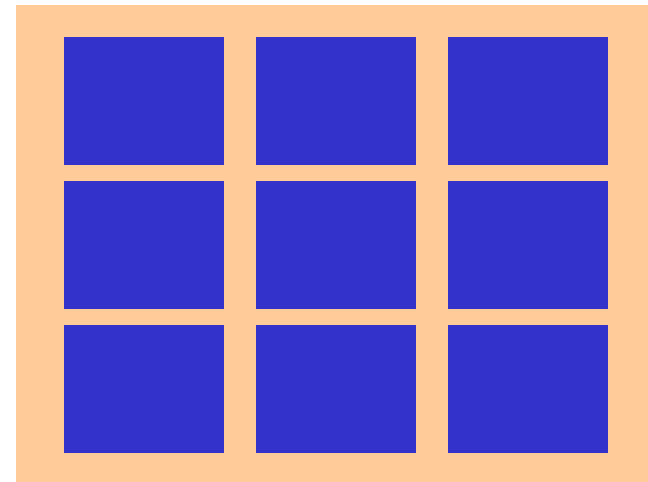
Gap Analysis

Baseline

Baseline / Org Profile



Challenges / SWOT

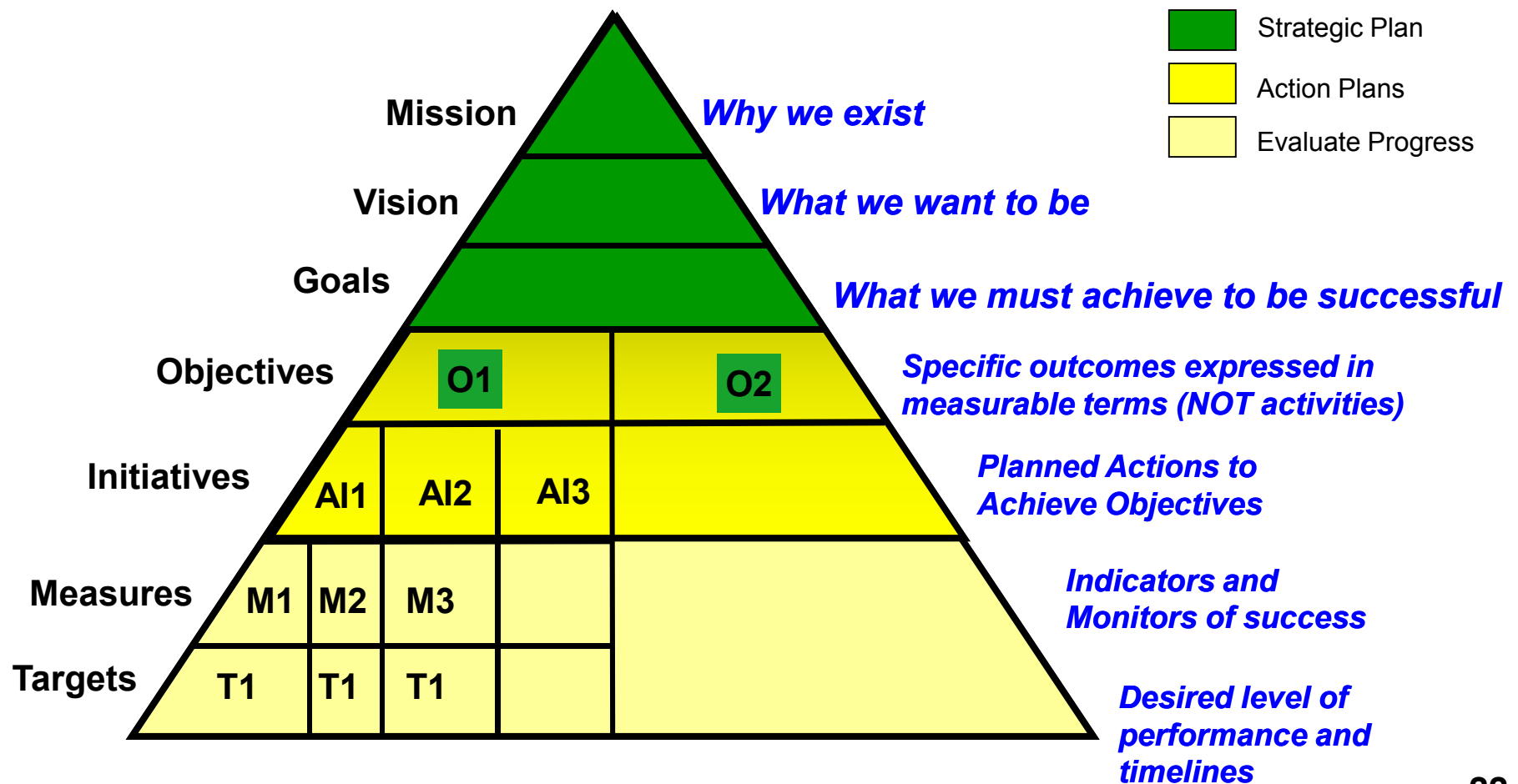


Gap = Basis for Long-Term Strategic Plan

Components

Major Components of the Strategic Plan / Down to Action

Components



Mission Statement

Components

- Captures the essence of why the organization exists – Who we are, what we do
- Explains the basic needs that you fulfill
- Expresses the core values of the organization
- Should be brief and to the point
- Easy to understand
- If possible, try to convey the unique nature of your organization and the role it plays that differentiates it from others

Examples – Good and Bad Mission Statements

Components

NASA

To Explore the
Universe and Search
for Life and to
Inspire the Next
Generation of
Explorers

Does a good job of expressing the core values of the organization. Also conveys unique qualities about the organization.

Walt Disney

To Make People Happy

Too vague and and unclear. Need more descriptive information about what makes the organization special.

Vision

Components

- How the organization wants to be perceived in the future – what success looks like
- An expression of the desired end state
- Challenges everyone to reach for something significant – inspires a compelling future
- Provides a long-term focus for the entire organization

Examples of Vision Descriptors

Components

- Adept
- Aggressive
- Agile
- Aligned
- Assertive
- Available
- Best-in-class
- Challenging
- Clear
- Competent
- Complex
- Compliant
- Conservative
- Coordinated
- Critical
- Direct
- Equal
- Disciplined
- Effective
- Efficient
- Enduring
- Expanding
- Expert
- Fast
- Fast-paced
- Financially-sound
- Focused
- Growth
- Healthy
- Improving
- Incentivized
- Increasing
- Informative
- Innovative
- Leading
- Logical
- Major
- Nimble
- Pioneering
- Protected
- Organized
- Over-Arching
- Quick
- Ready
- Responsive
- Savvy
- Simple
- Solid
- Solvent
- Stable
- State of the Art
- Strong
- Streamlined
- Sufficient
- Strategic
- Sustainable
- Timely
- Value-added
- Vigilant
- Visionary
- World-class

Guiding Principles and Values

Components

- Every organization should be guided by a set of values and beliefs
- Provides an underlying framework for making decisions – part of the organization's culture
- Values are often rooted in ethical themes, such as honesty, trust, integrity, respect, fairness, ...
- Values should be applicable across the entire organization
- Values may be appropriate for certain best management practices – best in terms of quality, exceptional customer service, etc.

Examples of Guiding Principles and Values

Components 

**We obey the law and do not compromise moral or ethical principles – ever!
We expect to be measured by what we do, as well as what we say.**

**We treat everyone with respect and appreciate individual differences.
We carefully consider the impact of business decisions on our people and we
recognize exceptional contributions.**

**We are strategically entrepreneurial in the pursuit of excellence, encouraging original
thought and its application, and willing to take risks based on sound business
judgment.**

**We are committed to forging public and private partnerships that combine diverse
strengths, skills and resources.**

Goals

Components

- Describes a future end-state – desired outcome that is supportive of the mission and vision.
- Shapes the way ahead in actionable terms.
- Best applied where there are clear choices about the future.
- Puts strategic focus into the organization – specific ownership of the goal should be assigned to someone within the organization.
- May not work well where things are changing fast – goals tend to be long-term for environments that have limited choices about the future.

Developing Goals

Components

- Cascade from the top of the Strategic Plan – Mission, Vision, Guiding Principles.
- Look at your strategic analysis – SWOT, Environmental Scan, Past Performance, Gaps . .
- Limit to a critical few – such as five to eight goals.
- Broad participation in the development of goals: Consensus from above – buy-in at the execution level.
- Should drive higher levels of performance and close a critical performance gap.

Examples of Goals

Components 

Reorganize the entire organization for better responsiveness to customers

We will partner with other businesses, industry leaders, and government agencies in order to better meet the needs of stakeholders across the entire value stream.

Manage our resources with fiscal responsibility and efficiency through a single comprehensive process that is aligned to our strategic plan.

Improve the quality and accuracy of service support information provided to our internal customers.

Establish a means by which our decision making process is market and customer focus.

Maintain and enhance the physical conditions of our public facilities.

Objectives

Components

- Relevant - directly supports the goal
- Compels the organization into action
- Specific enough so we can quantify and measure the results
- Simple and easy to understand
- Realistic and attainable
- Conveys responsibility and ownership
- Acceptable to those who must execute
- May need several objectives to meet a goal

Goals vs. Objectives

Components

<u>GOALS</u>	<u>OBJECTIVES</u>
Very short statement, few words	Longer statement, more descriptive
Broad in scope	Narrow in scope
Directly relates to the Mission Statement	Indirectly relates to the Mission Statement
Covers long time period (such as 10 years)	Covers short time period (such 1 year budget cycle)

Examples of Objectives

Components 

Develop a customer intelligence database system to capture and analyze patterns in purchasing behavior across our product line.

Launch at least three value stream pilot projects to kick-off our transformation to a leaner organization.

Centralize the procurement process for improvements in enterprise-wide purchasing power.

Consolidate payable processing through a P-Card System over the next two years.

Monitor and address employee morale issues through an annual employee satisfaction survey across all business functions.

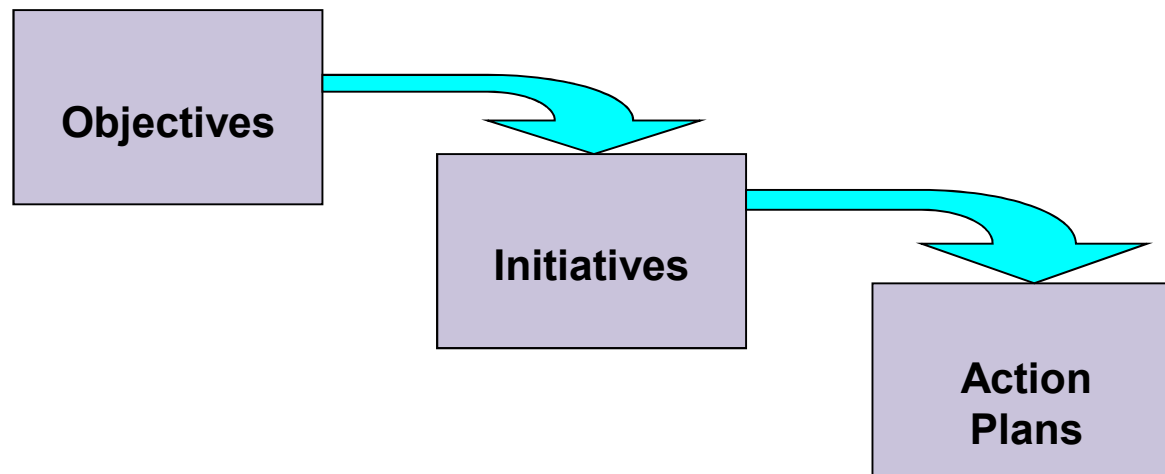


Down to Specifics

What are Action Plans?

Down to
Specifics

- The Action Plan identifies the **specific steps** that will be taken to achieve the initiatives and strategic objectives – where the rubber meets the road
- Each Initiative has a supporting Action Plan(s) attached to it
- Action Plans are geared toward operations, procedures, and processes
- They describe who does what, when it will be completed, and how the organization knows when steps are completed
- Like Initiatives, Action Plans require the monitoring of progress on Objectives, for which measures are needed



Characteristics of Action Plans

Down to
Specifics

- **Assign responsibility** for the successful completion of the Action Plan. Who is responsible? What are the roles and responsibilities?
- **Detail all required steps** to achieve the Initiative that the Action Plan is supporting. Where will the actions be taken?
- **Establish a time frame** for the completion each steps. When will we need to take these actions?
- **Establish the resources** required to complete the steps. How much will it take to execute these actions?
- Define the **specific actions** (steps) that must be taken to implement the initiative. **Determine the deliverables (in measurable terms)** that should result from **completion** of individual steps. **Identify in-process measures** to ensure the processes used to carry out the action are working as intended. **Define the expected results** and milestones of the action plan.
- Provide a **brief status report on each step**, whether completed or not. What **communication process** will we follow? How well are we doing in executing our action plan?
- Based on the above criteria, you should be able to clearly define your action plan. **If you have several action plans, you may have to prioritize.**

Action Plan Execution

Down to
Specifics

- Requires that you have answered the Who, What, How, Where, and When questions related to the project or initiative that drives strategic execution
- **Coordinate** with lower level sections, administrative and operating personnel since they will execute the Action Plan in the form of specific work plans
- **Assign action** responsibility and set timelines – Develop working plans and schedules that have specific action steps
- Resource the project or initiative and document in the form of detail budgets (**may require reallocation prior to execution**)
- **Monitor** progress against milestones and measurements
- **Correct and revise action** plans per comparison of actual results against original action plan

Quantify from Action Level Up in terms of Measurements

Down to
Specifics

- Measure your milestones – short-term outcomes at the Action Item level.
- Measure the outcomes of your objectives.
- Try to keep your measures one per objective.
- May want to include lead and lag measures to depict cause-effect relationships if you are uncertain about driving (leading) the desired outcome.
- Establish measures using a template to capture critical data elements

Measurement Template

Down to
Specifics

(Insert organization name)	(Insert division name)	(Insert department name)	Risk Frame area objective supports	(Insert objective owner)	(Insert measurement owner)	(Insert reporting contact info)
Objective Description – description of objective purpose, in sufficient detail for personnel not familiar with the objective to understand its intent. Objective descriptions are typically two or three paragraphs long. This will appear in the pop-up window when you mouse over the objective in the Balanced Scorecard System.					References – source documentation for objective and objective description	
Comments – additional information about the objective not covered in above blocks, such as recommendations for further revision, additional organizations objective impacts, recommendations for coordination / alignment with other objectives, etc.						
Measure Name - The name exactly as you want it to appear in the Balanced Scorecard, including the measure number (i.e. Percent Employees Satisfied, etc.)		Measure Description – description of the measure, include its intent, data source, and organization responsible for providing measure data. This will appear in the pop-up window when you mouse over the measure in the Balanced Scorecard.		Measure Formula – formula used to calculate measure value (if any)	Data Source - The source of the data – manual, data spreadsheet, or database name and contact familiar with the data	
Measure Weight - the relative weight of the measure based on the impact it has on the overall objective. The total weights for all measures for an objective must add to 100				Measure Reporter – Person responsible for providing measure data. Include the name, organization and email.		
Target Maximum – Maximum expected value for the measure.			Effective Date – Date the target first becomes effective	Frequency – How often target data will be reported		Units – Units of measure
Target – Point where the measure goes from green to amber						
Target Minimum – Point where the measure goes from amber to red. The target minimum and target can not be the same value.				Scorecard Perspective Name		

Criteria for Good Measures

Down to
Specifics

Integrity – Complete; useful; inclusive of several types of measure; designed to measure the most important activities of the organization

Reliable: Consistent

Accurate - Correct

Timely – Available when needed: designed to use and report data in a usable timeframe

Confidential and Secure: Free from inappropriate release or attack

Examples of Measurements Lead Indicators

Down to
Specifics

- Average time to initiate customer contact => shorter time should lead to better customer service
- Average response time to incident => below average response times should lead to increased effectiveness in dealing with incident
- Facilities that meet facility quality A1 rating => should lead to improved operational readiness for meeting customer needs

Examples of Measurements Lag Indicators

Down to
Specifics

- Overall customer satisfaction rating => how well you are doing looking back
- Business Units met budgeted service hour targets => after the fact reporting of service delivery volume
- Number of category C safety accidents at construction sites => historical report of what has already taken place

Targets

Down to
Specifics

- For each measurement, you should have at least one target
- Targets should stretch the organization to higher levels of performance
- Incremental improvements over current performance can be used to establish your targets
- Targets put focus on your strategy
- When you reach your targets, you have successfully executed your strategy

Examples of Targets

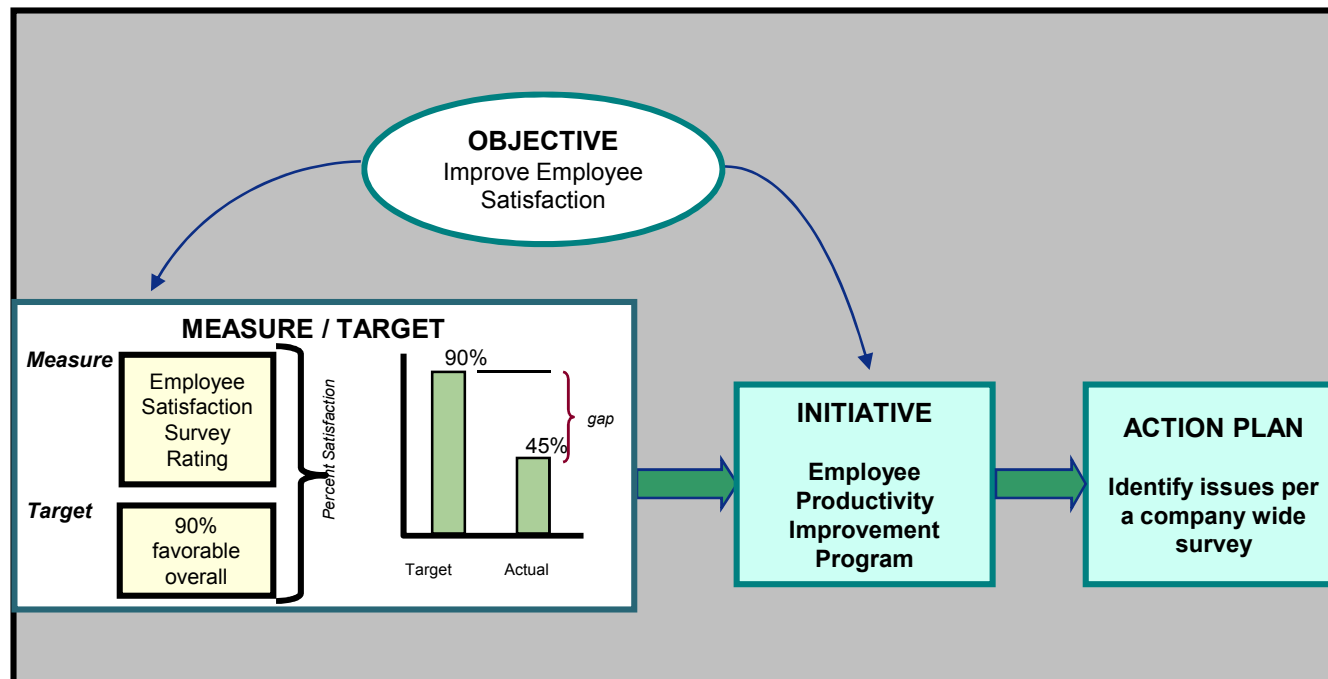
Down to
Specifics

Average Time to Process New Employee Setups in DB	65 days Year 2007	60 days Year 2008	55 days Year 2009
Utilization Rate for Rental Housing Units	90% for Year 2007	92% for Year 2008	95% for Year 2009
Toxic Sites meeting in-service compliance	55% for Year 2007	70% for Year 2008	95% for Year 2009
Personnel Fully Trained in Safety and Emergency	65% by 2 rd Quarter	75% by 3 th Quarter	90% by 4 th Quarter
Open Positions Filled after 30 day promotion period	75 positions Sept 2007	100 positions Jan 2008	135 positions July 2008
% Reduction in Orders Filled Short in 1 st Cycle	50% by Year 2008	65% by Year 2009	85% by Year 2010

Sanity Check . . .

Down to
Specifics

Make sure everything is linked and connected for a tight end-to-end model for driving strategic execution.





Evaluate

Continuous Feedback through the Balanced Scorecard



Evaluate

- Cascade and align from the top to create a Strategic Management System.
- Use the Balanced Scorecard framework to organize and report actionable components.
- Use the Scorecard for managing the execution of your strategy.
- Scorecard “forces” you to look at different perspectives and take into account cause-effect relationships (lead and lag indicators)
- Improves how you communicate your strategy – critical to execution.

Performance Management

Evaluate

- Establish a regular review cycle using your balanced scorecard.
- Analyze and compare trends using graphs for rapid communication of performance.
- Don't be afraid to change your metrics – life cycle (inputs to outputs to outcomes)
- Work back upstream to revise your plans: Action Plans > Operating Plans > Strategic Plans
- Planning is very dynamic – must be flexible to change.
- Recognize and reward good performance results
- Brainstorm and change – take corrective action on poor performance results.

Automating the Process

Evaluate

Low Cost Scorecard Tools

1. Dialog (www.balancedscorecard2.com)
2. Ergometrics (www.ergometrics.com)
3. ExecDash (www.idashes.net)
4. Scorecard Hosting (www.scorecardhosting.com)

High End Best of Breed Tools

1. PB Views (www.pbviews.com)
2. QPR (www.qpronline.com)
3. Rocket (www.rocketsoftware.com/portfolio/epm)

Link Budgets to Strategic Plan

Evaluate

- The world's best Strategic Plan will fail if it is not adequately resourced through the budgeting process
- Strategic Plans cannot succeed without people, time, money, and other key resources
- Aligning resources validates that initiatives and action plans comprising the strategic plan support the strategic objectives

What Resources? How to Link?

Evaluate

Every Action Plan should identify the following:

- The people resources needed to succeed
- The time resources needed to succeed
- The money resources needed to succeed
- The physical resources (facilities, technology, etc.) needed to succeed

Resource information is gathered by Objective Owners which is provided to the Budget Coordinators for each Business Unit.

Resources identified for each Action Plan are used to establish the total cost of the Initiative.

Cost-bundling of Initiatives at the Objective level is used by our Business Unit Budget Coordinators to create the Operating Plan Budget

Some Final Thoughts

- Integrate all components from the top to the bottom: Vision > Mission > Goals > Objectives > Measures > Targets > Initiatives > Action Plans > Budgets.
- Get Early Wins (Quick Kills) to create some momentum
- Seek external expertise (where possible and permissible)
- Articulate your requirements to senior leadership if they are really serious about strategic execution