



Streamlining Tools™: Strategic Business Planning

Strategic Business Planning is the root of all business activities defining purpose, setting direction, & delivering value.

Goal of Strategic Planning Process

The main purpose for going through the process of strategic business planning is to aim the organization toward achieving a **sustainable competitive advantage¹ (SCA)**.

What makes the organization competitive?

In the new economy ("The Information Age"), the rate of change is so rapid that traditional views on long-term planning do not hold any longer especially if one deals primarily with Information Technology. The 'Best-of-Breed' organizations today, consider a long-term horizon as 1 ½ to 2 years and short-term as 3 months to 8 months. Therefore, planning in current times has to be quick, precise and innovative to permit organizations to compete effectively.

The following is a sound process for developing strategic business plans:

Develop the Vision Statement

Determine the broad direction the organization is trying to take.

- Establish the scope of the planning process.
- Determine feasibility of the task at hand.
- Define broad alternatives for achieving the vision.

Develop the Mission Statement

Identify the sustainable strength of the company. Define the market for the business (at least 10% share). This should be done with management in a focused retreat-like meeting environment.

All the participants must agree to the mission statement wording.

What are you going to do and for whom?

Direct the company towards a common purpose.

- Get management focused.
- Reduce scope of project to a manageable size.
- Give business direction.

¹ Some SCA's: Patents, Distribution, Strong Sales and Marketing, Customer Service

Organization Strategic Lessons Learned²

Identify and list the strategic lessons that will be used in the planning process. Get the owners and managers even more focused. The lessons should help to establish strategic policies for the organization.

What things have not worked in the organization based on experience?

- Things not to do: areas where odds of success are unfavorable.
- Things that worked well.

3. Market, Competitive, Environmental, Operational Analysis³:

Start the process of predicting the events that will determine the future of the company.

- Determine/identify threats and opportunities.
- Identify strengths and weaknesses.

Use the Lessons Learned to match/combine Opportunities with Company Strengths.

• Key Factors for Success⁴:

These are the elements necessary for the business to stay in business. KFS can include resources as well as the SCA. KFS almost always includes people, but not for every company. In a service company, people are always important, but not in some A-type⁵ (efficiency) organizations.

What does the company need to be in business?

• Resources:

Resources are the things the company has in its possession or can attain to run its operations (people, equipment, experience, production capacity/facility etc...)

Align resources with KFS.

Use excess resources to improve the business situation - direct excess resources towards strategic initiatives.

² Lessons Learned by Management: general business principles that experience has taught management.

³ SWOT Analysis is useful for determining: Internal Strengths & Weaknesses, External Opportunities & Threats

⁴ Critical Success Factors

⁵ Two types of organizations: A-type (efficiency – standardized, automated, etc.), B-type (flexibility - customized)

4. Prioritize and Establish Goals/Objectives for Strategic Plans:

Move the company from crisis management to planned management.

What do you want to accomplish?

What is the order of importance? (You have to choose; you can't do all.)

5. Strategies and Action Plans⁶:

Develop strategies to fix weaknesses:

- Eliminate killer weaknesses and threats⁷
- Reduce menacing weaknesses.

- Develop Operational: Production/Facility Plan
- Develop Marketing Plan
- Develop Profitability Plan

Again combine opportunities with strengths.

Propose budgets and resources necessary to carry out action plans.

⁶ Execution Plans

⁷ from SWOT Analysis

Strategic Business Planning Checklist

<input checked="" type="checkbox"/>	Date	Occurrence	Duration	Planning Actions	Participants
<input type="checkbox"/>		Yearly	2 weeks 3 x 2 hrs meetings	Conduct an environmental scan using a " T Scan " to determine the key/strategic issues (problems and opportunities) affecting business activities [current situation analysis].	Team leader(s) and customers
<input type="checkbox"/>		Yearly	3 x 3 hrs	Develop/Enhance Mission Statement to set the direction and support customer needs, alleviate problems, and meet expectations.	All Staff
<input type="checkbox"/>		Yearly	3 x 1 hr	Develop and update the office Guiding Principles to support and align daily interactions towards achieving successful results.	All Staff
<input type="checkbox"/>		Yearly	1 1/2 hrs	Determine Strategic Lessons Learned that have significantly contributed to or hampered business operations.	All Staff
<input type="checkbox"/>		Yearly	2 weeks on-going	Develop strategic policies , procedures and standards based on learnings to give greater focus to operations management.	Team leader(s)
<input type="checkbox"/>		Every 6 months	1 1/2 hrs	Operational Analysis - SWOT Analysis: Determine the Internal Strengths, Internal Weaknesses, External Opportunities, and External Threats that affect the business.	All Staff
<input type="checkbox"/>		Yearly	3 x 2 hrs	Determine the Key/Critical Factors necessary for success.	All Staff
<input type="checkbox"/>		Yearly	4 hrs	Determine the Resources available or realistically attainable to support business operations.	All Staff
<input type="checkbox"/>		Yearly	4 hrs	Align Resources with Key Factors for Success.	Team leader(s)
<input type="checkbox"/>		Every 3 months	10x 1 hrs	Define and update the strategic goals or objectives and strategies of the business.	Team leader(s)
<input type="checkbox"/>		Every 3 months	10 x 2 hrs	Develop Action Plans to accomplish goals with specific assignments, timelines and measurements that indicate success.	Team leader(s)
<input type="checkbox"/>		Every 3 months	4 hrs	Consolidate business plan components.	Team leader(s)
<input type="checkbox"/>		Every 3 months	3 hrs	Review draft plan. Update plan as necessary.	All Staff Stakeholders (managers, partners, etc.) Customers
<input type="checkbox"/>		Every 3 months	2 hrs	Present plan to stakeholders and disseminate version.	Team leader(s)
<input type="checkbox"/>		Every 3 months	3 hrs	Review Progress & Get Feedback (Ideas Evaluation) on changes & improvements to be made over the next planning cycle.	All Staff
<input type="checkbox"/>		Every 3 months	2 hrs	Accumulate, Share and Disseminate Learnings & Ideas to all organization staff.	All Staff
<input type="checkbox"/>		Every 3 months	2 hrs	Schedule & Prepare for the next planning cycle.	Team leader(s)