

Effective Strategic Planning



An abstract of a whitepaper by Boyer Management Group

April 10, 2008

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Executive Summary

Formal strategic planning is widely accepted as a best practice conducted by a majority of organizations. Yet, over the past several years enterprises across the globe have increasingly experienced frustration with the effectiveness of strategic planning. Our analysis of why these organizations are not able to achieve the results they expect indicates ineffective but correctable approaches to the strategic planning process.

Key findings by the McKinsey Quarterly¹ and others confirm that most executives have significant concerns about the way their organization:

- § Uses the strategic planning process to make key decisions,
- § Executes the strategy once planned,
- § Aligns itself with the agreed-upon strategy, and
- § Measures its performance against the strategic plan.

These concerns can be alleviated with a more holistic approach to the strategic planning process, leading to consistently successful outcomes. We recommend that organizations consider adopting an approach to strategic planning which incorporates the following approaches and tactics:

- § Involving the right participants in the planning process to assure needed perspective and buy-in,
- § Research by all participants prior to the planning event to enhance the planning discussions,
- § Assuring participants align at the start of the planning event interpersonally and around the organization's vision and key performance indicators, to foster open and effective communications,
- § Creating of a series of project plans to advance the organization towards its objectives, and
- § Implementing a structured top-driven program to assure the plan is properly implemented, progress is monitored and results are reported.

The purpose of this whitepaper is to explore specific aspects of the approaches outlined above and provide practical ways organizations can improve their strategic planning process.

Contents of Whitepaper

Executive Summary	1
Your Strategic Planning 'Team'	2
Participant Pre-Work	3
Alignment	4
Planning Event Methodology	7
Implementing the Plan	10
Final Thoughts	13
Acknowledgements	14

"Strategic planning is critical to the continued success of any organization, yet fewer than half of the executives who responded to an online survey conducted by The McKinsey Quarterly say that they are satisfied with their company's approach to planning strategy."

- The McKinsey Quarterly online article, Improving Strategic Planning¹

¹ The McKinsey Quarterly conducted a survey in July/August 2006 using a worldwide panel of 796 senior strategic and financial executives.

Final Thoughts: Our Top Ten Reasons Strategic Planning Fails

While not exhaustive, our list of reasons why strategic planning fails in an organization provides insight into the steps your organization should consider taking to assure that your strategic planning efforts yield success.

Global Planning Trends

Noteworthy nuggets about the global use of strategic planning:

§ *In China, the mean usage of management tools like strategic planning has doubled from 30% to 60% in the last two years.*

§ *A consistent finding is that companies get the best results when they use tools like strategic planning as part of a major effort rather than in limited initiatives.*

§ *"We've found that successful use of tools such as strategic planning – and executive's willingness to use them – is influenced by the ability to measure and communicate resulting benefits."*

§ *"More than 6 out of 10 executives say they could dramatically boost innovation by collaborating with outsiders, even competitors." All the more reason to have the right people involved in your strategic planning initiatives!*

Source: Bain & Company, Management Tools and Trends 2007 by Darrell Rigby and Barbara Bilodeau

For more information on implementing effective strategic planning in your organization and for our complete whitepaper, please contact us at:

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1. There is no actual plan created – the planning effort produces objectives, mission statements, goals, good discussion and ideas, but not actionable plans.
2. There is no alignment among participants, so 'business as usual silos,' departmental agendas and the like occurred following the planning event, instead of aligning around a common set of agreed upon action plans.
3. There is a missing level of specificity in the action plans themselves, which could lead to many interpretations and confusion over the actual work to be done.
4. There is no leadership follow-up on action plans to hold assigned participants accountable for the execution of the plans.
5. There is limited buy-in to the plans among those tasked with their execution, if the project leaders do not participate.
6. Not all the right participants were included in the process, causing missing or biased perspectives, leading to incomplete analysis and less than optimal action plans and reduced buy-in.
7. There is little or no pre-work prior to the planning event, leading to hasty decisions with incomplete data.
8. There is no planning event agenda to move the planning activities to productive and timely conclusions.
9. Senior leadership does not play an effective role in the process. Ineffective roles include: not being a 'regular participant' in the process; missing in action (either not there, or there but not participating); or having a chilling effect on open dialog.
10. No use of a facilitator to keep the meeting, discussions, and outcomes productive and on track. A participant cannot effectively facilitate, and a facilitator cannot effectively participate!