
# KEEPING STRATEGIC PLANNING SIMPLE

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Strategy & Performance

## Abstract
Declutter and keep a tight focus on your Strategic Planning effort to keep it simple, maintain engagement and focus on what matters most: the outcome.

# Keeping Strategic Planning simple and effective

Companies undertake Strategic Planning on a periodic cycle, crafting or refining the Vision forward that the organization will execute over the following years. Most Plans run on a 3 to 5 years cycle, with annual refresh.

Strategic Planning processes can be complex, labor intensive and lack practicality. In addition, the management of the process often leaves executives frustrated with lack of control, visibility and at times, common sense.

After all, the Strategic Plan is designed to lead the way too future success, whichever that means for the organization (brand value, earnings, market share, achievement of mission, outreach, size, etc.).

The following pages aim at bringing back Strategic Planning to the straightforward process it should still be, decluttering it from some of the non-essential features. Simple does not mean simplistic, as some large organizations require sufficient flesh around the bones to effectively cover their needs.

## The actual goals of Strategic Planning (hint: only outcomes matter)

Below are a few simple definitions, with strategy considered from a business point of view (an evolution from the original Greek word for strategy, which was tied to military discipline). Pulling into a matching sports analogy, a strategic plan could be summarized in: Point, Aim & Shoot!

- A **Strategy** is a coordinated series of actions, tactics and decisions that together, implement the resources necessary to achieve a future goal or solve a problem.
- **Strategic Planning** is the process by which an organization defines a long term vision, sets priorities and goals, allocates resources and makes decisions to pursue, implement and guide the execution that implements the strategy that will implement the vision.
- A **Strategic Plan** is a set of documents and collateral that state and communicate the vision, goals, priorities and other critical elements of the approved strategy.

The primary outcomes of a Strategic Plan are tangible achievements and their associated metrics that demonstrate the progress on implementing the Future State. The planned projects and actions embedded into the Plan are not the end, but only means to achieve the Goals.

Strategic Plans go through numerous changes during the course of their execution. Initiatives get added, others get the ax and some are changed or repurposed; this is the normal life of a Plan, actually. As long as the changes preserve or increase the likelihood of achieving the Goals, they are just good management and course correction.

Most Strategic Plans cover a 3 to 5 years period, so it is a given that things will change and some future initiatives, may be some goals too, will be changed or replaced before the end of the Plan. It is desirable, as sticking to an obsolete Plan can be a damaging waste. Responsive updates when market conditions or strategic purposes are changing would create a powerful strategic agility.

## A Simple Process

There is considerable literature on the process of building a Strategic Plan, augmented with consulting practices which have been giving their own incremental spin. They often suggest complex, unspecified grand ideas, but not always provide a practical, tangible response on how to get it done efficiently.

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McKinsey promoted years ago an interesting point of view that a strategy was projecting ourselves into the desired Future State, a description of the path it would have taken to get there (Current State).

Complementing this "rear mirror" concept with the notion of "Strategic Posture" developed by Igor Ansoff provides a highly workable definition of what a Strategic Plan is: ***the description of the path forward to achieve a desired future state, based on a deliberate Strategic Intent or Impulse***.

Keeping this simple definition in mind at all times might save a lot of existential questions while keeping things into perspective. If an element of the Strategic Plan is not contributing measurably to the achievement of the Future State, it should not be there.

With large corporations operating globally with numerous unrelated business establish their Strategic Plan, the complexity can become quickly overwhelming. To the rescue comes that a lot of the details involved into this complexity only matter at their own level. A subsidiary's strategic goals and investments can be summarized before being aggregated into the Corporate Plan. The granularity of many plans only increases computations, not outcomes.

**Long Range Planning versus Strategic Planning**

Long Range Planning (LRP) is the description of a future state through the extrapolation of historical data and patterns. Future goals are calculated as (latest performance value + expected increase). Strategic Planning makes choices resulting from a full strategic analysis, including internal and external factors, as well as the vision and the organization's capacity to execute.

At each level (Business Unit, Product, Subsidiary, or Region) resides a stated performance goal, which is the point of aggregation. Details on how this performance has been achieved are almost irrelevant, as over the tri-annual course of the Plan, they will change anyway. What matters is that the performance targets remain, and are achieved.

Large Strategic Plans can be viewed as a tree structure, each branch tag allowing a "double-click" if needed, but only the meaningful information being consolidated. This structure enables focusing on the big picture or drilling down into a sub-level on demand, but declutters the decision landscape from data which often confuses leaders instead of helping them.

Strategic Plans are based on assumptions and historical data and analysis, but also include a certain level of uncertainty. Sources of uncertainty can be:

- The capacity of the organization to execute successfully
- The business turbulence (degree of market conditions changes in frequency, predictability and amplitude)
- Market and Competitive Pressure, such as the 5 Competitive Forces of M. Porter (Rivalry, Potential Entrants, Buyers, Substitutes and Suppliers)
- Strategic Aggressiveness, which is characterized by the Timeliness and Degree of Discontinuity of the product / services and associated strategies of the organization (I. Ansoff)

The uncertainty can quickly become overwhelming. A good practice is to assess first the Uncertainty Profile at the overall Strategic Plan level; each sub-level (if any) would then refine the assessment, based on their unique situation. The updated sub-level can be consolidated back onto the main Uncertainty Profile eventually, maintaining a healthy level of details while avoiding increasing the complexity.

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## Revisions, not revolution

Chances are some level of definition of a strategic vision exists already. There is possibly a historical trail of Visions, Strategies and Strategic Executions that is available as well.

Coming up with a Vision, describing a Future State, analyzing internal and external forces, strengths and weaknesses and understanding market dynamics is hard work. It should not go wasted.

Although market dynamics and competitive forces need frequent checks and updates, there is rarely a complete revolution in the market place. A disruptive product or service might come up once in a while, especially if the key actors of the market are complacent or too confident; but this is relatively exceptional. Most changes are relatively small in scale and the necessary adjustments to the Strategy are highly manageable in most cases.

So let’s not re-invent the wheel at every Strategic Planning cycle; it would cause the entire company to go into over-drive, with everyone wondering what was so wrong in the last one that it had to be recreated. The pain is coming from the huge effort that went into “building the onion” and expanding, translating and fine-tuning the last strategic statements. Incurring the same pain without clear justification can be both disheartening and a certain engagement killer.

Doing periodic review enables giving small nudges once in a while to correct course; this can be easily understood and embraced by the entire organization. When (and if) a disruptive event occurs, all energies have not been exhausted and can then be channeled to respond effectively and timely to the new situation.

Keeping Strategic Planning simple is not just making it more effective and increasing the engagement of everybody. It also makes the whole process more enjoyable, more rewarding for both the participants and the organization as a whole.

So here is a new version of the KISS principle: Keep It Strategic and Simple!