

Strategic Planning

A Critical Discipline for Challenging Times

People often criticize strategic planning as a waste of time, a pointless exercise to create an elaborate plan that gathers dust on a shelf. This point of view reflects a lack of understanding of the purpose of strategic planning and how to effectively execute the process.

Strategic planning is a very powerful vehicle for driving organizational change. Done properly, it touches all employees in the company and brings their knowledge and insight to the company's leadership. It involves them in the process and gives them a stake in the outcome.

The principle of an effective planning process is very simple. We all know we could work 24 hours a day and not get everything done that could be done. Because we cannot work 24 hours a day for more than a day or two, there is some prioritization process shaping our decisions about our work focus. Strategic planning is about making that prioritization process visible, intentional and well grounded in facts.

Focus is the point of strategic planning. Just as a child might take a magnifying glass into the back yard and by focusing a couple of square inches of sunlight onto a dry leaf cause it to smolder then burst into flame, the strategic planning process focuses the energy and intentionality of an entire company.

There are six steps to a well designed and executed planning process.

Vision:

In the closely held company, crafting the vision for the company is the CEO's responsibility. When done properly, it will be based on the CEO's personal life vision. (For more on this, see my description of my [Life Planning Session](#).)

In a non-profit or public company, input from other stakeholders is essential, but it is still the CEO's primary responsibility to codify and articulate the vision for the organization.

By Vision, I mean specifically a description of over a defined time frame (typically 3-5 years) of what the CEO wants the company to become. This includes financial

"In preparing for battle I have always found that plans are useless, but planning is indispensable."

Dwight D. Eisenhower
34th President of the USA

performance (revenues, gross margins and pre-tax margins), organization design, cultural attributes and artifacts, markets, technologies created and consumed, and community and environmental involvement, to name just the primary components.

Vision defines the desired reality.

Data Gathering

The next step is to develop a rich data set of the current reality. There are three components to this. First is involving all employees. This is generally done through two data gathering methods: a written (or electronic) survey and through interactive meetings I call Burning Issues meetings. The third mechanism involves data gathering from customers, which can take a variety of forms including informal meetings and surveys.

Offsite Planning Session

With a clear vision and rich data set about the current reality in hand, now we're ready to take the Leadership Team off site. The work of the session is to

1. Understand and commit to the Vision
2. Review the current reality data to identify issues
3. Convert those issues to strategic initiatives
4. Prioritize the initiatives, assign owners, completion times and resources required
5. Define follow up steps to the planning process
6. When practical, include some team building exercises to help the Leadership Team be more aware of and skillful at how they function together as a team.

I strongly recommend that the offsite be held in some venue well away from the normal business environment and I normally schedule an off site from two to three and a half days.



Operating Plans

The follow up work from the offsite is for the owners of the key strategic priorities to meet with the groups who will be involved in the execution of the initiatives and to break them down into objectives, projects and tasks. At each level of the plan outline, four things must be defined: what is it, who owns it, by when must it be completed and what resources are required (if appropriate).

Individual Performance Planning

The last link in the chain is the individual planning process. This can range from a more traditional performance planning session to an internal customer feedback session (highly recommended). But it is a mechanism by which each person in the organization develops a clear charter for success in the context of the key strategic priorities the Leadership Team has identified.

Leadership Team Strategic Meetings

Just like a vehicle or machine needs to be worked on in order to continue to function, the organization needs to be worked on as well. It has been my experience that it takes about one full day per month for the Leadership Team to effectively work *on* the business. Meeting less frequently results in strategic initiatives failing to gain or losing traction. Meeting more frequently, the meetings tend to devolve into operations meetings, which should be being held weekly.

The monthly meetings also involve evaluating the progress on strategic initiatives as well as identifying new strategic issues and slipstreaming new initiatives into the workflow.

The beauty of strategic planning is that the only thing about which we can be absolutely sure is that things aren't going to turn out like we originally conceived. When we acknowledge that, it becomes apparent that it is the ongoing *process* of strategic planning that is critical, not the creation of some lifeless plan that will quickly become obsolete.

Ironically, the more quickly the world is changing around us, the more important a planning process becomes. It helps us remain focused, keeps out of reactive mode, and insures that the shifts in focus and strategy we may entertain in light of changing external circumstances are *intentional* and thoughtfully considered.

Since 1980 I have designed, helped implement and facilitated strategic planning processes for companies large and small. In the closely held company, the planning process is essential for the CEO to design and create a company that works for him/her and breaks the firefighting cycle. For more information, feel free to call or write any time.

About Lanny Goodman

Since 1980, CEOs of companies large and small have consulted with Lanny around their strategic planning processes. Primarily focused on entrepreneurial organizations, Lanny's planning methodologies help companies focus their efforts, improve profitability, rationalize their operations and leverage their people.

In the late 1980's Lanny began exploring how changes in our understanding how the universe works might apply to how we lead and manage companies. Building on the principles of the new science of complexity theory, Lanny began working with his clients, researching and experimenting to create the first comprehensive system for creating companies that run themselves. Lanny's book, **The End of Management** lays out the logic of self-managing systems.

His company, Management Technologies Inc. provides comprehensive support services to organizations interested in creating companies built from the ground up to fully leverage their people. For more information visit www.lannygoodman.com.

Lanny's work has been the subject of a feature article in Inc. Magazine. He has been quoted there extensively as well as in Fortune Small Business and the New York Times. A compelling speaker, he has spoken at sixteen Inc. Magazine national conferences including five Inc. 500 conferences, celebrating the 500 fastest growing private companies in the country.

Lanny holds a BA in Fine Arts and an MBA in Financial Management and lives in Albuquerque, NM. He can be reached at lanny@lannygoodman.com or by phone at 505-884-7300.