OnStrategy

The Complete Guide to
Strategic Planning

Welcome Strategy Leader!

To help you drive results by achieving sustainable strategic focus, we've created the Complete Guide to Strategic Planning, which provides an end-to-end overview of the strategic planning process.

Clarity

Engagement

Alignment

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Getting Started: Introduction

The strategic management process is about getting from Point A to Point B more effectively, efficiently, and enjoying the journey and learning from it. Part of that journey is the strategy and part of it is execution. Having a good strategy dictates "how" you travel the road you have selected and effective execution makes sure you are checking in along the way. On average, this process can take between three and four months. However no one organization is alike and you may decide to fast track your process or slow it down. Move at a pace that works best for you and your team and leverage this as a resource. For more of a deep dive look into each part of the planning phase, you will see a link to the detailed How-To Guide at the top of each phase.

Phase Duration

1-2 weeks (1 hr meeting with Owner/CEO, Strategy Leader and Facilitator (if necessary) to discuss information collected and direction for the continued strategic planning.)

Questions to Ask:

- Who is on your Planning Team?
- Who will be the business process owner (Strategy Leader) of strategic planning in your organization?
- Fast forward 12 months from now, what do you want to see differently in your organization as a result of embarking on this initiative?

Outcome:

- Planning team members are informed of their roles and responsibilities.
- Planning schedule is established.
- Existing planning information and secondary data collected.

Action Grid:

Step	Action	Who is Involved	Tools & Technique	Duration
1	Determine organizational readiness	Owner/CEO, Strategy Leader	- Readiness assessment	2-3 weeks
2	Establish your strategic planning team and schedule	Owner/CEO, Strategy Leader		2-3 weeks
3-4	Collect and review information to help make the upcoming strategic decisions	Planning Team and Executive Team		2-3 weeks

*To access the worksheets under "Tools & Techniques" please refer to our Strategic Planning Kit for Dummies.

Step 1: Determine Organizational Readiness

Set up Your Planning Process for Success – Questions to Ask:

- Are the conditions and criteria for successful planning in place at the current time? Can certain pitfalls be avoided?
- Is this the appropriate time for your organization to initiate a planning process? Yes or no? If no, where do you go from here?

Step 2: Develop Your Team & Schedule

Who is going to be on your strategic planning team? You need to choose someone to oversee the implementation (Chief Strategy Officer or Strategy Leader) and then you need some of the key individuals and decision makers for this team. It should be a small group of approximately 12-15 persons.

Step 3: Collect Current Data

Collect the following information on your organization:

- The last strategic plan, even if it is not current
- Mission statement, vision statement, values statement
- Business plan
- Financial records for the last few years
- Marketing plan
- Other information, such as last year's SWOT, sales figures and projections

Step 4: Review Collected Data:

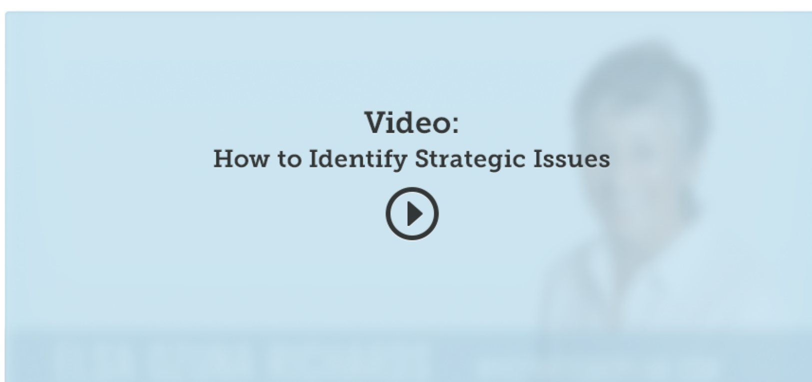
Review the data collected in the last action with your strategy leader and facilitator.

- What trends do you see?
- Are there areas of obvious weakness or strengths?
- Have you been following a plan or have you just been going along with the market?

Conclusion: A strategic plan needs to be adaptive to survive changing or unanticipated conditions. An organization that develops and executes a strategic plan gains significantly from the experience, and starting with a working model and then building a tangible plan can be more successful for your organization than having no plan at all.

Over the life of your strategic plan, you may discover that some of the underlying assumptions of your strategy are flawed or incomplete. Often your organization's mission and vision may remain the same while your objectives and goals will need to be revised or updated. When this happens, you will need to either adapt your strategy or begin the process over again. But don't let it be a pitfall for you.

Some organizations can maintain a strategic plan for a year or longer, while others have to respond to market changes more frequently. Whatever your situation, just be prepared to let go and switch strategies as necessary. Corrective action needs to be taken quickly to compensate for the dynamic business environment most organizations operate within.



Phase 1: Assess

Action Grid:

Step	Action	Who is Involved	Tools & Technique	Duration
1-3	Conduct a scan of macro and micro trends in your environment and industry (environmental scan)	Executive Team and Planning Team	-Environmental scan worksheet	2-3 weeks
4	Identify market and competitive opportunities and threats	Executive Team and Planning Team	-Web research -Trade shows -Industry reports	2-3 weeks
5	Clarify target customers and your value proposition	Marketing Team, sales force, and customers	-Customer survey / feedback -Customer worksheet	2-3 weeks
6	Gather and review staff and partner feedback to determine strengths and weaknesses	All Staff	-Employee survey/ feedback	2-3 weeks
7	Synthesize into a SWOT Solidify your competitive advantages based on your key strengths	Executive Team and Strategic Planning Leader	-SWOT worksheet -Positioning map -Opportunity analysis	Strategic Position Meeting: 2-4 hours

*To access the worksheets under "Tools & Techniques" please refer to our Strategic Planning Kit for Dummies.

Step 1: Identify Strategic Issues

Strategic issues are critical unknowns that are driving you to embark on a strategic planning process now. These issues can be problems, opportunities, market shifts or anything else that is keeping you awake at night and begging for a solution or decision.

Questions to Ask:

- How will we grow, stabilize, or retrench in order to sustain our organization into the future?
- How will we diversify our revenue to reduce our dependence on a major customer?
- What must we do to improve our cost structure and stay competitive?
- How and where must we innovate our products and services?

Step 2: Conduct an Environmental Scan

Conducting an Environmental Scan will help you understand your operating environment. An Environmental Scan is also referred to as a PEST analysis, which is an acronym for Political, Economic, Social and Technological trends. Sometimes it is helpful to also include Ecological and Legal trends as well. All of these trends play a part in determining the overall business environment.

Step 3: Conduct a Competitive Analysis

The reason to do a competitive analysis is to assess the opportunities and threats that may occur from those organizations competing for the same business you are. You need to have an understanding of what your competitors are or aren't offering your potential customers. Here are a few other key ways a competitive analysis fits into strategic planning:

- To help you assess whether your competitive advantage is really an advantage.
- To understand what your competitors' current and future strategies are so you can plan accordingly.
- To provide information that will help you evaluate your strategic decisions against what your competitors may or may not be doing.

Learn more on how to conduct a competitive analysis.

Step 4: Identify Opportunities and Threats

Opportunities are situations that exist but must be acted on if the business is to benefit from them.

What do you want to capitalize on?

Questions to Ask:

- What new needs of customers could you meet?
- What are the economic trends that benefit you?
- What are the emerging political and social opportunities?
- What niches have your competitors missed?

Threats refer to external conditions or barriers that may prevent a company from reaching its objectives.

What do you need to mitigate?

Questions to Answer:

- What are the negative economic trends?
- What are the negative political and social trends?
- Where are competitors about to bite you?
- Where are you vulnerable?

Step 5: Identify Strengths and Weaknesses

Strengths refer to what your company does well.

What do you want to build on?

Questions to Ask:

- What do you do well (in sales, marketing, operations, management)?
- What are your core competencies?
- What differentiates you from your competitors?
- Why do your customers buy from you?

Weaknesses refer to any limitations a company faces in developing or implementing a strategy.

What do you need to shore up?

Questions to Answer:

- Where do you lack resources?
- What can you do better?
- Where are you losing money?
- In what areas do your competitors have an edge?

Step 6: Customer Segments

Customer segmentation defines the different groups of people or organizations a company aims to reach or serve.

Who are we providing value to?

Questions to Ask:

- What needs or wants define your ideal customer?
- What characteristics describe your typical customer?
- Can you sort your customers into different profiles using their needs, wants and characteristics?
- Can you reach this segment through clear communication channels?

Step 7: Develop Your SWOT

A SWOT analysis is a quick way of examining your organization by looking at the ***internal*** strengths and weaknesses in relation to the ***external*** opportunities and threats. By creating a SWOT analysis, you can see all the important factors affecting your organization together in one place. It's easy to read, easy to communicate, and easy to create. Take the Strengths, Weaknesses, Opportunities and Threats you developed earlier, review, prioritize and combine like terms.

The SWOT analysis helps you ask, and answer, the following questions: "How do you...."

- Build on your strengths
- Shore up your weaknesses
- Capitalize on your opportunities
- Manage your threats

Phase 2: Design

Action Grid:

Step	Action	Who is Involved	Tools & Technique	Duration
1	Determine your primary business, business model and organizational purpose (mission)	Planning Team (All staff if doing a survey)	- Executive interviews - Qualitative strategic survey of selected staff or all staff	2 weeks (gather data, review and hold a mini-retreat with Planning Team)
2	Identify your corporate values (values)	Planning Team (All staff if doing a survey)	- Executive interviews - Qualitative strategic survey of selected staff or all staff	2 weeks (gather data, review and hold a mini-retreat with Planning Team)
3	Create an image of what success would look like in 3-5 years (vision)	Planning Team (All staff if doing a survey)	- Executive interviews - Qualitative strategic survey of selected staff or all staff	2 weeks (gather data, review and hold a mini-retreat with Planning Team)
4	Solidify your competitive advantages based on your key strengths	Planning Team (All staff if doing a survey)	- Executive interviews - Qualitative strategic survey of selected staff or all staff	2 weeks (gather data, review and hold a mini-retreat with Planning Team)
5	Formulate organization-wide strategies that explain your base for competing	Planning Team (All staff if doing a survey)	- Executive interviews - Qualitative strategic survey of selected staff or all staff	2 weeks (gather data, review and hold a mini-retreat with Planning Team)
6	Agree on the strategic issues you need to address in the planning process	Planning Team	- Executive interviews - Qualitative strategic survey of selected staff or all staff	2 weeks (gather data, review and hold a mini-retreat with Planning Team)

*To access the worksheets under "Tools & Techniques" please refer to our Strategic Planning Kit for Dummies.

Step 1: Develop Your Mission Statement

The mission statement describes an organization's purpose or reason for existing.

What is our purpose? Why do we exist? What do we do?

Questions to Ask:

- What does your organization intend to accomplish?
- Why do you work here? Why is it special to work here?
- What would happen if we were not here?

Outcome:

- A short, concise, concrete statement that clearly defines the scope of the organization.

Step 2: Discover Your Values

Your values statement clarifies what your organization stands for, believes in and the behaviors you expect to see as a result.

How will we behave?

Questions to Ask:

- What are the key non-negotiables that are critical to the success of the company?
- What are the guiding principles that are core to how we operate in this organization?
- What behaviors do you expect to see?
- If the circumstances changed and penalized us for holding this core value, would we still keep it?

Outcome:

- Short list of 5-7 core values.

Step 3: Casting Your Vision Statement

A vision statement defines your desired future state and provides direction for where we are going as an organization.

Where are we going?

Questions to Ask:

- What will our organization look like 5–10 years from now?
- What does success look like?
- What mountain are you climbing and why?

Outcome:

- A picture of the future.

Step 4: Identify Your Competitive Advantages

A competitive advantage is a characteristic(s) of an organization that allows it to meet their customer's need(s) better than their competition can.

What are we best at?

Questions to Ask:

- What are your unique strengths?
- What are you best at in your market?
- Do your customers still value what is being delivered? Ask them.
- How do your value propositions stack up in the marketplace?

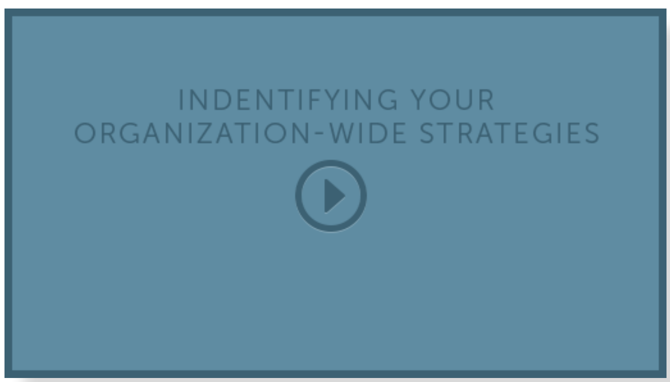
Outcome:

- A list of 2 or 3 items that honestly express the organization's foundation for winning.

Step 5: Crafting Your Organization-Wide Strategies

Your strategies are the general methods you intend to use to reach your vision. No matter what the level, a strategy answers the question "how."

How will we succeed?



Questions to Ask:

- Is your market or industry target broad or narrow?
- Broad: market scope; a relatively wide market emphasis.
- Narrow: limited to only one or few segments in the market
- Does your competitive position focus on lowest total cost or product/service differentiation or both?

Outcome:

- Establish the general, umbrella methods you intend to use to reach your vision.

Phase 3: Build

Action Grid:

Step	Action	Who is Involved	Tools & Technique	Duration
1-2	Develop your strategic framework and define long-term strategic objectives/priorities	Executive & Planning Team	-Strategy Comparison Chart -Strategy Map	Leadership Off-site: 1 – 2 days
3	Set short-term SMART organizational goals and measures	Executive & Planning Team	-Strategy Comparison Chart -Strategy Map	Leadership Off-site: 1 – 2 days
4-5	Select which measures will be your key performance indicators	Executive Team and Strategy Leader	-Strategy Map	Follow Up Off-site Meeting: 2-4 hours

*To access the worksheets under "Tools & Techniques" please refer to our Strategic Planning Kit for Dummies.

Step 1: Use Your SWOT to Set Priorities

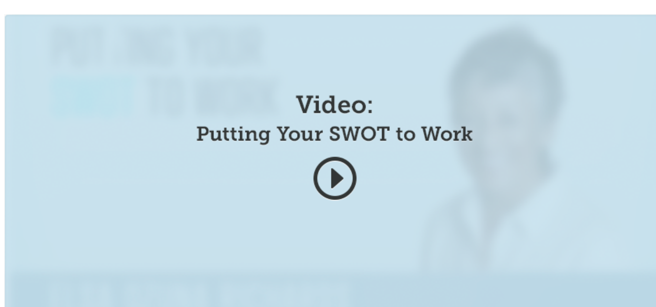
If your team wants to take the next step in the SWOT analysis, apply the TOWS Strategic Alternatives Matrix to help you think about the options that you could pursue. To do this, match external opportunities and threats with your internal strengths and weaknesses, as illustrated in the matrix below:

TOWS Strategic Alternatives Matrix

	External Opportunities (O)	Tools & Techniques (T)
Internal Strengths (S)	SO *Advantage Strategies*: Strategies that use strengths to maximize opportunities.	ST *Protective Strategies*: Strategies that use strengths to minimize threats.
Internal Weaknesses (W)	WO *Conversion Strategies:* Strategies that minimize weaknesses by taking advantage of opportunities.	WT *Defensive Strategies*: Strategies that minimize weaknesses and avoid threats.

*To access the worksheets under "Tools & Techniques" please refer to our Strategic Planning Kit for Dummies.

Evaluate the options you've generated, and identify the ones that give the greatest benefit, and that best achieve the mission and vision of your organization. Add these to the other strategic options that you're considering.



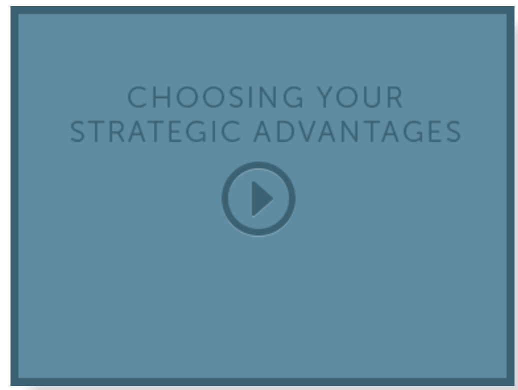
Step 2: Define Long-Term Strategic Objectives

Long-Term Strategic Objectives are long-term, broad, continuous statements that holistically address all areas of your organization.

What must we focus on to achieve our vision? What are the "big rocks"?

Questions to ask:

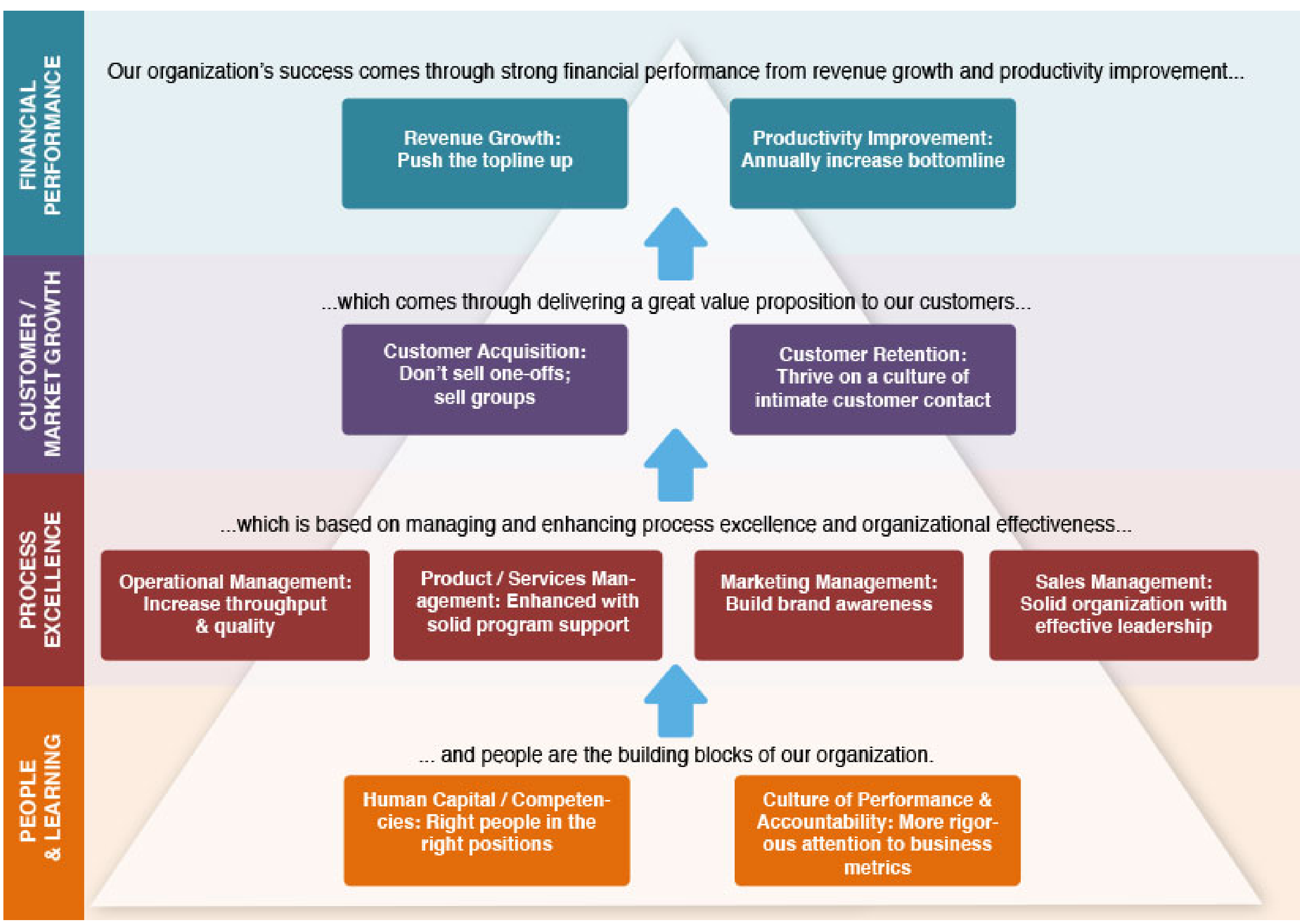
- What are our shareholders or stakeholders expectations for our financial performance or social outcomes?
- To reach our outcomes, what value must we provide to our customers? What is our value proposition?
- To provide value, what process must we excel at to deliver our products and services?



- To drive our processes, what skills, capabilities and organizational structure must we have?

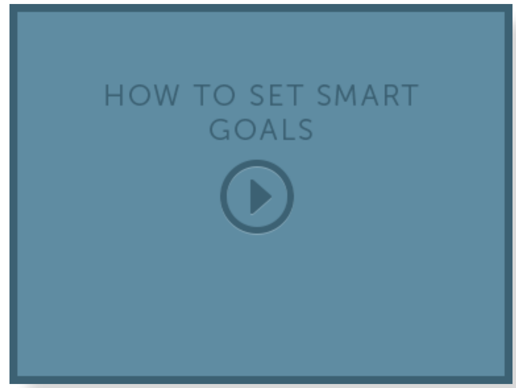
Outcome:

- No more than 6 long-term objectives to be the framwork for your plan.



Step 3: Setting Organization-Wide Goals and Measures

Once you have formulated your strategic objectives, you should translate them into goals and measures that can be clearly communicated to your planning team (team leaders and/or team members). You want to set goals that convert the strategic objectives into specific performance targets. Effective goals clearly state what, when, how, and who, and they are specifically measurable. They should address what you need to do in the short-term (think 1-3 years) to achieve your strategic objectives.



Organization-wide goals are annual statements that are specific, measurable, attainable, responsible and time bound. These are outcome statements expressing a result expected in the organization.

What is most important right now to reach our long-term objectives?

Outcome:

- Clear outcomes for the current year.

Overall strategy: Leverage current resources to gain market share.

Long-Term Strategic Objectives		1-Year Goals	Measures	Targets	Person Responsible
Financial					
Establish a financially stable and profitable company.	1	Increase our billable hours by 10% over the next 12 months.	# of billable hours	1.2% increase each month	
	2	Achieve sales growth of 10% per year.	Monthly sales	1.2% increase each month	
Customer					
Introduce current products to two new markets.	1	Realize 10% of the company's annual sales from the small business market by end of next year.	# of small business clients	100 clients	Marketing department
Internal Business Processes					
Achieve order fulfillment excellence through on-line process improvement.	1	Reduce the time lapse between order data and delivery from 6 days to 4 days by this June.	# of days to process each order	4 days	Shipping department
	2	Reduce the number of returns due to shipping errors from 3% to 2%.	# of returns due to shipping errors	2%	Shipping department
Employees & Learning					
Provide employees with challenging and rewarding work.	1	Reduce turnover among sales managers by 10% by the end of the year.	Employee turnover	10%	Sales department
	2	Hire and train a human relations director by the end of the year.	Director hired	achievement	CEO

Step 4: Select KPIs

Key Performance Indicators (KPI) are the key measures that will have the most impact in moving your organization forward. We recommend you guide your organization with measures that matter.

How will we measure our success?

Outcome:

- 5-7 measures that help you keep the pulse on your performance.

\When selecting your Key Performance Indicators, begin by asking "What are the key performance measures we need to track in order to monitor if we are achieving our goals?" These KPIs include the key goals that you want to measure that will have the most impact in moving your organization forward.

Step 5: Cascade Your Strategies to Operations

Cascading action items and to-dos for each short-term goal is where the rubber meets the road – literally. Moving from big ideas to action happens when strategy is translated from the organizational level to the individual.

Here we widen the circle of the people who are involved in the planning as functional area managers and individual contributors develop their short-term goals and actions to support the organizational direction. But before you take that action, determine if you are going to develop a set of plans that cascade directly from the strategic plan, or instead if you have existing operational, business or account plans that should be synced up with organizational goals. A pitfall is to develop multiple sets of goals and actions for directors and staff to manage. Fundamentally, at this point you have moved from planning the strategy to planning the operations; from strategic planning to annual planning. That said, the only way strategy gets executed is to align resources and actions from the bottom to the top to drive your vision.

Questions to Ask

- How are we going to get there at a functional level?
- Who must do what by when to accomplish and drive the organizational goals?
- What strategic questions still remain and need to be solved?

Outcome:

- Department/functional goals, actions, measures and targets for the next 12-24 months

Finally, you should develop an action plan for each goal. Keep the acronym SMART in mind again when setting action items, and make sure they include start and end dates and have someone assigned their responsibility. Since these action items support your previously established goals, it may be helpful to consider action items your immediate plans on the way to achieving your (short-term) goals. In other words, identify all the actions that need to occur in the next 90 days and continue this same process every 90 days until the goal is achieved.

Examples of Cascading Goals

1 - Increase new customer base.
1.1 Reach a 15% annual increase in new customers. (Due annually for 2 years)
1.1.1 Implement marketing campaign to draw in new markets. (Marketing, due in 12 months)
1.1.1.1 Research the opportunities in new markets that we could expand into. (Doug) (Marketing, due in 6 months)
1.1.1.1.1 Complete a competitive analysis study of our current and prospective markets. (Doug) (Marketing, due in 60 days)
1.1.1.2 Develop campaign material for new markets. (Mary) (Marketing, due in 10 months)
1.1.1.2.1 Research marketing methods best for reaching the new markets. (Mary) (Marketing,due in 8 months)

*To access the worksheets under “Tools & Techniques” please refer to our Strategic Planning Kit for Dummies.

Phase 4: Manage

Action Grid

Step	Action	Who is Involved	Tools & Technique	Duration
1	Establish implementation schedule	Planning Team	- Execution plan - Calendar	1-2 hours
2	Train your team to use OnStrategy to manage their part of the plan	HR Team, Department Managers & Teams	- Training material - OnStrategy	1 hr per team member
3-4	Review progress and adapt the plan at Quarterly Strategy Reviews (QBR)	Department Teams + Executive Team	- Strategy Review agendas - Strategic Topics for discussion	Department QBR: 2 hrs Organizational QBR: 4 hrs

*To access the worksheets under "Tools & Techniques" please refer to our Strategic Planning Kit for Dummies.

Step 1: Implementation Schedule

Implementation is the process that turns strategies and plans into actions in order to accomplish strategic objectives and goals.

How will we use the plan as a management tool?

Questions to Ask:

- Communication Schedule: How and when will you roll-out your plan to your staff? How frequently will you send out updates?
- Process Leader: Who is your strategy leader?
- Structure: What are the dates for your strategy reviews (we recommend at least quarterly)?
- System & Reports: What are you expecting each staff member to come prepared with to those strategy review sessions?

Outcome:

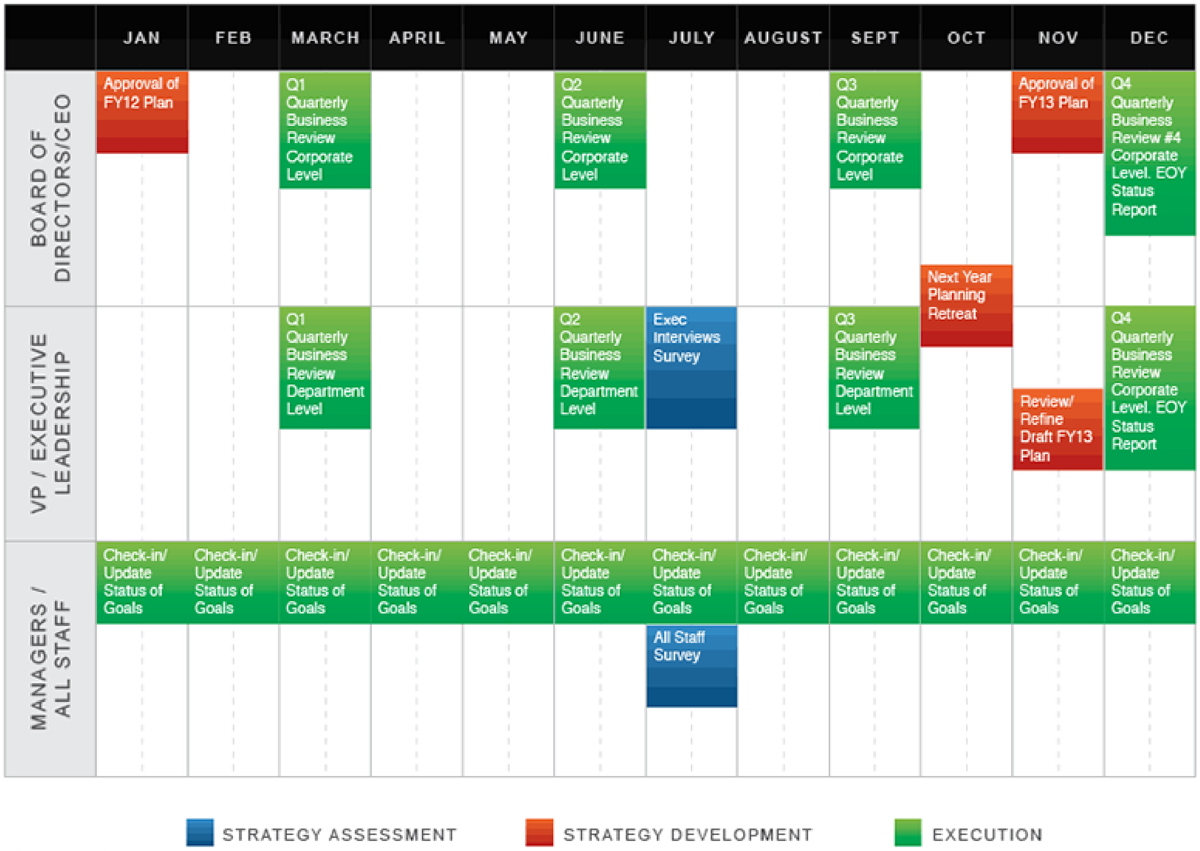
- Outcome: Syncing your plan into the "rhythm of your business."

Once your resources are in place, you can set your implementation schedule. Use the following steps as your base implementation plan:

1. Establish your performance management and reward system.
2. Set up monthly and quarterly strategy meetings with established reporting procedures.
3. Set up annual strategic review dates including new assessments and a large group meeting for an annual plan review.

Now you're ready to start plan roll-out. Below are sample implementation schedules, which double for a full strategic management process time-line.

PLANNING CALENDAR



Step 2: Tracking Goals & Actions

Monthly strategy meetings don't need to take a lot of time – 30 to 60 minutes should suffice. But it is important that key team members report on their progress toward the goals they are responsible for – including reporting on metrics in the scorecard they have been assigned.

By using the measurements already established, it's easy to make course corrections if necessary. You should also commit to reviewing your Key Performance Indicators (KPIs) during these regular meetings.

Your Bi-Annual Checklist

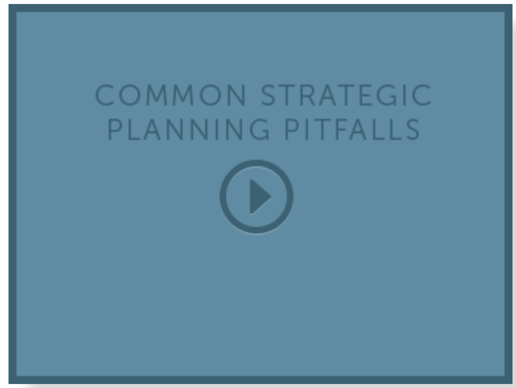
Never lose sight of the fact that strategic plans are guidelines, not rules. Every six months or so, you should evaluate your strategy execution and plan implementation by asking these key questions:

- Will your goals be achieved within the time frame of the plan? If not, why?
- Should the deadlines be modified? (Before you modify deadlines, figure out why you're behind schedule.)

- Should your goals be changed? (Be careful about making these changes – know why efforts aren't achieving the goals before changing the goals.)
- What can be gathered from an adaptation to improve future planning activities?

Why Track Your Goals?

- Ownership: Having a stake and responsibility in the plan makes you feel part of it and leads you to drive your goals forward.
- Culture: Successful plans tie tracking and updating goals into organizational culture.
- Implementation: If you don't review and update your goals, they are just good intentions



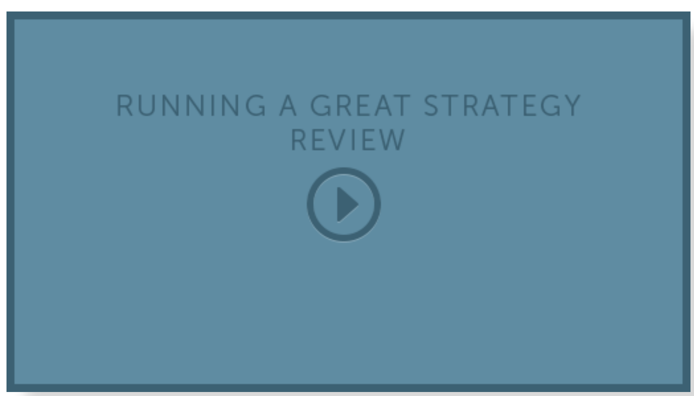
- Accountability: Accountability and high visibility help drive change. This means that each measure, objective, data source and initiative must have an owner.
- Empowerment: Changing goals from In Progress to Complete just feels good!

Step 3: Review & Adapt

Guidelines for Your Strategy Review

Restricting the meeting to reporting on measurements can help you stay on task and keep the meeting within 2 hours, but if you can commit to 3-4 housr, the meeting agenda should also include some time devoted to working on one specific topic or on one of the quarter's priorities where decisions need to be made. Once agreed upon, this topic should be developed to conclusion.

Holding meetings helps focus your goals on accomplishing top priorities and accelerating growth of the organization. Although the meeting structure is relatively simple, it does require a high degree of discipline.



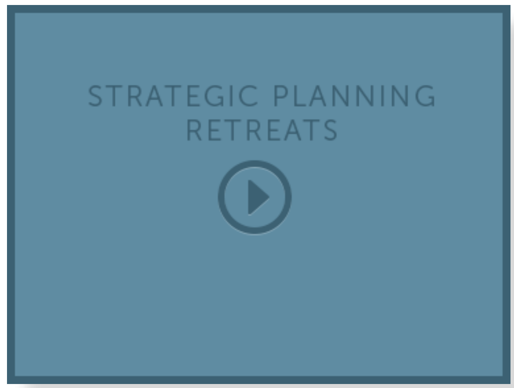
Strategy Review Session Questions:

- What were our three most important strategic accomplishments of the last 90 days – how have we changed our field of play in the past 90 days?
- What are the three most important ways we fell short of our strategic potential?

- In the last 90 days, what are the three most important things that we have learned about our strategy? (NOTE: We are looking for insight to decision to action observations.)

Step 4: Annual Updates

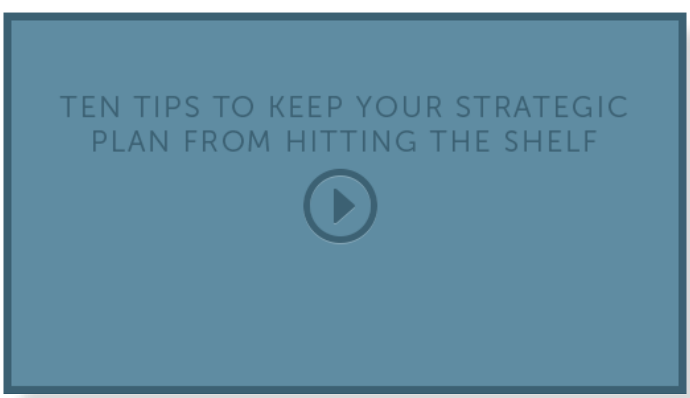
The three words “strategic planning off-site” provoke reactions anywhere from sheer exuberance to ducking for cover. In many organizations, retreats have a bad reputation because stepping into one of the many planning pitfalls is so easy. Holding effective meetings can be tough, and if you add a lot of brainpower mixed with personal agendas, you can have a recipe for disaster. That’s why so many strategic planning meetings are unsuccessful.



Executing your strategic plan is as important, or even more important, than your strategy. Critical actions move a strategic plan from a document that sits on the shelf to actions that drive organizational growth. The sad reality is that the majority of organizations who have strategic plans fail to implement. Don’t be part of the majority! In fact, research has shown that 70% of organizations that have a formal execution process out-perform their peers. (Kaplan & Norton)

Guiding your work in this stage of the planning process is a schedule for the next 12 months that spells out when the quarterly strategy reviews are, who is involved, what participants need to bring to the meetings, and how you will adapt the plan based on the outcomes of the reviews.

You remain in this phase of the strategic management process until you embark on the next formal planning sessions where you start back at the beginning. Remember that successful execution of your plan relies on appointing a strategy leader, training your team to use OnStrategy (or any other planning tool), effectively driving accountability, and gaining organizational commitment to the process.



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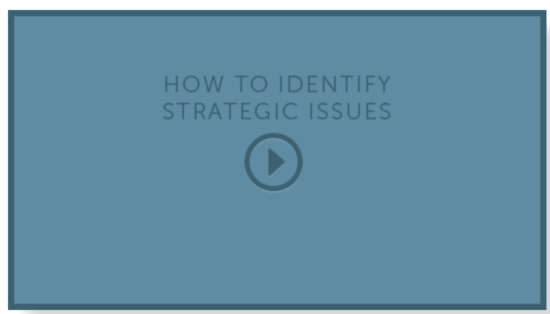
Phase 1: Assess

A strategic plan is your organization's roadmap or trip plan. Where you're headed is your vision and why you're going is your mission. The strategy is the road you select to travel. The scenery and landscape is the industry or market you are operating in. The type of 'bus' you drive is your operations – lean and mean, or clunky and slow. How it feels on the 'bus' is your organization's culture, teamwork, leadership, climate for action. Who is on the 'bus' are your employees or volunteers – their skills and capabilities. Lastly, the time and money you use to get to your destination, the direct route or with detours, dictates your profit margin. For now, let's focus on the 'scenery' and your 'bus' – evaluating your strategic position.

Before you jump in, determine as a team how wide and how deep you want to go with collecting and analyzing information. A good rule of thumb is this: You need the right information and data, not too much or too little, to feel confident in making strategic choices and decisions. The methods to collect that information include web research on macro, market and industry trends; sending out customer and employee surveys; and acquiring information about your competitors through secret shopper, trade shows, or industry reports.



Making sense of the data comes from synthesizing main themes into a SWOT, which is a handy 2×2 matrix of your Strengths, Weaknesses, Opportunities and Threats. Later in the planning process, you'll use your SWOT to make strategic decisions.

Phase Duration

- 2-4 weeks

Questions to Ask:

- Where are we now?
- What are our strengths, weaknesses, opportunities and threats?
- What is our position in the competitive landscape?
- What are the political, economic, social and technical trends that will impact our organization?

Data Needed:

- Strategy of record, past performance
- Industry, market, and competitive data
- Customer data
- Employee feedback

Outcomes/Deliverables:

- SWOT drafted and prioritized

Action Grid:

Action	Who is Involved	Tools & Technique	Duration
Conduct a scan of macro and micro trends in your environment and industry (Environmental Scan)	Executive Team and Planning Team	-Environmental scan worksheet	2-3 weeks
Identify market and competitive opportunities and threats	Executive Team and Planning Team	-Web research -Trade shows -Industry reports	2-3 weeks
Clarify target customers and your value proposition	Marketing Team, sales force, and customers	-Customer survey / feedback -Customer worksheet	2-3 weeks
Gather and review staff and partner feedback to determine strengths and weaknesses	All Staff	-Employee survey / feedback	2-3 weeks
Synthesize into a SWOT Solidify your competitive advantages based on your key strengths	Executive Team and Strategic Planning Leader	-SWOT worksheet -Positioning map -Opportunity analysis	Strategic Position Meeting: 2-4 hours

*To access the worksheets under "Tools & Techniques" please refer to our Strategic Planning Kit for Dummies.

Step 1: Strategic Issues

Strategic issues are developed and identified based on input from your planning team. These issues should be a summary of critical topics that need to be addressed during the planning process. The idea is to call these issues out early so you and your team ensure the important areas are not lost as you dive into a lot of data, detail and ideas.

Tip: You will know a strategic issue when you "see" it. If they are not jumping out right now, move on as they will certainly surface during the SWOT exercise.

Some examples of strategic issues include:

- Two customers comprise 75% of total revenue.
- Staff morale is low due to recent budget cuts and lay offs.
- Impact of health legislation is likely to erode margin.
- Current value proposition is not resonating with customers. Review business model to determine future value and deliver.

Step 2: Coduct an Environmental Scan

Next, you must conduct an environmental scan to understand your operating environment. An environmental scan is also referred to as a PEST analysis, which is an acronym for Political, Economic, Social and Technological trends. Sometimes it is helpful to also include Ecological and Legal trends as well. All of these trends play a part in determining the overall business environment. Some examples of topics include the following:

Political (includes legal and regulatory): elections, employment law, consumer protection, environmental regulations, industry-specific regulations, competitive regulations, inter-country relationships/attitudes, war, terrorism, political trends, governmental leadership, taxes, and government structures.

Economic: economic growth trends (various countries), taxation, government spending levels, disposable income, job growth/unemployment, exchange rates, tariffs, inflation, consumer confidence index, import/export ratios, and production levels.

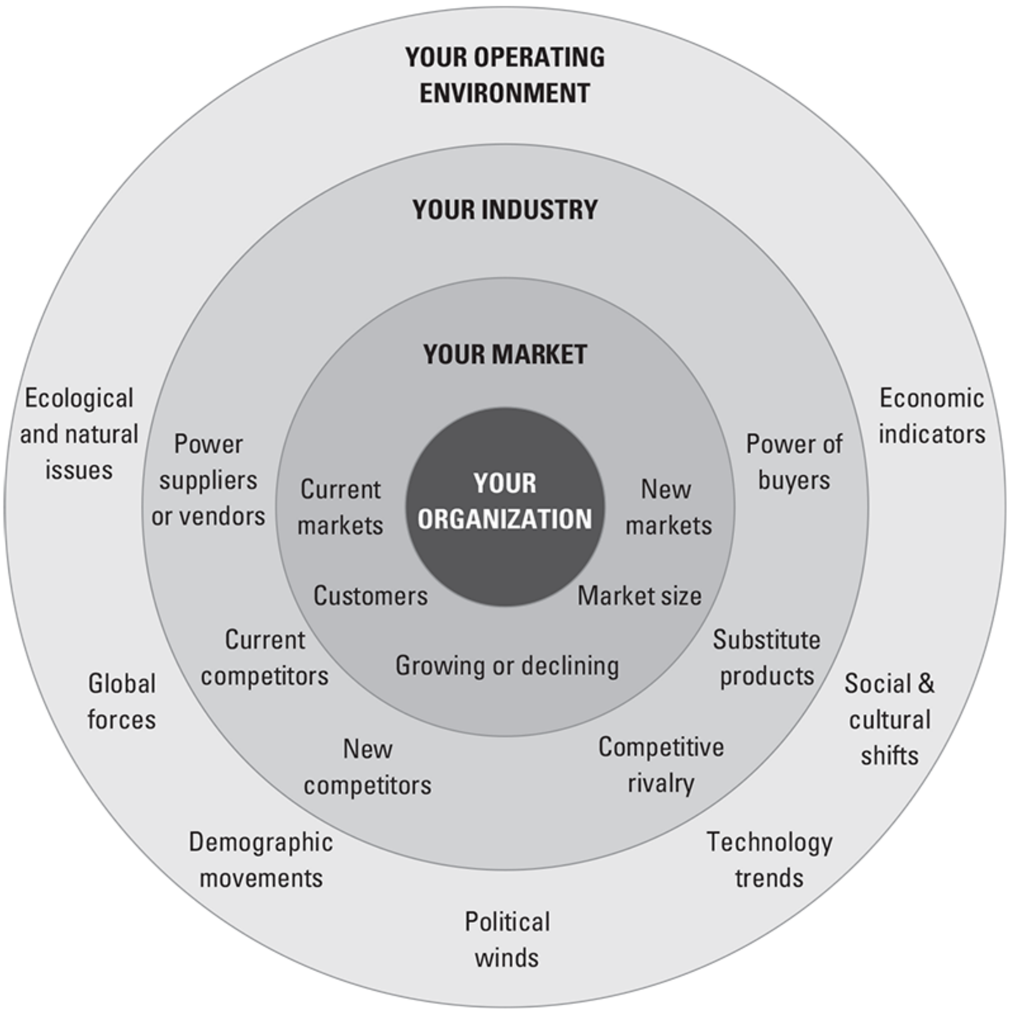
Social: demographics (age, gender, race, family size, etc.), lifestyle changes, population shifts, education, trends, fads, diversity, immigration/emigration, health, living standards, housing trends, fashion, attitudes to work, leisure activities, occupations, and earning capacity.

Technological: inventions, new discoveries, research, energy uses/sources/fuels, communications, rates of obsolescence, health (pharmaceutical, equipment, etc.), manufacturing advances, information technology, internet, transportation, bio-tech, genetics, agri-tech, waste removal/recycling, and so on.

After the key trends have been identified, the next step is to analyze the potential each trend has to disrupt the way the organization does business. The organization is able to determine the changes needed to exploit the opportunities, and blunt the threats.

Your operating environment is influenced by several general areas. These areas summarize the external environment every organization operates in and are illustrated in the diagram below

.Fig. 1 - Operating Environmental Influence Diagram



Gather and Review Internal Feedback

Remember your operating environment is the outside circle influencing your business. Some of these trends and issues may even appear to come and go in slow motion. You may not need to watch them religiously, but having an eye on them can be the key to your organization's boom - or bust. Although some of these issues may seem ridiculous to you, they may be someone else's reality.

To take the next steps, you will need to find secondary data sources to conduct your analysis. It may be essential to look at periodicals, analyst reports, demographics, and anything that will give the exposure to new trends and possibilities. Any reliable secondary data source of current events and projected future trends will provide information for the PEST analysis, including:

- Newspapers, periodicals, current books
- Trade organizations
- Government agencies
- Industry analysts
- Financial analysts

Important Note: PEST is useful before SWOT – not generally vice-versa – PEST definitely helps to identify SWOT factors. There is overlap between PEST and SWOT, in that similar factors would appear in each. Specifically, the outcome from your PEST flows into the Opportunities and Threats quadrants of your SWOT.

Conduct a Competitive Analysis

Swinging from one extreme to another is easy when it comes to analyzing your competition. Some organizations don't worry about what their competitors are doing and just charge ahead. Others track every move and assess how to react. You want to fall somewhere in the middle.

The reason to do a competitive analysis is to assess the opportunities and threats that may occur from those organizations competing for the same business you are. You need to have an understanding of what your competitors are or aren't offering your potential customers. Here are a few other key ways a competitive analysis fits into strategic planning:

- To help you assess whether your competitive advantage is really an advantage.
- To understand what your competitors' current and future strategies are so you can plan accordingly.
- To provide information that will help you evaluate your strategic decisions against what your competitors may or may not be doing.

Start by identifying organizations you compete against for attention and loyalty. To do this, perform the following:

- Make a list of similar organizations by name or group. What are each one's strengths and weaknesses?
- Are these opportunities or threats to your company?
- What are the competitive advantages of similar organizations?
- What is happening with these similar organizations? Are they growing or shrinking?
- Are there new organizations similar to yours that are emerging?

Identify Opportunities & Threats

Opportunities are situations that exist but must be acted on if the business is to benefit from them. Opportunities most relevant to a company are those that offer important avenues for profitable growth, those where a company has the most potential for competitive development, and those that match up well with the financial and organizational resource capabilities that the company already possesses or can acquire.

Threats refer to external conditions or barriers that may prevent a company from reaching its objectives.

The following areas can help you identify opportunities and threats that can be collected via research and surveys. Summarize your key findings as your OT part of your SWOT.

Operating Environment:

- Political/legal
- Environment
- Social
- Technological

Industry:

- New competitors
- Substitute products
- Power of suppliers
- Power of buyers
- Competitive rivalry

Market:

- Growing, shrinking
- Size of markets
- New markets

Competitors:

- Who they are
- Strengths, weaknesses
- Strategies

Identify Strengths and Weaknesses

Strengths refer to what your organization does well. It gives you an advantage in meeting the needs of its target markets. An analysis of organization strengths should be market and customer-focused, because strengths are only meaningful when they assist the business in meeting customer needs. Strengths give the organization enhanced competitiveness.

Weaknesses refer to any limitations an organization faces in developing or implementing a strategy. A weakness is something an organization lacks or does poorly in comparison to others, or a condition that puts it at a disadvantage. Weaknesses should also be examined from a customer perspective, because customers often perceive weaknesses that an organization cannot see.

You can define your strengths and weaknesses by breaking them down in these areas. Then align them with the strategic direction you want to go. They can be discovered via assessments and surveys:

Capabilities:

- Human
- Organizational
- Knowledge

Resources:

- Financial
- Physical
- Intangible

Processes:

- Operational
- Customer management
- Relationship management
- Innovation

Current Customer:

- Customer mix
- Satisfaction
- Loyalty
- Strength of your value chain
- Strength of your value prop

Other:

- Technology management
- Communication
- Productivity
- Profit margins

Figure 2 - Evaluating Strategic Positioning Matrix

INTERNAL		EXTERNAL	
STRENGTHS	Capabilities Resources Processes Other process areas Current Customers	OPPORTUNITIES	Operating Environment Industry Market Competitors
WEAKNESSES		THREATS	

Define Customer Segments

Customer-focused organizations recognize that they cannot appeal to all buyers in the same way. Buyers are too numerous, too widely scattered, and too varied in their needs and buying practices. Rather than trying to compete in the entire market, you must identify parts of the market that you can serve best and most profitably.

The most effective way to do this is to segment customers. The goal of creating customer segments is so you can target specific customers that have similar needs and wants with the same message, products, pricing, and through the same distribution channels. When done correctly, your target market will respond similarly to your marketing efforts.

After you have identified your segments, determine what they need and how you can best satisfy them by providing value. Many organizations are committed to doing the right things, but they fail to understand what their people value. It is best to ask the customer/constituents and stakeholders themselves what they value. Then evaluate how to best provide value for each segment and set goals accordingly.

Some examples of customer segments include:

- **Small businesses located in Oregon:** Small body shops seeking rapid insurance reimbursement in Oregon.

- **Agencies in the marketing industry:** An agency focusing on public relations for local and state government community programs.
- **Field sales people constantly on the road:** Field sales people earning between $50-$100K who are image conscious first movers and are looking to purchase a sports car in the next year.
- **Anthropologie:** A nationwide retail store: 'A female about 30 to 45 years old, college or post-graduate education, married with kids, professional or ex-professional, annual household income of $150,000 to $200,000. She's well-read and well-traveled. She is very aware — she gets our references, whether it's to a town in Europe or to a book or a movie. She's urban minded. She's into cooking, gardening, and wine. She has a natural curiosity about the world. She's relatively fit. Her identity is a tangle of connections to activities, places, interests, values, and aspirations. She is affluent but not materialistic. She's focused on building a nest but hankers for exotic travel. She'd like to be a domestic. She's in tune with trends, but she's a confident individualist when it comes to style. She lives in the suburbs but would never consider herself a suburbanite.' ' Fast Company

Answers to the following questions will help you identify your target Customer Segments:

- Who are your biggest customers?
- Do your customers fall into any logical segments based on needs, motivations, or characteristics?
- Are there one or two characteristics that will help you segment your customers? (geography, price, need, etc.)
- Have you described them well enough to picture shaking their hand?

Fig. 3 - Determining Lifetime Value of Customer

CALCULATING THE LIFETIME VALUE OF A CUSTOMER TO YOUR BUSINESS.	
	Your Estimate
1. Average sale per customer per month	*$150*
2. Number of sales per year per customer	*24*
3. Number of years customer buys from you	*5*
4. Number of referrals from customer	*4*
5. % of referrals that become customers	*50%*
6. Lifetime Value before referrals = Calculation: Gross Sales per year per customer (1x2) X Number of years customers buy from you (3) =	*$18,000*
7. Lifetime Value of Referrals = Calculation: Referrals who become customers (4x5) X Lifetime Value before Referrals (6) =	*$36,000*
Total Lifetime Value of a Customer (6+7)	*$54,000*

Step 1: Segmenting Customers

Segment Name:

Name your target customer segment.

Evaluate:

After you have identified your customer segments, evaluate them based on the following criteria:

- Can you measure the size of the segment?
- Can you reach this segment through clear communication channels?
- Are there enough customers in the segment to make it profitable?
- Will this segment respond differently to product and service offerings than other segments identified?

Customer Needs:

List the needs or wants of this customer segment. Target customer segments can be grouped based on similar needs, motivation, or behavior. You may also choose to approach this by picking one product/ service that your company provides in meeting the needs of this segment. For example, the U.S. car market can be segmented by product type (luxury car, sedan, minivans, sports cars) and customer needs (convenience, style, cost, reliability).

Customer Characteristics:

List the characteristics that describe this segment. To help you segment your target customers, a detailed list of major categories of characteristics is provided at the end of this section. If you have a consumer product or service the major categories of characteristics are: demographic, geographic, lifestyle, and usage. If you have a business-to-business product or service, the major categories are: demographic, environmental, operating variables, purchasing approaches, situational factors, and personal characteristics. Remember there is no best way to segment a market; it requires your creativity.

Customer Profile:

Create a customer profile that uniquely describes this target customer segment. Each customer profile should be descriptive enough that it enables you to 'shake the imaginary hand' of this segment. Add any descriptive words that you did not include under customer needs and customer characteristics.

Step 2: Targeting

Evaluate your target customer segment's attractiveness:

- How big is this customer segment and what is the growth potential?
- Is this segment substantial? Can you reach these customers?
- Does targeting this segment leverage your competitive advantage? Do you have the resources?

Evaluate the financial feasibility:

- Is this segment profitable? Projected Revenue ‘ Estimated Expenses = Profit. If so, then determine the projected Revenue.

Select segments your company can compete in successfully. Combine any segments where the key success factors are similar. For each segment a single value creating strategy can be formulated.\

Step 3: Positioning Statement

Create a company value proposition image so that you occupy a unique and distinctive place in the ‘mind’ of the target customer segment . When your customer thinks of your company, what do you want to come to mind? This positioning statement should provide consistent messaging and communication.

Step 7: Develop Your SWOT

A SWOT analysis is a quick way of examining your organization by looking at the ***internal*** strengths and weaknesses in relation to the ***external*** opportunities and threats. By creating a SWOT analysis, you can see all the important factors affecting your organization together in one place. It’s easy to read, easy to communicate, and easy to create.

Below are a series of questions that will help you analyze the internal strengths and weaknesses of your organization and the external opportunities and threats impacting on your organization.

Some questions to ask while preparing your SWOT (these questions should have been asked in various interviews and surveys prior to preparing your SWOT):

- **Strengths:** What is golden about your company? What do you do well (in sales, marketing, operations, management)? What are your assets? What are your core competencies? Where are you making money? What differentiates you from your competitors? Why do your customers buy from you?
- **Weaknesses:** What do you need (customer service, marketing, accounting, planning)? Where do you lack resources? What can you do better? Where are you losing money? What necessary expertise/manpower do you currently lack? In what areas do your competitors have an edge?
- **Opportunities:** Where is the blue sky in your environment? What new needs of customers could you meet? What are the economic trends that benefit you? What are the emerging political and social opportunities? What are the technological breakthroughs? What niches have your competitors missed?

- **Threats:** Where are the red alerts in your environment? What are the negative economic trends? What are the negative political and social trends? Where are competitors about to bite you? Where are you vulnerable?

Once you have completed your SWOT, you should use the information to start developing a strategy that will leverage your organization's strengths to pursue opportunities, while also countering identified weaknesses and threats that might undermine your efforts. Most importantly, you can match your strengths with opportunities, shore up your weaknesses, and combat your threats as a starting point to form your goals. Keep your SWOT handy when you get ready to develop strategic alternatives and potential goals.

Group Exercise: List your Strengths, Weaknesses, Opportunities and Threats onto posters. Ask those in the room to add other items that they believe should be on or off of any of those lists. Discuss which items need to be addressed immediately, so you can later create goals for them.

Table of Contents:

Phase 2: Design Strategy

Knowing why you're doing what you're doing (your mission), where you're trying to go (your vision), and how you're going to go about it (your values) are the glue that holds an organization together. It is an essential part to building your strategic foundation and developing a strategy. You preserve these elements while your strategies and goals change and flex with the market. You may modify your mission, vision, or values over time, but the intent stays unchanged and you will have complete clarity when making critical business decisions that impact your future.

Your mission, vision and values can sound abstract, esoteric, and downright fluffy to a lot of people, especially those who are burning to move forward with a real-world project. These people don't want to hang back conceptualizing about people's wishes and dreams. Don't let being pragmatic get in the way of this important stage of building a strong foundation of consensus for your organization. If you don't take the time to articulate mission, values, and vision on the front end as you develop a strategy, you'll pay for it later when writing goals and objectives without a crystal clear strategic direction.

With your planning team established and your schedule set, you're ready to move into establishing, or reviewing (if you already have these statements), your mission, vision and values. To efficiently move through this phase, don't confuse mission and vision. Mission is a statement about your core purpose, why you exist, and is best stated in the present tense. Vision is a statement about your desired state, where you want to go, and is best stated in the future tense. While you might find values interspersed throughout both your mission and vision, an effective values statement clearly delineates the guiding principles of your organization. Because these three statements are foundational to an effective strategic plan, take the time you and your team need to get them right. However, don't get stuck on wordsmithing, but rather focus on intent and allow them to be drafts until everyone is comfortable stamping them final.

<table>
<tr><th colspan="2">SPEAKSHOP</th></tr>
<tr><td>Competitive Advantages – Our DNA
What we do best</td><td>Vision Statement – Our Future
Where we are headed</td></tr>
<tr><td>• Operational effectiveness through an open marketplace and operational cost efficiency
• Specialization in foreign language services
• Supplier and consumer loyalty
• Early entry and network effect
• Latin America and online education domain expertise</td><td>Revolutionize language education and establish a new model for business based on loyal yet independent sellers and customers who improve their communities and geopolitical understanding by developing friendships and partnerships worldwide.</td></tr>
<tr><td>Mission Statement – Our Core Purpose
Why we exist</td><td>Vision Description
What it looks like</td></tr>
<tr><td>Speak Shop's mission is to improve the lives of language tutors and students and to foster intercultural understanding and respect. Speak Shop offers tutors the chance to be entrepreneurial in managing their own tutoring services. Speak Shop provides students with the opportunity to achieve new educational goals, change their careers or prepare for travel abroad. At Speak Shop, students and tutors are active participants in creating a fun, educational and friendly environment.</td><td rowspan="3">Make foreign language learning available to anyone anywhere, thereby providing previously unattainable access to education, employment and inter-cultural exchange to a wide range of learners.
Inspire other companies to link profits and social impact and make them co-dependent.
Create a business that is as close to human as possible. We will make it clear that we are created by people, for people.
Constantly innovate effective, practical and fun ways to make a positive impact on people, widening our circle of impact broadly along the way.
Help millions of people communicate in other languages and become inspired by their own progress. Show them that they are not so different from each other. Help them understand the reason for their differences.</td></tr>
<tr><td>Values Statement – Our Core Values
What we stand for</td></tr>
<tr><td>High performance should be rewarding (fair competition)
We are in this together (community & compassion)
Individuals can change their lives (determinism)
Liberty and justice for all (freedom & equality)</td></tr>
</table>

Phase Duration

- 2 weeks

Questions to Ask:

- Who are we and why do we exist?
- Where are we going and why?
- What information do we need to make our strategic decisions?
- What are the strategic topics, issues we need to address through this process?
- What is already determined that we need to build off of?

Data Needed:

- Current plan and financials
- Executive and staff ideas about possible mission, vision and values
- Board's vision (if applicable)
- External plans that you need to align with

Outcomes/Deliverables:

- Draft mission, vision, values statements
- List of strategic issues that need to be addressed during the planning process

Action Grid:

Action	Who is Involved	Tools & Technique	Duration
Determine your primary business, business model and organizational purpose (mission)	Planning Team (All staff if doing a survey)	- Executive interviews - Qualitative strategic survey of selected staff or all staff	2 weeks (gather data, review and hold a mini-retreat with Planning Team)
Identify your corporate values (values)	Planning Team (All staff if doing a survey)	-Executive interviews - Qualitative strategic survey of selected staff or all staff	2 weeks (gather data, review and hold a mini-retreat with Planning Team)
Clarify target customers and your value proposition	Marketing team, sales force, and customers	-Customer survey / feedback -Customer worksheet	2 weeks (gather data, review and hold a mini-retreat with Planning Team)
Create an image of what success would look like in 3-5 years (vision)	Planning Team (All staff if doing a survey)	Executive interviews Qualitative strategic survey of selected staff or all staff	2 weeks (gather data, review and hold a mini-retreat with Planning Team)
Agree on the strategic issues you need to address in the planning process	Planning Team	-Executive interviews - Qualitative strategic survey of selected staff or all sta	2 weeks (gather data, review and hold a mini-retreat with Planning Team)

*To access the worksheets under "Tools & Techniques" please refer to our Strategic Planning Kit for Dummies.

Mission Statement

Mission statement – this part of your strategy development is your core purpose, the underlying "why" you are climbing the mountain, why you are in business. A mission statement is a declaration of your organization's purpose and spotlights the business you are presently in and the customer/constituent needs you are presently endeavoring to meet. To build a solid foundation for a successful organization, it is essential to have a written, clear, concise and consistent mission statement that simply explains who you are and why you exist. Keep it short – Peter Drucker would say your mission should fit on a t-shirt.

Your mission statement should serve as a guide for day-to-day operations and as the foundation for future decision-making. Keep these guidelines in mind when writing or evaluating yours:

Focuses on satisfying customer/constituent needs: A mission statement should focus the organization on satisfying customer/constituent needs rather than on a program or service. It tells "who" your customer/constituents are, "what" needs your organization wishes to satisfy and "how" these needs are satisfied.

Based on your core competencies: Your organization should base its mission on a competitively superior internal strength, unique capability or resource that the organization performs well in comparison to similar organizations.

Motivates and inspires stakeholder commitment: Your mission statement should be motivating. Your stakeholders need to feel that their work is significant and that it contributes to people's lives.

Realistic: Your mission statement should be realistic. You should avoid making the mission too narrow or too broad.

Specific, short, sharply focused and memorable: It should be a precise statement of purpose that describes the essence of the organization in words your constituents and stakeholders can remember you by. It should "fit on a T-shirt." "To serve the most vulnerable." (International Red Cross)

Clear and easily understood: Develop and write your mission statement on a "party level" (i.e. simple and clearly) so that you can quickly and briefly tell people you meet at a party or on airplanes why your organization exists. At the same time it needs to give your team a profoundly simple focus for everything it does as an organization.

Examples

- **3M:** To solve unsolved problems innovatively.
- **International Red Cross:** To provide relief to victims of disaster and help people prevent, prepare for, and respond to emergencies.
- **Boy Scouts of America:** To preserve the values and benefits of wilderness for present and future generations by connecting agency employees and the public with their wilderness heritage through training, information, and education.
- **Starbucks:** To inspire and nurture the human spirit — one person, one cup and one neighborhood at a time.
- **The Elephant Sanctuary**: A natural-habitat refuge where sick, old, and needy elephants can once again walk the earth in peace and dignity.
- **Fannie Mae:** To provide liquidity, stability and affordability to the U.S. housing and mortgage markets.

- **Google:** To organize the world's information and make it universally accessible and useful.
- **Walmart:** We save people money so they can live better.
- **Marine Stewardship Council:** To safeguard the world's seafood supply by promoting the best environmental choices.
- **Marriott Hotels:** To make people who are away from home feel they are among friends and really wanted.
- **Merck:** To operate a worldwide business that produces meaningful benefits for consumers, our market partners and our community.

Values

Values are enduring, passionate, and distinctive core beliefs, and they're an essential part of developing your strategy. They are based on enduring tenets—guiding principles—to adhere to no matter what mountain you climb. Your core values are part of your strategic foundation. They are the beliefs that guide the conduct, activities and goals of your organization. They establish why you do what you do and what you stand for. Values are deeply held convictions, priorities, and underlying assumptions that influence the attitudes and behaviors of your organization. Strong values account for why some organizations gain a reputation for such strategic traits as leadership, product innovation, and total customer satisfaction. These never change.

An organization's values can dominate the kind of strategic moves it considers or rejects. When values and beliefs are deeply ingrained and widely shared by directors, managers and staff, they become a way of life within the organization, and they mold organizational strategy.

Here are some guidelines in developing core values:

- **Keep the list of values to between five and seven.** They need to be memorable to your staff.
- **Create phrases, but not paragraphs.** One word is not enough to convey real meaning of a value.
- **Make these values specific, not generic.** It takes more than one word to define specificity.
- **Values need to be shared.** While you don't need consensus from everyone in your organization, you do need agreement from senior leadership.
- **If it's already stated in your mission, do not repeat it.** Some values-driven language may be part of your mission statement. That's fine, but consider not repeating what you have covered elsewhere.

Here is what Herb Kelleher, former CEO of Southwest Airlines had to say about core values. "We always felt that people should be treated right as a matter of morality. Then, incidentally, that turned out to be good business too. But it didn't really start as a strategy. It began with us thinking about what is the right thing to do in a business context. We said we want to really take care of these people, we want to honor them and we love them as individuals. Now that induces the kind of reciprocal trust and diligent effort that made us successful. But the motivation was not strategy, it was core values."

Examples

dedicated	customer care	positive
consistent	strategic	trustworthy
outstanding	training	genuine
value	support	real
helpful	principles	excellent
customer service	beliefs	sensitive
image	competent	knowledgeable
service	sincerity	synergy
relationships	self-confident	maximum value
dependable	relationships	stand behind our work / people
guarantee	efficient	long-term relationships
100% effort	opportunity	do the right thing
dedication	honesty / honest	referrals and customer goodwill
commitment	productivity	high expectations of
adaptable	performance	family
security	ability	no hype
trust	professionalism	friendly
people	retaining	energetic
personal growth	development	loyal
company growth	responsive/ness	teamwork
respect	integrity	creativity
community responsibility	passion	pride
continuous improvement	collaboration	entrepreneurial spirit
quality	customer expectations	innovation
embracing change	rewarding work	high performance
environmental responsibility	excellence	leadership
energy	enthusiasm	fairness
personal responsibility	dedication	independence
advocacy	expertise	customer satisfaction
openness	employee participation	reliability

Vision Statement

Vision statement – this statement reflects the specific mountain you are currently trying to climb – the "where." A vision is a picture of what your organization's future makeup will be and where you are headed. Vision provides a clear mental picture of what your organization will look like in 5 to 10 years from now. Forming a strategic vision should provide long-term direction, delineate the organizational activities to be pursued and the capabilities the organization plans to develop, and infuse the organization with a sense of purposeful action. It serves as a unifying focal point for everyone in the organization like a North Star. It delineates the future focus and where the organization is going.

Visions are also referred to as Big, Hairy, Audacious Goals or BHAGs. Here are two examples of visions or BHAGs that were very lofty at the time they were established:

- We will put a man on the moon before the end of the decade and bring him back. (JFK)
- A computer on every desk and in every home using great software as an empowering tool. (Microsoft)

An effective vision statement consists of the following elements. Your vision statement may or may not incorporate all of these elements, but keep them in mind when writing or evaluating yours.

The following areas can help you identify opportunities and threats that can be collected via research and surveys. Summarize your key findings as your OT part of your SWOT.

Futurecasting: Provides a picture of what your business will look like in the future.

Audacious: Represents a dream that is beyond what you think is possible. It represents the mountaintop your organization is striving to reach. Visioning takes you out beyond your present reality.

Motivating: Clarifies the direction in which your organization needs to move and keeps everyone pushing forward to reach it.

Purpose-Driven: Worded to give your staff a larger sense of purpose–so they see themselves as "building a cathedral" rather than "laying stones."

Inspiring: Worded in engaging language that inspires and engages people. It creates a vivid image in people's heads that provokes emotion and excitement. It creates enthusiasm and poses a challenge that inspires and engages people in the organization.

Capitalizes on Core Competencies: Builds on your organization's core competencies. It builds on what you have already established – history, customer/constituent base, strengths, and unique capabilities, resources and assets.

Examples

- **Chemtura:** To grow a global portfolio of leading specialty chemical businesses, committed to innovation and the creation of value for our stakeholders.
- **DuPont:** To be the world's most dynamic science company, creating sustainable solutions essential to a better, safer, and healthier life for people everywhere.
- **Heinz:** To be the world's premier food company, offering nutritious, superior tasting foods to people everywhere.
- **Susan G. Komen for the Cure:** A world without breast cancer.
- **Novo Nordisk:** To be the world's leading diabetes care company.
- **Pershing General Hospital:** To become the provider of first choice for our community by being a leader in rural healthcare and offering innovative technologically advanced services.
- **Recording for the Blind and Dyslexic:** For all people to have equal access to the printed word.
- **Mattel:** To be the premier Toy Brand—today and tomorrow.
- **McDonald's:** To be the world's best quick service restaurant experience. Being the best means providing outstanding quality, service, cleanliness, and value, so that we make every customer in every restaurant smile.
- **Amazon:** Our vision is to be earth's most customer centric company; to build a place where people can come to find and discover anything they might want to buy online.

Identify Your Competitive Advantage

A competitive advantage is simply the answer to: "What is your organization best at?" Your competitive advantage is what your organization does or potentially could do better than similar organizations. One result of a well-developed and executed strategic plan is to develop a unique competitive advantage. It is what you do best that draws customers/constituents to use your products and services instead of those of others. Successful organizations deliberately make choices to be unique and different in activities that they are really, really good at and they focus all of their energy in these areas. A sustainable competitive advantage(s) is the foundation, the cornerstone of your strategic plan. Successful companies strive to create an advantage that continues to be competitive over time. Throughout the planning process you will need to evaluate every part of your plan to determine whether it supports or detracts from this.

This statement should be no longer than one or two sentences or a couple of bullet points. Keep in mind that you should be able to effectively explain what your company does within 30 seconds—or else you could lose your listener. Think of it as your organization's DNA – a collection of attributes that makes you unique.

Your organization exists for a very specific reason and has unique abilities, and most likely its purpose is different than any other company out there. Companies are founded for reasons as varied as something to do during retirement to making the world a better place. You might consider asking your employees for their perspective as well, when you survey them. You may be amazed at the insightful comments you receive.

Later, when developing your goals, make sure to include goals that nurture and grow your competitive advantage. You should also make sure that your competitive advantage is something that is long-lasting and not easy to duplicate.

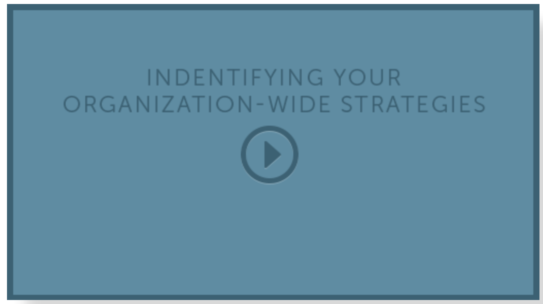
Consider the criteria below to see if you're on the right track:

> **Consistent difference:** Customers must see a consistent difference between your products/services and those of your competitors. This difference needs to be obvious to your customers, and it must influence their purchasing decision.
>
> **Difficult to imitate:** Your competitive advantage must be difficult to imitate. You want to have an advantage that your competition cannot easily duplicate. This might be in the form of people, proprietary knowledge within your organization, or business processes that are behind the scenes.
>
> **Motivating:** Clarifies the direction in which your organization needs to move and keeps everyone pushing forward to reach it.
>
> **Constantly improved:** The first two bulleted items above must create activities that can be constantly nurtured and improved upon in order to maintain an edge over the competition.

Examples

- **Clothing Manufacturer**: Wearable clothing because "Our clothes fly off the racks."
- **Financial Services Firm:** Ranked in top 10 percent of money managers who beat S&P nationally. Fastest-growing American Funds money manager in '00, '01, & '02. Only firm ever featured by American Funds in its advisory newsletter.
- **Interior Design Firm:** Increasing developers' sales ratio by 35 percent. The only design team chosen by the top 10 luxury developers in the state.
- **Pershing General Hospital:** Provides high-quality emergency, primary care, and retail pharmacy within its area. Staffs the hospital with personnel that have superior knowledge to support efficient operations. Offers the best care possible by maintaining its full staff of highly-experienced nurses.
- **Abbott:** Creating a product portfolio that lowers the cost of health care.
- **Fannie Mae:** Could become the best capital markets player in anything that pertains to mortgages.
- **Gillette:** Could become the best at building global brands of daily necessities that require sophisticated manufacturing technology.
- **Wells Fargo:** Could become the best at running a bank focused on the western United States.

Organization-Wide Strategies



An organization-wide strategy establishes a way to match your organization's strengths with opportunities so that your organization comes to mind when people have a need. An organization-wide strategy is like an umbrella. It is a general statement(s) that guides and covers a set of activities. It answers the question "how." It explains how strengths usually fall into two broad categories: cost advantage and differentiation.

When you apply these strengths to a market that's either large and varied or small and homogeneous in its needs, three basic strategies result:

- Using operational excellence to provide lowest total cost
- Using continued innovation to provide product or service leadership
- Providing complete customer intimacy through knowing their needs and wants

By consistently executing an organization-wide strategy, or a strategy that consistently guides how you create value, you can provide a product or service that's better than your competition.

Creating value through excellent operations

Creating value through excellent operations focuses on appealing to a broad spectrum of customers based on being the overall low-cost provider of a product or service because of the organization's focus on efficiency. The organization implementing this strategy provides superior value to their customers by offering them lowest total cost.

An operationally excellent value proposition sounds something like this: "We offer products and services that are always consistent, on-time, and low in cost." Check out these goals if you're executing this strategy:

- To continually offer the most attractive prices.
- To purchase and source from the lowest-cost suppliers.
- To offer excellent and consistent quality.
- To ensure that our company has a good product or service selection.

To reach your goals, you need to master your operational processes. This process includes monitoring outstanding supply chain management, super efficient operations to control costs, cycle time and quality, and inventory management.

Companies that continue to offer the best buy or lowest cost through their excellent internal operations include Walmart, Southwest Airlines, Dell, and Ikea.

Creating value through product/service leadership

This strategy concentrates on creating a unique, innovative product or service line. An organization implementing this strategy provides superior value by offering its customers a continuous stream of innovative products or services. It seeks to identify emerging opportunities and continuously strives to develop and deliver new products and services.

A product and/or service leadership value proposition sounds something like this: "We offer products and services that expand existing boundaries past what was thought possible." To execute this strategy, your goals may look something like the following:

- To strive to be first-to-market with new products, services, or functionality.
- To always produce leading-edge products and services that exceed the performance of competing products.
- To maintain higher prices than competitors because of the superior product.
- To reach new customer groups.

You need to master your innovation processes and develop an innovation culture to reach your goals. These steps include a pipeline full of new ideas, a conversion rate of ideas to production, excellent and quick product development processes, and marketing and sales departments that can bring the product to market quickly.

Companies that are always on the cutting edge of their industries include Intel, Mercedes, Sony, and Salesforce.com.

Creating value through customer intimacy

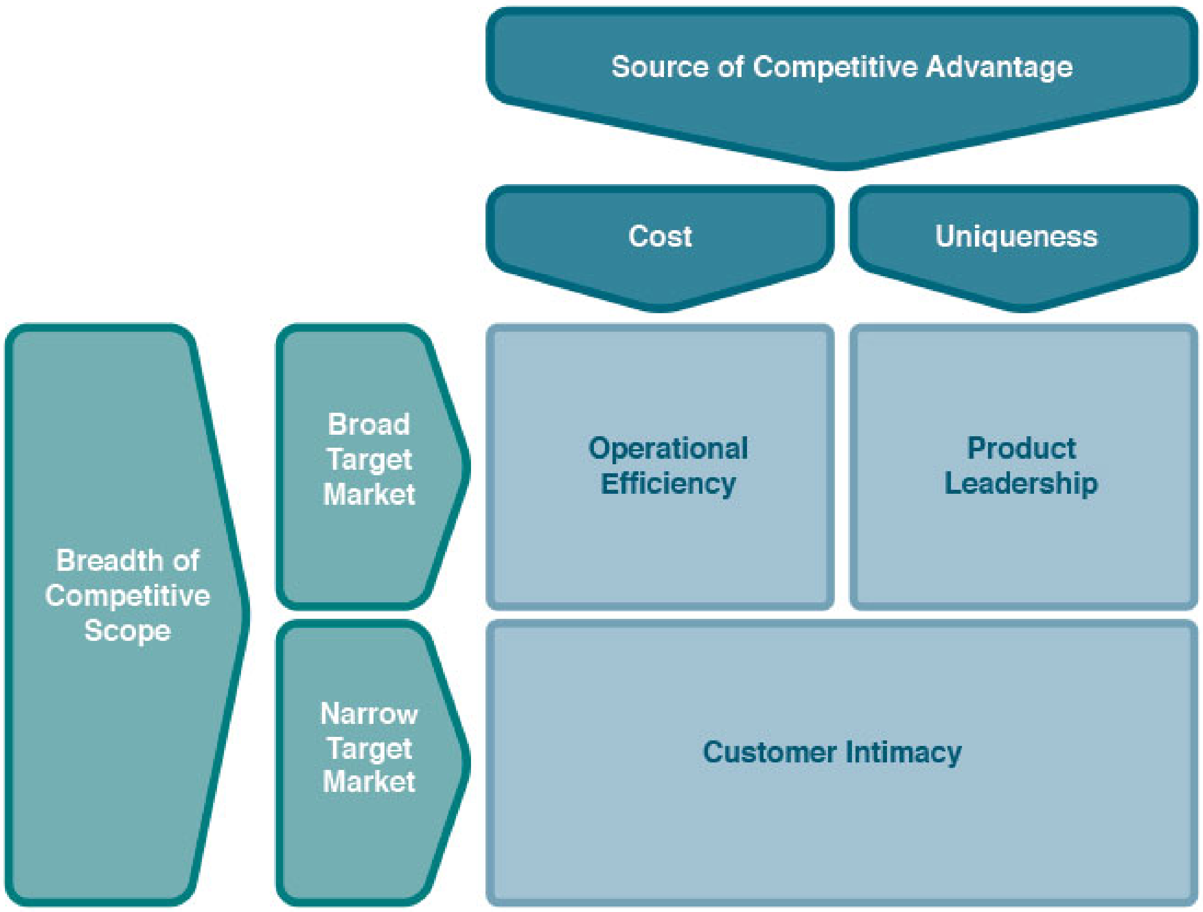
Creating value through really knowing your customers concentrates on a narrow market segment by a deep understanding of its customer and their perception of the value of the product or service offered. A company implementing this strategy provides superior value by tailoring its products or services to match exactly the needs of targeted customers. It specializes in satisfying unique customer needs through an intimate knowledge of the customers.

A customer intimacy value proposition sounds something like this: "We provide the best total solution to our customers because we make a practice of knowing exactly what they need." Try to fashion your goals around the examples below:

- To ensure that our customers feel like we understand them by continually engaging in market research and responding to it.
- To provide customized products and services to meet their needs.
- To stress exceptional customer service.
- To install and effectively use a customer relationship management system.
- To offer and sell a complete solution (selling multiple and bundled products and services).

Develop a customer-focused culture to attain these marks. These procedures include offering as many products and services that your customers are looking to you to provide – meaning that you completely solve the problem or need that your customers have.

Companies that are providing complete customer solutions include Nordstrom, Goldman Sachs, and Cabela's.



Type of Strategy	Operational Excellence - Lower Costs	Product/Service Leadership	Customer Intimacy
Strategic Target	A broad cross-section of the market.	Usually a broad cross-section of the market where buyers want the newest leading-edge products/services.	A narrow market segment where buyer needs and preferences are distinctively different from the rest of the market.
Basis of Competitive Advantage	Offer buyers lowest total cost because of company's focus on efficiency. This is due to a combination of quality, price, and ease of purchase that is difficult to match.	Offer buyers new and innovative products and services. Perceived as being creative with ideas. Able to leapfrog products that exist. Able to commercialize quickly.	Offer people superior value by tailoring products or services to match exactly the needs of targeted customers due to an intimate knowledge of the customers. Empower people to respond quickly to customer needs.
Sustaining the Strategy	Optimize processes for end-to-end product supply and basic service. Streamline processes to minimize costs & hassle.	Focus on the core processes of invention, product development, and market exploitation.	Focus on a deep understanding of the customer and his perception of value of the product or service offered. Pursue the relationship rather than transaction.
	Maintain standardized, simplified, tightly controlled, and centrally planned operations. Have few decisions for rank and file.	Maintain structure that is flexible and adjustable to entrepreneurial initiatives. Encourage working in unexplored territory. Promote multifunctional teams to shorten response times.	Empower frontline managers with decision-making authority. Maintain a structure that delegates decision-making to employees who are close to customer.
	Maintain integrated, reliable, and high-speed transactions. Focus on compliance to norms. Generate a culture that abhors waste & rewards efficiency.	Rewards new product success. Does not punish experimentation. Encourages imagination, experimentation, accomplishment, creativity, out-of-the-box thinking, and risk-taking.	Operations are geared toward nurturing clients. Culture that embraces specific rather than general solutions. Culture that thrives on deep relationships.
Examples	Walmart, Dell, McDonald's, Southwest Airlines, FedEx	Sony, Microsoft, Nike, Johnson & Johnson	Amazon, Land's End, Home Depot, Cable & Wireless

*To access the worksheets under "Tools & Techniques" please refer to our Strategic Planning Kit for Dummies

Examples

- **Starbucks:** To build the brand one cup at a time, based on three key ingredients: the quality of the coffee, our own retail stores, and selective brand extensions.
- **Computer Consulting Company**: To lay the foundation for growth this year.
- **The Economic Development Authority of Western Nevada:** To move towards economic development plus to increase the base of companies contributing to the region's measurable quality of life to ensure long-term vitality of the community.

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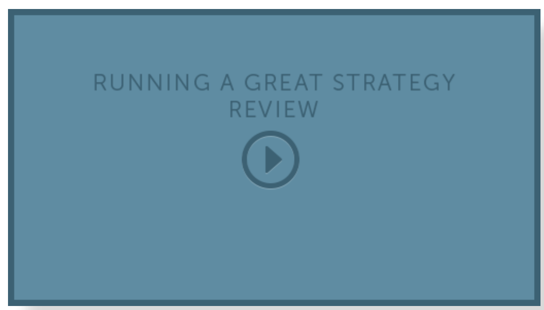
Phase 3: Build the Plan

Previously, you addressed where you are and where you are going. Now, you will focus on how you will get there. Use your SWOT to stay grounded and realistic as you build a roadmap from where you are today to where you want to be. As you develop your strategy and set your goals, make strategic choices about what to do and not to do. Remember that being strategic is about making those hard choices. A mark of a good strategic plan is one that is clear and focused (not too many goals and objectives), as well as balanced – telling a strategy story about how your whole organization is linked and aligned to drive key performance indicators.

Spend some time uncovering your competitive advantages based on an understanding of your strategic position. Your competitive advantages are the essence of your strategic plan because strategy is about being different. It is deliberately choosing to perform activities differently or to perform different activities than competitors to deliver value to your customers.



Eliminate any confusion around semantics by using these definitions:

- **Strategies:** The route you intend to take and the general methods you intend to use to reach the top of that specific mountain.
- **Long-Term Strategic Objectives/Priorities:** Intermediate objectives to the top of the mountain. If you have a 5-year vision, these would be 3- to 4-year intermediate objectives on the way up the mountain.
- **Short-Term Goals and Actions:** Specific moves for climbing the sections of rock and ice that confront you right now. These would be analogous to detailed annual plans for getting things done this year on the way to the 3-year objective.

Phase Duration

- 2 weeks

Questions to Ask:

- What is our base for competing and delivering value?
- What are we best at? What makes us unique?
- What are the "big rocks" – strategic objectives – we need to reach our vision?
- What must we accomplish over the next 1 to 3 years to achieve these?
- What are we not going to do?
- What strategic questions must we still address?
- How will we measure our success?

Data Needed:

- SWOT, competitive advantages list, customer data
- Carry over goals from last planning period
- End of year scorecards/KPI data

Outcomes/Deliverables:

- Organization-wide strategies
- Long-term strategic objectives
- Short- and mid-term organization-wide goals
- Financial projections

Action Grid:

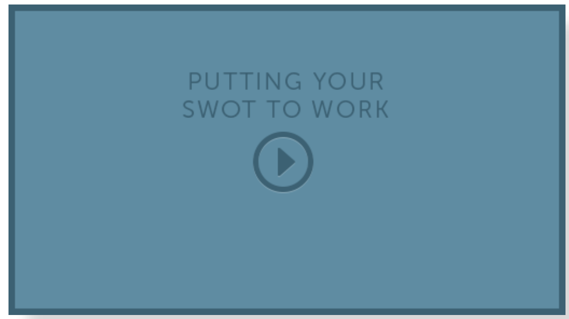
Action	Who is Involved	Tools & Technique	Duration
Solidify your competitive advantages based on your key strengths	Executive Team Planning Team	- Strategy Comparison Chart - Strategy Map	Leadership Offsite: 1 – 2 days
Formulate organization-wide strategies that explain your base for competing	Executive Team Planning Team	- Strategy Comparison Chart - Strategy Map	Leadership Offsite: 1 – 2 days
Clarify target customers and your value proposition	Executive Team Planning Team	- Strategy Comparison Chart - Strategy Map	Leadership Offsite: 1 – 2 days
Create an image of what success would look like in 3-5 years (vision)	Executive Team Planning Team	- Strategy Comparison Chart - Strategy Map	Leadership Offsite: 1 – 2 days
Agree on the strategic issues you need to address in the planning process	Planning Team	- Strategy Map	Follow Up Offsite Meeting: 2-4 hours

*To access the worksheets under "Tools & Techniques" please refer to our Strategic Planning Kit for Dummies.

Use Your SWOT to Set Priorities

The SWOT analysis helps you get a better understanding of the strategic alternatives and choices that you face. It helps you ask, and answer, the following questions of how do you:

- Organization-wide strategies
- Long-term strategic objectives
- Short- and mid-term organization-wide goals
- Financial projections



If your team wants to take the next step in the SWOT analysis, apply the TOWS Strategic Alternatives Matrix to help you think about the options that you could pursue. To do this, match external opportunities and threats with your internal strengths and weaknesses, as illustrated in the matrix below:

TOWS Strategic Alternatives Matrix:

	External Opportunities (O)	External Threats (T)
Internal Strength (S)	SO Advantage Strategies: Strategies that use strengths to maximize opportunities.	ST Protective Strategies: Strategies that use strengths to minimize threats.
Internal Weakness (W)	WO Conversion Strategies: Strategies that minimize weaknesses by taking advantage of opportunities	WT Defensive Strategies: Strategies that minimize weaknesses and avoid threats.

*To access the worksheets under "Tools & Techniques" please refer to our Strategic Planning Kit for Dummies.

Evaluate the options you've generated, and identify the ones that give the greatest benefit, and that best achieve the mission and vision of your organization. Add these to the other strategic options that you're considering.

Define Long-Term Strategic Objectives

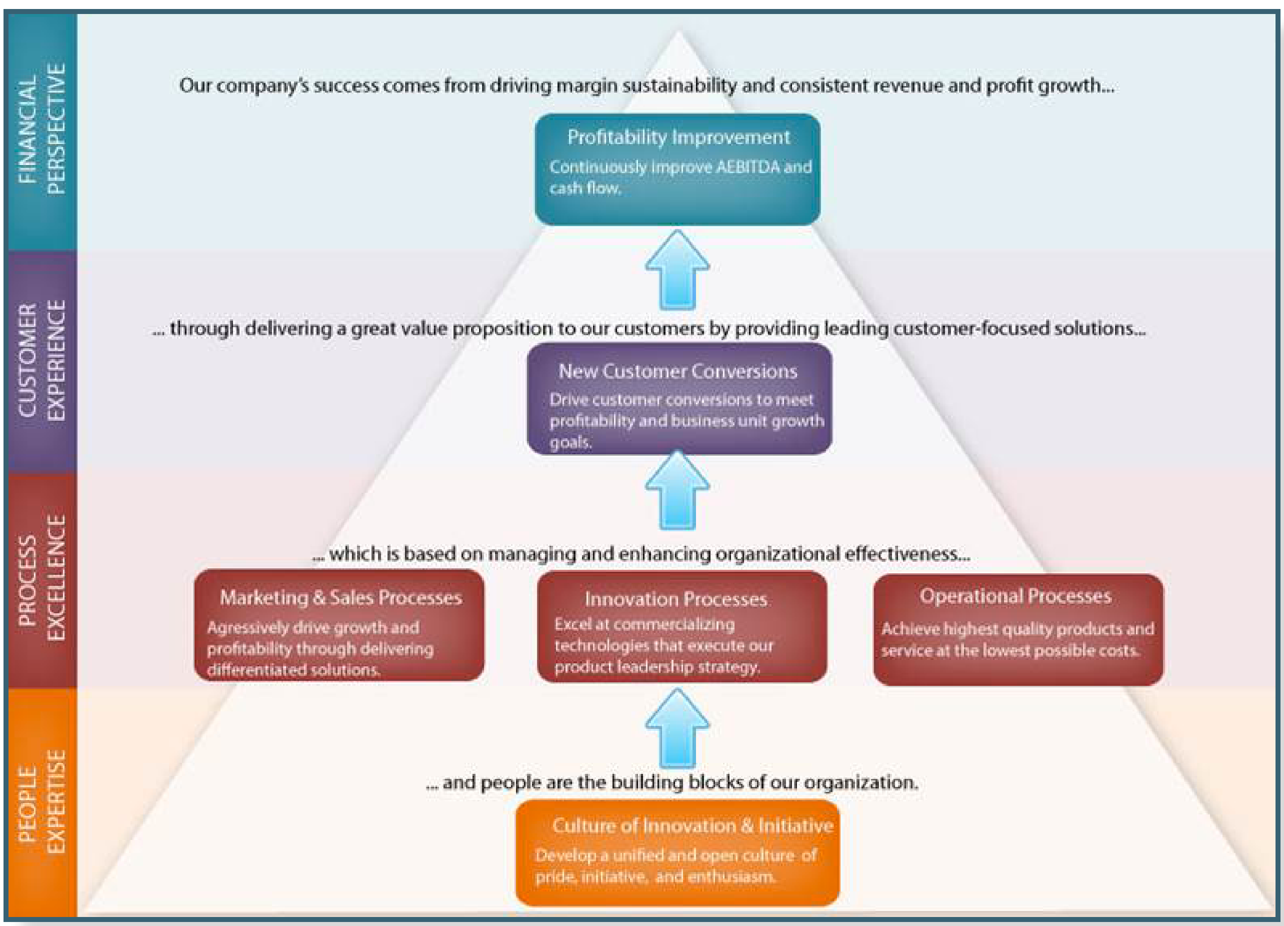
Long-Term Strategic Objectives– Using the information gathered in your SWOT, for each of the following areas develop at least one objective, but no more than five to seven.

- The **"Financial"** perspective indicates whether the company's strategy, implementation, and execution are contributing to top and bottom line improvement include the following: Cash flow, Sales growth, Market share, and ROE.
- The **"Customer"** perspective is focused primarily on creating value and differentiation when acquiring, retaining or servicing the customer. This driver deals primarily with gaining and growing customers and market share.

- Focusing on **"Internal Processes"** in operations has the greatest impact on customer satisfaction. Positive long-term results rely on defining the competencies needed to maintain market leadership and maximizing the effectiveness of those internal systems.
- The **"People/Learning"** perspective relies on an organization's commitment to its greatest resource—people. This area focuses on creating value by developing an environment that fosters learning, innovation, and prioritizing on its "human asset." The premise is that people drive the other three elements to achieve the organization's goals.

Keep in mind that the strategic objectives establish should connect your mission to your vision. These objectives are long-term (think 3-5 years), continuous strategic areas that get you moving from your mission to achieving your vision. Ask yourself what the key activities are that you need to perform in order to achieve your vision. We encourage you to create strategic objectives in four key areas – Financial/Mission, Customer, Internal/Operational, and People/Learning.

*The Balanced Scorecard was introduced by Robert Kaplan, a Harvard Business School professor, and David Norton, the founder and president of Balanced Scorecard Collaborative, Inc., in the early 1990s as a new way to work with business strategy. Today, over half of the Fortune 1000 companies in North America are using the Balanced Scorecard, which has become the hallmark of a well-run organization.



Examples:

Financial Strategic Objectives:

- To establish a financially stable and profitable company.
- Shift revenue mix majority of product sales to service sales.
- Profitability: Maintain margins at XX%.

Customer Strategic Objectives:

- Introduce current products to two new markets.
- Increase loyalty, customer satisfaction, referral volume.

Internal Process Strategic Objectives:

- To achieve order fulfillment excellence through on-line process improvement.
- Improve or institute a sales process, increase close rate, increase lead generation.
- Improve brand management through consistent use of...

People and Learning:

- To provide employees with challenging and rewarding work.
- HR Mgmt: Hire and onboarding processes.
- Knowledge Mgmt: Structured training (sales, IT, management, ownership).

Setting Organization-Wide Goals and Measures

Org-Wide Goals and Measures — Once you have formulated your strategic objectives, you should translate them into goals and measures that can be clearly communicated to your planning team (team leaders and/or team members). You want to set goals that convert the strategic objectives into specific performance targets. Effective goals clearly state what, when, how, and who, and they are specifically measurable. They should address what you need to do in the short-term (think 1-3 years) to achieve your strategic objectives.

Remember this simple acronym to guarantee your goals are:

- **Specific:** Goals need to be specific. Try to answer the questions of How much and What kind with each goal you write.
- **Measurable:** Goals must be stated in quantifiable terms, or they are only good intentions. Measurable goals facilitate management planning, implementation, and control. For example, a measure might be "# of new customers" or "% complete" and a target might be "500" or "100%", respectively.

- **Attainable:** While goals must provide a stretch that inspires people to aim higher, they must also be achievable, or they are a set-up for failure. Set goals you know you, your organization, and your employees can realistically reach.
- **Responsible person:** Goals must be assigned to a person or a department. But just because a person is assigned a goal doesn't mean that she is solely responsible for its achievement; they just need to be the point person who will ensure the goal is achieved.
- **Time specific:** With reference to time, your goals must include a timeline of when they should be accomplished.

Examples:

Financial 1-Year Goals:

- Increase our billable hours by 10% over the next 12 months. (Measure: # billable hours / Target: 1.2%)
- Achieve sales growth of 10% per year. (Measure: Monthly sales / Target: 1.2%)

Customer 1-Year Goals:

- Realize 10% of the company's annual sales from the small business market by end of the next year. (Measure: # of small business clients / Target: 100)
- Reach a 15% annual increase in new customers by end of year 2012. (Measure: % increase in new customers / Target: 15%)

People & Learning 1-Year Goals:

- Reduce turnover among sales managers by 10% by the end of the year. (Measure: Employee turnover / Target: 10%)
- Hire and train a human relations director by the end of the year. (Measure: Director hired / Target: 100%)

Select KPIs

To help monitor your strategic plan, one of the best tools around is the Balanced Scorecard, developed by Kaplan and Norton from Harvard. The scorecard is to be used as both a measurement and management tool to assist in fulfilling your organization's vision. With it, you can actively track progress toward your goals. Begin by asking "What are the key performance measures we need to track in order to monitor if we are achieving our goals?" These KPIs include the key goals that you want to measure that will have the most impact in moving your organization forward.

The scorecard has four categories of measures:

1. **Financial/Mission — How do we look to our stakeholders?** These measures indicate whether your organization's strategy, implementation, and execution are contributing to bottom line and top line improvement.
2. **Customer/Constituent — How do we provide value?** These measures are customized to each of the targeted groups you serve.
3. **Internal/Operational —** Which processes must we excel at? These measures focus on internal programs and activities that have an impact on customer/constituent satisfaction. They focus on internal processes needed to sustain your competitive advantage.
4. **People/Learning —** To excel at our processes, how must we learn and improve? These measures identify the infrastructure that your organization must build to create long-term growth and improvement. It includes your ability to attract essential staff, innovate, improve and learn.

An Example Strategy Scorecard:

GOALS	MEASURES	TARGETS	FREQUENCY	SOURCE	YEAR TO DATE
Increase number of new paying customers by 50%	Conversion of new contacts within 2 months	50%	Monthly	Customer Relations Management System	20%
Increase number of former paying customers by 25%	Renewing of previous relationships that were inactive	25%	Monthly	Customer Relations Management System	12%
Improve inventory turns	# of inventory turns per year	4–6	Monthly	Enterprise Resource Planning	2

Steps to Build Yor Strategy Scorecard:

1. **Identify the right measures.** Most of your goals should have measures associated with each one. If not, pick a measure to track the goal.
2. **Establish increments that mesh with the targets.** Make sure to get the right time frame and size of measures. For example, if you're target is a 10% increase in sales over the year, break the target down to a monthly number. Try to use the same increments for all your measures. If you are reporting monthly, then use monthly measures.
3. **Identify the data source.** Clearly identify where the monthly number is coming from and who is responsible for reporting on it. Be sure that the measures are easily accessible.

4. **Input numbers monthly.** Enter numbers every month for each measure.
5. **See the big picture.** The primary purpose of key indicators is to give you a big-picture look at the organization with a relatively small amount of information. If you are not seeing the big picture, change the measures. A great way to get a visual is to produce a chart or graph for each measure.
6. **Take action.** Taking action means doing it in a timely manner. The whole point of using a scorecard is to make adjustments, now, on time, before it's too late. Your strategy meetings should easily facilitate this process.

A List of Common Measures:

Financial	Customer	Internal Business Processes	Employee & Learning
• Net sales (dollar growth and percent increase) • Gross profit margin • Pretax earnings (dollar growth and percent increase) • Operating expenses (SGA) as a percent of sales • Receivables turnover • Inventory turnover • Debt-to-equity ratio • Total equity dollars • Operating cash flow • Investing cash flow • Financing cash flow • Ending cash • Earnings per share • ROI, ROE, ROA	• Improving image/reputation • Number of customer complaints • Percentage market share • Number of customers retained • Customer satisfaction • Dollars per account • Time spent with customer • Revenue per customer • Number of transactions per unit time • Average sales dollars per transaction • Customer satisfaction index • Number of customers • Number of new customers • Ratio of new to existing customers • Average sales per customer	• Percentage operating costs • Billable efficiency • Quality of product/service • Defects ratio • New product success rate • Cycle time to deliver • Project turnaround time • Number of defects or returns • Delivery times • Delivery response time to customer • Number of test market trials • Relative product quality • Number of new products • Number of products produced • Average cost per product • Number of products sold	• Employee retention • Employee satisfaction • Number of quality resumes on hand • Employee turnover • Number of ideas in the pipeline • Number of employee suggestions • Percentage of employees who are systems efficient • Average sales per employee • Number of net new positions • Number of relevant trainings attended

Cascade Your Strategies to Operations

By the time organizations get to cascading their strategy, many are tired and worn out from all of the work leading up to this point. But don't stop yet! Cascading action items and to-dos for each short-term goal is where the rubber meets the road – literally. Moving from big ideas to action happens when strategy is translated from the organizational level to the individual.

Here we widen the circle of the people who are involved in the planning as functional area managers and individual contributors develop their short-term goals and actions to support the organizational direction. But before you take that action, determine if you are going to develop a set of plans that cascade directly from the strategic plan, or instead if you have existing operational, business or account plans that should be synced up with organizational goals. A pitfall is to develop multiple sets of goals and actions for directors and staff to manage. Fundamentally, at this point you have moved from planning the strategy to planning the operations; from strategic planning to annual planning. That said, the only way strategy gets executed is to align resources and actions from the bottom to the top to drive your vision.

Phase Duration:

- 4-6 weeks

Questions to Ask:

- How are we going to get there at a functional level?
- Who must do what by when to accomplish and drive the organizational goals?
- What strategic questions still remain and need to be solved?

Data Needed:

- Coming year organizational goals, measures and targets
- Sales projections
- Product projections

Outcomes/Deliverables

- Department/functional goals, actions, measures and targets for the next 12-24 months
- Individual team member action plans

Action Grid:

Action	Who is Involved	Tools & Resources	Estimated Duration
Develop a 3-year financial projection or forecast	Finance Leader	-Financial model or existing financial software	2 weeks
Set short-term department goals that align with organizational goals	Executive Team, Planning Team and Department Managers	- Department Managers meet with their own teams	Dept. Goal Setting: ½ – 1 day meeting of each department
Cascade department goals to individual goals, creating action plans	Department Managers and Individual Team Members	- Department Managers meet with individual staff members	One-to-Ones: 1 hr for each team member

*To access the worksheets under "Tools & Techniques" please refer to our Strategic Planning Kit for Dummies.

Cascading Goals to Departments and Team Members

Now in your Departments / Teams, you need to create goals to support the organization-wide goals. These goals should still be SMART and are generally (short-term) something to be done in the next 12-18 months.

Pull together your action plan for each short-term goal.

ACTION PLAN						
PRIORITY	ACTION ITEM	PERSON RESPONSIBLE	START DATE	END DATE	PROGRESS	EXPENSE
Goal: Realize 10% of the company's annual sales from the small business market by end of next year.						
1	Gather secondary market research.	Susie	1/1/11	2/1/11	50% complete	None
1	Hold 3 focus groups.	Beth	2/1/11	3/1/11	25% complete	$10,000
2	Develop a marketing plan.	Beth	3/1/11	4/1/11	Not started	None
3	Execute marketing plan.	Beth	4/1/11	12/31/11	Not started	$100,000

Finally, you should develop an action plan for each goal. Keep the acronym SMART in mind again when setting action items, and make sure they include start and end dates and have someone assigned their responsibility. Since these action items support your previously established goals, it may be helpful to consider action items your immediate plans on the way to achieving your (short-term) goals. In other words, identify all the actions that need to occur in the next 90 days and continue this same process every 90 days until the goal is achieved.

In the OnStrategy system, all the strategic objectives cascade down to the team member action items. For example in the image below (3-tier plan), strategic objective 1 cascades down to organization-wide goal 1.1, then department goal 1.1.1, then team member goal 1.1.1.1, which is supported finally by the team member action item 1.1.1.1.1. In a 2-tier plan, the department goal would be the team member goal and the team member goal an action.

Examples of Cascading Goals:

1 Increase new customer base.
1.1 Reach a 15% annual increase in new customers. (Due annually for 2 years)
1.1.1 Implement marketing campaign to draw in new markets. (Marketing, due in 12 months)
1.1.1.1 Research the opportunities in new markets that we could expand into. (Doug) (Marketing, due in 6 months)
1.1.1.1.1 Complete a competitive analysis study of our current and prospective markets. (Doug) (Marketing, due in 60 days)
1.1.1.2 Develop campaign material for new markets. (Mary) (Marketing, due in 10 months)
1.1.1.2.1 Research marketing methods best for reaching the new markets. (Mary) (Marketing,due in 8 months)

*To access the worksheets under “Tools & Techniques” please refer to our Strategic Planning Kit for Dummies.

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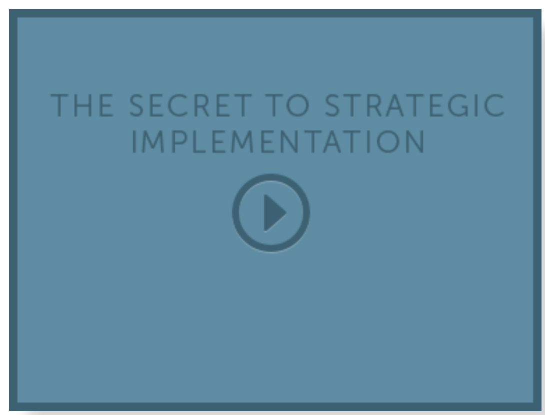
Phase 4: Executing Strategy and Managing Performance

Executing your strategic plan is as important, or even more important, than your strategy. Critical actions move a strategic plan from a document that sits on the shelf to actions that drive organizational growth. The sad reality is that the majority of organizations who have strategic plans fail to implement. Don't be part of the majority! In fact, research has shown that 70% of organizations that have a formal execution process out-perform their peers. (Kaplan & Norton)



Guiding your work in this stage of the planning process is a schedule for the next 12 months that spells out when the quarterly strategy reviews are, who is involved, what participants need to bring to the meetings and how you will adapt the plan based on the outcomes of the reviews.

You remain in this phase of the strategic management process until you embark on the next formal planning sessions where you start back at the beginning.

Remember that successful execution of your plan relies on appointing a strategy director, training your team to use OnStrategy (or any other planning tool), effectively driving accountability, and gaining organizational commitment to the process.

Phase Duration:

- Until you need to formally update your plan, starting again at Phase 1

Questions to Ask:

- What is on and off target - what do we need to adapt in our plan?
- What emerging strategic topics do we need to identify and solve?
- What can we do to be more effective as a team?

Data Needed:

- Status on goals from the individual to organizational-wide level
- Monthly or quarterly Key Performance Indicator data

Outcomes/Deliverables:

- Implementation schedule
- Regular and effective quarterly strategy updates
- Solutions to 'Strategic Topics'
- Relevant strategy and plan

Action Grid:

Action	Who is Involved	Tools & Technique	Duration
Establish implementation schedule	Planning Team	- Execution plan - Calendar	1-2 hours
Train your team to use OnStrategy to manage their part of the plan	HR Team, Department Managers & Teams	- Executive interviews - Qualitative strategic survey of selected staff or all staff	1 hr per team member
Review progress and adapt the plan at Quarterly Strategy Reviews (QBR)	Department Teams + Executive Team	- Training material - OnStrategy	Department QBR: 2 hrs Organizational QBR: 4 hrs

*To access the worksheets under "Tools & Techniques" please refer to our Strategic Planning Kit for Dummies.

Implementation Schedule

Implementation is the process that turns strategies and plans into actions in order to accomplish strategic objectives and goals. Whereas the strategic plan addresses the what and why of activities, implementation addresses the who, where, when, and how. It is believed that implementation is as important, or even more important, than strategy. The fact is that both are critical to success. In fact, organizations can gain competitive advantage through implementation if done effectively. Below is a sample planning calendar that can help aid you in executing and rolling out your plan successfully. Once your resources are in place, you can set your implementation schedule.

Use the following steps as you base implementation plan:

PLANNING CALENDAR

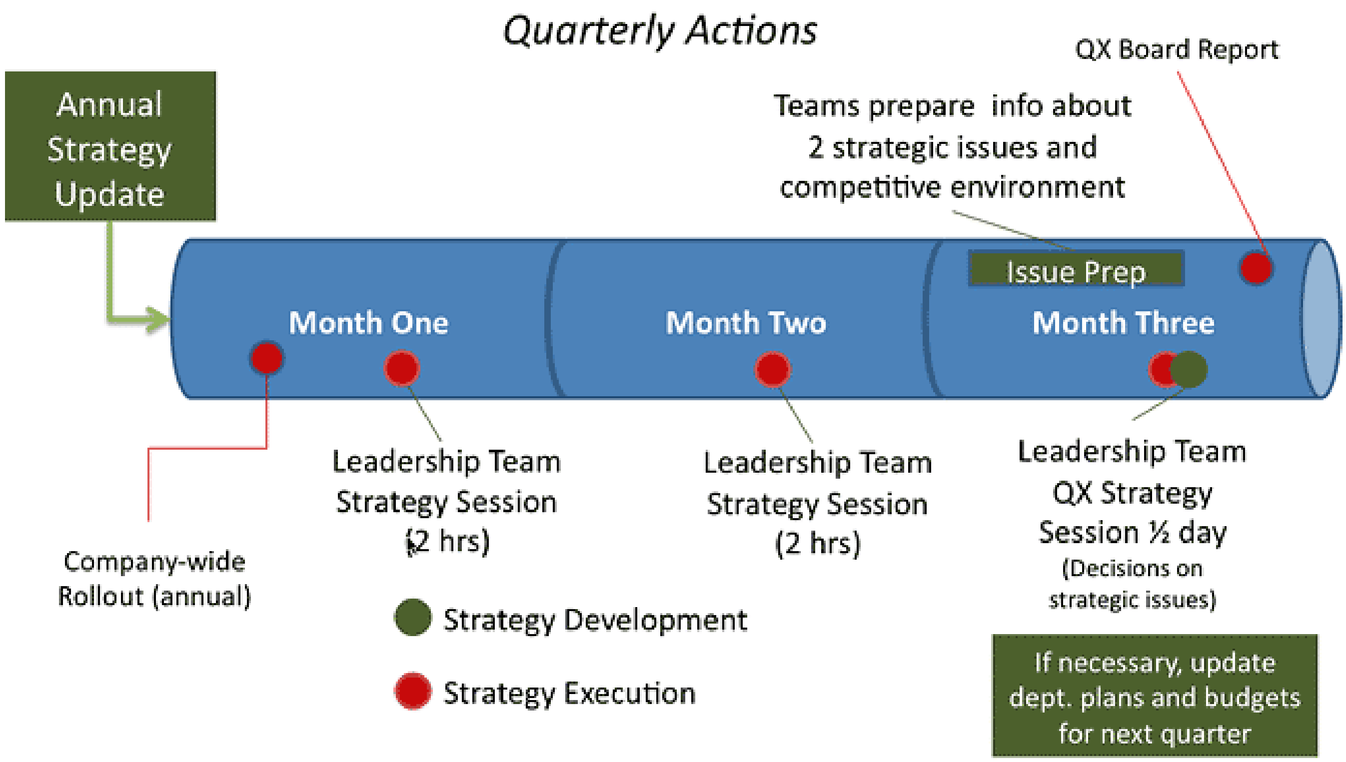
	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPT	OCT	NOV	DEC
BOARD OF DIRECTORS/CEO	Approval of FY12 Plan		Q1 Quarterly Business Review Corporate Level			Q2 Quarterly Business Review Corporate Level			Q3 Quarterly Business Review Corporate Level	Next Year Planning Retreat	Approval of FY13 Plan	Q4 Quarterly Business Review #4 Corporate Level. EOY Status Report
VP / EXECUTIVE LEADERSHIP			Q1 Quarterly Business Review Department Level			Q2 Quarterly Business Review Department Level	Exec Interviews Survey		Q3 Quarterly Business Review Department Level		Review/ Refine Draft FY13 Plan	Q4 Quarterly Business Review Corporate Level. EOY Status Report
MANAGERS / ALL STAFF	Check-in/ Update Status of Goals	Check-in/ Update Status of Goals	Check-in/ Update Status of Goals	Check-in/ Update Status of Goals	Check-in/ Update Status of Goals	Check-in/ Update Status of Goals	Check-in/ Update Status of Goals All Staff Survey	Check-in/ Update Status of Goals	Check-in/ Update Status of Goals	Check-in/ Update Status of Goals	Check-in/ Update Status of Goals	Check-in/ Update Status of Goals

STRATEGY ASSESSMENT STRATEGY DEVELOPMENT EXECUTION

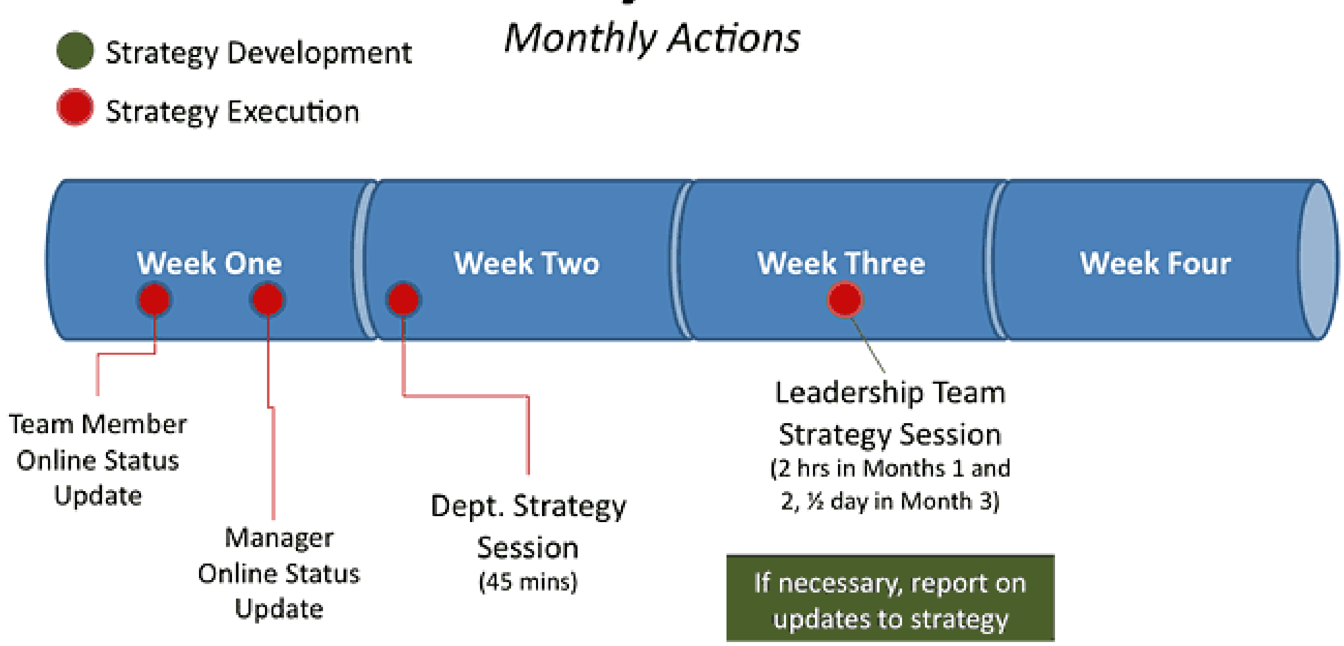
1. Establish your performance management and reward system.
2. Set up monthly and quarterly strategy meetings with established reporting procedures.
3. Set up annual strategic review dates including new assessments and a large group meeting for an annual plan review.

Now you're ready to start plan roll-out. Below are sample implementation schedules, which double for a full strategic management process timeline.

Quarterly Schedule



Monthly Schedule



Ideas for Successful Implementation:

- Communicate the strategy to everyone in your organization.

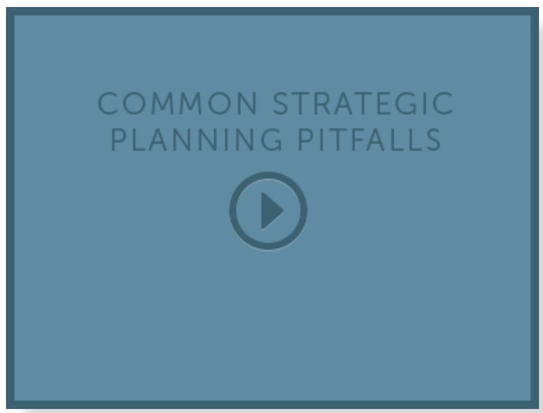
- Involve your staff in the development of the plan.
- Assign your staff clear goals that tap into their strengths.
- Have your staff create the action items to support their assigned goals.
- Hold your staff responsible for the achievement of assigned goals.
- Monitor the Scorecard monthly or quarterly.
- Hold a monthly or quarterly staff strategy meeting to report on the progress.
- Hold meetings with the team leaders, where you only discuss strategy.
- If something in the plan is not working, change it. Take corrective action or move to build on success.
- Plan quarterly meetings where you only discuss strategy.
- Link strategy to performance.
- Make true self-assessment an ongoing practice.
- Celebrate when goals are reached.

Tracking Goals & Actions

Monthly strategy meetings don't need to take a lot of time - 30 to 60 minutes should suffice. But it is important that key team members report on their progress toward the goals they are responsible for – including reporting on metrics in the scorecard they have been assigned.

By using the measurements already established, it's easy to make course corrections if necessary. You should also commit to reviewing your Key Performance Indicators (KPIs) during these regular meetings.

Ideas for Successful Implementation:



Never lose sight of the fact that strategic plans are guidelines, not rules. Every six months or so, you should evaluate your plan implementation by asking these key questions:

- Will your goals be achieved within the time frame of the plan? If not, why?
- Should the deadlines be modified? (Before you modify deadlines, figure out why you're behind schedule.)
- Are your goals and action items still realistic?
- Should the organization's focus be changed to put more emphasis on achieving your goals?
- Should your goals be changed? (Be careful about making these changes - know why efforts aren't achieving the goals before changing the goals.)
- What can be gathered from an adaptation to improve future planning activities?

Common Pitfalls

Here is a list of lessons that are usually learned the hard way. Because you want your plan to succeed, heed the advice here and stay away from these common pitfalls of implementing your strategic plan:

- **Lack of ownership:** The most common reason a plan fails is lack of ownership. If people don't have a stake and responsibility in the plan, it will be business as usual for all but a frustrated few.
- **Lack of communication:** The plan doesn't get communicated to employees, and they don't understand how they contribute.
- **Getting mired in the day-to-day:** Owners and managers, consumed by daily operating problems, lose sight of long-term goals.
- **Out of the ordinary:** The plan is treated as something separate and removed from the management process.
- **An overwhelming plan:** The goals and actions generated in the strategic planning session are too numerous because the team failed to make tough choices to eliminate non-critical actions or don't have employee buy-in.
- **Annual strategy:** Strategy is only discussed at yearly weekend retreats.
- **Not considering implementation:** Implementation isn't discussed in the strategic planning process. The planning document is seen as an end in itself.
- **No progress report:** There's no method to track progress, and the plan only measures what's easy, not what's important. No one else feels any forward momentum.
- **No accountability:** Accountability and high visibility help drive change. This means that each measure, objective, data source and initiative must have an owner.
- **Lack of empowerment:** Although accountability may provide strong motivation for improving performance, employees must also have the authority, responsibility and tools necessary to impact relevant measures. Otherwise, they may resist involvement and ownership.

Remember, it's easier to avoid pitfalls when they're clearly defined. Now that you know what they are, you're more likely to jump right over them!

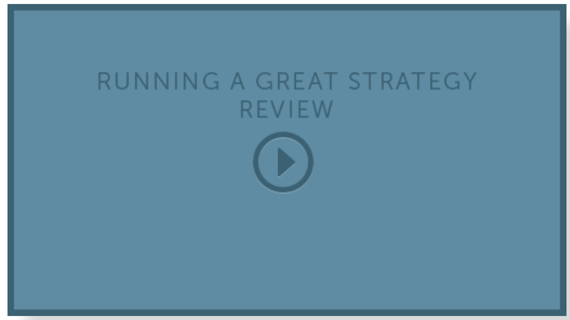
Review & Adapt

Guidelines For Your Strategy Review

Restricting the meeting to reporting on measurements can help you stay on task and keep the meeting within 2 hours, but if you can commit to 3 hours, the meeting agenda should also include some time devoted to working on one specific topic or on one of the quarter's priorities where decisions need to be made. Once agreed upon, this topic should be developed to conclusion.

Consider these additional tips for making your strategy meetings more effective:

- How big is this customer segment and what is the growth potential?
- Schedule the monthly strategy meetings on the same day and time each month in order to encourage making strategy a habit. Likewise, schedule quarterly meetings for the same week of each month following the end of a quarter.
- Invite individuals or departments/team leaders. Their presence creates visibility and recognition for the people getting things done.
- Make the meeting mandatory - no exceptions.
- Start and end on time and stay on task with an agenda.



Holding meetings helps focus your goals on accomplishing top priorities and accelerating growth of the organization. Although the meeting structure is relatively simple, it does require a high degree of discipline.

Below is a sample strategy review agenda.

STRATEGY REVIEW AGENDA	
Kickoff and meeting setup	15 Mins
Corporate performance review	30 Mins
Department performance review (10 mins per department)	10 Mins per group
Strategic theme or topic (1 or 2 topics)	30 Mins per topic
Wrap up	5 Mins

Why Hold Strategy Reviews?

Holding regular strategy reviews is the key to implementing your strategic plan, making the numbers, achieving your company goals, and, finally, making strategy a habit for everyone involved. These meetings will give you the ability to manage activities that drive future results and hold people accountable for making sure those activities happen.

According to a past Fortune cover story, 86% of business owners and managers spend less than one hour per month discussing strategy. Not surprisingly, this same article also reported that nine out of ten organizations failed to implement their strategic plan. Quarterly and, in particular, monthly strategy meetings allow you to keep your finger on the pulse of your strategic planning efforts and make any necessary adjustments before it becomes too late.

Evaluate your target customer segment's attractiveness:

Key Points between Operational Status and Strategic Meetings:

Strategy Review Meetings	Operational Review Meetings
- Monthly	- Weekly
- Are we working on the right stuff?	- What are we working on?
- Organizational level “highways in the sky”	- Runway level”coming in for landing’
- Conversation about ‘what’ we are working on	- Keep everyone in the loop on ‘how’ your projects are going
- Review of KPIs are we moving the needle?	- High-level updates’are we on target?
- Deep dive into 1 or 2 goals and discuss strategic issues	- Escalating issues that require management involvement
- Take action and adapt the plan	- Individual report outs
- Organization/Strategic Topic deep dive	

*To access the worksheets under “Tools & Techniques” please refer to our Strategic Planning Kit for Dummies.

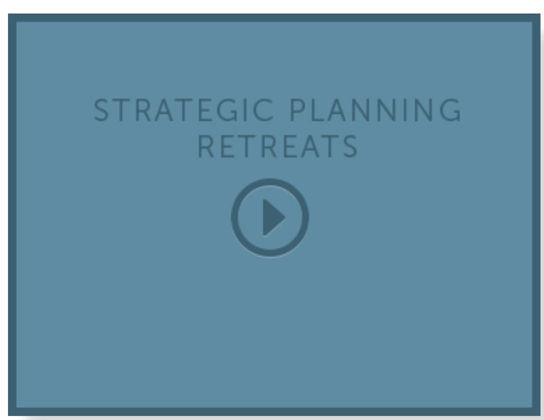
Monthly Strategy Review Meetings: Purpose

The monthly strategy review meeting is the heartbeat of the strategy management process. In order for a plan to be an effective management tool, it must be up-to-date, guide decision making and be top of mind. Therefore consistent review and monitoring of the plan is necessary to know if we are on or off course and to modify the course if necessary.

- **Required Attendees:** Executive Strategy Team
- **Date, Time, Frequency:** Once a month, 1 hour
- **Input to Meetings:** Only relevant comments that week from updated goals
- **Individual Handouts for Meeting:** Department Manager’s Department Action Plans (weekly) / Strategy Leader’s Full Plan with Progress for all (monthly).

Annual Updates

The three words strategic planning off-site provoke reactions anywhere from sheer exuberance to ducking for cover. In many organizations, retreats have a bad reputation because stepping into one of the many planning pitfalls is so easy. Holding effective meetings can be tough, and if you add a lot of brainpower mixed with personal agendas, you can have a recipe for disaster. That’s why so many strategic planning meetings are unsuccessful.



Top 10 Ways to Ruin Your Annual Strategic Review Meeting

1. Refusing to Use a Facilitator:

Make sure to find a facilitator who understands and runs strategic planning meetings regularly. You want someone who can keep the meeting on task and guide the process so you achieve the desired outcome of a strategic plan.

2. Neglecting to Conduct Any Research Before the Meeting:

Some research is better than none. So if you find yourself in a pinch the day before or the day of the meeting, do what you can to get data about your customers' needs, your competitors' actions, and your employees' opinions. You need the right information in order to feel confident in your strategic decision making.

3. Inviting Everyone:

Although it's imperative that key employees have a voice in planning, not everyone has to literally be at the meeting table. Too many people in the room can lead to chaos and confusion, resulting in a strategic plan by committee instead of through educated decisions and leadership.

4. Holding an Annual Retreat:

Strategic management should be a habit, not an event. Hold your strategy meetings regularly (more than once a year) to realize enhanced performance. With that said, an annual retreats is important, but make sure it's not your only meetings of the year.

5. Getting through the Agenda No Matter What:

Strategic thinking is hard work. It takes a lot of mental energy to pull all the pieces of the puzzle together, see the future, make strategic decisions, and organize the plan usefully. By then end of most strategic planning meetings, people are mentally exhausted. Getting through the agenda is usually what it takes to have a completed plan. However, sometimes getting it all done just isn't possible. Focus on the outcomes instead of the exact agenda.

6. Forgetting to Explain the Process:

A good facilitator explains the strategic planning process and the expected outcome of the meeting from the get-go. Most people think they know how to develop a strategic plan, but that doesn't mean they truly can. Take the time to review the different terms used in strategic planning and each step of the process. By making sure that everyone starts on the same page, you eliminate any confusion that may derail your meeting.

7. Assuming Everyone Thinks Like You:

Of course, everyone thinks like you, right? As a good leader, you know that's not the case. Unfortunately, sometimes you forget what's obvious and end up structuring a meeting based on your own preferences. In reality, stepping into other people's shoes and ways of thinking is a difficult task. But in strategic planning, you want everyone in the room engaged.

8. Ignoring the Elephant in the Room:

Would you like to see a strategic planning meeting go down in flames? Forge ahead, even though you know you have some staff issues, or address those issues prior to the meeting. If any key staff member is upset or has an outstanding problem, your strategic planning meeting may be disrupted. That person may sit in the meeting like a brooding elephant and finally blow his top and get the meeting off course.

9. Ending on a Low Note:

The best way to get people jazzed about the plan is to have them visualize success and ensure that everyone is comfortable with the work product. What does success look like? Help your team feel successful by living the future today. Ask your team to draw a picture of what the company may look like if you achieve your strategic plan. How many employees? What is the office like? Where are you located? Who are your customers? What's the media saying? And so on. Then have your team explain its vision to the group. After the drawings and explanations are over, tell your staff members to hang their creations at their desks to remind them of the plan and their part in it. That way, everyone leaves the planning session feeling successful, bought in to the decisions that were made and not overworked.

10. Overlooking Life after the Meeting:

The absolute worst thing you can do is continue business as usual, as though you never had a strategic planning off-site. Not only have you wasted everyone's time and your money, but you've also made it nearly impossible to get people to participate in the future.