

Building Strategic Plan For Achieving Success

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Paper Overview

- Understanding the basics
- Definition of Success In Perspectives
- Clearly define the complete strategic planning process
- How to create and execute a strategic plan
- Common model that the entire organization can follow

Understanding The Basics

- In running any business, **planning** is key. A plan provides direction for achieving desired result. The type of business plan you need depends on your purpose, business philosophy, operational environment – legal, regulatory, etc.
- A business plan is a formal statement of a set of business goals, the reasons why they are believed to be attainable, and the plan for reaching those goals.
- A business plan is basically a road map to success for your business.

Understanding The Basics – cont'd

- **Business plans are also called Strategic plans, investment plans, Expansion plans, Operational plans, Annual plans, Internal plans, Growth plans, E-business plan, etc**
- **A strategic Plan serves as a systematic, management tool for problem solving, market planning, product development , etc. Preparing business plans therefore is very important.**
- **Business planning is about results. You need to make the contents of your plan match your purpose.**

Understanding The Basics – cont'd

- The plan must be clearly written. An action plan is a written document that describes the steps that Management, Supervisors, trainers, learners and co-workers will complete to help maximize the expected outcome.
- A lot of time and resources go into creating a business plan. It is imperative to distinguish between the various types of business plans before going to dwell on the business of the day – Strategic plan.
- For example, a trading plan defines what is supposed to be done, why, when, and how. It covers your trader personality, personal expectations, risk management rules, etc

Understanding The Basics – Further considerations

- Business plans guide Owners, management and investors as businesses start up and grow through stages of success.
- A business plan provides a valuable tool for an entrepreneur to determine the viability of his business.
- First of all, determine your business goals and objectives, then develop a detailed plan to implement the alternative selected; thereafter, ignite action plans to drive the goals & objectives to achieve success.
- There are two issues or factors relevant in developing any Business Plan: The contents of the plan, and Recognition of the actual architectural components.

Definition of Success In Perspectives

• **Success = Vision Achievement + Associated Strategic Objectives.**

• Ultimately, for anyone to build a strategic plan that will aid one to achieve success, one must know the risks faced in achieving these goals, manage the risks effectively and ensure that effective risk treatments are, and continue to be in place as the environment changes over time.

• Ability to effectively and efficiently understand, define, appraise, analyze and manage various identified Risks which may jeopardize the success of the plan is very important.

What is Strategic Planning?

- Process to establish priorities on what you will accomplish in the future
- Building a strategic plan will force you to make choices on what you will do and what you will not do
- Pulls the entire organization together around a single game plan for execution
- Broad outline on where resources will get allocated

Importance of Strategic Planning

- If you fail to plan, then you plan to fail – be proactive about the future
- Proper planning prevents poor performance
- Strategic planning improves performance
- Counter excessive inward and short-term thinking
- Solve major issues at a macro level
- Communicate to everyone what is most important

Fundamental Questions to Ask

- Where are we now? (Assessment)
- Where do we need to be? (Gap / Future End State)
- How will we close the gap (Strategic Plan)
- How will we monitor our progress (Balanced Scorecard)

Features of A Good Strategic Plan

- Address critical performance issues
- Create the right balance between what the organization is capable of doing vs. what the organization would like to do
- Cover a sufficient time period to close the performance gap
- Visionary – convey a desired future end state
- Flexible – allow and accommodate change
- Guide decision making at lower levels – operational, tactical, individual

Strategic Planning Model

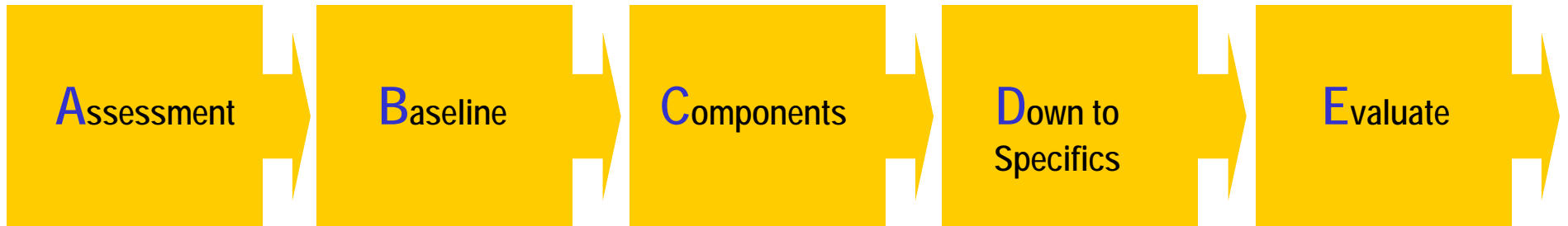
A B C D E

Where we are

Where we want to be

How we will do it

How are we doing



<ul style="list-style-type: none"> • Environmental Scan 	<ul style="list-style-type: none"> • Situation – Past, Present and Future 	<ul style="list-style-type: none"> • Mission & Vision 	<ul style="list-style-type: none"> • Performance Measurement 	<ul style="list-style-type: none"> • Performance Management
<ul style="list-style-type: none"> • Background Information 	<ul style="list-style-type: none"> • Significant Issues 	<ul style="list-style-type: none"> • Values / Guiding Principles 	<ul style="list-style-type: none"> • Targets / Standards of Performance 	<ul style="list-style-type: none"> • Review Progress – Balanced Scorecard
<ul style="list-style-type: none"> • Situational Analysis 	<ul style="list-style-type: none"> • Align / Fit with Capabilities 	<ul style="list-style-type: none"> • Major Goals 	<ul style="list-style-type: none"> • Initiatives and Projects 	<ul style="list-style-type: none"> • Take Corrective Actions
<ul style="list-style-type: none"> • SWOT – Strength's, Weaknesses, Opportunities, Threats 	<ul style="list-style-type: none"> • Gaps 	<ul style="list-style-type: none"> • Specific Objectives 	<ul style="list-style-type: none"> • Action Plans 	<ul style="list-style-type: none"> • Feedback upstream – revise plans

Core Values: Integrity, Excellence and Professionalism (IEP)

Pre-Requisites to Planning

- Senior leadership commitment – “buy in”
- Who will do what?
- What will each group do?
- How will we do it?
- When is the best time?



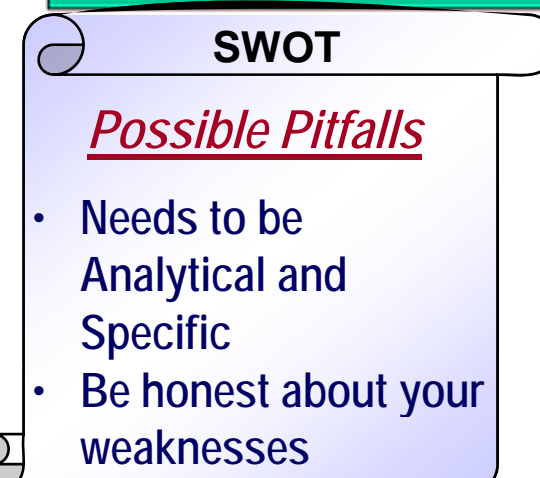
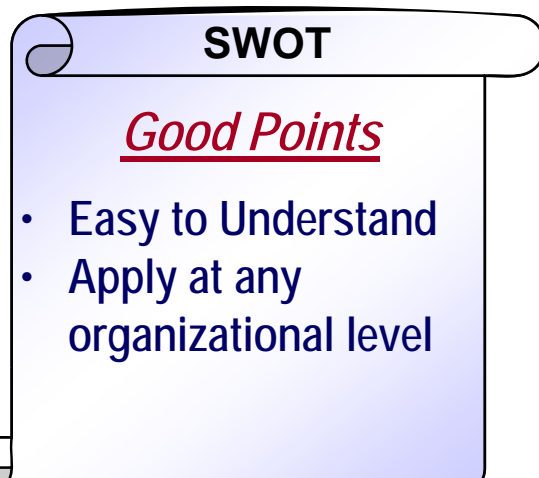
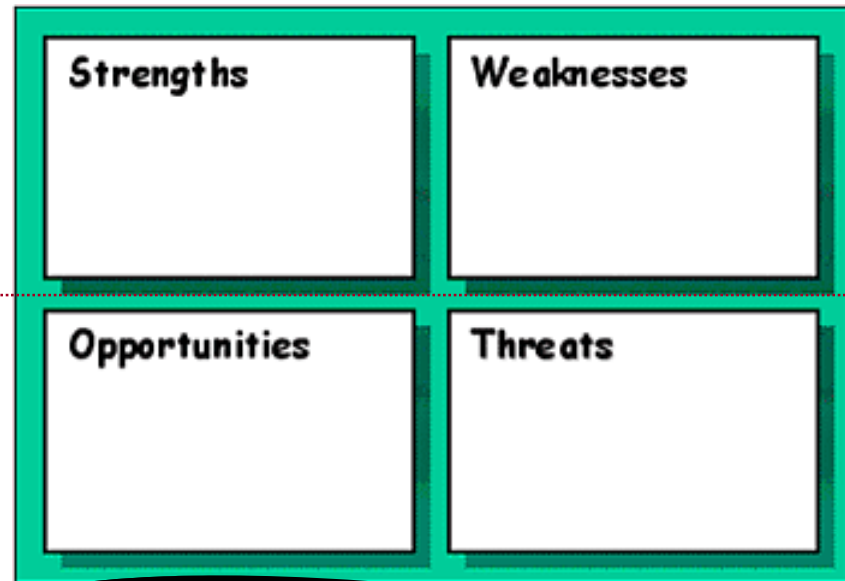
Assessment

Assessment Model: S W O T

Assessment

Internal Assessment: Organizational assets, resources, people, culture, systems, partnerships, suppliers, . . .

External Assessment: Marketplace, competitor's, social trends, technology, regulatory environment, economic cycles .



- Strength's – Those things that you do well, the high value or performance points
- Strengths can be tangible: Loyal customers, efficient distribution channels, very high quality products, excellent financial condition
- Strengths can be intangible: Good leadership, strategic insights, customer intelligence, solid reputation, high skilled workforce
- Often considered “Core Competencies” – Best leverage points for growth without draining your resources

- Weaknesses – Those things that prevent you from doing what you really need to do
- Since weaknesses are internal, they are within your control
- Weaknesses include: Bad leadership, unskilled workforce, insufficient resources, poor product quality, slow distribution and delivery channels, outdated technologies, lack of planning, . . .

- Opportunities – Potential areas for growth and higher performance
- External in nature – marketplace, unhappy customers with competitor's, better economic conditions, more open trading policies, . .
- Internal opportunities should be classified as Strength's
- Timing may be important for capitalizing on opportunities

- Threats – Challenges confronting the organization, external in nature
- Threats can take a wide range – bad press coverage, shifts in consumer behavior, substitute products, new regulations,
- May be useful to classify or assign probabilities to threats
- The more accurate you are in identifying threats, the better position you are for dealing with the “sudden ripples” of change



Baseline

Why create a baseline?

Baseline

- Puts everything about the organization into a single context for comparability and planning
- Descriptive about the company as well as the overall environment
- Include information about relationships – customers, suppliers, partners, . . .
- Preferred format is the Organizational Profile

Organizational Profile

Baseline

1. Operating Environment

- Products and Services – Suppliers, Delivery Channels, Contracts, Arrangements, . . .
- Organizational Culture – Barriers, Leadership, Communication, Cohesiveness
- Workforce Productivity – Skill levels, diversity, contractor's, aging workforce, . . .
- Infrastructure – Systems, technology, facilities, . .
- Regulatory – Product / Service Regulation, ISO Quality Standards, Safety, Environmental, . . .

Organizational Profile

2. Business Relationships

- Organizational Structure – Business Units, Functions, Board, Management Layers, . . .
- Customer Relationships – Requirements, Satisfaction, Loyalty, Expectations, . . .
- Value Chain – Relationship between everyone in the value chain
- Partner Relationships – Alliances, long-term suppliers, customer partnerships, . . .

Organizational Profile

3. Key Performance Categories

- Customer
- Products and Services
- Financial
- Human Capital
- Operational
- External (Regulatory Compliance, Social Responsibility, . . .)

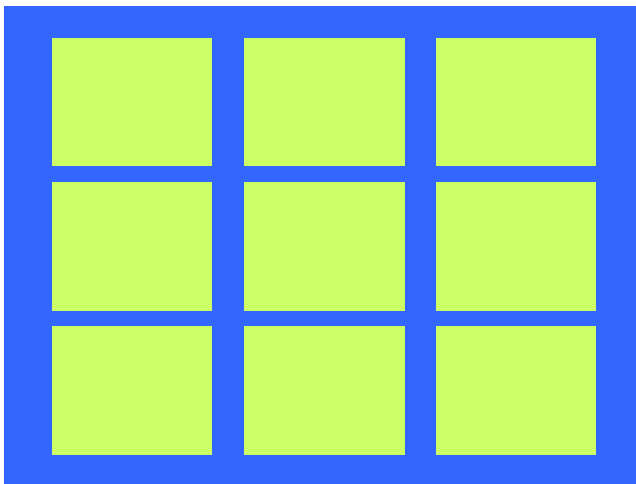
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Gap Analysis

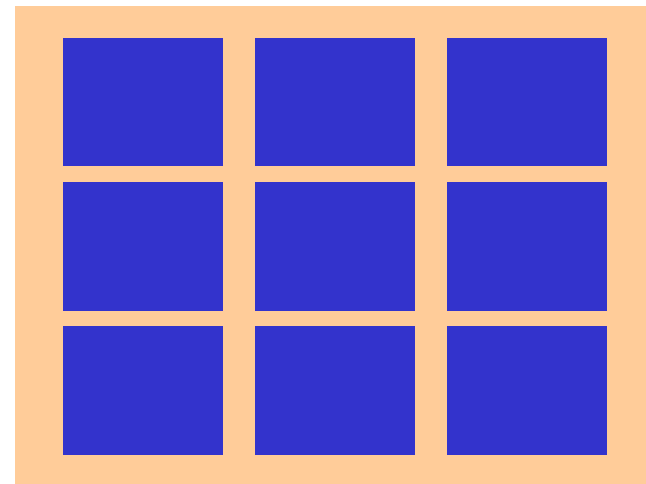
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Baseline

Baseline / Org Profile



Challenges / SWOT



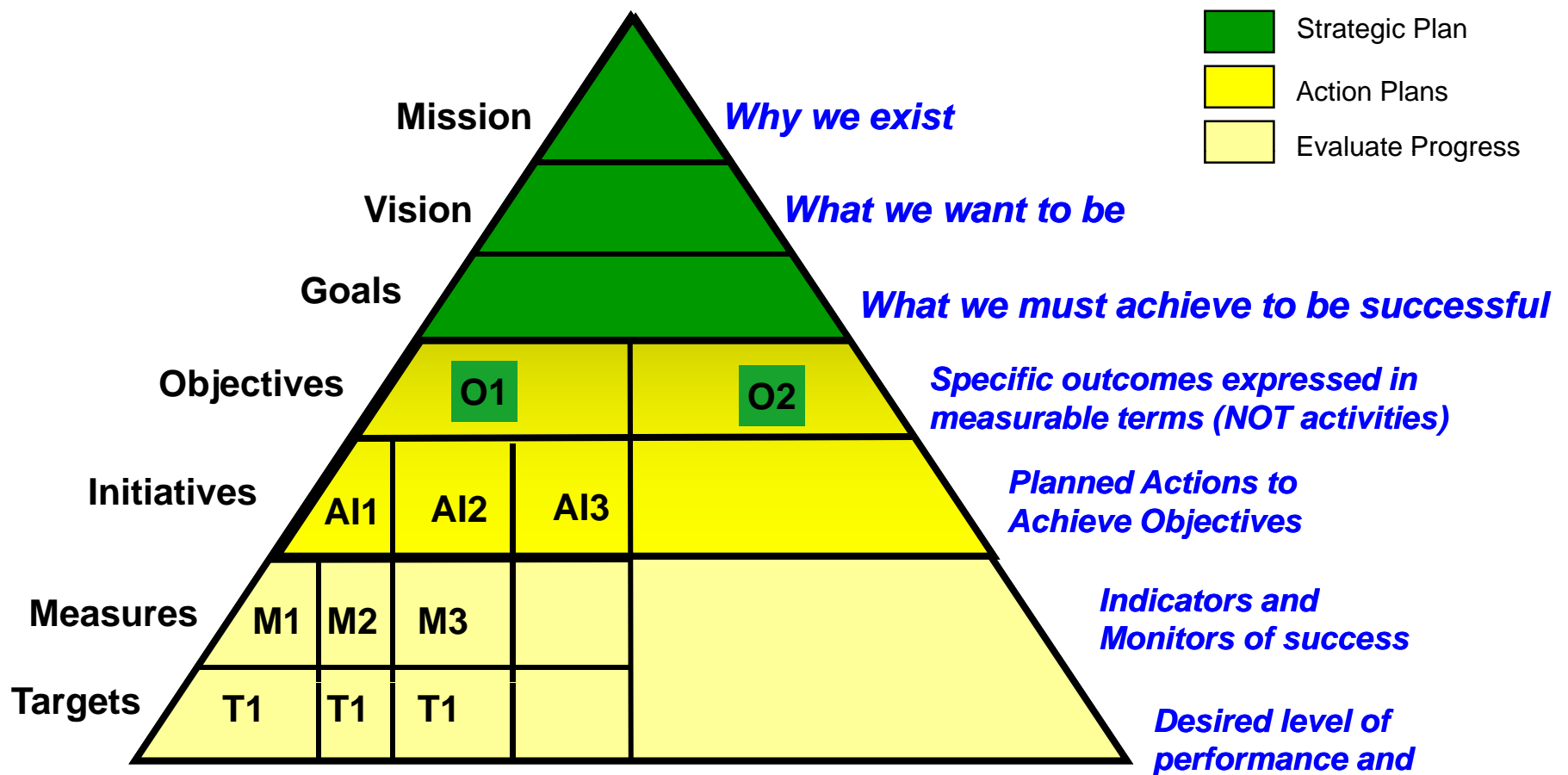
Gap = Basis for Long-Term Strategic Plan

Core Values: Integrity, Excellence and Professionalism (IEP)



Components

Major Components of the Strategic Plan / Down to Action



Core Values: Integrity, Excellence and Professionalism (IEP)

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Mission Statement

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Components

- Captures the essence of why the organization exists – Who we are, what we do
- Explains the basic needs that you fulfill
- Expresses the core values of the organization
- Should be brief and to the point
- Easy to understand
- If possible, try to convey the unique nature of your organization and the role it plays that differentiates it from others

Core Values: Integrity, Excellence and Professionalism (IEP)

Examples – Good and Bad Mission Statements

NASA

To Explore the Universe and Search for Life and to Inspire the Next Generation of Explorers

Does a good job of expressing the core values of the organization. Also conveys unique qualities about the organization.

Walt Disney

To Make People Happy

Too vague and and unclear. Need more descriptive information about what makes the organization special.

- How the organization wants to be perceived in the future – what success looks like
- An expression of the desired end state
- Challenges everyone to reach for something significant – inspires a compelling future
- Provides a long-term focus for the entire organization

Guiding Principles and Values

- Every organization should be guided by a set of values and beliefs
- Provides an underlying framework for making decisions – part of the organization's culture
- Values are often rooted in ethical themes, such as honesty, trust, integrity, respect, fairness,
- Values should be applicable across the entire organization
- Values may be appropriate for certain best management practices – best in terms of quality, exceptional customer service, etc.

Core Values: Integrity, Excellence and Professionalism (IEP)

- Describes a future end-state – desired outcome that is supportive of the mission and vision.
- Shapes the way ahead in actionable terms.
- Best applied where there are clear choices about the future.
- Puts strategic focus into the organization – specific ownership of the goal should be assigned to someone within the organization.
- May not work well where things are changing fast – goals tend to be long-term for environments that have limited choices about the future.

- Cascade from the top of the Strategic Plan – Mission, Vision, Guiding Principles.
- Look at your strategic analysis – SWOT, Environmental Scan, Past Performance, Gaps . .
- Limit to a critical few – such as five to eight goals.
- Broad participation in the development of goals: Consensus from above – buy-in at the execution level.
- Should drive higher levels of performance and close a critical performance gap.

- Relevant - directly supports the goal
- Compels the organization into action
- Specific enough so we can quantify and measure the results
- Simple and easy to understand
- Realistic and attainable
- Conveys responsibility and ownership
- Acceptable to those who must execute
- May need several objectives to meet a goal

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Goals vs. Objectives

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Components

<u>GOALS</u>	<u>OBJECTIVES</u>
Very short statement, few words	Longer statement, more descriptive
Broad in scope	Narrow in scope
Directly relates to the Mission Statement	Indirectly relates to the Mission Statement
Covers long time period (such as 10 years)	Covers short time period (such 1 year budget cycle)

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**Down to
Specifics**

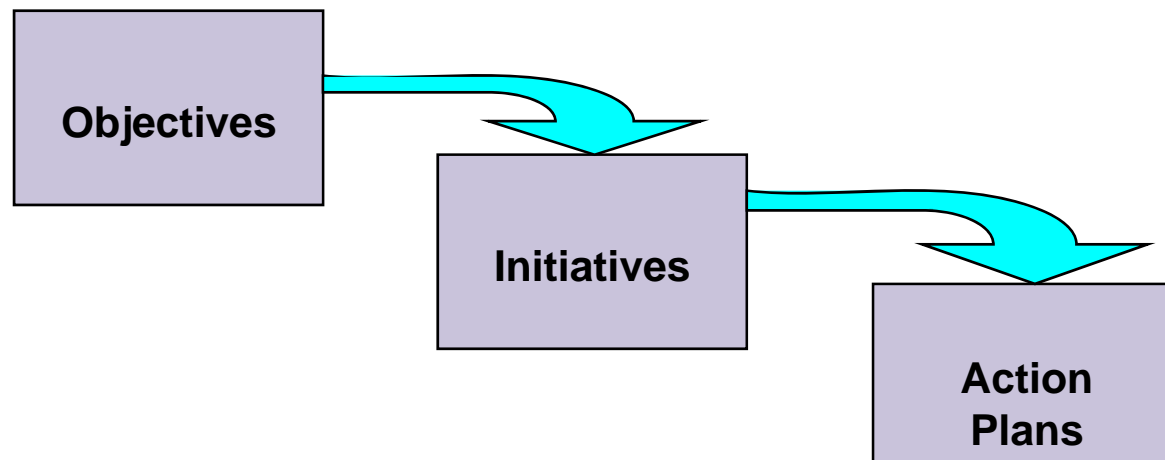
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What are Action Plans?

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Down to
Specifics

- The Action Plan identifies the **specific steps** that will be taken to achieve the initiatives and strategic objectives – where the rubber meets the road
- Each Initiative has a supporting Action Plan(s) attached to it
- Action Plans are geared toward operations, procedures, and processes
- They describe who does what, when it will be completed, and how the organization knows when steps are completed
- Like Initiatives, Action Plans require the monitoring of progress on Objectives, for which measures are needed



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Characteristics of Action Plans

Down to
Specifics

- **Assign responsibility** for the successful completion of the Action Plan. Who is responsible? What are the roles and responsibilities?
- **Detail all required steps** to achieve the Initiative that the Action Plan is supporting. Where will the actions be taken?
- **Establish a time frame** for the completion each steps. When will we need to take these actions?
- **Establish the resources** required to complete the steps. How much will it take to execute these actions?
- Define the **specific actions** (steps) that must be taken to implement the initiative. **Determine the deliverables (in measurable terms)** that should result from **completion** of individual steps. **Identify in-process measures** to ensure the processes used to carry out the action are working as intended. **Define the expected results** and milestones of the action plan.
- Provide a **brief status report on each step**, whether completed or not. What **communication process** will we follow? How well are we doing in executing our action plan?
- Based on the above criteria, you should be able to clearly define your action plan. **If you have several action plans, you may have to prioritize.**

- Requires that you have answered the Who, What, How, Where, and When questions related to the project or initiative that drives strategic execution
- **Coordinate** with lower level sections, administrative and operating personnel since they will execute the Action Plan in the form of specific work plans
- **Assign action** responsibility and set timelines – Develop working plans and schedules that have specific action steps
- Resource the project or initiative and document in the form of detail budgets (**may require reallocation prior to execution**)
- **Monitor** progress against milestones and measurements
- **Correct and revise action** plans per comparison of actual results against original action plan

**Quantify from Action Level Up
in terms of Measurements**

Down to
Specifics

- Measure your milestones – short-term outcomes at the Action Item level.
- Measure the outcomes of your objectives.
- Try to keep your measures one per objective.
- May want to include lead and lag measures to depict cause-effect relationships if you are uncertain about driving (leading) the desired outcome.
- Establish measures using a template to capture critical data elements

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Criteria for Good Measures

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Down to
Specifics

Integrity – Complete; useful; inclusive of several types of measure; designed to measure the most important activities of the organization

Reliable: Consistent

Accurate - Correct

Timely – Available when needed: designed to use and report data in a usable timeframe

Confidential and Secure: Free from inappropriate release or attack

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Examples of Measurements

Lead Indicators

Down to
Specifics

- Average time to initiate customer contact => shorter time should lead to better customer service
- Average response time to incident => below average response times should lead to increased effectiveness in dealing with incident
- Facilities that meet facility quality A1 rating => should lead to improved operational readiness for meeting customer needs

Examples of Measurements

Down to
Specifics

Lag Indicators

- Overall customer satisfaction rating => how well you are doing looking back
- Business Units met budgeted service hour targets => after the fact reporting of service delivery volume
- Number of category C safety accidents at construction sites => historical report of what has already taken place

- For each measurement, you should have at least one target
- Targets should stretch the organization to higher levels of performance
- Incremental improvements over current performance can be used to establish your targets
- Targets put focus on your strategy
- When you reach your targets, you have successfully executed your strategy



Evaluate

**Continuous Feedback
through the Balanced Scorecard**

Evaluate

- Cascade and align from the **top** to create a Strategic Management System.
- Use the Balanced Scorecard framework to organize and report actionable components.
- Use the Scorecard for managing the execution of your strategy.
- Scorecard “forces” you to look at different perspectives and take into account cause-effect relationships (lead and lag indicators)
- Improves how you communicate your strategy – critical to execution.

**Performance Management –
Balanced Scorecard Approach**

Evaluate

- **The balanced scorecard is a strategic planning and management system that focus attention on big picture strategy, while measuring what you're actually doing to make that strategy happen.**
- **It is an analysis technique designed to translate an organization's mission statement and overall business strategy into action. It is a measurement tools that drive performance.**
- **The Balanced Scorecard enables organizations to bridge the gap between strategy and actions, engage a broader range of users in organizational planning**
- .

- Establish a regular review cycle using your balanced scorecard.
- Analyze and compare trends using graphs for rapid communication of performance.
- Don't be afraid to change your metrics – life cycle (inputs to outputs to outcomes)
- Work back upstream to revise your plans: Action Plans > Operating Plans > Strategic Plans
- Planning is very dynamic – must be flexible to change.
- Recognize and reward good performance results
- Brainstorm and change – take corrective action on poor performance results.

Link Budgets to Strategic Plan

Evaluate

- The world's best Strategic Plan will fail if it is not adequately resourced through the budgeting process
- Strategic Plans cannot succeed without people, time, money, and other key resources
- Aligning resources validates that initiatives and action plans comprising the strategic plan support the strategic objectives

What Resources? How to Link?

Evaluate

Every Action Plan should identify the following:

- The people resources needed to succeed
- The time resources needed to succeed
- The money resources needed to succeed
- The physical resources (facilities, technology, etc.) needed to succeed

Resource information is gathered by Objective Owners which is provided to the Budget Coordinators for each Business Unit.

Resources identified for each Action Plan are used to establish the total cost of the Initiative.

Cost-bundling of Initiatives at the Objective level is used by our Business Unit Budget Coordinators to create the Operating Plan Budget

Some Final Thoughts

- Integrate all components from the top to the bottom: Vision > Mission > Goals > Objectives > Measures > Targets > Initiatives > Action Plans > Budgets.
- Get Early Wins (Quick Kills) to create some momentum
- Seek external expertise (where possible and permissible)
- Articulate your requirements to senior leadership if they are really serious about strategic execution

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Appreciation

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**Thanks for
your participation!**

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