



Introduction to the Strategic Planning Process

Effective strategic planning and implementation:

- is driven by an understanding of present and future customer needs
- includes key supplier input and requirements
- evaluates external risk and competition
- identifies a few critical objectives
- specifies the revenue and profit model for each product or service line
- evaluates resource constraints
- establishes success metrics
- develops detailed implementation plans
- identifies ownership and accountability
- conducts regular reviews of progress and provides opportunities for revision and addition to harvest new opportunities
- is integrated into regular operational plans and budgets
- balances strategic with daily operational requirements

Effective strategic planning:

- is carried out by the entire senior management staff
- involves supervisors, front-line personnel, and key customers and suppliers as required
- is communicated regularly to all company employees and key customers and suppliers
- is reviewed and revised at least annually

Research on business success demonstrates that organizations with strategic plans perform better than those without.

Personal and Customer-centered Strategic Planning Model

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graph TD; A[Customer Value Proposition(s)] --> D[Mission, Vision & Values]; B[Personal Assets & Objectives] --> D; D --> C[Objectives & Goals]; C --> E[Environmental Scan]; C --> F[Value Stream & Organization]; C --> G[Gap Analysis]; E --> H[Strategies]; F --> H; G --> H; H --> I[Tactics]; I --> A; I --> B; subgraph Iterative_Process [Iterative Process]; A; B; I; end
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The diagram illustrates the Personal and Customer-centered Strategic Planning Model. It is a flowchart showing the progression from initial inputs to final tactics, with an iterative feedback loop.

Initial Inputs:

- Customer Value Proposition(s)
- Personal Assets & Objectives

Central Flow:

- Mission, Vision & Values (receives input from both initial boxes)
- Objectives & Goals (receives input from Mission, Vision & Values)
- Environmental Scan, Value Stream & Organization, and Gap Analysis (all receive input from Objectives & Goals)
- Strategies (receives input from Environmental Scan, Value Stream & Organization, and Gap Analysis)
- Tactics (receives input from Strategies)

Iterative Process:

A large curved arrow on the left side, labeled "Iterative Process", indicates a feedback loop from the Tactics stage back to the initial inputs (Customer Value Proposition(s) and Personal Assets & Objectives).

Customer Value Proposition(s)

Envisioning the Business – the customer value proposition

Start here:

- What problems are you trying to solve?
- Whose problems are you trying to solve?
- What are your solutions?

Now you are ready for this question:

- What are the benefits (values) to the customers

This is your value proposition.

Features and Benefits

Products and services have features. Customers only buy because they want the benefits they receive from the features. Customer value propositions must be stated in terms of benefits to customers, not features of products and services

Note: you may have more than one value proposition if you have multiple product lines and/or multiple customer bases.

Personal Assets & Objectives

Envisioning the Personal – What Do You Bring to the Party and What Do You Want to Take Away?

- What resources can you commit to the business
- Who are you? – skills, experiences, strengths, weaknesses...
- What do you want from the business? – personal reward, \$\$\$\$...

Mission, Vision & Values

Mission and Vision Statements –

Mission and Vision Statements are brief, usually a couple of sentences, that describe your company from two vantage points. Typically the Mission Statement describes what the company is about, who it serves and in what manner. Vision Statements usually describe a future state that is desired for the organization. The terms are frequently used interchangeably.

The use of Mission and Vision Statements is to create a brief, memorable, dramatic statement about your company. This informs employees, customers, suppliers, and other stakeholders about the company. Some refer to these statements as “Unifying Action Declarations”¹ and this is certainly a useful framework.

Values –

Many organizations have values statements that describe the organization’s approach to interpersonal and human development relations, community relations, and environmental/safety concerns, among others. It is also common to include statements concerning ethics and honesty.

Objectives & Goals

Objectives and Goals –

Objectives are simple statements of a desired result that is consistent with and supports the Mission and Vision Statements. Objectives must also reflect the state of the business, its customers, markets, and resources.

For example:

- Enter new market in soft X-ray spectroscopy for physicists and chemists
- Broaden base of customers to lessen dependence on XXX Corp.
- Develop new service offering for the home-based business market IT requirements
- Reduce employee turnover

Goals quantify “by how much or many?” during the time frame of the plan.

For example:

- Enter new market in soft X-ray spectroscopy for physicists and chemists and achieve a 7% market share by year 2.
- Reduce employee turnover

Environmental Scan

Environmental Scan –

- Competitors
- Technology

SWOT Analysis

Strength – build on
Weakness – correct or avoid
Opportunity – capitalize
Threat – avoid or neutralize

Internal

PEST Analysis

Political
Economic
Social
Technology

External

¹ “see “A Recipe for Mission and Vision Statements” by Eugen Tarnow

- Resources – human and material
- Legal and regulatory
- Political
- Environmental/Health/Safety

Value Stream & Organization

Value Stream and Organization –

- How are the resources of the organization deployed to create and deliver value to customers.
- How does the organization relate to suppliers and other stakeholders?
- How are employees engaged in the business?
- To what extent are you gaining the complete involvement of all employees energies and talents?
- How is control maintained?

The purpose of this analysis is to examine how the company creates value for customers and to compare that system of activities (processes) to the formal organization of the firm. Adjustments in organization will better align resources with the value creating processes. A central point of the analysis is to create a organization in which there is intimacy with customers and suppliers to produce the highest value and greatest understanding of their needs and requirements.

Value Stream Mapping

A simple, powerful paper and pencil group exercise to describe the current activities required to produce end products or services for customers. The key concepts in Value Stream Mapping are:

- Systems or Process Approach
- Value is defined by the Customer
- Customer is the next step in the process of the end user/consumer

After mapping the current state, the group can easily develop an improved more efficient, responsive flow of activities.

For step-by-step instructions see: Rother, Mike and John Shook, **Learning to See: value stream mapping to add value and eliminate muda**, version 1.1 (Brookline, MA:Lean Enterprise Institute, 1998)

Gap Analysis

Gap Analysis –

A point in the planning process to examine the relationship between objectives and goals and the resources available. Typically the resources examined are:

- Financial resources
- Human resources
- Technology

Gap analysis will suggest required strategies to resolve the shortcomings.

Other Gap Analysis topics include:

- Core competence analysis – what are you really good at? Outsource others.
- Competitive advantages – protect and build on these

Strategies

Strategies –

Each Objective and its associated set of Goals are supported by statements of actionable approaches (Strategies) to achieve the Objectives.

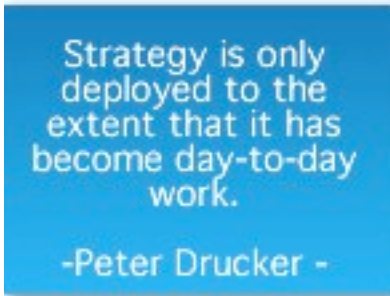
Tactics

Tactics –

Each Strategy is supported by one or more Tactics. Tactics are specific statements of actions, resources, responsibilities, management oversight, timelines, budgets, and metrics that together produce an outcome that supports the Strategy.

Integrating the plan into the Operating Plan – Making the Strategic Today's Business

A key failing of many organizations' approaches to strategic planning is the failure to make the plan's objectives, strategies, and tactics part of the ongoing operational activities of the company. Without this integration, these strategic plans remain plans, wish lists of activities. Some may be initiated but rarely carried through to fruition.



The Tactics must be integrated into the current Operating Plan since they represent a commitment by the organization to accomplish certain Objectives. They consume resources, human, technical, and financial and represent a significant ongoing activity of the organization. Review of progress towards meeting strategic Objectives through the implementation of Strategy and Tactics must be reviewed as a part of regular management oversight activities.

One key step is to integrate new goals for sales, customers, products and services, and increased profits into the operating budget. Placed there achieving them becomes a natural part of the business management cycle and review of deviations from the projections subject of management review and intervention. Such interventions may lead to applying increased resources (time, manpower, finance, etc) to improve results; or, perhaps learning lessons and revising or dropping an objective, strategy, or tactic; or, even seizing on a new opportunity and pushing it ahead of other objectives.