

Strategic Planning

What it is:

- Form of long-term planning defining the future direction of an organization-
 - Allocates resources
 - Marshals commitment
 - Delineates procedure to arrive at that future
- Commitment to action based on an analysis of what the organization is and a vision of what it wants to become
- Defines what the organization does and does not do
- Builds organizational consent
- Basis upon which performance can be evaluated
- Process that produces a product
- On-going internal and external communication, participation and commitment
- End product is a strategic planning document that includes: statements of purpose, values, production strategies, goals, and objectives
- Objectives are bounded by time, goals are not
- Used for measurement and accountability
- As much art as science involving human relations and group behavior as well as marketing analysis and research. Process of making decisions

What strategic planning is not...

- Scientific method
- Not one right way
- An attempt to predict the future- develops quantitative and qualitative assumptions about the future
- A forecasting process- analysis of the organization and commitment to management decisions that will help shape the organization's future
- A blueprint to be followed to the letter for decision making auto-pilot
- A process that closes off the possibility of change or responsibility to respond to new circumstances, crises and opportunities
- A business plan- business plans state the how- strategic plans state the what it is and will become
- A chance to escape the present by dwelling on the future

Why invest in strategic planning?

- Good strategic planning builds the long term capacity of the business and increases the likelihood for success
- Requires organization to become an active participant in creating its future
- To assist organization in achieving operational success and sustainability
- To build morale and internal consent regarding values and direction
- To create objective criteria for assessment and accountability
- To communicate to customers, suppliers and supporters about the organization's future

How Strategic Planning contributes to OPERATIONAL SUCCESS

Strategic planning organizes information to assist with decisions about the organization's future and how to best allocate human and financial resources to achieve that future.

Why Strategic Planning requires INTERNAL CONSENT

Success requires cooperation and teamwork in any organization. All staff should be on the same page. People need to know where the organization is going, why it is going there, and how their daily activities are related to the position of the organization. Creates buy-in.

How Strategic Planning builds ACCOUNTABILITY

A good plan provides clear conceptual and operational benchmarks against which progress can be reviewed. These benchmarks should be specific and quantifiable.

When is the right time for Strategic Planning?

- When you don't have a plan
- When you are not in crisis
- When you have the commitment of staff in planning process
- When you have the time and resources
- When you can listen to bad news as well as good news

What should a Strategic Plan include?

1. Vision
 - Energy that drives the organization
 - Clear picture of the organization in 3 years
2. Company Strengths and Values
 - Identify organizational strengths that it can build upon
 - Core Competency: What does the organization do best? What does the organization do better than the competition?
 - Identify values that impact culture of organization
3. Mission Statement
 - Identify values of the organization
 - Motivates the organization to stretch toward growth and change
4. Performance Audit
 - –Evaluate product lines (most profitable, resource requirements, equipment needs)
 - Evaluate customer base (diversified base or dominated by one or two customers)
 - Evaluate target markets (lowest barriers, existing customers, marketing effort)
5. Organizational Objectives
 - Focus company on profitable growth
 - Make objectives measurable
 - Increase in sales per year
 - Improvement in gross margin per year
 - Improvement in net profit margin per year
 - Number of employees (size of payroll)
 - Number of customers, products etc.
 - New systems or processes
6. Measurable Goals
 - Makes goals measurable to determine progress toward goal
 - Utilize where ever possible:
 - Dollar figures
 - Numbers
 - Yes/No measurements
 - **Avoid:**
 - Improve
 - Create better....

7. Action Plan

- Isolate each measurable goal and identify the action steps necessary to reach that goal. One person takes responsibility for each action step and sets his/her own deadline and budget for completing the step.

8. Financial Projections

- Often it is helpful to look at the impact of the strategic plan on the performance of the organization. Using the strategic plan and historical financial information as the basis, develop a set of three year income statement, balance sheet and cash-flow projections.