Is There Any Strategy in Your Company's Strategic Plan?

By Howard Rohm

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John's presentation was clear and well prepared. He had just completed the annual strategic plan and was presenting a summary to the executive committee. He stated the company's vision and values and identified eight strategic goals covering the next five years; he then highlighted several projects for each goal. He concluded his presentation with "To summarize, our strategy is to complete these twenty-five projects on time and on budget and achieve our five-year vision." He then introduced eight project owners and asked them to summarize their projects' status.

What was missing from John's presentation? The company's strategy was missing. What John presented to the executives were the projects that are part of the execution of the strategy, not the strategy for achieving the vision.

Does it matter that John presented the company's key projects this way and called it "our strategy"? Is it "just about words"?

It matters for a couple of reasons: Strategy is a path and a plan for getting from where the company is today to where it wants to be sometime in the future. By taking the time to create a corporate strategy, employees can be aligned through strategy to vision and mission. Employee alignment answers the question "How do I fit and how does the work I do make a difference?". With a corporate strategy, strategic performance measures (KPIs) and targets can be developed for measuring strategy progress, and the company can rely on more than just operational and project performance tracking. (Operational and project KPIs measure outputs—what did we produce and are we on schedule—while strategic KPIs measure progress towards results and accomplishments.) And with a corporate strategy, we can keep a focus on the end results we want to

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achieve (a macro not just micro view) and choose and align projects and operations to desired end results and outcomes.

The strategic planning process John used is pretty typical. Once a year, an executive retreat is held to create the annual strategic plan. The workshop meetings go something like this: first, a vision statement is written (or, more likely, "the one we have is good enough", or sometimes, "we really don't need one of those, do we?"). Second, a mission statement is prepared (or," the one we have is good enough"). Third, a few core values are picked from a list of many possible values. Fourth, somewhere between six and twelve strategic goals are identified, and then currently supported programs, products, services and projects are dropped into one of the goal "buckets". What happens if at the end of the process there are a few "unbucketed" activities or projects that don't have a goal bucket? Simple, new strategic goals are developed to ensure that all current projects and activities have a home. The new plan – heavy on justifying what the organization is currently doing and light on strategy – is then sent to the publication department to add eye-catching graphics and a sexy cover. Then the executive team boldly announces to employees that the newly minted

strategic plan is ready for everyone to adopt.

In the previous client example, the plan jumped from vision directly to projects with little explanation as to what strategic assumptions were made and why the included projects were selected. Other choices that could have been made were not discussed. The strategic plan read like the goals were chosen after the projects were selected.

Sound familiar? It's called the *strategic planning* process, but it's really more of an *annual justify what were currently doing* process. Have you noticed what happens to most strategic plans? Typically, they end up on the shelf, safe from critical eyes and minds until next year (or later) when the process is repeated again. We go about our day-to-day jobs with little thought or attention given to the brilliant tome that is the *strategic plan*.

We've seen many companies define their strategy in terms of the projects being worked on rather than the path and plan for achieving the vision. The mistake is jumping from high altitude corporate vision, mission, and values to projects (or programs, services, or activities) at the level of the "shop floor". Projects are means not ends.

Jumping from vision and mission to projects is a big drop in altitude—too big—and it makes it very hard for employees to see how they fit into the big picture of where the organization is going.

There are some "rules of the road" that can organize the strategic thinking and planning process.

Strategy starts with the end in mind, not the projects currently being implemented. Strategy thinking can be thought of as a vertical thinking process, from high altitude to low altitude, that includes discussions around differentiating your company from your competition. Strategy is about making assumptions about the future, understanding, and evaluating risk, and understanding the internal and external environment that the company operates in. Strategy is about making choices in an atmosphere of uncertainty. Strategy is about continuous improvement and choosing what not to do as well as what to do.

Strategy is the communication bridge between high altitude "corporate" speak and the language of the shop floor. Strategy is a high-level game plan for winning.

I've worked for 40 years for a variety of business,
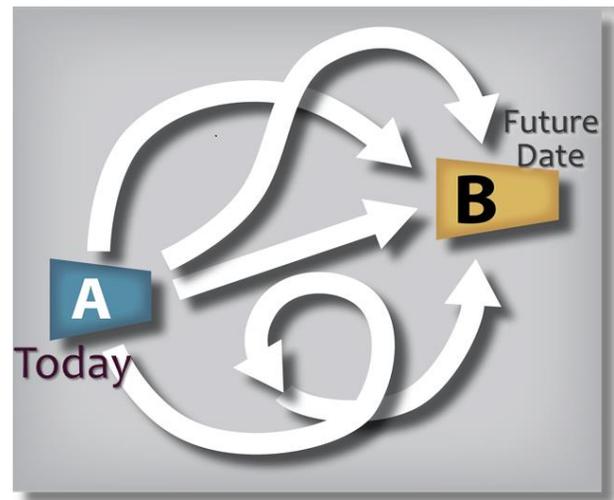
government, and nonprofit organizations, both as employee and consultant, and I'm struck by how little real strategy and strategic discovery there are in most strategic plans.

How do you get more strategy focused? Thinking in broad concepts rather than specific projects helps. Take Amazon for example. Their vision is "*To be Earth's most customer-centric company, where customers can find and discover anything they might want to buy online.*", and their mission is "*We strive to offer our customers the lowest possible prices, the best available selection, and the utmost convenience.*" When these high altitude, aspirational statements are decomposed to answer the question "What is Amazon's strategy?" you end up with competitive advantages like these: cost leadership, market development, market penetration, diversification, and product development.

How can your company "think like Amazon"? Here are a few techniques to help you start a strategy focused journey:

Hold strategic conversations and encourage strategic thinking. Use facilitated workshops designed to "maintain the right altitude conversations" to ensure that you don't jump to projects, programs, and services before you've thought through competitive advantage.

Start with the end in mind. Work from "vision and mission down", not "projects up", so that you force high level conversations around competitive advantage and innovation and product differentiation before having conversations about lower level "how should we do it?"; starting with planned accomplishments and desired results shapes these necessary conversations.

Organize the strategic conversations. Starting with vision and mission, group conversations around assumptions about the future, risks and their mitigation, internal capabilities and capacity, values and needs, the customer value proposition, and external environmental factors affecting future success.

Create no more than a few high level strategic themes and goals. You'll find better success with three or four high-level strategic themes and goals (desired results) than you will with eight or ten.

Select strategic themes that represent the company's "pillars of excellence". Your themes will be unique to your business, with common examples such as *operational excellence, strategic partnering, innovation, service excellence*, and *community culture.*

Test your themes for complementariness. Include internal facing and external facing themes, as they are a check that you have thought through the ramifications of different strategy options for the future and the implicit assumptions about each.

Build a strategy map to tell your strategy story. Communication using a strategy map is an effective way of visually showing how value is created for customers and stakeholders, and for the owners of the business.

Make sure "the dots connect". To get from high altitude vision and mission to lower level projects and operational activities pay attention to the level of the strategic elements being developed to make sure when you're finished with strategy development you have a compelling story of the company's value creation process.

A strategy map shows logical cause-effect linkages between continuous improvement objectives. With a strategy map developed, the value creation story can be told from the bottom up ("if employee knowledge, skills and abilities are improved, then process efficiency will increase") or the top down ("what customer outcomes result in lower costs"). Critical performance measures can then be developed for each objective. Once the measures are defined, targets and benchmarks can be developed to track success of the organization's strategy against expected performance targets. And then products, programs, services, and projects that are the organization's day-to-day effort can be aligned to the strategy. This is called *cascading* the strategy to business and support units and allows performance measures and targets to be developed along with initiatives (projects) and their prioritization.

Strategy is the common thread of an integrated planning, budgeting and management system and the basis for communicating the organization's approach for achieving the vision. The finished strategy-based planning and management system translates customer and other stakeholder needs, vision, mission, and values into organization strategic results, strategy, objectives, performance measures and targets, and new implementing (or high-priority existing) initiatives.

Is there any strategy in your strategic plan? What are you using to measure, monitor, and communicate your company's vision and strategy with clarity to employees and stakeholders? Is your company strategy focused?

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SMG provides consulting, training, and professional certification services to organizations worldwide related to strategic planning, balanced scorecard, KPI/performance measurement, and strategic project management.