

## Strategic Planning – One More Time \*

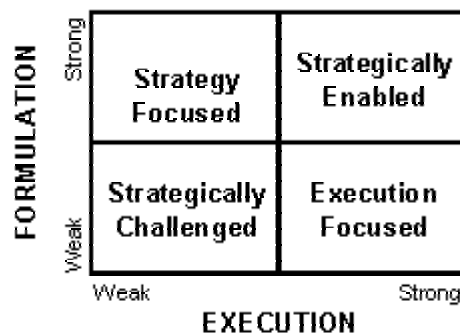
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Organizations vary a lot when it comes to their ability to operate strategically. Most organizations and their leaders believe intellectually that some form of strategic plan is needed to assure good performance. A majority would probably argue they have a plan “good enough” for their particular business. Reality suggests, however, that most organizations would benefit from an upgrade to their strategic capacity.

Strategies are born in many different ways. Classical strategic planning employs an “analyze and report” approach. Strategy specialists working largely in isolation collect and decipher large amounts of data, from which they produce thick, complex plans that are handed off to managers and employees for implementation. A more enlightened model is the “facilitate and enable” approach. In this instance, the individuals charged with developing the plan and those who will implement it work as a team to create the strategy; often they are the same people. When strategy specialists or consultants who will not have direct implementation roles are involved, their job is to facilitate and enable strategy formulation and execution of the strategy by the management team, and employees who report to them.

Against this backdrop, strategic capacity in corporations and other organizations ranges between two wide extremes. On the one end of the spectrum are “strategically challenged” organizations. They react to opportunities as they arise and solve problems only when they reach crisis proportions. At the other end of the spectrum are “strategically-enabled” organizations that think, plan and act strategically at all levels at all times. In the middle are the majority of organizations. They are “strategy-focused” or “execution-focused.” They range from having no plan but executing fairly, well to having a great plan but poor execution.




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### **Strategically Challenged Organizations**

In strategically challenged organizations, everything is done spontaneously—without much, if any, reference to a plan. Operating guidelines, when present, typically relate to the mechanics of routine tasks. Strategic thinking, to the extent it exists, is in the head of a few key individuals who may or may not share their thinking with others.

Strategies are not known to most employees, and management decisions often do not reflect the strategic plan. Day-to-day actions by workers are made without strategic guidelines, and often result in errors, redundancies and wasted time and money. These are not high-performing organizations.

### **Strategy and Execution Focused Organizations**

Strategy- and execution-focused organizations occupy the center of the strategic spectrum, and comprise a large contingent of today's organizations. They come in two flavors—those with a strategic plan but with limited ability to execute and those with a weak or no plan but an inherent ability to execute. Typically both types of organizations are mediocre performers—they always seem to be on the edge of success but somehow it eludes them.

Examining strategy-aware organizations, one often finds that the average employee is unaware of the company's strategic direction and of his or her role in achieving the desired results—even though a well-formulated plan may exist. They generally react to any opportunity that presents itself—even those that may not be the best fit to the plan. The execution-aware organizations may be able to succeed for a time, but do not react well to changes in market conditions, etc. Neither is positioned for long-term growth.

### **Strategically Enabled Organizations**

Strategically enabled organizations are at the other end of the spectrum, and these are typically high-performing organizations. *Such organizations think, plan and act strategically at all levels at all times.* Everything is done in a way that balances the interests of the whole and of individual components according to transparent, pre-determined and pre-agreed upon principles. It is not unlike a basketball team where everyone knows what to do as different situations develop on the court.

The strategic plan is a product of continuous dialog between and among those who must carry out the plan. The whole organization has a part of creating the plan and the whole organization is consequently supportive of the plan in everything they do every day.

### **On Becoming a Strategically Enabled Organization**

So, how does an organization become strategically enabled? There are just two requirements. *Plan well and execute well.* Planning well without executing well is not sufficient. In fact, higher performance results more often from a so-so plan well-executed than from a superb plan poorly executed. Organizations can take several important actions to plan and execute well, as they seek to be more strategically enabled organizations.

### **1. Enlist Broad Participation**

Formulating an executable plan requires broad but efficient participation; collaboration created by building on the best elements from many perspectives, experiences and capabilities; and consensus achieved through debate, dialog and resolution of differences. A process incorporating these elements provides tactics and targets representing the best thinking of the business, and alignment around the goals, path, actions, and responsibilities. An alignment-driven strategic planning process will be a new concept for some. Yet it can provide a comprehensive, efficient means to adjust varying viewpoints behind a single strategy toward a common objective. Otherwise, even the best plan cannot be executed effectively.

### **2. Match Competencies with Responsibilities**

It's not enough just to create new tactics around marketing, sales, production and other key functions. "People" issues must also be addressed. Competencies – the capabilities an organization must have to succeed – must be present and in the right positions. Giving an individual job goals, performance metrics, and incentives will not produce desired results if the individual lacks the competencies to accomplish his or her part of the strategy. Sometimes dramatic changes in the business environment create large gaps between what is needed to do a job and the competencies resident within the individual charged with doing it. It is essential such gaps be closed – either through a development program or replacement. Failure to close the gap when the job is essential to strategy execution sows the seeds for broader failure throughout the organization.

### **3. Promote Behaviors that Support Strategy**

Behaviors are a second "people" factor that impacts an organization's performance. Ask yourself: "Do I ever see behaviors in the organization that are counterproductive to where we are taking the company?" If the answer is even close to a "yes" or "maybe", then the good news is there are short term actions that can address the issue. Ignoring it, on the other hand, means wasted time, resources, people and money—costs few companies can afford today.

Organizations that incorporate behavioral change opportunities and incentives into their growth strategies realize substantial bottom-line benefits if they effectively define expectations and communicate them throughout the organization. By aligning behaviors with its strategic goals in a continuous improvement process, the company gains significant sustainable strategic advantage over its competitors.

### **4. Communicate Strategically**

Consistent, unambiguous communications up, down and across the organization are the lifeline of day-to-day execution. Studies show one of the main reasons why companies do not successfully execute strategy is lack of employee strategic awareness. Further, if different managers send different messages to their business units, redundancies, inefficiencies and errors result. All detract from the bottom line.

Internal communications are an opportunity to reinforce key messages to the organization. Repetition of the same message by different people in authority is an effective means to not only ingrain the message into everyone's behavior but to underscore that the entire organization "is on

the same page.” There is strong evidence that when managers communicate well and employees understand goals, organizations perform well.

### **5. Monitor Success Frequently and Adjust Accordingly**

The dynamic, interconnected world we live in makes it mandatory that progress toward goals be measured frequently and adjustments made to accommodate changing conditions. Key customers may change direction unexpectedly, raw material supplies may be subject to price hikes or supply disruptions, and there is always the impact of world events that ripple through all sectors of the economy.

Strategies cannot remain static against such a backdrop. Therefore a key element of strategic plans must be a continual questioning of assumptions and measuring of progress. When gaps develop between what is happening and what was planned, changes must be made.

One of the best ways to prepare for developments outside the mainstream of assumptions is to build contingency plans into the strategy. Of course, even contingency plans need to be reviewed at the time they may be needed in order to assure continued validity. The point is to know about needed adjustments early and make corrections in small increments. Waiting until things really get out of whack so that major adjustments are needed will destroy momentum and morale, and deteriorate performance.

### **Summary**

The trick to becoming a high-performing, strategically enabled organization is to develop the team along with the plan. The two cannot be separated. Failure to recognize this has been the Achilles heel of strategic planning for decades. In the final analysis everyone in the company needs to understand how their job fits into the bigger picture and how that bigger picture plays to their individual interests. The synergies that result can carry a company a long way, even in a competitive environment and tough economy and where frequent course corrections may be needed.

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