

Strategic Planning: Creating an Effective Strategic Plan

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Our Plans for Today

- Set the benchmark of your knowledge and experience
- Answer fundamental questions:
 - What is a strategic plan?
 - What goes into a good plan?
 - How does a strategic plan get implemented?
- Gather knowledge and experience from each other
- Share ideas for inventing your company's future by incorporating learning...the new strategic focus
- Provide practical take-away tools
- Have some fun...all in 1 ½ hours

For Your Discussion

- What does it mean to think strategically?
- What drives you / your organization crazy about strategic planning?
- Who develops your organization's strategic plan?
- What happens to the finished product?

Setting the Context

The essence of strategy lies in creating the competitive advantages of tomorrow faster than competitors can mimic those advantages possessed today.

Back to the Basics

- Strategic planning is a tool for organizing the present on the basis of the projections of the desired future
- All strategic planning addresses at least these questions:
 - What are we and what do we do?
 - For whom do we do it?
 - How do we excel – that is, how can we beat or avoid the competition?
 - Where are we headed in the future? What difference do we want to make? And how do we get there?
 - What are our priorities?
 - How should we allocate our resources?
- Most strategic plans typically span 3 to 5 years

A strategic plan must be:

- Simple
- Written
- Clear
- Based on the real current situation and environment
- Not rushed and given the time to settle
- Shared for feedback and information
- Flexible (non-rigid)

Contents of the Strategic Plan

- Executive Summary
- Organizational Description
- Mission, Vision, and Values statements – the strategic *philosophy* of the organization
- Analysis of Data
- Major Strategic Goals and Associated Strategies
- Monitoring and Evaluation of the Plan
- Communication of the Plan

Key Elements of the Plan

- A **Mission Statement** tells what the company is now
 - Concentrates on the present.
 - Defines the customers.
 - Articulates why the company exists or is in business.
 - Is a guide without a timeframe.
 - Can remain the same for decades if crafted well.
 - Provides a path to realizing the vision.

Key Elements of the Plan (cont'd)

- A **Vision Statement** outlines what a company wants to be
 - Concentrates on the future.
 - Provides a source of inspiration.
 - Provides a path for decision making.
 - Becomes part of the organization's culture.

Key Elements of the Plan (cont'd)

- **Values** are what are important to and protected by the organization...regardless.
 - Reflect the organization's culture and priorities.
 - Identifies what the organization holds sacred.

Customer Care and Service

Diversity

Ethics

Standards of Behavior and Conduct

Integrity

Social Responsibility

The Department of Energy

MISSION STATEMENT

Discovering the solutions to power and secure America's future

VISION STATEMENT

The Department's vision is to achieve results in our lifetime ensuring: Energy Security; Nuclear Security; Science-Driven Technology Revolutions; and One Department of Energy—Keeping our Commitments

STRATEGIC THEMES

- Theme 1: Energy Security
- Theme 2: Nuclear Security
- Theme 3: Scientific Discovery and Innovation
- Theme 4: Environmental Responsibility
- Theme 5: Management Excellence

Within these themes there are sixteen strategic goals which are designed to help DOE successfully achieve its mission and vision

SWOT: The Environmental Scan

- Is a tool for auditing an organization and its environment.
- Must start with a desired end state or objective...or it risks being useless.
- Identifies internal and external factors that are important to achieving the objective.
- Must be realistic and objective...to the point.
- Is applied in relation to your competition.
- Distinguishes where your organization is today and where it could be tomorrow.

Internal and External Factors

- **Strengths**
 - Attributes of the organization that are helpful to achieving the objectives
- **Weaknesses**
 - Attributes of the organization that are harmful to achieving the objective
- **Opportunities**
 - External conditions that are helpful to achieving the objective
- **Threats**
 - External objectives that are harmful to achieving the objective

Strengths and Weaknesses

STRENGTHS

- A special marketing expertise
- A new, innovative product or service
- Location of your business
- High-quality processes and procedures
- Aspects of your business that add value to your product or service
- Good customer reputation

WEAKNESSES

- Lack of marketing expertise
- Location of your business
- Poor quality products or services
- Damaged reputation
- Unfavorable customer feedback
- A weak brand name

Opportunities and Threats

OPPORTUNITIES

- A new, developing market
- Mergers or strategic alliances
- New market segments that offer improved profits
- A new international market
- A market vacated by an ineffective competitor
- An unfulfilled customer need
- New technologies

THREATS

- A new competitor in your home market
- Price wars with competitors
- A competitor has a new, innovative product or service
- New or revised federal rules and regulations

Now Think About Developing the Strategies

- How can we use each strength?
- How can we stop each weakness?
- How can we exploit each opportunity?
- How can we defend against each threat?

SWOT Matrix

	STRENGTHS	WEAKNESSES
OPPORTUNITIES	Strategies that pursue opportunities that are a good fit to the company's strengths	Strategies to overcome weaknesses to pursue opportunities
THREATS	Strategies that identify ways the organization can use its strengths to reduce its vulnerability to external threats	Strategies that identify a defensive plan to prevent the organization's weaknesses from making it susceptible to external threats

You have strategies and the framework for a plan.

Now what???

- How can you ensure the strategic plan is widely understood and supported by employees?
- How does the strategic plan become part of the organization's culture and everyday operations?
- In what ways can the strategy be made to come alive in the organization?
- Who leads the strategic plan implementation process?
- What determines success in the strategic planning process?

LEARNING

- Learning is a powerful, on-going, superior source of competitive advantage.
- The collective learning of an organization becomes the basis of future competitive advantage
 - Heightened strategic readiness
 - Learning is a way of organizational life
- Styles of Learning
 - Maintenance: Discovering better ways of doing what an organization already does
 - Shock: Reacting in the event of a crisis
 - Anticipatory: Considering the possible future consequences of actions taken today and exploring alternatives

It's Time to Ask GOOD Questions

- What distinguishes winners from the losers in your market?
- What fundamental benefits are you providing to your customers?
- What has been learned since a strategic plan was prepared five years ago? Or never?
- What things that made your organization a success in the past does it need to forget in order to be successful now? What beliefs are held that need to be challenged
- What conventional wisdom about the business or industry of the organization might be wrong in the future?
- If you were made CEO of your competitor's business tomorrow, what would you do to attack the business you worked on yesterday?

Let's Review

- Important thoughts about the strategic planning process
 - Compete to survive
 - Sustain the advantage
 - Adapt to changes in the environment
 - Formulate a plan
 - Set future goals
 - Pursue new markets
 - Measure performance

Let's Review

- Effective organizations are those in which members have the capacity to:
 - Learn
 - “Get a pulse” on the external environment and competition
 - Predict changes in their environment
 - Identify the influence of such changes
 - Search for suitable strategies to cope with changes
 - Develop appropriate structures to implement those changes
 - Be part of the planning process

Let's play...

Jeopardy!!!