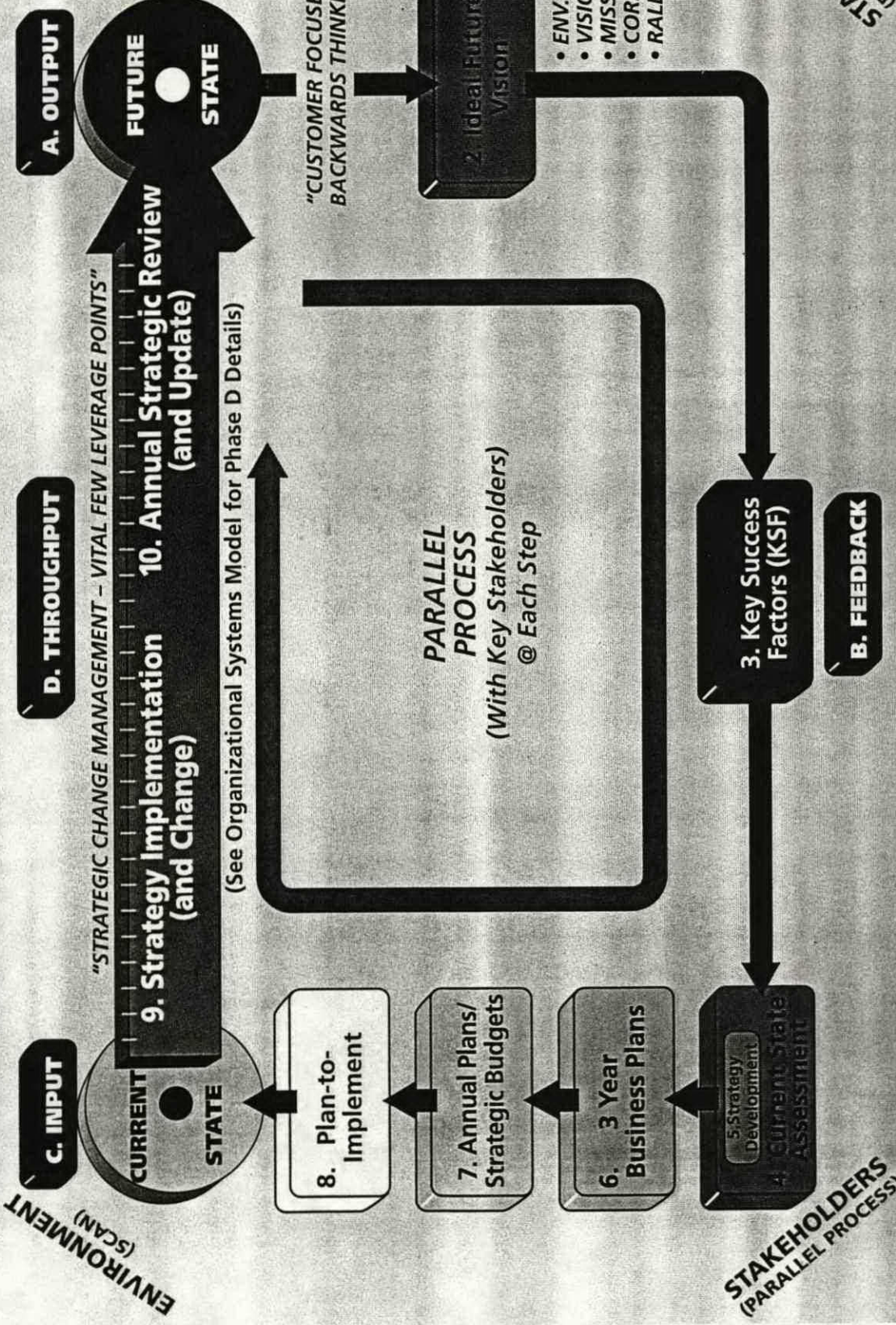


Reinventing Strategic Planning for the 21st Century

A "Customer-Focused" Systems Solution to Creating High Performance

"BEGIN HERE"
1. PLAN-TO-PLAN



Adapted from Steiner (1979), our experiences, a 1991 "Best Practices" literature search, and client feedback ever since.

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THE A, B, C's of STRATEGIC MANAGEMENT

The Systems Thinking Approach to Designing, Building and Sustaining a "Customer-Focused" High Performance Organization

By Stephen G. Haines, President, Centre for Strategic Management, San Diego, California

THINKING BACKWARDS TO THE FUTURE

In the Industrial Age, public and private enterprises built their future by incremental expansion of present technology, assumptions, and day-to-day operations. In today's Global Information Age, this strategy of merely building on the present is defunct. Worldwide markets and instant global communications is now multiplying all our opportunities.

Today, organizations must keep pace with changes in their environment and reduce current businesses, programs, waste and operations. They must completely reinvent their future vision, and then, *begin thinking backwards to this future* with the strategies needed to remain successful. Lastly, they must commit passionately to the disciplined management of the changes that occur along the way towards being a customer-focused high performance organization.

THE A, B, C's of STRATEGIC MANAGEMENT

Our work and purpose at the Centre led us to look for simple, yet systematic ways, to focus on Strategic Planning (SP in the remainder of this article) and Strategic Change with our clients. As a result we've "clarified and simplified" Strategic Planning and Change into a "Strategic Management" system with two primary goals:

GOAL #1: Develop a Strategic Plan/Document

GOAL #2: Ensure its Successful Implementation

To achieve these goals, first it is important to get an understanding of the *Three Seemingly Simple Elements that form the basis for*

This article shows a simple way to create a customer-focused ideal future through the A, B, C's of a Reinvented Strategic Planning and Change system. It was developed by Steve and his Centre for Strategic Management. We focus systematically on the Strategies and Management of planning and change needed to create a true customer-focus; thus both our mission and our name; "Strategic Management".

our reinventing strategic management from its checkered past. The number of planner jobs in firms has decreased while the amount of strategic planning is increasing.

Seemingly Simple Element #1: "Customer-Focused" System's Thinking"

True System's Thinking provides some very clear RIGHT ANSWERS to becoming a

successful organization over the long-term. However, THERE IS NO ONE SINGLE ANSWER AND HOLY GRAIL TO BE FOUND, not even the current emphasis on Total Quality Management (TQM) or Business Reengineering. The closest we will come to a holy grail is Three Right Answers. #1 is the need for every organization (public and private) to become an outcome oriented system, focused on the customer. While this is just common sense, *our "systems thinking approach" provides the A, B, C framework for our Reinvented Strategic Planning (and Change) Model for the 21st Century* to become a reality (see full Model on page 4).

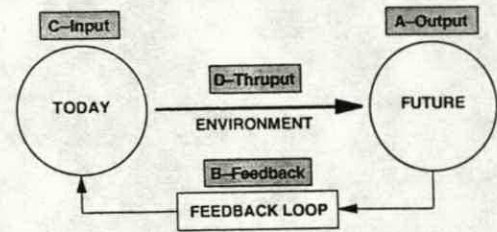
Thus, our SP Model has been reinvented based on research in General Systems Theory, my own experiences as an executive and consultant for over 25 years, and constant practical application and refinements from clients. We also did a 1991 literature search and a comparative analysis of 14 other popular SP models. *Yet, the most disturbing element missing from the review of all these other models... was our system's focus on outcomes and the customer as the primary purpose of all enterprises.* To wit:

As indicated on our Reinventing Strategic Planning (and Change) Model, it is a true "System's Model". A "System" is defined as a set of components that work together for the overall objective of the whole. Our Systems Model comprises ten concrete steps in 4 distinct phases (A,B,C,D). *We call these the A,B,C's of System's Thinking.* Any system can be described by these 4 ABCD phases:

A system is a series of inputs (Phase C) to a throughput or actions (Phase D) to achieve your outputs (Phase A) along with a feedback loop (Phase B) in the environment, to measure success.

Thus, Our ABCD System's Phases start with Phase A as we want to be proactive in creating our Ideal Future.

SYSTEMS THINKING: "AN ORIENTATION TO LIFE"



**Seemingly Simple Element #2:
"Planning/Change are a part of Management and Leadership"**

SP must culminate in a significant change in the way leaders conduct their business day-to-day. This is a key difference between our model and others which tend to suffer the fatal "SPOTS" Syndrome (Strategic Plans On Top Shelves -- gathering dust). *This is actually Right Answer #2: having SP and change management led by top management to achieve both our two Goals (and thus, installing a System of Strategic Management as a new way to run the business day-to-day).* SP's are the Blueprints; senior managers must fill in the implementation details based on a strategic perspective and system.

**Seemingly Simple Element #3:
"People Support What They Help Create"**

A core Planning Team of 8-15 people from your collective leadership should lead the SP (and change) process, do the hard work, and make the tough decisions. In addition, a crucial Planning (and change) Team task is a "Parallel Process" involving the rest of management and key stakeholders in a meaningful way; gathering their input on all draft documents and increasing their ownership of the plan.

It leads to *Right Answer #3: the need for "Visionary Leadership Practices for the 21st Century"* that create different leaders from the feared bosses of the past. Leaders as trainers, coaches and facilitators are needed to carry out this Parallel Process successfully as well as the entire SP and Change process itself.

SO, WHERE TO BEGIN?

STEP #1: BEGIN WITH THE "PLAN-TO-PLAN" STEP.
We will not contract for SP before this innovative initial step is taken. It is composed of four elements:

- (1) A Strategic Organizational Assessment,
- (2) Visionary Leadership Practices, Skills, and Teambuilding Training for the CEO and top executives,
- (3) Establishing and Training an Internal Support Cadre, and
- (4) Our "Executive Briefing and Organizing" one-day session.

This skill building for the Leadership of the organization is crucial as noted above. *Leadership is the ONLY thing that really differentiates firms from each other OVER THE LONG TERM.*

In addition, the last item, a one-day "Executive Briefing", or "Educating and Organizing Day", ensures that everyone has the same foundation in our Reinvented SP (and Change) Model and terminology. It ensures the strategic assessment leads to a joint tailoring and crafting of a SP (and Change) process that makes sense to the executives. Even if a SP process is not pursued, this entire Plan-to-Plan step is valuable in its own right as unique diagnostic and learning events.

In any case, once the Plan-to-Plan is completed, then the A.B.C's of Strategic Planning and Change begin in earnest:

**Phase A: Creating Your Ideal Future
(Outputs of any Organization as a System)**

Step 2: THIS IDEAL FUTURE VISION STEP begins with a scanning of the environment (today and into the future). However, its main purpose is concerned with formulating dreams that are worth believing in and fighting for. At this stage in beginning the actual SP process, the cry of "It can't be done!" is irrelevant; how to turn it into reality is pursued after the vision is created. *Four challenges are met during this step:*

Challenge #1. To conduct a visioning process and develop a *shared Vision Statement* of your dreams, hopes, and desired future.

Challenge #2. To develop a *Mission Statement* describing why your organization exists, what business it is in, and who it serves.

Challenge #3. To articulate *Core Values* that guide day-to-day behavior, and collectively, create your desired culture.

Challenge #4. To develop a *Rallying Cry* -- a crisp and concise statement (eight words or less) of the entire Strategic Plan.

**Phase B: Quantifiable Outcome
Measurements of Success**

Step 3: THIS KEY SUCCESS FACTOR (KSF) STEP *develops the quantifiable outcome measurements of success* in achieving an organization's vision, mission, and core values on a year-by-year basis. Ten is the maximum preferred number of KSFs, forcing a focus on what's really "key" to success.

Key Success Factors (KSFs) should always measure what's really important (not just what's easy to measure) including, as a minimum, customer satisfaction, employee satisfaction, and financial viability.

**Phase C: Converting Strategy to Operations
(The Input to Act)**

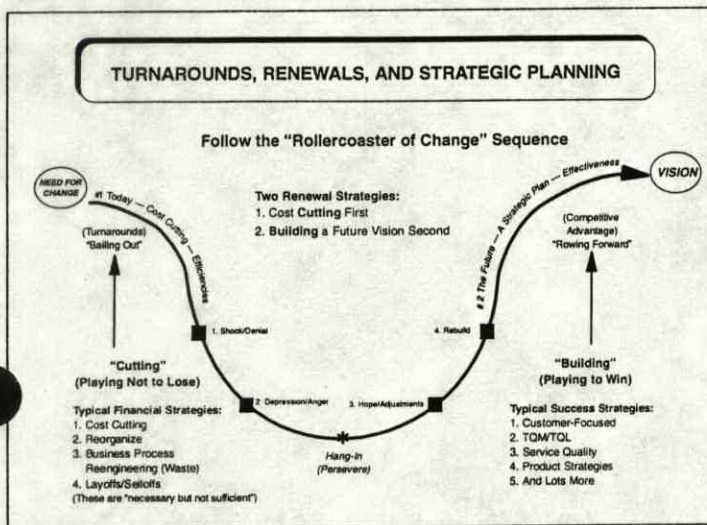
Step 4: THIS CURRENT STATE ASSESSMENT STEP is where internal and external analyses (Strengths, Weaknesses, Opportunities, and Threats--SWOTs) are conducted.

In traditional forms of SP, this step is the first and main step, leading only to long-range planning that merely projects the current state incrementally into the future. The good news about the history of SP is there are numerous tools to use in conducting these analyses.

Step 5: THIS STRATEGY DEVELOPMENT STEP

creates the core strategies to bridge the gaps between the Ideal Future Vision and the Current State Assessment; resulting in 3-7 core strategies to be implemented organization-wide.

The 1990's have seen a proliferation of new strategies as businesses try to cope with these revolutionary times. In looking at these strategies, beware of those that are usually of the "Cost Cutting" variety only. These might include reorganizations, layoffs, business re-engineering, budget cutbacks, etc. **Cutting is definitely necessary, yet not sufficient for success. "Building" for the future type strategies**, focused on quality products and services that satisfy the customer, is where the right answers are found. Thus, **"Cutting and Building" strategies are absolutely BOTH needed (see below)!**



Each core strategy also needs a set of *strategic action items* to achieve that strategy over the planning horizon. These become the major activities and changes required over time. Further, you need to identify the top 3-5 action priorities for each strategy over the next 12 months. *These strategies/action priorities become the organizing principles and priorities used by everyone as a framework to set annual department and individual goals.*

Step 6: (OPTIONAL STEP FOR LARGER FIRMS WITH MULTI-STRATEGIC BUSINESS UNITS ONLY)

THIS 3 YEAR BUSINESS PLANNING STEP answers the question of how core strategies are to be implemented by the different strategic business units (SBUs). To do this, the business units that make up the organization's overall business portfolio must be clearly identified and prioritized based on their importance to the future organization's growth, profitability, and direction.

Each business unit (and support dept.) must then develop concrete 3-year Business Plans to carry out the core strategies. They do this by following the same A,B,C's (and 10 steps) of system's thinking in this article.

Step 7: THIS ANNUAL PLANS/STRATEGIC BUDGETING STEP

is where "the rubber meets the road". It is where you develop unit plans with prioritized tasks, and then, provide the resources to actually implement your core strategies. It is not enough to have each unit develop their own isolated annual plans. *What is needed is a Large Group Meeting of the full collective leadership (i.e. top 30-50 people) where all plans are critiqued and refined based on their fit with the strategies and top priorities.*

Then, it is time to change the way budgeting is traditionally done. It needs to be more strategic and follow (not lead) annual planning. This "Strategic Budgeting" will enable you to achieve a focused allocation of resources based on the strategic plan and the action priorities you set for the next fiscal year during the core strategies step #5 above. We achieve this through selection by the client of one (or more) of our copyrighted "Ten Different Choices for Strategic Budgeting". While there is still no "Holy Grail" in budgeting either, *the tension created between current allocations vs. future priorities is normal and desired . . . as we've now forced you to make the "tough choices" for success. Focus-Focus-Focus!!!*

Step 8: THE PLAN-TO-IMPLEMENT STEP is a one-day session to "bridge the gap" between SP and the difficult implementation process. *Key is installing ten crucial concepts:*

- (1) a Strategic Change Steering Committee led from the top,
- (2) a yearly Comprehensive Map of the implementation process,
- (3) the use of cross-functional Strategy Sponsorship Teams,
- (4) an internal change management support cadre selected,
- (5) communications and rollout of the final approved document,
- (6) Key Success Factor Tracking Coordinator assigned,
- (7) resource allocation to support the change process/priorities,
- (8) Personal Leadership Plans presented by Sr. Executives,
- (9) modified performance appraisal and rewards processes,
- (10) a "game plan" developed to ensure a critical mass for change.

These are all part of our "44 Fail Safe Mechanisms" that are reviewed during this Step #8 to ensure successful SP implementation.

As mentioned, each executive presents a "Personal Leadership Plan" to ensure clarity of commitment to implementation. "Visionary Leadership Practices" training is key, if not done before, including the key skills of trainer, coach, and facilitator to lead in today's society.

Step 8 is also when the same 30-50 collective leaders in step 7 participate in a 3-day skill building workshop entitled "Mastering Strategic Change". This workshop provides the knowledge and skills necessary to manage change successfully.

Phase D: IMPLEMENTATION
(The Processes or Throughput: Real Actions)

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Step 9: THIS STRATEGY IMPLEMENTATION AND CHANGE STEP is the beginning of Goal #2: "Ensuring successful implementation". It results in transforming the strategic plan into thousands of individual plans, and tying a rewards' system to it. Your performance appraisal needs to evaluate everyone on their behaviors vs. the Core Values and their contribution to results vs. the Core Strategies.

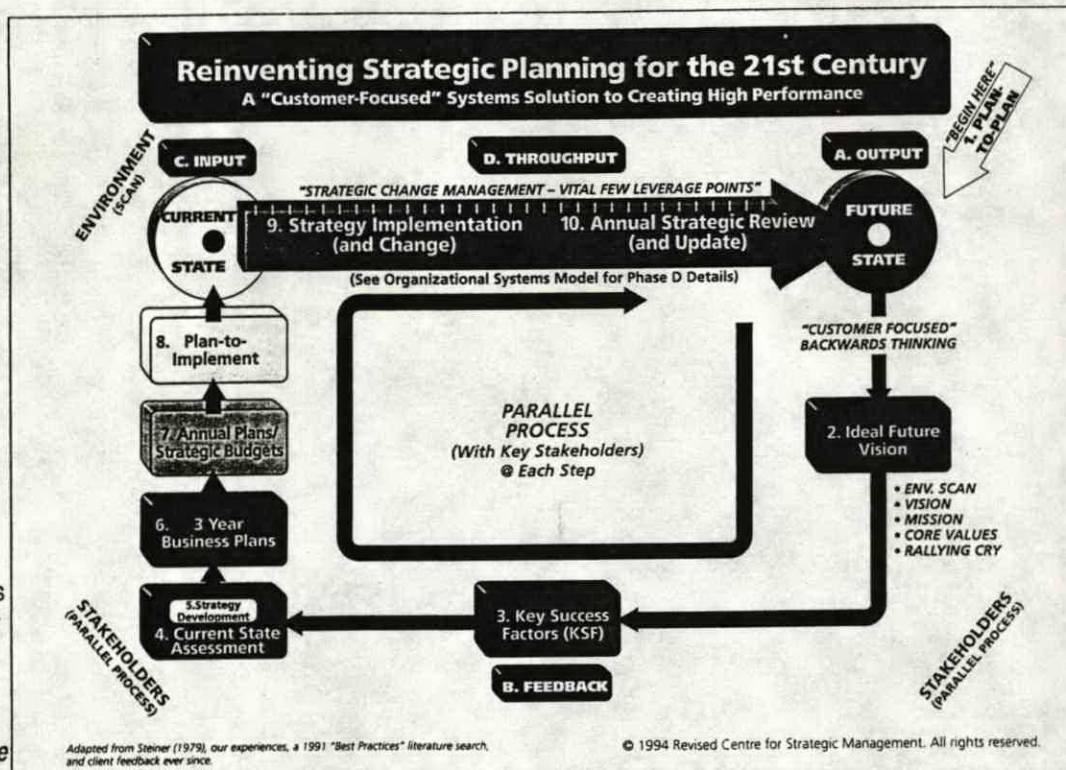
Implicit in this step is the understanding that we have to manage change before it manages us (in ways we may not like). *Quarterly or bi-monthly meetings of the Strategic Change Steering Committee (SCSC) are absolutely essential. No organization we have worked with has successfully implemented their SP without a Steering Committee.* In addition, the CEO needs to conduct weekly meetings with his/her staff with a focus on reviewing the status of the top annual priorities previously agreed to under each Core Strategy (with internal support cadre help).

Implementation needs to focus on the "Four Vital Few Leverage Points for Strategic Change" from our research and that of others regarding best practices of successful organizations. These leverage points are (1) leadership and management practices, including all those in human resource management, (2) customer-focused, business process reengineering, to "eliminate waste" throughout the firm, (3) organization redesign and restructuring and (4) becoming more customer-focused thru high quality products and service.

Step #10. THIS ANNUAL STRATEGIC REVIEW (AND UPDATE) STEP is similar to a yearly independent financial audit and is needed to keep pace with and be flexible to changing environments. It includes:

- (1) reacting to changes in the environment,
- (2) formally auditing and reviewing the SP status (especially Key Success Factors and Core Strategies/Priorities),
- (3) updating annual action priorities for the next 12 months, and
- (4) updating the Strategic Management System itself as the new way to run the business day-to-day.

For additional copies or information, contact us at
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HOW TO GET STARTED IN STRATEGIC MANAGEMENT

OPTION A: The first method in getting started is a one day Executive Briefing and Plan-to-Plan event. This is Step #1; the educating, organizing and decision-making day mentioned earlier.

OPTION B: The second way to get started is a one day Plan-To-Implement (step #8), completing the ten tasks listed earlier (and later finishing other aspects of the full strategic planning process).

OPTION C: There is a third way to get started available to you due to our Systems Thinking Model. As a system is circular, you may enter it at any point, and just pick it up from there. Thus, you could enter into "developing a system of managing strategically" at whatever point you desire. This might include starting with the strategic review and assessment, or with a strategic change project you have in mind (such as TQM), or start with developing your measures, or the SWOT Analysis, etc. *The key is to just start!*

Stephen G. Haines is a "systems thinker", researcher, and leader in the field of strategic management (planning/change). His diverse career includes over 25 years of international and sr. executive experience as both a strategist and a facilitator in planning and change efforts at a wide variety of firms. He is:

- an author, keynoter, trainer and consultant,
- a U.S. Naval Academy graduate and academic,
- a former CEO, and senior corporate executive,
- and now, a widely respected entrepreneur.