



## **Best Practices for Effective Strategic Planning**

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Businesses are constantly adapting. Companies such as Dell and Wang Labs are examples of how once successful organizations failed to adapt to changing environments. To keep pace with the world around them, organizations must regularly engage in strategic planning to reevaluate their positions, and their environment, and adapt accordingly. Of course, this is easier said than done. Many companies attempt strategic planning and fail for one reason or another. Following are some best practices to keep in mind when developing a new strategic plan.

### **The Group**

#### **Diversity**

It is important to have organizational diversity when creating a group to develop or updated your strategic plan. Diversity in this sense means individuals from different areas of the company: finance, operations, human resources, marketing, sales, etc. A business strategy, by its very definition, has a company-wide impact. Not only is it possible that department

leaders will feel alienated if they are not included, but failing to include representatives of all relevant departments threatens to leave important considerations unnoticed.

Additionally, diversity means having input from different levels of seniority. A strategic plan formulated by only the top executives will miss out on insight from mid- and lower-level managers and front-line employees. These employees are the ones best positioned to understand the impact of a new strategy on the day-to-day operation of the company and whether a proposed strategy is even feasible given the culture and constraints of the organization.

#### **Allow for open discussion among all levels of seniority**

Simply including a diverse group of individuals in a strategic planning group will not ensure their full participation. Many young or lower-level employees may feel uncomfortable speaking up in front of upper-level executives, let alone having a frank discussion that may include questioning their superiors. Furthermore, because strategic plans include proposals for change, it is common for the practices of upper-level managers to be singled out for change or improvement. Even if this is done in the most constructive and non-threatening manner, questioning a superior can be a terrifying prospect for many within an organization.

At the outset of the strategic planning process, it should be made clear to everyone that, within the confines of the strategic planning group, an open forum exists in which respectful, constructive ideas for improvement will be appreciated and not stifled. It must be in the front of everyone's minds that the strategic planning group is working together for the improvement of the organization as a whole and not for or against individual departments or employees.

## The Plan

### Big Picture

Strategic planning groups must keep the big picture in mind when developing new strategies or altering existing practices. Three important questions all planning groups should be thinking about during the strategic planning process are:

- Why are we conducting this planning process?
- What are we hoping to achieve?
- How will we institute accountability to ensure success?

Different stakeholders within the organization will likely have different opinions regarding the answers to these questions. While dealing with disagreement can be frustrating at times, a healthy debate over the answers to these questions is a valuable exercise. It is important, however, to focus that debate on the organizations “MVV” – mission, vision and values. Focusing on the above questions and keeping the MVV in mind will help ensure alignment with the organization’s core philosophies.

### Alignment

Every successful organization has certain core competencies. A core competency may be an extremely efficient supply chain or a particularly strong knack for understanding customer needs. It may be a highly effective sales team or a product design group that is always on the cutting edge of the industry.

Whatever an organization’s core competencies are, a strategic plan should embrace them and make sure the plan is designed to capitalize on these core competencies. Consider, for example, a production company that has, over the years, developed a production process

that is extremely efficient and streamlined and is the low-cost leader for a particular product. The core competency of such a company is its ability to mass produce a particular, standardized product and deliver it to customers at a price lower than its competitors. It would probably be unwise for this company to pursue a strategy aimed at producing high-end versions of this same product which are customized to customer specifications. While there very well may be a market for such products, the company described above is not well equipped to offer them. This strategy would involve significant changes in the way products are marketed and manufactured.

### The Execution

#### Commitment from Key People

Too often, companies adopt a strategic plan without the full support of the key stakeholders in the organization – the people who will ultimately be charged with implementing the plan. Even when these individuals give their nominal support or go-ahead vote to a new strategic plan, they may not be entirely on board. Perhaps they have lingering doubts about the wisdom of the direction the company is taking. Maybe they feel their department's role in the new plan is unfairly burdensome or otherwise misguided. If managers are not fully behind new initiatives, how can they be expected to genuinely encourage their subordinates to pursue those initiatives?

To ensure that a strategic plan is embraced by all the important stakeholders, make sure those individuals have a voice in the process of developing the plan. This doesn't mean everyone gets their way on every issue. It just means that they accept the rationale and genuinely agree to carry out the organization's efforts. No one should feel as though the plan

has been forced upon them. They should feel as though they had a role in developing the plan and, therefore, have a sense of ownership in the plan and its outcomes. Managers will be far more energetic in implementing a plan they see as “our plan” as opposed to “their plan.”

### **Clarity and Concreteness**

Strategic planners should avoid being vague when outlining their plan. It is not enough to say your strategy is to “improve brand image.” More concrete strategies would be “improve brand image by demonstrating quality relative to competitors” or “improve brand image by emphasizing our commitment to customer service.” The strategic plan is not simply a list of goals. It is a roadmap to where the company wants to be, with goals, objectives, strategies and tactics aligned to get there.

The plan should include clearly outlined steps with unambiguous goals and expectations so those executing the goal have benchmarks against which to measure their progress. It is one thing to say “increase sales” and quite another to say “increase sales by 15% of Product X by the end of the fiscal year.”

### **Flexibility**

No plan, no matter how well conceived, will ever be perfect. It is impossible to plan for all contingencies. Changes in consumer preferences, market trends, government regulations and the economy can all make all or part of a strategic plan no longer viable. A successful strategic plan must have clarity and clear steps; however, it must also be flexible enough to deal with the realities of a changing business and economic environment.

An important part of flexibility is simplicity. The more complicated a plan is, the more it likely will depend on factors beyond the control of the organization. A plan can be concrete with clear steps and goals and still be simple enough to adapt to changing circumstances.

### **Iteration**

Strategic planning is not a one-time event with a clear and definite start and end. The process is ongoing and evolving. As discussed earlier, circumstances change, and expectations may turn out to be over or under optimistic. Strategic planners must be kept in the loop in these situations so that they can follow the progress of the plan and determine when and how it should be adjusted.

As strategic planners continuously update and improve their plans, they will become more skilled at the overall process. They will become more efficient at making adjustments when circumstances outside their control discredit previous assumptions; they will understand the obstacles to change and implementation within their organization; and they will learn which types of strategies their organizations are most able to adjust and improve and which areas of their business are more rigid and difficult to adjust.

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