

# Your Strategic Plans Probably Aren't Strategic, or Even Plans

by Graham Kenny

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It happens all the time: A group of managers get together at a resort for two days to hammer out a “strategic plan.” Done and dusted, they all head home. But *have* they produced a plan with a strategy?

At the start of my public seminars on strategic planning I ask attendees, who rank from board members and CEOs to middle management, to write down an example of a strategy on a sheet of paper. They look at me quizzically at first as they realize that this is a tough assignment. I reassure them that this is indeed a hard question and they plow ahead.

The results are always astonishing to me and them. Here are some of the responses from the list I received at my most recent session: actions (“launch a new service”; “review our suitability to the retirement business”); activities (“marketing our products through the right channels”); objectives (“achieve \$100m net revenue”) and broad descriptions of what goes on (“planning process from beginning to end of product”; “working for your stakeholders”).

Sorry folks, but not even one of these responses is a strategy.

Unfortunately, while C-suite executives talk “strategy,” they’re often confused about what it means. Why this confusion? The problem starts with the word itself – a scarily misunderstood concept in management and board circles. The most basic mix-up is between “objective,” “strategy,” and “action.” (I see this frequently in published strategic plans as well.) Grasp this, I tell my audience, and your day will be well spent.

An “objective” is something you’re trying to achieve – a marker of the *success of the organization*. At the other end of the spectrum is “action.” This occurs at the *individual level* – a level that managers are presented with day after day. So naturally when they think “strategy” they focus on what they *do*. But this isn’t strategy either. “Strategy” takes place between these two at the *organization level* and managers can’t “feel” that in the same way. It’s abstract. CEOs have an advantage here because only they have a total view of the organization.

The key to strategy is that it's the positioning of one business against others – GM against Ford and Toyota, for example. What exactly is positioning? It's placement on the strategic factors relevant to *each key stakeholder group*.

An organization exists as part of a system composed of transactions between itself and its key stakeholders such as customers, employees, suppliers and shareholders. Organizations differ in the detail of these sets, of course, depending on the complexity of the industry in which they're located.

The task of a strategic planning team is to produce positions on these factors that deliver value to the organization's key stakeholders *and* meet the objectives of the organization. Let's go back to our seminar list and take one of the responses: "achieve \$100m net revenue." This is an objective, rather than a strategy. A strategy serves an objective by providing a position on the relevant strategic factors – in this case for customers.

Let's say the strategic planning team identifies "price" as one strategic factor. In this case let's make the business Dan Murphy's, Australia's largest liquor retailer with a national footprint. It has stated its position on this factor unequivocally: "Lowest liquor price guaranteed. In the unlikely event that a customer finds a lower price, we'll beat it on the spot." This is that company's position on price. Alternatively, let's look at Toyota. A strategic factor relevant to the same type of objective for customers is "safety." By reviewing its materials, we can construe the company's position on this as: Safety is paramount, and our cars are among the most advanced, reliable, and safest on the road.

Now to ensure implementation, a strategic planning team must identify some *project- or program-level* actions. McDonalds had to do this when on "product range" it took this position: *Traditional meal range but with an increased emphasis on salad items and with the option for customers to design their own burgers. Periodic special offerings to spur customer interest.* You can envision the high-level actions that might follow such as: Design a training program for all staff in made-to-order food handling procedures.

If you take a helicopter view of the process I've outlined, you can see that it involves *system design*. Each key stakeholder group is taken in turn to work out what an organization wants from it (an objective) and what the key stakeholder wants from it (strategic factors) e.g. customers want effective performance on factors such as price and customer service. The strategic planning team must then decide on the organization's position on these factors (strategy). This will be conditioned, of course, by customer research. Having done this, key stakeholder by key stakeholder, the next step is to ensure congruence – a fit between employee relations and customer relations, customer relations and supplier relations, and so on – system design.

My experience in working with clients over many years is that executive teams fail to approach strategic planning from a system-design perspective. A major cause of this is that managers within these teams approach the task from their own functional-management view, e.g. finance, HR, marketing, operations. Consequently, they think “action” when they mean to think “strategy.” Taking a stakeholder approach to strategic planning induces managers to raise their thinking to the organization level.

Remember. Strategic planning is a journey, not a project. Plans require on-going adjustment. Yes, kick start yours with a two-day retreat. But never end it there.



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**This article is about STRATEGIC PLANNING**

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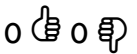
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**michael minns** 16 hours ago

Graham, thank you for your article and thank you to those that have made a comment, it all makes good reading. If you were to place 10 randomly selected senior managers from a wide variety of organisations in a room and asked them "What is a Strategy Plan?" I am sure that they would come up with 10 different definitions that will reflect the individual backgrounds and the industry sector from which they come. "Why is it so?" is now the question and I suggest that there are a number of reasons . One being "FAD SURFING" (Eileen C Shapiro) and the other "THE 10,000 BLOWFLY SYNDROME" which states that; ' we all should be eating cow dung- how could 10,000 blowflies be wrong?' I believe that similar outcome would occur if the question was "What is a KPI?" Martin Luther King got it right in 1963 when he exclaimed; " I have a dream that one day..." ... He didn't say "I have a strategic plan"

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