

Strategic Planning Retreat

Preparation White Paper

Overview

Strategic planning is a management tool, period. As with any management tool, it is used for one purpose only: to help an organization do a better job - to focus its energy, to ensure that staff of the organization are working toward the same goals, to assess and adjust the organization's direction in response to a changing environment. In short, strategic planning is a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it, with a focus on the future. (*Adapted from Bryson's Strategic Planning in Organizations*)

The process is strategic because it involves preparing the best way to respond to the circumstances of the organization's environment, whether or not its circumstances are known in advance; companies often must respond to dynamic and even hostile environments. Being strategic, then, means being clear about the organization's objectives, being aware of the organization's resources, and incorporating both into being consciously responsive to a dynamic environment.

The process is about planning because it involves intentionally setting goals (i.e., choosing a desired future) and developing an approach to achieving those goals.

What Strategic Planning Is Not

Everything said above to describe what strategic planning is can also provide an understanding of what it is not. For example, it is about fundamental decisions and actions, but it does not attempt to make future decisions (Steiner, 1979). Strategic planning involves anticipating the future environment, but the decisions are made in the present. This means that over time, the organization must stay abreast of changes in order to make the best decisions it can at any given point - it must manage, as well as plan, strategically.

Successful strategic planning:

- leads to action
- builds a shared vision that is values-based
- is an inclusive, participatory process in which leadership and staff take on a shared ownership
- accepts accountability to customers
- is externally focused and sensitive to the organization's environment
- is based on quality data
- requires an openness to questioning the status quo
- is a key part of effective management.

Key Concepts

What is the difference between strategic planning and long range planning?

The major difference between strategic planning and long range planning is in emphasis. Long range planning is generally considered to mean the development of a plan of action to accomplish a goal or set of goals over a period of several years. The major assumption in long

range planning is that current knowledge about future conditions is sufficiently reliable to enable the development of these plans.

The major assumption in strategic planning, however, is that an organization must be responsive to a dynamic, changing environment.

Strategic Management

It follows, then, that strategic management is the application of strategic thinking to the job of leading an organization. Dr. Jagdish Sheth, a respected authority on marketing and strategic planning, provides the following framework for understanding strategic management: continually asking the question, "Are we doing the right thing?" It entails attention to the "big picture" and the willingness to adapt to changing circumstances, and consists of the following three elements:

- formulation of the organization's future vision and mission in light of changing external factors such as regulation, competition, technology, and customers
- development of a competitive strategy to achieve the mission
- creation of an organizational structure which will deploy resources to successfully carry out its competitive strategy.

Strategic management is adaptive and keeps an organization relevant. It's foundation is a commitment to Continuous Improvement. In these dynamic times it is more likely to succeed than the traditional approach of "if it ain't broke, don't fix it."

Key Definitions

Strategic

In the dictionary, the word strategy has to do with war and deception of an enemy. In company management, strategy has to do with responding to a dynamic and sometimes even hostile business environment in pursuit of a mission. Thinking strategically thus means being informed and consciously responsive to this dynamic environment.

Planning

Strategic planning is planning because it involves intentionally setting goals (choosing a desired future) and developing an approach to achieving those goals.

Fundamental

Because it is impossible to do everything, strategic planning implies that some decisions and actions are more important than others. The most important decisions have to do with what an organization is and its values and vision for the future; the most important actions have to do with what it does. On the other hand, strategic thinking is deciding on and carrying out the fundamental, or most important actions.

Decision Making

Strategic planning is based on decision making because in order to answer the questions raised in the structured planning process, choices must be made. The plan ultimately is no more, and no less, than a set of decisions about what to do, how to do it and why to do it.

Long Range Plan

Long range is the longest time period for which it makes sense to make plans. The time period varies from organization to organization: the Social Security Administration must plan for the retirement of today's babies sixty five years from now; high tech computer companies are putting

out new products every six months. For most organizations, a 3-5 year timeframe is appropriate for meaningful long range planning. Three year plans work well for most, taking into consideration the fast pace of change (technology, political and economic environment, internal realities, and community conditions). Five year plans may be more appropriate for those organizations with multiple locations, extensive physical plant or very large service constituencies, such regional or national companies or large public institutions.

Strategic Management

The concept of strategic planning implies managing, day to day and month to month, in a way that focuses on the most important decisions and actions. This requires the kind of longer term perspective and priorities which result from a strategic plan. This concept also incorporates the assumption that the environment is always changing: thus, strategic management requires ongoing reassessment of current plans in light of long term priorities.

Developing Strategies, Goals, and Objectives

Once an organization's mission has been affirmed and its critical issues identified, it is time to figure out what to do about them: the broad approaches to be taken (strategies), and the general and specific results to be sought (the goals and objectives). Strategies, goals, and objectives may come from individual inspiration, group discussion, formal decision-making techniques, and so on - but the bottom line is that, in the end, the leadership agrees on how to address the critical issues.

This can take considerable time and flexibility: discussions at this stage frequently will require additional information or a reevaluation of conclusions reached during the situation assessment. It is even possible that new insights will emerge which change the thrust of the mission statement. It is important that planners are not afraid to go back to an earlier step in the process and take advantage of available information to create the best possible plan.

The product of this step is an outline of the organization's strategic directions - the general strategies, long-range goals, and specific objectives of its response to critical issues.