

Strategic Planning for the Strategically Impaired

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As a former head of strategic planning and management services at a \$500M company, I can say without equivocation that the topic of strategic planning is an absolute quagmire of competing and conflicting models, concepts, and practices. For many people, especially for those working in smaller companies that don't have armies of staff specialists with nothing to do but master and promote the arcane art of strategic planning, what is needed is some ruthless simplification. As I've written before, planning is nothing more (or less) than the formulation of a set of intended outcomes accompanied by a set of activities intended to lead to those outcomes. Results and Actions: those are the key elements of any plan. How then does one establish them?

A simplified view of strategic planning (or any other kind of planning for that matter) suggests a three-stage process:

- 1) Taking stock of the situation
- 2) Picking your targets and setting your objectives
- 3) Formulating your plans

In some circles this three-stage process is referred to as "STP" (standing for Situation-Target-Plan).

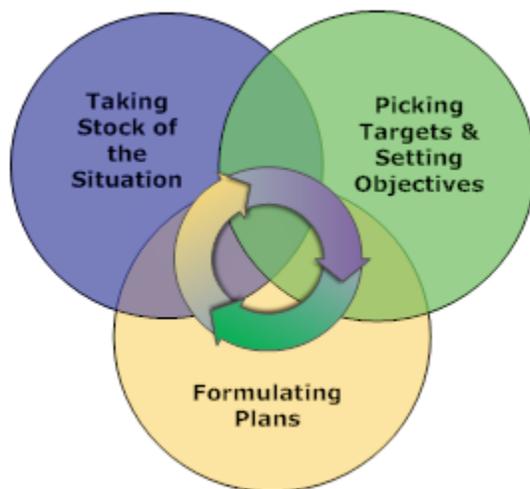


Figure 1 - The STP Model

Taking Stock of the Situation

Taking stock of the situation can range from some informal discussions focusing on the conditions confronting or existing within the company through more formal, structured exercises, all the way up to carrying out sophisticated analyses of the business environment and internal operating circumstances. The classic SWOT analysis (an assessment of external opportunities and threats as well as internal strengths and weaknesses) can be part of taking stock of the situation, as can the externally-focused PEST analysis (a look at the political, economic, social and technological segments of the company's business environment).

How structured should you be? How formal should you be? Should you conduct a SWOT analysis, or a PEST analysis, or do both (or conduct some other kind of analysis)? Well, the honest answer is that you probably should look into all of the available tools but don't consider yourself obligated to use any of them unless doing so makes sense in your situation.

Picking Your Targets and Setting Your Objectives

There is a useful distinction to be made between Targets and Objectives. In this context, “Target” refers to that which is the focus of your attention. It might be sales (dollars or volume); it might be profits or profit margin; it might be share of market; or it might be productivity rate. By contrast, the term “Objective” refers to some specified value for a Target. You might set an objective that calls for an increase in gross sales of 20% per year for the next four years. You might set an objective that calls for capturing 40% of a particular market over the next five years. Or you might set an objective that specifies a minimum net profit margin of 18% for each of the next three years.

So, as a result of taking stock of the situation, you pick your targets (e.g., productivity rate) and you set an objective (e.g., 15,000 units per day).

Formulating Your Plans

With your grasp of the situation in hand, your targets selected and your objectives set, now you have to figure out how you’re going to realize them. What avenues are open to you for influencing the targets you’ve selected? Can you influence them enough to reach the objectives you’ve set? What kinds of actions and resources are required? Who does what when?

Do you need GANTT charts? Maybe; maybe not. Do you need exhaustively detailed schedules? Maybe; maybe not. Will MS Project or some other planning/scheduling software package be necessary? Maybe; maybe not. It all depends on the scale, scope and complexity of the organization and the initiative; the challenges confronting it; the associated risks; and the actions being contemplated.

Here is where your first important reality check occurs? Does your company have the resources and the capabilities to achieve the objectives it set? Can it in fact carry out the actions it is contemplating? If so, keep going. If not, perhaps you need to rethink matters. Such rethinking might lead you to revise your objectives, pick a different target or set of targets, or perhaps go all the way back to the beginning and take a fresh look at the situation confronting you and your company. Hence, the little circle of arrows in the center of Figure 1.

Recap

Sometimes, people are overwhelmed by the apparent complexity of the strategic planning process. Two pieces of advice: (1) Relax, because it isn’t really all that complex once you strip it down to its essentials, and (2) No company has ever been known to fail for lack of a strategic plan (although more than a few have been known to shoot themselves in the foot with one).

Bottom Line: Simplify; simplify; simplify. And one way of doing that is to make use of the STP Model (Situation-Target-Plan).

About the Author: My name is Fred Nickols. I am a writer, an independent consultant and a former executive. Visual aids of one kind or another have played a central role in my work for

many years. My goals in writing for SmartDraw's Working Smarter blog are to: (1) provide you with some first-rate content you can't get anywhere else, (2) illustrate how important good visuals can be in communicating such content and (3) illustrate also the critical role visuals can play in solving the kinds of problems we encounter in the workplace. I encourage you to comment on my posts and to contact me directly if you want to pursue a more in-depth discussion. I can be reached via email at fred@nickols.us.

