

Strategic Planning at the Speed of Light

by Frank Gullone and Elizabeth Thomas



Organisations must deal with a myriad of issues, complexities and increased competition coming from traditional and now, new sectors of the market. Most of the strategic issues facing organisations today are not that different to what was faced ten or twenty years ago. The difference today is the frenetic pace with which the world is changing. As the market changes, so too must the organisation if it is to stay relevant. Speed is of the essence.

The strategic planning process is a management discipline for working out how to optimise the organisation's competitive position and performance. Effective strategic planning increases the likelihood that only the best strategies available are selected to progress. It also ensures that action plans are integrated throughout the organisation and progress is measured. It allows for iterative improvement in the strategies along the way. Strategic planning is more than simply creating a blueprint for execution. The strategic plan itself is just one element of the strategic planning process, but it is the axis of strategy, the tight knot that binds strategic concepts to their implementation.

Some leaders may not yet use a formal planning process, but live in a state of strategic twilight. That is, they understand their business intimately and how it works. They have in-depth knowledge of their markets and are aware of likely developments. They can confidently say they know what needs to be done. They have a strategy. When this leader intends progressing an organisation through multi-directional improvement, our strategic planning fast-track approach is vital to deploying resources in the most effective way. For many, the idea of formalised strategic planning conjures visions of a process dragged out by reams of analysis, consultation and thirty-page blueprints. These elements may have their place, but the process can be tightened up for the optimum mix of effectiveness and speed. For leaders who have deep insight into their organisations and the dynamics of their industry and want to press the accelerator but aren't sure where to start, we explain how to tackle strategic planning at the speed of light.

Formal planning processes work better

We suggest you formalise your strategic planning process to maximise benefit. We promote the strategic planning process as a four-part cycle. It can be thought of as phases of conceptualisation, planning, implementation and managing performance. Informal strategic planning tends to focus on the conceptualisation and implementation, but can be light when it comes to holistic planning, measuring and managing performance. Formalisation of the strategic planning process adds rigour.

Let's get the downside out of the way. Formal planning is more time-consuming. One 2005 survey showed that companies following an annual planning calendar typically dedicate around nine weeks per year to developing strategy.¹ And the existence of formal plans may dampen iterative improvement if everyone sees it as set in stone. It also requires a lot of leadership fortitude to keep it on track. When leaders have to commit to progress in a broad range of areas, they can't turn a blind eye to lost ground.

Effective leaders using informal techniques know their objectives and can articulate their overarching strategies to get there. Implementation gets underway. Yet, some leaders will find their organisation – perhaps through growth or changes in the market – becomes sluggish. Slow to implement. Losing competitive grunt. These are signs the organisation has not kept pace with the changes within and without. The organisation that wants to stay ahead needs a defined plan of action.

Formal strategic planning encourages long-term thinking within the organisation. It provides a structure for ensuring the organisation's many interdependent initiatives are aligned and won't crash into each other. Having a strategic plan allows better communication and consistent messages. Decisions aren't open to interpretation. The strategic plan is symbolically and literally a plan of leadership agreement. If strategic plans are well-designed, they ensure that initiatives are intended in every important area of the business. When an organisation has a strategic plan as a reference point, it assists in decision-making throughout the organisation and allows focused effort. Formal processes also provide a discipline for measuring progress and performance.

That's not to say that formal strategic planning processes are always necessary. Many organisations have been established without plans at all. One study of 100 companies on the Inc. list of the 500 fastest-growing companies in the US found that 41% had no business plan whatsoever, and 26% only had an informal, rudimentary plan at best². Informal strategic planning can be a very successful way forward for a new venture still trying to understand its market, develop its value proposition or accumulate historical data as a basis for projection assumptions. Formal plans aren't necessary when the organisation is small enough that strategy can be communicated across the office, and external parties aren't involved. However, an organisation doesn't have to be new or small to use an informal process – in its 2006 global survey of 796 executives in organisations with turnover of at least US\$500m, McKinsey Quarterly reported that nearly 25% were using informal strategic planning processes. These organisations aren't failing – far from it – but McKinsey's broadly surmised that formal processes contributed to higher rates of reported satisfaction³. Respondents to our own Gullone Group survey reported similarly – 52% of those using formal strategic planning found it produced 'very positive' effects, compared with only 33% of informal users finding it a 'very positive' process⁴. When the organisation has grown and has more working parts and initiatives to co-ordinate, it's a good idea to formalise the strategic planning process to get more bang for your buck. It may seem a daunting task. Through our unique experience, research and insight, we have come up with the key steps.

1. Know your market, know your organisation

¹ 'Stop Making Plans; Start Making Decisions', M. Mankins and R.Steele, Harvard Business Review, January 2006. Cites survey conducted in 2005 of executives from 156 large companies globally, with revenues of over US\$1b

² 'How Entrepreneurs Craft Strategies That Work,' A. Bhide, Harvard Business Review, March 1994. Inc. study completed in 1989, however we consider the findings still have relevance in 2008

³ 'Improving Strategic Planning: A McKinsey Survey', The McKinsey Quarterly, 2006

⁴ The Gullone Group e-survey on Management Tools was open between 8 August and 21 September 2007, engaging 44 respondents. Respondents reported on their use of strategic planning, customer relationship management, customer segmentation and benchmarking tools, and rated their level of satisfaction with each tool's performance.

Leaders forming strategy must have a strong knowledge of the market and how it is evolving. They must also understand their own business – how it works, its resources and its developing capabilities. All leaders involved in the development of the strategy should share this knowledge. If you don't have this knowledge, get it. Some organisations spend a great deal of time pulling together the requisite analysis and reports. Others will use consultants – such as Gullone Group – for industry intelligence and organisational dynamics, and internal consultants for understanding the detailed workings of the organisation. Leaders who already keep a strong awareness of the internal and external environments have a terrific head start.

This double-sided internal / external understanding is vital in strategy formation. If the leader is primarily focused on the organisation and its capabilities (sometimes referred to as a 'resource-based' approach), they risk neglecting market conditions, or taking a short-term view. The ultimate risk is obsolescence. Understanding the external environment is essential. 'The strategic plan should be developed primarily on the basis of a thorough analysis of the external environment, and not on the basis of the internal skills and resources of the organisation. Organisations need to respond to changing environments because the environment will certainly not adapt to the internal skills and resources of the organisation.'⁵ Yet, leaders must understand what the organisation is capable of and how it works, otherwise the corporate strategy will be a fairy tale. At best, it is anchorless. At worst, it can send an organisation down a path of lopsided over-commitment and ruin.

Leaders who don't have this double-edged understanding (through newness to the role, a turbulent industry or organisational complexity) will follow a different process to the one described in this article. In this case, the leader will call on resources inside or outside the organisation to ensure they have enough knowledge to make effective decisions, and then to test those decisions before finalising the strategy.

Leaders with this deep knowledge are in a position to undertake strategic planning at the speed of light.

2. Understand the drivers of the key stakeholders

In a professional services firm environment, the key stakeholders in the business are typically the partners. This thinking needs to be broadened to include other key stakeholders that will and can have a huge impact on the success of the firm. In a corporate environment, the key stakeholder list may need to be wider and include board members and private equity managers. At a minimum, additional stakeholders will include staff and major clients. For some organisations, the stakeholders may also include the likes of bankers, landlords or independent investors.

Draw up a matrix with each of your stakeholders heading a column. Assess their needs. What drives this stakeholder group? Profits? Job security? Experience? Control? Bear this in mind before you begin creating strategy.

When you get to the point of actually setting strategies, take a few moments to consider what the consequences of each major strategy will be on all stakeholders. Using your matrix, list the major plans in the rows down the matrix. Under each stakeholder heading assess, in a couple of lines, the impact of the strategy on that particular stakeholder group. When working through this exercise ask a few pertinent questions, namely:

- Does this strategy create a win-win position for this stakeholder group?
- Does the strategy provide us with a competitive advantage with the stakeholder group?

⁵ 'Strategic Management', J Viljoen & S Dann, 2003, Prentice Hall, p.430

- If a competitive advantage can be achieved, can it be made sustainable? And
- What will our competitors think of this noted competitive advantage? As a rule of thumb, if competitors would not regard the outcome of your strategy a competitive advantage, then most likely it isn't one.

A lot of time and effort will be saved when deploying strategy if the needs and drivers of *all* stakeholders in the business are considered early on in the planning process. The other outcome will most likely be that when the plans are communicated to stakeholders, you will most likely receive a greater degree of acceptance.

3. Communicate the state of play

Leaders should actively spread their knowledge of the industry, market and competitors throughout the organisation. The aim here is not only to heighten an awareness of competition, but also to take charge of the flow of communication.

There may be an inherent reluctance to communicate competitive comparisons throughout your organisation if a competitor is perceived as being in a stronger position. Leaders may be apprehensive that such information will be demoralising, or even prompt staff to defect. In reality, this rarely happens. By increasing communication – particularly if it is accompanied by a specific game plan - leaders promote a willingness to compete. Such communication can create a rallying sense of game play. Often, staff members will tap into their own networks to feed information back to you. People within the organisation have a better appreciation of competitors and are more likely to welcome change and rise sooner to competitive challenges. Staff will also notice that a more open style of communication exists within the organisation, creating a culture more conducive to innovation and strategic planning.

It is important to remember that if little or nothing is communicated on the competition, staff will create their own information grapevine or be subject to networks outside the organisation. This situation is much more difficult to control and can potentially lead to the organisation losing people's commitment due to ill-perceived feelings on the organisation's market ranking and strategic intent.

Your organisation needs to also have an appreciation of trends and changes in the markets within which major clients operate. Increasing your organisation's level of market intelligence brings other advantages. Clients want providers who understand their industry or have an appreciation of the key drivers and pressures the client faces. The organisation cannot be a trusted provider to a client unless it understands the commercial impact of its service offering.

It is important to make internal communications less formal, open and more regular. In some organisations, the regularity of communication should be increased tenfold. Often, the leader will deliver a quarterly or six monthly presentation to staff on what is happening around the organisation. We suggest that these types of presentations be supplemented by regular communication via internal newsletters, organisation wide recorded messages, emails or Intranet. In these ways, communication is used to promote discussion and feedback. The regular communication of competitive trends, industry changes and client moves will lay the groundwork for more efficient strategy acceptance.

4. Assign accountability for strategic planning

Most organisations, large and small, have an Executive Committee, Board or some other equivalent leadership group. It is this group that is usually held responsible for the overall running of the organisation. We suggest that this group be also charged with the accountability, if not done so already, for strategy setting or planning within the organisation. This could be further extended by allocating accountability to partners or senior executives within an organisation to advance strategic plans at a practice group, business unit or individual level.

Assigning accountability for strategic planning is a crucial step. Without this assignment, there may be little motivation to develop and deploy strategic plans at the speed of light. Ensure that these groups or individuals, held accountable for planning at the organisation level, have the priority of this task raised to the highest importance level. If possible, when assessing the performance of these individuals or groups rate them on how well they have carried out strategic planning. In turn, the organisation should support these people to efficiently plan. For instance, consider providing training, development, reduction in billable hours (in a professional services firm environment), subscriptions to industry journals or planning frameworks. The level of investment in these types of support activities will most likely be minimal in the overall scheme of things and yet, if carried out properly, will result in significant positive outcomes for the organisation.

5. Promote a sense of urgency

A sense of urgency is important to speed up planning and strategy deployment within an organisation. The underlying aim is to minimise or eradicate complacency.

If an organisation is complacent or satisfied with its position in the marketplace, no matter what sector, the seeds of failure have most likely been sown. Innovation and a desire to succeed may be overtaken by arrogance and an undesirable culture. Some interesting research by Michael L. Tushman and Charles A. O'Reilly III has confirmed that in many cases short-term success within an organisation often increases the chances of long-term failure.⁶ The underlying thesis in this research is that when an organisation faces little threat or is satisfied with the status quo, it removes the impetus to improve competitive position. Innovation is deemed unnecessary.

In the absence of a burning platform or impending doom, leaders may be hard pressed to stir readiness for change. The leader can implement a range of measures to turn up the heat. Calling on staff to suggest a standalone strategic initiative by focus group, suggestion box or competition, will heighten awareness and interest and also tap into latent talent. Leaders can also use the 'never satisfied principle'. That is, never be satisfied with the status quo in your organisation vis-à-vis your competitors. By all means commend good work and herculean efforts in attaining new clients or achieving a significant milestone, but never be totally at ease (at least within your organisation) with the goals achieved. Always look ahead. By never being totally satisfied with the organisation's progress, others will look for ways to satisfy the unsatisfied leader in their midst.

6. Continually build efficiency into the planning process

Organisations often use independent consultants to not only assist in the planning process but also to facilitate planning meetings to devise the organisation's strategic plans. An independent and experienced consultant can assist here by keeping discussions focused on strategic issues, carefully drawing out important points (even if they are politically sensitive), eliminating political clutter and acting as a reality check.

Any strategy creation process should encourage questions and challenges by anyone in the planning group, regardless of their position. After all, group participants are required to come up with the best possible strategy for the organisation.

Who should be involved in the strategy creation process? Many consultants and most management journals will urge the leader to consult widely and involve all those who are responsible for implementing the strategy in its creation. We

⁶ 'Winning through Innovation' Michael L. Tushman & Charles A. O'Reilly III. Harvard Business School Press, Boston Massachusetts, 1997

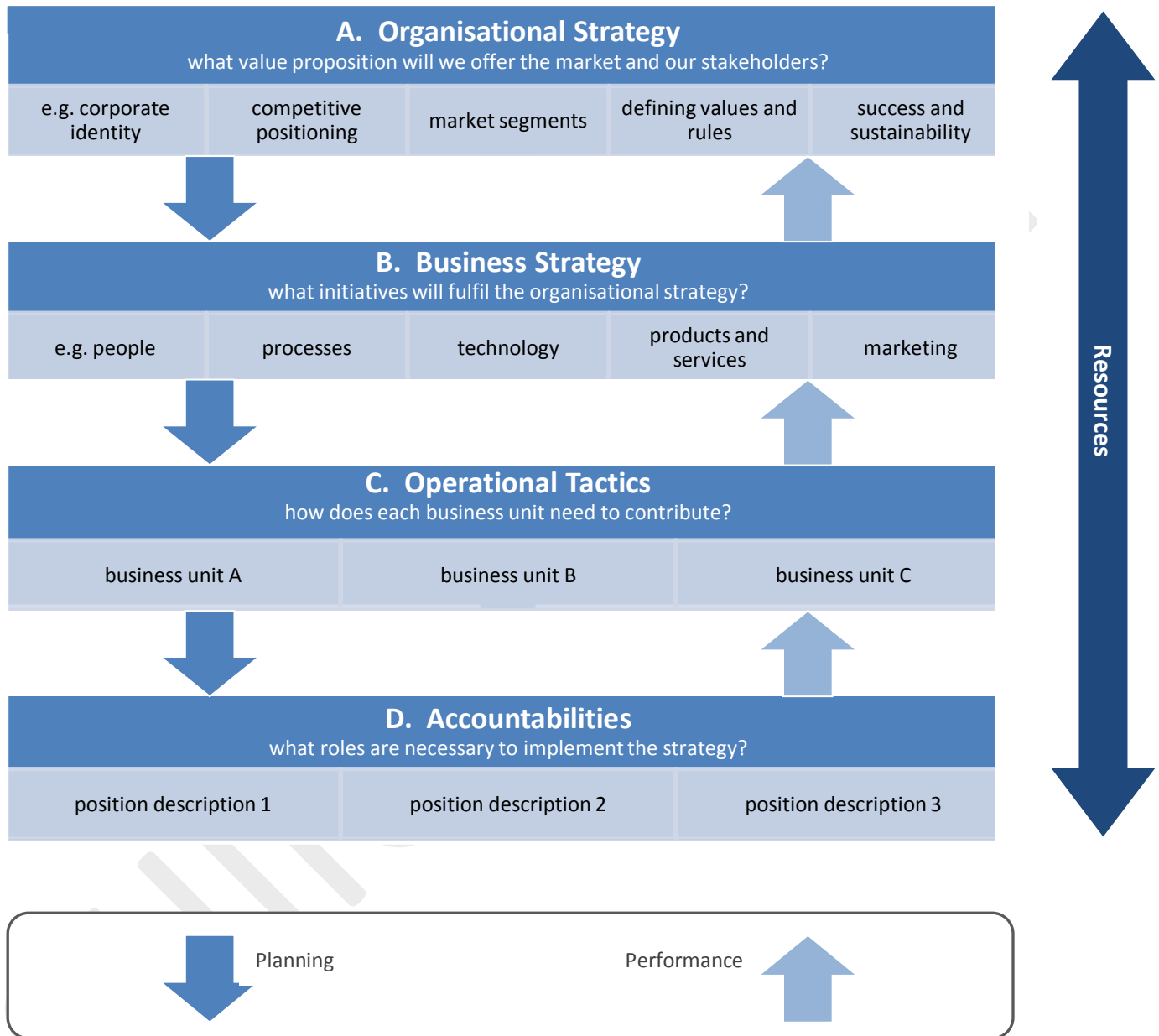
disagree. The only people who should be involved in creating corporate and business strategy are the Board, Executive team and those with skills or knowledge which are absolutely essential to creating effective organisational strategy. Restricting the strategy-formation group to a small number also encourages intimate discussion that focuses on the critical issues.

When the leader consults beyond these bounds, it adds time to the process for little benefit unless the leader fully intends to assess the fruit of this extensive consultation. When calling for strategic suggestions, the diversity of ideas is bound to conflict. The leader can choose to adopt only those ideas that don't clash with someone else's and end up with a lowest-common-denominator strategy. Or the leader can adopt some suggestions and potentially disengage others who don't see their ideas in the final strategy. Most people are wise to the change management convention of consultation to create buy-in, rather than listen. The better alternative is to engage people in open discussion during the normal course of the year and consider suggestions as they arise. When the strategic review comes around, the leader is ready with those ideas that are strategically aligned with the organisation's current position and objectives and these can be submitted to the decision-making group. Another benefit to this year-round informal approach is that good ideas can be assessed, approved and incorporated into the strategy incrementally, as they arise.

7. Integrate your strategy

In setting strategy at the speed of light, take some time to focus on the longer term. Leaders should ask themselves 'what type of organisation do I want to create or leave behind?' Keeping this ultimate vision in mind throughout the process helps ensure that only relevant strategies make it to the plan. Without an end goal, strategies can be dangerously ad hoc or misaligned. The organisation may end up as a Frankenstein creation of bit parts that don't work as a balanced whole. The organisation needs a cohesive plan of action. The strategic planning alignment process (overleaf) shows how objectives should be holistically translated into performance.

Strategic Planning Alignment Process



Each section is completed in sequence. Plans are agreed, devolving down from Sections A through to D. When the strategy implementation timeframe starts, performance is measured back from D to A.

It may seem like a very logical and straightforward approach, yet we have seen several organisations neglect one or more steps in the alignment process. A common mistake is when organisations launch into new markets or products without alignment with, or revisitation of, the organisational strategy. Development at the business strategy level should always be aligned with the organisational strategy.

Sections A and B are the main considerations in the strategic planning process. We have listed some of the areas (e.g. market segments targeted) that leaders will consider when developing strategy. It is not exhaustive. Organisations will create their own categories for developing organisational strategy (which aims for competitive advantage and sustainable success) and business strategy (which aims to achieve the organisational strategy through holistic development and performance).

This article focuses on the strategic planning process (how to do it), rather than the strategy's content (what should go in your strategy), and so we will concentrate on how leaders might work the Sections quickly for optimal effectiveness.

Section A - Organisational Strategy

The Organisational Strategy is a working focus for Boards, Executive teams, Practice Groups (i.e. leadership teams) and usually of keen interest to stakeholders. Its non-sensitive elements may be documented in the form of vision, mission and values statements, or a positioning document that describes what the organisation intends to be to its stakeholders and how it wants clients to experience it.

Leadership Teams need to:

- Review the stakeholder matrix and determine what the organisation hopes to achieve through those stakeholder relationships
- agree what stakeholders and the broader market value
- articulate the organisation's defining values – not aspirations, but the true priorities that have guided decisions, actions and behaviours of the organisation and its dealings
- realistically assess the industry, market and competitors, and the organisation's resources and competitive differentiators; and
- synthesise these considerations to agree what the organisation's most advantageous and achievable value proposition(s) to the market and key stakeholders should be

These agreements should be documented. This is the Organisational Strategy. Set or amend the vision / mission / values statements to reflect this agreement.

Section B – Business Strategy

The primary objectives from the Organisational Strategy are brought forward into the Business Strategy (Section B). The Business Strategy will become the organisation's strategic plan.

The leader should determine the plan design and preferred timeframe. Convene a strategy workshop, involving the Executive and selected participants. Areas for focus:

- identify key influences inside or outside the organisation that are impacting positively or negatively on its success
- agree those initiatives / actions that will achieve the Corporate Strategy, leveraging wherever possible from the influences that have been identified as supporting the organisation's success. Not every activity that takes place within an organisation can be included. Expect to exclude around 20% of the business-as-usual activities undertaken within the organisation. It might be important, but office cleaning has no place in a strategic plan
- be realistic about what you're dealing with – where possible, agree initiatives to address influences negatively impacting on the organisation's success
- agree performance measures and accountabilities for all initiatives

Link each major Organisational Strategy objective through to (often multiple) Business Strategy initiatives. Each initiative will have a broad action plan, with measures of achievement and the business unit or delegate responsible for leading each initiative. Set timeframes. This is your draft strategic plan.

Test the plan. Does it hang together? You can find out by modeling the strategy at annual points for the strategic plan's duration. Most strategies will have physical and financial impact on the organisation. Do you have the resources (e.g. premises, talent, finance) to implement and settle your initiatives? How will they impact on each other, and on established areas of the business? Put numbers to the initiatives and think it through. Consult your experts as necessary. Project the impacts of initiatives running to schedule and conduct a sensitivity analysis to determine what you may need to prepare for, should some initiative - such as a productivity improvement - lag behind.

Imagine the organisation's resources, such as budget, talent and maturity running alongside, placing limits on the available strategies. These limitations could, and should, create some bounceback up the line as some strategic initiatives are found to be overly ambitious for the organisation's capability. This will force adjustment to the strategy or the resourcing. This is healthy. Leaders should ask questions if every initiative listed in Section B sails through unimpeded to Section D – it means the organisation is probably capable of more, or the initiatives haven't been fully costed.

When the strategic plan is nearing final draft stage, the organisation should begin preparing the budget. We've noticed that many writers on strategic planning seem to think the budget forms unmoderated around the plan – seasoned executives know that resources are limited, and that budget will inform the strategy as much as the other way around.

Several rounds of consultation may be necessary before the plan is ready for Board endorsement. Effective completion at each stage and clear communication will reduce the number of iterations involved. With the plan complete, outline a brief communications approach and schedule.

Section C – Operational Tactics

The new strategic plan becomes a foundation for each Practice Group or Business Unit's 12-month business planning. You will have noted the Business Unit or delegate responsible for leading each initiative. The strategic plan moves to them, now, for completion of their Operational Tactical Plan.

In consultation with their teams, the leaders of each Group or Unit will plan out the initiatives to be undertaken in the next 12 months. The new strategic initiatives may call for new job roles to be created, or position descriptions to change; the Operational Tactical plan will sometimes include strategic recruitment and professional development initiatives.

Section D – Position Descriptions

The leaders of each Unit will have developed an understanding of any new or amended positions required during the Business Strategy stage. Having completed the Operational Tactical Plan, amendments to position descriptions or new role creation may now be necessary.

As the Corporate Strategy devolves down to the level of individual contribution, it's worth considering how the organisation can link the achievement of strategic goals to recognition and reward schemes. It makes sense to ensure that the individuals (and teams) contributing to strategic success should see tangible improvement in their own working experience as a result.

8. Measure your progress

Performance is the flipside of planning. Use the strategic plan as the basis for assessment. Set dates for regular progress reviews. Stick to these dates, no matter what transpires. As business units report back against their Operational Tactical plans, the organisation's progress against the Business Strategy, and ultimately, the Organisational Strategy may be measured. Feed the progress reports back throughout the organisation in varying (appropriate) levels of detail. Remember that the organisation progresses within the context of the external environment. It is important to maintain awareness of external events and dynamics to ensure the organisation is aware of opportunities and is maintaining or improving its strategic position.

The concept of ensuring all elements of the strategy are aligned⁷, communicated and performance reported are essential to effective planning. It may seem obvious, but in its 2006 survey, McKinsey Quarterly respondents whose organisations used formal planning processes rated communication and progress reporting as those most worthy of attention in improving strategic planning⁸.

9. Be prepared for iterative development

You may get your plan in place at the speed of light, but get ready to change it again over the year. You may want to change parts of the strategy if a new opportunity becomes available. Some of your more experimental initiatives will need to be adjusted as more is discovered. You will definitely need to change the plan if it becomes clear an initiative or area of the business is doing much better or worse than expected. Given that most initiatives will be interdependent, significant deviations against the plan will likely affect the progress of other strategies. In assigning accountability for the plan, ensure that you have someone who knows the linkages intimately and can provide the appropriate warnings or recommendations.

Cases in point

Some years ago, a large Australian professional services firm found itself with escalating costs that would soon exceed its revenue base. Staring down the barrel of impending losses, it was decided that the only real way out of this situation was to devise and deploy its first strategic plan in 140 years of operation. Time was not a luxury during this critical period. The Board of Partners retreated for two days to discuss the imperatives and create the plan. The plan was subsequently fine tuned with input from partners and senior executive staff. Within a matter of one month, the firm had a fully-fledged strategic plan in place. Six key performance measures were tracked and communicated monthly throughout the organisation. The measures were simple, yet required sheer determination by partners to attain and continually surpass. The strategic planning framework added rigour to management processes and established specific initiatives for greater management discipline. One standardisation initiative increased revenue in a specific area by 20%, simply through more accurate measurement and recording of chargeable work. It also helped Practice Group leaders better understand their workloads to resource more effectively. New performance targets were struck every quarter, and attainment determined partner remuneration. The entire partnership body focused on achievement during this difficult time. Progress reports were broadcast regularly, creating a competitive approach between Practice Groups. At no time during this period did

⁷ in this context, 'aligned' refers to lateral alignment between concurrent or interdependent initiatives, and vertical alignment from company strategy through to individual performance requirements

⁸ 'Improving Strategic Planning: A McKinsey Survey', McKinsey Quarterly, 2006. Of those respondents using a formal planning process, 37% would like to improve company alignment with the strategic plan, and 32% would like to develop a method of monitoring progress against strategic plan.

management convey satisfaction when the goals were reached. During the next six years, the firm's income base doubled and profit quadrupled. Market ranking improved enormously and lawyer retention rates were amongst the best in the Australian professional services market. In this case, formal strategic planning created more than an effective plan of action – it also brought a new level of rigour and a results-orientation to the firm.

Strategic planning is effective in any industry. In another case in the financial services sector, the adoption of a formal strategic planning program provided the management discipline to effectively deploy multi-directional initiatives that would see the mature organisation grow substantially in a five-year period. The company's financial stability and sustainability improved dramatically. The organisation developed an authoritative voice in the industry. The product and service range expanded. The use of a holistic and aligned strategic planning framework ensured the organisation implemented initiatives in every aspect of its operation, from product development to improving client relationships, leadership development and employee recognition programs and community contribution. A multitude of large projects were deployed simultaneously, most with great success. These achievements were, of course, due to the combined efforts of every staff member within the organisation, but the use of strategic planning disciplines ensured that available resources were directed to strategic priorities, the strategy was communicated, performance measured and the performance of strategic initiatives was managed. The organisation became the market leader for the first time in its history.

Engaging your organisation's people in strategy discussion opens the way to new ideas. More people begin thinking on a whole-of-organisation level. And when leaders take up formal strategic planning processes, they do more than create a plan of action. The heightened strategic awareness and management rigour weaves its way through the organisation. The culture will begin to shift. The organisation can manage its way more certainly in an atmosphere of increasing internal and external complexity.

When you have a blueprint to implement strategic planning at the speed of light, why wait?

Authors' Note:

This article is based on an earlier journal article written by Frank Gullone under the same title.