Developing and Executing a Strategic Plan

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Strategic Planning

Definition -

"Planning is a formalized procedure to produce an articulated result, in the form of an integrated system of decisions." Thinking about and attempting to control the future are important components of planning.


Major differences in how organizations carry out the various steps and associated activities in the strategic planning process are more a matter of the size of the organization than its for-profit/nonprofit status. Small nonprofits and for-profits tend to conduct somewhat similar planning activities while large nonprofits and for-profits tend to conduct somewhat similar planning activities. Large organization plan activities are different from those conducted in small organizations.

Also, the focus of the planning activities is often different between for-profits and nonprofits. Nonprofits tend to focus more on matters of board development, fundraising and volunteer management. For-profits tend to focus more on activities to maximize profit. (Carter McNamara, Free Management Library, 2005.)

There are a variety of perspectives, models and approaches used in strategic planning including goals-based, issues-based, organic, etc. We will work with goals-based planning since it is among the most commonly used and starts with focus on the organization's mission (and vision and/or values), goals to work toward the mission, strategies to achieve the goals, and action planning (who will do what and by when).
Successful Strategic Planning

- leads to action
- builds a shared vision that is values-based
- is an inclusive, participatory process in which management and staff take on a shared ownership
- accepts accountability to the community
- 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
Basic Steps in Strategic Planning

• Getting ready
• Articulating Mission and Vision
• Assessing the situation
• Developing strategies, goals, objectives, and tactics
• Completing the written plan

Post Planning

• Execute / implement
• Evaluate success of the plan
• Revisit at regular internals

Remember, planning begins with the identification of an organization’s vision and mission which we have already discussed in detail. This week, readiness, the strategic issues, strategies, and actual construction of the plan are the focus of our discussion.

Readiness - While a number of issues must be addressed in assessing readiness, the determination essentially comes down to whether leadership is truly committed to the effort, and whether they are able to devote the necessary attention to the “big picture”. An organization that determines it is ready to begin strategic planning must perform five tasks to pave the way for an organized process:

• identify specific issues or choices that the planning process should address
• clarify roles (who does what in the process)
• create a Planning Committee
• develop an organizational profile
• identify the information that must be collected to help make sound decisions

Assessing the situation - Part of strategic planning, thinking, and management is an eye to the future environment, so that an organization can successfully respond to changes in the environment. Situation assessment, therefore, means obtaining current information about the organization’s strengths, weaknesses, and performance - information that will highlight the critical issues that the organization faces and that its strategic plan must address. These could include a variety of primary concerns, such as funding issues, new program opportunities, changing regulations or changing needs of the patrons/customers. The point is to choose the most important issues to address -- no more than five to ten critical issues around which to organize the strategic plan.

Developing strategies, goals, objectives, and tactics - With the Mission defined and critical issues chosen, it is time to figure out what to do about them: the broad approaches to be taken (strategies), the general and specific results to be sought (the goals and objectives) and the action to be taken to achieve results (tactics). Ultimately the leadership agrees on how to address the critical issues but it 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.

Writing the Plan - A strategic plan is a simply a document that summarizes, in about ten pages of written text, why an organization exists, what it is trying to accomplish, and how it will go about doing so. Ensure that the plan answers key questions about priorities and directions in sufficient detail to serve as a guide. Revisions should not be dragged out for months, but action should be taken to answer any important questions that are raised at this step.
We now turn to the strategic issues derived from an internal analysis, an external analysis, and a gap analysis. The results of the analyses and benchmarking are used to develop specific strategies including strategic goals, objectives and tactics. Strategic learning and thinking during the process can foster discovery of emerging strategies which may alter the plan. Finally, the organization revisits the plan to determine its success or failure or even continued relevance.
Environmental Scan

• SWOT Analysis (Benchmarking input)
  - Strength / Weakness / Opportunities / Threats
• GAP Analysis (Info audit input)
  - Difference between current position and objectives

SWOT Analysis - The SWOT technique, a simple and effective vehicle for collecting this information, helps focus the process by breaking it down into four broad categories:

S - What are the organization's internal Strengths?

W - What are the organization's internal Weaknesses?

O - What external Opportunities might move the organization forward?

T - What external Threats might hold the organization back?

Evaluating an organization's general strengths and weaknesses, as well as the strengths and weaknesses specific to each of its programs, typically includes assessments of:

• staff and management’s capabilities
• quality of programs
• reputation of both the organization and individual programs
• management information and financial systems
• facilities and equipment, etc.

Successful organizations exploit strengths rather than just focus on weaknesses. In other words, this process isn't just about fixing the things that are wrong, but also nurturing what is right.

The same kind of thinking should apply to how an organization approaches its opportunities and threats -- the external trends that influence the organization. These are usually categorized into political, economic, social, technological, demographic and legal (PESTDL) forces. These external forces include such circumstances as changing client needs, increased competition, changing regulations, and so on. They can either help an organization move forward (opportunities) or hold an organization back (threats) -- but opportunities that are ignored can become threats, and threats that are dealt with appropriately can be turned into opportunities.

Gap Analysis - a term borrowed from the accounting discipline, used to describe the exercise of determining existing situation/resources, desired situation/resources, and the analytical comparison of the two.
SWOT analysis, a well known competitive analysis modeling tool, identifies factors that may affect desired future outcomes of the organization. The SWOT model is based on identifying the organization's internal strengths and weaknesses, and threats and opportunities of the external environment, and consequentially identifying the organization’s distinctive competencies and key success factors. See earlier discussion on techniques for collecting the necessary data to perform a SWOT analysis.

Competencies and key success factors, along with considerations of societal and organizational values, lead to creation, evaluation, and choice of strategy. SWOTs objective is to recommend strategies that ensure the best alignment between the external environment and internal situation (Andrews, 1980, Christensen et al., 1982 in Mintzberg, p. 36-37; Hax & Majluf, 1996, p.27; CSUN strategic planning leadership retreat, April 1997; Hill & Jones, 1992, p. 14).
Collecting Data for GAP Analysis

Internal
• The information audit
• Parent organizational analysis
• Existing performance metrics
• User studies

External
• Market/industry studies
• Benchmarking studies
Components of a Strategic Plan

• Goals
  What you want to have happen

• Objectives
  Steps that need to be taken to meet a goal

• Tactics
  Tasks to be undertaken to achieve the goal and objective

Your goals are the broad results you wish to achieve over the long term. Objectives are what you want to accomplish more immediately. Your objectives should follow naturally from your goals. Tactics are the actions taken to achieve an objective. They help you reach your objectives which, when taken together, help you attain your goal. If the goal is winning the war, an objective might be winning a particular battle and tactics are the use of sea power vs. air power. Tactics, objectives and goals are fundamental to successfully executing on a strategic plan.
Goals/ Objectives/ Tactics

• Must be S M A R T
  - Specific
  - Measurable
  - Attainable
  - Reasonable/Realistic
  - Time sensitive

SPECIFIC: Specific is the What, Why, and How of the SMART model. WHAT are you going to do? Use action words such as direct, organize, coordinate, lead, develop, plan, build etc. WHY is this important to do at this time? What do you want to ultimately accomplish? HOW are you going to do it? (By...)

MEASURABLE: If you can't measure it, you can't manage it. Choose a goal with measurable progress -- objectives, so you can see the change occur. Establish concrete criteria for measuring progress toward the attainment of each goal you set. When you measure your progress, you stay on track, reach your target dates, and experience the satisfaction of achievement that spurs you on to continued effort required to reach your goals. To determine if a goal is measurable, ask questions such as.....How much? How many? How will I know when it is accomplished?

ATTAINABLE: A goal needs to stretch you slightly so you feel you can do it and it will need a real commitment from you.

REASONABLE/REALISTIC: This does not mean easy. It means "do-able." It means that the learning curve is not a vertical slope; that the skills needed to do the work are available; that the goal fits within the organization's overall strategy. Be sure to set goals that you can attain with some effort! Too difficult and you set the stage for failure, but too low sends the message that you aren't very capable.

TIMELY: Set a timeframe for the goal. If you don't set a time, the commitment is too vague. Without a time limit, there's no urgency to start taking action now. Time must be measurable, attainable and realistic.
Aligning EEs with Strategic Plan

- Employees must have the conceptual tools required for good strategic thinking about their work
- Employees must understand the strategy
- Strategic alignment needs to be built around the structure of the organization
- Strategy must be reflected in the structure of individual jobs - especially those in critical areas
- There must be buy-in to the strategy
Limitations of Strategic Planning

- Top down organizational commitment
- Inflexibility of plans & planning
- Control
- Public Relations
- Objectivity
- Politics

Strategic planning does not provide a ready to use prescription for success; instead, it takes the organization through a journey and helps develop a framework and context within which the answers will emerge. Literature and research has documented extensively the possible problems that may arise during the process. Being aware of these issues and prepared to address them is essential to success; organization’s strategic planning effort may fail if these potential pitfalls are ignored. Here are some of these limitations.

**Commitment**: It encourages involvement throughout the organization, and "empowers" people to make decisions within the framework defined by the strategic planning process. As a result, this shifts some of the decision making from the executive office to the participants.

**Inflexibility of plans and planning**: Planning might inhibit creativity, and "does not easily handle truly creative ideas". A conflict lies with a desire to "retain the stability that planning brings to an organization ... while enabling it to respond quickly to external changes in the environment".

**Control**: If misused, strategic planning could become a tool for gaining control over decisions, strategies, present/future actions, management, employees, markets, and customers rather than a method for bringing the organization to its desired future.

**Public relations**: Strategic planning may be used as a tool to "impress" "influential outsiders" (Mintzberg, 1994, p. 214), or to comply with requirements for strategic planning imposed from the outside, such as accreditation requirements.

**Objectivity**: Strategic planning dismisses intuition and favors readily available, interpretable "hard" data (Mintzberg, 1994, p. 191), and assumes that all goals are "reconcilable in a single statement of objectives" (Mintzberg, 1994, p. 193).

**Politics**: Strategic planning might increase "political activity among participants" (i.e. faculty and administration, or individual participants), by increasing conflict within the organization, reinforcing a notion of centralized hierarchy, and challenging formal channels of authority (Mintzberg, 1994, pp.197, 200).

Source: http://www.des.calstate.edu/limitations.html
Avoiding Limitations of Strategic Planning

- Opportunistic Planning
- Planners as Facilitators
- Participation
- Creativity
- Flexibility

"Opportunistic planning": Opportunistic planning allows organizations to be flexible and open to making changes to the strategic planning process, if it becomes necessary in the face of unexpected events and changes in the initial assumptions. "Organizations need a good combination of formal and opportunistic planning. Organizations that rely exclusively on formal planning could trap themselves in unbearable rigidities." Those who’s decision-making capability is entirely opportunistic will be constantly reacting to external forces, without a clear sense of direction”.

Planners as facilitators: "Planners should not plan, but serve as “facilitators, catalysts, inquirers, educators, and synthesizers to guide the planning process effectively”.

Participation: Organizations should encourage active participation of as many people as possible, including the faculty, administration, students, and alumni, engaging them in the ongoing dialogue, and involving them in the strategic planning process, to generate a feeling of ownership of the process and the outcomes throughout the organization.

Creativity: Using "a series of incremental steps that build strategies" and integrating them into the entire organization will help to adjusting the course of action of strategic planning with overall organizational vision and strategic issues, while allowing for creativity and flexibility for change.

Flexibility: Strategic tasks should be interpreted “not as rigid hierarchical sequences of actions, but as a useful conceptual framework” for addressing issues essential to the successful operation of the organization.
Ensuring Implementation

The plan must be valuable and useful to the organization
- It must be credible and easy to use
- Documents must be simple and up-to-date
- Management must respect and use the plan

Ensuring the Plan Has Impact
During the strategic planning process, it is important to include the following process, content, and usage elements to ensure the usefulness of the strategic plan to the organization.

Process Elements

Engage leadership
Include the informal and formal organizational leaders when conducting a process. Active involvement communicates a message of organizational importance and priority.

Work from a common understanding
Provide training on the process and establish a list of expectations and results to ensure that everyone is working towards the same outcomes.

Include individuals who will implement plan
Encourage all levels of staff to contribute to the process. Involving these individuals will ensure that the plan is realistic and help motivate staff to implement the plan.

Address critical issues for the organization
Failure or unwillingness to put these critical issues on the table for discussion and resolution might lead staff to implicitly or explicitly challenge the credibility of the plan, its priorities, and/or its leadership.

Agree on how the plan will be operationalized
Specify who will implement which parts of the plan, scheduling routine evaluation meetings to review progress.

Content Elements

Include an internal and external focus
Remember to address structural, board/staff development, and communication issues in your plan.

Do not get too detailed
Use the strategic plan to articulate the broad framework, direction and, priorities of the organization and its programs. Extremely specific plans become quickly outdated and end up on the shelf.

Create a balance between the dream and reality
Ensure that your plan is grounded in the reality of what can and cannot be accomplished.

Keep language, concepts and format simple
Make sure that the language is easy to understand, especially for those that are unfamiliar with your organization. Structure the document so that it is user friendly.

Usage Elements

Actively use the plan as a management tool
Actively using the plan for short-term guidance and decision making will establish a model for use.

Incorporate sections of the plan in everyday management
Formalize the usage of the plan into the day-to-day activities of the organization. For example, one organization reads the mission statement at the opening of every business meeting to remind the membership of the organization's focus and purpose. In another organization, the executive director requires that all ideas for program changes or expansion directly address how the changes relate to the organization's mission.

Organize the work of the organization in the context of the plan
Establish operational goals and activities within the context of the strategic plan (e.g., include goals and objectives in individual and program evaluations or have program directors refer to the plan to provide guidance in decision making).

Design a system for controlling the process
Ensure that there are mechanisms (e.g., evaluation meetings, monthly reports against plan) to inform management on progress.
What Strategic Thinking Is Not

• Does not attempt to make future decisions though it is about fundamental decisions and actions made in the present
• It is not a substitute for exercise of judgment by leaders
• It is not a smooth process from one step to the next
Strategic Thinking

- Attributes of strategic thinking
  - A systems or holistic view
  - A focus on intent
  - Thinking in time
  - Hypothesis-driven
  - Intelligently opportunistic

Strategic thinking means asking, "Are we doing the right thing?" It requires three things:

- purpose or end—a strategic thinker is trying to do something
- understanding the environment, particularly of the opponent, or opposing forces, affecting and/or blocking achievement of these ends
- creativity in developing effective responses to the opponent or opposing forces

Strategic planning is only useful if it supports strategic thinking and leads to strategic management - the basis for an effective organization.
Building Customer Taxonomies
Why a Customer Taxonomy?

A customer taxonomy:

• facilitates prioritization when selecting critical issues to address in a strategic plan
• enables allocation of scarce resources
• clearly articulates scope of roles and responsibilities to the segments

A customer taxonomy plays a central role in strategic planning. It facilitates decision making because it enables prioritization of constituents’ issues. It is a highly useful tool for the allocation of resources which in turn, determines the scope of roles and responsibilities for segments.

You will most definitely understand your customers/patrons after completing a taxonomy.

Even for those libraries whose charter is to serve all members of its community, not all patrons/customers are created equal and a taxonomy offers a way to structure prioritized response.
Customer Taxonomy Process

- Develop criteria for segmentation
- Allocate resources to each segment
- Assess validity of taxonomy
- Revise when change dictates
- Routinely review
Developing a Taxonomy
Segmentation

Segmentation can be based on:
- Group’s strategic value to the parent organization (critical to the mission? direct public contact? produce revenue? R & D? senior leadership?)
- Group’s position in the organizational structure
- Geographic location
- Size of unit budget
- Size of unit as a % of total employees

Begin building a taxonomy by looking at the parent organization’s demographics which you have already collected for your strategic plan:

1. Examine an organization chart - What does the internal reporting structure look like? - Who are the senior managers? - How close is a group on the chart to senior management of the organization? What are the principle divisions?
2. How valuable to the organization’s mission is the work of a particular group? Who are the principles/leaders of a group and what are their responsibilities within the organization? – Does a group have direct public contact? Do they generate revenue? Do they conduct research and development to further the organization’s mission/goals or deliver a market product or service?
3. Where is a group located? Is it a branch or subsidiary?
4. What is the parent’s investment in a group, e.g., what is the group’s budget? What percentage of the organization’s total budget does a group represent?
5. What percentage of the organization’s total population does a group represent?
Allocating Resources

- Assess each segment's needs (tie to strategic plan)
  - Unique needs by segment
  - Common needs across multiple segments
  - Rank needs for each segment
- Determine requirements for meeting all needs
- Map resources to requirements
- Define scope of services based on ranked needs for which you have or can get resources

If your taxonomy draws clear distinctions across the segments, then it will be clear which services and offerings you can “afford” given the resources (time, $$, talent [staff], space, etc.) available. This is also an excellent tool to compliment the information audit findings in the course of presenting a management briefing. A table of customer segments, needs and solutions can clearly identify those needs requiring additional resources or demonstrate justification for a reallocation of resources.
Post any questions to the Strategic Plan Discussion forum where your classmates can also comment and see my response.

Thanks!