

20-20 MDS®

Corporate/Strategic Planning



20/20 MDS
Management Development System

© Worldwide Centre

1

WELCOME the group.

ACTIVITY

As a suggested activity you might want to engage the group in an introductory exercise along the following lines:

Ask people to work in groups of 2-3 or have 4-5 groups working in total in the room) and spend 5-6 minutes identifying what they perceive to be the overall strategy for the organization as a whole. This should be put into one sentence. Once this has been done, have each group quickly assess how well they see the organisation to be doing in achieving its strategy. Ask a spokesperson from each group to talk to their findings for a minute or so before debriefing as follows:

One of the common problems with any kind of corporate strategy is that it isn't always clear to see or get high levels of consistency about (as we've just seen in this exercise) Our workshop today will therefore focus on not only why this is the case but what we have to do to overcome this problem and make our strategic planning efforts as successful as possible.

The prime task in strategic planning is to think through the mission and vision of the business. That is, to ask the question “What is our business and where should it be in the future?” This leads to the setting of objectives, the development of tactics and plans, and the making of today’s decisions for tomorrow’s results.



Success in today's business environment requires that a company's leaders have the ability to create a vision of the organisation's future direction as well as the course it needs to get there.

Strategic planning consists of a set of underlying processes that are intended to create or manipulate a situation to create a more favorable outcome you or your company. This is quite different from tradition tactical planning that is more defensive based and depends on the move of your competition to drives your move. Strategic planning also overshadows long-term planning by providing more detailed steps as a long term plan unfolds.

In business strategic planning provides overall direction for specific business units such as financial focuses, projects, human resources, and marketing. Each of these areas are typically developed independently and folded into an overall top level strategic plan. Strategic planning is not limited to business or government, many other institutions can benefit from the principles of strategic planning to better server their members and community.

Many if not all strategic planning methodologies employ a three step path. The basic steps are as follows:

Situation . Identify and evaluate the current situation. Focus on whether this situation is favorable or not and how to move it in the proper direction.

Target . Define the goals or objectives that you should achieve to make the current situation more favorable.

Path . Try to define a path to the goals and objectives detailed in the Target.

This methodology is sometimes called STP because of the Situation, Target, and Path steps.

When defining a strategic plan, it is vitally important that you not only focus on the goals of the plan, but also that you remain flexible and iterate through the process as often as necessary to achieve the final outcome. You should always be adjusting the plan as the situation changes to ensure you are following the most desirable path to your target.

It is also important to consider the situation as you are evaluating your strategic plan. This ~~u~~situational analysis helps you to fine tune your strategic plan for external elements such as culture, language, monetary policy, or other factors that might contribute to a flaw in the overall strategic plan.

"If you don't know where you are going, you are certain to end up somewhere else."

-Yogi Berra

"Strategic Planning is a process by which we can envision the future and develop the necessary procedures and operations to influence and achieve that future".

- Clark Crouch



20/20 MDS
Management Development System

© Worldwide Centre

3

There is a great deal of misunderstanding and misuse of the terms "strategy" and "strategic". These terms derive from the military. In the military, "strategy" deals with the overall direction of the entire war effort. It lays out the top command's vision as to the general course and direction of the war, i.e. how the war is to be won. The "Generals" determine what is to be attacked, what is to be defended, what is to be by-passed and what is to be given up without a battle.

They must consider many factors in the quest for a successful strategy, such as their own resources, capabilities, limitations, strengths and weaknesses; the resources, capabilities, limitations, strengths and weaknesses of the enemy; the terrain, the weather, the likelihood and impact of uncertain events and developments (including what the enemy might do); threats; opportunities; things that might go wrong.

The military "grand strategy", once formulated, must then be fleshed out with detailed plans as to how the defensive and offensive objectives are to be achieved. These "tactical" plans must turn the vision of the top command into actual victory. There must be solid coordination among the various efforts. There must be a high tolerance for flexibility, because things will never go exactly as planned. This means that various "scenarios" must be considered so as to be prepared to change the "war plan" in response to a variety of possible future events and developments.

In sports, the "game plan" is the vision as to how the game is to be won. It is the exact counterpart of military strategy. Indeed, sports analogies are so vivid that the term "game plan" has become quite interchangeable with the term "strategic plan".

"Strategy" is the leadership's sense of vision as to the overall course and direction of any endeavor or enterprise, be it war, government, a profit-seeking business, a non-profit organization, sports, one's personal or one's family life. The adjective "strategic" is applied to those things relating to or dealing with this sense of vision as to the overall course and direction of the endeavor or enterprise.

The term "strategic planning" refers to a coordinated and systematic process for developing a plan for the overall course and direction of the endeavor or enterprise for the purpose of optimizing future potential. For a profit-making business this will involve questions as to "what shall we sell", "to whom shall we sell it" and "how shall we beat or avoid competition". It may well involve other questions, such as; ownership and capital structure. The central purpose of this process is to ensure that the course and direction is well-thought-out, sound and appropriate and to ensure that the limited resources of the enterprise (time and capital) are sharply focused in support of that course and direction. The process encompasses both strategy formulation and implementation.

Overview of the Program

1. What is Corporate/Strategic Planning?
 2. The Concept of Inputs and Outputs
 3. Exploring Different Models of strategic planning
 4. Applying Strategic management processes
(Formulation, Resourcing/Execution and Evaluation)
1. Reasons why strategic plans fail
 2. Strategic Competencies
 3. Application case studies
 4. Conclusion and summary



© Worldwide Centre

4

This is an overview of our program today.

Refer participants to page 4 in their workbook to take notes

First we need to define our terms and get the lie of the land by talking about what corporate strategy or strategic planning leadership is and what it means. Next, it will be useful to look at a simple model which apply to practically all organizations no mater what their size or type-the concept of inputs and outputs (and the need for strategy to apply to how the middle part+of this operates efficiently and effectively).

We will then explore a number of different theoretical models of strategic planning before looking at how the process is applied in general in most circumstances (concentrating on how strategy is formulated, resourced, implemented and evaluated for relative success).

We will then take a brief look at why strategy can fail if care is not taken, a lot of which has to do with the human dimension. It is therefore logical that we therefore next look at the strategic competencies that people need to have to formulate, execute and evaluate strategy.

Finally, we will look at two application case studies to look a little more closely at how the theory that we will have covered can play out in practice.

So, lets go straight on now to defining what we mean by corporate strategy or strategic planning as terms.

Throughout this session:



**Think about
ideas for a
workplace
project on this
topic area**



Refer participants to page 5 of their workbook.

As we go through this Corporate strategy or strategic planning module, make notes, underline ideas you have that could be potential projects. We will ask for input on these at the end of today's workshop.

1. What is Strategic planning?

- “ **A process** that results in a company having a well-defined picture of where the company is going and how it intends to get there
- “ **A process** for aligning all the resources of the company, both financial and human resources
- “ **A tool** for communicating the company's plan to it's various audiences
- “ **A tool** for gaining a competitive advantage in today's increasingly competitive world



© Worldwide Centre

6

For our purposes, Corporate Strategy and Strategic planning will be used as interchangeable terms and relate the process setting overall future direction of a given organization and then resourcing and executing the plan in a range of ways so as to achieve the targets that have been set.

Of course, Strategy is much more than this and as the slide indicates there are at least for ways in which it can be described. These are:

A process that results in a company having a well-defined picture of where the company is going and how it intends to get there

A process for aligning all the resources of the company, both financial and human resources

A tool for communicating the company's plan to it's various audiences (e.g., employees, distribution, clients, rating agencies, board of directors, stock analysts)

A tool for gaining a competitive advantage in today's increasingly competitive world

We will be exploring each of these descriptions or perspectives on strategy throughout this workshop. However, to start with a working model that reveals some to the typical steps that are often involved in the strategic planning process, lets look at one model that is often adopted.