

Three Deadly Sins In Strategic Planning

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When clients aren't getting the results they expect from their strategic plans, I often see three overlooked causes — incomplete planning, inadequate links between strategy and action, and poor communications. This is not to say that there aren't other problems. But these three seem to be the most common, and better, something can be done about them!

The First Deadly Sin: Incomplete Planning

Almost all strategic plans cover marketing/sales, product plans and development/acquisitions. But can a business really think about the future without considering a strategy for its human capital? Or its operations strategy? All too often I see those aspects relegated to the status of mere tools, interesting only insofar as they enable meeting the sales or product plans, or the financial targets. The 1990's taught us about core competencies and thinking about our people as assets: let's make our strategic plans complete by considering our strategic competencies in at least those realms. Bring their leaders to the table early in the strategic planning process and challenge them to tell you how they can become competitive advantages.

The Second Deadly Sin: Missing Links To Action

It's obvious that without deliberate, careful linkages from strategy to actions, strategic plans seriously jeopardize their chances of implementation. I often see lots of actions happen, but the strategic change is left for the next year's plan. What is wrong is that the strategic plan process can't just be about the content of the strategy. The strategic plan process needs a vital feedback loop between tactical planning and strategic planning. The goals should be to unearth the necessary and sufficient tactics to reach strategic success and also to refine the strategy to be realistic.

A simple procedure can link your strategy to actionable objectives and to projects that people will "sign up for."

- Develop strategy statements. Strategy statements are "big picture" statements that direct the organization toward achieving competitive advantage. "Cut costs" and "increase sales" fail because they aren't specific enough. Where should the Ops leader turn to cut costs? Or the Sales leader to increase sales? Instead, "increase market share by growth of sales channels in EU and pricing advantage in the USA" is a better strategy statement because it points towards specific actions that can lead to making a difference competitively. Keep these short, simple, and clear in their direction. And end this step with a test: do we have the needed statements to constitute "success" for the business?



- Translate strategy statements into strategic objectives. "Introduce at least six new flavors of toothpaste in 2000, all of which will be profitable in their first year" might be a useful strategic objective. Strategic objectives should immediately suggest projects (specific actions) that will both achieve the strategic objective and clearly link to the strategy statements. And they need to be quantified, so they define "success" clearly enough to evaluate if subsequent projects are "enough." End this step with a test: do we have the necessary and sufficient set of strategic objectives to meet each strategy statement?
- Prioritize the strategic objectives. For example the resources may not be there this year to "move licorice toothpaste from R&D into production in 2000." Which ones best meet the overall financial objectives? Which establish the desired market dominance? Which have overarching legal, political or environmental imperatives? What criteria will you use to prioritize?
- Define projects to meet the important objectives. Once the important strategic objectives are chosen, we can define the specific major projects necessary to achieve each one. Then plan resources and determine the time frames needed to meet the objectives, therefore the strategy statements. End this step with a test: do we have the necessary and sufficient set of projects identified to meet each strategic objectives?

It's a linear process, going from step one to four? Hardly. The feedback loop that refines the strategy and finds breakthrough projects is inherently non-linear. The steps overlap, and executives have to listen carefully as ideas and choices about tactics boil up. This approach needs to involve larger number of employees, for two reasons: better and more ideas, and gaining the support of those who are central to implementation of the projects. But reaching that larger group makes effective communications vital.

The Third Deadly Sin: Poor Communications

I've seen too many strategies hidden behind complicated prose, making them incomprehensible to employees and difficult to get excited about. We know the equations for effectively leading change: simple and accurate expressions of where you want the business to go, or what you want employees to do brings broader understanding; understanding brings buy-in; buy-in brings commitment of the many employees who have to bring to life the strategies and tactics; commitment plus aligned goals, measures and rewards make it happen.

I saw in a division of one of the world's largest and best-regarded companies where their strategic plan was 13 volumes in length. Their tactics seemed to float like many dense fog-banks but they didn't surround any particular strategic mountaintops! Yes, it is harder to write a short message than a longer one. But an idea that can't be communicated



readily won't go far. Let's make sure that our strategic plan can be conveyed in words and paragraphs, rather than pages and books.

Strategy statements and strategic objectives, crisply linked to action projects, which consider all the assets of the business, can help you avoid the effects on these three deadly sins.

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