

LEARNING MADE EASY



3rd Edition

Strategic Planning Kit

for
dummies[®]
A Wiley Brand



Build a strategic plan
with a bold direction

Implement your plan with
an execution cycle that works

Get worksheets and templates
to build your plan fast

Erica Olsen

Creating and executing impactful,
mission-driven strategies



Strategic Planning Kit

3rd Edition

by Erica Olsen

for
dummies[®]
A Wiley Brand

Strategic Planning Kit For Dummies®, 3rd Edition

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Introduction

You have two choices when it comes to running your organization: (1) Be intentional about the path your organization follows or (2) turn on autopilot. Turning on autopilot is kind of like hopping into your vehicle, turning on the satellite navigation system, and following the directions from your home to Las Vegas. AI is not the best at making decisions, so you may get to Las Vegas eventually, but are you going to Las Vegas, New Mexico, or Las Vegas, Nevada? If you plot your course before you set off, you're more likely to get to the correct destination.

If you're running your organization without a plan, you're just using the navigation system and not paying attention to how you're getting there. An astonishing 90 percent of businesses are running without a plan. That 90 percent is hoping that the navigation system doesn't fail and that it correctly assumes the end destination. But because you're reading this book, you're ready to run the show, and you're close to joining the elite 10 percent that know a strategic plan is important.

About This Book

This book is about getting from Point A to Point B more effectively and efficiently and having more fun along the way. Part of that journey is the strategy and part of it is the planning, development, and execution.

Strategic planning isn't about taking on additional work; it's about taking all those numerous daily decisions and making them part of an integrated process. Whether you want to be more effective and efficient or you want to make more money, have a bigger community impact, or move your company from good to great, this book is for you! No more thinking that strategic planning is daunting. This book, and the accompanying worksheets available online, makes the process easy, straightforward, rewarding, and fun.

Strategic Planning Kit For Dummies, 3rd Edition, brings everything business owners, executive directors, or managers need to take their organizations to the next

phase of business growth. The book presents a practical set of strategic planning tools and guides you through an integrated strategic planning process that I break down into six phases.

In this book, you discover how strategic planning is the key element to your growth through a no-nonsense approach. Each part contains relevant content, real-world examples, and useful worksheets. On the book's website, you'll find blank, interactive, and printable versions of several of these worksheets and templates that help you identify your SWOT (strengths, weaknesses, opportunities, and threats), your competitive advantage, and your roadmap for success. I also provide some helpful links to short videos on my website that guide you through the steps of the planning phases.

Strategic planning has been overcomplicated by jargon, competing semantics, and consultants of the world (me included!). In reality, *strategic planning* is a business concept that's useful to all businesses and organizations, no matter their size or resources. Use this book as your reference — whether you're part of a large organization or a small one — to create a strategic plan that gets you to your destination.

Conventions Used in This Book

The following conventions are used throughout the text to make concepts consistent and easy to understand:

- » New terms appear in *italics* and are closely followed by a definition.
- » **Bold** is used to highlight the action parts of numbered steps and key words or phrases in bulleted lists.

What You're Not to Read

Although I hope you read every word I've written, I understand that your life is busy and that you want to read only the need-to-know info. You can thus safely skip the sidebars — those shaded gray boxes that contain text. Sidebars provide supporting or entertaining info that isn't critical to your understanding of the topic. I use them to go off on tangents or present extended examples, so you can skip them if you want.

Foolish Assumptions

As I wrote this book, I made some assumptions about you, my reader:

- » **You're a decision maker.** You hold the position of business owner, manager, executive director, department head, or team/group leader.
- » **You can influence change in your organization.** Whether you have the final say, you have a strong enough position to influence the course of your business.
- » **You want to see your organization grow and be sustainable!** Growth is different for every organization. But the underlying premise is that you want your organization to do more and be around longer.
- » **You can see the edges of your strategy but you need to fill in the detail.** Most organizations know what general direction they're headed in, but they need to turn the generalities into specifics.
- » **You have a plan, but it's sitting on the shelf gathering dust.** Or you have a plan but it's halfway completed.
- » **You want to get everyone on the same page.** I hear this phrase with almost every client I work with, so I assume it applies to you, too. The need to get your whole company focused and pulling in the same direction is a great motivator to do strategic planning.

Although all these assumptions may not apply to you, am I at least close? I wish I could predict the future of your business, but alas, I haven't been granted that power. A strategic plan helps to take out the uncertainty and allows you to shape the future you want. And I'm here to help you with your steps along the way.

How This Book Is Organized

Strategic Planning Kit For Dummies, 3rd Edition, is divided into six parts. A quick review of the Table of Contents and the following descriptions of the parts give you a solid overview of the entire book.

Part 1: Kicking Off Your Strategic Planning Process

The chapters in this part are packed full of who, what, how, and why you should care. You look at a number of concepts in this part, including the strategic planning

process, who should be involved, how long it takes, the right time for planning, the differences between business plans and strategic plans, and much more.

If you're looking to convince your boss or team members about the importance of strategic planning, look no further than Chapter 2.

Part 2: Sizing Up Your Current Situation

Part 2 focuses on collecting information that's critical for your strategic decision making. Organizations can't plan without gathering the right data, so Chapter 5 looks at assessing your business and its capabilities; Chapter 6 focuses on seeing your business through your customers' eyes; Chapter 7 takes a look at finding new customers; and Chapter 8 assesses your opportunities and threats. I provide a set of tools for synthesizing the data so that you have the right information as you head into strategic decision making in the next part.

Part 3: Defining Your Core Purpose and Envisioned Future

Hold on a second. Don't move past this part too quickly; I know you want to. Whether your organization has been around for 2 years or 200 years, you have important knowledge on which to build your strategic plan. I like to call that knowledge *tribal knowledge*. Chapter 9 digs in to the hard subject of what you do best and helps you identify, develop, and sustain your organization's competitive advantage. Chapters 10 and 11 include a discussion about mission, values, and envisioning that future. Additionally, Part 3 provides you with advice on making sure that the foundation of your business is solid.

Part 4: Mapping Your Organization's Path to the Future

The main reason you need to do strategic planning is to look into and plan for the future. In this part, you determine how to grow and be sustainable by looking at the different types of value-creating strategies, as well as the more specific strategies surrounding growth, integration, and diversification. Most importantly, you identify and evaluate opportunities and select a strategy to move in that direction. Then I take this section a step further and show you how to operationalize your plan.

Part 5: Living and Breathing Your Plan

No matter how good the plan, if it sits on the shelf, it's going to be useless. In this part, I focus on the execution of your plan and the importance of maintaining a

quarterly rhythm of review. I share best practices on how to manage change and keep your plan fresh throughout the year. Lastly, seeing the future more clearly is how to constantly adapt and tweak your plan. Scenario planning in Chapter 18 helps you keep the future in focus.

Part 6: The Part of Tens

Need some quick tips, a shot in the arm, or just a good laugh? The Part of Tens is a collection of hints, reminders, observations, and warnings about what to do and not do. These chapters focus on giving you a quick set of guidelines for three key areas: facilitating strategy meetings, getting your plan done, and executing the strategy.

Icons Used in This Book

Throughout the book, the following icons appear in the left margins to alert you to special information.



REMEMBER

This symbol marks an important truth that's worth repeating. Taking note of these ideas can help you make progress with your strategic plan.



TIP

The information next to the Tip icon always includes a helpful hint to keep your strategic plan moving forward as smoothly as possible.



WARNING

Any information next to this icon is something you want to be wary about. Watch your step when you see a Warning icon. The info can include mistakes others have made that you can learn from or moments in which you have to weigh the cost of doing one thing over another.



IN THE
PLAN

This symbol indicates a concept or work area where the outcome goes into your strategic plan.



NEXT
LEVEL

Are you an experienced strategic planner? If so, these icons are for you. Take your planning to the next level by employing the ideas highlighted with this icon.



ON THE
WEB

To assist you, I've included editable versions of the handy worksheets and templates on this book's website so you can easily start your planning process.

Beyond the Book

In addition to the priceless information and guidance you'll find in the nearly 350 pages of this book, you can access the *Strategic Planning Kit For Dummies* Cheat Sheet online. Just go to www.dummies.com, and enter "Strategic Planning Kit For Dummies" in the search box.

The Cheat Sheet includes strategic planning pros and cons, relocation factors to consider, seven ways to get a loved one on board with strategic planning, guidance on how to budget for your strategic planning lifestyle, and strategic planning basics.

Where to Go from Here

This book is as much about strategy development and execution as it is about the plan itself. If you want to spend time on strategy development, go to Parts 2, 3, and 4. On the other hand, if you just want to put your plan together, go to Parts 1 and 5.

Another approach to tackling this book is to consider your own thinking and education style. What gets you excited? How do you like to think? Here's a detailed approach for navigating through this book, based on your skills and personality:

- » **Big-picture thinkers:** You may love Chapters 9, 10, 11, 12 and 18 because they're future-oriented and focus on what's possible.
- » **Analytical minds:** Chapters 4, 5, 6, 7, 8, and 18 are for those of you who always look at the what ifs. These chapters look at how to use data from your internal and external environments to develop a list of possible strategies.
- » **Detail-oriented folks:** If you're thinking, "How are we going to do this?" then head to Chapters 13, 14, 15 and 16 to put the pieces together.
- » **Social butterflies, team builders, and crowd pleasers:** Check out Chapters 2, 3, 20, and 21 for ideas to build consensus and get everyone's input.

However you approach your plan, I recommend that you start a strategy notebook to capture your thoughts as you move through your planning process. I guarantee you'll stumble across a section of text or an idea that you don't want to lose, so if you jot it down in your notebook, you won't have to go back and find it. In several places, I refer to the notebook as a place to work through some actions and exercises.

Regardless of how you find your way around *Strategic Planning Kit For Dummies*, 3rd Edition, I'm sure that you can develop a strategic plan that fits your team's approach and organization's style. I invite you to share your stories, experiences, vision, and successes with me and other readers at www.OnStrategy.io/contact-us/. I look forward to hearing from you. Happy strategizing!

1 **Kicking Off Your Strategic Planning Process**

IN THIS PART . . .

Having a strategic plan is the best way to bring focus and direction to your organization. The chapters in this part make you a strategic planning convert. In this part, you discover what strategic planning is and why it's important. You also dive into the steps of the strategic planning process, including who should be involved along the way, keeping an eye out for planning pitfalls, and how you create an overall business process instead of just an event.

IN THIS CHAPTER

- » Figuring out what a strategic plan is
- » Checking out the key parts of a strategic plan
- » Getting the most out of your strategic planning process
- » Heeding the warnings that you need a strategic plan

Chapter **1**

What Is Strategic Planning Really?

What will your organization be like in three years? Do you have a roadmap to get from today to your envisioned tomorrow? Will you be a few steps closer to realizing your vision by next year? No one can predict the future. But if you don't change anything, the future won't be any different than the past.

One sure-fire way to impact your company's future (and profitability) is to dust off a timeless tool — the strategic plan — and intentionally drive your organization forward. No one strategic model fits all organizations, but the planning process includes certain basic elements that all organizations can use to explore their vision, goals, and next steps of an effective strategic plan. A good strategic plan achieves the following:

- » Reflects the values of the organization
- » Inspires action to achieve a big future
- » Explains how you'll win in the market
- » Clearly defines the criteria for achieving success
- » Guides everyone in daily decision making

Effective leaders aren't sitting around waiting for something to happen. They're anticipating what lies ahead. Managers and business owners aren't waiting for their competitors to swoop in and put them out of business. Instead, they're using their strategic plans to get ahead of the game. So, the fact that many people avoid strategic planning because they consider it complex, costly, and time-intensive is just odd. Most of the time, businesses shelve the plan before it can be implemented, even knowing that some other company may invade their market.

Strategic planning doesn't have to be mysterious, complicated, or time-consuming. In fact, it should be quick, simple, and easily executed. And strategic planning isn't just something you cross off your list of to-dos — you must create a culture of strategic thinking so that your strategic planning doesn't become an annual retreat but, instead, a part of daily decision making.

In this chapter, I explore the ins and outs of strategic planning by answering common questions related to strategic planning, discussing the strategic levels of management, and introducing the key elements of a successful strategic plan.

Clearing Up the Confusion about Strategic Planning

Many people are confused by the terms *strategy*, *strategic plan*, and *strategic planning*. Well, I'm here to help you get a clear picture. For the moment, forget what you've heard about this subject. I promise that strategic planning makes a huge difference to your organization both tangibly and intangibly, so keep reading!

In the following sections, I not only define what strategy is and how it relates to strategic planning but also show you why a strategic plan is important and how you can implement one in your organization by digging into the key elements of planning.

Defining strategy

Strategy means consciously choosing to be clear about your organization's direction in relation to what's happening in the dynamic environment. With this knowledge, you're in a much better position to respond proactively to the changing environment.

The fine points of strategy are as follows:

- » Establishes an unique value proposition compared to your competitors
- » Executed through operations that provide different and tailored value to customers
- » Identifies clear tradeoffs and clarifies what *not* to do
- » Focuses on activities that fit together and reinforce each other
- » Drives continual improvement within the organization and moves it toward its vision

Knowing what strategy is can also be explained by looking at what strategy *isn't*. Dr. Michael Porter, the leading strategy guru and professor at Harvard University, says strategy *isn't* the following:

- » Agility
- » Alliances/partnering
- » Aspirations
- » Best practice improvement
- » Downsizing
- » Execution
- » Flexibility
- » Innovation
- » The Internet (or any technology)
- » Learning
- » Mergers/consolidation
- » Outsourcing
- » Restructuring
- » A vision

SURPRISING STRATEGIC-PLANNING STATS

Consider the following statistics from the Balanced Scorecard Collaborative (I cover the Balanced Scorecard in Chapter 13):

- 95 percent of a typical workforce doesn't understand its organization's strategy.
- 90 percent of organizations fail to execute strategies successfully.
- 86 percent of executive teams spend less than one hour per month discussing strategy.
- 60 percent of organizations don't link strategy to budgeting.

So, what's the upshot of these surprising revelations? Strategic planning matters to the life of your business.

Understanding the importance of a strategic plan

Simply put, a *strategic plan* is the formalized roadmap that describes how your company executes the chosen strategy. A plan spells out where an organization is going over the next year or more and how it's going to get there. Typically, the plan is organization-wide or focused on a major function, such as a division or a department. A strategic plan is a management tool that serves the purpose of helping an organization do a better job, because a plan focuses the energy, resources, and time of everyone in the organization in the same direction.

If you're thinking, "Hey, I've got this great book on business plans, so I'll just use that to form my strategic plan," be aware that strategic plans and business plans aren't the same concepts.

A *strategic plan* is a management tool that C-level managers need to master and is for established organizations and business owners who are serious about growth. It also does the following:

- » Helps define the purpose of your business
- » Helps build your competitive advantage
- » Communicates your strategy to staff
- » Prioritizes your financial needs
- » Provides focus and direction to move from plan to action