

Best Practices:
Is your strategic plan up to snuff?



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Contact

Ron Robinson, B.Sc., MBA. CIM, CFP, CMC

President ABARIS Consulting

rrobinson@abarisconsulting.com

www.abarisconsulting.com

Introduction

A large percentage of Not-for-Profit organizations develop a strategic plan to help guide their activities. For many of these organizations the idea of developing a strategic plan for their organization consists of a Board of Directors, Advisory Board or Executive Team (depending on the type and size of the organization) getting together for a period of time and setting one to five year goals with success defined as completing the tasks outlined in that strategic plan. But is it a good strategic plan? Are you following best practices in the development of your strategic plan? Could you be doing a better job with strategy?

There is significant empirical research that provides best practices that can help define and significantly improve your organization's strategic planning abilities.

Fortunately, there is significant empirical research that provides best practices that can help define and significantly improve your organization's strategic planning abilities. This article is based on the results of five studies on the practice of strategic planning conducted by The American Productivity and Quality Center and the Hong Kong Productivity Council. The areas that these studies focused on which are applicable to Not-for-Profit organizations include:

- Strategy development,
- Strategic planning in highly dynamic environments,
- Strategy deployment in the United States, Europe, Hong Kong and China.

Best Practices in Strategic Planning

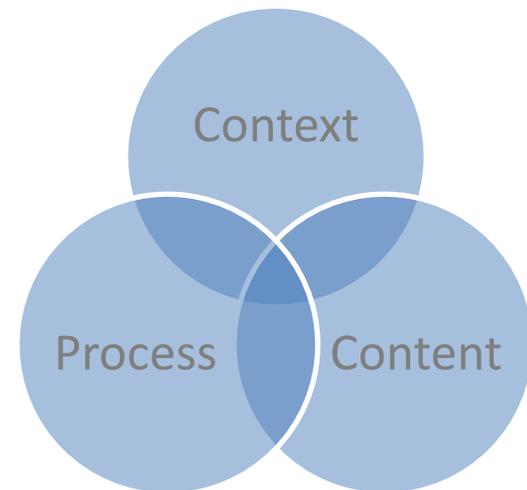
While each organization's strategic plan should be specific to its needs, empirical research has determined that organizations that follow "best practices" in strategic planning have a greater probability of realizing increased benefits from its strategic plan, than organization's that don't follow these best practices.

Best practice strategic plans are not just about the actual document. Best practice strategic plans also deal with the process for developing the strategy, the components of the plan and the organizational systems and processes that help deploy, align and manage the strategic plan. In other words, you can't just look at the strategic planning document and know if it's a good strategy or not.

In the field of strategic management an organizational strategy is determined by:

- Context
- Content
- Process.

Context is the situation within which the strategic plan is being developed and includes the external environment and the internal aspects of the organization including, but not limited to, resources, capabilities, processes, culture, structure, etc. The *content* of the strategy deals with the actual components of the strategy and the quality of the decisions derived from using those components. For example, when determining the content for your strategy, would your organization conduct a better analysis and make better strategic decisions if it



chooses to use goals instead of strategic priorities or the balanced scorecard instead of the Hoshin model? It is these types of decisions that are addressed as part of the content of a strategy. *Process* deals with how the strategy is developed, deployed and managed. The optimal decisions regarding context, content and process is specific to the needs and operational realities of each organization. Having said that, within the context, content and process decisions are a set of fundamental practices that can help guide your choices to enable you to develop a best practice strategic plan.

Best Practice in the Process of Strategy

To determine if your process of developing strategy is best practice, consider the following.

Analysis

- We understand the key trends and issues that are going-on in the external environment (regulatory, economic, social and technology) and our sector.
- We understand our organization's internal capabilities and weaknesses.
- We understand the value that the people we serve are seeking from us.
- We conduct scenario or contingency analysis to fully understand the implications (i.e. risk) of our analysis (within the above areas) upon our organization.

During periods of change, relying solely on pre-determined time frames as the trigger for developing strategy is misguided.

Engagement & Support

- Staff and key stakeholders are engaged in the process of developing the strategy.
- Staff and key stakeholders can relate to the strategy with their hearts and their minds.

Reasons for Strategic Planning

For the vast majority of organizations, the key reason for conducting a strategic planning exercise is the calendar; i.e. we update our strategic plan every 3 to 5 years. During periods of change, relying on pre-determined time frames as the

trigger for developing strategy is misguided. Organizations that are considered “best practice” in the area of strategy do not rely on the calendar as the primary reason for conducting their strategic planning exercise.

The reasons best practice organizations use for conducting strategic planning exercises include timing as well as:

- Deviations from expected performance;
- Changes in regulation or legislation;
- Technological developments;
- Change in the organization’s competitive situation;
- Changes in requirements or expectations of those you serve;
- Management changes.

Red Flags

In addition to the previous information, there are several key “red flags” that you should avoid if you are to obtain the full benefit of your strategy:

- ✗ Having information available that is reported upon and even discussed, but the implications and potential implications of that information upon your organization are not discussed or agreed on and no action plans are developed.
- ✗ Staff and stakeholders are involved in the process, as opposed to being engaged in the process. Most processes at best, involve staff and key stakeholders. Research has indicated that strategy that captures the hearts and minds of staff and key stakeholders can improve financial performance by up to 30% over those organizations whose strategy does not. Capturing the hearts and minds of staff and key stakeholders begins with engaging them, not involving them, in the development of the strategy. To paraphrase, Martina Navratilova who said, “*the difference between*

involvement and commitment (the outcome of engagement) is like the difference between eggs and ham. The chicken is involved, the pig is committed”.

- ✘ Using a facilitator that writes the strategic plan for you. There is a difference between developing the process and documenting the discussion and decisions that the group develops and writing the strategy for the organization. As noted above, the facilitator should develop a process that engages staff and key stakeholders and document their decisions. Your facilitator should not be writing the plan for you. You should not delegate responsibility for your strategy to a third-party if you want to achieve the optimal level of benefits from that strategy.
- ✘ Determining when you undertake your strategic planning exercise based only on the calendar, i.e. only scheduling your strategy based on the traditional 3 to 5 year time period.

Best Practice in the Components of Strategy

To determine if the components of your strategy would be considered best practice, consider the following.

Components

- We have a mission, a vision and organizational values that our staff and stakeholders understand, and remember. It energizes their hearts and minds and they can relate to it.
- We establish measurable and time limited objectives.
- The strategy focuses our efforts to the high leverage areas that will most effectively enable us to pursue our vision.
- The strategy realistically stretches the resources and capabilities of the organization.
- It is clear how you can deploy the strategy and measure progress against it.

When establishing the priorities and focus of your strategy, best practice has shown that your organization should be:

- Future oriented;
- Using your vision and external trends as the primary source of information for establishing direction;
- Gathering information from those in direct contact with “those you serve” in order to better identify issues;
- Significant importance should be placed on environmental scanning as a source of input;
- There is greater focus on external measures of performance rather than internal financial measures.

Vision, not mission, is the basis best practice organizations use for developing strategy.

Red Flags

In addition to the previous information, there are several key “red flags” that you should avoid if you are to obtain the full benefit of your strategy:

- ✘ Laundry lists of strategies, objectives, etc. This is a common problem with strategic plans. Every organization wants to do more than it has the resources to accomplish. One of the fundamental benefits of a strategy should be to reconcile the conflict within the organization on what it wants to achieve and what it has the resources to achieve. The reason that organizations establish laundry lists is that it is difficult to narrow the choices. It requires significantly more effort on the part of the participants, skill from the facilitator and knowledge of strategy to build common agreement among widely disparate viewpoints and agree on the few key areas of focus for the organization. Focusing on a few means delaying or even giving up on some ideas or initiatives. This is the hard work involved in strategic planning. If this focusing of effort is not achieved then one of the key benefits that could be obtained from the strategic planning exercise is lost.
- ✘ No measurable objectives. Unfortunately for similar reasons why many plans have laundry lists of strategies, many organizations don't establish measurable objectives. Measurable objectives increase accountability and improve the ability to effectively deploy. A commonly used acronym is SMART. This means, Specific, Measurable, Achievable, Relevant and Time limited. It is not uncommon to see facilitators mistakenly use the word Realistic for the “R” as opposed to Relevant. Research on group decision-making has shown that using “Realistic” results in groups establishing relatively easy to reach targets and has not surprisingly resulted in relatively poorer long-term performance. Relevant is the correct word to use as it results in the group focusing its efforts on ensuring that the objective is relevant and tied to the strategy it is designed to help support. There is significant research that indicates that a well-aligned strategy (i.e. relevance between the components) results in a far better and more effective strategy. Also by using relevant, it has a tendency to result in achievable but stretch objectives.

- ✘ Prioritizing strategies. I've highlighted this because it is often used instead of establishing clear measurable objectives. There are several problems with only prioritizing. One of the main issues with prioritizing is that it generally means the first priority should be done before the second, the second before the third, and so forth. Unfortunately, this simplistic approach does not fit very well with the realities of the world. Also, when only using priorities, most organizations do not include either a time limit or a measurable target. Missing either one of these reduces accountability, which negatively impacts upon the success of deployment. In fact, when using prioritization, the only measure of performance you have is completion or lack of completion of the priority. Using measurable objectives allows your organization to move forward simultaneously on several fronts and actively manage the allocation of resources among several projects as the realities of delivering upon them unfold. Using measurable, time limited objectives is a far more robust and effective component within a strategic plan.
- ✘ Not separating the strategic plan from the communication of the strategic plan. This is often caused by the perceived need to use the whole strategic plan as the communication document. Keep your core strategy short and to the point. Use appendices for the supporting documentation and analysis and develop independent documentation to communicate the strategy to external parties not involved in the process. Your core strategy should fit onto one letter-sized piece of paper. At ABARIS Consulting we frequently establish a Strategic Profile[®] for our clients, which is a one-page overview of their strategy.

Best Practice in the Deployment of Strategy

To determine if the deployment of your strategy would be considered best practice, consider the following.

Components

- The development of your strategy engaged your staff and key stakeholders so they are committed to the final strategic plan.
- Your organizations systems, processes, staff evaluation and rewards are all aligned with your strategy.
- Your organization has a defined list of projects, your Strategic Project Portfolio[®] (SPP), which is derived from your strategic plan.
- Your organization uses a formal process, such as project management methodology, to manage the deployment of those projects within your Strategic Project Portfolio[®] (SPP).
- The resource implications of your Strategic Project Portfolio[®] are included in your annual budget.
- The management of change and the communication plan are both considered a significant part of the deployment process.
- Changes in strategy are closely linked to changes in structure.
- Board and staff demonstrate leadership in the deployment of the new strategy, especially with regard to being the face of the change and communication plans.

Communication may be the magic-bullet when it comes to realizing the benefits of your strategic plan.

The research clearly illustrates that communication is key to the effective deployment of strategy. The need to simplify the message, have it delivered consistently through multiple channels both internally and externally and provide opportunities

for questions, clarification and addressing the issue of “what are the implications to me”, is of significant importance to successful deployment.

Red Flags

In addition to the previous information, there are several key “red flags” that you should avoid if you are to obtain the full benefit of your strategy:

- ✘ That your strategy, project portfolio and budget are not aligned.
- ✘ Your process for managing projects doesn't include project scopes, resources, responsibilities, timelines and reporting processes.
- ✘ You have not established a clear change management and communication plan as key components of your strategy deployment.

Best Practice in the Management of Strategy

To determine if the management of your strategy would be considered best practice, consider the following.

Components

- Your organization has a defined and formal dashboard of measures (internal and external) that tracks progress against your strategic plan and provides information for a discussion of variances.
- There is feedback and a corrective action process to address negative variances.
- There is a regular and formal reporting of progress relative to the strategic plan to the Board of Directors and appropriate methodologies for incorporating Board feedback in the management of the projects.
- There are clear lines of responsibility and accountability that align with the strategic plan.
- Strategic and annual / budget planning cycles are integrated into a single cycle that is complemented by a continuous environmental scanning and issue-management process.

Red Flags

In addition to the previous information, there are several key “red flags” that you should avoid if you are to obtain the full benefit of your strategy:

- ✗ The Board is not receiving regular and periodic updates that clearly demonstrate the organization’s progress relative to the strategic plan.
- ✗ It is a surprise when a project misses its deadline or there is a request for additional resources.
- ✗ Management cannot explain the status of the organization’s key projects within a few minutes.
- ✗ The strategic and annual planning processes are not integrated into a single cycle that is complemented by a process that provides continual information to inform the strategy.

- ✘ There are no processes that allow for formal adjustment of the strategy between the periodic strategic planning events.

Summary

In summary the key points raised in the research that should be considered by your organization in your strategic planning process include:

- Have multiple reasons for the initiation of your strategic planning process.
- Move towards using external information to inform your strategic planning process and the raising of strategic issues that need to be addressed.
- Use out of the box thinking tied to stretch goals supported by qualitative analysis to support your decision-making.
- Emphasize external performance measures over internal financial measures to inform your decision-making.
- Use your vision, not your mission, as the basis for establishing strategy.
- There is increasing benefit from engaging a strategy expert to assist as:
 - Advisor to the Board or senior management;
 - Process facilitator and strategy consultant;
 - Integrator of internal processes to ensure alignment and assist with deployment;
 - Project manager for the strategy deployment process;
 - Educator in analytical and strategic thinking.
- Integrate the strategic and annual planning cycles with internal management processes;
- Recognize the significant importance of communication and change management in the ability to effectively realize the benefits of your strategic plan.

Using these 'best practices" has a positive impact upon an organization's performance. However, for those of you whose organization is too small to adopt all these best practices, we have found that you can still benefit by having the Board, staff and volunteers use this information as a framework for discussion.

ABARIS Consulting

ABARIS Consulting can assist your organization in the development, deployment and management of a strategic plan that leverages best practices. We bring a unique set of capabilities that include:

- Expert knowledge in the field of strategy;
- Certified facilitators through the International Association of Facilitators (IAF);
- Extensive experience in designing, collecting and analyzing information from external stakeholders through such activities as focus groups, on-line and paper surveys, town-hall meetings and interviews (in person, on the phone or over the internet);
- Knowledge, experience and tools to conduct operational and project reviews that provide credible information and are conducted in a collaborative manner;
- Technical equipment to enhance the quality of the facilitated sessions through use of audience response systems;
- Digital recording devices that can be used for one-on-one interviews or for larger groups where multiple microphones are required;
- Qualitative data analysis software that enables structured and thorough analysis of multiple sources of qualitative data to provide reliable and credible analysis and subsequent recommendations;
- Facilitation of on-line meetings to allow progress and decisions to be made by groups that are geographically dispersed;
- Expertise in the complementary area of governance.

If you would like to discuss your situation or are sending out an RFP please contact Ron Robinson, President ABARIS Consulting at 519 • 472 • 9788 or rrobinson@abarisconsulting.com.

For More Information

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To discuss your specific circumstances or how we may be able to help, call Ron Robinson, President ABARIS Consulting at 519 • 472 • 9788 or email at rrobinson@abarisconsulting.com.

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