

EFFECTIVE STRATEGIC PLANNING FOR SMALL COMPANIES

by
Mark D. Alcorn, J.D., M.B.A.
Shelly Alcorn, CAE

One thing most people don't know about organizational planning is that strategic planning is neither the first nor the most important step in the planning process. The highest step in the planning process is establishing a clear mission, articulating a vision of the future, followed by creating strategic plans to fulfill the mission and vision. This article is about how to build strategic plans that are meaningful and create an environment to allow for achievement of the vision.

For many years, the strategic planning process was the main focus for businesses both large and small. Many strategic plans were written for a three, five or even ten year cycle. Leaders within the organization typically held regular retreats and reviewed this strategic plan for adjustments and revisions but did not regularly make significant changes to the overall plan. Those long-term strategic plans were considered the primary roadmap to follow to achieve the goals of the business.

However, as the rate of change in the business environment has accelerated in the past decade, our understanding of the role of strategic planning has evolved. We now recognize strategic plans must become more reactive and flexible. As mission and vision have taken their rightful place at the front and center of organizations, the planning process has taken on a new role. Effective strategic plans create conditions for achievement of the mission and vision and utilize both data driven strategies and scenario based forecasting to allow for faster, more targeted reaction times and results.

MISSION, VISION AND STRATEGIC PLANS

To gain an understanding of the planning environment, we believe a quick review of the major components can be helpful to more clearly illustrate the relationship between the different components.

Mission is the purpose for which the organization exists. A mission statement tends to be a paragraph or less, and is frequently broadly cast, and sometimes not particularly compelling. A typical mission statement of a business might read, "To serve our customers with integrity and provide outstanding service." It may be accurate, but it doesn't exactly send chills up and down your spine. If possible, a mission statement for your business should be as inspiring as possible, but it is still mainly descriptive.

Vision is an inspiring, long-term view of where the organization is headed. A vision statement includes a brief articulation of (1) core values, (2) core purpose, (3) a huge goal, and (4) a vivid description of what it will be like to achieve the goal. Any interested person looking at the vision statement, which should be less than one page in length, should immediately be able to identify with it, and know whether they want to be part of it or not. Vision remains fixed for decades at a time; it does not change with environment or circumstances.

Strategic Plans are specific, limited-time initiatives aimed at changing conditions, circumstances or beliefs, all in furtherance of achievement of the organization's mission and vision. Strategic plans should change periodically as past strategic goals are achieved, or as circumstances change to require that strategic plans be revised. The period of time between strategic planning meetings depends on the rate of change in that environment. Businesses should generally have from three to six strategic goals. If it has more than six, the goals may not be big enough, or they might not be truly strategic.

Strategic plans are not operating plans. ***Operating plans*** set forth various ongoing programs and activities necessary to keep the company running well. Strategic plans are plans to change something to make things better for the company, or add something new that will somehow benefit the company. In short, a strategic plan is a "change plan." On the other hand, operating plans identify the activities to be carried out as a matter of doing business (ongoing accounting, ongoing manufacturing, ongoing marketing), not to change what the company does. If we are purposefully making a major change in what the company is doing, or can do, or to the environment in which it operates, then we are carrying out a strategic plan. Further, once a strategic plan is implemented, it might result in an added operation into the future. For example, if your company did not have a communications program, and it decided to establish one, the plans to do so would be *strategic* plans. Once the goal was achieved (i.e.: an ongoing successful communications program was put in place), it becomes an *operating* program.

KEYS TO EFFECTIVE STRATEGIC PLANNING

Now that we have an understanding of the major components involved in the planning environment, let's take a look at five keys to implementing strategic plans that will help you move your business forward into your envisioned future.

1. **Mindfulness** – Maintain an awareness of what strategic planning is and what it is not. Make sure you actively work to sort out strategic initiatives from ongoing operations. Ensure all individuals involved in strategic planning remain focused on the vision of the organization and can clearly articulate why a particular initiative will advance your overall cause.
2. **Prioritization** – You can't do it all. Meaningful strategic plans will, by necessity, require prioritization and must be adequately funded and resourced. Many times, achievement of a vision will include elimination of pet projects and programs that do not have a clear relation to achievement of the vision. This can often be a contentious process. But devotion to the vision and realistic assessments of the impact of success in prioritized areas can often overcome resistance to elimination of particular programs.
3. **Alignment** – All decision-making bodies within the organization must be working in alignment. All committees, task forces and other groups must have a clear understanding of their objectives and how achievement of those objectives will impact the greater good. Opportunities for cross-platform collaboration must be identified and power struggles over turf and territory must be met head on and dealt with.
4. **Flexibility** – Strategic planning in today's environment requires a recognition that circumstances can change and sometimes they change quickly. There must be a dedication to creating momentum through sustained action and yet, the ability to modify plans or change course if there is solid evidence to suggest you should. You must walk a careful balance and learn to tell the difference between two extremes – giving up too quickly in the face of adversity and stubbornly persisting regardless of the evidence to the contrary.

5. **Enthusiasm** – Although it can be looked at as a warm and fuzzy attribute, don't discount enthusiasm on the part of the staff and customers as a key component of creating a strategic environment that allows for success. People who are involved and supportive and who have bought into your strategic plans will work to ensure their success. Enthusiastic supporters will seek to solve problems creatively and rise to the occasion when called upon.

RECOMMENDATIONS

We have a few “stock” recommendations when it comes to strategic planning:

First, the planning session should be facilitated by an experienced third party, not an existing manager, staff member or board member. You might save a few dollars by using an insider, but the organization will miss the objectivity and bias-free of an independent third party. Further, facilitation is a skill. An experienced strategic planning facilitator can produce surprisingly strong results.

Second, be sure to spend some time preparing the planning team for the strategic planning exercise. The team should be guided into a relaxed and creative mode, and the “context” clarified. This means preparations for actual strategic planning should involve brief scans of where the organization is at that moment, where it is going, external factors of importance, internal factors, etc. Then, when strategic planning begins, these issues are fresh in the minds of the participants.

Third, focus on the outcomes that the organization wishes to achieve, NOT on how to achieve those outcomes. It is critical that the organization identify, first and foremost, WHAT it needs. Then, once the outcomes are articulated, focus on HOW those outcomes could be achieved. The “HOW” will probably not be determined by the planning team; it might take months to identify, analyze and select the best options (the HOWS) for getting the outcome achieved. One technique we have successfully employed is, when it is time to brainstorm for outcome ideas, to require that the outcome ideas be articulated using the following sentence: By [insert specific date in the future], we will have [describe the specific proposed outcome]. The resulting outcome idea might be, “By this time next year, we will have implemented a certification program capable of certifying widget manufacturing engineers and widget assembly technicians.”

CONCLUSION

We wish you the best as you pursue your strategic initiatives. Businesses who focus on clearly articulating a vision, collaboratively establishing strategic plans and then putting those operations in place to achieve them have been able to accomplish great things.

Copyright 2010 by Mark D. Alcorn. All rights reserved.

Mark Alcorn is a Sacramento-based lawyer and management consultant. Shelly Alcorn, CAE is a thought-leader, facilitator and trainer. Alcorn Associates Management Consulting was founded in 1997 and focuses on meeting the legal and management consulting needs of non-profit 501(c) trade and professional associations as well as charities and foundations, for-profit subsidiaries, chambers of commerce and small businesses. Mark can be reached at (916) 444-5959, or via e-mail at mark@alcornlaw.com.