

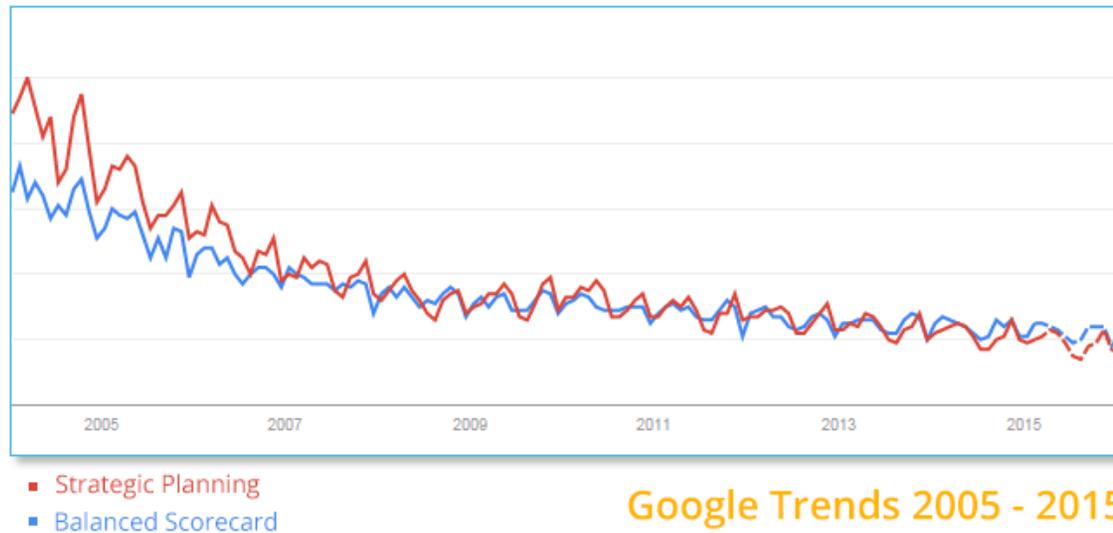


WHAT HAPPENED TO STRATEGIC PLANNING?

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What happened to Strategic Planning?

Once a noble pursuit, strategic planning lost its potency and the trust of management. Restoring it to its former glory will require overcoming six fatal flaws.

Introduction

Somewhere in the early 90's they started dropping like flies. Dedicated strategic planners and strategic planning groups were disbanded and either absorbed back into the functions or shown the door. As a freshly minted MBA in 1990 these events were painful to watch.

While no single event caused the demise of strategic planning, the tipping point occurred when the time needed to formulate, produce, distribute, and adopt a strategic plan exceeded its relevance to a rapidly changing business environment.

To avoid extinction, strategic planning evolved into functional planning where the reduced scope and participation shortened its development cycle-time and extended its relevance.

These functional plans were then aggregated into an overall "strategic" plan, held together by thin arrows on a strategy map, and measured against a balanced scorecard. But proximity on a scorecard doesn't equate to synergy, momentum, or what to actually do on Monday.

Since receiving my Ph.D. in 2004, I've been continually involved in action research efforts to understand why strategic planning and balanced scorecard activities continue to lose public interest over the last 10 years as shown above.

To-date my research has surfaced six flaws in the strategic planning process. Each of these flaws will be discussed below along with their resolutions.



Fixing the Flaws

To restore strategic planning to a modern, agile, and integrated process, each of the following flaws need to be addressed:

1. **Situation** – understanding your starting point
2. **Participation** – having enough stakeholders involved for buy-in
3. **Language** – using a common language
4. **Alignment** – getting everyone on the same page
5. **Sequencing** – deciding what to do first, second, etc.
6. **Horizon** – determining how far out you plan



Situation

Any strategy must begin with an accurate appraisal of your situation and the challenges you face. Not knowing your starting point (at a granular level) makes planning a disconnected exercise. Placing this burden on a few senior folks huddled in a room with a junior scribe will not be effective.

While seniority does infer wisdom, this wisdom is time stamped and has

the same issue of relevance. What used to work and no doubt elevated their status in the organization may no longer work given the rapidly changing environment. A change in recipe is required. While their wisdom continues to add value from an overall sniff test perspective, more ingredients (perspectives) are needed which leads us to the next flaw of adequate participation.



Participation

There is wisdom in crowds. The problem is one of orchestrating all this input in a timely fashion. In my research, I've found 30-minute individual, casual conversations with a representative sample at each level of management and across functions will provide a strong fact base to work from. The largest number of participants we've worked with is 200 stakeholders, but typically less than 50 folks are interviewed. The sheer number is less important than making sure you involve those individuals ("change agents") that other employees look up to. If they are not involved in the formulation process then you can certainly expect them to argue against the findings.

Rest assured, everyone's opinion will differ based on his or her unique view of the organization. But when you combine these views a very rich picture emerges. In my experience about 50% of this picture is essentially noise, 30% are desired outcomes that cannot be directly addressed, 15% are high leverage suggestions, and the remaining 5% are central constraints that should form the central pivot points of your strategy. Getting this picture built requires overcoming the common language flaw discussed next.



Language

Let's face it, Business and IT folks speak different languages and this is not a new phenomena. C.P. Snow wrote about this in 1959 describing the differences between sciences and humanities. I experienced this first hand when I moved from an internal IT role to an external sales role. What seemed so black and white in the IT world became very gray in the real world of commerce.

The only common language I found surfaced when discussing issues and desired outcomes—behaviors. Either something changes or it doesn't. This includes tangible things like the number of customers, and intangible things like morale.

So when you involve your participants in strategy formulation you need to boil their issues and suggested resolutions down into things that will actually change: increase, decrease, or stabilize. These types of input are the actual "resources" that drive performance. Once you've gathered a large enough sample (between 30-50 unique suggestions) you've set the stage for buy-in and are prepared to handle the next hurdle of alignment.



Alignment

Getting and keeping everyone on the same page is the holy grail of today's complex management environment. The first step is

involving them in the creation of that picture, which you've done in the participation step. If they can see their input, their fingerprints, they are more likely to agree on the overall direction. I've also witnessed the opposite reaction when presenting large scale ERP transformation plans to employees who were not included in the process. Some actually commented: "What were you guys smoking when you came up with this!" Of course you can't put everything to a vote, but at least gathering their perspectives goes a long way to opening their minds to change.

Now in reality, every suggested change doesn't have the same power to improve organizational performance. Providing this feedback is a delicate balancing act for sure. This leads us to the powerful explanatory concept of leverage and how it can drive the bundling and sequencing of initiatives.



Sequencing

Prioritizing and sequencing projects is an art form in itself. (Please see Kellay Buckelew's paper on how to "[Stop Horse Trading](#)"). Building your roadmap is complex enough but being able to defend your decisions is even tougher.

If you're a consultant, I'm sure you've had conversations that didn't end well if the client started by saying: "I've been here for X years and this won't work".

What does work is the irrefutable logic of leverage. You create leverage by taking the time to connect the dots between all your suggested changes, then triage them by how connected they are to each other (like dominos). This positions you to defend the bundling and sequencing of projects based on their cascading implications. As one recent executive commented: "it is illogical to argue with the outcome." The only remaining hurdle to overcome is how far you look ahead in formulating your plans.



Horizon

In his excellent book: "**Good Strategy / Bad Strategy: the Difference and Why it Matters**" Richard Rumelt summarizes bad strategies as only having high level goals and desired outcomes but not clearly defining the significant challenges the organization faces. He brings up the importance of "proximate" goals: those attainable objectives along the way that are actually within reach. In our experience, the "5% changes" we covered in the participation conversation end up being perfect candidates for proximate goals. Moreover, if you add your strategic objectives to your linked changes you will have a direct line of sight between the near, mid, and long term horizons.

Fixing the Flaws with LeverSource

Of course you can overcome these flaws manually but the devil is in the details. Our LeverSource solution helps organizations of any size improve their performance by combining both continuous improvement activities and strategic planning activities into one integrated, cloud based process. We take you through the entire process from surfacing changes & objectives, connecting the dots, finding the leverage, bundling changes into projects, adding resources, building business cases, performing portfolio planning, generating custom reports, and finally developing bullet proof roadmaps. Of course the amount of time needed to complete this process will be driven by the complexity of your situation and how accessible your stakeholders will be, but generally we're talking weeks not months.



In summary, fixing these six flaws can help strategic planning regain its noble place in the eyes of your management!

Please visit us at www.leversource.com to get more information or reach out to us directly at:

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