STRATEGIC PLANNING

BENCHMARKING, BEST PRACTICES AND CASE STUDY

WHAT WILL WE ACCOMPLISH TODAY

- Setting some ground rules

- Benchmarking

- Understanding the market

People generally see what they look for, and hear what they listen for.

— *To Kill a Mockingbird,* Harper Lee

- Nine Pillars of a Plan
  - Engagement
  - Create the Vision
  - Market Research
  - Organizational Health
  - Organizational Buy In
  - Leadership and Organizational Structures
  - Fiscal Understanding
  - Resource Allocation
  - Create Real Strategies

If you don't have any important choices to make about the future, you don't need strategic planning

Creating Strategy

- Insight comes from asking the right questions

- Fact based approach, data driven

- Use external data primarily, not internal performance (or worse, financial data)

- Document the strategic thinking and choices

- Challenge the status quo, set stretch goals

- Driven by your Vision, not your Mission

Benchmarking Strategic Planning

- A Few words of caution
    - Adopting so-called best practices is a follower's strategy
    - An organization that simply adopts another's practices will never be a leader and is likely not to be innovative, agile or fit for the future
    - That's not to say that benchmarking and adoption of best practices are a waste of time. Its just that they need to be done with thought and consideration of where and when they might add value. When used to stimulate ideas and create changes in outcomes they certainly have their place.

Benchmarking versus Competitor Research

Benchmarking	Competitor Research
Focuses on best practices	Focuses on performance measures
Strives for continuous improvement	Bandage or quick fix
Partnering to share information	Considered corporate spying by some
Needed to maintain a competitive edge	Simply a "nice to have"
Adapting based on customer needs after examination of the best	Attempting to mirror another company/process

Benchmarking Example

WHAT WE KNOW ABOUT MILLENNIAL'S ECONOMIC REALITIES

Saddled with Student Debt

"Nearly three-in-10 young people who define themselves as just starting out cited paying off student loans as their biggest challenge"

Allstate/National Journal Heartland Monitor Poll XXV

Feeling lasting Effect of a Sluggish Economy

"Students chose to take on student debt because they expected to find a job that paid off; instead, they found themselves stranded in the worst economy in 80 years"

Atlantic Magazine

HOW DO WE ATTEMPT TO UNDERSTAND THE MARKET?

THROUGH OUR EYES

- Our CEO knows what is happening

- Nobody is going to tell us stuff about our industry that we do not already know

"Our vision is more obstructed by what we think we know than by our lack of intelligence"

THROUGH THE EYES OF OTHERS

- Industry leaders

- Trade association executives

"If you want something you have never had, you must be willing to do something you have never done"

Pillar: Engagement

- Who should be involved?
  - Community
  - Consumers
  - Customers
  - Board
  - Organization's Leadership
  - Other
- How do we involve these key stakeholders?
  - Sharing of knowledge
  - Brainstorming
  - Ask guiding questions

Pillar: Create the Vision

- Example:
  - "What do we want (NAME) to look like in 3 years?
  - The most powerful, driving, unifying visions share several qualities: they are concrete and specific, they are bold, challenging and exciting, and they are attainable.
  - We imagine that we are 3 years into the future and we are being interviewed by a reporter/photographer and they are reporting on what is happening now, and what has changed over the past 3 years.
  - Individual, small groups (create 5-7), large group sharing, grouping

Pillar: Market Research

- You need data to accomplish this. Yet having troves of data is of little value in and of itself. What increasingly separates the winners from the losers is the ability to transform data into insights about customers/consumers' motivations and to turn those insights into strategy.

- Innovative organizational capabilities = the "insights engine"

  - Find free market data

  - Face-to-face research: there's no substitute for talking to people

  - Make the most of the web

LET'S SOLVE THIS PROBLEM BY USING THE BIG DATA NONE OF US HAVE THE SLIGHTEST IDEA WHAT TO DO WITH

TOM FISH BURNE

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Pillar: Organizational Health

- Is your organization a "Learning Organization[1]"?
  - Learning Organizations display 2 skills
    - Knowledge – Skilled at creating, acquiring, interpreting, transferring and retaining
    - Acting and modifying its behavior to respond to these new knowledge insights.

- Building blocks of a learning organization
  - A supportive learning environment,
  - Concrete learning processes and practices
  - Leadership behavior that provides reinforcement

1 - David A. Garvin, Amy C. Edmondson and Francesca Gino (Harvard Business Review)

The ability to learn is the most important quality a leader can have.

Pillar: Organizational Buy-In

- For new strategies to be accepted, leaders need to clearly communicate the purpose of these strategies and outline incentives and motivations for people if you want them to accept it.
  - Company growth, goals, and objectives
  - How the strategy ties into organizational vision and values
  - New opportunities internally
  - The training and coaching that will support these strategies
  - Short term and long term benefits
  - How these strategies directly affect people at all levels of the company
  - How people will be held accountable

Pillar: Leadership and Organizational Structure

Pillar: Fiscal Understanding

- Does the organization understand its true financial position?
- Does the organization understand what the drivers are for financial success?
- What are the opportunities for greater operational efficiency?
- Revenue diversification can alleviate the pressures on other sources of revenue

Pillar: Resource Allocation

- It is not this difficult

Let n = number of processes, and m = number of resources types.

- **Available**: Vector of length m. If available $[j] = k$, there are k instances of resource type R_j available

- **Max**: n x m matrix. If $Max[i,j] = k$, then process P_i may request at most k instances of resource type R_j

- **Allocation**: n x m matrix. If $Allocation[i,j] = k$ then P_i is currently allocated k instances of R_j

- **Need**: n x m matrix. If $Need[i,j] = k$, then P_i may need k more instances of R_j to complete its task

$$Need[i,j] = Max[i,j] - Allocation[i,j]$$

Pillar: Create Real Strategies

- Everyone's brain has 3 great abilities:
  - <u>Vision</u> – seeing something that does not yet exist and become emotionally committed to the vision
  - <u>Opposition</u> – once there is a vision, to see immediately why it can not be achieved
  - <u>Transformation</u> – to identify and transform all obstacles into strategies and actions which can lead to desired results

- 4 step process
  - What is the goal or objective we are attempting to achieve?
  - If we achieve that goal, what are the payoffs/benefits?
  - What are the obstacles?
  - What are the individual strategies for overcoming those obstacles?
    - Now you have a list of strategies with action plans

What is your extra chunky?