



Unit 1

An Introduction to Strategic Planning

Learning Outcomes

By the end of this unit the learner will be able to:

- ✓ Identify the values that support the company
- ✓ Define the vision for the company
- ✓ Write a mission statement that explains what the company's purpose is

Unit 1

An Introduction to Strategic Planning

What it Does

As a process, strategic planning describes how your company will create ongoing value for your stakeholders. Unlike a project, which has a defined beginning and end, the strategic plan is threaded through the organization and is part of the ongoing operation of the business. Strategic planning helps to take the high-level concepts described in your mission, vision, and values statements and have them brought to life by the activities and attitudes of every member of the organization.

Sometimes, we think that stakeholders are automatically our customers, but unless they are also shareholders, that's not really the case. Your customers are your customers, and they purchase the products or services that your company sells, but they may not have a stake in the company at all.

To help you figure out who your stakeholders are, consider these questions:

- Are there **investors** in your company? If so, those investors are stakeholders, and they want to get a return on their investment.
- Are you supported by **taxpayers** (through a government department perhaps, or a non-profit agency that is supported and paid for by government)? If so, taxpayers are stakeholders and they are represented by government ministries. Although they may not expect a monetary return on their investment (like a dividend), they will expect that their investment is protected and used appropriately.
- Are you a **non-profit** or **not-for-profit** company? If so, members of the board of directors are stakeholders, and trustees can be as well.
- Are you a part of a **privately held and managed company**? If so, the owner(s) are the stakeholders. They want a profit so they get a return on their investments (which may include money and time).

It's **essential** that you agree on who the stakeholders are before proceeding with strategic planning.

Strategic planning has to be a **balanced approach** in order to properly represent what is actually achievable. You need to be very aware that some of these areas might be competing for resources and attention, which can create some big challenges in the planning process. People responsible for the strategic planning sessions need to create an open, balanced forum for discussion where all areas are heard and represented within the plan. Failure to do this properly and well means that you won't get the support for the strategic plan when it is ready to be launched.

Your strategic plan will define **four or five key areas of focus** for the duration of the plan. These key areas will be used to achieve the mission while reflecting the company's values and vision.

In addition to creating a strategic plan for the company, **individual departments** may create a plan to complement the organizational one, and are structured in a similar way. In larger organizations, it is not uncommon to see that the areas of human resources, customer service, sales, marketing, and others may all have a strategic plan that reflects the company plan.

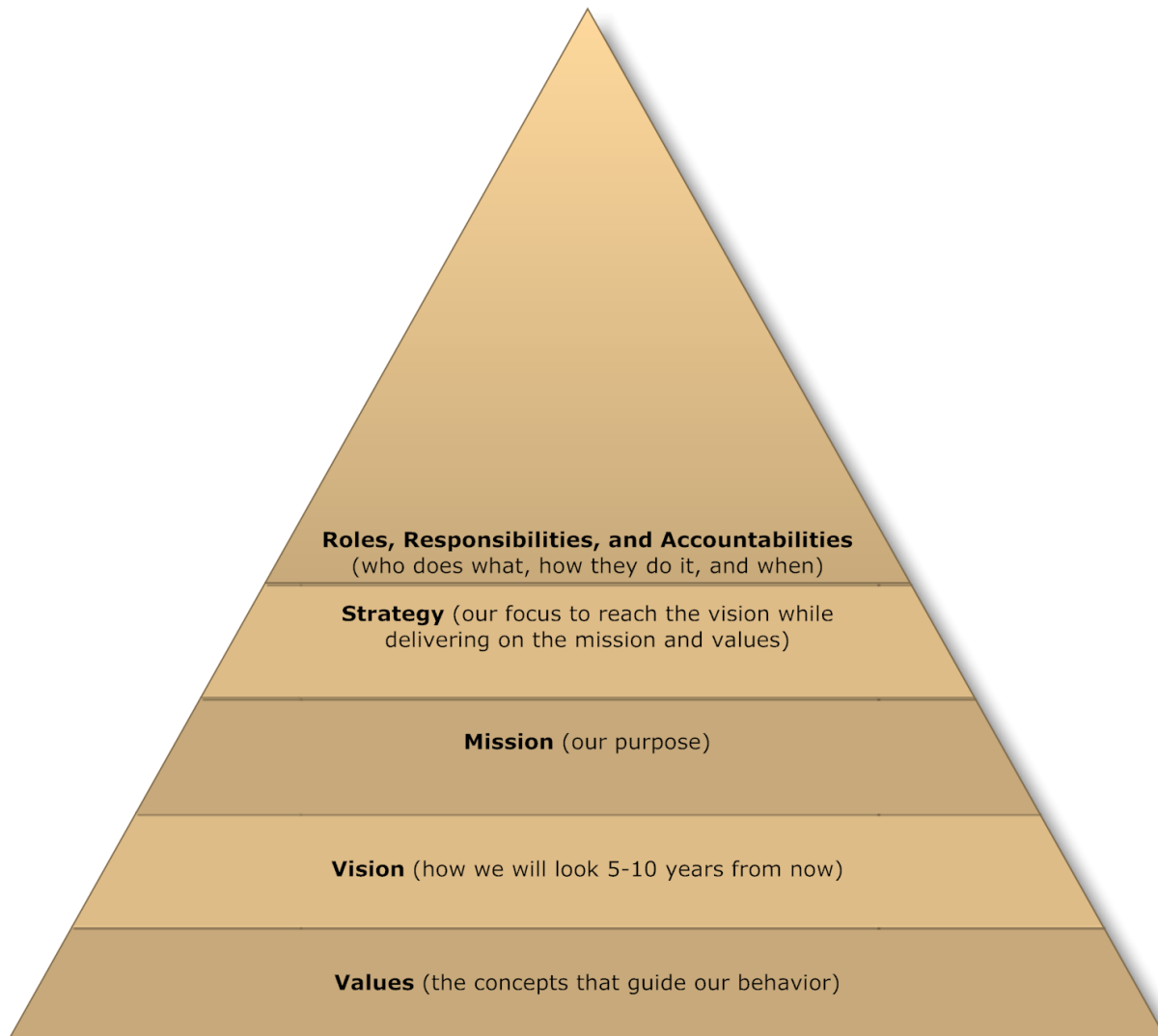
Small Group Discussion

What areas of competition can you identify within your organization?

What can you do to assist in creating a broader understanding of all the areas and how they are tied together?

Pyramid Structure

In order to look at all areas of strategic planning, we'll use a pyramid process, which starts at the bottom and moves upward:



An important criterion of strategic planning is that it is **not a project**, nor does it stand alone from other programs in the company. Instead, it is the underpinning for everything that takes place. It demonstrates for people who conduct the work every day that what they do is connected to the purpose of the company. It helps to facilitate a shift from focusing on the high-level concepts of values, vision, and mission statements, to where the work is taking place.

Identifying Our Values

Pre-Assignment Review

Option A

If you did not find the information requested, or are working with a new company (perhaps your own) and were not able to develop a list, this exercise will get you started. Go through the list on the next page and select the values that the company represents. (There are blank rows in the list if you want to add your own ideas.)

You will need to do this in stages or it can be overwhelming. The first time that you go through, select up to 10 values. The second time through, narrow the list down to five. Then, go through the list a final time and determine the top three values.

Values List

Achievement	Economic security	Leadership	Productivity
Advancement & promotion	Effectiveness	Location	Public service
Adventure	Efficiency	Loyalty	Quality of results
Arts	Ethical behavior	Market position	Quality relationships
Challenging problems	Excellence	Meaningful work	Religion/spirituality
Close relationships	Expertise	Money	Reputation
Community	Fame	Nature	Responsibility & accountability
Competence	Financial gain	Order	Security
Competition	Freedom	Personal development	Stability
Cooperation	Honesty		Status
Creativity	Influencing others	Pleasure	Truth
Democracy	Innovation	Power & authority	Wealth
Ecological awareness	Integrity	Privacy	Wisdom

Option B

If you completed the pre-assignment, discuss the following questions with your group.

Discuss the places that you see the values being reflected within the organization.

Discuss whether the stated values are relevant given the way that you see work taking place and what you think the values really are (if they are different than what has been stated).

Creating Value Statements

About Value Statements

Identifying the words related to the values is just part of the work here. The next step is to describe those values so that people know exactly what they mean. For example, if you identified “innovation” as a core value, it can mean different things to different people. If you create a statement such as: “We create an environment where innovation flourishes” you help to express the values clearly. If honesty and integrity are both identified as core values, you can even bring them together in one statement, like this: “We demonstrate honesty and integrity in everything that we do.” Using our model of identifying no more than three values, you will have a maximum of three value statements.

Making Connections

Create a value statement for the first value that you identified in the previous exercise.

Create a value statement for the second value that you identified in the previous exercise.

Create a value statement for the third value that you identified in the previous exercise.

Designing Our Vision

The Vision Process

Getting Started

When beginning the process of designing the vision (normally undertaken by the owner, CEO, and sometimes board of directors if there is one), you are taking a long look into the future and imagining where you want the company to be.

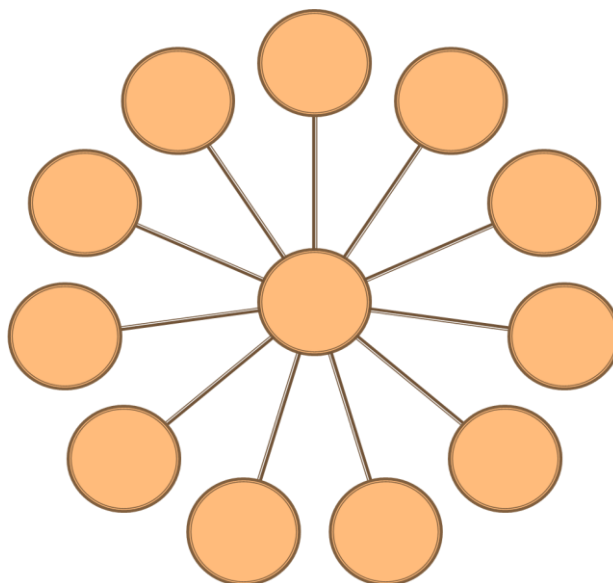
Try this exercise: Sit at your desk with a sheet of blank paper in front of you. In an ideal world, what would your company be? Don't think about what it can't do, or why certain things aren't possible. List all ideas and goals, no matter how outrageous they sound to you. Consider where you want the company to be and what you want it to look like 5-10 years from now. (You can also do similar visioning exercises with project teams and department heads; it will get them excited about the tasks ahead.)

Case Study

Fuel Majesta

You have an idea to create a brand new company that will provide an environmentally responsible fuel that can be distributed throughout the country. The fuel is highly concentrated, non-toxic, and is produced in a highly secret process that is conducted with thermal heat, so there is almost no environmental impact in producing this fuel.

How could Fuel Majesta look five to ten years in the future?



Moving Forward

While it's not likely that most companies would earn themselves a Nobel Prize, or that the things that we do attract worldwide attention or government endorsements, it is certainly realistic to expect that we can make a difference and that a small company can become a larger force in the marketplace.

Once you've created the big vision, you can look through it and think about what has potential and what will drive the company forward while your vision is maintained.

If you have an existing company, your vision might include some of the following elements:

- Our sales will increase by __%, making the company more viable.
- Our customer retention will increase from 50% to 75%, resulting in more satisfied customers and contributing to more sales.
- Increased financial success will facilitate our expansion into neighboring markets.

Next, you will take the vision and capture it in a **vision statement**. This statement should be short, clear, and understandable so that everyone working with the organization understands it and knows where you wish to go. It should also be attainable and worthwhile.

Propose a vision statement for Fuel Majesta.

Defining Your Vision

Case Study

Fuel Majesta

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Create a vision statement for your company or for Fuel Majesta.

On a Mission

Defining Your Mission Statement

What Is It?

The mission statement describes your organization's purpose. Why do you exist? What is it that you really do?

A mission statement should be something that every employee knows and can state. Your mission statement needs to be believable. As well, it is more likely to touch your customers if it is something they can relate to. We recommend that you avoid writing mission statements that cannot be understood by most of your employees and customers. Try to use language that people can relate to. If you can't, you'll need to follow your mission statement with some kind of a phrase that people can relate to, like a motto or slogan.

If you explore different mission statements, you'll see that some of them are very clear and concise. Others are very long, although they still do a capable job of describing the mission. They may also be combined with elements of the strategic plan, company values, and the vision, but to keep things simple, we are focusing on a standalone mission statement.

Keep these elements in mind as you create a mission statement:

- The company's public image
- Your shareholders
- Your target market
- Your plans for growth
- Influences for the business
- Your moral and ethical beliefs

Examples

Here are some examples that we thought might help you as you design your mission statement.

McDonald's

Our mission is to be our customers' favorite place and way to eat.

(http://www.aboutmcdonalds.com/mcd/our_company/mission_and_values.html)

Nike

To bring inspiration and innovation to every athlete in the world. (<http://nikeinc.com/pages/about-nike-inc>)

Bristol-Myers Squibb Company

To discover, develop and deliver innovative medicines that help patients prevail over serious diseases.

(<http://www.bmscanada.ca/en/company/mission>)

Darden Restaurants

To nourish and delight everyone we serve.

(http://www.missionstatements.com/fortune_500_mission_statements.html)

The Dow Chemical Company

To passionately innovate what is essential to human progress by providing sustainable solutions to our customers. (<http://www.dow.com/about/aboutdow/vision.htm>)

Designing a Mission Statement

Case Study

Fuel Majesta

You have an idea to create a brand new company that will provide an environmentally responsible fuel that can be distributed throughout the country. The fuel is highly concentrated, non-toxic, and is produced in a highly secret process that is conducted with thermal heat, so there is almost no environmental impact in producing this fuel.

Review, revise, or re-write your current mission statement using the guidelines above.

Performing a SWOT Analysis

What is a SWOT Analysis?

Doing It Right

A SWOT analysis is a useful exercise many times in business, but it is a simple concept that it is easy to do badly. Make sure that you are ready to spend a bit of time when you undertake a SWOT analysis so that you are producing an accurate description of what is going to affect your business.

SWOT stands for the strengths, weaknesses, opportunities, and threats facing your company. The strengths and weaknesses are usually considered to be internal, while the opportunities and threats are generally external to the company. This analysis helps you ask yourself, “Where are you now?” This is really your situation analysis or inventory, and it gives you an opportunity to take stock of the overall situation right now before planning any future changes.

One mistake that people make in doing a SWOT analysis is that they look at the whole picture and use very general statements. Professor Malcolm McDonald from Oxford Learning Labs recommends that you use a SWOT analysis for each area of your business, one segment of your marketplace at a time, so that you really know what is going on and can describe it in clear terms.

SWOT Matrix

A SWOT analysis is often organized using this type of matrix:

	<i>INTERNAL</i>	<i>EXTERNAL</i>
<i>P O S I T I V E</i>	Strengths	Opportunities
<i>N E G A T I V E</i>	Weaknesses	Threats

SWOT Checklist

A SWOT analysis should consider the following types of issues. You can, in fact, complete a separate SWOT for each area:

- Your company within your geographic marketplace
- Your company within your industry
- Your products and/or services
- The community and what is currently going on that may affect future planning
- Your primary and secondary target markets and what they want/need
- The competition and what they are doing
- External forces that will affect your business
- Environmental factors
- Human resources (including the availability of people as employees, your succession plan, safety issues, wellness, etc.)

Individual Analyses

Case Study

Fuel Majesta

You have an idea to create a brand new company that will provide an environmentally responsible fuel that can be distributed throughout the country. The fuel is highly concentrated, non-toxic, and is produced in a highly secret process that is conducted with thermal heat, so there is almost no environmental impact in producing this fuel.

Fill out the matrix below from the human resources perspective of Fuel Majesta.

	<i>INTERNAL</i>	<i>EXTERNAL</i>
<i>P O S I T I V E</i>	Strengths	Opportunities
<i>N E G A T I V E</i>	Weaknesses	Threats

SWOT Ratings

Part One: Risk Analysis

Now that your opportunities and threats are listed, your next task is to bring some order to them as you consider the risks that they contain. Some are probably a larger risk than others.

Use the space below to list the risks identified in your SWOT grid, in priority order. Next, assign a weight to each risk so that all weights add up to 100%.

Risk (listed in order of priority)	Weight assigned (in %)

Part Two: Reflection

Next, answer the following questions.

Identify the actions and competencies required to address gaps to meet opportunities and threats (external forces).

Identify the actions and competencies required to address gaps to meet strengths and weaknesses (internal forces).

Further Reading:

- ✓ *Barnard, Chester. The Functions of the Executive (Revised). Harvard University Press, 2005.*
- ✓ *Bridges, William. Managing Transitions: Making the Most of Change (3rd Edition). Da Capo Press, 2009.*