

# Strategy Vs. Strategic Planning

*Planning Roles: The Systems Thinking Approach®*

By Stephen Haines, Founder and CEO of the Haines Centre for Strategic Management®

**Strategy and Strategic Planning are two very different terms,** and every Planning Department and senior management team should be clear on their roles in both. These terms must be clearly and simply defined in order to engineer success up front in your strategic planning and change efforts. In fact, the Planning Department should be called a Strategic Management Office (SMO), the best title to reflect the broader “Lead—Think—Plan—Act” progression of the planning role and profession in the 21st Century. (See ASP model below.) The head of the SMO should also be called the “Chief Strategy Officer” (CSO) to reflect the importance of this role.

**Strategy** is about the *content of the Strategic Plan*. It is the overall responsibility of the organization’s CEO, executive director or top management official. The prime Subject Matter Experts (SMEs) should be the chief executive and senior management, who obviously provide the key business acumen needed. In order to successfully implement change, strategic planning actions must detail the content of the Strategic Plan.

**Strategic Planning** is about the processes and structures of *developing and successfully implementing the Strategic Plan and strategy*. It is the responsibility of the SMO and CSO to guide this and facilitate its successful completion.

The Planning Department or SMO is a staff support department, assisting the chief executive and top management as they are the line executives in charge of the organization. **Don’t ever forget that!** The overall leader of the planning effort must be chief executive of the organization. It is the job of the Planning Department or SMO to support that person in making the planning and change happen. They are advisors to CEOs and senior management, not the CEOs themselves. It is the CEO’s planning meeting. Therefore, if the leader of the Strategic Planning Team has to leave a planning meeting session, the meeting should stop until he or she can return. It is a *big* mistake for CSOs to lead the meetings themselves.

*To “engineer success up front,” clarify and simplify your Planning Department roles vis-à-vis the CEO and management team.*

— Stephen Haines

Strategic Planning is the focus of the ASP (Association for Strategic Planning) Certification Program, rolled out new in 2010 with a Body of Knowledge reflecting 21st Century Best Practices. There are two levels of certification: The first level is the Strategic Planning Professional (SPP) and the second level is the Strategic Management Professional (SMP). The ASP defined Level II as a Strategic Management Professional Certification because it requires a broader Body of Knowledge than traditional Strategic Planning.

The purpose of this article is to know and understand the roles of Strategic Planning and Strategic Management Professionals, as well as the roles of others they will interact with, including the Board of Directors, CEO, senior management team, line managers and Strategic Business Units. The *Lead—Think—Plan—Act* model below illustrates how the ASP has researched and defined Strategic Planning and Strategic Management Professionalism for the 21<sup>st</sup> Century.

## #1 THE STRATEGIC LEADER

Leading Strategic Planning is a staff leadership responsibility, although other accurate terms are facilitating, coaching or advising. The best experts in facilitating the senior leadership team and their strategic planning process should be the SMO and CSO. Instead of being overall strategic change leaders, Strategic Planning Professionals (SPP) and Strategic Management Professionals (SMP) should *facilitate* this change process based on their 21st Century accumulated Body of Knowledge (BOK) from ASP.

### Level Two Certification

## STRATEGIC MANAGEMENT PROFESSIONAL<sup>SM</sup> (SMP)



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For example, the primary role of an internal certified SPP is usually as a member of the organization's planning unit. However, an internal SMP should be leader of the planning unit, or at least capable of doing so. Similarly, an external SMP's client should be a chief executive or other top leader in the organization, business unit or Major Functional Area (MFA). In a small- to mid-sized organization of 5,000 employees, the best positioning of a Certified SMP and CSO is to report directly to the CEO.

Remember, the foundation of this entire Strategic Management Process is not the CSO's business knowledge and industry acumen. The Collective Management Team are the best experts on these subjects (SMEs).

## #2 STRATEGIC THINKING

Strategic Thinking is the framework for beginning Strategic Planning. It should be based on Systems Thinking— "the natural way the world works." This is the foundation of the Haines Centre's ABC Simplicity and Universal Thinking Framework/ Core Technology depicted above.

The Strategic Management Office should carefully think about the natural process of change. In fact, the CEO, senior management and SMO should begin worrying and acting on the Rollercoaster of Change and implementation of the Strategic Plan at the beginning of the Strategic Planning process, not at the formal implementation step. Systems Thinking is vital to the correct answer, execution and sustainable success of any Strategic Plan.

## #3 STRATEGIC PLANNING

Strategic Planning determines the direction your organization is headed, the path to get there and measurable signs indicating that you have or have not arrived. While many strategic thinkers may already have an idea of what will go into their official Strategic Plan, developing a plan helps to clarify the organization's goals and ensure that all key senior and collective management officials are on the same page. However, the strategic planning process is just as important as the Strategic Plan document itself. If it does not reflect the consensus and understanding of senior and collective management, it will not be successfully implemented and the SPOTs Syndrome ("Strategic Plan on the Top Shelf... gathering dust) will set in.

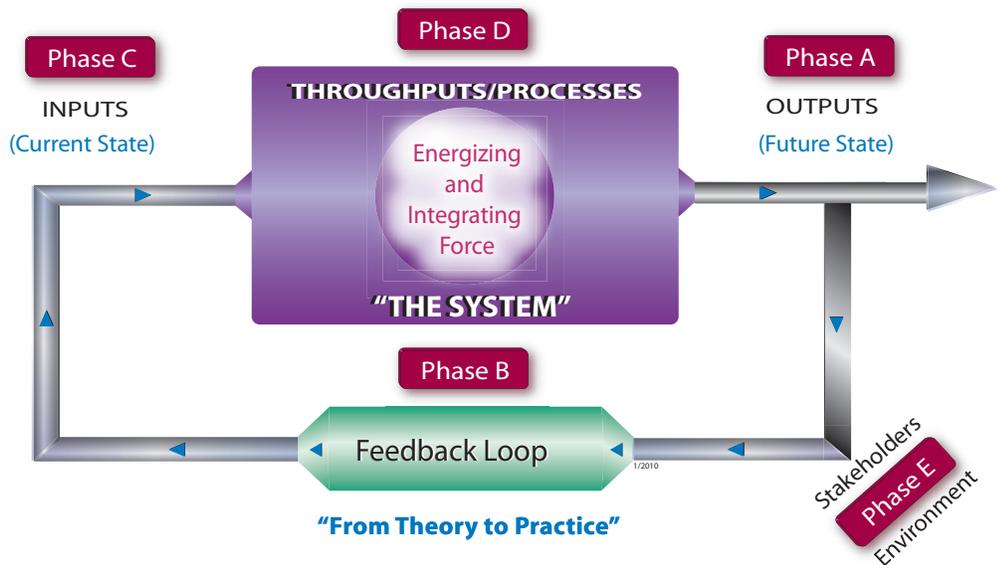
The framework for strategic planning is the ABCs of Systems Thinking. This approach involves five phases:

**Phase A: Output**— Creating your Ideal Future.

**Phase B: Feedback Loop**— Measuring success.

## THE SIMPLICITY OF SYSTEMS THINKING

"A New Orientation to Life" – Our Core Technology



Systems are made up of a set of components that work together for the overall objective of the whole (output).

**Phase C: Input into Action**— Analyzing today and converting strategies into actions.

**Phase D: Throughput Actions**— Implementing your plan successfully.

**Phase E: Future Environmental Scanning**— Observing, defining and acting on the future environmental trends and anticipated changes on an ongoing basis.

In a traditional policy board, the role of the Board of Directors is threefold:

1. Ensure financial viability of the organization over the long-term
2. Evaluate and, if necessary, hire/ fire the chief executive
3. Approve the Strategic Plan and track its results (Phase B)

Approving and tracking the Strategic Plan involves Phases E, A and B of the ABCs of Systems Thinking.

### Phase E: Future Environment

Although it is the last letter of Systems Thinking, Phase E is the first step to Strategic Planning. Systems Thinking employs "backwards thinking"— you decide where you want to be (Phases E and A), and then complete the steps to get there. To engineer success up front, you need to examine your future environment, ensuring that there are no external barriers to your success. Taking time for a future environmental scan ensures all possible scenarios that might derail your Strategic Plan have been considered.

Armed with this expertise, you are ready to define your Ideal Future Vision.

### Phase A: Desired Outcomes

A primary step in creating your Strategic Plan is deciding on your Ideal Future Vision—the magnet that pulls you toward the future by focusing on your desired outcomes and envisioning the year 2020, for example, as if it were today. Once you have decided on where you want to be, your Strategic Plan is ready to be developed, agreed upon and approved by the Board of Directors.

**Phase B: Measurable Results**

Having a way to track success is crucial to getting the results management wants and obtaining approval from the board. Measuring success requires a feedback loop, which involves tracking and reporting on a regular basis. This reporting should cover the four areas of the **Quadruple Bottom Line**:

1. Financial viability
2. Customer satisfaction
3. Employee satisfaction
4. Contribution to society

With measurable results developed, the Strategic Planning process is ready to move to Phase C (Current State/ SWOT assessments) and Phase D (Core Strategies and Annual Action Plans).

As you can see, planning processes and structures, as well as facilitative strategic leaders, are the primary foci of both Strategic Planning and Strategic Management Professionals. In fact, in

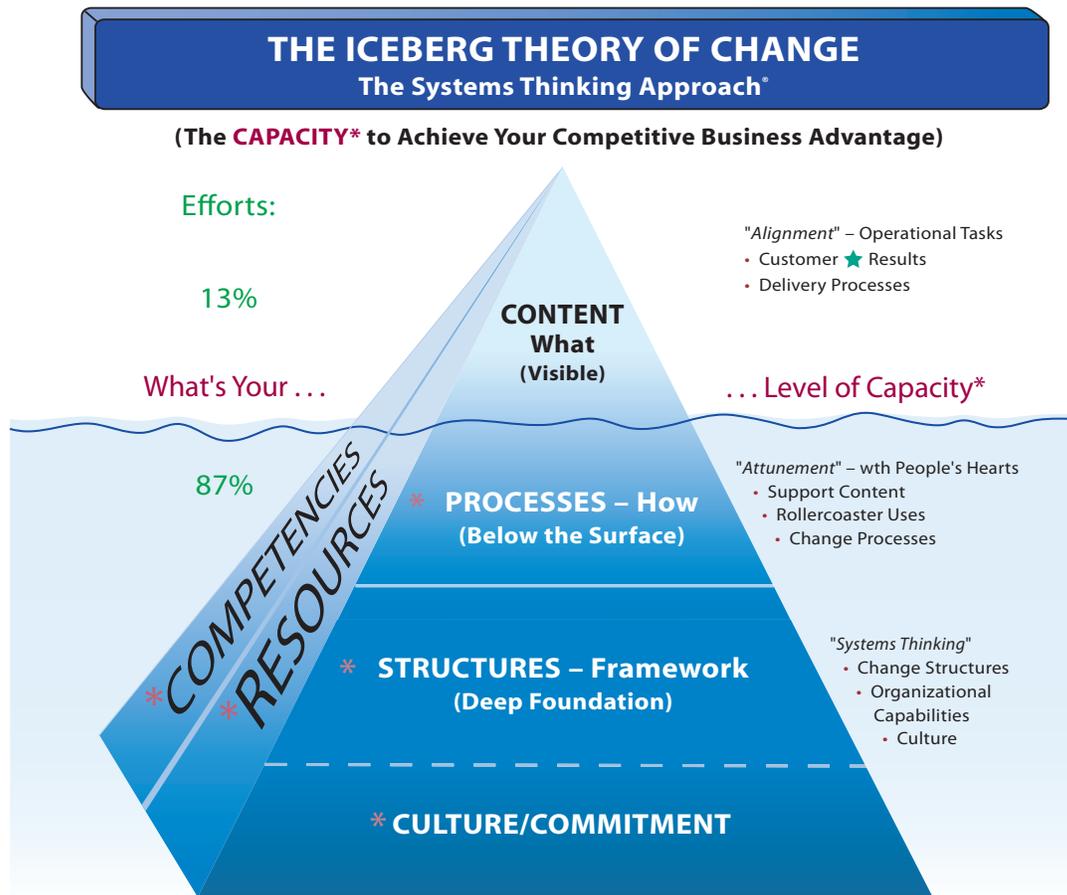
order to engineer success up front, *it is not important to define the planning content first.* Just set up the processes and structures correctly.

This is illustrated in the Iceberg Theory of Change model below. While only the tip of the iceberg—the content—is visible, the change processes, change structures and commitment to culture change below the surface make up the foundation of the iceberg. Therefore, strategic planning processes, structures and roles should be defined first in order to engineer success up front by the CSO and senior management.

The best experts on the Strategic Change process and structures should be the SMO and CSO. The CEO should be the best expert on the content. To plan successfully, all the key experts need to be involved, including senior and middle management, as well as employees. This is why we need a **Parallel Involvement Process** described in a separate article: “People support what they help create.” Involvement and input of key stakeholders in this process are crucial.

**#4 STRATEGIC ACTIONS**

The result of Strategic Management is effective execution and strategic change. Both Strategic Planning and Strategic Management Professionals should focus primarily on Strategic Plan implementation from day one.



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## Needed Support Cadre

To successfully develop and implement your Strategic Plan, it is important to have your support cadre and their typical tasks clearly defined:

### Staff and Support Team and SMEs

#1 Strategic Planning	<ul style="list-style-type: none"> <li>• Strategic/ Annual Planning</li> <li>• Business Planning</li> <li>• Current State Assessment</li> </ul>
#2 Finance	<ul style="list-style-type: none"> <li>• Key Success Measure coordinator</li> <li>• Budgeting</li> <li>• Current State Assessment</li> </ul>
#3 Human Resources	<ul style="list-style-type: none"> <li>• Performance/ Rewards management</li> <li>• Training and Development</li> </ul>
#4 Communications	<ul style="list-style-type: none"> <li>• Updates after each meeting</li> <li>• Print final plan/ plaques</li> <li>• Rollout plan</li> </ul>
#5 Subject Matter Experts (SMEs)	<ul style="list-style-type: none"> <li>• Experts in specific business topics</li> <li>• Internal or external</li> <li>• Project/ Process Team leaders</li> </ul>
#6 Administrative Assistant	<ul style="list-style-type: none"> <li>• Logistics/ Follow-up</li> <li>• Laptop minutes/ Document revisions</li> <li>• Drafts Strategic Plan</li> </ul>
#7 Internal Coordinator	<p><i>Minimum List:</i></p> <ul style="list-style-type: none"> <li>• Parallel process</li> <li>• Internal facilitator</li> <li>• Coordinates entire process (inc. facilitating the first six categories)</li> <li>• Facilitates Change Leadership Team</li> <li>• Teach organization about this</li> </ul>
#8 External Consultant	<ul style="list-style-type: none"> <li>• Facilitates Planning/ Change Leadership Team and project teams</li> <li>• Develops internal coordinator/ SPP/ SMP</li> <li>• Devil's advocate/ Tough choices</li> <li>• Advisor on all Planning/ Leadership/ Change efforts</li> <li>• Year-long advisor and partner to CSO/ chief executive/ senior management</li> </ul>

## TERMINOLOGY CONFUSION: A FINAL WORD

The definition of “strategy” is often vague and confusing. Different management consultants and the media use different definitions and ideologies for this important concept.

Since the time of Alfred Sloan and the beginning of General Motors, the old axiom has been: “Mission leads to strategies leads to structure.” This axiom still remains the same today— only the terminology has changed.

In **Systems Thinking**, the “mission and vision” are the desired outcomes, called the Ideal Future Vision(Phase A). Other words for outcomes include outputs, results, core values, positioning or competitive advantage. All of these terms are different ways to say your *desired ends*.

**Strategies**, however, are the *primary means*, or the “how to” to achieve these future ends or outcomes. They are the major methods, means or approaches that bridge the gap from today to your Ideal Future Vision. They are the coherent, unifying, integrating and organizing business glue that *should* hold an organization together.

**Strategic Planning** is about the process of identifying these desired outcomes and strategies. The main purpose of Strategic Planning is to gain an edge in the marketplace. What distinguishes Strategic Planning from other kinds of planning is *competitive advantage* or your *positioning* in the marketplace. Without competitors there would be no need for strategies, since the main purpose of the Strategic Planning process is to enable the company to gain a sustainable edge over its competitors in the marketplace.

**NOTE:** The word “Strategy” (singular with a capital “S”) is even more confusing, as it usually means either the main desired outcome or the primary Strategy (means) or even positioning (the end). Watch out for the use of this word, as it is very confusing in most discussions; ask for clarification if it is defined as “means” or “ends”— singular or plural?

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