Best Practices Report

A State of the Art Research Report on Reinventing Strategic Planning in the 21st Century

The Top 12 Common Mistakes Most Organizations Make

Based on the

Haines Centre for Strategic Management's

Strategic IQ Audits

2

Written By

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Global Partners,

Haines Centre for Strategic Management

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THINK DIFFERENTLY!

BEST PRACTICES REPORT:

A STATE-OF-THE-ART RESEARCH REPORT ON REINVENTING STRATEGIC PLANNING IN THE 21ST CENTURY

USING THE SYSTEMS THINKING APPROACH® ON A DAILY, WEEKLY, MONTHLY AND YEARLY BASIS

The Top 12 Common Mistakes Most Organizations Make

Based on:
Haines Centre for Strategic Management's *Strategic IQ Audit*, *Strategic Management: It's Simple* Assessment Instrument and 50 Years of Scientific Research on Systems Thinking

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BACKGROUND

This State-of-the-Art Best Practices Report is the result of a blend of four fundamental sources:

- The Strategic Planning and Strategic IQ Audits that the Haines Centre conducts with organizations of all types and sizes.
- Our interpretation and translation of others' Strategic Planning Best Practices Research (we do not perform original research ourselves).
- Haines Centre Strategic Planning consulting practices in over 25 countries
- Our interpretation and translation of the work of the Society for General Systems Research for over 50 years (Now www.isss.org)

Each number below is representative of the "natural way the world works".

Can you figure out what each means?

26	13
12	10
4	3
2	

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STRENGTHS OF MANY ORGANIZATIONS IN REINVENTING STRATEGIC PLANNING ON A DAILY. WEEKLY. MONTHLY AND YEARLY BASIS

A 21st Century Strategic IQ Audit

Most organizations these days understand that Strategic Planning is a crucial task they need to accomplish. We, at the Haines Centre, have seen, analyzed, audited and participated in facilitating more than 500 Strategic Planning processes for over 16 years, including attendees at our world-wide public seminar, entitled "Reinventing Strategic Planning for the 21st Century".

The typical process we encounter and assess through our Strategic IQ Audit has a common set of strengths and weaknesses with many other Strategic Planning processes.

It is true that the typical Strategic Planning process is seen as somewhat effective and that many planners and CEOs are pleased with the process they are currently using. Yet as the Haines Centre for Strategic Management's Founder and CEO, I know that over 75% of all Strategic Plans and major desired changes fail to reach their goals (Haines, Stephen et. al., *Enterprise-Wide Change*, Jossey-Bass, 2005)

Some components of these processes that are effective include:

1. A Strategic Plan and document
2. The focus on Goals (called by many different names)
3. The continuity of the process year after year to improve and institutionalize planning
4. An Annual Review and Update of the document each year
5. The focus on a Mission, Vision and Core Values
6. A detailed list of actions that underlie the Goals
7. The extensive use of key measures/metrics, especially financial
8. A highly committed and knowledgeable Strategic Planning staff.

Yet, why do about 75% of all major changes fail to achieve their objectives?

These strengths are *"necessary but not sufficient"* for success.

SINGULAR CHANGE EFFORTS FAIL

THINK DIFFERENTLY

THINK STRATEGICALLY: DAILY, WEEKLY, MONTHLY, YEARLY
Using the Systems Thinking Approach®

SINGULAR CHANGE EFFORTS FAIL

"A single and one time intervention
will not change much of anything,
except for another short term fix"

"Real change requires multiple strategies
focused on clear outcomes"

—OD Practitioner, May 2007

"Problems that are created by our current level of thinking can't be solved by that same level of thinking"
—Albert Einstein

"So…if we generally use analytical thinking, we now need real "Systems Thinking" to resolve our issues"
—Stephen G. Haines

THINK + PLAN + ACT = RESULTS

How you think
is how you plan
is how you act
and that
determines the results you
get in work and life

THE TOP 12 STRATEGIC MANAGEMENT MISTAKES MADE BY ORGANIZATIONS

The Haines Centre for Strategic Management uses a state-of-the-art methodology called The Systems Thinking Approach® to Strategic Management in our Strategic IQ Audits. It is better known as the ABCs of Strategic Management (A-B-C-D-E Phases)

We will use it here as a framework to understand these Top Twelve Strategic Management Mistakes.

Read on as we discuss the Top 12 Strategic Management Mistakes and Best Practices for each.

PROBLEM #1:
Failure to understand the need to start planning in the future first.

BEST PRACTICE:
"Begin with the end in mind" – Stephen Covey

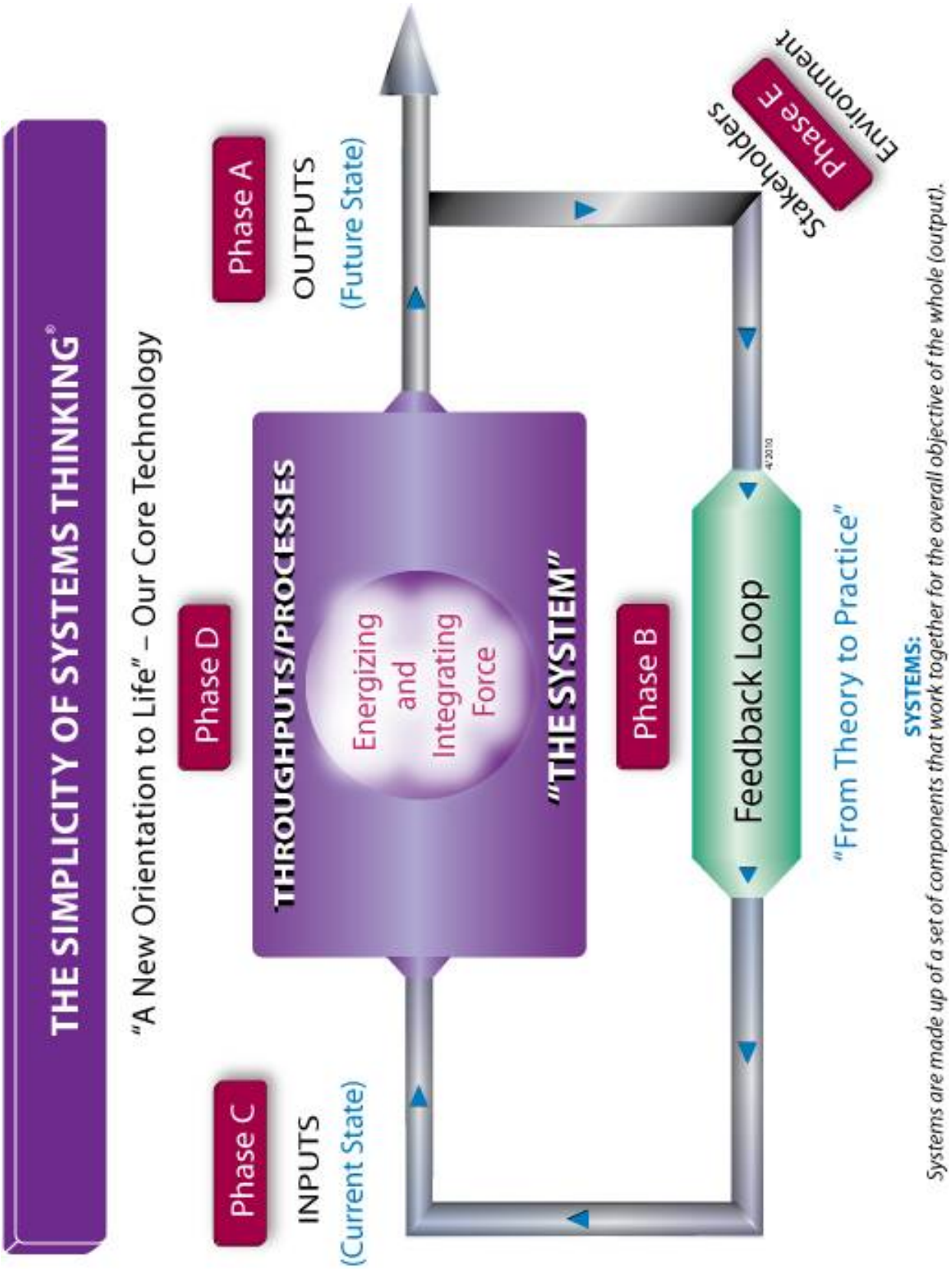
Many organizations conduct a SWOT Analysis (Strengths, Weaknesses, Opportunities, Threats) as a way to begin their Strategic Planning. There are two problems with this.

First of all, starting with the Current State is akin to getting in your car at home and starting to drive and look at the traffic in the street in front of you and not knowing which way to turn because you have no destination in mind. So, in good Strategic Management, first have to know your purposes and destination. Yogi Berra is reputed to have said that "If you don't know where you are going, any road will get you there". He is right, start with your destination, and work backwards to today's Current State in order to go forward.

Secondly, starting with your Desired Future makes it act like a magnet, pulling your organization into its preferred future. It will create a BIGGER GAP between where you are today and where you want to be in the future, causing you either to lower your expectations or ensure you have the more transformational Core Strategies required to reach your Vision.

For related knowledge and best practices, go to www.SystemsThinkingPress.com **for items including:**

Article: Strategic and Systems Thinking - Code: ASST
Assessment Instrument: Are You a Strategic Thinker? - Code: IALE
Color Model: ABCs of Strategic Management/ABCDE Systems Thinking Phases - Code: MALE-THINKING


THE SIMPLICITY OF SYSTEMS THINKING®
"A New Orientation to Life" – Our Core Technology
Phase A
OUTPUTS
(Future State)
Phase D
THROUGHPUTS/PROCESSES
Energizing and Integrating Force
"THE SYSTEM"
Phase B
Phase C
INPUTS
(Current State)
Feedback Loop
Stakeholders
Phase E
Environment
"From Theory to Practice"
SYSTEMS:
Systems are made up of a set of components that work together for the overall objective of the whole (output).

PROBLEM #2:
More of the Same is the likely outcome of most Strategic Plans

BEST PRACTICE:
Develop a Yearly Strategic Management and Cycle that challenges your insanity

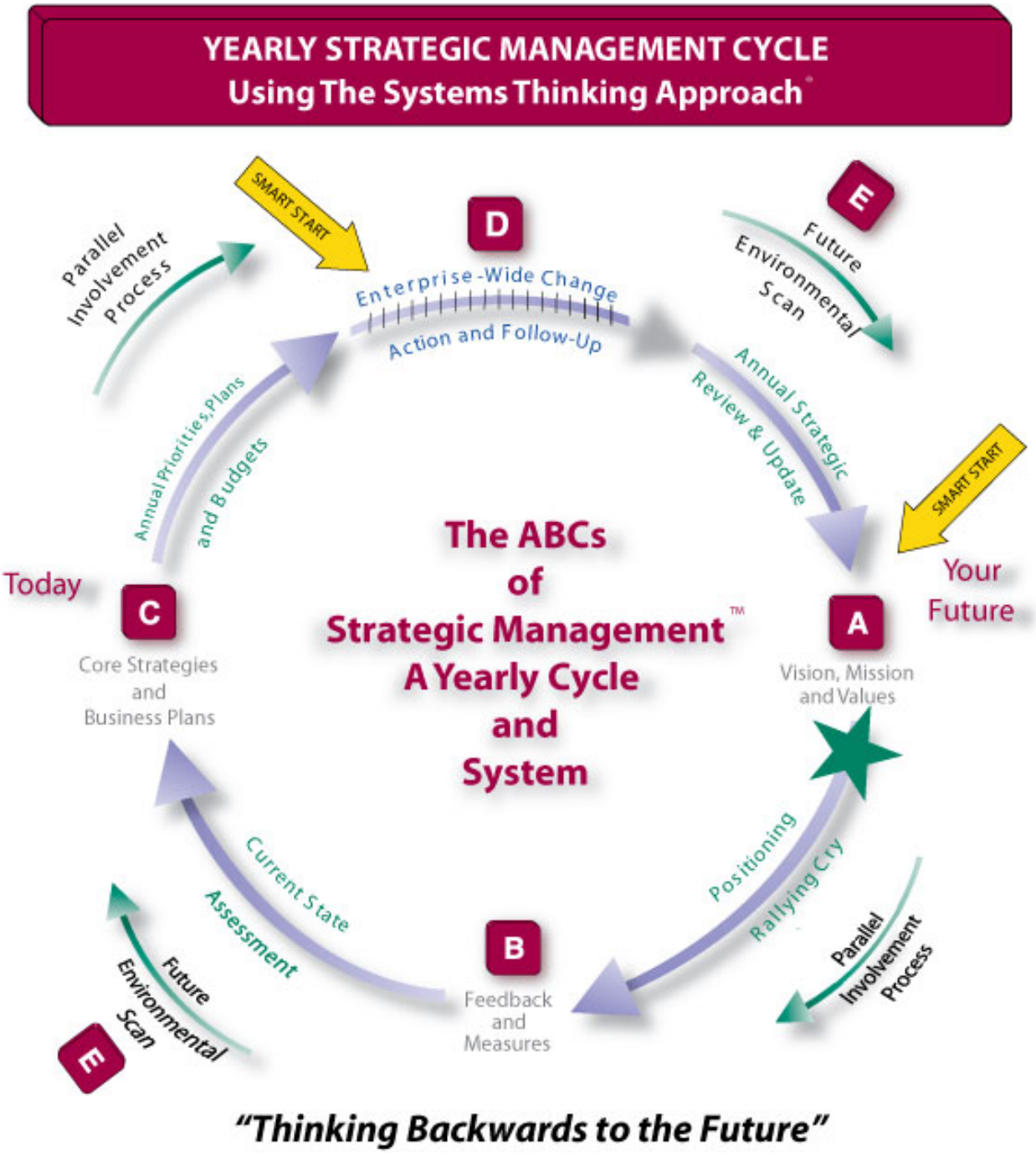
The Strategic Planning Department and the entire Senior and Middle Management teams need to continue to focus more on a holistic approach to Strategic Thinking, Strategic Planning, and Strategic Change in order to transform the organization to its desired outcomes. Without this focus, *More Of the Same* (MOS) is likely to be the result, and is the definition of **Insanity**—*doing the same things in the same way and expecting different results.*

Senior Management needs to decide in detail what the value of the Yearly Strategic Management System and Cycle is to them, and then to use and sustain this as their SYSTEM of MANAGING STRATEGICALLY all year long, day after day, month after month, year after year. They must make sure it is tailored, clarified, and simplified to fit their needs and requirements.

Further, deciding when to use an outside facilitator and when to use the in-house expertise needs further discussion and decisions on a strategic basis. External facilitators can do things that are difficult to do as an in-house facilitator. An external facilitator typically more fully understands the complex group and behavioral dynamics involved here.

For related knowledge and best practices, go to www.SystemsThinkingPress.com **for items including:**

Article: The ABCs of Strategic Management– Code: AABC
Assessment Instrument: Integrated Strategic Planning and Management – Code: IISM
Color Model: Yearly Strategic Management System and Cycle – Code: MRSP-SM


YEARLY STRATEGIC MANAGEMENT CYCLE
Using The Systems Thinking Approach®
SMART START
D
Enterprise-Wide Change
Action and Follow-Up
E
Future Environmental Scan
Annual Strategic Review & Update
SMART START
Your Future
A
Vision, Mission and Values
Positioning
Rallying Cry
Parallel Involvement Process
B
Feedback and Measures
Current State Assessment
Future Environmental Scan
E
C
Core Strategies and Business Plans
Today
Annual Priorities, Plans and Budgets
Parallel Involvement Process
The ABCs of Strategic Management™ A Yearly Cycle and System
"Thinking Backwards to the Future"

PROBLEM #3:
Focusing on a SWOT analysis too soon

BEST PRACTICE:
Phase E: Future Environmental Scanning is key in today's world

Most organizations start their entire process at the wrong place. They typically start with a SWOT process that analyzes today's current state. Instead, they need to start with the Future Environment in a more rigorous and future-oriented formal Future Environmental Scan Program. This includes looking out three-five years (the length of your Strategic Plan as a minimum) using our SKEPTIC Framework. Then, the organization can begin working backwards from the Future Scan to developing more in depth Implications for the Opportunities and Threats of today (the external part of SWOT).

A Future Environmental Scan program includes creating Scanning Teams of six-seven management volunteers under each framework letter, led by a Team Champion who naturally has this as his/her functional responsibility as a member of senior management. It also includes more frequent meetings (more than once per year by senior management) on the results of this Environmental Scan (preferably every three to four months). It consists of a one-page report from each Scanning Team presented in the same face-face session. The added benefit of educating approximately seven members of these eight teams or 56 management members is there are now advocates of change—not advocates of problems created by executives and employees.

Without conducting a Future Environmental Scan prior to a SWOT analysis, there is no context for the senior management to discuss the external part of the SWOT.

For related knowledge and best practices, go to www.SystemsThinkingPress.com **for items including:**

Article: Environmental Scanning – Code: AES
Assessment Instrument: Acting With Conscious Intent – Code: ICVA
Color Model: Strategic Thinking: ABCs Model – Code: TABC

SKEPTIC WORKSHEET

Future External Environmental Scanning/Trends

List the 5-10 Future External Environmental Trends - Projections facing you over the life of your plan:

(Implications for your organization today - i.e., Opportunities and Threats come next: Backwards Thinking)

S Socio-Demographics (People/Society):

K Competition/Substitutes:

E Economics:

E Ecology:

P Political/Regulatory:

T Technology:

I Industry/Suppliers:

C Customer/Citizens:

HAINES CENTRE for STRATEGIC MANAGEMENT®

PROBLEM #4:
Platitude and form over substance for Ideal Future Visions/Missions/Values Statements

BEST PRACTICE:
Phase A: Ideal Future Vision and Mission with implementable details and specifics

Most organizations have a form of a Vision/Mission Statement of their aims or ideal. However, they continue to be too general, not specific and too full of platitudes such as "provider of choice, the best, world class, best value, value-added products and services" and the like.

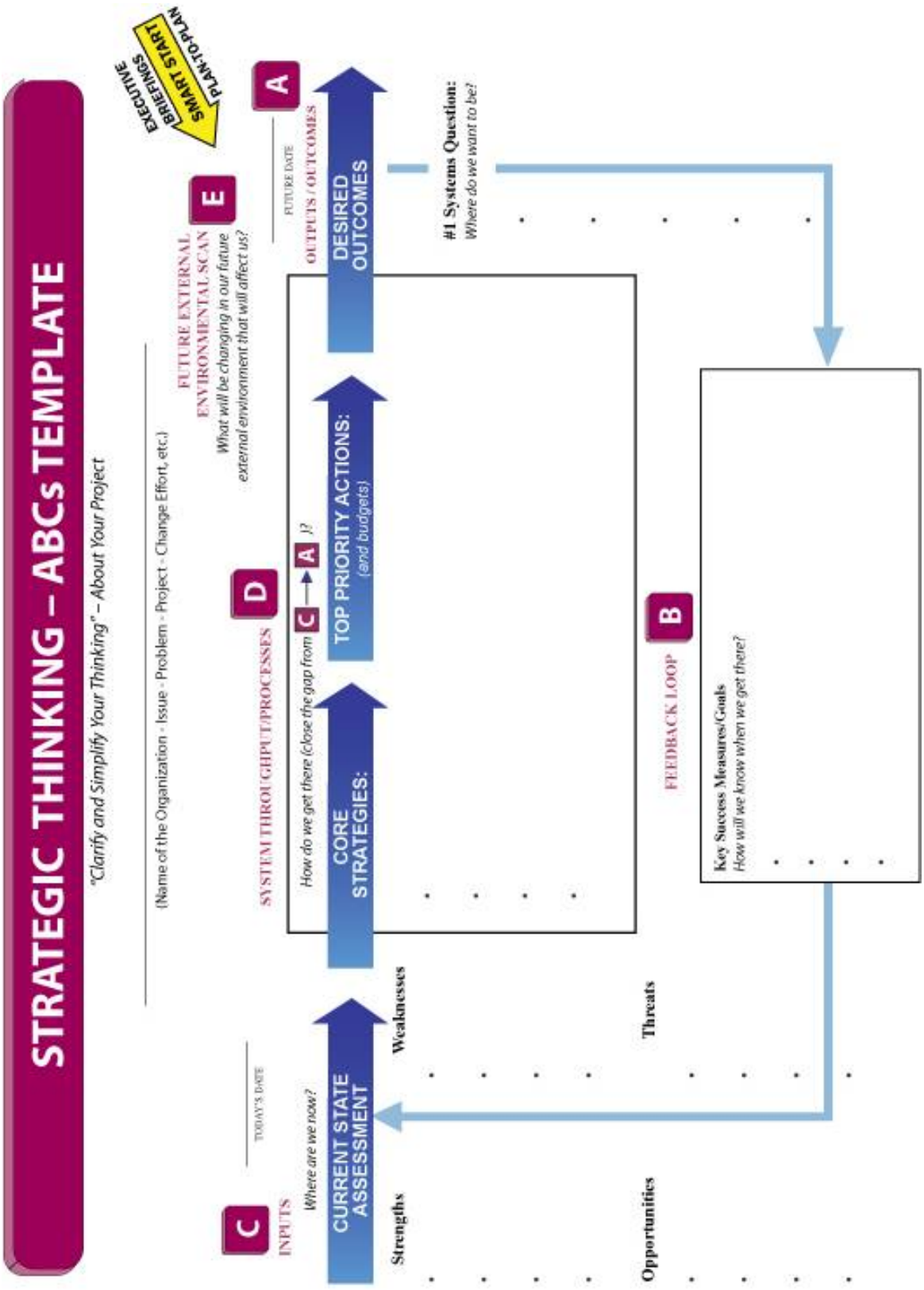
The issue with a well-written Mission Statement is not just a short number of visionary words, but giving clear and specific strategic direction to the organization. It includes the answers to questions:

- **Who** are our primary customers by name or market segment, including geographic limitations?
- **What** are our primary products and services we will provide our customers and what are their benefits (not just their features)?
- **Why** do we provide these products and services to these customers—i.e. What are the benefits to them and to us both?

As if this is not clear and specific enough, the
organization cannot gauge it's success in *Marketplace Positioning*

For related knowledge and best practices, go to www.SystemsThinkingPress.com **for items including:**

Article: Becoming a Strategic Thinker – Code:ABST
Assessment Instrument: Why 75% of Change Efforts Fail – Code: ICEF
Color Model: Strategic Thinking: ABCs Model – Code: TABC


STRATEGIC THINKING – ABCs TEMPLATE
"Clarify and Simplify Your Thinking" – About Your Project
(Name of the Organization - Issue - Problem - Project - Change Effort, etc.)
EXECUTIVE BRIEFINGS
SMART START PLAN-TO-PLAN
C
INPUTS
TODAY'S DATE
Where are we now?
CURRENT STATE ASSESSMENT
Strengths
Weaknesses
Opportunities
Threats
SYSTEM THROUGHPUT/PROCESSES
D
How do we get there (close the gap from C → A)?
CORE STRATEGIES:
TOP PRIORITY ACTIONS:
(and budgets)
FUTURE EXTERNAL ENVIRONMENTAL SCAN
What will be changing in our future external environment that will affect us?
E
A
FUTURE DATE
OUTPUTS / OUTCOMES
DESIRED OUTCOMES
#1 Systems Question:
Where do we want to be?
FEEDBACK LOOP
B
Key Success Measures/Goals
How will we know when we get there?

PROBLEM #5:
Missing and not understanding Marketplace Positioning: The Ph.D. of Strategy

BEST PRACTICE:
Develop a clear and well understanding of Marketplace Positioning

The Million Dollar Question in Strategy is "*What is your desired Marketplace Positioning?*" The answer to what creates your competitive advantage and goes by many names such as Strategy, Strategic Intent, Value Proposition, Competitive Edge, Image, Reputation, Brand, etc. It gives clarity and specificity on where your entire organization should focus its energy in order to be successful.

Over 50% of all organizations we first meet are not ready or have the requisite Strategic IQ to discuss this question, even fewer have a good answer to it. We estimate that about 80% of all organizations have no Positioning to create their Competitive Advantage.

Positioning is defined as:
What is unique, different, and better about us in the eyes of our customers vs. the competition in our defined marketplace that causes them to want to do business with us.

What makes this so difficult to understand and to answer is that it hinges on two key factors:

(1) *What choices do organizations have to choose from to define their Positioning?* Our extensive three year research found that there is now a demanding consumer who wants it all—resulting in what we call **"World-Class STAR Positioning"** that has five different Groupings of choices that consumers want from almost all businesses these days:

- **Total Cost**
- **Quality**
- **Responsiveness**
- **Caring Customer Service**
- **Choice**

(2) However, to make this even more complex, the other key factor is that *there are three levels of Positioning and Competitiveness:*

[1] **Competitive Advantage** (Positioning)

[2] **Competitive** (Similar our competitors)

[3] **Uncompetitive** (Going out of business?)

Thus, organizations must simultaneously choose one of the five points of the STAR Positioning to have a Competitive Advantage and make sure the other four points on the STAR remain competitive with their competitors. To fall behind on any of these five points on the STAR and become uncompetitive is to invite loss of market share and eventual organizational failure and/or liquidation.

For related knowledge and best practices, go to www.SystemsThinkingPress.com **for items including:**

Article: Customer Focused Positioning – Code: ACFP
Assessment Instrument: What's Your Positioning Quotient? – Code: IPQ
Color Model: Value-Added Star Positioning/Value Proposition – Code: MCCV-POSITIONING

VALUE-ADDED STAR POSITIONING

YOUR COMPETITIVE BUSINESS ADVANTAGE – CREATING CUSTOMER VALUE THROUGH:

C = Personal Choice
Fashion, Control, Self, Customized, Tailored, Variety, Individuality, My/Me Image Comprehensive Choices, Mass Customization

S = Caring Service
Personal Service, Values, Feeling Impo Customer Relationships, Respect, Carir Emotions, Recovery Strategy, Integrity, Sensitivity, Familiar, Trust, Cultural, Exp

R = Delivery Responsiveness
Fast Delivery, Convenience, Methods, Timing, Speed, Distribution, Flexibility, Access, Ease of Doing Business, Support Services, Delivery Channels, Cooperation

Q = High Quality (Products & Services)
Features, Authentic, Simplicity, Information, Technology, Accuracy, Knowledge, Performance, Reliability, Functional, Durability, Uses, Consistenc Stability, Soundness, Unique, Innovative, Experien

T = Total Cost
Psychological Cost, Price, Life Cycle, Risk, Opportunity Costs, Waste/Environment, Working Conditions, Product/Services Costs

Value Proposition:
Brand/Recognition/Positioning = Perceived Customer Value = Outputs / Inputs = What I *Get* / What I Must *Give* = Benefits

PROBLEM #6
Enshrining activities vs. linking Key Success Measures/Goals to the vision

BEST PRACTICE
Phase B: Establishing and linking overall Key Success Measures/Goals

Most organizations know that it is crucial to have some "metrics" as part of a good Strategic Plan. However, most of the time the metrics become enshrined into *"comprehensive activity measures"*, not *Key Success Measures*. Key Success Measures do not measure activities, but rather high level measures of progress towards achieving the organization's vision, mission and values.

The clarity of purpose and then measuring success of that purpose is usually missing, as this metrics concept is very difficult to implement once you get past the usual financial outcomes.

Most of the measures are, not only *activity measures*, but also ONLY for the next year (or even less). Rather, a three-five year Continuous Improvement Matrix of all the Key Success Measures/Goals should be an essential component of each Strategic Plan.

Organizations need to build on the current measures to create a longer-term set of Key Success Measures/Goals out three to five years. They should include a focus on a balanced set of *Quadruple Bottom Line* results measures including:

(1) Financials

(2) Customer satisfaction

(3) Employee satisfaction

(4) Contribution to society

Key operational measures are a fifth measurement area and are extremely important as well. Most organizations can track one or two daily measures (such as % of hotel rooms occupied) and can project from that pretty well how they are doing financially. So, perhaps there are five areas to measure; just be sure to differentiate between these operational measures and the Key Success Measures/Goals.

One word of caution: The Balanced Scorecard Concept started with this idea of a balanced set of measures—but it has morphed into a Strategy Map Concept which has tried to become much more than a set of balanced measures, confusing many organizations that think it is a full Strategic Management System when it is not.

For related knowledge and best practices, go to www.SystemsThinkingPress.com **for items including:**

Article: Reinventing Strategic Planning – Code: ARSP
Assessment Instrument: Key Success Measures/Goals Matrix/Yearly Goal Setting – Code: IKSM
Color Model: Quadruple Bottom Line/Continuous Improvement Matrix – Code: MRSP-FAILURE

KSM CONTINUOUS IMPROVEMENT MATRIX
(Backwards Thinking)

KSM Overall Coordinator is: *Bob Brown, MIS Manager* Name/Title

KSM Areas (Headers) with Specific Factors for Each	Baseline Target	Intermediate Targets			Target	Ultimate Target	*Specific KSM Coordinator*	*KSM Achievement Accountability*
	2011	2012	2013	2014	2015			
1. Employee Satisfaction								
2. Customer Satisfaction								
3. Financial Viability								
4. Community/Society								
5. Key Operational Indicators								

PROBLEM #7:
Ritualistic and meaningless SWOT analyses vs. Best Practices Assessments

BEST PRACTICE:
Phase C: Conduct an in-depth, robust and data-rich Current State Assessment

Many organizations conduct a SWOT Analysis (Strengths, Weaknesses, Opportunities, Threats) as a way to begin their Strategic Planning. There are two problems with this. The first problem is that a SWOT in most organizations is too superficial an analysis. Secondly, it is not rigorous enough with just conducting a brainstorming of the each of the four letters. Instead a much more rigorous analysis should be done of both the SW Internal Assessment and the OT External Assessment. To whit:

Internal Assessment (SW):

We strongly recommend an Organization-Wide Systems Assessment of the type that the Malcolm Baldrige Quality Award for Performance Excellence provides. We at the Haines Centre have conducted a two-year study of our own Systems Assessment compared to the Baldrige one and created a newer version that is "built on the Baldrige" called the *Business Excellence Architecture.*

This Enterprise-Wide Assessment, built on the Baldrige, is seven times richer than the usual SW as it has seven more categories or elements in which to do a SW. These categories include the ones in the Baldrige and some others as well, since the Baldrige is a static snapshot and organizations are dynamic in nature. Hence our seven organizational categories:

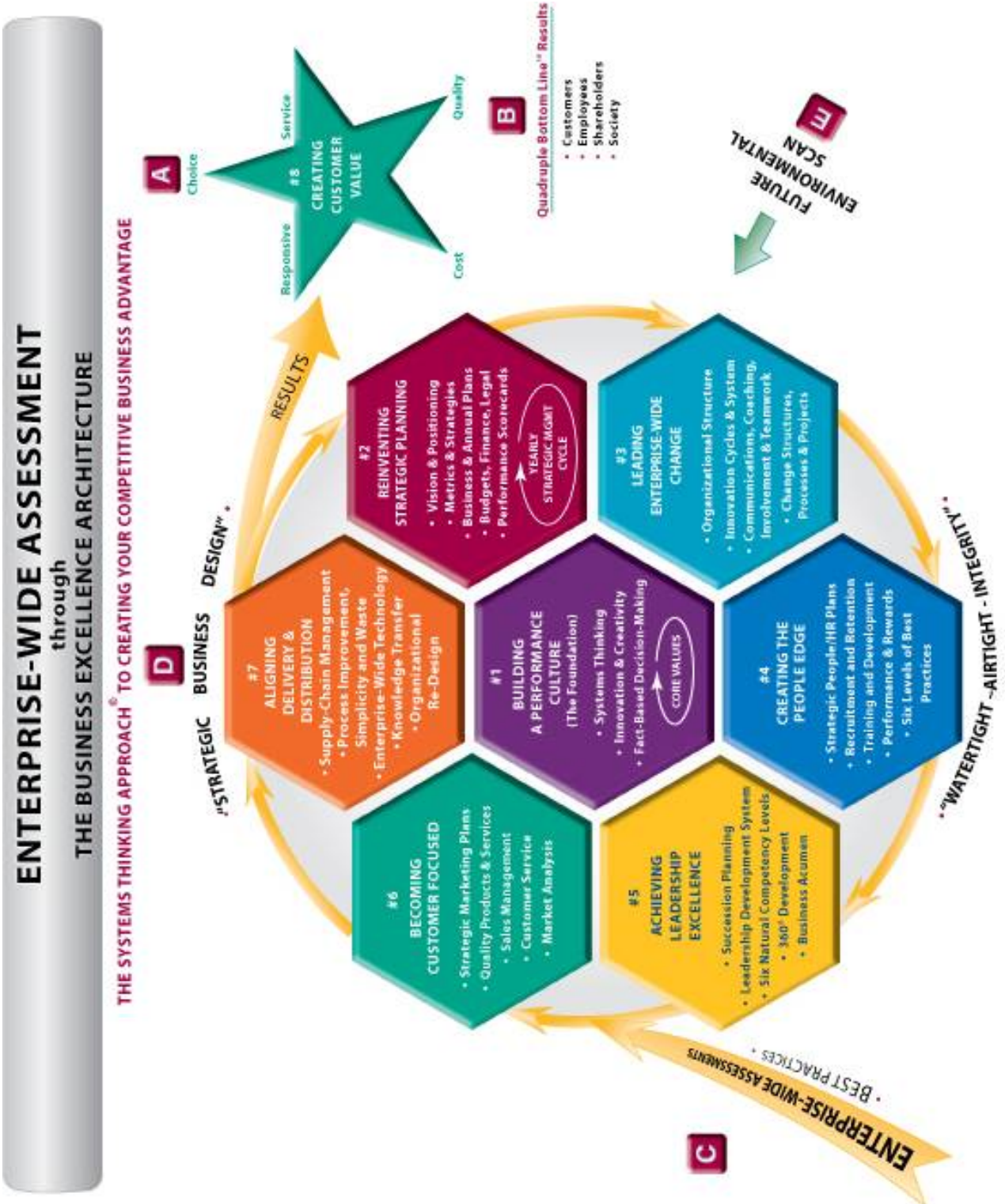
1. Building a Performance Culture (The Systems Thinking Approach®)
2. Reinventing Strategic Planning into Strategic Management
3. Leading Enterprise-Wide Change
4. Creating the People Edge
5. Achieving Leadership Excellence
6. Becoming Customer Focused
7. Aligning Distribution and Delivery

External Assessment (OT):

This was conducted previously in Phase E: Future Environmental Scanning, and we discussed the crucial need to look into the future for the trends and disruptions that might affect us. Once this has been done with rigor as described there, then *thinking and working backwards* from it to the *implications* to today's Current State will give us a much richer set of Opportunities and Threats to exploit. Without this future orientation, the tendency is just to look around us in a brainstorm of what we already know, running blindly, without a real peering into the dynamic and disruptive future.

For related knowledge and best practices, go to www.SystemsThinkingPress.com **for items including:**

Article: Creating Customer Value – Code: ACCV
Assessment Instrument: Business Excellence Architecture – Code: IBOB/TEWA
Color Model: Enterprise Wide Assessment – Code: MADD-BEA


ENTERPRISE-WIDE ASSESSMENT
through
THE BUSINESS EXCELLENCE ARCHITECTURE
THE SYSTEMS THINKING APPROACH® TO CREATING YOUR COMPETITIVE BUSINESS ADVANTAGE
A
Choice
Service
Quality
Cost
Responsive
#8 CREATING CUSTOMER VALUE
B
Quadruple Bottom Line™ Results
• Customers
• Employees
• Shareholders
• Society
FUTURE ENVIRONMENTAL SCAN
E
RESULTS
"STRATEGIC BUSINESS DESIGN™"
D
#7 ALIGNING DELIVERY & DISTRIBUTION
• Supply-Chain Management
• Process Improvement, Simplicity and Waste
• Enterprise-Wide Technology
• Knowledge Transfer
• Organizational Re-Design
#2 REINVENTING STRATEGIC PLANNING
• Vision & Positioning
• Metrics & Strategies
• Business & Annual Plans
• Budgets, Finance, Legal
• Performance Scorecards
YEARLY STRATEGIC MGMT CYCLE
#3 LEADING ENTERPRISE-WIDE CHANGE
• Organizational Structure
• Innovation Cycles & System
• Communications, Coaching, Involvement & Teamwork
• Change Structures, Processes & Projects
#1 BUILDING A PERFORMANCE CULTURE (The Foundation)
• Systems Thinking
• Innovation & Creativity
• Fact-Based Decision-Making
CORE VALUES
#4 CREATING THE PEOPLE EDGE
• Strategic People/HR Plans
• Recruitment and Retention
• Training and Development
• Performance & Rewards
• Six Levels of Best Practices
#6 BECOMING CUSTOMER FOCUSED
• Strategic Marketing Plans
• Quality Products & Services
• Sales Management
• Customer Service
• Market Analysis
#5 ACHIEVING LEADERSHIP EXCELLENCE
• Succession Planning
• Leadership Development System
• Six Natural Competency Levels
• 360° Development
• Business Acumen
"WATERTIGHT - AIRTIGHT - INTEGRITY"
ENTERPRISE-WIDE ASSESSMENTS
• BEST PRACTICES •
C

PROBLEM #8:
Confusion of Means and Ends regarding Goals, Objectives and Strategies

BEST PRACTICE:
Become clear on Means and Ends of Goals, Objectives and Strategies

Phase A in The Systems Thinking Approach® is clearly about defining your desired outcomes: your ends, your results, your Ideal Future, etc. Phase B, the feedback loop is about finding ways to measure success of that Desired End State. It should be developed by taking the key phrases from the Vision, Mission, Positioning and Values (such as "value-added services") and figure out how to measure the phrase's success.

It is not about how to get to the End State, but a set of measures **OF** the End State that allow us to concretely know we are successful in achieving it.

The problem here is with the terms "goals and objectives". What do they mean? Are they MEANS to achieving the ENDS or are they the ENDS themselves? The words are so confusing in their common use that we prefer not to use them at all if possible. If you want to use them in your organization, be VERY CLEAR which they represent: Means or Ends. We reluctantly use Goals as synonymous with Key Success Measures since the most common meaning actually seems to be that Goals are measurements of the ENDS—i.e. "measurable goals or SMART goals".

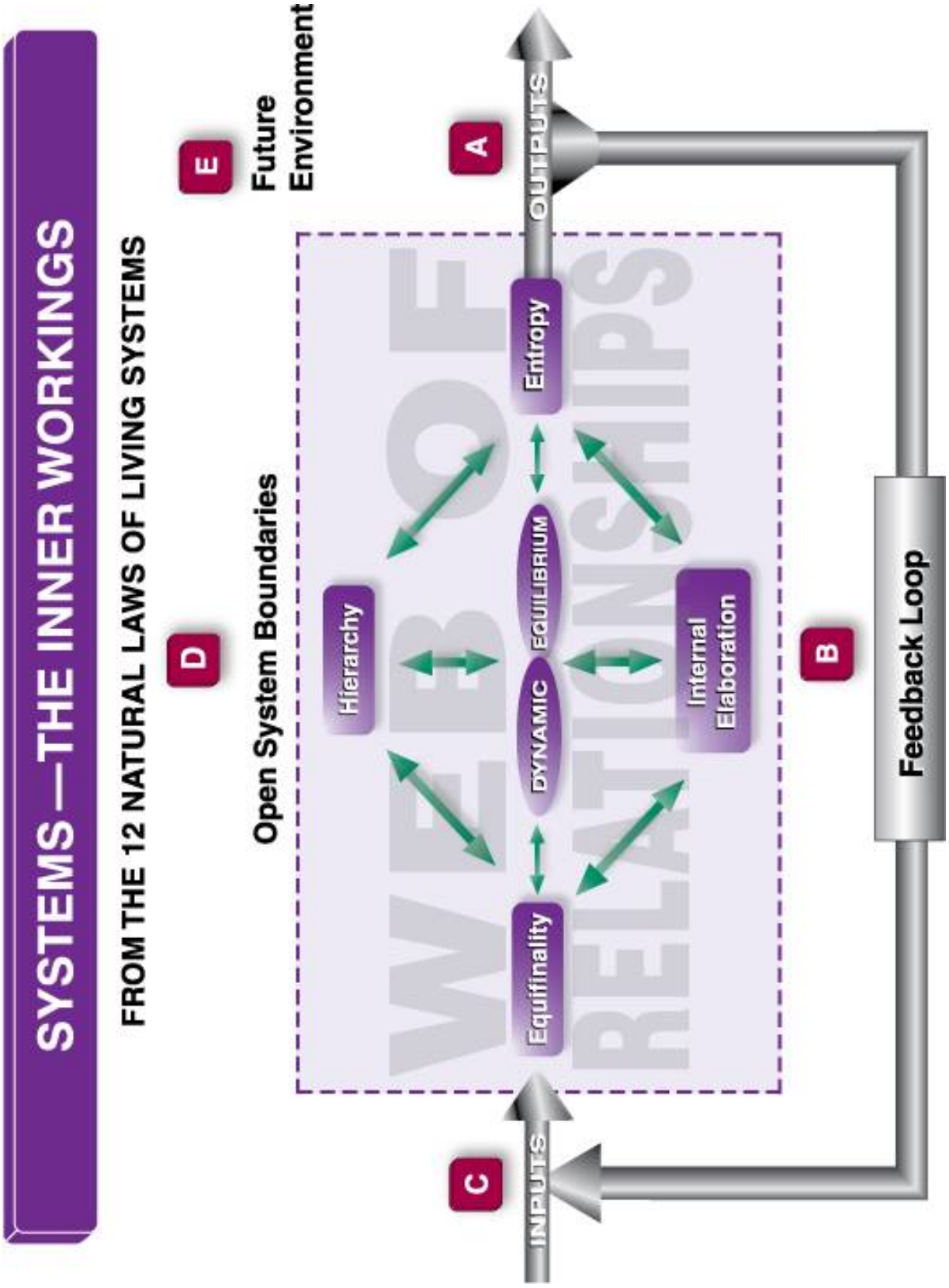
The other problematic term is Strategy or Strategies (plural). Strategic Planning is the highest level, and length of time for which an organization plans. So, why is it that so many organizations do not even use this word? And when they do, it is confusing. Do they mean it as Strategy (singular with a Capital S) that is just another word for Positioning or Desired Outcomes (ENDS) above?

Or do they mean it as "core strategies" (plural) which are set of focused and integrated methods, approaches, groups of actions, that are the PRIMARY MEANS to the ENDS? This is the one we clearly prefer, as do many progressive strategic thinkers. Above all, do not use it in both ways at once. Strategies come before Tactics!

In Summary, clarify the use of the words Goals and Objectives whether they are the desired outcome measures of success (Goals) or the Core Strategies (primary means to achieve the Goals). Use them consistently and build them correctly into your organizational language.

For related knowledge and best practices, go to www.SystemsThinkingPress.com **for items including:**

Article: Strategic Management Failures – Code:ASMF
Assessment Instrument: Strategic and Systems Thinking – Code: ISST
Color Model: Systems: The Inner Workings – Code: MRSP-03


SYSTEMS—THE INNER WORKINGS
FROM THE 12 NATURAL LAWS OF LIVING SYSTEMS
D
E
Future Environment
Open System Boundaries
A
OUTPUTS
Entropy
WEB OF RELATIONSHIPS
Hierarchy
EQUILIBRIUM
DYNAMIC
Internal Elaboration
Equifinality
B
Feedback Loop
C
INPUTS

PROBLEM #9:
Silo departmental goal setting

BEST PRACTICE:
The importance and lack of shared Core Strategies for all departments

When cascading the Strategic Plan to other levels of the organization, the key question is

"what is the GLUE for the organization to ensure a "line of sight" up and down the accountability chain?"

We strongly recommend that the Core Strategies become the guide and BUSINESS GLUE for the entire organization each year. This includes using them as The Yearly Goals for all departments to guide the development of their Annual Work Plans (which would include their Business Level Critical Issues).

Most people know that "less is more" when it comes to developing Core Strategies. We recommend three to seven maximum Core Strategies, in order to focus the organization on the key levers for future success.

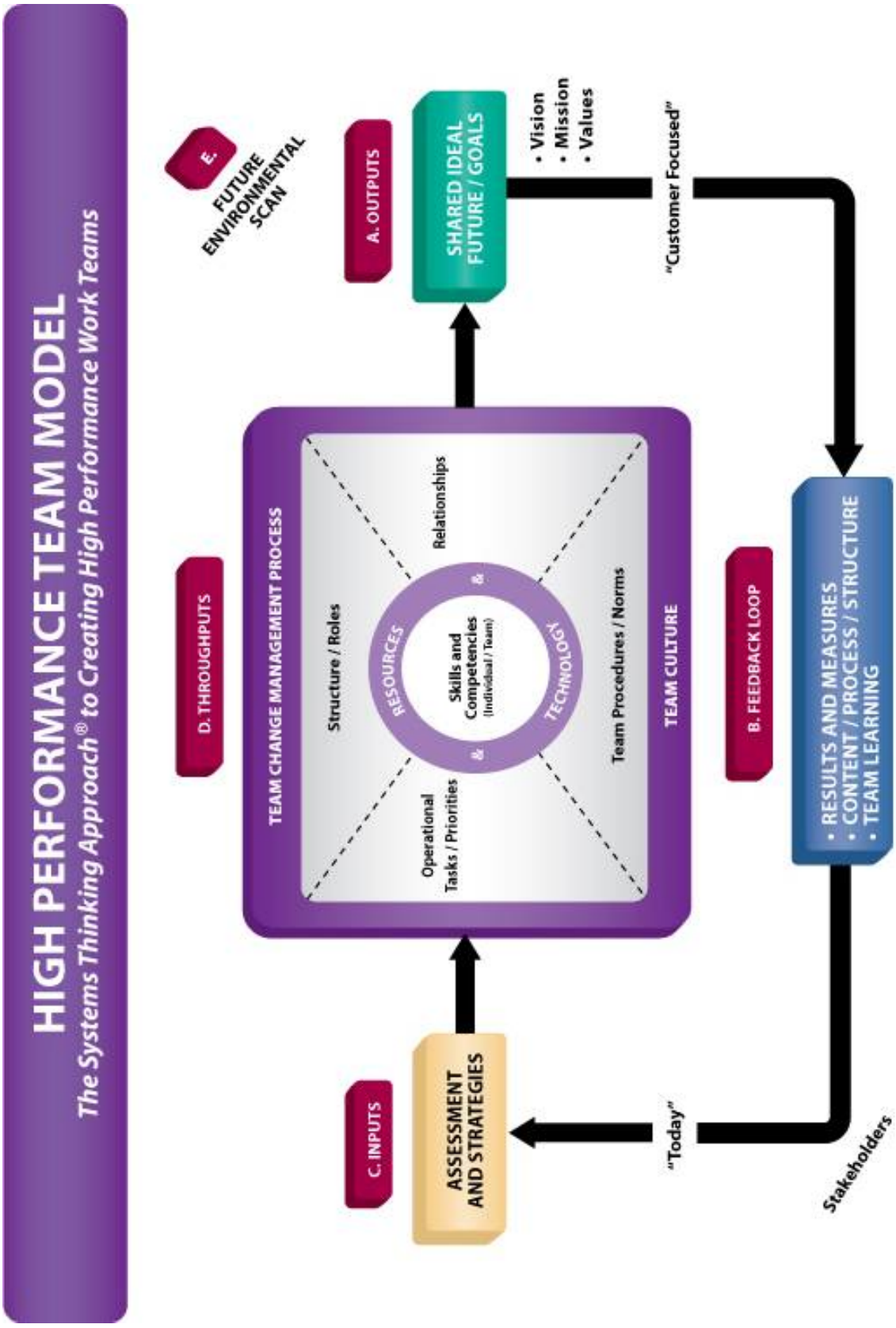
By sharing Core Strategies, departments are working together on the organization's priorities and can communicate much easier since they share the same Core Strategies.

In addition, we recommend that the top three Annual Action Priorities be developed under each Core Strategy. This second level of focus and leverage is what is needed to guide the entire organization at a very practical level. Thus, Core Strategies need to be shared, just as the traditional Shared Vision and Shared Core Values.

While the following is a detail, we recommend examining our standard *Annual Work Plan Format* that starts with each Core Strategy to see what other details and columns you might add as your Action Planning Format.

For related knowledge and best practices, go to www.SystemsThinkingPress.com **for items including:**

Article: Improving Team Meetings – Code: AITM
Assessment Instrument: Business Process Improvement Best Practices – Code: IBPI
Color Model: High Performance Team Model – Code: MRSP-TEAM


HIGH PERFORMANCE TEAM MODEL
The Systems Thinking Approach® to Creating High Performance Work Teams
E. FUTURE ENVIRONMENTAL SCAN
A. OUTPUTS
SHARED IDEAL FUTURE / GOALS
• Vision
• Mission
• Values
"Customer Focused"
D. THROUGHPUTS
TEAM CHANGE MANAGEMENT PROCESS
Structure / Roles
Relationships
RESOURCES
Skills and Competencies (Individual / Team)
TECHNOLOGY
Operational Tasks / Priorities
Team Procedures / Norms
TEAM CULTURE
B. FEEDBACK LOOP
• RESULTS AND MEASURES
• CONTENT / PROCESS / STRUCTURE
• TEAM LEARNING
C. INPUTS
ASSESSMENT AND STRATEGIES
"Today"
Stakeholders

PROBLEM #10:
Failure to cascade Strategic Plans down to Three-Year Business Plans for all units

BEST PRACTICE:
Cascade overall Strategic Plan down to Three-Year Business Plans for all units

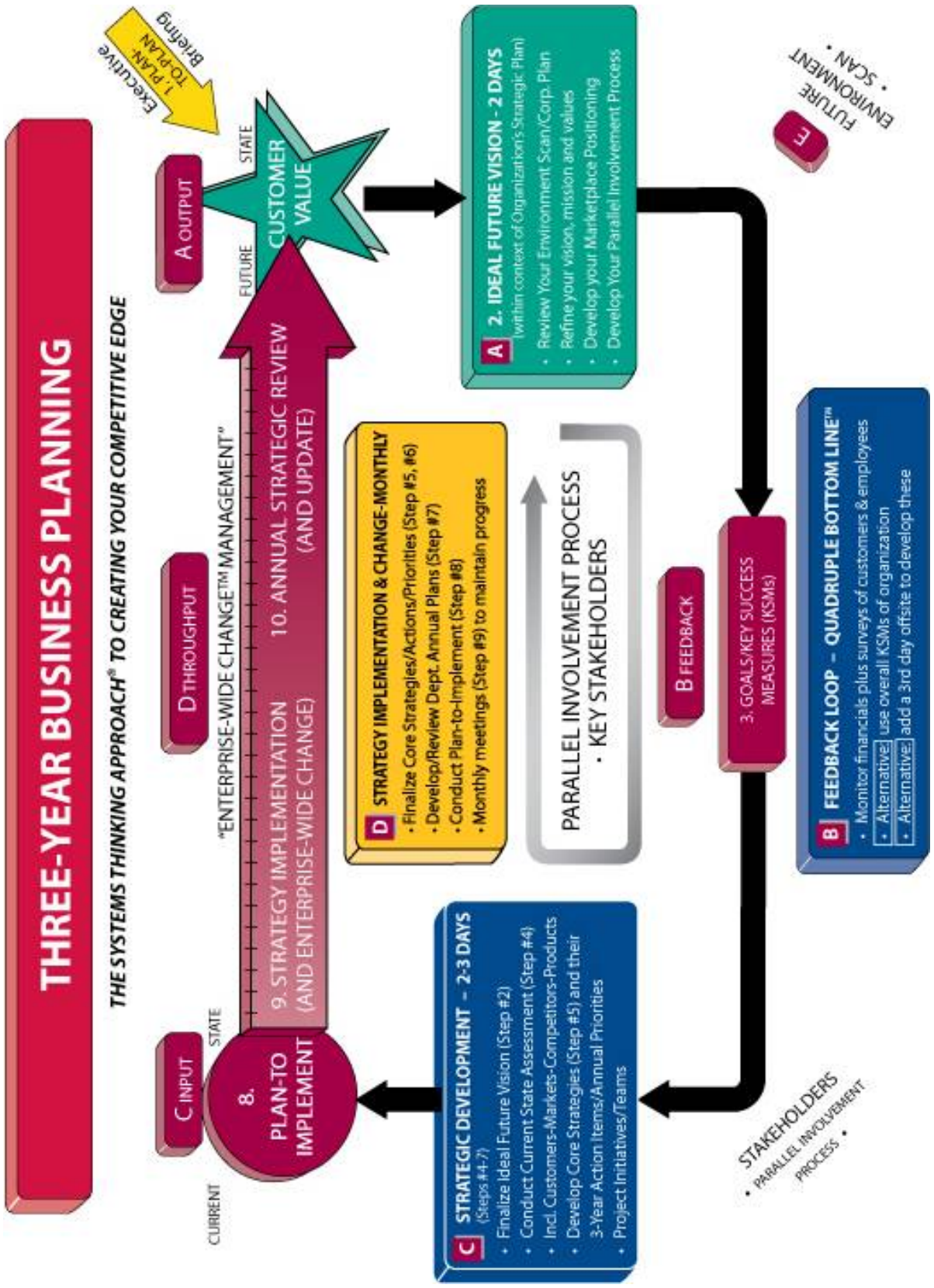
One of the biggest failures in larger organizations (and smaller ones too), is the serious lack of understanding of the need for Three-Year Business Planning for all Strategic Business Units (SBUs). It is also needed for all

All areas of the organization: SBUs, LUBs, MFAs or MPAs must work in concert, not in opposition if the organization is going to achieve their objectives without wasted resources and efforts. A Three-Year Business Plan is the practical, action-oriented way for each unit to execute the organization's Strategic Plan. Without a Three-Year Business Plan, each unit is either guessing on what they should do to implement the Strategic Plan or worse, ignoring the Strategic Plan altogether.

Failure to ensure you cascade the Strategic Plan down to longer-term Three-Year Full Business Plans for each of these major Areas is a failure to move the Strategic Plans down to more specifics at the operational level. Our book, *Destination Thinking*, describes this in more detail.

For related knowledge and best practices, go to www.SystemsThinkingPress.com **for items including:**

Article: Strategic Marketing and Sales – Code: AMARK
Assessment Instrument: Are You a Customer Focused Organization? – Code: ICFO
Color Model: Three-Year Business Planning/Whole vs. Parts – Code: MRSP-3YR


THREE-YEAR BUSINESS PLANNING
THE SYSTEMS THINKING APPROACH® TO CREATING YOUR COMPETITIVE EDGE
Executive 1-PLAN-TO-PLAN Briefing
A OUTPUT
STATE
CUSTOMER VALUE
FUTURE
D THROUGHPUT
"ENTERPRISE-WIDE CHANGE™ MANAGEMENT"
9. STRATEGY IMPLEMENTATION (AND ENTERPRISE-WIDE CHANGE)
10. ANNUAL STRATEGIC REVIEW (AND UPDATE)
C INPUT
STATE
8. PLAN-TO-IMPLEMENT
CURRENT
A 2. IDEAL FUTURE VISION - 2 DAYS
(within context of Organization's Strategic Plan)
• Review Your Environment Scan/Corp. Plan
• Refine your vision, mission and values
• Develop your Marketplace Positioning
• Develop Your Parallel Involvement Process
F FUTURE ENVIRONMENT • SCAN •
D STRATEGY IMPLEMENTATION & CHANGE-MONTHLY
• Finalize Core Strategies/Actions/Priorities (Step #5, #6)
• Develop/Review Dept. Annual Plans (Step #7)
• Conduct Plan-to-Implement (Step #8)
• Monthly meetings (Step #9) to maintain progress
PARALLEL INVOLVEMENT PROCESS
• KEY STAKEHOLDERS
B FEEDBACK
3. GOALS/KEY SUCCESS MEASURES (KSMs)
B FEEDBACK LOOP – QUADRUPLE BOTTOM LINE™
• Monitor financials plus surveys of customers & employees
• Alternative: use overall KSMs of organization
• Alternative: add a 3rd day offsite to develop these
C STRATEGIC DEVELOPMENT – 2-3 DAYS
(Steps #4-7)
• Finalize Ideal Future Vision (Step #2)
• Conduct Current State Assessment (Step #4)
• Incl. Customers-Markets-Competitors-Products
• Develop Core Strategies (Step #5) and their 3-Year Action Items/Annual Priorities
• Project Initiatives/Teams
STAKEHOLDERS
• PARALLEL INVOLVEMENT PROCESS •

PROBLEM #11:
Failure to cascade planning and accountability to all employees

BEST PRACTICE:
Cascade planning to accountability for all employees

Cascading the Strategic Plan all the way down to each individual employee through a Performance Management System is rarely done because usually the Performance Management System is developed in isolation from the Strategic Planning process in the organization..

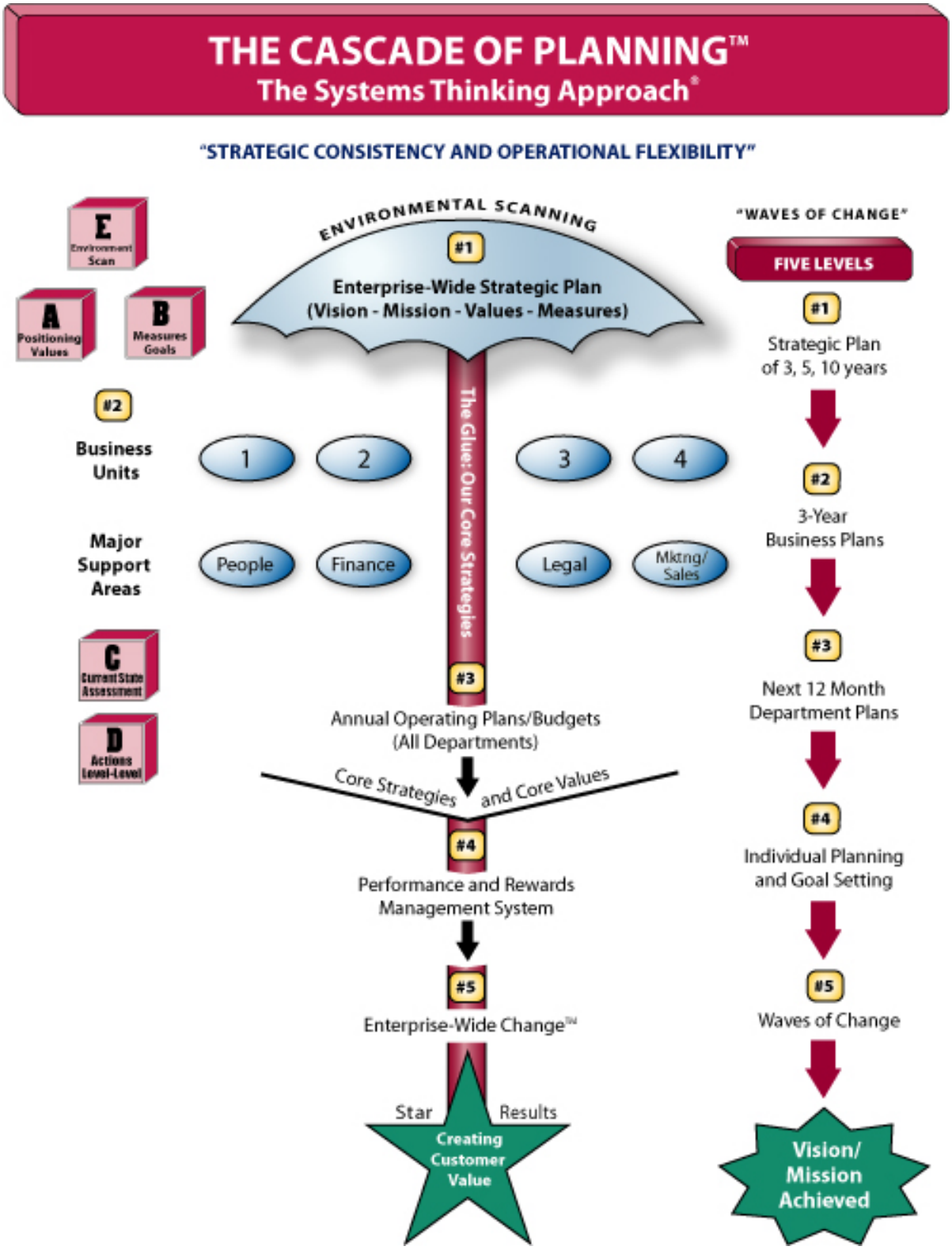
It is actually quite simple to have every employee set individual goals under each Core Strategy that they can impact as well as set goals for adhering and furthering each Core Value.

Through each individual employee working daily on actions under the Strategic Plan's Core Strategies and Core Values, employees view the Strategic Plan as something that is part of their day to day activities and not as something separate from their duties that management creates.

This is much more effective in obtaining the alignment up and down the organization as well as fostering teamwork across departments as every one of these individual goal settings should be based on the Top Three Annual Action Priorities set earlier in #3 if possible.

For related knowledge and best practices, go to www.SystemsThinkingPress.com **for items including:**

Article: Creating the People Edge – Code: ACPE
Assessment Instrument: Creating Customer Value – Code: ICCV
Color Model: Iceberg Theory of Change/Cascade of Planning – Code: MEWC-ENTERPRISE


THE CASCADE OF PLANNING™
The Systems Thinking Approach®
"STRATEGIC CONSISTENCY AND OPERATIONAL FLEXIBILITY"
E Environment Scan
A Positioning Values
B Measures Goals
ENVIRONMENTAL SCANNING
#1
Enterprise-Wide Strategic Plan
(Vision - Mission - Values - Measures)
"WAVES OF CHANGE"
FIVE LEVELS
#1
Strategic Plan
of 3, 5, 10 years
#2
Business Units
1
2
3
4
Major Support Areas
People
Finance
Legal
Mktng/ Sales
The Glue: Our Core Strategies
#2
3-Year
Business Plans
#3
Next 12 Month
Department Plans
C Current State Assessment
D Actions Level-Level
#3
Annual Operating Plans/Budgets
(All Departments)
Core Strategies and Core Values
#4
Individual Planning
and Goal Setting
#4
Performance and Rewards
Management System
#5
Waves of Change
#5
Enterprise-Wide Change™
Star
Results
Creating Customer Value
Vision/ Mission Achieved

PROBLEM #12:
Lack of ownership and commitment by senior and middle management

BEST PRACTICE:
Start at the top and include ownership by all Key Stakeholders

Many organizations in the private sector do not have this kind of extensive involvement noted above.

Lack of ownership by senior management is easily "read" by middle management. They see it through the decisions that are made by senior management. Middle management builds upon the decisions made by senior management and employees see the resulting lack of ownership. However, ownership and "buy in" throughout all levels of the organization: senior management, middle management is required for successful implementation.

Interestingly enough, many public sector organizations overuse this concept to such an extent that it leads to lack of the "Buy-in" and "Stay-in" by the very senior management who must be accountable and lead the execution.

It is generally understood today that there is a need for an increase in ownership and commitment by all management and employees for implementation: The commitment to your Strategic Management System (Planning-People-Leadership-Change) must be quite high by senior management. Thus, for example, the Monthly Change Leadership Team Meetings must be personally led by the CEO.

For related knowledge and best practices, go to www.SystemsThinkingPress.com **for items including:**

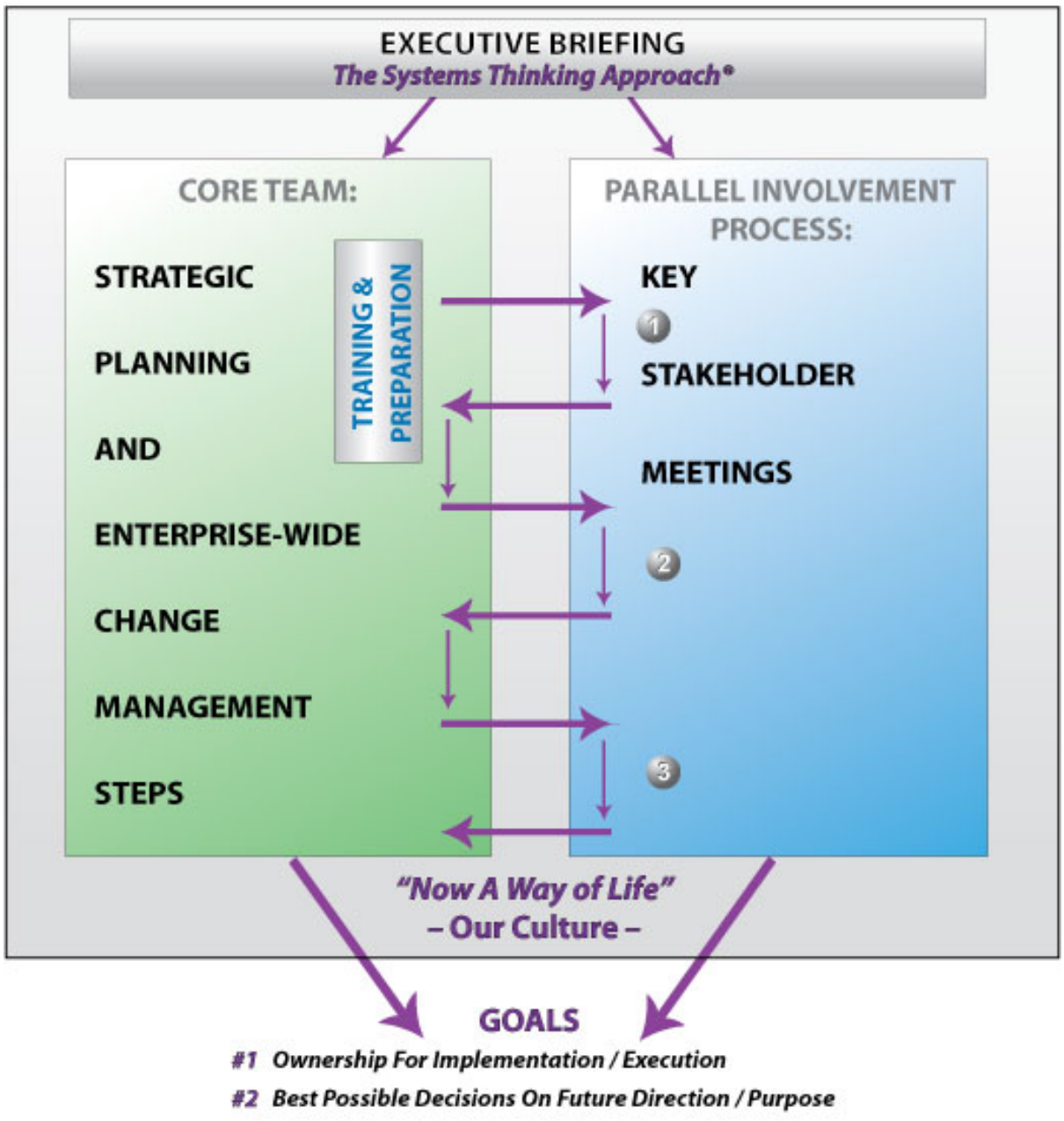
Article: Parallel Involvement Process – Code: APP
Assessment Instrument: Leadership Competencies: Self – Code: ILDR-SEL
Color Model: Parallel Involvement Process/Players of Change – Code: MBPC-PIP

PARALLEL INVOLVEMENT PROCESS

"People Support What They Help Create"

INSTEAD OF D.A.D.: Decide, Announce, Defend

SET UP THE PLANNING & CHANGE COMMUNITY



GOALS

#1 Ownership For Implementation / Execution

#2 Best Possible Decisions On Future Direction / Purpose