Standards of the Strategic Planning Field

Volume II: Planning and Change Competencies

Also an Exam Prep Guide

Stephen Haines
SMP Pioneer #001
STANDARDS
OF THE STRATEGIC
PLANNING FIELD

VOLUME II
Planning and Change Competencies

Stephen Haines

Systems Thinking Press
San Diego, CA
Standards of the Strategic Planning Field provides an excellent background and specifics about the field of Strategic Management. Although the book is intended to prepare individuals for the ASP Strategic Management Certification exam, it also provides an excellent background about strategic management for CEOs and other key organizational leaders and staff who have responsibility for planning and execution. It is a one of a kind!

This book clarifies the often-confusing roles and responsibilities of the SPP and SMP vs. the CEO and line management. It provides definitions to establish a shared understanding for each element of the planning and execution process, and its necessary infrastructure. Overall, it is a great review of effective strategic management practices and is chock-full of valuable wisdom on every page.

—Marcelene H. Anderson, MA, CMC
President, Raven Strategic Consulting

Standards of the Strategic Planning Field is a highly-organized ASP exam prep guide based on the Body of Knowledge and standards for the certifications. It’s a quick and easy read, aimed not only at strategic planners looking to become SPP/SMP-certified, but also at the broader audience of senior executives who need to become more strategic in their thinking, planning and leadership. This book is a great resource, and you won’t be disappointed.

—Seena Sharp
Principal, Sharp Market Intelligence
Author, Competitive Intelligence Advantage
Member, ASP Hall of Fame

I have known Steve at least five years. All of his work is top quality and well-researched. I took his master boot camp course on Strategic Management and used his materials to review and pass the Strategic Management Professional certification exam June 2010. Steve is right in collecting all the necessary information and placing it under a couple of covers. I used about a half a dozen of his original works, since I was in the first group to take the exam. Most importantly, Steve’s materials are essential to know in passing the SMP and SPP certification exams.

—James McClain
Professor, University of California, Irvine
ASP Certified Strategic Management Professional
I am excited to see this prep guide emerge as a supplement to the Association for Strategic Planning’s Body of Knowledge. It fills a missing piece for the profession by clarifying and simplifying the diverse knowledge base with explanations, examples and how-to’s. It has the potential to be a terrific tool for individuals, as well as for certification study groups that can be organized by ASP Chapters.

—Joyce Reynolds-Sinclair, Ph.D.
Managing Director, CEO Group Strategic Services, Inc.
ASP Certified Strategic Management Professional
Member, ASP Hall of Fame

The ASP Body of Knowledge and Standards was extremely helpful in my preparation for the ASP Strategic Management Professional certification exam. Stephen Haines has condensed his vast knowledge and experience into a simple and highly-organized ASP exam prep guide. If you are considering becoming certified as a Strategic Management Professional or a Strategic Planning Professional, I highly recommend you purchase the Exam Prep Guides to help you get ready for the exam. It provides all you need to know to pass the exam with flying colors.

—Jeri Denniston
Denner Group International
ASP Certified Strategic Management Professional

Steve Haines has done it again! He’s given the strategic planning profession another great resource. This volume should be on every planner’s bookshelf. It is invaluable for anyone who plans to seek either the Strategic Planning Associate or Strategic Management Professional certifications, and is also a critical resource for anyone who is considering strategic planning as a career and simply wants to know more about the field. This book is in my personal library, and it is certain to be acquired by every thought leader—and by those who aspire to be thought leaders—in our profession. Congratulations to Steve for this valuable contribution to the literature of the field of strategic planning and management.

—Jim McComb
Senior Partner, Strategic Planning, Executive Next Practices Institute, Los Angeles
ASP Certified Pioneer Strategic Management Professional
Member, ASP Hall of Fame
This book is dedicated to all my Haines Centre clients over the past 20 years who have taught me more than they will ever know. While they have received the support and facilitation of their Strategic Management Systems, I have been continuously learning. And as a “learning junkie,” I hope I continue learning right up until my last day on earth—for earth is a wonderful and diverse place.

I continue to learn more about strategy from my global clients in India, Saudi Arabia, China and Singapore, to name a few. It is fascinating to learn about strategy from the places to which the center of the world is moving in the 21st century.

My lessons about strategy originated at the United States Naval Academy, where we studied the strategies and tactics of every major naval battle in the history of the world. Since then my practical executive jobs at Marriott, Exxon, Freddie Mac and Imperial Capital of America have taught me to apply the basics of strategy, as many of you, my readers, have done.

However, it has been my thousands of clients since 1990 that have actually challenged me and spurred my thinking as they tried to apply real strategies to real issues. They inspired me to study strategy on my own in order to become a master of strategy. This includes the top strategic issue: Positioning in your marketplace, which is like a doctorate in strategy.

It is positioning, more than any other topic in this book, from which you can gain the “practical PhD” and prepare for the ASP Certification Exam. Our clients require this to successfully compete in today’s dynamic global economy.

To all of you—more thanks than you’ll ever know.

—Stephen Haines
August 2011
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Over the years, the field of strategic planning earned mixed reviews, drawing the ire of such respected intellectuals such as Henry Mintzberg. This is mainly due to the inconsistencies of a broad and ever-changing field. However, in the 21st century, the path for this field has become clearer and its destination more promising. Theories such as Blue Ocean Strategy, The Systems Thinking Approach® and the Balanced Scorecard are shaping the nebulous field of strategic planning into a key ingredient for organizational vitality and success.

Upon formation, the Association for Strategic Planning (ASP) wrestled with what to call itself, eventually opting to keep the term strategic planning, but to emphasize what it really involves through its rubric: Think–Plan–Act. Working cooperatively, ASP’s pioneers, led by Stephen Haines, took on a national project, taking two and a half years to develop the standards and Body of Knowledge for the field of strategic planning—a feat that had never been accomplished before.

The result is a comprehensive set of standards that clearly delineate the field of strategic planning.

These standards of the field are detailed in this volume and Volume I: Leading and Thinking Competencies. These books are useful to everyone involved in strategic planning, and particularly to chief and senior executives, to whom these volumes are a comprehensive primer of the field of strategic planning. The principal reason we added Lead to the Think–Plan–Act rubric is because leaders are crucial to the strategic planning process—both senior line executives and senior strategic planning and strategic management professionals.

To go to the next level of success, strategic thinkers must adopt and practice these skills and competencies necessary to apply Lead–Think–Plan–Act in their lives. Doing so requires an in-depth knowledge of the content and standards of strategic planning detailed in these volumes. These books are unique as they have two or more pages of specific explanation on nearly every competency and the more than 80 task statements.

For those who wish to make strategic planning their profession, ASP certifications are a pivotal tool. While chief and senior line executives are responsible for the content of strategic planning, the Strategic Planning Professional (SPP) and Strategic Management Professional (SMP) designations facilitate staff leaders by providing the processes and structures necessary to carry out the strategic planning process.

The roles of senior line executives as the leader—and the SPP and SMP as the facilitators are crucial to applying Lead–Think–Plan–Act to an organization. By employing these new standards and clear roles, both ensure successful strategic planning.
Standards of the Strategic Planning Field: Volume II

Book Audience

*Volume II: Planning and Change Competencies* is written under the assumption that the reader has already completed *Volume I: Leading and Thinking Competencies*. This preface reviews Volume I in order to reinforce points to the returning reader, as well as introduce the exam guides to those who may choose to complete this volume first. Together, these volumes contain the comprehensive material required to pass both the Strategic Planning Professional (SPP) and Strategic Management Professional (SMP) examinations.

Volumes I and II of *Standards of the Strategic Planning Field* target a diverse audience:

- **Chief and senior executives** who wish to lead, think, plan and act more strategically.
- **Strategic planners** who wish to become SPP- or SMP-certified, and are looking for simple and quick tools to prepare for the exam(s).
- **Students** who wish to be a Strategic Planning Associate (SPA) to gain a competitive edge in their job search and career development.
- **University and college professors** who want to use the two exam prep volumes as textbooks for capstone strategic planning courses and other classes at the undergraduate and graduate level.
- **Any individual** who seeks to gain more knowledge about strategic management.

A Note to Chief and Senior Executives

This book acts as a guide to the world of strategic management (*Lead–Think–Plan–Act*), a subject with which you should already be familiar. Because this is one of your primary responsibilities as a chief or senior executive, you may already have experience with strategic management and change. However, it is likely that you have not been exposed to The Systems Thinking Approach® to strategic management that is now a key to best practices.

The Systems Thinking Approach will supply you with a variety of tools to analyze strategic planning and management decisions, minimizing the Law of Unintended Consequences and maximizing your organization’s marketplace positioning.

While you will likely *not* take the ASP certification exams, this book’s standards and competencies are even more important to you and your organization than strategic planners.

A Note to Strategic Planners

While many strategic planners bought these volumes to prepare for the ASP Certification Exams, the value of these volumes extends well beyond the exams. They are the standards and competencies in which you need knowledge *and* skills. Even if you don’t intend to take an ASP exam, you need to know these competencies for the field of strategic planning.

A Note to Students and Professors

Although the field of strategic planning and its standards are in their infancy, students need to be instructed on it now so that they can be prepared to use it in the future. The competitive job market actually increases the need for strategic planners.

The economy has forced organizational budgets to become lean. With the scarcity of organizational resources, there is little room for error when it comes to future planning.
As such, additional expertise in future planning and marketplace positioning becomes increasingly important. Professionals with these skills will be in demand.

Students reading this to increase competitiveness in the workforce will find a wealth of knowledge contained within these pages. I urge you to apply for the Strategic Planning Associate (SPA) designation as a way to separate yourself from the competition. This will also give you experience that you can apply to becoming a SPP and eventually a SMP.

**Book Organization**

For the sake of simplicity, the exam prep guide has been divided into two volumes that follow ASP’s rubric of *Lead-Think-Plan-Act*. The first volume covers *Lead* and *Think*, while this volume covers *Plan* and *Act*. Both books have the material required to pass both the SPP and SMP versions of the test. Therefore, regardless of what version of the test you are studying for you will need both volumes to be completely prepared.

These volumes are written with two explicit purposes. First, to help senior line executives better understand the fledgling field of strategic management. Second, to prepare candidates to take and pass the ASP Certification Exam(s). The information contained within these pages draws from my more than 30 years of experience as a strategic thinker, a prolific author, academic, and experienced CEO and member of senior management.

Information contained in my previously published strategic planning books, articles, four State-of-the-Art Reports and webinars is condensed into this simply organized exam prep guide that is essential for a senior line executive. It will also expose you to knowledge to make you strategically successful in any organization. This also gives any SPP or SMP an edge in today’s harsh job competition.

To increase the real-world application of the knowledge contained within these pages, several sections are followed by *Questions to Ponder* to help you think more deeply on the topic and incorporate the lessons in your personal and professional lives. The *Notes and Actions* sections allow you to record these applications. Each chapter also ends with a brief *Recap* to reinforce the main ideas of each section. This feature is a helpful tool in both leading your organization and in studying for the ASP exams.

Since the organization of these books has been adapted from ASP’s Standards and Competencies Body of Knowledge (BOK), each volume contains the same numbering system. However, in the interest of clarity, these numbers have been rearranged into chapters organized by *content*, *processes* and *infrastructures*. These three elements are present in every interpersonal situation in life, and creating high-performance organizations requires a balance in how organizations spend their time and energy on these three elements. (See this book’s Introduction for more details on the Iceberg Theory of Change.)

**Everyone—including senior leadership—should be familiar with the content, but the processes and structures are the responsibility of SPPs and SMPs.**

Each chapter is clearly marked to indicate it is geared towards Level-I SPP or Level-II SMP. But since SMP builds upon SPP, you need to read chapters pertaining to both in order to be completely prepared.
Terminology

A field can be partially defined by its shared terminology. Along with ASP, this volume uses non-biased terminology that adheres to the following guidelines as best we can:

- **Sectors:** ASP replaces words such as *corporation, company, firm* and *nonprofit* with neutral terms such as *organization, institution* and *enterprise* whenever possible.
- **International:** ASP keeps references appropriate for a global audience.
- **Gender Neutral:** ASP keeps references gender-neutral.
- **Chief Executive:** The generic term *chief executive* is preferred to the private-sector term *CEO*, since public and not-for-profit sectors employ titles such as *executive director* or *superintendent*.
- **Strategic Plan:** *Strategic Plan* is preferred over *Strategic Direction*—unless, of course, there is no Strategic Plan.
- **Strategic Management:** *Lead-Think-Plan-Act* is the new rubric.

While many of the following terms will be further elaborated throughout the book, it is important to start with a basic definition of each. These definitions are based on ASP’s standard terminology. These two volumes, as well as the ASP examinations, reflect the same language—as does the field of strategic planning well beyond the exams:

- **Strategic Management Office (SMO):** The department responsible for developing and successfully implementing the Strategic Plan and strategy; assists the chief executive and senior management.
- **Chief Strategy Officer (CSO):** The chief advisor to the chief executive and senior management concerning strategic planning and system change; leader of the SMO.
- **Subject Matter Expert (SME):** Someone who has a specialized knowledge about a specific field. He or she provides the necessary business acumen to successfully implement change by detailing the content of the Strategic Plan.
- **Systems Thinking:** A method of thought in which you envision desired outcomes, then work backwards, thinking holistically to create strategies to reach your vision.
- **Strategies:** The primary means to achieve desired outcomes in systems thinking.
- **Strategic Planning:** The process of identifying desired outcomes and strategies; its main purpose is to gain an edge in the marketplace.
- **Iceberg Theory of Change:** A theory that compares change to an iceberg. Just like an iceberg only has 13 percent of its total mass above the waterline, content is only 13 percent of the change process—but it receives the most attention because it is the most visible part of system change. The hidden 87 percent is made up of the organization’s processes, structures and culture that need to be addressed as well. The sole focus on content is called *content myopia*.
- **The Rollercoaster of Change™:** The process through which an individual, department or organization passes when faced with a change in their system.

Because standards of the strategic planning field are in their infancy, new terminology is constantly being created and existing terminology is evolving. *We are open to feedback on this.*
Knowledge vs. Skills

In addition to the standard terminology, you need to understand two main concepts about learning and practicing strategic planning: Bloom’s Learning Taxonomy and The Experiential Learning Cycle.

Bloom’s Learning Taxonomy

In 1956, Benjamin Bloom headed a group of educational psychologists who developed a classification of levels of intellectual behavior important in learning. During the 1990s, a new group of cognitive psychologists, led by Bloom’s former student Lorin Anderson, updated the taxonomy to reflect the 21st century. The following new verbage is associated with the long familiar Bloom’s Taxonomy (source: odu.edu):

- **Level I: Remembering.** Can the student recall the information?
- **Level II: Understanding.** Can the student explain ideas or concepts?
- **Level III: Applying.** Can the student use the information in a new way?
- **Level IV: Analyzing.** Can the student distinguish between the different parts?
- **Level V: Evaluating.** Can the student justify a stand or decision?
- **Level VI: Creating.** Can the student create a new product or point of view?

Progressing through these six levels is key to truly living out ASP’s Lead–Think–Plan–Act rubric. Information and knowledge must be understood, applied, analyzed and evaluated before it becomes a way of life.

The ASP exam deals with Levels I and II, while other certifications, internships and experiences deal with the higher levels. It’s important to understand what the ASP examination does and does not cover. It’s really about knowledge—about remembering and understanding.

In contrast, The Experiential Learning Cycle, explained in the next section, is about much more than knowledge. It’s really about building the skills and attitudes necessary to be a successful senior line executive or strategic planner. While the exams are very important, it is more important that you learn from your experiences and become skilled—not just knowledgeable—in strategic planning.

![Bloom’s Learning Taxonomy](image)

**Figure 0.1 Bloom’s Learning Taxonomy**
Learning can be split into three categories: knowledge, skills and attitude.

The ASP Certification Exam tests the **knowledge** that each test-taker should have. This ensures that everyone who has an ASP, SPP or SMP designation has a base of knowledge appropriate to his or her level.

The **skills** category of learning comes in the form of *business acumen*, which is gained through day-to-day job experiences. This is the reason you are required to supply your job background when you apply for any of the certifications.

The best thing you can do is to continue to grow your skills, even if you practice them for free. While you may not be paid for additional experiences and training, you will be rewarded in the long run with the additional skills that you need to properly take advantage of the knowledge that ASP provides. For instance, I often take junior partners with me when I work. Although they aren’t paid monetarily for their time, they are paid in knowledge and training they wouldn’t have experienced otherwise.

**Attitude** is represented in your motivation to apply, study for and take the exam as a stepping-stone to being a professional in the strategic planning.

It is helpful to review the basics of Experiential Learning Theory, so you can tailor your learning experience to yield maximum results. It is extremely useful to be aware of not only **what** you learn, but also **how** you learn.

Experiential learning is a system of learning that occurs naturally when a person engages in an activity, reflects on it from a critical standpoint, extracts some useful insight or knowledge from the analysis, and puts the result to work through a change in behavior. Of course, this process is experienced spontaneously in everyone’s everyday life.
People never stop learning. With each new experience, we consciously or unconsciously ask ourselves questions such as, “How did that feel?” or “What really happened?” or “What do I need to remember about that?” It is an inductive process that proceeds from observation rather than from a priori truth, as in the deductive process.

Learning can be defined as a change in behavior as a result of experience or inputs, and that is the usual purpose of training. The effectiveness of experiential learning is based on the fact that nothing is more relevant to us than ourselves. Your own reactions, observations and understanding of something are more important than someone else’s opinion about it. Research has shown that people learn best by doing. You remember what you know better than you remember what you know about.

Learning happens as a result of the following five steps, as Figure 0.1 illustrates.

1. **Experiencing an Activity:** This initial stage is the data-generating part of a structured experience—it is the step that so often is associated with games or fun. Obviously, if the process stops after this stage, all learning is left to chance.

2. **Processing the Experience—“What?”**: In data-processing terms, the second stage of the cycle is roughly analogous to inputting data, in data-processing terms. A question to prompt this processing is, “What did I just experience?”

3. **Generalizing the Learnings—“So What?”**: The key question here is “So what did I learn?” We tend to focus our awareness on situations in our personal or work lives that are similar to those in the reading. We want to break down what we learned so that we can incorporate it into our own lives.

4. **Applying the Learnings—“Now What?”**: The final stage of the Experiential Learning Cycle is the purpose for which the whole structured experience is designed. The central question is “Now what?” We apply generalizations and learnings to actual situations in which we are involved.

5. **Examine the Application of the Learnings**: On the diagram of the Experiential Learning Cycle there is an arrow from applying to experiencing. This indicates that the actual application of the learning is a new experience, meant to be examined inductively in turn ensure that you want to continue incorporating this piece of learning in your everyday life.

I have interviewed many people who have one year’s experience ten times over, when they should have ten years of experience. These people get trapped in a cycle where they fail to reflect on the learning. They don’t apply it to the application or they don’t check to see how the application of their new learnings worked. This causes them to gain only small pieces of knowledge, as they constantly relearn the same information over and over. They are doomed to continually repeat one cycle of learning instead of having a new cycle build upon earlier ones. In contrast, someone who is continually learning new skills and knowledge processes the information, reflects on it, and then checks its application.

For more information on this topic, see Stephen Haines’ article “The Experiential Learning Cycle,” available at systemsthinkingpress.com.
ASP Standards and Body of Knowledge Statements

Summary for the Strategic Planning Professional (SPP)

This is an overview that briefly shows the breakdown of information that you need to know for the Strategic Planning Professional Certification. These exam preparation guides will elaborate on each one of the statements—but not in the order in which the rubrics are presented here. There are a total of 84 statements for the Strategic Planning Professional (SPP).

The following rubric covers the requirements for the SPP only.

**Note:** Volume I covers Lead and Think for both the SPP and SMP. This volume covers Plan and Act (highlighted in blue below) for both the SPP and SMP.

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Strategic Planning Professional (SPP) Certification  
Level I Competency Outline: Standards and Body of Knowledge

**LEAD**

5.1 *Professional Roles:* The candidate should know and understand how to accomplish *five tasks.*

1.1 *Lead in Personal Creditability (Think–Plan–Act):* The candidate should know and understand how to accomplish *seven tasks.*

1.2 *Lead in Interpersonal Relationships (Think–Plan–Act):* The candidate should know and understand how to accomplish *nine tasks.*

**THINK**

2.1 *Think Content:* The candidate should know and understand how to accomplish *nine tasks.*

2.2 *Think Processes:* The candidate should know and understand how to accomplish *seven tasks.*

2.3 *Think Infrastructures:* The candidate should know and understand how to accomplish *four tasks.*

**PLAN**

3.1 *Plan Content:* The candidate should know and understand how to accomplish *ten tasks.*

3.2 *Plan Processes:* The candidate should know and understand how to accomplish *nine tasks.*

3.3 *Plan Infrastructures:* The candidate should know and understand how to accomplish *six tasks.*

**ACT**

4.1 *Action Content:* The candidate should know and understand how to accomplish *six tasks.*

4.2 *Action Processes:* The candidate should know and understand how to accomplish *five tasks.*

4.3 *Action Infrastructures:* The candidate should know and understand how to accomplish *seven tasks.*

**Total:** 84 Tasks
ASP Standards and Body of Knowledge Statements
Summary for the Strategic Management Professional (SMP)

This overview shows the breakdown of information you will need to know for the Strategic Management Professional Certification. These exam preparation guides will elaborate on each one of the statements (but not in the order in which the four rubrics are presented here) for a total of 80 statements for the Strategic Management Professional (SMP).

The following rubric covers the requirements for the SMP only.

**Note:** Volume I covers *Lead* and *Think* for both the SPP and SMP. This volume covers *Plan* and *Act* (highlighted in blue below) for both the SPP and SMP.

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Strategic Management Professional (SMP) Certification
Level II Competency Outline: Standards and Body of Knowledge

STRATEGIC LEADER

5.2 Professional Roles: The candidate should know and understand how to accomplish five tasks.

1.3 Strategic Leader in Planning Teamwork (Think—Plan—Act): The candidate should know and understand how to accomplish six tasks.

1.4 Cross Functional Strategic Leader (Think—Plan—Act): The candidate should know and understand how to accomplish six tasks.

1.5 Organization-Wide Strategic Leader (Think—Plan—Act): The candidate should know and understand how to accomplish ten tasks.

STRATEGIC THINKING

2.4 Strategic Thinking Content: The candidate should know and understand how to accomplish six tasks.

2.5 Strategic Thinking Processes: The candidate should know and understand how to accomplish seven tasks.

2.6 Strategic Thinking Infrastructures: The candidate should know and understand how to accomplish two tasks.

STRATEGIC PLANNING

3.4 Strategic Planning Content: The candidate should know and understand how to accomplish nine tasks.

3.5 Strategic Planning Processes: The candidate should know and understand how to accomplish five tasks.

3.6 Strategic Planning Infrastructures: The candidate should know and understand how to accomplish six tasks.

STRATEGIC ACTION

4.4 Strategic Action Content: The candidate should know and understand how to accomplish seven tasks.

4.5 Strategic Action Processes: The candidate should know and understand how to accomplish six tasks.

4.6 Strategic Action Infrastructures: The candidate should know and understand how to accomplish five tasks.

Total: 80 Tasks
A Brief History of the ASP Certification

Because American higher education does not offer a specific degree in strategic planning, the Association for Strategic Planning approved the development of the ASP Standards, Body of Knowledge (BOK) and Certification Program, with Stephen Haines acting as the national project leader, in May 2008. The purpose of the program is to guide the professional certification of planning professionals in the United States and internationally.

A month later, we had secured funding and formed a core team of senior planning professionals to develop the standards, BOK and certification process. In our research, the core team interviewed executives and professors at more than 20 firms and universities to ensure a best practice Body of Knowledge for the 21st century. The core team also interviewed and process-reviewed more than 10 excellent associations such as PMI, IMC, SHRM, ASTD, etc. to understand their certification programs so that we might model ourselves against their best practices.

Once the core team completed the initial research, we split the project into two phases. During Phase One the core team set up a best practices standards and BOK within the strategic planning field. The core team, using 24 pioneers of the strategic planning field, collectively completed a final draft of this by February 2009 and distributed it to all the attendees of the Annual ASP Conference as part of a town-hall lunch discussion with the entire assembly.

Phase Two focused on developing an ongoing ASP certification process through extensive outreach, feedback, critiques and recommendations from the ASP community. A year later, the core team completed the first draft of this certification process.

In August 2009, the new Board of Directors performed an extensive review and approved both phases of the project for continuation. The next month, the ASP Pioneers and Professional Testing Corporation of New York began constructing the exam.

By January 2010, the Board of Directors gave final approval to launch the entire certification process and business plan. The ASP Certification Program officially commenced on February 28, 2010, during an ASP Conference in Pasadena, California.

As 2010 progressed, it became apparent that although the information needed to pass the test was available, those studying for it needed a concise exam prep guide.

To answer that need, Volume I was published in the spring of 2011. Volume II was published the following summer to complete the full Exam Prep Guides needed to pass the ASP Certification Exams, both SPP and SMP.

The goals were simple:

1. To provide chief executives and senior line management with the standards and competencies in strategic management (Lead–Think–Plan–Act) to better lead and run their organization.
2. To provide the strategic planning field with its first certification process to professionalize the field, taking it to a higher and more respected function.
Planning in the 20th century did not address issues outside of its planning content because it lacked the required outlook and tools. However, while plans are key, they are obviously only part of the larger strategic management picture. Effectively creating strategic plans that both steer your organization around future pitfalls and ensure that the organization continues to be successful requires a broad range of strategic management knowledge, action and follow-through.

ASP’s rubric of *Lead-Think–Plan–Act* goes far beyond the traditional 20th century strategic planning philosophy by looking at *content, processes* and *structures* as one interconnected entity. The purpose of this Introduction is to construct a base knowledge of strategic thinking, planning and change before moving on to the ideas and specific tasks that build upon these fundamental concepts.

This Introduction begins with expectations for the Strategic Planning Professional (SPP), Strategic Management Professional (SMP) and the Strategic Planning Associate (SPA)—as well as senior line executives and chief executives. It then covers fundamental concepts of the Iceberg Theory of Change, the Rollercoaster of Change™ and the ABCs of Systems Thinking.

Once this fundamental base of knowledge is laid, we will then take an in-depth look at the roles of the SPP, SMP and senior line management, and their lead responsibilities in strategic planning and executing a Strategic Plan.
Expectations for the Strategic Planning Professional (SPP)

If you are preparing to take the SPP Certification Exam, you need to:

• Have at least two years experience in a planning role or as a junior external consultant.

• Know how to keep information confidential using ethics and integrity.

• Be able to manage yourself and collaborate with others.

• Possess interpersonal leadership skills with executives on a one-to-one basis such as coaching, advising, etc.

• Become an accomplished analyst in future environmental scanning and current state assessment (SWOT).

• Have excellent critical thinking skills and a basic understanding of strategic and systems thinking.

• Work frequently with executives and their organizational units, such as operational unit heads or managers and leaders of major staff units and their teams.

• Facilitate actions, execution and implementation of strategic and annual plans.

• Retain a working knowledge of change management, as well as the processes and infrastructures successful change requires.

• Demonstrate mastery of selected parts of this Body of Knowledge through Professional Development Units (PDUs) and Registered Education Provider (REP) courses.

Note: Volume I covers lead and think. This volume covers plan and act.
Introduction

Expectations for the Strategic Management Professional (SMP)

If you are preparing to take the SMP Certification Exam, you need to:

- Have at least five years experience in planning as an internal planner or external consultant participating in or leading multiple strategic planning assignments.
- Hold the Strategic Planning Professional (SPP) credential or meet all of its requirements.
- Demonstrate mastery of selected parts of this Body of Knowledge (BOK) through Professional Development Units (PDUs) and Registered Education Provider (REP) courses.
- Work with C-Level Executives (CEO, CFO, COO, etc.) and their teams.
- Use the full BOK to facilitate getting the organization to its desired outcomes.
- Be a strategic and systems thinker who regularly applies systemic thinking and skills.
- Advocate for the full field of Strategic Planning and all its *Lead-Think-Plan-Act* components.
- Demonstrate strategic leadership in an organization, sector or the strategic planning field.

Note: Volume I covers *strategic leadership* and *strategic thinking*. This volume covers *strategic planning* and *strategic actions.*
Expectations for the Strategic Planning Associate Designation

The SPA is for those who are students, starting in planning or transferring their careers into planning from other disciplines such as marketing, finance, human resources and organizational development. An SPA doesn’t need any experience in a planning role or as a junior external consultant, and does not need to have business acumen yet. Students do need to be in their last year of school, undergraduate or graduate, with the prospect of graduating within 12 months.

To apply for the SPA you must satisfy the following requirements:

• Demonstrate mastery of the same selected parts of the ASP Body of Knowledge as the Strategic Planning Professional (SPP) by passing the SPP Level Test Examination (ASP may grant scholarships for those in need).
• Submit two professional character references that demonstrate your ethics, integrity and ability to keep information confidential.
• Supply academic transcripts to show academic background and degrees you have obtained or expect to obtain in the next 12 months.
• Have willingness and ability to be mentored and form an associateship with a senior-level planner with whom you specifically identify and who provides you with a letter of reference.
• Become a Strategic Planning Professional (SPP) within three years by submitting an application, obtaining six CEUs/90 PDUs from REPs/ASP (and re-taking exam), and paying the application and examination fees.

If you are preparing to apply for the SPA designation you need to:

• Be able to manage yourself and collaborate with others.
• Have knowledge of interpersonal leadership skills with executives and managers on a one-on-one basis such as coaching, advising, etc.
• Demonstrate excellent critical thinking skills and a basic understanding of strategic thinking and systems thinking.
• Understand how to facilitate actions, execution and implementation of strategic and annual plans.

Leading Change in Organizations

The experts on strategic change process and structures should be the SMO (Strategic Management Office) and CSO (Chief Strategy Officer). The senior executives should be the experts 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 you need a Parallel Involvement Process—because people support what they help create. Involvement and input of key stakeholders in this process are crucial.

Note: For more information on this topic, see Reinventing Strategic Planning by Stephen Haines and James McKinlay, available from systemsthinkingpress.com.
The Iceberg Theory of Change

Lead-Think–Plan–Act surpasses the traditional strategic thinking method of the 20th century by addressing issues in a holistic way. When you look at the whole picture, you are able to correctly identify strengths and weaknesses of your Strategic Plan that would otherwise be hidden.

Figure 0.4 explains *Lead-Think–Plan–Act* through the Iceberg Theory of Change model. While only the tip of the iceberg—the content—is visible, the change processes and structures, as well as commitment to culture change, that lay below the surface make up the foundation of the iceberg. As such, strategic planning processes, structures and roles should be defined first in order to engineer success up front.

**Three elements are present in every interpersonal situation in life: content, processes and structures.** Creating high-performance organizations requires a balance in how organizations spend their time and energy on these three elements.

The Iceberg Theory of Change reflects the natural reality of everyday life. It is a standard that is taught and utilized in the field of Organization Development, yet it is mostly unknown to the detriment of many planners and executives.

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**THE ICEBERG THEORY OF CHANGE**

(The CAPACITY* to Achieve Your Competitive Business Advantage)

Efforts:

13%

What's Your…

87%

CONTENT
What (Visible)

…Level of Capacity*

1. CULTURE (COMMITMENT)
   (Unintended Consequences)

2. STRUCTURES - Framework
   (Deep Foundation)

3. PROCESSES - How
   (Below the Surface)

4. COMPETENCES
   RESOURCES

“Alignment” - Operational Tasks
   • Customer ★ Results
   • Delivery Process

“Attunement” - with People’s Hearts
   • Support Content
   • Rollercoaster Uses
   • Change Processes

“Systems Thinking”
   • Change Structures
   • Organizational Capabilities
   • Culture

Figure 0.5 The Iceberg Theory of Change
Content
The task, goal and focus of an organization is its content—it’s what the strategic plans and change projects are all about. Content is the easiest element to see and understand.

However, below the surface of the water, an iceberg has 87 percent of its mass. This hidden mass is often what causes the most damage to unsuspecting ships. The same is true with action and change. It is what is not visible, but what is out of balance or missing, that kills successful change—namely the processes and structures of our interactions.

Content myopia—focusing on content alone—is the failure by senior executives, line management and leaders to focus on the processes and structures that keep the organization competitive within the marketplace and support the changes. Having this mindset is naive, since action and change are dependent on them both as facilitated by the SMO and CSO.

Processes
Processes are how your organization goes about working on its tasks or content. Who is included? Who leads strategic planning? Is work done face-to-face, electronically or both? What methods are used to check on progress, solve problems and resolve differences? What ground rules should the organization follow? The process is how senior management implements the Strategic Plan. For example, The Rollercoaster of Change™ (see next section) illustrates the predictable process individuals and organizations go through when they experience change. This model contains all the fundamentals you need to know about the process of change.

Structures
Infrastructures for thinking, planning, actions and change are the least understood, as they compose the deepest parts of the iceberg and are often taken for granted. Structures include larger aspects, such as how your organization is set up to do work (e.g., your organization chart, physical location of departments that must interact, telecommunications system, etc.). They also include small items like what information gets reported daily, weekly and monthly, as well as typical meeting agendas.

These structures may be helping, interfering with or having no useful impact on what you’re trying to accomplish. People rarely acknowledge their existence despite the fact that the structures are the context, vessels or arrangements within which all process and content operate.

These are the most effective leverage points for successful actions and change. Organizations often need new structures to support changes they wish to make. Both the strategic management process and structure are the responsibility of senior management and the CSO.

Culture and Commitment
The lowest, and thus the most rigid, part of the iceberg is culture. This is the belief system in which the organization functions. Because of its rigidity, culture is the hardest part of any organization to change. Unfortunately, it is also the one that often needs to be changed to ensure the success of the Strategic Plan and organization-wide change.
To a strategic planner, the most important characteristic of culture is that it is so resistant to change that it will defeat any attempts to alter its dynamics—unless you have an infrastructure designed specifically for that purpose.

**Note:** For more information on this topic, see Stephen Haines’ article “Smart Start to Enterprise-Wide Change,” available on systemsthinkingpress.com.

**The Rollercoaster of Change™**

The Rollercoaster of Change™ (see Figure 0.5) is the bedrock upon which many other strategic change processes rest. This is because it is natural, normal, and highly predictable. It is also an integral part of the Iceberg Theory of Change and is represented in the iceberg model as a process.

At their core, the roles of the SPPs and SMPs are to advise management in making wise decisions about long-term planning, helping to implement organization-wide change that leads to the most positive outcomes. The Rollercoaster of Change™ is the key process by which a system changes, whether it is an individual, an interpersonal relationship, a team, a cross-functional project or a total organization change. While any model can be a simplistic representation of a complex reality, the Rollercoaster of Change is the reality of change. I coined its name in the 1980s because, when viewed from a distance, change looks more like a roller coaster than a single cycle.

This roller coaster model summarizes more than 20 change process concepts that basically say the same thing using different words and visuals. You only need to become an expert on this one theory as you prepare to take the ASP Certification Exam. This saves you both time and effort. The applications of the Rollercoaster of Change™ are multifarious and nearly universal.

![THE ROLLERCOASTER OF CHANGE™](image)

**Figure 0.6 The Rollercoaster of Change™**
Once you kick off a change project, Stages 2 and 3 will occur. Shock and denial is followed by depression, anger and emotions. It is a given that both of these will happen.

To make change your ally, you need to prepare for changes by conducting pre-meeting. By completing the Smart Start in Stage 1, you ensure that you “educate, assess, organize and tailor” the change process before kicking it off. A Smart Start can alleviate the worst of the adverse effects of Stages 2 and 3. However, the real issue is what happens after that—do you control the change or does it control you?

As the Rollercoaster of Change progresses, one of your responsibilities is to help others through Stages 3 and 4 (the “hang-in” and persevere stage) by acknowledging them, listening actively and empathizing with them—all while explaining the importance of the change. But remember, it is important to listen first and explain second.

Stage 4 is the lowest point in the roller coaster, and is therefore vital to the change process. At the hang-in point, people need to persevere and persist in the change process rather than giving up or trying to reverse or undo the change. If an organization does not rebound from this point, it is inevitably worse off than when the system change started.

If you persevere, you enter Stage 5: the hope, acceptance and readjustment phase. This where you begin climb up the roller coaster. Unfortunately, it is not a given that any individual or group will complete the Rollercoaster of Change™ this way. While the loss and emotions of the left side are inevitable, climbing up the right side is optional. Figure 0.6 illustrates the five levels of excellence change can reach.

![The Five Choices of Change and Levels of Excellence](image)

*Figure 0.7 Five Choices of Change and Levels of Excellence*
A level of self-management and leadership of others is required to help people through the change. This readjustment stage is best assisted through the involvement and participation of many people in building toward the new vision, both for themselves and as a team. You can assist this stage by showing people “What’s in it for me?” (WIIFM). Any new learning that helps people feel they are growing is also very helpful at this stage. Only at Stage 6 (Rebuilding) can you empower people to be work effectively on the newly-created changes on their own, or for teams to proceed effectively as high-performance units.

Throughout the complexities and the chaos of the Rollercoaster of Change, people, teams and organizations need to continually do the following:

- Articulate and reinforce the vision of why the change or initiative is important.
- Continue to provide rewards, reinforcement and recognition to others in a positive way as they proceed towards this vision.
- Set up processes and structures to assist with the change process.

**Strategy, Strategic Planning and Tactics**

*Strategy, strategic planning* and *tactics* are three very different terms, and every SPA, SPP and SMP needs to be clear on their roles in each—both in order to pass the ASP Certification Exam and to succeed as a 21st-century strategic planner.

**Strategy** is about the content of the Strategic Plan. It is the overall responsibility of the organization’s chief executive, executive director or top management official. The prime Subject Matter Experts (SMEs) should be the chief executive and senior management, who provide the necessary business acumen. In order to successfully implement change, strategic planning actions must implement 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 Strategic Management Office (SMO) and Chief Strategy Officer (CSO) to guide this and facilitate its successful completion.

The overall leader of the planning effort must be the chief executive of the organization. It is the job of the planning department or SMO to support that person in making planning and change happen. As a SPP or SMP, you will facilitate the meeting, but remember—it is the chief executive’s meeting. Don’t ever forget that! As strategic management officer or Chief Strategy Officer, you are an advisor to senior executives and senior management.

Since it is their meeting, 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 meetings themselves.

**Tactics** (or *operations* or *actions*) differ from strategic planning in that strategic planning is vital to an organization’s long-term goals. If you were to only manage by tactics and operations, the results would be deadly.
For instance, Tom Peters’ suggested method—“*Do it. Try it. Fix it.*”—works well for inciting actions and reaching short term goals, but is disastrous when applied to long-term plans. For day-to-day projects, this philosophy serves as a flexible way to solve problems. However, for long-term strategic planning, the stakes are simply too high to not have a completely clear vision, marketplace positioning and strategic plan of action.

You do not want to get one or two years into a “Do it” plan only to realize that it was incorrect and that you now have to try and “Fix it.” The cultural and financial ramifications of such plans could quickly lead to a sharp downturn in results or perhaps even the demise of the organization that incorporated it in today’s dynamic, fast-paced global environment.

Strategic planning excels at setting and reaching long term goals by making change part of an organization’s culture. Through strategic planning, an organization is able to make major corrections to its business plan, ideologies, structure and goals as external or internal forces dictate in order to reach the desired end results.

SPPs and SMPs can take on a variety of staff support roles as they interact with the Board of Directors, senior executive, senior management team, line managers and Strategic Business Units (SBUs):

1. **Strategic Leadership**
   
   Strategic planning is the responsibility of staff leadership and the role of the SMO. Other accurate terms are *facilitating, coaching* or *advising*. The 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, SPPs and SMPs should facilitate this change process using the accumulated Body of Knowledge (BOK) identified by ASP.

   The primary role of an internal certified SPP is usually as a member of the organization’s planning unit. An internal SMP should be leader of the planning unit, or at least be capable of leading it. 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 senior executive. Similarly, an external SMP’s client should be the chief executive or other top leader in the organization, business unit, Major Functional Area (MFA) or Major Program Area (MPA) in government or not-for-profits.

   Remember, the foundation of this entire Strategic Management Process is not just the CSO’s business knowledge and industry acumen. The collective senior management should be made up of the best experts on these subjects.

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*.

   The Strategic Management Office should carefully think about the natural process of change. In fact, the senior executive, senior management and SMO should begin worrying and acting on the Rollercoaster of Change™ and implementation of the
Introduction

Strategic Plan at the beginning of the strategic planning process, not at the formal implementation step. Systems thinking is vital to finding the correct answer, best execution strategies and sustainable success of any Strategic Plan.

3. Strategic Planning

Strategic planning determines the direction in which an organization is headed, the path to get there and measurable signs indicating that it has or has not arrived. While many strategic thinkers may already have an idea of what will go into their official Strategic Plan, developing a written plan helps to clarify the organization’s goals and ensure that all senior management and middle management members are on the same page. However, the strategic planning process is almost 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 effectively rolled out to the entire organization, and it will not be successfully implemented. Instead, the dreaded SPOTS Syndrome (“Strategic Plan on the Top Shelf,” gathering dust) will set in.

Traditionally, the role of the board of directors in strategic planning is to approve the plan and track its results. Other board duties include:

- Ensuring financial viability of the organization over the long-term.
- Evaluating, developing and (if necessary) hiring or firing the chief executive.
- Assisting senior management with high-level strategic thinking.

4. Strategic Actions

The result of excellence in strategic planning is actually not planning, but effective execution and strategic change. Both SPPs and SMPs should focus primarily on the implementation of the Strategic Plan from day one.

Throughout this process, it is vital that you take a systems approach to ensure best practices. The next section overviews this method.

The Systems Thinking Approach®

The Systems Thinking Approach® is essential for strategic planning in the 21st century. The process by which strategic thinking can be used to “think backwards” to ensure you reach your goals is called The ABCs of Systems Thinking. It involves five phases and questions:

- **Phase A**: Where do we want to be? (Multiple Desired Outcomes)
- **Phase B**: How will we know when we get there? (Key Success Measures)
- **Phase C**: Where are we now? (Current State Assessment)
- **Phase D**: How will we get to where we want to be? (Bridge the Gap from A to C)
- **Phase E (Ongoing)**: What may change in the future that will affect us? (Future Environmental Scan)
Figure 0.7 shows these ABCs of Systems Thinking. At the Haines Centre, we call this model our **Universal Thinking Framework and Guide™** because it is the only systems thinking framework that can be applied to nearly every problem in work and life. Let’s break down each step.

**Phase E: Future Environmental Scan (Ongoing)**

Although it is the last letter of the ABCs of Systems Thinking, Phase E is the first step to strategic planning. Systems thinking employs *backwards thinking*: You decide where you want to be (Phase A) in today’s complex global environment, and then complete the steps to get there. To engineer success up front, you need to examine your future environment, ensuring that you have considered all the external barriers to your success. Taking time for a future environmental scan ensures that 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 multiple desired outcomes. It involves envisioning the year 2020, for example, as if it were
today. Once you have decided on where you want to be, you can begin to create your Strategic Plan to get there.

**Phase B: Measurable Results**

Having a method for tracking 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:

- Financial viability
- Customer satisfaction
- Employee satisfaction
- Contribution to society

**Phase C: Current State Assessment**

With measurable results developed, the strategic planning process is ready to move to Phase C. In this phase we begin to create strategies for closing the gap between what is happening right now and what should happen in the future.

**Phase D: Implementation**

Now we look at the system and its interdependencies and ask: How do we close the gap from Phase A to Phase C in a complete and holistic way? With those interdependencies in mind, we focus on the processes, activities and relationships that the system must implement in order to produce the desired outcomes.

As you can see, planning processes and structures, as well as facilitative strategic leaders, are the primary foci of both SPPs and SMPs. In fact, in order to engineer success up front, it is more important to set up the processes and structures correctly, even before you define the planning content.

The experts on the strategic change process and structures should be the SMO and CSO. The senior executives should be the experts 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. Involvement and input of key stakeholders in this process is crucial.

**Questions to Ponder**

- Can you apply the Rollercoaster of Change™ to a change you have recently undergone in your personal life? How?
- If you are currently undergoing a change, can you identify which stage you are currently experiencing? How?
- Do you currently employ the systems thinking method to your life? If you don’t, how could you personally apply the ABCs?
Best Practices Attributes (As Approved By ASP)

Here is a brief, concise list of attributes that SPPs, SMPs, and SPPs should incorporate into their daily and personal lives. This list was analyzed in 2010 by the five founding ASP Registered Education Providers of the Association of Strategic Planning, led by Howard Rohm and Terry Schmidt. It was formally approved by the ASP Board of Directors after the BOK was finalized. As such, it is not in the exam. However, it is a crucial list for any SPP to know and use to analyze their own situation.

Attribute 1: Use a systems approach that starts with the end in mind.

The systems approach includes: agreed-upon definitions of terms, an understanding of what is to be accomplished (outcomes), how desired outcomes will be accomplished (strategy, processes, human capital and technology), how progress will be measured, and how results will be evaluated and corrective action taken. The systems approach incorporates strategic thinking, leading and leadership development, people, technology, processes, change management, rewards and recognition to incentivize desired behaviors, clear communication, inclusion and transparency, customer and stakeholder value creation and organization culture. Feedback loops are incorporated to promote continuous improvement and learning, and a periodic cycle (e.g., yearly) is established to refresh the system. A discipline to get things done turns systems thinking into strategy execution and action.

Attribute 2: Incorporate change management and leadership development to effectively transform an organization to high performance.

“Changing hearts and minds” is built into the fabric of the system development process and lead by senior leaders (e.g., the board, C-level executives and managers), rather than treated as an add-on for the Human Resources Department to address after the system is developed. Roles and responsibilities are defined, as are governance policies and procedures. Employee internalization of “What's in it for me?” (WIIFM) is as important as “What's in it for the organization?” Communicating necessary organization changes with clarity starts with a shared vision of the future and the senior leadership team, and becomes everyone’s responsibility. Leadership development happens at all levels in the organization, not just at the C-level.

Attribute 3: Provide actionable performance information to better inform decision-making.

Meaningful strategic and operational performance measures and targets, logically derived, are used to monitor progress against targets. Appropriate outcome (accomplishment), output (production), process (efficiency), project (schedule and resource adherence) and input (resource) measures are the basis for transforming performance data into performance information, and performance information into business intelligence. Performance information is provided in a timely manner throughout the organization to better inform decision-making at all levels, not just at the executive level.
Attribute 4: Incorporate assessment-based inputs of external and internal environments.

Strategic thinking and discovery is used to describe the current situation in terms of the social, economic, political, competitive, technological and regulatory factors affecting the organization. Possible future states are discussed and analyzed. Optional business strategies for achieving the organization’s vision are derived from the external and internal assessments of strategic inputs. These inputs include: mission, vision, core values, customer value and needs, competitive analysis and marketplace positioning, workforce competencies, organization culture, environmental and policy variables and guidance, and desired results.

Attribute 5: Include strategic initiatives to focus attention on the most important performance improvement projects.

Prioritized initiatives (e.g., projects or programs) are developed consistently as part of strategy development, and turned into risk-managed projects, where schedule and resource adherence are tracked and reported, risks are identified and mitigated, and scope creep is managed.

Attribute 6: Offer a supporting toolkit, including terminology, concepts, steps, tools and techniques.

These techniques should be flexible and scalable for building and connecting the elements of the system in a consistent and integrated manner—horizontally across business and support units as well as vertically from the enterprise to the shop floor and the desktop. Use efficient and effective automation systems to transform performance data into business information and intelligence, and to document the strategic thinking process and deliberations.

Attribute 7: Align strategy and culture, with a focus on results and the drivers of results.

Employees need to be part of system development, so everyone takes ownership of the system, not just the senior executive team. The focus on unifying strategy should also include: line-of-sight alignment of enterprise-wide strategy with departmental strategy and personal objectives, individual and collective accountability for results, and a shared vision of the future that can be translated into action for all employees. This future vision is based on input at all levels so that the vision created is actively supported as it cascades throughout the organization. Necessary changes are communicated with clarity throughout the organization, based on a communication and change management plan and strategy. The system reports on how well strategy is being implemented and the degree to which results are achieved.

Attribute 8: Integrate existing organization systems and align the organization around strategy.

The system is integrated into the organization’s structure and culture so that it meshes with existing project management, process improvement, budgeting and other
financial systems. Changes are made to the holistic system as new information becomes available, and the system focuses organization attention and effort on strategy. Strategy developed at the organization-wide level is cascaded down to business and support units, and then to teams and individuals, to make strategy everyone’s job and build ownership and accountability for results.

**Attribute 9: Be simple and clear to administer, direct and deliver practical benefits over the long-term.**

The system uses common business language, logical structures and documentation. Practical benefits, measurable results and improved customer value are evident and demonstrable, and there should be evidence of use in a variety of business and industry, government and not-for-profit organizations. The system is not treated as a separate system: It becomes part of the organization’s culture—“It’s just the way we work around here.”

**Attribute 10: Incorporate learning and feedback to promote continuous long-term improvement.**

The system has built-in feedback loops to incorporate the benefit of learning at both the strategic and operational levels, along with changes in assessment variables into revised strategies and business plans. The system is flexible and sustainable, and improvements are incorporated when appropriate to create long-term enhancements.
Part III

Plan and Strategic Planning
(SPP and SMP)

Content
Chapter 1  Plan Content (3.1 SPP)
Chapter 2  Strategic Planning Content (3.4 SMP)

Processes
Chapter 3  Planning Processes (3.2 SPP)
Chapter 4  Strategic Planning Processes (3.5 SMP)

Infrastructures
Chapter 5  Plan Infrastructures (3.3 SPP)
Chapter 6  Strategic Planning Infrastructures (3.6 SMP)
Plan Content (3.1 SPP)

Plans are nothing. Planning is everything.
—Dwight D. Eisenhower

To become an effective leader or to pass the SPP exam, each candidate should know and understand how to accomplish ten tasks:

3.1.1 Guide the design and implementation of a good corporate Strategic Plan and understand the best practices as to why good ones work and bad ones do not work.

3.1.2 Advise on the identification and evaluation of different options to grow the top line (sales and revenues).

3.1.3 Advise on different methods to lower costs, increase profit margins and improve cash flow and the balance sheet.

3.1.4 Conduct a future environmental scan and ensure it is global in scope to capture the world-wide dynamic trends of strategic significance.

3.1.5 Use quantitative tools to conduct decision analysis, modeling and risk management to support executive decision-making.

3.1.6 Explain the concepts and principles of the premier theorists and practitioners in the field of strategic planning, both in history and the current field of planning, including the major schools of strategy and newer emerging ones.

3.1.7 Leverage, align and cascade the corporate direction into three-year business plans for all strategic business units and major functional areas.

3.1.8 Use goal-setting and metrics extensively with targeted goals to track and measure “smart” outcomes.

3.1.9 Articulate the importance of the organization’s distinctive core competencies and strategies that result in a competitive advantage vs. MOS (more of the same).

3.1.10 Assess the degree to which the corporate culture will obstruct or enable implementation of the Strategic Plan and adjust accordingly.

Note: These tasks were taken from ASP’s standards and Body of Knowledge (BOK). Key words are italicized for easy reference. The chapters are arranged according to content, processes and infrastructures (see Introduction for details). For more information, see the BOK on ASP’s website, strategyplus.org.
3.1.1 Strategic Plan

Task: Guide the design and implementation of a good corporate Strategic Plan and understand the best practices as to why good ones work and bad ones do not work.

The strategic planning process requires a Smart Start with two key components: Plan-to-Plan and an executive briefing. It involves the following best practices.

Smart Start: Plan-to-Plan
1. Use an integrated and holistic systems thinking framework for the entire organization.
2. Have a comprehensive Yearly Strategic Management System and Cycle.
3. Conduct a Strategic IQ Audit each year to ensure the strategic direction is being achieved.
4. Organize and tailor the strategic planning process with a Plan-to-Plan day before beginning to engineer success.
5. Conduct an executive briefing to educate everyone on strategic management and assess critical issues before beginning.

Smart Start: Executive Briefing
Using the ABCs of Systems Thinking (see Introduction)

Phase E: Future Environmental Scan
6. Regularly conduct a Future Environment Scan to begin planning.
7. Create several topic-focused Change Agent Teams, lead by the chief executive, to do the scanning.
8. Define the Future Environmental Scan and its implications first, instead of the usual current opportunities and threats of a SWOT assessment.

Phase A: Ideal Future
9. Ensure that the vision and mission are clear, detailed and specific so that they are useful and practical.
10. Identify a value-added marketplace positioning to build competitive advantage.
11. Have a clear and concise set of core values that represent the desired organizational culture.

Phase B: Goals and Key Success Measures
12. Establish multi-year Key Success Measures (KSMs) of the desired outcomes in terms of finances, customers, employees and society.
13. Ensure success with a multi-year matrix for KSMs along with a monthly and yearly tracking and reporting system.

Phase C: Current State Assessment
15. Develop a set of organization-wide core strategies and annual priorities with clear accountability and time frames, and share it with all employees.

16. Develop annual department work plans—with an integrative Who else to involve? column—based on all departments using the core strategies as their department goals.

17. Have a Parallel Involvement Process to involve all key stakeholders so the Strategic Plan has ownership and buy-in before it is finalized. People support what they help create.

18. Use simple four-page Performance Appraisal Forms to focus, clarify and unify accountability for each person in order to align employees with the core strategies and core values.

19. Hold large group annual review meetings with senior and middle management to review all department work plans and the annual priorities.

Phase D: Implementation and Change

20. Hold a Plan-to-Implement day to ensure you have educated, assessed, organized and tailored the organization’s ability and capacity to lead the strategic change required to implement the Strategic Plan successfully.

21. Have a specific culture change game plan that includes a set of core strategies and Action Priorities to achieve culture change.

22. Simplify the Strategic Plan to a one- to two-page publication and distribute to everyone for communications clarity.

23. Have monthly Change Leadership Team (CLT) meetings, led by the chief executive, to guide overall implementation.

24. Use a mental strategic thinking framework organization-wide as the standard for a holistic and integrated guide to problem-solving, decision-making, project management and issues resolution.

25. Guide the processes and structures of change in the organization with a yearly map of implementation or calendar with specific dates for all key planning and change meetings set in advance.

Notes and Actions
3.1.2 Top Line Sales

Task: Advise on the identification and evaluation of different options to grow the top line (sales and revenues).

The way to increase sales and revenues is to be a customer-focused organization. There are five categories that create customer value: high quality (product and services), caring service, total cost, delivery responsiveness and personal choice. Long-term success comes from finding one distinctive competitive advantage. While the organization should meet all five categories of desired customer value, it should excel in one—this is the organization’s marketplace positioning. It requires the organization to build and deliver a capability that others cannot duplicate easily or quickly.

This positioning should be clear and agreed upon. Once it is, everything in the entire organization should revolve around it. Focus the entire organization’s passion and energy toward achieving this dominant, driving-force strategy or positioning.

Key Commandments of a Customer-Focused Organization

Becoming a customer-focused organization is a core strategy. The process involves several key commandments:

1. Stay close to the customer, dialoguing with them face-to-face on a regular basis out in the marketplace. This includes senior executives.
2. Include the customers in the organization’s decisions, focus groups, meetings, planning and deliberations.
3. Know and anticipate the customer’s continually changing needs, wants and desires.
4. Make surpassing customer needs the driving force of the entire organization.
5. Survey customers’ satisfaction with the products and services on a regular basis.
6. Have a clear positioning in the marketplace (vs. the competition) in the eyes of the customer.
7. Focus on creating customer value in five categories: quality, caring service, total cost, delivery responsiveness and personal choice.
8. Set quality customer-service standards that are specific and measurable in each department.
9. Base customer service standards on customer input and focus groups.
10. Require everyone in the organization to experience moments of truth by meeting and serving the customer directly, at least one day every year.
11. Focus and re-engineer business processes based on customer needs and perceptions.
12. Focus the organization structure based on the marketplace.
13. Reward customer-focused behaviors, especially cross-functional teams that work together to serve the customer.
14. Have a clear policy and use recovery strategies to surpass customer expectations.
15. Hire and promote customer-friendly people.
Know the Customer

In order to become customer-focused, an organization need to be familiar with its customers’ mindset and characteristics. In the United States, for example, there are at least five generations with varying mindsets:

1. **Greatest Generation** *(born 1915–1935)*: This ultra-conservative and conscientious generation grew up in the aftermath of the Great Depression and endured World War II. As such, its members became accustomed to sacrifice and were eager to create a better life for their children.
   
   *Mindset:* High work ethic, strong brand loyalty, eagerness to save for the future.

2. **Forgotten Generation** *(born 1936–1945)*: At a smaller 28 million, it has been called the *Forgotten* or *Silent Generation* because its identity has been eclipsed by the generations that surround it. It’s the proud and rebellious generation of James Dean, Lenny Bruce, Marlon Brando and Gloria Steinem.
   
   *Mindset:* High work ethic, strong independence.

3. **Baby Boomers** *(born 1946–1964)*: The largest and most heavily-chronicled generation, it’s 76.5-million strong. Spoiled by their parents, Boomers have a youthful and individualistic mindset that has established a precedent for following generations. Distinctions include the highest divorce and second-marriage rates in history.
   
   *Mindset:* Rebellious against convention, including their conservative parents, and extremely loyal to their children. Want respect from younger workers and a flexible route into semi-retirement.

4. **Generation X** *(born 1965–1976)*: The 46 million children of *Baby Boomers* and the *Forgotten Generation* are distinctive for their entrepreneurial sense and cynical nature, which comes from growing up in prosperity and being pampered by their parents. They’re even more independent than Boomers, yet they have a higher degree of brand loyalty.
   
   *Mindset:* Strong sense of entitlement. Proper work-life balance is crucial.

5. **Echo Boomers** *(born 1977–1994)*: Also called *Generation Y* and *Generation Next*, they are 72-million strong. Greatly indulged by their fun-loving parents, they’re invited as children to play a lead role in their family’s purchasing and travel decisions.
   
   *Mindset:* Self-absorbed, hotly competitive and eager to spend money. Stronger sense of entitlement than *Generation X*. Fiercely independent from growing up as latchkey kids and children of divorce. Enjoying life comes before work.

**Questions to Ponder**

- How are generations in countries besides the United States characterized? How can this knowledge aid in creating customer value?
- In addition to characteristics of generations, in what other ways can you be familiar with customers’ mindsets?
3.1.3 Lowered Costs

**Task:** Advise on different methods to lower costs, increase profit margins and improve cash flow and the balance sheet.

Lowering costs doesn’t have to mean layoffs and a drop in quality. Often, taking a close look at an organization reveals bureaucracy and wastefulness that has been sucking up vital cash flow.

**Eliminate Bureaucracy and Waste**

To increase profit margins, set up a broad re-engineering process to:

- Root out bureaucracy.
- Empower and delegate to staff.
- Streamline workflow inefficiencies.

If the organization is currently unable to experiment with revenue-increasing possibilities but still needs to cut its budget, address it now: delays only end up costing more in money and motivation down the road.

One of the quickest, most obvious ways for cutting costs is to get rid of all the waste—the old ways that are no longer producing results. This is known as *continuous improvement*, and it’s amazing how many people give it lip service, but how few really do it. Instead, organizations continue to do what they’ve always done—whether it still works or not.

To eliminate waste, you need to first define it. Waste is anything other than the minimum amount of equipment, people, materials, parts, space, overhead and work time essential to add value to the product or service.

**Radically Re-engineer the Organization’s Economic Structure**

Make major structural changes to change the way you do business at a lower cost (for example, employing aides instead of full-fledged professionals). Doing more with less is what the 21st century is all about, but there are ways to approach this with the foresight necessary to carry you into the future. Don’t look at this only in the “now”. Project into the future and consider possibilities from all sides:

- Flatten the organization by continuously empowering employees and moving decision-making closer to the front line.
- Lower manufacturing costs on non value-added items (i.e., lean manufacturing).
- Radically re-engineer customer-focused business processes to be more streamlined and lower in cost (i.e., value-chain engineering).
- Use human resources well: fully utilize and challenge people.
- Eliminate all deadwood.
- Know the customers’ priorities.
- Imagine: If the organization wasn’t already doing it this way, how would you do it?
- Check your span of control—and control it.
Chapter 1: Plan Content (3.1 spp)

- Keep statistics to flag patterns and give an historical perspective.
- Examine how much profit a profit center must make to keep an overhead and staff department working.
- Find time to understand people. Educate them within and outside of your unit.
- Ask: Are you doing the wrong things right?
- Request an external evaluation.
- Think of department as “Staff, Inc.”—be entrepreneurial, not bureaucratic.

Think about the organization’s economic structure from all sides. A famous example of failing to do this: In 1999, Hershey Foods underwent a value-chain analysis in conjunction with installing an automated Enterprise Resource Planning (ERP) system that cost about $125 million. As a result, they lost $100 million in sales over Halloween because the ERP didn’t work properly. Their timing for introducing a major new initiative just prior to their busiest season was just poor planning. Watch it!

Questions to Ponder

- How can you cut costs in your organization?
- Where can your organization radically restructure its economics?
- Where does simplicity fit in lowering costs?

Notes and Actions
3.1.4 Future Environmental Scan

Task: Conduct a future environmental scan and ensure it is global in scope to capture the world-wide dynamic trends of strategic significance.

A regular future environmental scan is imperative in today’s dynamic environment with its global implications. It is important to first scan the future environment to gather information before getting into detailed planning. By looking at the current state first, you can get mired down in problem-solving, which inevitably results in more of the same.

For a Future Environmental Scan, the Haines Centre developed the unique SKEPTIC framework (see Figure 1.1), which is now the industry standard. Much more far-reaching than a traditional SWOT analysis, this framework looks out to the future and examines the following comprehensive categories to anticipate what the future holds in store:

S: Socio-demographics
This category deals with people. For example, in the United States, this might look at the future as a world-wide “English” culture or as the country possibly sinking from first-world to third-world status.

K: Competition
Competition can take many forms. It could be the intelligence level of the world at large, increasing global competition, multilateralism and cooperation, or future emerging global markets.

E: Economics
Scanning the economic environment looks at topics such as outsourcing, the impact of the Internet, the deficit, global labor arbitrage, the value of the dollar, oil dependency, recessions and depressions, etc.

E: Ecological
You don’t have to look far to see the effects of global warming and the response to its impact via environmental movements and treaties. This might also look at the impact world-wide water quality and rights could have on customers.

P: Political
Political scanning might include the long-term effects of the current presidency, as well as poverty, oil and energy struggles, terrorism and World Trade Organization decisions. It can also be examined in terms of the forces of global change that may or may not impact the decisions of world leaders.

T: Technology
All organizations should be looking at the impact that technology and future technologies have and will have on their businesses. Technology integration is a big issue. How does the organization integrate technology? Does it have the brain trust to support it and does it want to spend the necessary money to do so?

I: Industry
Future environmental concerns in this area include the global raw materials shortage, changing industry dynamics, global sourcing and transitional companies.
C: Customer

Customers want it all—they want good, fast and cheap products or services. Customers are much more demanding and they have low loyalty. The pendulum has indeed swung to the side of the consumer. As such, customers should be the center of the Future Environmental Scanning process.

No matter what you do or how hard you try, you will never be able to foretell the winning lottery numbers or predict next year’s World Series winner. You can, however, become adept at scanning the future environment through practice and education. By not looking at the outside first, an organization will formulate inadequate and inapplicable strategies, making itself vulnerable to external and internal threats. Instead of being an ostrich, with its head in the sand, an organization that conducts a future scan becomes the eagle, sitting on top of a high berth, looming large over the organizational landscape.

Part of this Future Environmental Scan is your role in becoming a strategy expert. You must take an active role in developing yourself as a futurist in order to identify and project possible concerns that will affect an organization’s Ideal Future Vision. This is a crucial leadership skill and one that responds to today’s world of dynamic change.

Good strategies rehearse and simulate their anticipated responses to various plausible futures. They don’t wait until they get to a strategic bridge before they figure out how to cross it. Adaptive organizations and facilitators are masters of contingency planning.
3.1.5 Quantitative Tools

Task: Use quantitative tools to conduct decision analysis, modeling and risk management to support executive decision-making.

Internal and external Current State Assessments (CSA) provide the necessary data to move forward confidently.

Conducting an Internal Current State Assessment

An internal Current State Assessment examines the S and W—the Strengths and Weaknesses—of a SWOT analysis. Conducting a CSA within an organization shows what gaps need to be mended to get from today to tomorrow. It will also enable the organization to clearly examine the “systems fit” and alignment throughout the organization in support of the Ideal Future Vision. Always remember to incorporate a Parallel Involvement Process to keep stakeholders involved.

Several categories target critical areas universal to any organization’s internal CSA:
1. Organizational financial analysis, cash flow and return on investment
2. Core values analysis
3. Key Success Measures and goals analysis
4. Strategic business design
5. Value-chain analysis
6. Management and leadership core competencies
7. Strategic Human Resource management area
8. Rewards for total performance
9. Cross-functional teamwork
10. Core competencies
11. Technology assessment
12. Organization-wide assessment

Determine which of these categories are most relevant for the organization.

Conducting an External Current State Assessment

An external Current State Assessment reveals the O and T—the Opportunities and Threats—of a SWOT analysis. While there is no shortage of potential areas on which to focus during the external CSA, here is a partial list of external assessments frequently used.
1. Organizational life cycle
2. Competitor analysis
3. Customer focus
4. Market orientation, and segmentation and intelligence
5. Value mapping products and services (positioning)
6. Market share and growth rate
7. Product and market certainty mix

Note: For more details on these internal and external CSA categories, see Chapter 3 (3.2.3)
For specific assessment resources, visit systemsthinkingpress.com.
Conducting a Strategic IQ Audit

Strategic intelligence is crucial to successful strategic planning and change. Robert Sternberg, author of Successful Intelligence, said:

If you want mediocrity, focus on...

- Self-esteem
- Comfort
- Self-pity
- Ease
- Appearance
- Abilities
- Expediency
- Ends

If you want excellence, focus on...

- Self-efficacy
- Challenge
- Responsibility
- Hard work
- Substance
- Accomplishments
- Integrity
- Process and outcomes

Building a strong foundation is key to developing business excellence. When a craftsman designs a piece of furniture, he first sits down and designs the object and its purpose, detailing its every curve and nuance. He then utilizes the best tools and the finest woods to make his conception reality. As a facilitator of strategic planning and change, you are a crafts-person of an organization.

As aspect of this craft lies in a beginning assessment piece to clarify key issues that eventually become a touchstone to ensure strategic planning deals with real issues. It helps:

- Develop a critical issues list: What is critical for the organization now and in the future?
- Define issues and context: To what other plans and processes must the organization relate or link?
- Provide the beginning of Future Environmental Scanning: How much and what kind of data does the organization need to feed and stimulate the process?
- Highlight potential obstacles and solutions: How can we overcome what might hold the organization back.

First, the Strategic IQ Audit examines four integrated strategic categories:

1. **Shared Direction and Clarity of Purpose**: Assesses Strategic Plan development, buy-in and stay-in to the plan.
2. **Shared Core Strategies**: Assesses strategic business assessment and redesign; how department work plans, budgets, and accountability cascade down.
3. **Successfully Roll Out and Implement Enterprise-Wide Change™**: Assesses how the leader knows and performs his or her role, what follow-up structures and processes are in place.
4. **Sustaining Capacity and Simplicity**: Assesses the capacity for sustaining organization-wide change, whether leadership has achieved elegant simplicity and clarity of focus.

Second, it looks externally at the organization’s strategic results and direction:

- Marketplace positioning versus the competition in the eyes of the customer.
- Key Success Measures (KSMs) and goals.
- Status of completion of organization-wide top priorities and yearly action items.
3.1.6 Premier Theorists and Practitioners

**Task:** Explain the concepts and principles of the premier theorists and practitioners in the field of strategic planning, both in history and the current field of planning, including the major schools of strategy and newer emerging ones.

In 2005, Henry Mintzberg, one of the most respected professors in the field of strategic management, published *Strategy Safari*, a brilliant critique of 10 schools of strategic planning. Mintzberg found all 10 to be wanting, leading to a disrespect of the planning field:

1. The Design School
2. The Planning School
3. The Positioning School
4. The Entrepreneurial School
5. The Cognitive School
6. The Learning School
7. The Power School
8. The Cultural School
9. The Environmental School
10. The Configuration School

There are many strategies—so many that it is a wonder anyone can actually conduct strategic planning. Which strategies are the right ones for you and your organization? Let’s look at some strategies formulated and articulated by today’s gurus of strategy.

1. **Peter Drucker’s View:** Organization-Wide Key Success Measures and Core Strategies
   To balance long- and short-run considerations, overall corporate business objectives and strategies should be established in 10 key areas:
   1. Customer satisfaction
   2. Worker performance and attitude (employee satisfaction)
   3. Market and customer standing vs. competition (benchmarking, market share)
   4. Profitability or retained earnings (organization’s financial viability)
   5. Innovation and quality products and services
   6. Productivity and efficiency
   7. Physical and financial resources (strategic management and resource allocation)
   8. Manager performance and development
   9. Social responsibility
   10. Environmental responsiveness

2. **Gary Hamel and C.K. Prahalad’s View:** Strategy Development is Path-breaking (adapted from *Competing for the Future*)
   Path-breaking is a lot more rewarding than benchmarking. One doesn’t get to the future first by letting someone else blaze the trail (also called *The Blue Ocean Strategy* by W. Chan Kim and Renée Mauborgne).
Starting premises:
1. Competition for the future creates and dominates emerging opportunities—to stake out new competitive space.
2. Creating the future is more challenging than playing catch-up in that you have to create your own road map.
3. The goal is not simply to benchmark competitors’ products and processes and imitate their methods, but to develop an independent point of view about tomorrow’s opportunities and how to exploit them.

3. **Boston Consulting Group’s View:** Mediocrity and Industry Norms vs. Your Competitive Business Advantage (from Bruce Henderson, BCG)
   “The essential element of successful strategy is that it derives its success from the differences between competitors with a consequential difference in their behavior.
   “Ordinarily, this means that any corporate policy and plan which is typical of the industry is doomed to mediocrity. Where this is not so, it should be possible to demonstrate that all other competitors are at a distinct disadvantage.”

4. **Michael Trealy and Fred Wiersema’s View:** The Discipline of Market Leaders (adapted from *The Discipline of Market Leaders*)
   **Disciplines:**
   1. Discipline of operational excellence
   2. Discipline of customer intimacy
   3. Discipline of product leaders
   **Strategies:**
   1. Choose your customers
   2. Narrow your focus
   3. Dominate your market

5. **CEO of Home Depot’s View:** “We Must Learn How to Compete All Over Again” (adapted from *Wisdom of the CEO: 29 Global Leaders Tackle Today’s Most Pressing Challenges*)
   1. Look at market share and your potential there.
      * Dominate your market and stay focused on your core markets.
      * Perfect your business model.
      * Grow into other market segments.
   2. Become intimate with the details of our customers.
      * Build relationships.
      * Have clear data.
      * Be smart: Who are our profitable customers? Where does our gross margin come from?
      * Stay “top line” customer-focused.
   3. Learn how to “kill” your competitors with the right business model and killer instinct.

“The track record of corporate strategies is dismal. They have dissipated instead of created shareholder value.” —Michael Porter

Porter on corporate strategies:
- Portfolio management
- Restructuring
- Transferring skills*
- Sharing activities

* A corporate strategy that truly enhances the competitive advantage of each business unit is the best defense against the corporate raider.

Porter on positioning:
- Uniqueness—Strategy rests on unique activities: It is the creation of a unique and valuable position, involving a different set of activities.
- Trade-offs—A sustainable strategic position requires trade-offs: Strategy is making trade-offs in competing.
- Fit—Fit drives both competitive advantage and sustainability: Strategy is creating a fit among a company’s activities—both leadership and management. Examples include the alignment of the delivery process (management) and attunement of people’s heart and minds (leadership).

7. Hayden and Haynes’ View: Four Generic Competitive Advantage Areas

1. Cost Leadership: A business pursuing this strategy works on being the overall low-cost producer in its industry. Such a business cannot afford to ignore product quality and utility, but the core of its competitive strategy must be to have the lowest costs in the industry. This is very difficult to sustain, however, as others can match your low prices.

2. Differentiation: A business pursuing differentiation works on differentiating the product so as to be perceived industry-wide as unique. Approaches to differentiating can involve many forms of utility, brand identification, information, etc. The objective is to provide a uniqueness that is desired by a sufficient number of buyer groups willing to pay for the differentiation. Not that a business cannot ignore costs when implementing a differentiation strategy, but that the central aim of the competitive strategy must be on differentiation.

3. Focused and Unique: A business pursuing this third generic strategy serves a particular target market better than any other competitor in the industry. This strategy may allow the business to be the unique and distinct competitor in serving that target market. Once a suitable target market has been identified, however, the focus of the business’ competitive strategy should be to serve that market and not be tempted by a broader market perspective.

4. Focused Market Dominance: A business pursuing this fourth strategy aims for low cost through economics of scale by dominating market share in its focused marketplace and niche customers.
8. **Tom Peters’ View**: Strategies for Today

- **Rethink your products and services**: Product life cycles are shrinking. Service standards rise. The best way to compete is to compete with yourself.
- **Rethink your structures**: These days, every team must be a small business unit. You and your teammates are responsible for initiation, execution and follow-up. Each team’s ultimate responsibility is to create value.
- **Rethink your systems**: Use systems thinking. Is the system working against you? Many procedures stifle innovation, productivity and spirit. Improve your processes, blow out bureaucracy and learn systems thinking.
- **Rethink your personal structures**: How do you stay competitive? There is only one way—become more productive and valuable personally.

9. **Jim Collins’ View**: Why Some Companies Make the Leap and Others Don’t

(adapted from *Good to Great*)

1. **Celebrity executives almost never lead good companies to greatness.** Good-to-great leaders embody a paradoxical mix of personal humility and professional will.
2. **You can’t achieve great things without great people.** Many companies create strategy, then try to rally people around it; good-to-great companies start with great people and build great results from their efforts.
3. **Simplicity rules.** To go from good to great requires leaders to know what their organizations are passionate about, what drives their economic engine and at what they can (and cannot) be the best in the world.
4. **Enterprise-wide discipline is essential.** When you combine a culture of discipline with an ethic of entrepreneurship, you are more likely to achieve great results.
5. **Technology is an accelerator.** Good-to-great companies do not jump on technological bandwagons or chase after fads. They determine what technology makes the most sense for them, and then pioneer its application.

10. **Haines Centre for Strategic Management’s View**: The Systems Thinking Approach®

The Haines Centre follows The Systems Thinking Approach, a method that revolves around the ABCs of Systems Thinking, our Universal Thinking Framework and Guide™ (see Introduction). We follow a 10-step Reinventing Strategic Management model (for more information, see *Reinventing Strategic Planning*, by Stephen Haines and James McKinlay).

Out of the 14 models we researched, there were five key steps no one else had addressed: our Parallel Involvement Process, our Smart Start: Plan-to-Implement and Plan-to-Plan steps, our In-Depth Change Management step, and our Annual Strategic Review and Update.

In Mintzberg’s *The Rise and Fall of Strategic Planning*, his only concession to systems thinking in the book is that “the field of strategic management may itself be moving toward synthesis” instead of the 10 schools of strategy he points out. The synthesis of these views is strategic and systems thinking.
3.1.7 Three-Year Business Plans

Task: Leverage, align and cascade the corporate direction into *three-year business plans* for all strategic business units and major functional areas.

Generally speaking, **Strategic Business Units (SBUs)** are identified by three criteria:

1. They produce and market a well-defined set of related products or services.
2. They serve a clearly defined set of customers in a reasonably self-contained geographic area.
3. They compete with a well-defined set of competitors.

In the public sector, these are called **Major Program Areas (MPAs)**. These divisions are extremely important to determine: (1) what businesses the organization wants to be in the future, and (2) what it will take to get there. It forces an evaluation of the overall portfolio of businesses to ensure you know *why* the organization is in each of these businesses, and to properly allocate resources accordingly.

An organization needs to clearly define its SBUs (or MPAs) in order to determine if what it presently has will take it toward its desired future outcomes. It is also important to think strategically about staff departments—**Major Functional Areas (MFAs)**—such as Human Resources, Information Technology and Finance (see Figure 1.2).

While many organizations have an overall Strategic Plan, they often need plans for all their business units and staff support departments. For optimal success, each one needs to think strategically about the future, developing its own Three-Year Business Plan that is organized around the core strategies of the organization’s Strategic Plan. Doing so will allow staff departments to replace their silo-oriented thinking with strategy-oriented thinking and focus. To do this, SBUs (or MPAs) and MFAs must be identified, prioritized and planned for in a multi-year time frame, based on their importance to the organization’s future growth, profitability and direction. See Chapter 12 (4.6.5).

**Matching Units to the Mission Statement**

Once SBUs (or MPAs) are clearly defined, answer three questions:

1. Which need enhancement, growth or change?
2. Do any need to be added or dropped?
3. How (and how much) does each need to change and grow over the life of the Strategic Plan?

These factors must be determined because SBUs (or MPAs) usually represent the smallest subdivision for which you can develop a distinct, separate business strategy. They also usually represent the level at which the organization actually competes with other organizations in its industry, especially within conglomerates. In order to get the fullest possible implementation of the organization’s overall Strategic Plan, it is essential these SBU subdivisions create Three-Year Business Plans of their own. Failure to do so will leave the organization with an overall blueprint—the Strategic Plan—but no specific actions for implementing the plan through its SBUs (or MPAs), facilitated by the MFAs.
Developing Three-Year Business Plans

Now that the SBUs (or MPAs) and MFAs are clearly defined and prioritized, the next step is to create a Three-Year Business Plan for each one so that each can compete successfully. Of course, it is important that each of these Three-Year Business Plans derive from the organization’s overall Strategic Plan. In fact, Three-Year Plans are developed in the same way as the overall Strategic Plan, but on a smaller scale.

When developing these three-year plans for each division consider:

1. What is the driving thrust or focus for future development of the division(s) that will help maintain or grow the desired core competencies?
2. What scope of products and customers or market segments will be considered?
3. What is the future emphasis or priority and mix for products and customers or market segments that fall within that scope?
4. What key capabilities or competencies will reach the division’s mission?
5. What does this mission or direction imply for growth and return expectations?
6. What management expertise do we have that will help us in this division? How is it (or will it be) better than other competitors already in it?

Support Needs for Unit Planning

It is important to keep in mind that this type of planning is comprehensive enough to create its own support needs. For instance, if an organization develops Three-Year Business Plans for its five SBUs and its four MFAs, you could be looking at nine different business plans. Because of this, be sure the organization has the internal support resources it needs to facilitate the development of these plans and their corresponding change management processes. If there’s a need for more support that’s not in place, the organization may need to assign and train appropriate individuals.

Figure 1.2 Organizational Divisions: SBUs, MPAs and MFAs
3.1.8 Key Success Measures

Task: Use goal-setting and metrics extensively with targeted goals to track and measure “smart” outcomes.

An organization needs Key Success Measures (KSMs) or goals to track continual improvement of its Yearly Strategic Management System. By establishing concrete guidelines for measuring organizational progress, KSMs assist in developing a high-performance, customer-focused organization.

The best KSMs and goals are those that meet the following criteria: Quantifiable outcome measurements of the organization’s vision, mission and values on a year-by-year basis, ensuring continual improvement of the Yearly Strategic Management System and Cycle.

You’ll hear KSMs go by many names, including objectives, critical success indicators, corporate goals, balanced scorecard, etc. It doesn’t matter what they’re called, as long as everyone in the organization uses the same terminology and has the same clear idea of exactly what they are—outcome measures of success.

The real value of establishing KSMs for an organization is using them to determine successes, vulnerabilities and, where necessary, appropriate corrective actions to get the organization back on track. Otherwise, the organization runs the very real risk of becoming an unguided missile, with no mechanisms for feedback.

In order to balance long- and short-run considerations, every organization must look at the Quadruple Bottom Line (QBL). Very similar to “The Balanced Scorecard,” the QBL has four key areas that must be measured and tracked in order to create an outcome-based measuring system:

1. Employee performance and satisfaction
2. Customer satisfaction
3. Profitability or retained earnings (financial viability)
4. Contribution to community and society (i.e., environment, ethics, safety, etc.)

The fourth area differs from “The Balance Scorecard.” Based on our experience and observations in both the public and private sectors, making contributions to society—being socially responsible, environmentally responsive, etc.—has significant impact on the organization. Some organizations choose to also include this factor as part of their corporate and social responsibility role.

Measure What’s Important, Not What’s Easy

It is imperative to take the time to develop these measures. If organizations opt for limiting their measurements to the most easily recognized and concrete areas, they narrow their focus on the organization’s overall, desired outcomes. This ultimately limits their ability to grow and shape the organization.

Elements such as organizational finances are obvious and easy to measure. However, while it is important and necessary to measure finances, it will not provide a complete,
authentic organizational picture of success. Keep in mind, an organization’s strategy has more outcomes in it than financial considerations alone. Other areas such as employee satisfaction and customer service can be complex and intangible, and as such, require more creativity in devising ways to accurately measure them.

We’ve all seen or experienced organizations that measure progress strictly by budgets and sales forecasts. It’s easier to measure the financial side of things than the people side of an organization. What invariably happens, however, is that the financial departments then become the driving force of the company—with customers, products and employees becoming a forgotten measure in the organization’s success equation.

Remember, it is only through customer satisfaction, innovative product strategies and employee satisfaction—guided by professional management and leadership practices—that an organization sustains a competitive business advantage over time.

The Failure to Focus on Outcomes

Another consideration to keep in mind in creating KSMs is the contrast of activities and means versus results and outcomes. It is often easy to quantify and measure various activities and ongoing efforts such as attendance, number of widgets produced, etc. Organizational activities only make sense, however, if they’re directly contributing to the organizations desired outcomes.

The outcomes, not the activities, are the reason for an organization’s existence. Too often the activities become ends in bureaucracies of all types, particularly in the public sector. This is why it’s significantly more meaningful to stick to measuring results and outcomes.

Questions to Ponder

• What are your organization’s top three measurable outcomes?
• Which of your measurable outcomes involve contribution to society?
• How do measurements and accountability fit into your organization’s current culture?

Notes and Actions
3.1.9 Talent Management

**Task:** Articulate the importance of the organization’s distinctive core competencies and strategies that result in a competitive advantage vs. MOS (more of the same).

Talent management requires core competencies be clarified and assessed for each employee. It is a key part of talent management and goes by many names including succession management, human capital management, talent pools and succession planning.

Talent management—and all its synonyms—is a systemically planned and well-executed process of identifying current and key future positions with internal (and sometimes external) candidates for these positions. This list includes “emergency replacements,” historically called a “truck list.”

These internal candidates are given feedback and helped to develop IDPs (Individual Development Plans) that provide them with timely development (OJT, career advice, and training and development) based on the clear criteria for their potential position.

The role of management and facilitators is to assist and guide the development of each person. It is the responsibility of each person, however, to develop himself or herself.

The main goal of talent management is to have the right people in the right place in all key positions, as well as in the right job, at the right time, with the right knowledge, skills and attitude to perform. Professional positions that require highly-skilled and experienced staff, as well as senior management positions and other key management and supervisory positions, should have a Succession and Development Plan in place.

Worded differently, this goal is to have people waiting for jobs rather than jobs waiting for people.

To accomplish this, the main objectives of talent management are:

- Having fully-qualified candidates available for each position in the firm.
- Having people ready to be promoted before they actually are promoted.
- Having the ability to move people cross-functionally in order to grow their broader skills and understanding of the entire organization as one living-yet-complex system.

The sister function of talent management is workforce planning, which involves a much more extensive planning of the entire workforce in a collective and forecasted statistical fashion. It includes items such as the net number of new supervisors and key professional positions needed over a particular time frame, based on growth, turnover, promotions, retirement, etc.

This, in turn, leads to many and varied actions to ensure that the entire workforce itself has the right people, in the right jobs, at the right time, with the right knowledge, skills and attitudes to succeed.
Notes and Actions
3.1.10 Corporate Culture

Task: Assess the degree to which the corporate culture will obstruct or enable implementation of the Strategic Plan and adjust accordingly.

B.F. Skinner was right: people are subject to behavior modification all day, every day. As such, if you want to change behavior, the most important thing is to ensure that there are rewards, recognition and consequences for the old and new desired behaviors.

What are the key levers or major influences in making change to these behaviors that are the most resistant to change? Look at the dictators of countries that have undergone fundamental and radical cultural change—although usually not for the better. While dictators oppress those under their rule, they are very successful at implementing cultural change—the deep-rooted cultural that is the hardest to change in a country or in an organization. Traditionally, dictators employ four common tactics:

1. Communications

A dictator’s first move is to grab control of the media to restrict negative and opposing communications from flowing out to the people. Dictators create stories and myths to reinforce the kind of culture that they desire to hold their power. They make their rule appear to be an uprising of the people to create the appearance that “people support what they help create.” In almost all dictator takeovers, every radio and television station is either taken over to reinforce the dictator’s communications, or completely shut down. For example, when President Hugo Chávez decided to take over Venezuela, he shut down the opposition’s television station, only leaving access to the station that was loyal to him.

2. Education

Dictators then take control over the schools and educational systems, teaching the youth only what they want them to know. For example, in North Korea, everything in the classroom revolves around the “Dear Leader,” Kim Jong-il. This focus on education and the youth creates a very strong culture over time, which reinforces the dictator’s stay in power. This same method was used for many years in U.S. schools to reinforce among young children the need for recycling and caring for the environment. Decade later, the result is that the environmental movement is now mainstream.

3. Rewards and Consequences

Dictators also always focus on the rewards and punishment. People are subject to strong controls to ensure that they do not threaten the new regime. In life, you get what you tolerate, and they do not tolerate opposition. In addition, what gets focused on gets done. As such, they focus on rewarding people who help them to maintain and sustain their dictatorship. In Iraq, Saddam Hussein used to pay people for watching the oil pipelines to ensure they were not sabotaged. Most dictators reward informants with money and other incentives to ensure there is a pervasive culture of distrust. Divide and conquer usually works!
4. Infrastructures

In many ways, the most important thing for dictators to put in place is the structures and infrastructures to track, report, follow-up and control the cultural change that they desire. Usually, this infrastructure requires the military and the police to harshly crack down on those who are in opposition to the new culture. Jails and prisons are also full of opposition leaders in these cases. The United States set up many prisons for the opposition in Iraq as well as the infamous Guantanamo Bay, Cuba prison. Further, the number one infrastructure for cultural change is a centralized Change Leadership Team led by the dictator to ensure on a regular basis that the first three criteria—(1) the media, (2) the education and (3) the rewards and consequences—are followed.

Make no mistake about it, with dictators, you are either on their side or you are in deep trouble. See Chapter 7 (4.1.3) for more details about culture change.

Myths about Culture Change

One of the myths in culture change is that if we just have to tell and train everyone about the desired changes, they will automatically implement it. For a leader, this is naïve at best and criminally negligent at worst. Each of us has, written across our chest, the letters WIIFM, or What’s in it for me? Each of us evaluates any change partially or totally based on personal gain. This is natural, normal and highly predictable.

Leaders must pay attention to these legitimate needs of each person impacted by the cultural change. It is only when we individually see the benefit of the change that we truly embrace the cultural change desired. While it is true that we can force the change on all the employees, just like the dictators, this usually results in passive-aggressive behavior or secrecy that undermines what the leader is trying to do. A leader should not just be a control freak or an enforcer, but someone who works with the hearts and minds of his or her employees to embrace the desired cultural changes. Hence there is a need for the leader to understand and work on the issue of WIIFM for all employees.

Another myth about culture change is that we can change the culture without violating the old culture or making people unhappy or uncomfortable. Culture change is all about violating the old culture and making people uncomfortable and unhappy with the current state of the organization’s overall behavior.

A third myth about culture change is the quick fixes will be adequate to solve a problem. But quick fixes usually always fail! This myth of culture change is quite simple to act upon: we just have to send out an e-mail, send an individual to training to get “fixed,” hold a meeting, or just train everyone to be better at something like accountability. In each of these cases we again see leaders who have no understanding of the difficulty of cultural change. If it takes about 18 months of concentrated and reinforced behavioral change to change something in ourselves, how long will it takes to make cultural change happen in an organization? It takes about three to five years of concentrated and continually reinforced change at all levels of the organization.
Recap: Plan Content (3.1 SPP)

*SPP candidates should understand ten tasks associated with plan content:*

3.1.1 **Strategic Plan:** Part of effectively designing and implementing a Strategic Plan is understanding the best practices of successful and unsuccessful plans.

3.1.2 **Top Line Sales:** The way to increase sales and revenues is to be a customer-focused organization. Long-term success comes from finding one distinctive competitive advantage at which to excel. It also requires an in-depth knowledge of the customer and the commandments of becoming a customer-focused organization.

3.1.3 **Lowered costs:** Taking a close look at an organization reveals bureaucracy and wastefulness that has been sucking up vital cash flow. To lower costs, eliminate these and radically re-engineer the organization’s economic structure.

3.1.4 **Future Environmental Scan:** It is important to first scan the future environment to gather information before getting into detailed planning. Follow the SKEPTIC framework. Much more comprehensive than a traditional SWOT analysis, this framework looks out to the future and examines a holistic list of categories to anticipate what the future holds in store.

3.1.5 **Quantitative Tools:** Internal and external Current State Assessments provide the necessary data to move forward confidently. An internal CSA shows what gaps need to be mended to get from today to tomorrow, while an external CSA identifies potential barriers. A Strategic IQ Audit is key to developing business excellence.

3.1.6 **Premier Theorists and Practitioners:** There are many strategies in the field of strategic planning, and you need to decide which strategies are the right ones for you and your organization. Knowledge of strategies formulated and articulated by the gurus of strategy today will help you to make an informed decision.

3.1.7 **Three-Year Business Plans:** For optimal success, an organization needs to develop its own Three-Year Business Plans for each Strategic Business Unit (SBU) or Major Program Area (MPA), as well as Major Functional Areas (MFAs).

3.1.8 **Key Success Measures:** An organization needs Key Success Measures (KSMs) to track continual improvement of its Strategic Management System. KSMs can be used to determine successes, vulnerabilities and appropriate corrective actions to get the organization back on track.

3.1.9 **Talent Management:** Talent management involves identifying current and key future positions with internal (and sometimes external) candidates for these positions. The main goal is to have *people waiting for jobs rather than jobs waiting for people.*

3.1.10 **Corporate Culture:** To change behavior, you must incorporate rewards, recognition and consequences for the old and new desired behaviors. Assess the degree to which the corporate culture will obstruct or enable implementation of the Strategic Plan and adjust accordingly.
Strategic Planning Content (3.4 SMP)

Proper planning and preparation prevents piss-poor performance.
—British Army Adage

To become an effective leader or to pass the SMP exam, each candidate should know and understand how to accomplish nine tasks:

3.4.1 Facilitate the art of strategy identification, evaluation and selection.
3.4.2 Guide the creation and strengthening of a marketplace competitive advantage.
3.4.3 Influence the strategic direction and vision of the organization, as well as the determination of core values to achieve this direction.
3.4.4 Cascade goals and core strategies into corporate-wide annual top-priority strategic action items and annual department plans to achieve these goals and core strategies.
3.4.5 Ensure that a yearly strategic management system integrated with the corporate budgeting and financing processes, as well as HR Rewards and Recognition Systems.
3.4.6 Articulate the importance of brand and reputation and support the development of plans to strengthen this.
3.4.7 Assess market opportunities, strategic alliances and new business development challenges.
3.4.8 Create viable and mutually exclusive strategic alternatives and best strategies using carefully chosen criteria.
3.4.9 Facilitate a thorough financial analysis of the organization’s financial health and human resources.

Note: These tasks were taken from ASP’s standards and Body of Knowledge (BOK). Key words are italicized for easy reference. The chapters are arranged according to content, processes and infrastructures (see Introduction for details). For more information, see the BOK on ASP’s website, strategyplus.org.
3.4.1 The Art of Strategy

**Task:** Facilitate the art of *strategy identification*, evaluation and selection.

**Defining Strategies**

Strategies are the primary means or the *how-to* to achieve outcomes—also known as your *mission*, *vision*, *outputs*, *results* or *ends*. Strategies are the major methods that bridge the gap from today to the Ideal Future Vision. They are the unifying, integrating and organizing business glue that *should* hold an organization together.

The primary purpose of strategic planning is to gain a competitive advantage in the marketplace. Without competitors there would be no need for strategy, because the sole purpose of strategic planning is to enable the company to gain, as efficiently as possible, a sustainable edge over its competitors. There are two types of strategies to achieve this competitive advantage:

1. **Deliberate strategies:** The proactive allocation of resources to achieve specific business goals or outcomes.
2. **Emergent strategies:** Actions taken in response to changes in the market environment that are not as yet recognized as part of the deliberate strategies and Strategic Plan.

Both deliberate and emergent streams of strategies are continually at work, both at the organizational and business-unit level. The development of new products requires an understanding of both. Relying solely on deliberate strategies can kill the chance for surprising discoveries that cannot be mandated or predicted.

There are also two categories of strategies, which must be flexible to adapt to change as necessary:

1. **External strategies:** Deal with the marketplace vs. competition (customers and products).
2. **Internal strategies:** Deal with organizational culture, competencies, capacity, infrastructure, etc.

In addition to types and categories, there are also four levels of strategies:

1. **Corporate Strategies—Organization-wide:** *What business are we in?* Includes portfolio management (buying and selling of assets) and restructuring assets.
2. **Competitive Strategies—Strategic Business Units (SBUs) or Major Program Areas (MPAs):** *How do we create a competitive advantage?* Includes market, product, financial, employee and manufacturing.
3. **Functional Strategies—All departments and Major Functional Areas (MFAs):** *How can we learn to be efficient?* Includes all functions, tactical planning and operational planning.
4. **Strategic Management—Strategic planning, operations planning, and implementation and change:** *How do we develop strategies and make them work?* Includes leadership, persistence, details, fit, design and energizing forces.
The Basics of Strategy

- **Less is More**: Focus the organization’s strengths against its competitors’ weaknesses. Don’t mimic the leader—find the weakness in his or her strengths. Be a contrarian. In strategy, less is more.

- **Building and Cutting Strategies**: An organization needs both building and cutting strategies. Building strategies help it to craft and achieve its future vision; cutting strategies spur change and efficiencies. Building strategies include: customer-focused, value-added strategies; TQM and TQL; service quality; delivery, speed and response. Cutting strategies include: Cost-cutting; reorganization, layoffs and sell-offs; business process re-engineering.

- **Economy of Speed and Flexibility**: Lower hierarchy and bureaucracy. Economy of scale has been replaced by the economy of speed and time, convenience, and flexibility.

- **Only Three Proven Strategies**: The only three strategies proven to always increase profitability are leadership development (increasing range and depth of leadership practices), process improvement (eliminating waste) and strategic planning and successful deployment used together.

- **The Primary Failure Strategy is MOS**: Don’t rely on “more of the same” (MOS) while everything around you changes and playing fields are redefined. There are new challenges and strategic opportunities available due to restructuring in all areas—cost, industry, products, technology, customer dynamics, etc.

- **Don’t Neglect the Organization’s Core Business**: Don’t neglect strategies related to the core business as the organization pursues new and “sexier” opportunities. Cross-selling products and retaining customers is the easiest way to increase volume and profits.

- **Micro-Smart but Macro-Dumb**: Watch out for “portfolio creep” of the organization’s products or services. Being micro-smart about each one but macro-dumb about the entire portfolio’s fit and integration is too commonplace to ignore.

- **Industry Boundaries Blurred**: Industry boundaries are constantly obliterated, redrawn and redefined through technology, integration and the systems view.

- **Fundamental Restructuring**: Today, fundamental restructuring is taking place throughout all types of organizations and industries. To stay abreast of these trends, ask fundamental questions about the nature of the organization’s business. Challenge the obvious.

- **Core Competencies**: Grow from the core competencies. Know them and build on them. Don’t let them atrophy.

- **Strategies Change Over Time**: Strategies should change over time depending on the organization’s life cycle stage—for example: emergent, growth, maturity, decline, recovery, extensions or global, and new development. If they do not change, it is called failure of success.
3.4.2 Marketplace Positioning

**Task:** Guide the creation and strengthening of a marketplace *competitive advantage*.

Positioning is the act of carving out a unique reputation in the marketplace that sets the organization apart from the competition, in the eyes of the customer, and that motivates these customers to do business with it. Where an organization positions itself in the marketplace is essential to creating sustained business excellence and superior results.

Positioning defines the one thing that is different and better about your organization:

1. In the eyes of the customer,
2. Versus the competition,
3. In the marketplace you have chosen,
4. That causes customers to do business with you.

**Positioning For Competitive Advantage**

The first part of developing a clear and unique positioning is to define the organization’s marketplace. Who are the customers that you desire? To which market segments do they belong? Defining the marketplace includes identifying customers based on age, geography, income, etc.

Information is power, and today’s customers have a lot of it. With Internet access, customers can quickly find out the cost of products and services in the marketplace and determine why or why not to do business with you. Consumers now compare products and services, which results in decreased product and service loyalty. In addition, products and services once considered higher-end are now considered commodities, resulting in fierce price competition.

To stay ahead of the game, an organization must continuously make major improvements to its positioning. A focus on the customers’ wants and needs for receiving value must be the vision and driving force for the whole organization. The fundamental support and capacity-building components of an organization’s people, culture and collective leadership must be redefined to better attune the organization to this vision.

There are five key factors that consumers consider when making purchasing decisions, although the exact factor definition varies from industry to industry and from company to company. Imagine these potential positioning factors as five points on the “star” of customer service (see Figure 2.1):

1. **Responsiveness and Convenience:** How an organization’s products or services make life easier for the consumer. This may include fast delivery, simplicity, convenience, methods, timing, speed, distribution, flexibility, access, ease of doing business, support services, delivery channels and cooperation.

2. **High Quality Products and Services:** The customer perception that the product or service the organization offers is high-end. This includes features, authenticity, simplicity, accuracy, knowledge, performance, reliability, functionality, durability, consistency, stability, soundness, uniqueness and innovation.
3. **Caring Customer Service**: Results in consumers feeling acknowledged and valued. It may include personal service, values, customer relationships, respect, caring, feelings, recovery strategy, integrity, empathy, sensitivity, familiarity and trust.

4. **Personal Choice**: The types of choices offered to consumers. Personal choice involves fashion, control, customization, tailored options, variety, individuality, comprehensive choices and mass customization.

5. **Total Cost**: Not solely related to the price of a product or service, but also includes what the consumer must give back in order to obtain the product or service. Total cost may include the negative psychological side to positioning—poor service, high price, bad reputation, high life cycle cost, risk, opportunity costs, waste, environment and working conditions.

An organization should not try to excel in all of these factors. For optimum positioning, it should have a competitive advantage in only one out of the five. It must do very well, however, in the other four categories to remain competitive.

For example, imagine a high hurdler. The competitive hurdler running against her competition goes up against four standard size (competitive) hurdles. As she jumps, her competition matches her stride. Then she comes up to the fifth hurdle. This hurdle is much taller and is her competitive advantage as she is positioned for it. She jumps, clears the jump by a good two inches, and leaves her competition in the dust as the others fall attempting to jump the hurdle she just cleared.

*An organization’s unique positioning is the fifth hurdle*—the one factor at which you excel. It is the factor that you have determined is the best customer value, based on your customer’s needs and wants. However, if the organization concentrates on its unique positioning while neglecting the other four factors, it might be uncompetitive in one of them. Successful positioning simply draws consumer attention to how the enterprise excels in one of the five factors. If the organization is not competitive in the other four points, it will quickly find itself at a competitive disadvantage.

In sum, there are three levels of positioning for each of the five STAR positioning factors:

- **Level 1**: *Competitive advantage*—the organization’s number-one positioning factor.
- **Level 2**: *Competitive*—the other four factors.
- **Level 3**: *Uncompetitive*—where none of the factors should be.

![Figure 2.1 STAR Model](image-url)
3.4.3 Vision

Task: Influence the strategic direction and vision of the organization, as well as the determination of core values to achieve this direction.

The Ideal Future Vision is the step in which you formulate dreams worth believing in and fighting for. This is where the organization sets in motion the desired outcome of becoming a customer-focused, high-performance organization.

If you think about it, the purpose behind strategic planning is to exercise better control over achieving the organization’s desired future. Strategic planning allows an organization to be proactive in realizing its desired vision and outcomes.

To accomplish this, you’ll need to practice backwards (not backward!) or systems thinking. Start with the Ideal Future Vision, then think backwards to where the organization is right now. From there, determine how to bridge the gap between today’s current state of operations and that vision you want to achieve (see Introduction).

Strategic planning involves thinking backwards in order to accomplish three best practices:

1. Build an organization-wide Strategic Management System.
2. Instill commitment throughout the organization by creating professional management and leadership practices.
3. Focus on outcomes and serve the customer.

If the organization is indeed customer-focused, it is already performing the most crucial survival task—focusing on its outcomes and serving the customer.

Introducing these concepts, clarifying terminology and getting organized may seem like a lot of pre-work that is unrelated to the planning process. However, it’s actually a part of the planning process. It’s a way to fold these three best practices into the overall organization as a system with the fit, alignment, attunement and integrity necessary to focus on the customers’ needs.

After all, the main reason you do strategic planning is because you want the organization to change and grow in some positive way. This implies continuous progress. By maintaining a permanent strategic thinking mindset, you get into the habit of thinking with clarity, meaning, focus and direction. Skipping the process of installing a permanent strategic thinking mindset is the surest way to create one more Strategic Plan that falls by the wayside.

The Ideal Future Vision must begin with (and keep) the end in mind, as Stephen Covey advises. In this step, the collective leadership should begin the process of selecting the outcomes it most wants to achieve. Keep in mind that these outcomes directly influence the type of organization it will become. If the organization wants to be high-performance and customer-focused, for instance, it needs to select goals and measures to help achieve this. Typical desired outcomes for this type of organization could involve these six areas:
Chapter 2: Strategic Planning Content (3.4 smp)

1. Customer satisfaction
2. Quality products and services
3. Profitability and retained earnings
4. Employee satisfaction
5. Contribution to society
6. Stockholder return

At this stage in beginning the actual strategic planning process, the cry of “It can’t be done!” is irrelevant and unacceptable. This exercise isn’t about limiting the organization’s possibilities. It’s about attempting to discover what those possibilities can be.

Unfortunately, vision and mission statements often end up being as superficial and meaningless as the paper on which they’re printed. The collective leadership must be completely committed to agreeing on the desired ends (vision) and working on the means (strategies) to achieve the Ideal Future Vision. This is the only way in which an organization’s vision statement can truly make a difference in how it runs its business and serves its customer on a daily basis.

The Ideal Future Vision step generates direction and order. Though it does not replace the common-sense fundamentals of running business day-to-day, an organization cannot have an adequate sense of purpose without it. In effect, this is where the organization focuses on the desired outcomes and direction that will become the context for determining what it has to do to successfully implement its Strategic Plan. It’s the point at which the collective leadership should step outside of all preconceived boundaries and present business habits, and begin to form a view of the organization’s ideal future.

When the organization’s leadership begins developing its Ideal Future Vision, don’t be afraid of not knowing all the answers. After all, you are seeking those answers that will define the best possible outcomes for the organization. Be willing to let go of what isn’t working, and then develop and keep the detailed image of the desired future always in view.

During this process, keep in mind that core values are key in achieving the Ideal Future Vision. Core values are the principles that guide daily organizational behavior. They specify how the organization should act while accomplishing its mission or Ideal Future Vision. When employees share organizational values, they feel more committed and loyal, identify more strongly with important organizational issues, and display a willingness to “get the job done.” For more details on core values, see Chapter 3 (3.2.6).

Questions to Ponder

- Why is it important to “begin with the end in mind”? How might “beginning with the beginning in mind” affect a Strategic Plan?
- How does an outcome-focused mindset relate to customer satisfaction?
3.4.4 Cascade Goals and Core Strategies

Task: Cascade goals and core strategies into corporate-wide annual top-priority strategic action items and annual department plans to achieve these goals and core strategies.

Once an organization has a Strategic Plan in place, how does it keep the plan going successfully? How does it keep up the plan’s energy, momentum and focus throughout all the systems levels that make up the organization? In other words, how does the organization combat entropy and work toward continuous improvement?

This is where the **Cascade of Planning** comes in. Designing a framework for the Strategic Plan that automatically includes every level of the organization provides built-in protection against entropy. Visualize the organization as having at least three levels of systems: individual, group and organization. This requires a cascade of planning and change down through each level. It’s the only way a Strategic Management System can continue to move the plan forward and perpetuate its success.

If the organization recognizes that all its levels—departments, units and individuals—must work together to align the system’s output of serving the customer, it is well on its way to success. The Cascade of Planning mandates that planning be conducted for every part of the organization on two levels:

1. **Strategic Planning Levels**
   - *Organization-wide strategic planning*:
     - The entire organization’s needs a three-, five- or ten-year Strategic Plan, defining its vision, mission, core values and Key Success Measures, along with the core strategies for achieving them.
   - *Three-year business unit strategic planning*:
     - Often called business plans, Three-Year Business Plans are needed for each Strategic Business Unit (SBU), Major Program Area (MPA) and Major Functional Area (MFA) within the organization.

2. **Annual Planning Levels**
   - *Annual plans for all departments and functional units*:
     - Annual operating plans (and budgets) are needed over the next 12 months for all parts of the organization.
   - *Individual plans, goals, and objectives*:
     - Individual plans are needed to show how each employee intends to accomplish the goals they must meet in order to carry out their portion of the organization-wide Strategic Plan. The performance appraisals also need to be revised, basing them on core strategies (results) and core values (behaviors).

The Cascade of Planning also takes into account the fit that must exist between each of the interacting levels of the system that make up the organization. It does this by using the organization-wide core strategies as the glue—or organizing principles—for the two levels of systems (group and individual). This helps establish the organization’s mindset of thinking about the core strategies as the “shared strategies” needed to successfully carry out the Strategic Plan. In turn, this creates a critical mass for the desired change.
How-To Action Checklist

1. Prioritize strategic action initiatives under each strategy, using the core strategies as the organizing principles of the annual plans.
2. Develop departmental annual plans, including all senior department heads.
3. Have the collective leadership (the top 30 to 60 people) actively participate in a large group annual plan review and problem-solving meeting.
4. Have top executives, including the chief executive, present their Personal Leadership Plans (PLPs), noting what tasks they will personally do to help guide the plan’s implementation, to each other in a team meeting.
5. Create a rewards and recognition system that reinforces employee commitment and rewards contribution, while encouraging individual success with specific, tangible incentives.
6. Bridge the gap from planning to implementation by holding an organization-wide “rallying cry” contest.

Notes and Actions
3.4.5 Yearly Strategic Management System

Task: Ensure that a yearly strategic management system integrated with the corporate budgeting and financing processes, as well as HR Rewards and Recognition Systems.

Thinking strategically—as opposed to thinking analytically—is half the battle in formulating a Strategic Plan. You must follow a framework that first looks outside, then inside, then outside again. This is the beginning of creating a Strategic Management System and Yearly Cycle.

Strategic Management is not strategic planning—it is much more. The formulation, development and integration of strategies is a complete systems change. Part of this change includes the recognizable strategic pieces such as the Strategic Plan, annual and individual plans, budgets and Key Success Measures (KSMs). The difference is that a Strategic Management System manages strategies as a complete yearly process. This system provides for strategic consistency, yet operational flexibility. To be successful, this system must be:

- Inspired by the shared vision
- Focused on the mission and the customer
- Based on the organization’s culture and values
- Strategically driven
- Outcome-and results-oriented

By reinventing strategic planning into strategic management, you can develop a Yearly Strategic Management System that moves beyond planning alone into implementation, the point at which traditional strategic planning fails.

To get started, begin with the key systems question: “What are our purposes, goals or outcomes?” The following three strategic management goals are based on the answer to this question:

**Goal #1:** Develop a Strategic Plan document.

**Goal #2:** Ensure its successful implementation and change.

**Goal #3:** Build and sustain high performance over the long term.

The key to success to developing the Strategic Management System is to bridge the gap from Goal #1 to Goal #2 by building the skills for leading strategic change. This practical three-part approach can change the way business is run daily, creating a high performance organization that will achieve its Ideal Future Vision.

A Strategic Management System results in increased effectiveness and efficiency, focusing the direction of the entire organization from top to bottom. It allows executives and middle managers to develop themselves strategically and conceptually as leaders and to help them build an executive team and create teamwork that cascades down through all levels of management.

The difference between traditional strategic planning and a Strategic Management System is the difference between traditional analytical thinking and strategic and systems thinking, as the following table illustrates:
| Traditional Strategic Planning  
| “A Project” | vs. | Strategic Management System  
| “A New Way to Run the Business” |
| --- | --- | --- |
| Project (beginning and ending) | vs. | Ongoing process with Yearly Strategic Management System and Cycle review |
| Staff-written | vs. | Driven by chief executive and line leadership; supported by staff |
| Focus on today and extrapolate into the future | vs. | Start with Ideal Future Vision and work backward |
| Fluff statements of principles or values with which few disagree | vs. | Outcome measures and action plans set, with accountability tracked |
| Big Strategic Planning document as end | vs. | Change execution, management and customer focus is the goal; single documents of one page each (KISS) |
| Answers come from senior leadership and planning department only (we vs. they) | vs. | Key stakeholder feedback and commitment; Parallel Involvement Process—people support what they help create |
| Weekend retreat | vs. | Strategic change in our roles and behaviors day-to-day |
| Strategic level only | vs. | Integrated into business units, annual and daily decision-making levels, via the glue of core strategies and values |
| Individual change projects (TQM, empowerment, value chain, etc.) | vs. | Customer-focused positioning and value-added delivery as the focus of all projects |
| Single event—one time only, every five years | vs. | Annual Strategic Review and Update each year |
| Environmental scan of today only, with yearly reviews | vs. | Future environmental scan with quarterly reviews |
| Analytical tools and analysis focus | vs. | Focus on strategy, commitment and buy-in |
| Unit, department and silo mentality | vs. | Shared strategies as the glue and organizing forces for all departments |
| Hierarchy and controls | vs. | Customer-focused and values-driven environment |
| Organization structure the same | vs. | Strategic Business Redesign |
| Eclectic planning process | vs. | Integrated organizing framework for strategic thinking, planning and change |

As you can see, there is simply no comparison. Setting a Yearly Strategic Management System and Cycle in place is the difference between projects and processes. It is not something that you can complete in a short period of time, then put it on the shelf. It is a way of strategically managing business on a daily basis.
3.4.6 Brand and Reputation

Task: Articulate the importance of brand and reputation and support the development of plans to strengthen this.

Employ the following marketing strategies to emphasize brand and reputation:

Strategic Market Research

Strategies should be based on sound market research data and information about:

- Customers’ needs and wants, and their perceptions (which are their reality)
- Competitors and substitutes
- The organization’s own product and customer sales and profitability/gross margin.

Remember the 80/20 rule: Focus 80 percent of the effort on the organization’s sweet spot and 20 percent on new growth and learning to expand that sweet spot.

Internet Customer Service

Acquisition of niche markets—including e-commerce products, customers and geographic niches—is key in today’s diverse world. In an article published by Net Company, Kelly Mooney indicates that there are five basic do’s and don’ts regarding customer service on the web:

1. **Don’t just do it.** The worst thing a retailer can do is to throw its catalog on the web and call it an online-retailing strategy.
2. **Don’t let your seams show.** Real customer service is about reaching and satisfying customers in every retail environment—not only online, but also in the brick-and-mortar world. Retailers have to figure out how to guide their customer’s needs through various retailing experiences on the Internet.
3. **Own the customer experience.** There’s a big difference between owning a lot of data about customers and owning the customer experience. One of the main responsibilities of an online retailer is to make its website easy, intuitive and accessible. Simplicity wins the game every time!
4. **Avoid barriers to entry.** Along with the most common barriers to online success—security, privacy and trust—there are many less-obvious, but easily avoidable barriers such as: lack of clear connection paths, graphic-rich but painfully slow online experiences, poor systems of user names and passwords, information-rich pages that are poorly organized, impersonal or nonexistent e-mail responses, vague or complex self-help features, and surprise shipping fees.
5. **Trust is a must.** Customers must reveal themselves at their own pace so that they learn to trust you and you can serve them one at a time.

Being a Contrarian

Being a contrarian in your industry can often lead to successful niches in the industry if you are not the leader. Mimicking the leader is a sure way to stay locked in place behind the leader. Be an industry revolutionary. Use the leaders’ size against them.
Individual Choice—Data-Based Marketing

Individual choice and single individual market niches—including mass customization—using technology—is the wave today. Each customer is different and unique, so market one-to-one.

According to John Naisbitt, “A well-designed marketing strategy can enable a company to determine which products sold best and during which month or season, which categories of products sold better than others, which clients and vendors were more profitable, and which geographic areas its customers are located.”

Profiting from a Proliferation of Opportunities

Marketers are struggling to keep up with an explosion of new customer opportunities, segments, sales and service channels, media, marketing approaches, products and brands. Many have responded to fragmenting opportunities by bolting on new brands, channels and marketing programs. However, doing so increases costs and complexity while reducing organizational agility.

To deal with proliferation, companies must instead become more sophisticated at prioritizing opportunities and allocating resources while increasing the consistency and coordination of their marketing execution. The need for profound changes in marketing strategy and execution also calls for new roles, responsibilities, processes and capabilities inside the marketing organization.

Questions to Ponder

• Marketing, sales and advertising are different functions requiring different, yet coordinated strategies. What are the differences between them? What are your strategies for each?
• Market share is a big predictor of financial success. How can you grow your “top line” market share?
3.4.7 Business Development Challenges

Task: Assess market opportunities, strategic alliances and new business development challenges.

When trying to create great strategies, questions are more important than answers. Average answers to good questions, more often than not, yield a better strategy than wonderful answers to lousy questions.

You can greatly influence a company’s cognitive processes and help create a learning organization by asking good questions and then turning people loose to try to answer them.

Here are some questions from the Journal of Business Strategy (July/Aug. 1997) that are still relevant nearly 15 years later:

1. What distinguishes the winners from the losers in your market?
2. What fundamental benefits do you provide customers?
3. What have you learned since you prepared a plan five years ago?
4. What have you learned since the last time your Strategic Plan was presented?
5. What things that made you successful in the past do you need to forget in order to be successful now?
6. What beliefs do you hold that need to be challenged?
7. What conventional wisdom about your business or your industry might be wrong in the future?
8. If you could question an accurate fortune teller who will answer three questions related to your business a decade from now, what information would you seek?
9. What are the most important unknowns?
10. If your business develops so badly in the next decade that there is only one chance in 10 it could be better, what would that future be like?
11. What external events and actions could lead to that dismal result?
12. Conversely, suppose the future of your business develops so favorably the next decade that there is only one chance in 10 it could be worse. What could that lead to?
13. If you were made chief executive of your competitor’s business tomorrow, what would you do to attack the business you worked on yesterday?
14. How do you define your served market?
15. What related markets are you not serving now and why?
16. What new types of benefits could you try to provide?
17. What competencies do you need to acquire in order to provide those benefits?
18. Other than provide more resources, what can senior management do to help move your business forward?
19. What obstacles can management help reduce or eliminate?
20. What other questions should you be asking?
Notes and Actions
3.4.8 Strategic Alternatives

Task: Create viable and mutually exclusive strategic alternatives and best strategies using carefully chosen criteria.

In the public and not-for-profit sectors, widespread disappointment in the general quality or lack of services—plus high taxes and bureaucracy—create the same need for new strategies that the private sector requires. Many public sector organizations are now aggressively seeking and implementing strategies that are more like those used by the private sector. For example:

1. Steer, not row (facilitate vs. do it for them).
2. Empower communities and customers to solve their own problems, rather than simply deliver services or packaged solutions.
3. Encourage competition rather than monopolies within public sector services.
4. Be driven by missions, not rules.
5. Be results-oriented by funding outcomes rather than inputs.
6. Meet the needs of the customer, not the bureaucracy.
7. Concentrate on earning, leveraging and making money rather than just spending it.
8. Stop subsidizing everyone. Add user-pay principles by charging user fees.
10. Decentralize authority.
11. Solve problems by market influences rather than public programs.
12. Reduce regulations; cut out bureaucracy and low risk-taking.

Regardless of what strategies it chooses, however, there are two types of strategies that every organization needs: cutting and building.

Both Cutting And Building Strategies Are Needed

In developing core strategies, avoid the fallacy of thinking in terms of financial strategies, such as cost-cutting, alone. By their very nature, many financial strategies cannot stand on their own and produce long-range solutions. Strategies such as retrenchment, turnarounds, cost reductions, divestitures, reorganizing, value-chain management, business process re-engineering and layoffs may all be necessary to reduce overhead costs and sustain financial viability. However, these cutting strategies keep the organization from failing, making it simply “play not to lose.” You cannot cut your way to success.

An organization needs other core building strategies to help it reach its vision ideal future or “play to win.” In order for any strategy involving cutting to be successful, it must be consciously coupled with a strategy of building toward the customer-focused vision. One without the other won’t work in the long term.

When striking this balance between cutting and building, keep in mind that you’ll need a good supply of patience, as results aren’t usually instantaneous. It’s important to recognize that the organization needs to “hang in” during the transition from cutting strategies alone to the point where it can add building strategies.
Developing Core Strategies: Public And Private

If you’ve been doing a good job of building the organization’s vision, mission, values and Key Success Measures (KSMs), you’ve been talking strategy all the way along. Whenever you talk about ends or desired outcomes, you’ve probably also talked about strategies to achieve them. Now you need to draw from all those conversations, the elements you’ll use to develop core strategies.

When developing an organization’s alternatives for its core strategies, keep in mind that they should:

1. Help achieve and maintain competitive business advantage or positioning, leading to long-term sustainable organizational viability.
2. Select how to define, organize and grow the elements of the business.
3. Assist in determining overall organization design and structure, along with individual job design, employee initiative characteristics and philosophy.
4. Lead to a list of top priority annual Strategic Action Initiatives for each core strategy. These action initiatives are the short-term, unifying directions for the various levels of the organization.
5. Become the “glue”—the shared strategies—around which to organize annual planning processes and every department’s annual goals.

An organization needs to develop three to five core strategies to successfully achieve its outcome of focusing on the customer. Less is more. Organizations often end up selecting too many strategies, as there are a wealth of opportunities in today’s globally-connected world. However, in order to be successful, the leadership needs to collectively commit to three or four strategies. It is important to keep core strategies to a manageable number.

In my doctoral research on U.S. savings and loan firms prior to their demise, I discovered that among the most profitable savings and loans, the average number of core strategies was three. Among the top 200 U.S. savings and loan firms, the worst performers had five or more core strategies. This 60 percent increase in the number of strategies chosen by the poorest performing savings and loans consistently weakened their concentration and attention to their real issues. My conclusion was that carefully-selected core strategies are essential to achieving a customer-focused, high-performance organization.

In any case, every organization should tailor its core strategies to its own unique situation and risk level. However, as always, the driving force of any organization should always be based on the outcome of being a customer-focused, high-performance organization.

Questions to Ponder

• How can you integrate building strategies and cutting strategies?
• What corresponding action initiatives can you prioritize for each core strategy over the next 12 months?
3.4.9 Financial Analysis

Task: Facilitate a thorough financial analysis of the organization’s financial health and human resources.

A comprehensive financial analysis involves the following cost strategies:

1. **Common Components and Simplification:** Commonization is now in much wider use in Japan. Japanese companies often use the same common components for multiple, existing and differing products and models to cut design time and expense.

2. **Capital Leverage:** Growth through the capital leverage of others is a way to expand faster and faster. When possible, use other peoples’ money.

3. **Improving or Outsourcing Business Processes:** This strategy is successful if it is based on customer needs and the process cuts across two or more functional departments. Be sure this is not done just to cut costs, as language and accent barriers can decrease customer value.

4. **Value Engineering Supply Chain:** By taking a scalpel to waste at the design stage, you will reduce costs, simplify steps and shave time from production. You must align buyers, supplies and customers into a seamless value chain to reduce cost, improve quality and speed order fulfillment to gain a competitive business advantage.

5. **Typical Processes to Improve or Re-engineer:** Lowers costs intelligently. Ensure that the business process improvement is value-added and based on customers’ needs, not just cost-cutting.

Following are some typical processes for the **external customer:**

- **Customer-focused product development**—from design to prototype. Includes focus groups, surveys, market research, analysis, segmentation, brainstorming, design purchasing and engineering.
- **Customer acquisition**—from proposal to order or sale. Includes marketing, segmentation, research, advertising, promotion, prospecting, sales and closing.
- **Order fulfillment and manufacturing**—from order to payment or distribution. Includes credit, order entry, assembly, setup, suppliers, procurement, packaging and shipping.
- **Customer service**—from receipt or inquiry to resolution. Includes complaints, repairs, customer treatment, speed and response time.
- **Product life-cycle ending**—from product use to disposition. Includes reducing, reusing, recycling, reclaiming and disposing.

Some typical processes for the **internal customer** include:

- **Financial management**—from credits and debits to profit and loss. Includes taxes, cash management inventory, investments, balance sheet and capital requirements.
- **People management**—from recruiting to terminating. Includes hiring, orienting, developing, rewarding, motivating, promoting and retaining.
- **Public and investor relations**—from reality to image and reputation. Includes PR, contributions, communications, reports, stockholders, media and community.
Strategic Budgeting: The Difference Between Adequacy And Excellence

The annual budgeting and resource allocation process done at the completion of strategic planning should be called strategic budgeting with a financial analysis. The emphasis has everything to do with strategy, focus and priorities—and little to do with money alone. For most organizations, intelligent budgeting and careful resource analysis and allocation can make the difference in achieving successful implementation. In strategic budgeting, the allocation of funds is determined by the annual priorities that are crucial to the achievement of the organizational vision, rather than by department or division power struggles. To be truly strategic, budgeting and resource allocation must meet the following criteria:

• It should focus on and reinforce the Ideal Future Vision and Key Success Measures.
• It must support the Strategic Plan’s top annual action priorities.
• Budget priorities must closely match the core strategies.
• It must be able to fund day-to-day business and future changes.

In tough economic times, the challenge is to find new and innovative ways to reduce costs and increase revenue. Face tough budget choices in the following ways:

• Delete old budget items that are no longer valid, then add new items based on the Strategic Plan.
• Look at the organization-wide core strategies, evaluating what to add and delete. Set priorities among strategies or set priority actions within each strategy.
• Assign macro-allocation to each department, leaving the decisions and the accountability about how they achieve it up to each department.

Remember, the key is not to cut or increase budgets evenly across the board, but to make simultaneous budget cuts and additions that are based on the Strategic Plan criteria. Rather than a fixed budget driving the Strategic Plan, the plan should always drive the budget. The strategic budget must be integrated with and linked to the Strategic Plan and annual plans. This can take up to two years to do properly, with around 40- to 70-percent incremental implementation in the first year, then full implementation in the second.

Notes and Actions
Recap: Strategic Planning Content (3.4 SMP)
SMP candidates should understand nine tasks associated with strategic planning content:

3.4.1 **The Art of Strategy:** Strategies are the are the unifying, integrating and organizing business glue that should hold an organization together. Deliberate or emerging, internal or external, strategies provide a competitive advantage.

3.4.2 **Marketplace Positioning:** Positioning is the act of carving out a unique reputation in the marketplace that sets you apart from the competition, in the eyes of the customer, and that motivates these customers to do business with you. Where you position yourself in the marketplace is essential to creating sustained business excellence and superior results.

3.4.3 **Vision:** The Ideal Future Vision is where the organization sets in motion the desired outcome of becoming a customer-focused, high-performance organization. Reaching this organizational vision requires beginning “with the end in mind.”

3.4.4 **Cascade Goals and Core Strategies:** Design a Cascade of Planning framework for the Strategic Plan that automatically includes every level of the organization provides built-in protection against entropy.

3.4.5 **Yearly Strategic Management System:** a Strategic Management System manages strategies as a complete yearly process. This system provides for strategic consistency, yet operational flexibility. It is a new way to run the business.

3.4.6 **Brand and Reputation:** Emphasize brand and reputation through strategic market research, Internet customer service, being a contrarian, individual choice and profiting from a proliferation of opportunities.

3.4.7 **Business Development Challenges:** When trying to create great strategies, questions are more important than answers. You can greatly influence a company’s cognitive processes and help create a learning organization by asking good questions and then turning people loose to try to answer them.

3.4.8 **Strategic Alternatives:** Public and not-for-profit sectors can learn from the private sector. Both sectors should develop core strategies, both cutting and building, and limit them to a manageable number.

3.4.9 **Financial Analysis:** Thorough financial analysis involves several cost strategies and strategic budgeting. Remember, the key is to make simultaneous budget cuts and additions that are based on the Strategic Plan criteria. Rather than a fixed budget driving the Strategic Plan, the plan should always drive the budget.
Planning Processes (3.2 SPP)

You can analyze the past, but you need to design the future. That’s the difference between suffering the future and enjoying it.
—Edward de Bono

To become an effective leader or to pass the SPP exam, each candidate should know and understand how to accomplish nine tasks:

3.2.1 Integrate, communicate and cascade all the strategic planning components into an annual planning and budgeting process across and down the entire organization.

3.2.2 Identify and explain at least two of the different methodologies for strategic planning that follow the Think–Plan–Act process.

3.2.3 Conduct an effective current state assessment (such as a SWOT analysis), including status of the organization in respect to its competitors.

3.2.4 Understand the strategic planning process that starts with the desired outcomes—such as the ideal future vision, mission, core values, and desired competitive advantage and positioning—to set a future direction in the organization.

3.2.5 Understand how to use scenario planning and modeling to anticipate and make sense of changes happening in the world and their impact on the organization.

3.2.6 Support, communicate and audit the organization’s core values.

3.2.7 Facilitate formulation of the vision and mission statements to be clear in defining “why the organization exists” (its purpose), including who its future customers or clients are and what products and services it will provide to them.

3.2.8 Provide an annual department planning process that is in a line of sight linked to the corporate Strategic Plan.

3.2.9 Articulate numerous ways to involve all key internal and external stakeholders to the process, since people are willing to change when they are involved, not when it is imposed upon them.

Note: These tasks were taken from ASP’s standards and Body of Knowledge (BOK). Key words are italicized for easy reference. The chapters are arranged according to content, processes and infrastructures (see Introduction for details). For more information, see the BOK on ASP’s website, strategyplus.org.
3.2.1 Annual Planning and Budgeting

Task: Integrate, communicate and cascade all the strategic planning components into an annual planning and budgeting process across and down the entire organization.

Without setting Three-Year Business Plans for lines of business (SBU s or MPAS) and staff functions (MFAs including people, finance, legal, marketing and sales) under each core strategy, all the work of strategic planning accomplished up to this point will go right down the drain. Consider the following strategic management reality check.

According to a survey of more than 500 small and midsize companies conducted by the Oechsli Institute, talk is cheap. Many of the employees say management’s actions don’t support the mission statement and that their company’s workers don’t understand what’s expected of them. Worse, eight out of 10 managers, salespeople and operations employees say they are not held accountable for their own daily performance.

To avoid this degree of disconnect, an organization needs to cascade its planning down through all the organization’s levels, from organization-wide to strategic business units, from tactical department annual plans to individual performance appraisals.

The key to the Cascade of Planning (see Figure 3.1) is strategic consistency and operational flexibility. You don’t implement a Strategic Plan, but you do implement annual plans based on the Strategic Plan.

Figure 3.1 The Cascade of Planning
Always remember that the Strategic Plan is the blueprint—the overall design of the “house,” but it is not the “house” itself—that is, it is not implementable in and of itself. Developing annual departmental plans and budgets based on the organization’s core strategies and annual top priorities gives the details necessary to make the “house” livable.

The sad truth is that this is where many organizations fall under the weight of their carefully-designed Strategic Plans. Simply circulating a copy of strategies with no corresponding, visible actions or expectations sends organizational members a clear message: “We [the planning team] have done our part—now you’re on your own to do yours. Oh, and do whatever you want, because there aren’t any priorities or focus.”

This is what leads to the infamous SPOTS Syndrome (Strategic Plan On the Top Shelf ... gathering dust). It’s also abdication by senior management at its very worst. At it’s very best, it’s naive. In either case, it’s unacceptable behavior for senior management.

The fact is, senior managers must persevere at this point, and give guidance on how they expect employees and their corresponding Strategic Business Units to “do their part.” In order to avoid the very real possibility of the plan getting lost in the “I don’t know what they expect me to do!” shuffle, you now must have each manager develop realistic annual plans with the clear priorities of the organization’s core strategies and detailed expectations. Then back it up with the necessary resources for implementing the core strategies.

This annual planning and budgeting is what we call the beginning of real strategic consistency and operational flexibility—and it is crucial. Remember, empowerment without direction is chaos.

No matter what its done in the past, if an organization doesn’t start developing its annual plans and budgets around its core strategies, it will not be competitive in today’s marketplace. It’s not simply a case of top-down or bottom-up strategic planning, which is an outdated, either/or concept. It is now a matter of strategic consistency—at the strategic planning level—with operational flexibility at the annual and individual planning levels.
3.2.2 Different Strategic Planning Methodologies

Task: Identify and explain at least two of the different methodologies for strategic planning that follow the Think–Plan–Act process.

There are at least seven strategic planning methodologies that follow the Think–Plan–Act rubric. All these methodologies share similarities but have different terminology, steps and sequence. Each one is good—the key is that there is no one best way to do planning. In every situation they encounter, good strategic planners tailor their methods to the needs of the client while ensuring that the planning is thorough and comprehensive.

Balanced Scorecard Institute’s Nine Steps to Success
The Balanced Scorecard (balancedscorecard.org) follows Nine Steps to Success:
1. **Assessment:** BSC Development Plan, Strategic Elements, Change Management
2. **Strategy:** Customer Value, Strategic Themes, Strategic Results
3. **Objectives:** Strategy Action Components
4. **Strategy Map:** Cause-and-Effect Links
5. **Performance Measures:** Targets, Baselines
6. **Initiatives:** Strategic Projects
7. **Automation:** Software, Performance Reporting, Knowledge Sharing
8. **Cascade:** Alignment, Unit and Individual Scorecards
9. **Evaluation:** Strategy Results, Revised Strategies

Haines Centre’s Systems Thinking Approach
The Haines Centre for Strategic Management (hainescentre.com) follows a 10-step Strategic Management System:
1. **Smart Start:** Plan-to-Plan
2. **Ideal Future Vision**
3. **Key Success Measures**
4. **Internal and External Current State Assessments**
5. **Strategy Development**
6. **Business Unit Planning**
7. **Annual Plans and Strategic Budgeting**
8. **Plan-to-Implement**
9. **Strategy Implementation**
10. **Annual Strategic Review and Update**

Other Qualified ASP Reps
Qualified ASP rep Randall Rollinson of LBL Strategies (lblstrategies.com) wrote an exam prep book with 11 steps:
1. Provide perpetual leadership.
2. Assess the situation—gain high-level understanding and base knowledge.
3. Organize the initiative.
5. Conduct internal assessment.
6. Conduct strategy Formulation—Strategic Planning.
7. Conduct strategy Formulation—Operational Planning.
8. Create a “get it done” performance culture and strategy execution process.
9. Align the organization and build accountability.
10. Act on performance information.
11. Evaluate strategic execution.

Blue Ocean Strategy

Blue Ocean Strategy (blueoceanstrategy.com), the 2005 best seller written by W. Chan Kim and Renée Mauborgne, follows a four-action framework:

1. Eliminate: Which of the factors that the industry takes for granted should be eliminated?
2. Reduce: Which factors should be reduced well below the industry’s standard?
3. Raise: Which factors should be raised well above the industry’s standard?
4. Create: Which factors should be created that the industry has never offered?

It also describes four principles of blue ocean strategy formulation to create uncontested mark space by:

1. Reconstructing market boundaries.
2. Focusing on the big picture.
3. Reaching beyond existing demand.
4. Getting the strategic sequence straight: utility, price, cost and adoption requirements.
5. Overcome key organizational hurdles.
6. Build execution into strategy.

The Performance Institute’s Strategic Management Framework

The Performance Institute (performanceweb.org)—“the leading think tank in performance measurement for government”—has eight modules in its strategic planning process:

1. Connect strategic planning and organizational results.
2. Identify the strategic elements of results-oriented agendas.
3. Evaluate strategy and assess stakeholder involvement.
4. Develop results-oriented outcomes to understand your program’s mission.
5. Design outcome-focused strategies.
6. Align program activities and resources.
7. Manage through measures.
8. Implement and manage strategic plans.
AMMR’s Strategic Planning Pyramid

Association Management and Marketing Resources (ammr.com) follows a seven-step pyramid. Beginning from the base, the steps are:

1. Research (qualitative, quantitative, scan and alternative futures)
2. Tactical Initiatives and Operational Plan
3. Objectives
4. Goals
5. Mission
6. Vision
7. Core Purpose

Claremont Strategy Center’s Strategic Plan Composite

Jim Wilson, founder of The Claremont Strategy Center (claremontstrategies.com)—which is related to the Drucker School of Management—presented the nine steps of his strategic planning methodology at an ASP conference. This model presents the following steps in a pyramid, beginning with the base:

1. **Mission**: Why we exist.
2. **Themes and Results**: What our areas of focus are.
3. **Objectives**: Specific outcomes expressed in measurable terms.
4. **Strategy Map**: How we communicate and create alignment.
5. **Performance Measurements and Targets**: Desired level of performance and timelines.
6. **Strategic Initiatives and Action Plans**: Planned actions to achieve desired results.
7. **Business Plans and Budgets**: Organizational resource management.
8. **Operations and Tactics**: Processes and functional support elements to be executed and improved.

Remember, there is no one best sequence to strategic planning and management!

Questions to Ponder

- What similarities do these methodologies share? How are they different?
- How do these methodologies fit into the Think–Plan–Act rubric?
- Which of these methodologies focus on implementation of the Strategic Plan? Which do not?
- Which methodology would work best for your organization? Why?
Notes and Actions
3.2.3 Current State Assessment

Task: Conduct an effective current state assessment (such as a SWOT analysis), including status of the organization in respect to its competitors.

Internal Current State Assessment

Conducting an internal Current State Assessment (CSA) shows where you are today and where there are gaps that need to be mended to get from today to tomorrow’s vision. The categories below specifically target critical areas and are universal to any organization’s internal workings. Determine which ones are most relevant and use those tools. Trying to apply all of these techniques might cause “analysis paralysis.”

1. Organizational Financial Analysis

Look at the organization’s profit-and-loss statements and organization-wide budgets, and—to assess the capitalization within the organization—its balance sheets.

2. Core Values Analysis

To assess if an organization has a unified and motivated culture, have its key stakeholders analyze how the organization adheres to each core value. Ask employees—don’t just trust the collective leadership’s perceptions of the organizational culture.

3. Key Success Measures Analysis

Look to see if the organization previously overlooked some immediate, critical items that should still be incorporated into the KSMs. You may find the ones already developed will suffice, but make a final critique on each KSM against its baseline data.

4. Strategic Business Design Analysis

A growing number of organizations are analyzing one of the basic measures in their success: the system of jobs and the dynamics of operating relationships that constitutes the organization’s strategic business design. No matter the size of the organization, a number of dimensions should support its positioning in the marketplace:

- Administrative components
- Integration and differentiation
- Professionalization
- Span of control and structures
- Specialization
- People practices
- Delivery channels
- Technology and Internet
- Formalization
- Autonomy
- Centralization and decentralization
- Complexity
- Policies and procedures
- Delegation of authority
- Customer relationships
- Cross-functional teamwork

Traditional, hierarchical organizations are finding that the old motto—“That’s just the way we do it around here”—isn’t working anymore. Today, hierarchical organizations are moving away from the executive–staff–line structure to a more integrative and horizontal fit. They’re asking questions such as the following:
• How many layers of management should there be? What is the minimum needed?
• Where is the demarcation between needed staff and burdensome bureaucracy?
• How do we empower our employees to serve the customer better and take more self-directed initiatives, rather than waiting to be told?
• How do we manage diverse organizations resulting from mergers, acquisitions, etc.?
• How do we organize geographically remote units (sales offices, factories, etc.)?
• Can we design structures and processes to meet customers’ needs, especially as they relate to speed, responsiveness, flexibility and choices?
• How can we continually improve structures and processes across boundaries?
• How is each job designed? Are we providing our employees with holistic jobs?

Remember, any needed changes in the organizational structure depend on aligning it with the organization’s mission, strategies and marketplace positioning.

5. Value-Chain Analysis

Customer-focused organizations organize by customer-focused units for all organizational products and services, using a clear accountability philosophy: “One customer equals one organizational representative.” They organize by customer markets, segments and geography, and require the individual accountability that comes with this structure.

Value-chain analysis consists of looking at organizational systems and processes from the point of view of customers, as well as vendors and suppliers. Using this data, the organization should radically re-engineer and simplify, removing all non-value-added elements. It’s about collapsing cycle time—how long it takes to perform a specific function—down to the real task time. The main idea is to bring every level and operation of the organization and suppliers closer to the customer, so that the customer gets the service or product more quickly, and with the highest possible quality.

Value-chain analysis can yield huge strategic and cost-efficiency results. Since it’s crucial for success on an ongoing basis, an organization should plan for it once every few years.

6. Management and Leadership Core Competencies Analysis

Employees are certainly an organization’s greatest assets, but only if their leaders let them be! Those in management and leadership are actually the only competitive-edge difference in any organization over the long term. Therefore, managers and leaders should assess themselves honestly and critically, being open to continuing leadership development. To reach consensus in this area, each member of the core planning team, as well as other key stakeholders, should assess how they view the organization’s leadership competencies.

7. Strategic Human Resource Management Area Analysis

It’s imperative to carefully assess human resource management practices against the HR best practices. These best practices flow outward from a Strategic People Edge Plan to the six natural leadership development competencies to the six areas of best HR priorities, which ultimately leads to attunement with peoples’ hearts and minds and alignment with the organization’s Strategic Plan.
8. Rewards for Total Performance Analysis

When analyzing an organization’s reward method, examine a broader perspective of financial and non-financial rewards.

**Financial Rewards:** Reward performance on a financial basis. Forms include base salary, promotional increase, incentive awards, pay for knowledge, merit increase, adjustment increase, benefits and employee stock ownership. However well these rewards worked for the hierarchical organization, they are not the right ones alone for today.

**Non-financial Rewards:** Monetary incentives aren’t the only acceptable way to reward performance. With today’s changing marketplace, in fact, most organizations in the public and private sectors are simply are unable to tie performance to money in a meaningful way. High-performance organizations are turning to the following non-financial performance compensation: **Recognition** for a job well done, **growth and development** (learning and training) and **responsibility** (opportunity for freedom of thought and action; empowerment).

Remember, these rewards must reinforce the new Ideal Future Vision, not the past one.

9. Cross-Functional Teamwork Analysis

More and more organizations are turning toward a horizontal structure—organizing around processes, rather than individual, hierarchical functions. Cross-functional teamwork is becoming an essential ingredient for success. And without teamwork, a total focus on the customer in today’s changing marketplace won’t happen.

Make sure the skills training and motivation are available to all workers. But don’t forget to train the supervisors and senior managers first, so they really can walk the talk. Remember, leaders are the most important asset.

10. Core Competencies Analysis

An internal CSA should study the organization’s core competencies. It involves gaining a realistic sense of what the organization excels at in order to continually build on its strengths, as well as eliminating its weaknesses.

When identifying core competencies, complete the following primary steps:

1. Define how the core competencies compare to the Ideal Future Vision. What core competencies are needed across the organization to achieve our future vision?
2. Identify the existing core competencies? Are they the same across the organization?
3. Look for possible alternatives if the existing core competencies can’t be fulfilled.

11. Technology Assessment

Today’s rapidly changing world is driven by the dramatic changes in information technology. As such, it is imperative that an organization evaluate its stand on the use of technology as a competitive business advantage. Conduct a quick technology assessment by asking the following questions:

1. Can employees access computer and telephone networks from remote locations?
2. Do all of employees share a common software platform?
3. Can customers place electronic orders?
4. Are internal communications electronic? Are they streamlined?
5. Do all computers have the capability to run the latest software?
6. Does the organization use distance learning methods to educate employees?
7. Does the organization have a technology manager who is part of top management?
8. Can employees run software applications when the network is down?
9. Is data secure and in compliance with existing government regulations?
10. Is there an electronic emergency procedure everyone can access during crises such as fire, flood, tornado, natural calamities, terrorist threats, etc.?

12. Enterprise-Wide Assessment

To create its competitive business advantage, an organization must assess how well it creates total customer value. Creating customer value requires a flexible systems approach that deals with the total efforts, processes and people of the entire organization, just as TQM purports to do for the quality outcome alone. Only an organization-wide, detailed systems model can guarantee successful implementation through the application of a holistic methodology to produce desired client and customer outcomes.

A CSA should assess whether every organizational element is efficiently aligned and effectively attuned, fitting together as one system achieving customer value. This includes strategic plans, operations, policies, measures, structures, resources, technology, competencies, and business and human resource processes, as well as leadership at all levels. The fulfill the organization’s need for airtight organizational integrity.

External Current State Assessment

The external Current State Assessment assesses the organization’s performance in the marketplace. There are many potential areas on which to focus an external CSA. This is a list of frequently-used CSAs. You may want to add some of your own as well.

1. Organizational Life Cycle Analysis

All organizations go through similar life cycles: (1) research and development, (2) start-up and growth, (3) maturity, (4) decline and, hopefully, (5) renewal.

Several measures go into studying an organization’s life cycle: industry maturity, competitive position, market share objective and sales volume. When evaluating an organization’s life cycle, consider the following questions:

1. Where is the organization currently in its life cycle?
2. Where does it want to be in the future?
3. Given no proactive changes, where is the organization likely to be in the future?
4. What are the implications—competitors, customers, growth-rate, market share, profitability, liquidity, substitutes, technology—for today?
5. What are the implications for the future?

2. Competitor Analysis

An external CSA is incomplete without a thorough, in-depth analysis of the competition. You need to look not only at how they sell their product or service, but also
what has and hasn’t worked for them, their market share, and their future projections and strategies. Conducting an in-depth competitive analysis gives a clear picture of how crowded the market is and how to capture more of it.

Analyze the following aspects of the organization’s top three competitors:

• Vision, mission, core values and driving force(s)
• Core strategies, outcome measures or goals
• Current state assessment (SWOT)
• Market share and customer reputation and positioning
• Pricing strategy
• Background of key executives
• Technology perspective
• Core competencies and capabilities

Conducting this type of competitive benchmark gains a greater understanding of what the organization is up against and a better overall sense of the industry.

3. Customer Focus Analysis

Getting customers is hard and expensive; keeping them—by meeting their expectations and then doing something more that they don’t expect—will pay off over and over again in the long term. In fact, it costs 12 times more to find a replacement customer than to satisfy and keep an existing customer.

To determine if the organization really is customer-focused, ask a variety of current and past customers to conduct this assessment of the organization. Being truly customer-focused also means incorporating ongoing Customer Recovery Strategies.

4. Market Orientation and Intelligence Analysis

To evaluate how market-oriented the organization really is, ask the following questions:

• Is the organization easy to do business with?
• Does the organization keep its promises?
• Does the organization meet its set standards?
• Is the organization responsive?
• Does the organization work together internally to provide quality service?

To get a better sense of whether the organization is concentrating its energies on the most profitable customer base, look at the cost/value ratio of its customers. Identifying customers according to who they are, how they do business and how much it costs the organization to retain them will quickly help you to pinpoint the most profitable customers. These are the primary or cornerstone clients—and they are the organization’s lifeline!

5. Positioning Analysis

Create a “map” of the organization’s products and services to assess the value or position in the marketplace. This will reveal how the organization stacks up against its competitors’ lines, and how the quality of its products or services is perceived in the marketplace. It also provides an overall perspective of which areas—such as cost, quality, features, delivery and customer responsiveness—are the most (or least) competitive.
A value map poses two questions of each product or service:
1. Where does it stand in price, quality and perceived value?
2. What actions are necessary to increase or change this line in the future?

6. Market Share and Growth Rate

Once it has sized up the competition, the organization needs to take a serious look at how much of the market it already has, as well as how much it wants to have. This involves analyzing the organization’s market share and its market growth rate, and determining which products or services are strong and which might need to be let go to free up resources. Use this data to shape different strategies that position the organization in its marketplace.

7. Product and Market Certainty Matrix

After studying overall market share and growth, it’s time to break down the evaluation further by looking at specific product (or service) lines. Ask the following questions for each product or service:
1. Is the organization changing this product or service?
2. What are the implications—or risk—of this change?
3. What actions should we take and when?

Develop a growth share matrix, showing each product’s profitability on gross margin. In addition, judge each one by its market and customer segment, developing a matrix that identifies projected success rate. The benefit of going through this exercise is that it forces a concentration on the probability of each product’s success, and identifies those that could be problematic up front.

Summary: SWOT

Once the internal and external CSAs are complete, organize the data into a SWOT:

**Internally:** Build on Strengths/ Eliminate or cope with Weaknesses

**Externally:** Exploit Opportunities/ Ease and lower Threats

This framework incorporates both the external and internal assessments into a usable and practical summary. When organizing a SWOT, look for anything that will help or hinder the organization in its attempt to achieve its Ideal Future Vision. Once a draft is complete, ask planning team members to list corresponding “action implications” next to each SWOT entry.

Questions to Ponder

- Which of these Current State Assessment categories are most relevant your organization? Which weaknesses should be addressed?
- What external Current State Assessment categories can you add to evaluate your organization?
- Are you willing to accept all of the Current State Assessment findings—not just the ones you feel good about?
3.2.4 Desired Outcomes

Task: Understand the strategic planning process that starts with the desired outcomes—such as the ideal future vision, mission, core values, and desired competitive advantage and positioning—to set a future direction in the organization.

Establishing desired outcomes generates direction and order. Though it does not replace the common-sense fundamentals of running a business day-to-day, an organization cannot have an adequate sense of purpose without it. As such, it is important that all organizational leaders participate in this key step.

An organization’s desired outcomes state the direction and context for determining what it has to do to successfully implement its Strategic Plan. It’s the point at which the collective leadership steps outside of all preconceived boundaries or limitations—and outside of its present business and habits—and begins to form a view of the organization’s future.

Being willing to go after what you really want is one thing, but defining what that is can be quite another. Determining an organization’s desired outcomes takes the collective leadership through the four main challenges:

1. Shaping the organization’s vision statement (see 3.2.7).
2. Developing a realistic mission statement (see 3.2.7).
3. Developing the organization’s core values (see 3.2.6).
4. Developing the organization’s rallying cry (see 3.2.7).

Confront Paradigms

It can be extremely challenging to step outside those boundaries of the world you have always known and reshape its possibilities by exercising your imagination. This failure to look beyond our familiar paradigms (“what is today”) to the possibilities of tomorrow (“what could be”) is a common mistake.

Paradigms are a set of rules and regulations that:

1. Establish boundaries
2. Set rules for success
3. Show what is—and isn’t—important.

World-famous futurist Joel Barker dramatically brought the concept of paradigms to mainstream attention two decades ago in his book Future Edge. He observed that individuals and organizations establish a set of paradigms that eventually become so entrenched that they are never challenged. For example, in 1895, Lord Kelvin, the president of the Royal Society concluded that “heavier-than-air flying machines are impossible.” Just eight years later, the Wright Brothers proved this paradigm wrong.

Barker maintained that while these paradigms were useful in focusing attention, they tended to blind people from seeking effective strategies for future success. He argued that in order to become high-performance and customer-focused, organizations need to undergo a “paradigm shift,” posing the question: “What is ‘impossible’ to do today, but if it could be done, would fundamentally change the way you do business?”
Barker advised organizations to look outside their existing boundaries—in effect, learn to “shift” their paradigms. He believed that in order to be truly visionary, organizational leaders must become “paradigm pioneers”—that is, they must be courageous and willing to take risks, even in the face of the unknown.

A typical example of past paradigm shifts would be humanity’s progress in flight: from balloons to bi-planes, to single-wing propeller planes, to jets, drones, the Concorde, satellites, rockets and the space shuttle. Similarly, in the field of transportation, humans first walked, then graduated to riding on animals, carts and wheels, then on to boats, trains, cars and buses, and from there to mass transit and airplanes.

Perhaps the most important idea to take away from this is that we can all choose our own paradigms, today and tomorrow. Defining desired outcomes enables you to temporarily put reason aside and look beyond the present to the future as you would like it to be.

**Become a Superior Strategic Thinker**

In his workshop brochure, well-known strategic planning expert Gary Hamel said: “It’s not enough to work harder, nor is it enough to just get better. Companies today have to learn how to get different—profoundly different.”

Yesterday’s business models are being supplanted by radically new ways of doing business. This isn’t process re-engineering or Six Sigma or Emotional Intelligence (EI). It’s fundamental strategy innovation. Newcomers have created the lion’s share of new wealth in many industries and they have succeeded—not by “executing better,” but by changing the rules of the game and industry.

In an increasingly nonlinear world, only nonlinear strategies will create new wealth. Yet few existing companies seem able to spawn imaginative, wealth-creating strategies. Strategy innovation, like quality, must be a deeply-embedded, ubiquitous capability, and strategic thinking must be a daily habit that is pervasive throughout the organization, rather than the province of a few individuals.

It is important to first see the future as an empty slate. Approach defining the organization’s desired outcomes as a new beginning. After conducting an environmental scan of how the world is changing, the organization will be ready to approach its future proactively.

Remember the words of Joel Barker, “You can and should shape your own future ... and if you don’t, somebody else surely will!”

**Questions to Ponder**

- What paradigms are blinding you to future success?
- Why is it important to ensure that your organization’s desired outcomes are customer-oriented?
3.2.5 **Scenario Planning**

**Task:** Understand how to use *scenario planning and modeling* to anticipate and make sense of changes happening in the world and their impact on the organization.

Most organizations recognize the need for crisis plans to respond to crises such as natural disasters, terrorism, major staff disruptions, technological breakdowns or a financial crunch. In spite of these being very basic crisis plans, the daily news carries stories of organizations that have not been prepared. In some cases they had a crisis plan on paper, but it was sitting on a shelf and was useless when they needed it.

When a crisis hits, you do not want to *start* considering options. By adding a rigorous scenario planning process to the strategic planning process, you can ensure the organization knows and understands as many potential outcomes as possible.

**Crisis Management**

*Crisis management* involves coping with problems as they arise. When crises occur:

- Log crises. Develop contingency plans for serious ones.
- Set objectives, priorities and deadlines. Get regular progress reports.
- Don’t over-schedule. Leave 20 percent of the day open for unexpected emergencies.
- Don’t switch priorities needlessly.
- Don’t overreact. Ignore transitory problems, delegate and respond to the crises you can handle.

**Scenario Planning**

*Scenario planning* anticipates problems and sets proactive strategies and steps to mitigate its impact. Since effective crisis management requires preparation, the leadership should perform a susceptibility audit to evaluate the organization.

The leadership should first determine what kinds of crises the organization is likely to face. Organizations may face the following nine types of crises:

1. Public perception
2. Product failure
3. Hostile takeover
4. Sudden market shift
5. Adverse international event
6. Labor relations
7. Cash
8. Regulatory
9. Management succession

The collective leadership needs to determine the organization’s vulnerabilities by assessing the organization’s ability to respond to four crises elements:

1. **Dimension:** If a crisis does occur, what is the degree of the impact on the organization? Will the organization be devastated or will it only hiccup?
2. **Control:** To what degree can the company control events once a crisis is underway?
Chapter 3: Planning Processes (3.2 spp)

3. **Time**: How much time is available? Will decisions have to be made immediately, or will management have the luxury of lengthy strategy sessions?

4. **Options**: What options are available?

**Turnarounds: Crisis Management Techniques**

Five techniques for turning around crisis situations include:

1. **Establishing a mission larger than just surviving**. Identify a larger goal that people can believe in while the crisis is taking place.

2. **Communicating constantly and creatively**. Talk about everything to everyone. No matter how isolated you think bad news is, it affects everyone.

3. **Getting control of the cash flow**. For a short time, suspend the right to spend money for anyone but the chief executive and CFO. Stop paying bills for a day or two to build up a little working capital, then manage the organization so the working capital never gets to zero again.

4. **Determining what kind of turnaround you have**. Decide what major activity will stabilize the business and provide a platform for growth and profit.

5. **Choosing as few priorities as possible**. Select a few priorities and stick with them.

**Optimism and Reality**

Strategic planning advocates a balance between optimism, realism and pessimism. Most organizations are afraid to talk about what can go wrong because they fear appearing negative. But Brian Rhiness wisely said, “In scenario planning, optimism is great—but it is even better if combined with a splash of realism and a dash of pessimism.”

For example, if a company announces a major merger, it is unwise to suggest publicly that the synergies will not work out as expected—while, in fact, this is the case in 75 percent of mergers. Before announcing the merger ask this crucial *What if?*: “What if we do not get the estimated 25 percent synergy saving as expected? Does the merger still make sense?” If the answer is yes, then go for it.

**The Law of Expected Surprises**

A robust scenario planning process implemented with strategic planning will greatly reduce the number of unforeseen problems and lead to only expected surprises. The organization acknowledges these events *could* happen, and also develops clear actions to ensure they *do not* happen.

For example, a car manufacturing organization can expect that it will face recalls. It should evaluate what it is doing at every level of the organization to ensure that it will not happen or to minimize the impact. This type of scenario planning needs to become a cultural response—and the organization needs to welcome its skeptics.

In many cases, an organization will need outside help to shift its culture and provide a safe environment for free-flowing discussions in order to implement the Law of Expected Surprises. This implementation should start at the senior management team level to send a powerful message to the staff and partner organizations.
3.2.6 Core Values

Task: Support, communicate and audit the organization’s core values.

Core values are the principles that guide daily organizational behavior. They specify how the organization should act while accomplishing its mission. The organization’s core values must state not only how to act at work, but what the organization believes in. They describe how to treat others, whether it be employees, suppliers or customers.

In addition to having a strong customer focus, high-performance organizations heavily invest in defining and implementing their core values. It becomes a stability factor for employees. When employees share organizational values, they feel more committed and loyal, identify more strongly with important organizational issues, and display a willingness to “get the job done.”

Core values can contribute insight and direction when the organization is faced with unpleasant choices. In addition, they can serve as a rudder in tough times, helping the organization to pursue the high road of ethical conduct, respect and dignity for the individual. Increased employee motivation, effort and clarity of focus also help develop a competitive edge for the organization. Perhaps most significantly, strong core values will be invaluable in guiding the 10,000 or more small decisions employees make daily.

When developing a core value, keep in mind that it must meet the following six criteria:

1. Is it a collective belief that is simple and clear?
2. Does it determine the standards of acceptable work behaviors?
3. Will people know and care if this isn’t followed?
4. Is it a value that will endure consistently over time?
5. Are there well-known organizational stories and rituals to support its existence?
6. Is it crystallized and driven by the top management level?

In developing core values, the core planning team should individually evaluate a list of core values (see Figure 3.2), noting which ones reflect the way the organization is now and which ones reflect the way it should be. Once finished, the team should discuss, analyze and evaluate each other’s list of values.

After this discussion, the team should draft a core values statement, bulleting simple, clear phrases that have been arrived at by consensus. It should evaluate:

- Which values are being followed most closely? The least closely?
- How can we correct any imbalance?
- Is specific training needed?
- What, if any, policies need to change?

While core values are guides to organization-wide behavior, the collective behaviors in an organization make up its culture or cultures. Whenever strategy and culture collide, culture always wins out, so ignoring it will undo a lot of hard work. Remember, you can change an organization’s mission, strategies and structure—but if you don’t change its culture, it will only serve to defeat all the other changes. Establishing or changing an organizational culture takes persistence and patience over the long haul.
# Organizational Core Values

Instructions: For Column 1, select 10 of the following values that are important to your organization’s success. For Column 2, assess which values are currently the most important.

<table>
<thead>
<tr>
<th>Column 1</th>
<th>Column 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Way It Should Be</td>
<td>The Way It Is Now</td>
</tr>
<tr>
<td>1. Adaptation to change</td>
<td>1. Adaptation to change</td>
</tr>
<tr>
<td>2. Long-term strategic perspective and direction</td>
<td>2. Long-term strategic perspective and direction</td>
</tr>
<tr>
<td>3. Energizing, visionary leadership</td>
<td>3. Energizing, visionary leadership</td>
</tr>
<tr>
<td>5. Innovation and creativity</td>
<td>5. Innovation and creativity</td>
</tr>
<tr>
<td>7. Teamwork and collaboration</td>
<td>7. Teamwork and collaboration</td>
</tr>
<tr>
<td>8. Individual, team and organizational learning</td>
<td>8. Individual, team and organizational learning</td>
</tr>
<tr>
<td>10. Waste elimination and wise use of resources</td>
<td>10. Waste elimination and wise use of resources</td>
</tr>
<tr>
<td>11. Quality products and services</td>
<td>11. Quality products and services</td>
</tr>
<tr>
<td>12. Customer service excellence and focus</td>
<td>12. Customer service excellence and focus</td>
</tr>
<tr>
<td>13. Speed and responsiveness</td>
<td>13. Speed and responsiveness</td>
</tr>
<tr>
<td>15. Growth of organization revenue</td>
<td>15. Growth of organization revenue</td>
</tr>
<tr>
<td>17. Safety, stability and security</td>
<td>17. Safety, stability and security</td>
</tr>
<tr>
<td>18. Ethical and legal behavior</td>
<td>18. Ethical and legal behavior</td>
</tr>
<tr>
<td>19. High staff productivity and performance</td>
<td>19. High staff productivity and performance</td>
</tr>
<tr>
<td>22. Constructive confrontation and problem-solving</td>
<td>22. Constructive confrontation and problem-solving</td>
</tr>
<tr>
<td>23. Quality of work life and morale</td>
<td>23. Quality of work life and morale</td>
</tr>
<tr>
<td>24. High staff satisfaction</td>
<td>24. High staff satisfaction</td>
</tr>
<tr>
<td>26. Participative management and decision-making</td>
<td>26. Participative management and decision-making</td>
</tr>
<tr>
<td>27. Data-based decisions</td>
<td>27. Data-based decisions</td>
</tr>
<tr>
<td>29. Partnerships and alliances</td>
<td>29. Partnerships and alliances</td>
</tr>
<tr>
<td>30. Excellence in all we do</td>
<td>30. Excellence in all we do</td>
</tr>
</tbody>
</table>

Figure 3.2 Choosing Organizational Core Values
3.2.7 Vision and Mission Statements

Task: Facilitate formulation of the *vision and mission statements* to be clear in defining “why the organization exists” (its purpose), including who its future customers or clients are and what products and services it will provide to them.

**Shaping the Organization’s Vision Statement**

An organization’s *vision statement* should be idealistic—something to which the organization wants to aspire. It is a vision of what the future could look like within a specific time period. Even if it’s fully attainable, the vision should include dream-like hopes and aspirations, developing an energizing, positive and inspiring statement of *where* and *what* the organization wants to be in the future.

For this challenge, you’re asking the collective leadership to consciously step outside the familiar boundaries of their day-to-day operations and create new, previously unexplored scenarios. This visioning is a three-step process:

1. List current boundaries or paradigms that exist in the organization—perhaps these need to be transcended.
2. List ideas and brainstorm for the Ideal Future Vision.
3. Create a visual picture of the new paradigm at Year $X$.

When final consensus is reached through the Parallel Involvement Process (see 3.2.9), check the vision for pitfalls, then draft a vision statement based on this consensus.

**Developing a Realistic Future Mission Statement**

The *mission statement* is concerned with the content of the organization—what it produces, its benefits and who it serves. It answers three questions:

- *Why* do we want to exist?
- *Who* do we want to serve?
- *What* do we want to produce as outcomes?

Most organizations need to define their philosophy more explicitly and clearly. To ensure clarity, include the following test:

1. Looking at the *why*, ask what will be better as a result of the organization’s existence? Does it tie to the vision statement?
2. Does each *who* relate to a *what*, and vice versa?
3. Are the *whats* the outputs or results of activities, not the activities themselves?
4. What risk is being taken by this future mission? Is anything changing?

A mission statement should be brief, concise, understandable and future-oriented. It should be broad, but not meaningless. When such a mission statement is fully developed and implemented, the organizations will see a “butterfly effect” take place, with minuscule differences in the beginning abruptly becoming massive changes in the results.

Regardless of its size, an organization needs to watch out for five mistakes:

1. Mistaking the *how* as being part of the mission.
2. Failing to specifically identify the customer.
3. Staff departments confusing control and service issues.
4. Failing to properly define the *entity* in the public sector.
5. Going through the motions only.

Vision and mission statements are crucial components of the strategic planning process. They are fundamental destination that guides you through every step of the planning and implementation process.

**Creating the Organization’s Rallying Cry**

A *rallying cry* is a crisp, motivational slogan—eight words or less—that is easily remembered by all organizational members and used for a long period of time. It is the organization’s bedrock essence—a powerful, motivating force for the staff that is inspirational, believable and repeatable on a daily basis across the organization. For example, Lexus’ rallying cry is “The relentless pursuit of perfection.”

This statement should be the *essence* of the organization’s marketplace positioning (see Chapter 2–3.4.2), the key single thrust within the mission statement around which the organization builds everything. External use of this rallying cry is strongly recommended, as it can promote the added-value concept of the brand.

At first glance, many people view these rallying cries as trite and unnecessary, especially when the organization fails to clearly connect it to its essence. One effective way to approach this issue is to wait until the end of strategic planning to develop the rallying cry, then actively involve employees through an organization-wide contest for the best one.
3.2.8 Department Planning

**Task:** Provide an annual *department planning process* that is in a line of sight linked to the corporate Strategic Plan.

An organization must get all the departments on the same track, *crafting effective annual department work plans* to ensure successful implementation of its Strategic Plan.

**Crafting Effective Annual Department Work Plans**

Once the organization has chosen its overall core strategies and annual action priorities, it needs to create blank annual planning forms for each core strategy, with only the strategy shown at the top of each page. By having every department use the same format and organizing frameworks (the core strategies), the organization can:

1. Establish the same ways to communicate and work together around core strategies.
2. Focus everyone on organization-wide core strategies, *not* on separate department goals or turf issues.

In other words, *there really should be no such thing as a departmental goal or objective.* There should only be the department’s contribution to the organization’s overall core strategies. (If you must have departmental goals or strategies, slot them under the organization-wide core strategies for consistency—for example, under Core Strategy #3, list Goal 3.1, Goal 3.2, etc.)

In any case, when completing the planning form, each department head should consider the following:

- What should our department actions be for supporting this strategy?
- How do our actions under each core strategy support the top priority Strategic Action Initiatives (SAIs) identified by management for this year?
- What resources or special support will we need?
- Who specifically will be responsible for seeing this through?
- What is a realistic target date for accomplishing this?
- How will we measure our progress?
- Who else should we involve?

Department annual plans, then, should present the organizational core strategies as the organizing principles, with each one having a list of actions that must be completed in the coming year to support each strategy.

**Large Group Annual Plan Review And Approval**

Even with the most thorough plans, it isn’t enough to simply have each department develop its own annual plan. Remember, as a system, an organization is composed of interrelated parts, not separate silos. As such, the entire organization needs to be aware of each department’s annual plans.

To fully commit to achieving the Ideal Future Vision, which serves as the focus for the Strategic Plan, the organization’s collective leadership—its top 30 to 60 people—must
actively participate in a large group annual plan review and problem-solving meeting. Everyone’s understanding and ownership is the key to successful implementation.

At this point, you may be thinking, “Just what I hate—large group meetings!” However, nothing could be further from the truth. Instead, it is several small-group, interactive reviews being conducted simultaneously, which has proven to be a successful approach.

This one-day, off-site meeting follows the following sequence:

**Integration of Plans Required in Three Ways:** Vertically, horizontally and with key stakeholders

**First Round:** Demonstrate this process, using a simple departmental plan, with a fishbowl exercise (a group within a larger group of observers).

**Second Round:** Break into up to 2-3 presentations and subgroups, allowing for more “air time” for each individual. The presenter should complete the following steps:
1. Pass out the department plan and have each member read it while setting up and designating a note-taker.
2. Present the department plan for clarification only.
3. Get reactions from participants: What to add, delete or modify? Is the “who else to involve” column correct?
4. Summarize the following at the end of the meeting: Key learning, changes to plan, implications for budgets and resources, implications for implementation, and changes needed for mission, values and Key Success Measures.

**Third Round:** Repeat steps one through four above with a second and third subgroup, rotating subgroups and keeping presenters at the same location.

**Fourth Round:** At the end of the day, review each presentation summary in step four above in the total group to ensure total integration.

**After the Off-Site:**
1. Revise department plan as necessary.
2. Gain supervisor approval.
3. Tie it to budgeting process.
4. Implement it.
5. Track and monitor results through the Change Leadership Team (CLT).

After the departments make any necessary revisions to their plans, a planning coordinator should collect all the plans together in one place and split the department plans out by core strategies, sending them to the appropriate project team and senior management champion for future use. They can use them in annually monitoring, tracking, following-up and reporting on the core strategies’ status across all departments to the strategic CLT. Ultimately, leaders are accountable and responsible for the development of plans and for ensuring that these plans are successfully implemented throughout the organization, at all levels and across all departments and functions.
3.2.9 Key Stakeholders

**Task:** Articulate numerous ways to *involve all key internal and external stakeholders* to the process, since people are willing to change when they are involved, not when it is imposed upon them.

The **Parallel Involvement Process** is based on the premise that *people support what they help create*. This process provides the opportunity for optimum involvement from all key stakeholders throughout the planning and change process. It is crucial to get the stakeholders’ *organized* participation—not too much, as often happens in the public sector, or none at all, as often happens in the private sector.

In the Parallel Involvement Process, real-time meetings—led by a trained facilitator—are held with key stakeholders after the strategic planning phase. The purpose is twofold:

1. To share information and provide feedback to the core leadership team in order to troubleshoot and improve the plans.
2. To gain understanding, acceptance (*buy-in*) and commitment (*stay-in*) to the overall direction and implementation of the plan.

A thorough job of the Parallel Involvement Process results in fewer implementation problems and less resistance to change. When change happens cooperatively, people feel you’re “doing it *with* them rather than *to* them.”

**Parallel Involvement Process Steps**

1. **Analyze and select all stakeholders.** A stakeholder is any group or individual affected by the achievement of the organization’s objectives (see Figure 3.3).
2. **Identify the “key” stakeholders.** Decide whose involvement in the Parallel Involvement Process meetings is key based on their importance to both the development and achievement of the strategic planning process (see 3.6.2).
3. **Conduct the next planning or change leadership team meeting.** Detail exactly how to run the meetings by asking the following questions: How do we involve our stakeholders? When and where should we meet? Who should attend? On which documents should we gather feedback?
4. **Conduct a short orientation and training preparation with those planning team members involved in leading the Parallel Involvement Process.** This will ensure that they are coordinated and comfortable with their efforts.
5. **Conduct the actual Parallel Involvement Process meetings as planned.** The purposes of these Parallel Involvement Process meetings include:
   - Explaining the strategic planning effort and the stakeholders’ role in it.
   - Clarifying the draft documents to generate understanding.
   - Giving input and feedback to the core planning team, taking into consideration *guarantee* (feedback will be seriously considered) and *limitation* (input is gathered from many different people). Realistic expectations are *the* key to a successful Parallel Involvement Process.
6. **Collect feedback on a flip chart, and take it back to the full planning and change management team.** Include common themes and trends (vs. pet peeves), a synthesis of the flip-chart sheets developed at this meeting, and impressions brought back by the planning team representative. *Note:* While the use of flip chart sheets may appear outdated, this technique has a major advantages over electronic note-taking: participants can observe that their comments are being accurately captured.

7. **Have the full planning and change management team refine and improve their plans based on the Parallel Involvement Process feedback.** The planning team faces three potential problems: unnecessarily rewriting documents; replacing provocative words and watering the document down to meaningless or mixed messages; and getting trapped in word-smithing debates instead of substance issues.

8. **Provide feedback on the changes made.** Provide a comparison of the old plan and the new plan, explaining the reasons for change. Another way is to highlight the changes on the new plans, similar to a legal document.

**Questions to Ponder**

- How do the participative management skills help or hinder the Parallel Involvement Process? Why?
- Why should you never let anyone outside the planning team lead a Parallel Involvement Process meeting?
Recap: Planning Processes (3.2 SPP)

SPP candidates should understand nine tasks associated with planning processes:

3.2.1 **Annual Planning and Budgeting:** An organization needs to cascade its planning down through all its levels. You don’t implement a Strategic Plan, but you do implement annual plans based on the Strategic Plan.

3.2.2 **Different Strategic Planning Methodologies:** There are at least seven strategic planning methodologies that follow the Think–Plan–Act rubric. The key is that there is no one best way to do planning. Good strategic planners tailor their methods to the needs of the client.

3.2.3 **Current State Assessment:** Internal and external Current State Assessments show the gaps that need to be mended to get from today to tomorrow. Analyzing key aspects of the organization determines strengths and vulnerabilities.

3.2.4 **Desired Outcomes:** An organization’s desired outcomes state the direction and context for determining what it has to do to successfully implement its Strategic Plan. Organizations need to confront paradigms, reshaping possibilities by exercising imagination.

3.2.5 **Scenario Planning:** Scenario planning anticipates problems and sets proactive strategies and steps to mitigate its impact. Crisis management involves coping with problems as they arise.

3.2.6 **Core Values:** Core values are the principles that guide daily organizational behavior. They specify how the organization should act while accomplishing its mission.

3.2.7 **Vision and Mission Statements:** An organization’s vision statement should be idealistic—something to which the organization wants to aspire. The mission statement is concerned with the content of the organization—what it produces, its benefits and who it serves.

3.2.8 **Department Planning:** An organization must get all the departments on the same track, crafting effective annual department work plans to ensure successful implementation of its Strategic Plan. There really should be no such thing as a departmental goal or objective—there should only be the department’s contribution to the organization’s overall core strategies.

3.2.9 **Key Internal and External Stakeholders:** The Parallel Involvement Process is based on the premise that people support what they help create. It results in fewer implementation problems and less resistance to change. When change happens cooperatively, people feel you’re “doing it with them rather than to them.”
Strategic Planning Processes (3.5 SMP)

Mastery is not something that strikes in an instant like a thunderbolt, but a gathering power that moves steadily through time, like the weather.
—John Champlin Gardner, Jr.

To become an effective leader or to pass the SMP exam, each candidate should know and understand how to accomplish five tasks:

3.5.1 Focus the organization on the most critical issues to address.
3.5.2 Facilitate a top management planning team process, led by the chief executive, that appropriately involves the Board of Directors and other key internal and external stakeholders.
3.5.3 Build necessary relationships across countries, continents, cultures and languages with global sensitivity, awareness and sophistication.
3.5.4 Facilitate effective decision-making processes in plan development.
3.5.5 Facilitate a process to uncover and clarify the organization’s core competencies and any gaps.

Note: These tasks were taken from ASP’s standards and Body of Knowledge (BOK). Key words are italicized for easy reference. The chapters are arranged according to content, processes and infrastructures (see Introduction for details). For more information, see the BOK on ASP’s website, strategyplus.org.
3.5.1 Critical Issues

Task: Focus the organization on the most critical issues to address.

The Smart Start: Plan-to-Plan is a time to identify the critical issues that are pivotal to the organization. This is true for both the organization’s business and strategic issues, as well as the performance of its strategic planning process and its Strategic Management System. For more details on the Smart Start: Plan-to-Plan, see Chapter 6 (3.6.1).

Business and Strategic Issues

Asking the strategic planning team and key stakeholders to identify critical issues before the strategic planning process even begins is key. Get the answer separately from each, then compile a master list for the strategic planning team. Don’t be surprised if this is a long list.

Fifteen Common Mistakes in Strategic Management

The Plan-to-Plan is also a good time to assess the organization’s bad habits, as noted in the following list of proven worst practices. The Plan-to-Plan allows the organization to assess its potential planning weaknesses and address them before the planning process starts.

1. **Failing to integrate planning into all levels.** Organizations almost always fail to cascade the plan down to all levels of the organization. Doing so provides an easy business advantage over the competition.

2. **Keeping planning separate from day-to-day management.** It’s common to treat strategic planning as a process separate from daily management—an exercise to get over with so you can get back to the “real work.” Instead, a Strategic Management System should be designed so it is self-renewing and self-perpetuating.

3. **Conducting long-range forecasting only.** Long-range financial forecasting—which begins with the present and projects a straight line out into the long-term future—almost always results in strategic planning failure. This is nothing more than budget projections. If you only examine today’s picture, how can you plan for the future, much less have a clear idea of what that future should be?

4. **Taking a “scattershot” approach.** Organizations that fail to educate and organize first end up starting before knowing how to successfully complete and implement the plan. As a result, it launches many independent, disconnected activities all at once. Remember, never mistake activities for progress!

5. **Having yearly weekend retreats only.** The typical approach to planning is to hold an expensive retreat, during which planners present a slick, sophisticated Strategic Plan to top management. This document is usually all form and no substance.

6. **Failing to complete an effective implementation process.** After writing a Strategic Plan, many organizations fail to establish a strategic Change Leadership Team (CLT) to initiate and maintain the plan’s implementation every month.

7. **Violating the “People support what they help create” principle.** When a planning process neglects the necessary involvement of key stakeholders beyond the
top management, employees have no comprehension of what they need to do to implement the plan. Worse still, inadequate involvement by line and staff personnel creates a closed environment in which the Strategic Plan is developed in a vacuum.

8. **Developing vision, mission and values statements that are little more than “fluff.”** Another common failure is developing statements that are unconnected to the organizational business plans and evaluation systems. Leaders who don’t really think strategically and define their unique positioning in the marketplace are especially prone to this.

9. **Conducting business as usual.** A common mistake is approaching strategic planning with a business-as-usual mentality, basing the entire plan strictly on how the organization does business today. The team isn’t willing to identify or implement the change efforts needed in the organization’s rapidly changing environment.

10. **Failing to make the tough choices.** This begins with planners telling leaders what they wanna hear, and often ends up with organizations failing to take a stand and make the tough choices. Strategic planning cannot take place unless the organization faces and honestly deals with whatever problems or disagreements stand in the way of progress.

11. **Lacking a scoreboard.** If methods for measuring organizational success aren’t clearly defined up front, its progress will be virtually impossible to determine. Organizations are often tempted to measure what’s easy (its activities) instead of what’s important (its outcomes).

12. **Failing to define Small Business Units (SBUs), Major Program Areas (MPAs) or Major Functional Areas (MFAs) in a meaningful way.** Failure to differentiate between the organization’s and strategic units’ reasons for existence results in conflict and turf battles. Don’t put this off until later; it’s vital that each department knows its role in implementing the strategic change.

13. **Neglecting to benchmark the organization vs. the competition and best practices.** Without a specific sense of the competitors’ best practices and market share, as well as strengths and weaknesses, it’s impossible to know the organization’s competitive business advantage.

14. **Seeing the planning document as an end in itself.** The Strategic Plan isn’t the objective; its implementation is the objective.

15. **Having unclear or confusing terminology and language.** Sometimes the English language tends to confuse rather than clarify. In strategic planning, you may experience difficulty in understanding the difference between means and ends. As you attempt to establish a hierarchy of terms in the organization, the real meaning and level of importance in these concepts can be obscured by the use of similar descriptors such as goals or objectives. By reducing the number of terms for the different levels of planning, you can make the organization much more effective.
3.5.2 Top Management Strategic Planning Process

**Task:** Facilitate a *top management planning team process*, led by the chief executive, that appropriately involves the Board of Directors and other key internal and external stakeholders.

The *process* is the part where “the rubber meets the road,” the part that separates the winners from the losers. Over the long term, the only difference—and the ultimate competitive advantage—in any organization is the leadership of its managers: their mindsets, paradigms and behaviors. Remember, leadership’s primary jobs are planning and change.

An organization’s Strategic Plan will never see the light of day without a lot of elbow grease and commitment. Successful organizations are those that are willing to educate and organize themselves, tailor the process, create a clear plan, make the tough choices and then get on with the process of change. The plans that fail are often just as good as those that succeed; the difference lies in the organization’s disciplined persistence and commitment to implementation, and its ability to keep the ball rolling over the long-term.

Commitment of senior executives is critical. The top members of the collective leadership must be personally ready and committed to the strategic management process. This task requires them to focus on their personal readiness, and to determine what exactly they want to see happen as a result of this process.

You should start by asking the executives to list the three to five most important concerns they personally have about conducting a strategic management process. Then ask them to specifically describe what pre-work or other actions should be taken to cope with those concerns before beginning the planning process.

It can also be helpful to start this task by requesting that the executives define what it is they might fear about setting this process in motion. In the *Smart Start: Plan-to-Plan*, it’s just as important to examine negative impact as it is to address the positive side of strategic management. For more details on the *Smart Start: Plan-to-Plan*, see Chapter 6 (3.6.1).

**Remember: Skeptics Are Your Best Friends**

At this point, don’t shy away from resistance from any individual, even if it’s negative or skeptical. Skeptics are more willing to bring up the unpopular areas that others are either too reserved or conservative to broach. The end result can be beneficial to the organization.

**Addressing Potential Barriers in the Planning Process**

Get further organizational problem areas in strategic planning out on the table, with the executives and stakeholders addressing them collectively. In this task, it’s important to ask the following questions:

1. What problems has the organization had in past strategic planning efforts?
2. What potential barriers will prevent the organization from doing future strategic planning in an effective way?

Once you’ve gathered a working list of potential barriers, get to work on problem-solving them *before* you begin the actual plan so that they don’t and derail the plan at a later date.
Facilitating a Strategic Planning Process

- Before you begin the *Smart Start: Plan-to-Plan*, make sure you are clear on what it is. Schedule an executive briefing and an opportunity to assess, educate, tailor and organize your approach to the strategic planning process.
- Be clear and specific on the exact entity for which you’re planning—organization, geographic community sector, business unit, etc.
- Identify the key issues that are critical to the organization’s success up front, as a guide to keeping planning practical. Use the critical issues list (see previous section) or an organizational assessment to accomplish this.
- Make sure the top members of the collective leadership team are personally ready and committed to leading the strategic planning and change management process. Conduct capacity building through team-building and skills training.
- Use the Strategic IQ™ Audit as an opportunity to problem-solve any potential barriers to strategic planning the organization may encounter.
- Be sure to scan the organization’s environment, both internal and external, to make certain you are not trying to create the plan in a vacuum.
- Tailor the Strategic Plan in a way that best fits the organization.
- Make sure the Strategic Plan drives the budget to practice strategic budgeting, not vice versa.
- Identify the key stakeholders, including anyone who affects or is affected by the organization’s Strategic Plan.
- Create a staff support cadre to support the work of the planning team.
- Set up clear, mutually agreed-upon ground rules that will be in effect for the entire planning and implementation process.
- Incorporate a Parallel Involvement Process to integrate the planning team’s progress with other key stakeholders, inside and outside of the organization.
- Take three to five minutes at the end of each planning day to give yourselves feedback and to learn from your experiences. Ask these three key questions:
  1. What can we continue to do?
  2. What should we do more of?
  3. What should we do less of?

How-To Action Checklist

- Look before you leap. Have at least a half-day executive briefing, in which all top management executives—including the chief executive—understand and are in sync with the planning process. Consider including key stakeholders in this as well.
- Conduct a Strategic IQ™ Audit to assess the organization.
- Hold a kick-off meeting with all key stakeholders to share the planning process and their role in it.
- Complete all the Smart Start: Plan-to-Plan tasks either in a formal, two-day session or informally with the chief executive and top management team.
3.5.3 Global Sensitivity

**Task:** Build necessary relationships across countries, continents, cultures and languages with *global sensitivity*, awareness and sophistication.

There’s no way around the fact that we live in an interconnected and dynamic global environment. As such, organizations need to be globally-aware and sensitive, especially when it comes to global expansion.

Global expansion should be carefully and strategically planned, and should involve a local partner if the organization expands outside its home country. Customer needs assessments and preferences are crucial; an organization should tailor its products and services to its new sector using this data.

It maybe helpful for the organization to determine its type:

- **Export Companies:** Run operations from a central office in the home market.
- **International Companies:** Replicate business systems through the creation of autonomous regional operations with decentralized manufacturing, marketing and sales. Key decisions are still made at the head office in the home region.
- **Global Companies:** There is no defined primary base. Research and development, sourcing and manufacturing are situated in the most suitable locations anywhere in the world.

Expanding internationally through exports is often the first step in a global strategy—but it require patience and perseverance. There are no quick fixes, just long-term relationships.

Finally, use a flat world to the organization’s advantage. Global corporations aren’t just operating factories overseas anymore. They are relocating a greater variety of business functions, taking advantage of low-cost locations and global time zones to significantly increase efficiency.

**Strategy Checklist for Going Global**


1. Know the fundamentals that really drive your business. If you do, then you’ll know when it is time to go global.
2. Forget in which country “headquarters” is located.
3. Bring foreign nationals onto the board of directors.
4. Use the same language for all top-level communication, but use the native language as well.
5. Require foreign postings for advancement.
6. Tightly coordinate company operations, where much of the added value lies.
7. Don’t expect global alliances to succeed based on a friendship between two chief executives.
8. Don’t impose value-neutral headquarters functions on line operations abroad.
9. Don’t assume you can globalize without substantial time and investment.
10. Globalize areas of organizational culture where appropriate, including:
   • Identity, image and mission
   • Space and scope
   • Myths, attitudes and beliefs
   • Values and norms
   • Communication and language
   • Processes and learning
   • Personnel recognition and rewards
   • Rites and rituals
   • Relationships
   • Look, style and reputation

Building a Global Strategic Environmental Scanning System (SESS)

A Future Environmental Scan increases global awareness. Since information doubles every two years and faces rapid obsolescence, finding the essence of something—and then combining and sharing information—creates value. Building a Strategic Environmental Scanning System (SESS) requires gathering information on the global environment, combining it and sharing it with the organization. There are six steps to building a SESS:

1. Identify the organization’s Environmental Scan needs using our SKEPTIC framework. See Chapter 1 (3.1.4).
2. Generate a list of information sources that provide core inputs (i.e., trade shows, publications, technical meetings, Internet sources and customers).
3. Identify those who will participate in the environmental scanning process.
4. Assign scanning tasks to senior leaders who have knowledge of and a passion for that particular area. Use the SKEPTIC framework as a guide:
   - **S**: Sociodemographics → Vice President of Human Resources
   - **K**: Competition → Head of Sales
   - **E**: Economics → Chief Financial Officer
   - **E**: Ecology → Head of Safety
   - **P**: Political → Head of Public Relations
   - **T**: Technological → Chief Information Officer
   - **I**: Industry/ Substitutes → Chief Executive/ Head of Marketing
   - **C**: Customer → Head of Customer Service
5. Have each person collect data on a regular weekly basis.
6. Disseminate the information in a large group meeting on a regular basis.

Developing teams made up of individuals who have a passion for taking on a certain task in the SESS is essential to creating multiple agents for change. For example, if the head of Customer Service is responsible for scanning the Customer category of the SKEPTIC framework, he or she might choose eight volunteers who show an interest and passion for this area. Thus, one change agent becomes nine change agents. If you do this with all eight letters of the SKEPTIC framework, there will be 72 change agents at your disposal.
3.5.4 Effective Decision-Making

**Task:** Facilitate effective decision-making processes in plan development.

In decision-making, it’s crucial to remember that people support what they help create. While there is a range of decision-making styles (see Figure 4.1), the key to getting active support is to develop a **consensus decision-making process**. There are three characteristics of consensus decision-making:

1. It is a dynamic process.
2. It means that although it may not be the decision I would make, I’m willing to go beyond **living with it** to **actively supporting it**.
3. It includes buy-in for the decision from those who will lead its implementation.

When considering the range of decision-making, ask two control questions:

1. What level or amount of control is needed?
2. What method of control is utilized?

**Traditional Controls:**
- Machine-like
- Over-the-shoulder, micro
- Close follow-up and scrutiny
  - The **what** and **how**
  - Limited delegation, short leash
  - Audits and inspection

**New Controls and Accountability:**
- Peer reviews and pressure
- 360-degree feedback
- Self-evaluation
- Best practices emulated
- Only **what**

**Strategic Plan:** Clarity, simplicity and speed
- Shared vision, values and core strategies
- Clear mission and outcome measures
- Annual work plans to support it
- *Strategic consistency and operational flexibility* (speed of execution)
- Internal motivation and commitment to a common direction
- Empowerment
- Selected traditional controls, as needed

When making decisions, leaders must also maintain a balance between relationships and tasks, between the social side and the technical side of their business (see Figure 4.2). This executive development is pivotal to ensuring that decisions are balanced and holistic.

For more details on effective decision-making, see Chapter 10 (3.5.6).
Figure 4.1 Decision-Making Styles

Figure 4.2 Executive Development
3.5.5 Gap Analysis

Task: Facilitate a process to uncover and clarify the organization’s core competencies and any gaps.

Core Competencies Defined
Core competencies are the collective abilities of an organization. They include:

1. Core technologies—focused, technical strengths of equipment, facilities, systems and controls the organization possesses
2. Capacity to coordinate diverse production
3. Core human skills and abilities—knowledge, skills, and proven abilities of key individuals and collective teams of individuals
4. Capacity to integrate streams of technologies

An understanding of these core competencies creates a competitive advantage. An organization must examine its core competencies, looking closely for any gaps between its current state and its Ideal Future Vision.

Explain the Gap
As discussed in the previous section (3.5.4), troubleshooting and other problem-solving approaches with hastily-conceived, ill-considered solutions typically address the obvious symptoms and seek solutions to specific difficulties. Core problems are merely swept under the carpet. These problems can be compounded much worse and become costly at some later date.

Root Cause Analysis (RCA) digs below the symptoms to find the underlying compelling reasons to explain the gap between actual and desired performance. The deeper we dig, the clearer we see why the parts are not working together as they should, thus creating the problem.

Root causes may not be easy to trace because of the following factors:

• Roots are frequently hidden under the surface.
• Roots relate to origins and sources.
• Roots are established and entrenched.
• Roots can spread out far and wide.
• Roots can be hard to find and harder to get rid of.
• Roots that aren’t removed may continue growing.
• Root causes are usually delayed in time and space from the symptoms.

To compound this problem, a given problem can have one or more root causes. Fortunately there are three principles to guide us:

1. A cause is any component sufficient to drive a change.
   This definition clearly shows whether an action or condition is a cause for a given effect, and it also identifies the factors that are irrelevant and the evidence or hypotheses that are missing.
2. **A root cause shows where the fundamental relationship of the parts with a force, law or limit has broken down.**
   It is the point of contradiction between the system’s values (purpose, rules, values, culture, etc.) and these fundamental forces, laws or limits.

3. **Effective RCA must be performed systematically, looking at all possible linkages and relationships among the parts of the organization.**
   Any conclusions must be tested and substantiated by evidence.

These guiding principles will give us a sense of direction on where, what and how to get the necessary information, data and evidence. Excellent examples of organizations missing the root causes are seen in the way organizations react to politicking, lack of cohesion among the work force, turf mentality and talent management.

**Close the Gap**

Through fact finding, generating of ideas and exploring various alternative strategies, brainstorming can get an organization to sit back and to take a fresh look at the problems on a broader and bigger perspective. It can also reveal relationships that have been ignored before. All these are useful in helping organizations prepare to draft strategies and integrated action plans. The guiding principle is to select those alternatives that would be most appropriate for the organization to align their actions and close the gap to attaining its stated goals.

Likewise, organizations need to decide how to remain highly profitable, competitive and productive in the long run, without compromising their long term objectives and values. More importantly, they must learn from their mistakes, discovering how to deal with complexity and the Rubik’s Cube Effect (see 4.5.3), why things are not as they are, and how to make the proper choices in anticipation of the future.

The first draft of strategies and action plans should keep the following in mind:

1. **Focusing on the purpose and desired outcome for resolving the problem:**
   What does the organization want to achieve as the final result? What core values are inviolable?

2. **Focusing on the cause and effect of the gap:**
   Why did this happen? Why are the systems, people and processes not performing to expectation?

3. **Anticipating the future:**
   What potential problems or opportunities lie ahead? How can we move the organization closer to its full potential to meet its business objectives?

4. **Making Choices:**
   Which course of action should we take in the face of uncertainties? A right choice supports the purposes or reasons for resolving the problem. The quest is for the most appropriate alternative that would result in the preferred set of all the possible solutions—an alternative that would suitably drive the whole organization and not one that is optimal for the present situation or for a particular part of the organization. This calls for expertise, creativity, facts and stone-cold logic.
Recap: Strategic Planning Processes (3.5 SMP)

*SMP candidates should understand five tasks associated with strategic planning processes:*

3.5.1 **Critical Issues:** *The Smart Start: Plan-to-Plan* is a time to identify the critical issues that are pivotal to the organization. Assess the organization’s capacity for planning and its tendency toward the 15 common mistakes in strategic management.

3.5.2 **Top Management Planning Team Process:** The process is the part where “the rubber meets the road,” the part that eventually separates the winners from the losers. Over the long term, the ultimate competitive advantage in any organization is the leadership of its managers. Use the *Smart Start: Plan-to-Plan* to facilitate a top management planning process.

3.5.3 **Global Sensitivity:** Organizations need to be globally-aware and sensitive, especially when it comes to global expansion. A global Strategic Environmental Scanning System (SESS) increases global awareness.

3.5.4 **Effective Decision-Making:** In decision-making, it’s crucial to remember that *people support what they help create*. While there is a range of decision-making styles, the key to getting active support is to develop a consensus decision-making process. Executive development is also pivotal to ensuring that decisions are balanced and holistic.

3.5.5 **Gap Analysis:** Analyzing the gap between today and the future requires an explanation of the gap through Root Cause Analysis (RCA). Closing the gap requires brainstorming and learning from mistakes while drafting strategies and action plans.
Plan Infrastructures (3.3 SPP)

Challenge everything you do.
Expand your thinking.
Refocus your efforts.
Rededicate yourself to the future.
—Patricia Fripp

To become an effective leader or to pass the SPP exam, each candidate should know and understand how to accomplish six tasks:

3.3.1 Guide a relevant research and required data collection in a timely fashion.
3.3.2 Utilize online and computer technologies to facilitate and speed the strategic planning process.
3.3.3 Design a corporate support team and functional cadre to ensure that the knowledge, timing, outcomes, processes and infrastructures of planning and strategic management achieve the corporate-wide integration and leverage they require to ensure business success.
3.3.4 Implement an annual strategic planning review and update system to ensure the continued improvement of the strategic planning process.
3.3.5 Assist the organization in keeping simple, clear and well-understood language and terminology of the entire Strategic Management System.
3.3.6 Work toward constantly evolving continuous improvement processes that are in sync with rapidly changing global systems and events.

Note: These tasks were taken from ASP’s standards and Body of Knowledge (BOK). Key words are italicized for easy reference. The chapters are arranged according to content, processes and infrastructures (see Introduction for details). For more information, see the BOK on ASP’s website, strategyplus.org.
### 3.3.1 Data Collection

**Task:** Guide a relevant *research and required data collection* in a timely fashion.

Research and development (R&D) spending doesn’t necessarily correlate with business results. It is the focus, speed, rigor and applications of the R&D that have the greatest impact. Consider the following tips in data collection.

**Take the Risk “X” Test**

The expected return compensates for the risks of failure and shortfall which have been realistically estimated. What risk are you willing to take? A high risk equals a high reward, but a low risk equals less loss.

Take the Risk “X” Test to see where and how the organization is taking its strategic risks. What part of the business and mission (*who, what, why*) is the organization changing, or is it changing the way (*how*) it does business?

![Risk “X” Test](image)

**Follow These Tips for Data Collection**

- **Watch out for substitutes.** Potential “substitutes” are crucial to monitor in today’s rapidly changing environment. The next generation of products rarely comes from within the industry.
- **Value analysis leads to continuous improvement.** Value analysis involves eking out savings in products already being produced, as long as it doesn’t hurt quality.
- **Be horizontally integrated, not vertically.** Related products and by-products are the result of successful horizontal product strategy.
• **Speed of product development is often a competitive advantage.** Speed wins! But remember: The market doesn’t stand still, but being first without quality and reliability can lead to a tarnished reputation.

• **Look for new uses for current products and services.** They say that “necessity is the mother of invention,” but *innovation* may very well be the mother of product strategy. Review the organization’s current products and services to determine they can be sold or applied in different markets, especially in today’s green economy.

• **Reinvent products and services before the competition does.** In their article published in the *San Diego Union Tribune*, Robert M. McMath and Thom Forbes said that products destined for success in the future will possess some combination of the following: Convenience, environmental sensitivity, ethnic appeal, fun, nutrition, attractive packaging and youth market-targeted.

• **Follow the Japanese strategy of commonization.** According to *Time Magazine*, “today’s buzz word is ‘commonization,’ or sharing parts among old and new models.” Many Japanese auto makers share components in order to reduce parts orders and standardize equipment. This strategy has resulted in lower costs for auto makers that ultimately results in lower prices for consumers.

• **Have the best product design.** Design, not technology, is the new differentiator, Design methods get managers close to their customers, design research helps executives visualize the future, and design strategies help companies innovate. Product design winners have *personality*, *tactical advantages* (used design research to identify new product categories and aligned design with advertising, marketing, packaging and service), *creative destruction* (altered traditional brand categories) and *image enhancers* (reinterpreted existing brands and opened new market spaces).

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**Notes and Actions**
3.3.2 Technology

Task: Utilize online and computer technologies to facilitate and speed the strategic planning process.

Technology is a competitive edge or disadvantage between (and within) organizations. Information technology (IT) is a strategic weapon. It can provide an advantage in every aspect of the organization including marketing, sales, finance, manufacturing and engineering.

Information Management Principles

In an article in *Strategy & Leadership*, Mary Chung, Alistair Davidson, and Harvey Gellman outline the following principles of good information management:

1. Strategy must drive the investment of IT.
2. The role of IT departments and business units must be carefully defined.
3. Business units must be able to choose their own projects and technologies with the help of IT.
4. Information management projects should clearly distinguish between (1) investment in basic infrastructure without which no advances can be made and (2) investment in a particular business project that includes an investment in IT.
5. Any information system needs care and feeding, and will evolve as business needs change.
6. Managing the development of information projects means making sure that the participants understand the size, scope and novelty of the project.
7. Information projects today need the involvement of line managers and end users.
8. Open systems are built, not bought.
9. The future is a world where information and information systems are everywhere.
10. Apparently obscure issues such as employee training, planning for emergencies and eliminating redundant data entry are increasingly important to business managers.
11. Buying more capability often saves a huge amount of money, because most managers cannot anticipate the evolution of IT until they use it.
12. Good technology can be 10-times less expensive than bad technology.

Two Biggest Failures

Futurist Andy Hines states that “the two biggest failures in technology strategies are (1) overestimating the speed of its initial deployment, and (2) understanding the eventual magnitude of its impact.” Other failures include:

- Believing IT can’t make that much difference.
- Always using “hard-nosed” criteria to evaluate IT proposals.
- Fervently believing that being a follower is safe.
- Permitting IT managers to resist change.
- Believing that IT is more complex to manage than other areas.
• Letting the “techies” decide.
• Settling for mediocre systems leadership if they are good technicians.
• Managing IT solely as technical, rather than as a complex, organizational change.

An E-commerce Society
Technology drives change. As technology drives the world toward a commodities mindset, how can the organization establish and retain its competitive edge? What is the organization’s niche?

The Internet has dramatically changed everything about the way we do business, including suppliers, customers and distribution channels. The Internet is a complimentary alternative preferred by many customers, and most retailers have an online presence that complements their brick-and-mortar storefront—although even that is changing. The key is to use the Internet as a complimentary strategy and distribution channel.

Transform Organizational Culture: Nine Digital Challenges
In “How Corporations Can Build a Dot-Com Culture” (Globe and Mail), Harvey Schachter identifies nine crucial challenges of the digital world:

1. **Making the jump to warp speed.** Companies must learn to launch quickly and then improve their product or service in an era when speed can determine success. This requires a risk-taking culture with a high degree of trust. For most companies, this means simplifying committee structures and slashing the number of approvals or sign-offs required to take action.

2. **Building a corporate culture in a virtual organization.** As employees increasingly work in scattered locations without regularly seeing their colleagues, companies must give considerable attention to creating a strong corporate culture that provides community and cohesion. That starts with hiring—determining whether people have the capacity to work alone—and carries through to developing shared values that are communicated through stories and role models.

3. **Living with parallel cultures during the transition to e-commerce.** Companies must decide how best to handle the two different cultures that will be present as they keep the old business going while bringing the new e-business enterprise up to speed. They must also plan from the start on how to eventually integrate those two cultures.

4. **Creating a new breed of teams.** The traditional slow process of building teams changes in a world of short-lived groups. Employees need the ability to create loyalties quickly and handle the emotional disappointments when teams wind down.

5. **Communication belongs to everyone.** The landscape of communications and distribution of power changes in a wired company, where employees at all levels are better informed about operations, strategy and finances. They have access to tools that allow them to communicate with each other instantly, and are more willing to second-guess leadership decisions and company directions. Companies must find ways to address potential communication problems in an open-book corporation.
6. **Knowledge management involves managing peoples’ brain power.** Companies must uncover and leverage employees’ knowledge more quickly than before.

7. **The new corporate IQ is getting higher.** Organizations must build an intense focus on learning into their cultures. The corporate IQ that fuels the organization is the sum of the intellectual, creative and emotional capacities of all employees and their ability to learn rapidly from each other. Everyone is responsible for learning, and the organization must provide tools, time and resources to enhance learning.

8. **Links and relations must be created outside the organization.** Companies must learn to build alliances, a cultural challenge for those that don’t have the high degree of trust and cooperation required.

9. **Leading the wired journey.** Informal leadership from all ranks of the company takes on a greater significance. Management must move away from the command and control approach in order to gain the necessary speed and innovation.

**Produce a Cost Advantage**

Every aspect and function of business must be digital. To start, organizations must have a CIO (Chief Information Officer) engaged as a separate member of top management, not as a part of finance. According to Adrian Slywotzky of *Fast Company*, there are four areas that can produce a cost advantage 10 times that of the competition:

1. **Finance.** Digital companies lead in finance because they let their customers finance their growth and multiply their stock price. Digital finance lets you shrink asset intensity without any loss of control or quality, resulting in lower operating costs, higher asset utilization and fewer assets required for every dollar of sales.

2. **People.** Digitized companies have transferred much of the responsibility and the cost of recruiting to the candidates themselves.

3. **Customer segmentation.** E-segmentation is a *sense-and-respond* mode, not a make-and-sell system. Now, customers provide the information, allowing companies to deliver cheaply through online tracking and feedback systems.

4. **Speed.** An organization that eliminates wasted time in manufacturing, services, new product development, and sales and distribution will cut costs, better serve customers, reduce inventories and enhance innovation. Several principles for competing with digital speed include the following:
   - *Digital speed is a supercharger.* Once customers experience digital speed, they cannot tolerate anything less.
   - *Digital speed appeals to a company’s most profitable customers first.* If an organization doesn’t make the leap, it ends up with a customer base that spends less and costs the most to service.
   - *Digital speed is infectious.* Once a customer knows that they can have something tomorrow, they want it tomorrow.
   - *Digital speed simplifies complexity.* Digital speeds shrinks the distance between the information and the decision.
• **Digital speed re-segments segmentation.** Templates used to organize consumer behavior are no longer applicable. As consumers buy faster and assume more control over the buying experience, they start displaying different behaviors.

• **Digital speed is about de-averaging competitive advantage.** As digital speed fractures markets, customer groups and distribution channels, averages give an increasingly inaccurate picture of business performance. An organization needs to de-average everything: the market, competitors, technology and costs. A company that harnesses the output of digital information to speed up its operations is going to outperform competitors, create new standards and make a lot of money.

**High Failure Rate**

In an article entitled “Mission Critical” (Harvard Business School Press), Thomas H. Davenport states that enterprise systems have great potential to transform the way companies do business. He believes that successful implementation depends on changing business processes and strategies while the new information system is being put in place.

Enterprise systems enable the seamless flow of information, which can be a competitive advantage, albeit an expensive one to initiate. However, in a recent report, 87 percent failed to reach their goals on time, budget or quality.

**Lean Electronics**

Lean electronics includes four major components:

1. **Enterprise Resource Planning:** Brings organization together under one platform.
2. **Strategic Sourcing:** Reduces total cost of operations and focuses on the organization’s business and core competencies.
3. **Core Process Optimization:** Redesigns processes to be simple, practical and less bureaucratic, delivering greatest value to customers and greatest margins to the organization.
4. **Value Stream Mapping and Radical Process Improvement:** Strips waste.

**Questions to Ponder**

• In the last year alone, what new technologies have affected the way the you do business? How has your organization reacted to these changes?

• Has your organization made a complete and comprehensive contract to install technology in all you do—from products and services to each employee?

• Which technologies can your organization use to facilitate and speed its strategic planning process?
### 3.3.3 Support Team Cadre

**Task:** Design a corporate support team and functional cadre to ensure that the knowledge, timing, outcomes, processes and infrastructures of planning and strategic management achieve the corporate-wide integration and leverage they require to ensure business success.

**Assigning Planning Staff Support Roles**

When selecting a planning team, keep the following in mind for capacity building:

1. The organization’s leadership team must lead the Strategic Plan.
2. Every key stakeholder group—whether or not it is a part of the planning team—needs to be involved in some sort of Parallel Involvement Process to ensure continuing participation in creating the actual documents and in buying in to the changes that will need to be implemented.
3. The planning team must also have individuals who can support it, so it can concentrate on the content and strategies of the Strategic Plan. Generally speaking, these support people do not count as members of the planning team, since they are expected to focus on the process, not the content. There are instances, however, in which these individuals would also naturally be a part of the planning team.

For many organizations, these support and process roles can make the difference between the success or failure of the Strategic Plan. While line managers are always the ones responsible for managing the content of the plan, the organization still needs individuals who are responsible for the myriad of details involved in the planning and change management process, mechanics and logistics. These individuals are necessary for the following purposes:

1. To ensure the day-to-day planning and change process linkages occur.
2. To develop the internal organizational capability for ongoing institutionalization of the Strategic Management System as the new way to run business day to day.

The planning team will need an administrative assistant in the room who takes care of the logistics of each meeting. That person should type the minutes, take care of the flip charts and lunches, and distribute the to-do lists and strategic planning drafts that will be an ongoing result of all the meetings.

A second and critical role that needs to be assigned at this time is that of an internal coordinator of the entire Strategic Management System’s process. This should be someone concerned mainly with both the plan and the change management processes, not a member of the senior management team with a high stake in the content of the plan. (Executives in planning, finance, human resources, etc., who are on the senior management team cannot be objective or effective facilitators of the planning process.) This overall support role should include facilitating Parallel Involvement Process meetings, coordinating the strategic Change Leadership Team (CLT), developing other internal consultants, and assisting with annual and three-year departmental and Strategic Business Unit (SBU) planning.
In addition, the planning team will probably need to call on other individual members for specific support resources—for example, the vice president of finance for developing financial data or the organization’s vice president of Human Resources for tying the HR programs to the Strategic Plan. Bear in mind that these support roles are not always meant to be full-time jobs. However, they do become permanent parts of the participants’ regular jobs. The support roles exist so that the planning team has resources that will help link it to the various parts of the organization.

**Selecting an External Strategic Planning Facilitator**

In addition to the internal coordinator, the organization needs an external professional strategic planning facilitator to conduct its strategic planning process. The fact is, no matter how skilled or experienced internal facilitators may be, their ultimate loyalties lie within the confines of the organization—and they usually lack the breadth and depth of a professional strategic planning facilitator.

In fact, most experienced internal or external organizational development consultants can still only facilitate about 75 percent of the planning process effectively. Many times, these professionals cannot navigate serious business and conflict issues to a consensus and closure among strong-willed and opinionated senior executives. In addition, even if they can do an excellent job establishing the vision, mission and values, they often get lost beyond that point.

In contrast, an external facilitator can be neutral, challenge senior management and play devil’s advocate. Since strategic planning deals with sensitive issues and tough choices, the professional strategic planning facilitator has no personal stake in any of these issues, and is trained to keep the process moving, resolve conflict and methodically help the leadership work through each tough choice.

An external strategic planning facilitator should have for the following qualifications:

1. Strong business, economic and industry orientation
2. Expertise in strategic management and project management
3. Excellent sense of overall organization fit, functioning and design
4. Understanding of group dynamics and human behavior
5. Knowledge of large-scale change and transition management
6. Facilitator, process and meetings management skills
7. Strong internal sense of self, ego and self-esteem when dealing with strong senior executives

An external professional strategic planning facilitator should also assist in developing a strong internal staff support team. A good facilitator should be capable of showing the organization’s internal team how to facilitate the planning process, as well as develop the knowledge and skills to handle the change management process internally.

In short, the external facilitator must have the maturity and wisdom to consciously act as a guide, yet not to intrude. If the facilitator can really help the organization define and execute its Strategic Plan, the organization’s return on its investment is enormous.
3.3.4 Annual Strategic Planning Review

Task: Implement an annual strategic planning review and update system to ensure the continued improvement of the strategic planning process.

To keep a Strategic Management System running—even after the newness has worn off—an organization needs to conduct an annual strategic review and update, a yearly follow-up to diagnose the overall success of the implementation of the Strategic Plan. At this point, the organization re-cycles its Strategic Plan and its annual priorities.

While every organization has a yearly independent financial audit, most do not conduct a yearly independent strategic audit. However, this annual review is often what differentiates a strategic planning document from a Strategic Management System.

As with Change Leadership Team (CLT) meetings, this annual strategic review and update should include a review, assessment and feedback report with recommendations from an external, unbiased perspective on the status of the organization’s strategy implementation. This Strategic IQ™ Audit is key to keeping the organization on track, year after year.

Unlike the CLT meetings, however, this annual review session is concerned with two overall purposes:

1. Management’s attention to the Strategic Management System and implementation process itself.
2. Management’s attention to actual results and achievements accomplished under the Strategic Plan.

Once the assessment is completed, a yearly strategic update of the Strategic Plan needs to be completed. While a brand-new Strategic Plan is not required each year, a refresher or annual update of the plan is necessary. As such, this process is much quicker than the actual planning process.

A yearly update should consist of a two-day, off-site meeting that includes the following steps:

1. Overview and re-check the Strategic Plan—its vision, mission, values, and Key Success Measures—quickly and briefly.
2. Conduct a SWOT analysis (see 3.2.3) using the SKEPTIC framework (see 3.1.4). Follow-up with feedback from the Strategic Management System assessment.
3. Refine the core strategies. Year to year, core strategies stay the same, but in any given year, one or two may have changed or fallen off, and one or two others may have been added.
4. Reset annual Strategic Action Initiatives priorities. This will represent the bulk of this meeting’s work, as many of last year’s priorities should now be complete, and new ones will need to be selected from the larger list contained in the Three-Year Business Plan.
The next steps in a yearly update should include:

1. Conducting a Parallel Involvement Process for feedback from all key stakeholders.
2. Holding a one-day review meeting to hear the key stakeholder feedback, then finalizing the updated Strategic Plan, especially the annual action priorities for the next year.
3. Requiring all key department managers to re-develop their annual plans with the core strategies and annual action priorities as the organizing principles.
4. Holding a one- to two-day collective management, large group annual plan review meeting to ensure all department plans are correct and in sync.
5. Developing strategic budgets to support future priorities, not just past spending.
6. Re-energizing the strategic CLT, strategy sponsorship leaders, sponsorship teams, etc.

Realistically, in today’s changing world, a Strategic Plan can last two to three years before it needs to be completely revised. On the other hand, an organization should expect to do a new plan, or revise its existing one, if it experiences major change in its direction (new or changed goals), its environment (marketplace) or its leadership (if the chief executive leaves, for instance).

This annual strategic review and update is key to learning to be a high-performance organization. Without a strict adherence to this part of the process, the change effort will simply die out.

Notes and Actions
3.3.5 Keep It Simple

Task: Assist the organization in *keeping simple, clear and well-understood language* and terminology of the entire Strategic Management System.

Simplicity is the natural way the world works. Whenever we talk about something as being “new,” we are really talking about ordinary patterns of already existing natural laws. The more change increases in volume, intensity and speed, the more your ability to structure simplicity into work becomes a core competency.

Simplicity is power. Top performers focus on simplifying how they manage performance, communication and training as an integrated whole in order to accelerate change and build leadership talent. The hard work of leadership is to design and drive organizational simplicity faster than the rate of change. Simplicity lowers costs, improves morale and better satisfies customers—it is a win-win-win!

Communicating with Clarity

The complexity of in today’s organizations is caused by a failure to integrate change and a lack of communicated clear goals and objectives. If managed effectively, change can bring about clarity and simplicity.

By creating the right connections, an organization can get more people to change. This begins with organizing, communicating and sharing information effectively. Research has shown that integrating employee empowerment, risk-taking, innovation, process improvement and quality—as well as leadership’s “walking the talk”—has a great impact on employee behaviors and their ability to change. The following best practices assist in achieving this outcome:

- Communicate by providing clear, concise goals with measurable outcomes.
- Provide sufficient training and direction to meet objectives.
- Make information easily accessible.

Marketing with Simplicity

The most important aspect of marketing can be encapsulated in the KISS method: “*Keep it simple, Sam.*” Customers have ever-shorter attention spans and zero tolerance for mixed signals. They don’t want confusion, complexity or clutter. Companies should do one thing well—and tell people about it all the time.

To keep it simple, an organization must supply its customer with a reason to buy its products or use its services instead of the competitor’s. If the company has such a reason, it must then package it into a simple word or set of words that is positioned in the ultimate background, the minds of its customers and prospects. This is called *positioning*, and it is an essential ingredient of keeping the organization’s message simple and stable (see 3.4.2).

Determine the organization’s core message and its uniqueness in the marketplace. Then, develop a simple marketing message that projects this clear, unique identity. Package this identity well through a simple word or set of words that will stick in the minds of customers and prospects.
Winning Customers with Speed

Speed is a winning strategy in everything from sports to business. In a recent survey of 50 major U.S. companies, practically all put time-based strategy at the top of their priority lists. Speed kills the competition. Time wastes money.

General Electric used to take three weeks from order to delivery for an industrial circuit box. Now it takes three days. AT&T used to need two years to design a new phone. Now, it can do the job in one week.

In order to maximize speed, an organization should:

• Start from scratch.
• Wipe out unnecessary approvals.
• Worship the schedule.
• Utilize trained teams.
• Ensure accountability.
• Use process analysis.
• Put simplicity in the culture.
• Make speed part of the culture.

According to Robert B. Tucker, author of *Managing the Future* who was featured in *The Foresight Intrapreneur*, there are several ways to use speed as a key advantage:

1. **Challenge the organization’s underlying assumptions about the time actually needed to fulfill customer’s needs.** Growing an organization increasingly means reducing the time between purchase and delivery.

2. **Take inventory of all the areas in the organization that impact what Tucker calls the “request-through-fulfillment cycle” experienced by its customers.** Pick some of the most time-consuming areas, then get managers and employees involved in creatively cutting the time these procedures consume.

3. **Ask customers where and how delays in the organization affect their level of satisfaction.** They could provide you with some very helpful answers, but don’t expect them to gift-wrap solutions for you. Don’t be reluctant to follow instincts in developing breakthrough time-shavers.

4. **Regularly measure the time between customers’ requests and their satisfaction.** Remember, things that get measured, get done. This is likely to make the organization far more sensitive to the time issue, while stimulating employees to experiment with speed innovations.

5. **Reward people for speed.** Alter the system to reward speed, not delays, and the organization will begin to experience remarkable improvements in speed.

6. **Offer time guarantees.** This sends a powerful signal to both employees and customers.

We live in an era of time famine, yet it is within your power to use the money value of time to build sustainable competitive advantage.
Continuous Improvement Processes

Task: Work toward constantly evolving continuous improvement processes that are in sync with rapidly changing global systems and events.

Creativity, innovation and business process improvement are related but different. All are necessary to clear up the massive organizational problem of waste, elimination and bureaucracy. Creativity is new ideas and innovation is its application; therefore, while creativity is important, innovation is key. Business process improvement can be either a big innovation or just ongoing continuous improvement—but both are innovative.

Continuous Improvement Team

The “turbo-charger” to the Strategic Plan implementation is a Continuous Improvement Team (CIT). No one has disagreees with the need for frontline staff, supervisors and management to communicate and solve problems as quickly as possible, and make collaborative decisions as often as possible. As such, a CIT is composed of nominated representatives (approved by management) who gather monthly to solve both internal and external problems, and to plan how to better implement the Strategic Plan.

Creating a CIT sends out four clear signals of change:

1. Change will be rationally evidence-based and intelligence-driven.
2. Major strategic change will be intentionally initiated and monitored by a consensus among credible, caring and competent leaders at all levels.
3. Once committed to, change initiatives will be monitored with monthly progress reports, and people who agree to initiate such major changes will be held accountable—not in an oppressive way, but with high levels of support—to make positive change happen to the best of their ability.
4. Continuous improvement will be a permanent part of the organization’s culture, and improving the workplace so that it becomes a great place to work is foundational to successful implementation of the Strategic Plan.

The CIT members hold one another accountable in a positive way by supporting those who are having difficulty in moving forward with a change initiative, and recognizing and celebrating the successes of those who have achieved a measure of success. If their change initiative isn’t successful, team members help to clarify resources that are needed, obstacles that are in the way and solutions that can clear the path forward.

There are four specific benefits to building a CIT:

1. Because problems are processed and solved regularly, executives won’t have people lined up at their doors anymore.
2. Small problems stay small or go away.
3. Large problems are addressed swiftly and cross-functionally, often with 100-percent consensus.
4. People who work in the organization can no longer say they don’t get heard because now they have a voice that is considered and acted upon on a monthly basis.
Business Process Improvement

The heart and soul of an organization are its business processes. However, the tendency of businesses to operate in the traditional vertical department silos instead of horizontal business processes can hinder the organization’s success. The key is that a business process is cross-functional in nature, not department-specific alone.

Ideally, a business process should start with the customer and work back through the organization. To successfully improve a business process, you need to evaluate whether or not the organization has the internal capacity for rapid, effective and adaptive change. This is key to effectively serving the customer, while operating efficiently and smoothly in order to minimize cost and improve employee satisfaction.

To improve business processes, first identify the specific processes within the organization. A typical organization would have about eight main processes and lots of subprocesses within them. While every organization needs to define its own, this is a good starting point for them to use. These processes are based on the value proposition to the customer—the value-adding and creating collection of activities based on customer wants and needs. In this case, the organization must consider both external and internal customers.

**External customers** are the ones who pay the bills. These business processes start with the customer and work backwards to the organization and beyond to suppliers and more:

- Customer-focused product development
- Customer acquisition
- Order fulfillment or manufacturing
- Customer service
- Product life-cycle

The organization’s internal “customers” include its stakeholders—stockholders, owners, government, management, employees and the communities in which they live and work. These business processes include:

- Financial management
- People management
- Public and investor relations

For many organizations, re-engineering and implementing the business processes is a three-step process:

1. **Blow out bureaucracy and waste.** This step gathers the “low-hanging” fruit and prepares—and funds—the organization for further business process improvement.
2. **Utilize best practices.** Compare the organization’s business process against proven best practices. This takes much more time, work, energy, people and costs.
3. **Make quality improvement everyone’s job.** Make Quality Improvement in Daily Work (QIDW) part of the organization’s culture so every employee embraces quality improvement and cost reduction in his or her daily work and practices. Part of the recipe for a creative and innovative company is ensuring the whole organization has continuous, incremental improvement.
Recap: Plan Infrastructures (3.3 SPP)

SPP candidates should understand six tasks associated with plan infrastructures:

3.3.1 Data Collection: Research and development (R&D) spending doesn’t necessarily correlate with business results. It is the focus, speed, rigor and applications of the R&D that have the greatest impact.

3.3.2 Technology: Information technology (IT) is a strategic weapon. It can provide an advantage in every aspect of the organization including marketing, sales, finance, manufacturing and engineering.

3.3.3 Support Team Cadre: Successfully implementing a Strategic Plan requires a support team that is solely concerned with the process (not content) of strategic planning. This includes an administrative assistant, internal coordinator and external facilitator.

3.3.4 Annual Strategic Planning Review: The annual strategic planning review should include a review, assessment and feedback report with recommendations from an external, unbiased perspective on the status of the organization’s strategy implementation. This Strategic IQ™ Audit is key to keeping the organization on track, year after year.

3.3.5 Keep It Simple: Simplicity lowers costs, improves morale and better satisfies customers. Communicate with clarity, market with simplicity and win customers with speed.

3.3.6 Continuous Improvement Processes: Creativity, innovation and business processes are necessary to clear up the massive organizational problem of waste and bureaucracy. Work toward continuous improvement by establishing a Continuous Improvement Team (CIT) and re-engineering business processes related to external and internal customers.
To attain knowledge, add things every day.
To attain wisdom, remove things every day.
—Lao-tzu

To become an effective leader or to pass the SMP exam, each candidate should know and understand how to accomplish six tasks:

3.6.1 Install a timely *pre-planning process* to “engineer success up front” in the planning process.

3.6.2 Set up a planning infrastructure in which the *core planning team* is lead by the CEO and includes all members of senior management within a manageable size so they can be productive.

3.6.3 Install a *Strategy Management Office* structure and staff person(s) to guide the strategic planning (Think–Plan–Act) process.

3.6.4 Coordinate and integrate specific *structural linkages between strategic plans and operating plans* for appropriate performance, results and associated rewards.

3.6.5 Develop specific frameworks and structures to build, review and evaluate the *links between the corporate Strategic Plan and strategic business units* with Three-Year Business Plans.

3.6.6 Coordinate a *merger and acquisition process or system* for the organization.

**Note:** These tasks were taken from ASP’s standards and Body of Knowledge (BOK). Key words are italicized for easy reference. The chapters are arranged according to *content, processes and infrastructures* (see Introduction for details). For more information, see the BOK on ASP’s website, [strategyplus.org](http://strategyplus.org).
3.6.1 Pre-Planning Process

**Task:** Install a timely pre-planning process to “engineer success up front” in the planning process.

The *Smart Start: Plan-to-Plan* is time set aside for creative brainstorming before planning begins. It’s a time to identify the critical issues that are pivotal to the organization, and it’s important to get input from all executive stakeholders (see 3.5.2). You will get many different opinions, and that’s exactly what you want at this point.

This two-day step can make all the difference in how smoothly and effectively the planning and change process will go. The key is in assessing the organization, building its leadership and support staff and capacity, and educating, tailoring and organizing the process to the organization’s specific needs. This is accomplished via the executive briefing and the *Smart Start: Plan-to-Plan* tasks. After this step, you will have completed much of the hard work that engineers the plan’s success up front, before you even begin.

To tailor Strategic Planning to an organization’s needs, have each executive fill out the following list during the Plan-to-Plan step:

<table>
<thead>
<tr>
<th>Reinvented Strategic Planning: Tailored to Your Needs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Based on your current understanding of strategic planning, please list the importance (H-M-L) of developing each potential deliverable for your organization.</td>
</tr>
</tbody>
</table>

**Strategic Planning**

1. _________ Future environmental scanning (SKEPTIC)
2. _________ Ideal Future Vision: aspirations
3. _________ Mission: who, what and why we exist
4. _________ Values: guiding principles for organizational behavior
5. _________ Positioning: competitive edge
5a. _________ Rallying Cry: 3-6 key motivational words
6. _________ Key Success Measures: quantifiable measures of success or goals
7. _________ Current State Assessment
7a. _________ Scenario and contingency planning
8. _________ Core Strategies: major means or methods to achieve vision
8a. _________ Actions and yearly priorities under each core strategy

**Business Units**

9. _________ SBUs, MPAs and MFAs defined
9a. _________ Business and key support plans: mini strategic plans for units

**Annual Plans**

10. _________ Annual plans and priorities (department plans)
11. _________ Resource allocation, strategic budgeting and guidelines

**Individuals and Teams**

12. _________ Individual performance management system
12a. _________ Rewards and recognition system

**Bridge the Gap**

13. _________ *Plan-to-Implement:* tailor change management processes
### Positioning: STAR Results
14. ______ Quality products and services  
14a. ______ Customer service  
14b. ______ Speed, responsiveness and convenience for customer  
14c. ______ Choice, fashion, control and customization

### Alignment of Delivery
15. ______ Organization structure and redesign  
15a. ______ Business process re-engineering: lower costs and improve response  
15b. ______ *Blow out Bureaucracy and Waste*  
15c. ______ Information technology: Technology Steering Group

### Attunement with People: Support Systems
16. ______ Professional management, leadership competencies and skills  
16a. ______ Management change and strategic change skills  
16b. ______ HR programs and processes: Employee Development Board  
16c. ______ Values and cultural change skills  
16d. ______ Employee involvement, participative management skills, empowerment  
16e. ______ Strategic communications: knowledge and skills

### Yearly Update
17. ______ Annual Strategic Review and Update

### Teamwork
18. ______ Teamwork for executive team  
18a. ______ Teamwork for department teams  
18b. ______ Teamwork for cross-functional relationships  
18c. ______ Strategic alliances

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During this step, consider which of the following benefits are missing from the organization:

1. Having an organization-wide, proactive approach to a changing global world.  
2. Building an executive team that serves as a model of cross-functional or horizontal teamwork.  
3. Having an intense executive development and orientation process.  
5. Making intelligent budgeting decisions.  
6. Clarifying the organization’s competitive advantage.  
7. Reducing conflict and empowering the organization.  
8. Providing clear guidelines for day-to-day decision-making.  
9. Creating a critical mass for change.  
10. “Singing from the same hymnal” in organizational communications.  
11. Clarifying and simplifying the broad range of management techniques.  
12. Empowering middle managers.  
13. Focusing everyone in the organization on the same overall priorities.  
14. Speeding up implementation of core strategies as organization’s shared strategies.  
15. Providing tangible tools for dealing with the stress of change.
3.6.2 Core Planning Team

Task: Set up a planning infrastructure in which the core planning team is lead by the CEO and includes all members of senior management within a manageable size so they can be productive.

When building the planning team, keep in mind that people support what they help create. As such, the first, most obvious group of people that must support implementation is the top management team. They will form the core of the planning team.

Next, consider the size of the planning team. A typical top management team in a medium-sized organization may consist of six to eight executives. Though research on effective group dynamics says keeping the total group at six to eight members is best, experience has shown that you can double that size to around 14 or 15, and still have a reasonably effective team. Go beyond 15, however, and you don’t have a planning team—you have a mob.

For example, if an organization has eight people on the top management team, it could conceivably fill the rest of the team membership with an additional six or seven people from its list of key stakeholders. A stakeholder is defined as “any group or individual that affects, or is affected by, the organization’s Strategic Plan.”

Most organizations make the mistake of assuming only top management are stakeholders (see 3.2.9) in their Strategic Plans. However, because organizations exist in a complex system, it’s virtually impossible for senior executives to monitor what’s happening at every level. In order to implement the Strategic Plan at every level, organizations need to involve stakeholders, both internal and external, to bring different vantage points to the table.

Members of middle management are the first key group of stakeholders in a Parallel Involvement Process (see 4.1.1). However, it is crucial to involve the employee’s point of view also, as well as customers, union representatives and even suppliers. In some instances, it may be important to include members of special interest groups as well. Once the organization has selected its list of stakeholders, decide who are the top five to seven stakeholders in terms of importance to the success of the plan, and discuss how to fully involve them in the planning and change processes.

Organizations may want to select an up-and-coming middle manager and use this as an executive development experience. They can also select a key worker and informal leader who is strongly committed to the plan’s implementation, or someone more on the fringe who can act as a stimulating resource and bring a different perspective into the mix. You could also choose a union leader, a retired businessperson, an external content consultant, a supplier or vendor, or even a customer. Keep in mind that, in addition to their peer members, executives must feel comfortable with every other member of the planning team.

Remember, if the group gets too large, it will soon degenerate into nothing more than a crowd control activity for the facilitator. However, be sure there are enough externally-oriented sales, marketing and customer-focused members to ensure that it is indeed a Strategic Plan, not just an operational plan.
In any case, this planning team composition and involvement issue is where the organization will need to begin to make tough choices. As you can see above, it’s important to be selective, not only in terms of the size of the team, but also in terms of conceptual and strategic abilities, as well as diversity and commitment to the organization’s Strategic Management System.

For example, an organization might consider the eligibility of having a union executive on the core planning team. However, unless he or she has full commitment to the organization’s Strategic Plan—rather than an overriding loyalty to the union’s mission alone—it might make better sense to include that individual as a key stakeholder and not as a member of the planning team. If you are on the planning team, you are not there as a representative of a constituency, but as a member committed to the organization’s overall vision and mission.

**Involvement Issues in Strategic Planning**

Be on the look out for several involvement issues a strategic planning process faces:

1. **Core Planning Team Composition**
   - Sense of clear direction
   - Ownership and commitment from senior level and middle management
   - Data reality in key players
   - Stakeholders
   - Administration and coordination from staff support team
   - Leader preference and comfort

2. **Numbers vs. Reasonable Group Dynamics**
   - Best size for group dynamics and team building: 6 to 8 people
   - Acceptable size: 10 to 15 people (with 2-3 subgroups)
   - Crowd control: More than 15 people

3. **Involvement of others through a Parallel Involvement Process**
   - Through data collection homework at Current State Assessment (see 3.2.3)
   - Through involvement in business and department planning
   - Through asking opinions and reactions to drafts (2-4 times during process)

**Questions to Ponder**

- Who are your organization’s internal stakeholders? Who are the external stakeholders?
- How do external stakeholders help ensure that the Strategic Plan is not just an operational plan?
- Why are members of middle management so crucial to ensuring the success of the core planning team?
3.6.3 Strategy Management Office

Task: Install a Strategy Management Office structure and staff person(s) to guide the strategic planning (Think–Plan–Act) process.

*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.

**Strategy** is about the content of the Strategic Plan. It is the overall responsibility of the organization’s chief executive. 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 planning department to guide this and facilitate its successful completion.

Strategy is so crucial to the planning process that 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. The head of the SMO—who should report to the chief executive, *not* the head of finance—should also be called the *Chief Strategy Officer* (CSO) to reflect the importance of this role.

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 chief executive and senior management, *not* the chief executives themselves. It is the chief executive’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.

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, SPPs and SMPs should facilitate this change process.

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 chief executive.
Remember, the foundation of this entire strategic management process is not the CSO’s business knowledge and industry acumen. The collective management team contains the best experts on these subjects (SMEs).

The best experts on the strategic change process and structures should be the SMO and CSO, while the chief executive 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—involve and input of key stakeholders in this process are crucial.

Notes and Actions
3.6.4 Links between Strategic and Operating Plans

**Task:** Coordinate and integrate specific structural linkages between strategic plans and operating plans for appropriate performance, results and associated rewards.

Linking strategic planning to operating plans and budgets may seem simple and obvious. An organization’s vision and Strategic Plan are what drive the budget, not vice versa. However, few organizations really get this concept. In fact, many organizations let the budget set their planning boundaries. This is one of the ways that business-as-usual mindset is perpetuated.

An example of the misguided view of the planning to budgeting sequence is the following quote from a senior manager: “We can’t undertake strategic planning until we know what our budget will be.” This is simply a response to the question, “How will we spend our budget?”

The budget must be seen as the means to securing the plan. If the plan exceeds the organization’s budget capabilities, then it will be necessary to find ways to secure additional funding or reallocate funds to carry out the plan. If this is not possible, then the organization will have to revisit, review and re-calibrate all of the initiatives planned for the next budget cycle. If the Year 1 budget cannot provide the resources for the Year 1 plan, then the organization needs to shift some initiatives to Year 2 of its planning cycle.

Of course, all organizations have to be realistic about their financial limitations; it would be organizational suicide not to take financial resources into consideration. However, if you allow all planning decisions to be dictated solely by budget, you don’t have to worry about the organization’s future—because it won’t have one.

One of the key reasons for strategic planning is to create a dynamic tension and conflict between the future vision and the resources needed to complete key tasks to achieve it—instead of the organization’s current way of allocating its budget. This dynamic tension and gap between resources motivates an organization to make the hard choices of how to spend its budget—either on past, obsolete activities or future-oriented priorities. It can also motivate staff to find additional ways of finding items not supported in the budget allocation.

Another critical mistake many organizations make at this point is not allowing an appropriate amount of time for both the planning process and the integration of planning into budgeting. They rush too fast into budgeting, thus doing a poor job of planning.

Putting a Strategic Management System in place is a long-term effort. Looking at it realistically, it often will require as much as two annual planning and budgeting cycles before it is fully coordinated and implemented. As such, the executive members of the planning team need to lay out a specific time line for when and how the Strategic Plan will be linked to the budget. Without it, any Strategic Management System incorporated will not have the fit, alignment and integrity needed to see it through to completion.
3.6.5 Links between Strategic Plan and SBUs

**Task:** Develop specific frameworks and structures to build, review and evaluate the links between the corporate Strategic Plan and strategic business units with Three-Year Business Plans.

In order to get the best possible implementation of the organization’s overall Strategic Plan, it is essential that Strategic Business Units (SBUs), Major Program Areas (MPAs) and Major Functional Areas (MFAs) create business plans of their own. For more details on this, refer to Chapter 1 (3.1.7).

The goal is not to invest in isolated projects that produce separate or incremental benefits, but to develop well-positioned business clusters whose synergy creates advantages that beat the cost of capital, increase return on investment and build lasting shareholder value. There are four basic mechanisms through which ongoing SBU-, MPA- and MFA-synergies create value:

1. Shared resources and activities
2. Spillover benefits of marketing and research and development (R&D)
3. “Similar” businesses, with the same core competencies
4. Shared image

To achieve this goal of synergy, the organization’s management needs to develop overall core strategies that generally hold true for related business clusters, not just for one business at a time. Then the SBUs, MPAs and MFAs can make their own plans that link back to the Strategic Plan.

**How-To Action Checklist on SBUs, MPAs and MFAs**

1. Define the SBUs, MPAs and MFAs that currently exist in the organization.
2. Define the present revenue and profitability expectations of each one.
3. Delineate the desired future of each one, along with its future revenue and profits at the end of the planning horizon.
4. Develop criteria for selecting, excluding and dropping SBUs, MPAs and MFAs, especially customer and market research.
5. Analyze each based on that criteria, incorporating traditional analysis tools as well.
6. Force-rank a set of priorities of the remaining SBUs, MPAs and MFAs.
7. Analyze these decisions from a holistic perspective, making sure selective individual decisions haven’t lost any core competencies.
8. For those SBUs, MPAs and MFAs dropped or excluded, make a choice to either say “no” to the customer, or develop strategic alliances and partnerships with others to provide for the customer.
9. Establish goals for volume and profitability growth rates for the whole organization.
10. Establish an ongoing system to manage changes resulting from this prioritization.
11. Develop product and market plans, organization structure, teams and budgets to achieve goals, adjusting this cycle when necessary to match resources with targets.
3.6.6 Merger and Acquisition Process

Task: Coordinate a merger and acquisition process or system for the organization.

Mergers and acquisitions (M&A) are growth strategies that require careful planning, integration and fit, especially with culture, core values and strategies. The probability of a successful strategic merger is high. Following are tips for coordinating strategic mergers:

Key Alliance Strategies

Creating and managing alliances and partnerships while sticking to the core competencies is a key success strategy. Build on the organization’s core competencies—what it is good at and known for—but consider alliances and partnerships. Some key alliance strategies include: Market agreements and dual marketing, joint ventures, franchising, private label buyer-seller, consortia, common standards, research alliances, technology and market access, and outsourcing.

According to The Economist, key alliances and partnerships can be central to successful growth: “They can help you enter new markets, achieve scale, pace and competitiveness, gain new skills and technologies—even renew your business. But, they are risky. A ten-year U.S. study found that 57 percent of alliances fail.”

Successful alliances share similar characteristics. They link budget with resources and strategic priorities, anticipate key business risks, conduct realistic feasibility studies of their market and competitors, couple investment with performance factors, conduct strong strategic planning, and create strong working and reporting relationships.

Logistical and Distribution Alliances

Logistical or distribution alliances can be very strategic to all partners if they are properly set up and managed. Doing this requires careful partner selection, just like hiring a top executive. This is especially true if partners are at distant locations that are difficult to manage. In that case, shared visions, values and core strategies are crucial to success.

Partnering with Suppliers and Customers

Partnering with suppliers and customers is in vogue today. According to Nation’s Business, the Warren Company—an alliance consulting firm in Providence, Rhode Island—outlines the following ingredients for successful partnering:

- **Critical Driving Forces**: There must be essential strategic forces that push alliance partners together. Without these forces, there is no reason for an alliance.
- **Strategic Synergy**: Always look for complimentary strengths in a potential partner. For the alliance to succeed, the two partners should have more strength when combined than they would have independently. If it isn’t, walk away.
- **Great Chemistry**: The organization must have the managerial ability to cooperate efficiently with another company, which in turn must have an equally cooperative spirit and a high level of trust so executives can resolve difficulties.
- **Win-Win**: To prevent corrosive internal dissension, the structure, operations, risks and rewards must be fairly apportioned among the members.
• **Operational Integration:** Beyond a good strategic fit, there must be careful coordination at the operational level where plans and projects are implemented.

• **Growth Opportunity:** Is there an excellent opportunity to place the company in a leadership position? Does one partner have the know-how and reputation to take advantage of that opportunity?

• **Sharp Focus:** Success is more likely with a clear overall purpose, as well as specific, concrete objectives, timetables, lines of responsibility and measurable results.

• **Commitment and Support:** Unless top and middle management are highly committed to the success of the venture, there is little chance of success.

**Six Core Commitments to Great Partnerships**

According to Chip R. Bell and Heather Shea in *Executive Excellence*, “Great partnerships succeed because they have soul and allegiance to protocols that direct the rhythm of the relationship, ensuring the longevity of the liaison.” Bell and Shea believe great partnerships require the following six core commitments or protocols:

1. **Expect the best.** Great partnerships begin their relationship by expecting the best. This standard not only serves as a criterion for achievement, it provides a noticeable self-fulfilling optimism.

2. **Be all there.** Great partnerships bring a perpetual energy and intensity to every encounter. They emphasize having passionate connections and being all there. They bring all they have to every encounter. They are never lazy, disinterested, or indifferent. In conversations, they are attentive and curious when they listen and animated when they contribute. They care enough to bring their very best.

3. **Assert the truth.** Partners diligently assert the truth and honor agreements to build trust and commitment. This proactive gesture keeps integrity at the forefront of all dealings. The absence of candor reflects the deterioration of the relationship.

4. **Honor your partner.** Honor is made of admiration, respect and esteem. It involves seeking ways to bring accolades and praise to the relationship with deep respect and admiration. Partners achieve more without wasting energy on suspicion.

5. **Keep your promises.** Reliability is the foundation of trust, and trust is the glue of partnerships. Keeping promises is about protecting the sacredness of commitments and caring enough to remember. Partnerships live or die by promises kept.

6. **Stay on purpose.** Partnerships require resoluteness and tenacity. They entail the hang-in-there commitment. The “stay” part is a mixture of optimism and a determination to give the partnership an opportunity to unfold, despite initial bumps.

**Subcontracting and Outsourcing**

Think about subcontracting or outsourcing those activities that are not core competencies to improving a basic service or product. However, according to Tom Peters, “You must know what you are doing.” Peters suggests the “very thoughtful pursuit of a partner, carefully chosen for reasons that go far beyond mere efficiency.” For example, outsourcing to other countries may be cheaper, but is it more effective in providing customer service?
Organizational Core Competencies Defined

Core competencies are the collective ability in an organization (see 3.5.5). An understanding of these core competencies creates a competitive advantage, assists in maintaining and enhancing the organization, and helps in the search for new and different applications (products and services) based on the core competencies. There are six strategies for increasing and improving the core competencies within an organization:

1. **Buy** the talent, equipment and technology needed through aggressive and targeted recruitment initiatives.
2. **Build** through focused training, development, construction and research initiatives.
3. **Create** strategic alliances through the use of external partners, alliances, suppliers, or outsourcing what you don’t do well.
4. **Bounce** by confronting poor performers and terminating those not willing to work at acquiring the needed skills to build the core competencies.
5. **Retain** the best and the brightest of the staff through the provision of superior benefits and compensation, as well as building a superior working environment.
6. **Scan** the environment, best practices and benchmarking to draw in the core competencies of other organizations, especially technology and people components.

Operational Due Diligence

Planning for M&A includes: establishing a realistic time frame, selecting the functions and constituencies to include, organizing and budgeting for due diligence, using outside resources, ensuring the security of the process, setting priorities, and monitoring the data flow. Issues in implementing a merger include:

- **Getting Started**: Deciding what to tell employees and what not to reveal; identifying key priorities; addressing control, security and confidentiality; scheduling progress meetings and delivering adverse information
- **Reporting Findings**: Deciding which reports to prepare; complying with SEC, banking and regulatory rules; generating internal reports and identifying constituency needs in advance.
- **Using Results of Due Diligence**: Structuring the process to ease transition, using the data for planning and integrating operations after the deal.

Probability of Success

M&A should usually be viewed as a *turnaround* with quick, decisive decisions and directions. Do it and get it done. But be aware: most mergers seem to earn failing marks. In fact, seven out of 10 acquisitions are unsuccessful. Over time, many acquiring companies lose market share in the products acquired.

For example, consolidation plays, or “roll-ups”—which were popular in the 1980s—allow new owners to cut costs, attract better management and boost revenue growth. Roll-ups are
complex, so it is important to use experienced advisors, be prepared and know the players. But because roll-ups pull together so many difficult cultures, probability of success is low.

Today, corporations follow a focused, niche-oriented strategy, and those who prefer small acquisitions in related businesses tend to have a higher success rate.

**Complete Integration**

In today’s rapidly moving environment—in which acquisition follows acquisition, and industry boundaries shift and networks of alliances are reshaped on an ongoing basis—the ability to effectively handle acquisitions and alliances is becoming essential. What creates success is the ability to flexibly manage post-acquisition—the way information is codified and routinized, the development of integration teams and the design of the transition process.

To make mergers and acquisitions work over the long term, establish complete integration or share resources and values, as well as transfer numerous people between organizations. The following are key integration areas:

- Integrating two cultures into one shared culture and shared core values.
- Developing shared strategic annual direction and priority actions.
- Installing organization-wide change structures and processes to guide the M&A.
- Solving people-related issues.
- Installing succession and a leadership development system.
- Organizing marketing and sales force efforts and results.
- Remaining customer-focused.
- Integrating and rationalizing the delivery system.
- Reducing bureaucracy and simplifying processes, procedures and cost savings.
- Integrating all information technology (IT) into one compatible system.
- Rationalizing all the various products and services.

**Questions to Ponder**

- At what stage in its life cycle is your organization—emerging, growth, maturity, decline or renewal? How will that affect mergers and acquisition processes?
- Which key alliance strategies does your organization practice? Which should it be practicing?
- What are your organization’s 2-4 core competencies? How can M&A enhance or increase these competencies?
- Is your industry ripe for M&A? What industry factors could affect the process?
Recap: Strategic Planning Infrastructures (3.6 SMP)

SMP candidates should understand six tasks associated with Strategic Planning Infrastructures:

3.6.1 **Pre-Planning Process:** The two-day *Smart Start: Plan-to-Plan* can make all the difference in how smoothly and effectively the planning and change process will go. The key is in assessing the organization, building its leadership and support staff and capacity, and educating, tailoring and organizing the process to the organization’s specific needs.

3.6.2 **Core Planning Team:** When building the planning team, keep in mind that people support what they help create. The core planning team should be composed of up to 15 people, including top management and key stakeholders, both internal and external.

3.6.3 **Strategy Management Office:** The planning department, or SMO, is a staff support department, assisting the chief executive and top management in making the planning and change happen. The best experts on the strategic change process and structures should be the SMO and the Chief Strategy Officer (CSO), while the chief executive should be the best expert on the content.

3.6.4 **Links Between Strategic and Operating Plans:** The budget must be seen as the means to securing the plan. One of the key reasons for strategic planning is to create a dynamic tension and conflict between the future vision and the resources needed to complete key tasks to achieve it.

3.6.5 **Links Between Strategic Plan and SBUs:** In order to get the best possible implementation of Strategic Plan, it is essential that Strategic Business Units (SBUs), Major Program Areas (MPAs) and Major Functional Areas (MFAs) create business plans of their own, based on the organization’s overall core strategies.

3.6.6 **Merger and Acquisition Process:** Mergers and acquisitions (M&A) are growth strategies that require careful planning, integration and fit, especially with culture, core values and business strategies. While M&A has a low success rate, the probability of a successful strategic merger is high.
Part IV

Act and Strategic Actions (SPP and SMP)

Content
- Chapter 7: Action Content (4.1 SPP)
- Chapter 8: Strategic Action Content (4.4 SMP)

Processes
- Chapter 9: Action Processes (4.2 SPP)
- Chapter 10: Strategic Action Processes (4.5 SMP)

Infrastructures
- Chapter 11: Action Infrastructures (4.3 SPP)
- Chapter 12: Strategic Action Infrastructures (4.6 SMP)
Chapter 7

Action Content (4.1 SPP)

The art of life lies in a constant readjustment to our surroundings.
—Okakura Kakuzo

To become an effective leader or to pass the SPP exam, each candidate should know and understand how to accomplish six tasks:

4.1.1 Leverage the fact the people support what they help create in supporting change across the entire organization.

4.1.2 Ensure teamwork and project management skills are taught to those in the organization needing to effectively implement Strategic Plan projects and initiatives.

4.1.3 Take into account the importance of the organization’s culture when planning and implementing organizational change.

4.1.4 Break down long-term strategic plans into annual and project plans.

4.1.5 Keep the organization abreast of new emerging theories and methods of creating customer value, including listening to and involving customers to create such value.

4.1.6 Ensure the application of quality management and customer service best practices in support of the organization’s strategic direction and core values.

Note: These tasks were taken from ASP’s standards and Body of Knowledge (BOK). Keywords are italicized for easy reference. The chapters are arranged according to content, processes and infrastructures (see Introduction for details). For more information, see the BOK on ASP’s website, strategyplus.org.
4.1.1 Parallel Involvement Process

Task: Leverage the fact the people support what they help create in supporting change across the entire organization.

When implementing strategic change, the realities of life today must be taken into consideration. The old DAD Method—decide, announce, defend—belongs to a past era, when command and control approaches were the norm. Now, involvement and participation of key stakeholders is inevitable. And because people support what they help create, a Parallel Involvement Process is crucial to successful implementation (see 3.2.9 and 4.3.1).

The overarching objectives of the Parallel Involvement Process are to improve the quality of the Strategic Plan and increase understanding and buy-in for successful execution. The fundamental point is that people in an organization naturally want to have input and involvement in the process of decision-making on matters that affect them—before the final decision is made. This can be accomplished by holding Parallel Involvement Process meetings with key internal and external stakeholders.

The Parallel Involvement Process meeting involves information-sharing, input and feedback. It is not a decision-making meeting, but the feedback gained from this meeting will help to inform the decisions made by senior leadership and the Core Planning Team. Strategic thinking about clarity of purpose and marketplace positioning requires a high level of understanding, discipline and critical thought. Difficult trade-offs have to be made. Most employees have enough common sense to know all decisions cannot be open to a broad consensus, because not everyone has the requisite skills and business acumen to make strategic decisions.

However, active support is the essence of consensus decision-making. Ask for the commitment to actively support a decision (win-win) to ensure you really have consensus, not just deference to authority (win-lose). Testing ideas in the Parallel Involvement Process is the crucible to improving the quality of the strategic planning and implementation process, and developing buy-in and commitment to the change.

Notes and Actions
Chapter 7: Action Content (4.1 spp)

According to Deloitte and Touche (*Personnel Journal*), the most important rule to keep in mind when you’re facing a change effort is the 20-60-20 rule:

- **20**: Approximately 20 percent of employees will be open to the change.
- **60**: The next 60 percent will sit on the fence.
- **20**: The remaining 20 percent will resist the change, or even deliberately try to make it fail.

That means organizations wishing to implement a change have a heavy burden—only 20 percent of employees will be on board from the start, so it must pull the other 80 percent toward its new goals.

The Bell Curve of Buy-in and Stay-in (Figure 7.1) illustrates this phenomenon. The first 20 percent will be the leaders of the change, while the next 60 percent will be the silent majority—the group on which the organization should focus its efforts to get buy-in and stay-in. The last 20 percent of resistors will be the most difficult to get on board; in fact, it may be impossible to change these cynics.

(It’s important to differentiate between skeptics and cynics. *Skeptics* want the organization to be successful, they just have information about ways it can fail. In contrast, *cynics*, are bitter and have no suggestions for improvement.)

It is crucial to get commitment from the majority. This is accomplished by cascading the change throughout the organization (see 4.1.3). After cascading strategic change throughout the organization using a Parallel Involvement Process, execution of the Strategic Plan will follow quickly and successfully.

**Figure 7.1** The Bell Curve of Buy-in and Stay-in

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**20-60-20 Rule**

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4.1.2 Teamwork

Task: Ensure teamwork and project management skills are taught to those in the organization needing to effectively implement Strategic Plan projects and initiatives.

Teams are the primary vehicle for implementing almost any project, business process or enterprise-wide change. The fact is, we need people to work together in teams to get things done and these usually need to be cross-functional teams, not vertical department silos.

However, groups are not teams. Putting five people together into a group and telling them to get something done doesn’t mean they are a team, let alone an effective and mature team. It just means they are a group of individuals. A group requires time to build into an effective and mature team, because it’s often a new structure that has changed, even for a specific period of time. And we know team structures influence team behaviors.

Team Smart Start

All new teams must undergo some team-building and training on what W. Edwards Deming called the “Plan-Do-Check” cycle in order to become an effective team. The first step is to establish a game plan defining the team’s purposes and goals. The next step is to act and execute it—the “doing” phase. After giving recognition and reinforcement, and compiling feedback, the team needs to “check” whether it is achieving its desired outcomes. If not, it needs to analyze its current state and then re-plan again.

Throughout this process, keep in mind that groups of individuals becoming effective teams have to go through stages of group development in the Rollercoaster of Change™ (see Introduction), which coincides with the well-known stages in group development:

1. Smart Start—Before change is announced.
2. “Forming”—Orientation Stage (Shock and Denial)
3. “Storming”—Conflict Stage (Anger and Depression)
4. Hanging In—Perseverance Stage (where most change fails)
5. “Norming”—Norm Establishment Stage (Hope and Readjustment)
6. “Performing”—Productivity Stage (Rebuilding)

Effective Team Functioning

The following steps characterize an effective and mature team:

1. Environment: Our Context. An effective team begins by paying attention to its outside impactors before making any decisions. This includes: customers (external), constraints (internal and external) internal executives and other affected employees, and change in the world environment.

2. Goals: What We Accomplish. Next, the team clarifies what it is trying to accomplish by defining several important factors: team vision, mission, goals, measures, values, strategies and business plans. The team should first identify and clarify its mission and goals, then begin to see its purposes in light of the larger organization and Strategic Plan.
3. **Roles: Who Does What.** The next step is to establish team structures and responsibilities that define each person’s role and measures of success: WIIFM (*What’s in it For Me?*), organizational chart and structures, individual roles and objectives, and support and expectations of each person. At this point, team members define the team’s interdependencies and determine what tasks require coordination. In addition, roles and responsibilities are reviewed and expectations clarified.

4. **Procedures: How We Make Decisions.** The team then determines new inputs into how it will operate and make decisions to optimize the clarity, acceptance and results. Keep in mind that some of these procedures are often below the surface as in the Iceberg Theory of Change (see Introduction), so they may be more difficult to establish: meeting management, planning process, conflict management, rewards system and recognition. This is the step where team develops procedures for managing meetings, resolving conflicts, solving problems and making decisions. These procedures are the *norms* of how the team wants to operate together.

5. **Relationships: How Effectively We Work Together.** The last step is to work on the team dynamics, which includes several factors: work style, communications style, strengths and limitations, process skills and feedback. In this final step, working relationships are examined and more productive ways of working together are established—and improved upon again and again.

Following all five steps is crucial to success. When discussed openly and resolved, these categories can steer teams away from failure and toward their goals.

**Detailed Procedures**

Following are several procedures and characteristics that make a team effective:

- **Diagnosis of group problems:** When problems arise, the situation is carefully diagnosed before action is proposed, and remedies attack causes, not just symptoms.
- **Distributed Leadership:** As needs for leadership arise, various members meet them, and anyone feels free to volunteer as he or she sees the group need.
- **Decision-Making:** Group consensus is sought and tested, and skeptics are appreciated and used to improve decision. Decisions are actively supported by the team.
- **Conflict Management:** Issues are seen as “pinches” and resolved quickly with feedback and closure; they don’t remain unresolved and become a conflict or “crunch.”
- **Trust and Communications:** Members trust one another, respecting and using the responses they get. They can freely express negative reactions without fear of reprisal. Back-biting and triangulation do not exist. Members are free to express how they feel, yet don’t let feelings guide their behavior.
- **Creativity and Growth:** The group is flexible, seeking new and better methods and solutions. Its individuals are changing and growing, and creativity and innovation are individually and collectively supported.

When these procedures are followed, the results are highly predictable—and that is a high level of success, which will be evident in the team’s operations.
4.1.3 Organizational Culture

Task: Take into account the importance of the organization’s culture when planning and implementing organizational change.

Culture is a set of interrelated beliefs or norms shared by most of the employees of an organization about how one should behave at work and what activities are more important that others. Assumptions, personal and organizational values, norms of behavior and individual behavior collectively lead to an organization’s culture.

Organization-wide change always involves cultural change. And when culture and strategy collide, which wins out? Culture, of course.

Chapter 1 (3.1.10) overviewed how dictators change the culture in the countries in which they rule. While we don’t want to be emulate dictators’ greedy core values, they are helpful models in employing four leverage points for change: (1) communications, (2) education, (3) rewards and consequences and (4) infrastructures for learning and controlling the desired change. To change an organization’s culture, these leverage should be applied in seven areas. Picture these areas as seven pillars that support the strategic change.

Pillar #1: Strategic and Systems Thinking

To implement a cultural change, the organization needs strategic thinkers on a daily basis. This involves requiring employees to learn the practical applications of strategic and systems thinking necessary for problem-solving, issues resolution, project management and strategic planning.

Pillar #2: Reinventing Strategic Planning

It is also important to ensure that the organization’s Strategic Plan and Strategic Management System articulate its core values and vision. This should match three of the four key leverage points mentioned above:

1. **Communications**: Reflected in everything said and done throughout the organization, including new hire orientation, and posted in prominent locations.
2. **Education**: Reinforced at the beginning of all meetings and training.
3. **Rewards and Consequences**: Reflected in the performance appraisal system, where everyone is evaluated on their adherence to the core values.

Pillar #3: Enterprise-Wide Change

Interestingly enough, the Strategic Plan itself should have a set of core strategies to be implemented across the organization. These core strategies should become the departmental goals for every single department. Get rid of the idea of separate-silo departmental goal-setting, and begin to think strategically about the changes desired throughout the organization. Communicate these changes, educate people on them and ensure that these core strategies are also in the performance appraisal system.

Pillar #4: Creating the People Edge

Unfortunately, cultural change is often undone by the Human Resource policies and procedures—rather than being leaders, HR departments are often the biggest resistors to
cultural change. Therefore, it is crucial that a full HR cultural review be accomplished by independent line managers. In addition, set up Simplicity Police to ensure the organization’s natural inclination towards bureaucracy is stifled. Simplicity lowers the cost of doing business and makes employees more happy and engaged (see 4.3.7).

**Pillar #5: Achieving Leadership Excellence**

Leadership excellence and leading cultural change are almost one and the same. These are some of the most important and basic fundamental leadership skills required for successful cultural change.

- Positive reinforcement is one of the most effective ways to develop loyal followers.
- We get what we tolerate.
- People do what we inspect, not what we expect.

**Pillar #6: Becoming Customer-Focused**

It should be a common-sense understanding that customers are the only reason for the existence of all employees in organization. Most organizations could do a lot worse than follow Stu Leonard and his famous grocery store core value: “Your job is to serve the customer, or serve someone else who does.” Serving the customers is crucial to cultural change. This reinforces once again the need for strategic and systems thinking to become part of the core value system and the daily skills of all employees (Pillar #1).

**Pillar #7: Aligning Delivery and Distribution**

The last pillar in leading cultural change involves lining the other pillars together to ensure added value is actually delivered to the customer. Without effective delivery, all of the other work on culture change is a waste of time. Cultural change must deliver value to the customer or we have created the wrong culture.

Finally, remember the best cultures that create a win-win-win for the employees, customers, and stockholders and owners are those that have the following core values:

1. Customer versus internal focus.
2. Strategic versus functional silo orientation of all departments.
3. Employee engagement, as people support what they helped create.
4. Focus on accountability, responsibility and positive recognition.
5. Strategic and systems thinking on a daily basis, with a focus on simplicity.

**Questions to Ponder**

- How can you make strategic and systems thinking part of your organization’s daily culture?
- Think: How can you apply communications, education, rewards and consequences, and infrastructures to each of these seven pillars?
4.1.4 Annual and Project Plans

**Task:** Break down long-term strategic plans into *annual and project plans*.

In Strategic Planning, you first work *on* the organization, developing a clarity of purpose through the Strategic Plan. Then, you work in the organization, cascading the change throughout the organization (see 4.4.2 for more details):

- **Cascade 1:** Shared core change strategies (whole organization)
- **Cascade 2:** Department change plans (work teams)
- **Cascade 3:** Large-group department change reviews (cross-functional)
- **Cascade 4:** Change execution vehicles—process and project teams (interdepartmental)
- **Cascade 5:** Performance management and rewards (one-to-one)

Change needs to happen at three levels: (1) senior management, (2) middle and first-line management, and (3) employees. It cascades down step-by-step through these levels.

**How Does Change Occur?**

A destructive myth about change is the *Salute and Execute*: “Everyone is for it, feels they understand it, thinks execution is only a matter of following natural inclinations, feels that problems are caused by other people.”

Instead of this mindset, think about ocean waves crashing on the shore, wave after wave, one after the other, changing each other in the process. In a very real sense, this is also how change occurs across an organization, level after level.

Change needs to occur within the following six areas (see Figure 7.2), which is why cultural change is so difficult to achieve:

1. Person-by-Person
2. Level-by-Level
3. Unit-by-Unit
4. Department-by-Department
5. Different Subcultures
6. Adversarial Cultures

The first waves of change involve acquiring the *knowledge, attitudes and skills* to adjust to the change.
Chapter 7: Action Content (4.1 spp)

The next wave involves changing team and unit behavior, which must specifically impact and enlist all six areas of change, including all Strategic Business Units (SBUs) or Major Program Areas (MPAs), lines of businesses, operating and geographical divisions and teams, as well as all Major Functional Areas (MFAs), including finance, HR, marketing and IT. This is a commonly missed step in implementing strategic change—and it is a serious omission. Regardless of the specific vision of the Strategic Plan, the organization must effectively cascade the process to all its units and levels (see next section).

The final wave encompasses changing the organizational culture and processes. As this guide has repeatedly mentioned, the hardest level of change in an organization is to change all the business processes and overall culture to support the desired outcomes.

Department Change Plans

In most traditional organizations, each department sets individual goals based on functional responsibilities. However, in strategic organizations, silo departmental goal-setting should be eliminated in the first year of the strategic planning journey.

Instead, the core strategies of the organization’s strategic planning effort become a set of shared core strategies that every department and business unit adopts as its goal. In other words, all departments adopt the same set of strategies as their department goals for the next year, using three to four key initiatives under each core strategy as the guide to the specifics of their work plans.

The only real question each department needs to answer is: What specific role will this department play in supporting the shared core strategies and key initiatives? The question is not whether it will support them, but how it will support them. Each unit looks at each core strategy and determines which key initiatives it will lead, which it must support and with which it is not involved.

The net result of this appraisal is that cross-functional teamwork goes up and conflict goes down. The reason is that potential conflict is no longer about what to do, but about the lower-order question of work plans on how to achieve the desired results.

To accomplish this step in the cascade of change, complete the following steps:

Activity #1: Have the different business units, divisions and major departments adopt these core strategies and key initiatives as their department goals for the next year. Unit and department heads, along with their teams, develop detailed work plans to support these strategies and initiatives.

It helps to use a standard format across the departments—this gets everyone reading from the same page. In particular, the format should include a column or section asking, “Who Else to Involve?” Since organizations are composed of a web of relationships, knowing whom to involve for each key initiative is crucial to breaking down silos.

Activity #2: After unit work plans have been developed, they should be shared with the those involved in the initial Parallel Planning Process meetings to develop organization-wide department change plans. The goal of this activity is to build all the interpersonal linkages required to successfully execute the work plans.
4.1.5 Emerging Theories on Customer Value

Task: Keep the organization abreast of new emerging theories and methods of creating customer value, including listening to and involving customers to create such value.

Getting customers is hard and expensive, but keeping them will continue to pay off in the long term. Being a customer-focused organization involves correctly identifying customers and positioning, then having clear measurements of customer satisfaction. The following four steps can help in this process.

1. Market Orientation

To evaluate an organization’s market orientation, ask:

- Is it easy to do business with? Is it responsive?
- Does it keep its promises? Does it meet the standards its sets?
- Does it work together internally to provide coordinated and quality service?

It is imperative to carefully scrutinize the organization’s customer base. To get a sense if it is concentrating its energies on the most profitable customer base, look at the cost or value ratio of the organization’s customers. Identifying customers according to who they are, how they do business with the organization and how much it costs to retain them will quickly help pinpoint the most profitable customers.

2. Value Mapping

Create a map of the organization’s products and services to assess their value or position in the marketplace. It will help determine how the organization stacks up against its competitors and how it is perceived in the marketplace. Creating a map from the customer's perspective will give an overall view of the areas in which the products are most or least competitive, including cost, quality, features, delivery and customer responsiveness. It will also help the necessary actions to increase or change this line in the future?

3. Market Share and Growth Rate

Next, analyze the organization’s market share and market growth rate and decide what actions are necessary for consistent growth and profitability over the next few years. Develop a growth share matrix, showing each product’s profitability on gross margin. Consider which products or services are strong and which might need to be eliminated to free up resources. Use this data to develop initiatives to succeed in the market—it will lead to a complete portfolio of strategies for all business units and products.

4. Product and Market Certainty Matrix

Break your evaluation down further by looking at specific product lines or services. Ask:

- Are we changing this product or service?
- What are the implications—or risk—of this change?
- What actions should we take and at what point?

Whether you’re taking an existing product to a new market or evolving it into a new but related product to sell to a different market, always analyze it carefully. This helps to focus on the probability of each product’s success and identify problematic ones up front.
Questions to Ponder

• How does “being customer-focused” create customer value?
• What is the best way to introduce a new product to an existing market? An existing product to a new market?

In addition to these basics, there are always new emerging theories of creating customer value (see also 3.4.2), especially with rapidly changing technologies including social media. As a facilitator, it is crucial to stay abreast of these theories, as an organization is nothing without its customers. After all, customers are the reason for any organization’s existence!

For additional theories and strategies on creating customer value, see Stephen Haines’ book, *Enhancing Your Strategic IQ: Winning Strategies From A to Z*, available on systemsthinkingpress.com. It includes a host of strategies with new emerging theories and competencies for creating value (the bold-faced letters are of particular importance in the 21st century). The list includes:

A. Innovation Strategies
B. Simplicity Strategies
C. Public Sector Strategies
D. Educational System Strategies
E. The Basics of Strategy
F. Strategy Formulation
G. Price and Profit Strategies
H. Cost Strategies
I. Socially Responsible Strategies
J. Systems Integration Strategies
K. Global Strategies
L. Growth and Merger and Acquisition Strategies
M. Crisis Management Strategies
N. People Strategies
O. Gallup-Based Strategies
P. Leadership Strategies
Q. Succession Management Strategies
R. Customer Value and Positioning Strategies
S. Customer Strategies
T. Market Strategies
U. Sales Strategies
V. Product Strategies
W. Quality Strategies
X. Technology Strategies
Y. Speed Strategies
Z. Alliance Strategies
4.1.6 Customer Service and Quality Management

Task: Ensure the application of quality management and customer service best practices in support of the organization’s strategic direction and core values.

Though many organizations claim “the customer is king,” that crown does not often elicit the deference and regal services the phrase implies. Advances in technology have evolved customer value from mass production and distribution to selling customized solutions to individual needs and problems. Customer value comes whenever and wherever the customer wants as customer services best practices, not when and where the supplier wants.

Customers want relationships, not just sales pitches. Individual customer loyalty matters, not market share. Economy of scope and organizing for the customer are most important—not just economy of scale and organizing for efficiency. Collaboration and intimacy with customers is essential, not an occasional and superficial sales contact. Providing responsiveness and convenience to their needs is what customers want.

Creating customer value involves four actions:

1. **Focus:** Zero in on customers’ wants and needs for receiving value, now and in the future. This must be the vision and driving force for the whole organization (see 4.1.5). A customer-focused also has clear, regular success measures of customer satisfaction, or Key Success Measures. Feedback helps achieve the Quadruple Bottom Line: customers, employees, shareholders and society.

2. **Define:** Specify the organization’s marketplace positioning. See Chapter 2 (3.4.2) for details relating to customer service that is both responsive and caring.

3. **Implement:** Overall management of cultural transformation to a customer-focused organization requires flexible, responsive and participative people in empowered work settings. This change is led by specific change management structures that keep change tasks on track and prevent status quo behaviors from prevailing. Teamwork around customer service is needed, from department and cross-functional teams to business processes, both internal and external. The key to success is horizontal cooperation and collaboration to serve the customer, not a vertical hierarchy and bureaucracy.

4. **Redesign and Realign:** Creating customer value requires a flexible approach that deals with the organization’s efforts, processes and people. This is not necessarily about reorganizing the “organization chart,” but about redesigning the customer mindset and organizational culture to excellence in customer service. The resources and work of the total organization and stakeholders creates a customer value chain, potentially transforming all the organization’s resources into achieving these results.

Positive, customer-focused strategies and product innovation are key sources of building a competitive advantage, and only truly differentiating leadership can implement them. Anyone can cut to the bottom line in the short term, but few can create customer value in the top line over the long term, while also reducing costs.
Customer Recovery Strategy

Creating a Customer Recovery Strategy (CRS) is crucial in examining an organization’s weaknesses and strengths and create action steps to bring about improvement. Being truly customer-focused means incorporating ongoing customer recovery strategies when you do make a mistake with a current customer. At that moment of truth—when the customer actually connects with you—take the following steps:

1. Focus on the 5- to 10-year ROI of the customer, as well as long-term image and reputation. (Happy customers tell four others; unhappy ones tell 11 others.)
2. Empower customer service representatives to be creative and innovative when solving the problem in order to surpass the customer’s expectations, and provide expenditure authority to so.
3. Develop a customer guarantee, and live up to or surpass it. Ensure accountability and responsibility.
4. Focus recovery on future business (i.e., 50 percent off or free next time, etc.).
5. Ensure customer service representatives are responsive, knowledgeable, empathetic and sensitive, and speed up the customer recovery strategy.

Five Levels of Customer Recovery Strategy

Which does the organization do?

1. Deny it’s our problem. (“I just work here.”)
2. Fight customer concerns, but eventually give in to them. (“They won.”)
3. Meet customer expectations. (“Customer is always right.”)
4. Meet customer expectations, then do something unexpected beyond it. (“I’m sorry.”)
5. Do #4 and fix the underlying system or process problem. (“It won’t happen again.”)

The first three choices don’t cut it in customer service. Only #4 and #5 are key to long-term success.

Summary of Customer-Focused and Customer-Service Organizations

Customer-focused organizations:

1. Are “close to the customer,” especially senior executives.
2. Include the customers in their decisions, focus groups, planning and deliberations.
3. Know, anticipate and surpass the customers’ needs, wants and desires.
4. Survey the customers’ satisfaction with products and services on a regular basis.
5. Have clear positioning in the marketplace versus the competition in the eyes of the customer.
6. Set quality customer-service standards specific to and measurable in each department.
7. Focus and re-engineer business processes based on customer needs and perceptions.
8. Reward customer-focused behaviors, especially cross-functional teams that work together to serve the customer.
9. Have a clear policy and use recovery strategies to surpass customer expectations.
Quality Management

W. Edwards Deming, a pioneer of strategic and systems thinking, advocated that all leaders should have what he called a *System of Profound Knowledge*, consisting of four parts:

1. **Appreciation of a system**: Understanding overall organizational processes involving suppliers, producers and recipients (customers) of products and services.
2. **Knowledge of variation**: Understanding the range and causes of variation in quality and use of statistical sampling in measurements.
3. **Theory of knowledge**: Understanding the concepts explaining knowledge and the limits of what can be known.
4. **Knowledge of psychology**: Understanding the concepts of human nature.

Deming’s expertise and System of Profound Knowledge profound knowledge led him to develop *14 Points for Management*. These points apply anywhere—to small and large organizations, service industries and manufacturing, as well as divisions within a company.

The following is excerpted from Chapter 2 of *Out of the Crisis* (although Deming did not use the term in his book, it is credited with launching the *Total Quality Management* movement):

1. Create constancy of purpose toward improvement of product and service, with the aim to become competitive, stay in business and provide jobs.
2. Adopt the new philosophy. We are in a new economic age. Western management must awaken to the challenge, must learn their responsibilities, and take on leadership for change.
3. Cease dependence on inspection to achieve quality. Eliminate the need for inspection on a mass basis by building quality into the product in the first place.
4. End the practice of awarding business on the basis of price tag. Instead, minimize total cost. Move toward a single supplier for any one item, on a long-term relationship of loyalty and trust.
5. Improve constantly and forever the system of production and service, to improve quality and productivity, and thus constantly decrease costs.
6. Institute training on the job.
7. Institute leadership. The aim of supervision should be to help people and machines and gadgets to do a better job. Supervision of management is in need of overhaul, as well as supervision of production workers.
8. Drive out fear, so that everyone may work effectively for the company.
9. Break down barriers between departments. People in research, design, sales and production must work as a team, to foresee problems of production and in use that may be encountered with the product or service.
10. Eliminate slogans, exhortations and targets for the work force asking for zero defects and new levels of productivity. Such exhortations only create adversarial relationships, as the bulk of the causes of low quality and low productivity belong to the system and thus lie beyond the power of the work force.
• Eliminate work standards (quotas) on the factory floor. Substitute leadership.
• Eliminate management by objective. Eliminate management by numbers, numerical goals. Substitute leadership.

11. Remove barriers that rob the hourly worker of his right to pride of workmanship. The responsibility of supervisors must be changed from sheer numbers to quality.

12. Remove barriers that rob people in management and in engineering of their right to pride of workmanship. This means, inter alia, abolishment of the annual or merit rating and of management by objective.

13. Institute a vigorous program of education and self-improvement.

14. Put everybody in the company to work to accomplish the transformation. The transformation is everybody’s job.

For more information on W. Edwards Deming and Total Quality Management (TQM), visit deming.org.

Questions to Ponder
• In your honest opinion, what is your organization’s level of customer recovery strategy? What actions, if any, should be taken to get the organization to its desired CRS level?
• How did Deming’s 14 Points for Management shape the Total Quality Management (TQM) movement?
Recap: Action Content (4.1 SPP)

SPP candidates should understand six tasks associated with action content:

4.1.1 Parallel Involvement Process: The fundamental point is that people in an organization naturally want to have input and involvement in the process of decision-making on matters that affect them—before the final decision is made. Active support is the essence of consensus decision-making.

4.1.2 Teamwork: A group of people requires time to build into an effective and mature team, because it’s often a new structure, and team structures influence team behaviors. It requires a Team Smart Start before the stages of group development: forming, storming, hanging in, norming and performing.

4.1.3 Organizational Culture: Organization-wide change always involves cultural change. Employ the four leverage points for change—communications, education, rewards and consequences, and infrastructures—to all seven pillars of the organization for learning and controlling the desired change.

4.1.4 Annual and Project Plans: Change needs to cascade step-by-step through three levels: senior management, middle management and employees. The organization must effectively cascade the process to all its units by having all departments adopt the same set of strategies as their department goals for the next year.

4.1.5 Emerging Theories on Customer Value: Being a customer-focused organization involves correctly identifying customers and positioning, then having clear measurements of customer satisfaction. As a facilitator, it is crucial to stay abreast of customer value theories and strategies, as an organization is nothing without its customers.

4.1.6 Quality Management and Customer Service: Creating customer value is a four-step process: (1) focus, (2) define, (3) implement and (4) redesign and align. Strategic customer recovery strategies are crucial in retaining customers. W. Edwards Deming’s System of Profound Knowledge and 14 Points for Management laid the foundation for Total Quality Management (TQM).
To become an effective leader or to pass the SMP exam, each candidate should know and understand how to accomplish seven tasks:

4.4.1 Ensure that change theories and their application to the organization are taught and applied at all levels of management by subject matter experts, including knowledge of behavioral science principles and change management applications.

4.4.2 Facilitate a line of sight for the organization’s goals and objectives across and down the organization.

4.4.3 Facilitate changing the culture of management and employees.

4.4.4 Facilitate ways to motivate and incentivize people.

4.4.5 Foster innovation in new product and services development.

4.4.6 Ensure that an effective monitoring and evaluation system is in place.

4.4.7 Ensure that a Code of Conduct has been developed, and properly communicated and enforced with all employees.

Note: These tasks were taken from ASP’s standards and Body of Knowledge (BOK). Key words are italicized for easy reference. The chapters are arranged according to content, processes and infrastructures (see Introduction for details). For more information, see the BOK on ASP’s website, strategyplus.org.
4.4.1 Change Theories

Task: Ensure that change theories and their application to the organization are taught and applied at all levels of management by subject matter experts, including knowledge of behavioral science principles and change management applications.

In order to implement change, it is important to first understand it. There are many researched and proven theories of change that can shed light on the process—see, for example, the Iceberg Theory of Change and The Rollercoaster of Change™ overviewed in the Introduction to this book.

It’s not just the planning expert or facilitator who should be familiar with these concepts. All levels of leadership, from the chief executive to senior, middle and first-line management, should know and understand change theories. If they know what to expect when implementing change, leaders will be able to execute the organization’s Strategic Plan more effectively.

Principles of Change

The following principles of change are research-based, not matters of personal opinion:

1. Organizations have a ripple effect. Because an organization is a system, composed of a web of relationships, any change in any one part of the organization affects its other parts. As such, leaders need to be vigilant in monitoring the organization's alignment and attunement. If they are not, entropy will take over.

2. Change people initiate is viewed as good, needed and valuable. Change that is forced on them is met by some form of resistance, no matter the nature of the change.

3. People need predictability—physically, psychologically and socially. This is an offshoot of the basic need for security.

4. Change makes people feel awkward, ill-at-ease and self-conscious. They require information and reassurance over and over again. Repetition is key.

5. When confronted with a change, people will think first about their losses—what they will have to give up in the change. Let them mourn and grieve the loss.

6. Even though everyone is going through the same change, people will feel alone. To create a sense of community, structure interactions and involvement.

7. People need variety, new experiences, growth and creative outlets. Provide breaks in routine.

8. An explicit vision and values has enormous communications power. People want to believe the vision and values will be successful.

9. In order to keep people focused, choose only one to three themes to follow.

10. People change at different rates, depths and speeds. Everyone has a different level of readiness for change. Respect those levels.

11. Excellence involves doing 10,000 little things rights. That’s strategic management in execution.
12. Structures exist, and their design influences everything else.
13. Processes exist, and the only issue is their focus and effectiveness.
14. A hierarchal organization has difficulty changing itself. It requires a continual change management process.
15. The stress of change on people is enormous, but it can and must be managed for successful change to occur. Remember, people can only handle so much change, so do not overload them. It causes change paralysis.
16. Feedback doesn’t have to be a sacred cow. Being open to feedback can be painful but it induces growth, because it provides more reality with which to improve.
17. Employees can be a bottom line competitive business advantage, but only if management first becomes the advantage. Change needs to start with leaders.
18. People will be concerned they don’t have enough resources. Help them think outside the box.
19. If you take pressure for change off, people will revert back to old behaviors. Relapses are natural and will occur, especially when the process is not monitored.
20. Organization’s rarely use what works, despite the proven research on change management. In life, what you resist, persists! Change can be painful and it often goes against human nature. Constant reinforcement is needed.

By no means is this an exhaustive list. What principles of change have you experienced in your own life and work?

Research change theories, understand and internalize them, and then be ready to pass them on to all levels of management. And remember, when instituting change it is crucial that the organization be deadly serious over the long term—or else it shouldn’t even attempt to institute a change!
4.4.2 Line of Sight

Task: Facilitate a line of sight for the organization’s goals and objectives across and down the organization.

Organizations that effectively manage performance through an integrated and aligned system with achieve superior business results. An effective performance management system establishes its line of sight as a foundation for deployment and alignment of plans.

Key Line of Sight

Line of sight involves vertical linkages that cascade from the top down:

- Organization-wide strategic planning (executive leadership)
- Business unit and operational planning (business unit management)
- Department and team planning (department and team management)
- Individual development planning (individual high-performance management)

This process cycles back to the executive leaders for continuous process improvement. For example, the following cascade aligns an organization, taking it from vision to results:

1. **Vision**: Ideal Future Vision, mission, positioning and core values developed. Establish desired outcomes.
2. **Strategies**: Core strategies developed. Use as department goals for all Strategic Business Units (SBUs), Major Program Areas (MPAs) and Major Functional Areas (MFAs).
3. **Actions**: Annual strategic action items developed. Incorporate organization-wide perspective, not department-wide.
4. **Tactics**: Department work plans developed. Implement the core strategies and other department-specific tasks.
5. **Results**: Individual Performance Management System developed. Conduct individual appraisals against core strategies, core values and career development.

It is important to continue to cascade the process down the line of sight to individual employees. The organization can provide ongoing coaching support and eventually hold its employees accountable through their performance evaluations.

Cascading Subsystems

As mentioned in Chapter 7 (4.1.4), in strategic planning, you first work on the organization, developing a clarity of purpose through the Strategic Plan. Then, you work in the organization, cascading the change throughout the organization:

- **Cascade 1**: Shared core change strategies (whole organization)
- **Cascade 2**: Department change plans (work teams)
- **Cascade 3**: Large group change reviews (cross-functional)
- **Cascade 4**: Change execution vehicles–process and project teams (interdepartmental)
- **Cascade 5**: Performance management and rewards (one-to-one)
Chapter 8: Strategic Action Content (4.4 smp)

Waves of Change

Chapter 7 also mentioned that change comes in waves. There are four keys to simplifying the implementation of strategic change:

**Key 1:** Regular meetings of the Change Leadership Team (CLT).

**Key 2:** Regular tracking and reporting of results achieved and measures of success.

**Key 3:** Full-time leadership of change from internal and external change consultants, working from Strategic Management Office (SMO).

**Key 4:** Concurrent development of organizational capacity for change in five areas: commitment capabilities, processes, structures, competencies and resources.

In addition to these keys, there are also five beliefs to guide these waves of change:

**Belief 1:** Strategic change is a constantly-unfolding process of discovery, creation and recreation that cascades through and across the organization.

**Belief 2:** Each wave of subsystem change must be planned, discussed, led and implemented in relationship to other subsystems.

**Belief 3:** Each subsystem—and the people in it—passes through six predictable stages of the Rollercoaster of Change™ (see Introduction) at different depths and rates.

**Belief 4:** Approaches, methods and interventions should always be linked to the larger purposes of organization-wide change.

**Belief 5:** The SMO should coordinate these activities on a daily basis to avoid multiple and conflicting mental models.

Questions to Ponder

- Why is it important to cascade the change process down to individual employees?
- How can Individual Performance Management Systems benefit your organization?
- How can you ensure that the change process is always linked to the larger purposes of your organization?
4.4.3 Culture Change

Task: Facilitate changing the culture of management and employees.

Changing an organization’s culture requires a high level of capacity for leading change, not just day-to-day management. Capacity is the ability to grasp something new, absorb it and retain it over time—like a vessel that carries water. It is the sustained ability to do something effectively over time. This vessel can be seen as an operating well full to the brim from an underground spring and capable of providing water (and capacity) over the long term. The following components affect an organization’s capacity to handle change in this manner:

1. Demonstrated commitment by the collective leadership team to the long-term cultural change, including both buy-in and stay-in power over the long term.
2. Effective organizational change processes to facilitate a successful change process.
3. Effective organizational change infrastructures in place to guide the change.
4. High-level individual competencies to lead the change effort effectively.
5. Adequate resources devoted exclusively to the change.

Management’s Demonstrated Commitment to Cultural Change

Demonstrated understanding and long-term commitment by the chief executive, senior management and the board of directors make the foundation for success. However, building a critical mass of employees in support of the change is also critical to effecting culture change. There are several ways to develop buy-in and stay-in:

• Modify the drafts of the plan through listening and gaining feedback from those affected. Continue to hold meetings with key stakeholders throughout execution.
• Develop trust in leadership by keeping the Change Leadership Team (CLT) open to dialogue. Create updates after each CLT meeting and ask for feedback.
• Involve skeptics and listen to them. Encourage constructive questions and feedback.
• Use project teams as change leaders and consultants for each major initiative.
• Review reward systems and the performance appraisal form to reinforce the new core values and core strategies of the change effort.
• Have each person answer the question, “What’s in it for me?” (WIIFM)—keep looking at the political and cultural issues with the desired changes.

Effective Organizational Change Processes

In addition to the processes discussed elsewhere in this book, strategic change requires support and reinforcement through the organization’s recognition and rewards policies and practices. Another effective change process is providing ongoing strategic communications about the change, using only a single sheet of paper for simplicity. In order to offset the rumor mill, it is crucial for management to provide open, face-to-face and honest communication on a timely basis. Last, the process of transferring knowledge and learning across and down the organization is crucial to build workforce competencies necessary to succeed in achieving the desired Ideal Future Vision.
Effective Organizational Change Infrastructures

Key structures must also be set in place to organize and guide the overall change process. These structures include the Change Leadership Team (CLT), Strategic Management Office (SMO), Yearly Map of Implementation and Continuous Improvement Teams (CIT). All of these crucial concepts are detailed elsewhere in this book.

In addition, a positive work culture is also necessary, and is in itself a structural component. Since culture is most resistant to change, it is very important to unleash the potential of the workforce in support of the change by creating a positive climate and work culture.

High-Level Individual Management Competencies

Crucial competencies of the collective management teams to lead, manage and effectively execute the change include:

- *Creativity and innovation*, especially for the process and project teams, which are the key implementation vehicles.
- *Consistency in daily best people practices*, necessary to develop and maintain the positive work climate and culture required for success.
- *High level of business acumen* regarding customers, markets, competitors, industry, company, finances, products and services, technology and delivery channels.
- *Leadership excellence*, which is the most important core competency for success in every organization.

Adequate Resources

Finally, there must be a commitment to devote the proper resources exclusively to the change effort. This includes people, money, facilities, equipment, hardware and time. For more details, see Chapter 11 (4.3.2).

A Note on Capacity: For those interested in learning more about the fundamental capacity of human systems to change based on their personal values, visit spiraldynamics.org. The site covers three different layers of human values and cultures that help or prevent strategic planning and change from happening: surface values, hidden values and deep values.

Questions to Ponder

- What’s the magnitude of your organization’s strategic change?
- How much employee energy needs to be directed to it (working on the business)? How does this constrain the organization’s ongoing service delivery (working in the business)?
- How can you be wise and hold off on some initiatives in order to enable employees to regroup, reenergize and refocus before dealing with another change?
- What’s your organization’s collective change tolerance or stress level?
4.4.4 The People Edge

Task: Facilitate ways to motivate and incentivize people.

The Society for Human Resource Management and CCH Limited Survey concluded that: “Companies using the best people practices show both a higher degree of productivity and stronger market performance.” In a survey of 1,200 employees conducted for William M. Mercer, Ltd., employers that scored in the top 25 percent for quality people practices also have superior index ratings for productivity, market value and sales performance.

The moral of the story is that companies investing in employee development enjoy significantly higher market value. Based upon extensive research and consulting experiences, there are six critical areas in people management to help organizations create and sustain a competitive advantage with their people (see Figure 8.1).

1. Acquiring the Desired Work Force

One of the key challenges is the ability to attract and retain quality people. Key practices to address this problem include:

- Core organizational competencies and individual capabilities.
- Diverse, flexible and alternative work arrangements.
- Work force succession and retention planning.
- Career development practices.
- Comprehensive recruitment, selection and orientation methods.

2. Engaging the Work Force

Winning the hearts and minds of employees continues to be a challenge for organizations, especially in times of delayering, rightsizing and downsizing. Best-practice organizations adopt multiple practices to re-engage their employees, including:

- Performance management systems that attune individual and team behavior with strategic direction and core values such as goal-setting, coaching, appraisal and development.
- Compensation linked to capability and contributions.
- Recognition systems that reinforce strategic direction.
- Flexible benefit programs to meet employee needs.
- An accountability program designed to deal with poor performance in an effective-yet-humane manner.

3. Organizing High-Performance Teams

The impact of empowered high performance teams on business success continues to be a high leverage organizational practice. The key areas for organizing high-performance teams include: Team design and development, small unit team leadership, empowered work teams, participative management approaches, and programs that reward and reinforce teamwork.
4. Creating a Learning Organization

A key leverage area for competitive advantage is building and sustaining intellectual capital as a core corporate asset across departments. This requires systems, processes and information to support continuous learning and improvement throughout the organization, including:

- Developing and sharing intellectual capital.
- Building Strategic Human Resource Information Systems.
- Establishing a cultural norm to debrief and learn from mistakes.
- Encouraging creative thinking and innovation.

5. Facilitating Cultural Change

Shaping the overall organizational culture to sustain a competitive advantage is another key best-practices leverage point (see 4.4.3). Indications of this process include:

- The collective management of the organization is developed as leaders.
- The organization shares an understanding of the desired culture and values.
- Core human resource processes are aligned and streamlined with values and strategic direction.
- Structures and infrastructures at the individual-, team- and organization-wide levels reinforce the desired culture.
- Strategic change agents and experts identified to support and facilitate organizational change.

6. Collaborating with Key Stakeholders

Collaboration with multiple stakeholders—both internal and external—is a means of meeting organizational needs. This is one of the emerging areas of leading edge HR practices. It includes:

- Developing skills and knowledge to support global organizational initiatives.
- Ensuring strategic alliances are developed, including outsourcing, HR administration and self-service systems.
- Developing a positive people environment and maintaining this as a competitive advantage.
- Creating an intense organization-wide customer focus.
- Ensuring that collaboration and value-added contribution occurs across organizations, customers, shareholders, communities, cultures and countries.
4.4.5 Innovation

Task: Foster innovation in new product and services development.

For an organization, innovation can be generally defined as “doing new things” or “doing something in a new way that results in creating new value that would not otherwise have been created.” Innovation should not be confused with creativity. New ideas are generated through the creative process, but innovation involves actually finding a way to create value out of creative thoughts. Creativity is an instrumental part of innovation, but, by itself, does not create value.

The purpose of innovation is to create new value—value you cannot create by continuing with the status quo—by implementing new ideas. Creativity is the precursor—there’s creativity, then there’s innovation. Innovation is about bringing closure to the planning and creative cycles, using judgment to consolidate the best idea(s) and weed out the others. Then the organization can implement its creative ideas through innovation to get results.

Levels of Innovation

A creative thought is useless until the organization can find a way to implement it and get new value out of it. That’s where innovation comes in. As far as an organization is concerned, there are five levels of innovation (see table below):

1. **New to the world**—world-class
2. **New to the industry**—recognition, competitive advantage, strategic
3. **New to the organization**—improved efficiency and organizational effectiveness
4. **New to the department, team or branch**—innovation in our daily work
5. **New to the individual**—innovation in my daily work

The value that comes from creativity and innovation can occur at every one of these levels. Many people assume they must have a Level 1-innovation—a world-class innovation like Apple’s iPhone and its applications that is new to all five levels. But an organization can also innovate something that’s new just to itself or its industry—something that improves workflow and creates more revenue or lowers costs. In fact, a truly innovative company, has to get innovation down to Level #5—where each individual embraces new ideas in their day-to-day jobs.

<table>
<thead>
<tr>
<th>Levels of Impact:</th>
<th>Levels Where Innovation Takes Place:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. New to the World</td>
<td>Individual</td>
</tr>
<tr>
<td>2. New to the Industry</td>
<td>Team</td>
</tr>
<tr>
<td>3. New to the Organization</td>
<td>Organization</td>
</tr>
<tr>
<td>4. New to the Team/ Department</td>
<td></td>
</tr>
<tr>
<td>5. New to the Individual/ Job</td>
<td></td>
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</tbody>
</table>
Building Innovation Capacity

Simply saying an organization is committed to purposeful and systematic innovation development is not enough—the organization has to have the capacity to allow it. Building that capacity successfully is a key to creating an effective innovation strategy and unlocking new value for the organization. It involves several key traits that coincide with culture change (see 4.4.3):

- **Leadership:** It is senior leadership’s responsibility to convey the importance of and commitment to systematic innovation for the organization. As Kathleen Allen says, “Leadership is the heart of innovation.” Leaders are responsible for providing clarity of purpose and the infrastructure, organization and resources with which to carry out the purpose. If leaders do not make innovation a priority, both in words and actions, then the organization as a whole will follow their lead and innovative efforts will languish.

- **Commitment:** Commitment to innovation must be across all three levels, and leadership at all levels must walk the talk. To ensure focus, innovation has to be perceived as an important and urgent goal for the organization.

- **Processes:** The processes for supporting and realizing innovation have to be in place for all three levels. How much freedom (vs. fear) exists, how decisions are reached, who approves what, how change will be managed, how pilot programs are established, who scans the external systems for changes—all of these processes must be clarified. Free-flowing information between the levels and teams, as well as appropriate rewards and recognition, are also crucial.

- **Competencies:** To encourage innovation, leaders and employees need to develop and maintain competencies at three levels:
  1. **Individual Level:** Competencies must be developed in idea generation and management, and sales presentation skills should be encouraged.
  2. **Team Level:** Collaborative management and project management skills need development.
  3. **Organizational Level:** Competencies are about bringing it all together, so they require transitional and transformational leadership skills and an understanding of cross-functional collaboration.

- **Resources:** Innovation teams don’t work just because they exist on paper. To give the program vitality, the organization needs to allocate time, money, people and technology to innovate.

Once these elements are in place and the organization has adopted and promoted a set of innovation-friendly corporate values, the organization’s culture (results, behavior, attitudes and values) will begin to transform into one of pervasive innovation.

Finally, a positive cultural environment is required for supporting creativity and innovation and driving out fear, as Robert Dennard noted: “It’s important to feel that you’re expected to make a difference—and that you’re qualified to do so. Innovation requires a fundamental belief that individuals are important.”
4.4.6 Monitoring and Evaluation

Task: Ensure that an effective monitoring and evaluation system is in place.

It’s one thing to have a Strategic Plan. It is another to keep it from being ineffective or short-lived. When left alone, strategic plans become subject to the SPOTS Syndrome, which is the Strategic Plan On the Top Shelf... gathering dust. To ensure that strategic change is effectively implemented, it is important to have effective monitoring and evaluation systems in place. This section overviews some of these structures.

Evaluation Structures

1. Change Leadership Team

Overall management of cultural transformation is always necessary. It requires flexible and responsive people in empowered work settings. The first key to success is developing a Change Leadership Team (CLT), led by the chief executive, which meets monthly to focus only on the desired change. The CLT leads the change by installing change management structures that keep change tasks on track and prevent status quo behaviors from prevailing. The CLT also reviews Key Success Measures and the pink sheet monthly, and a Future Environmental Scan quarterly. For more details, see Chapters 9 (4.2.3) and 12 (4.6.2).

2. Key Success Measures

Key Success Measures (KSMs) are outcome measures of success. It is important to identify KSMs at the outset of strategic planning so that they can be monitored throughout the planning and change process. KSMs provide valuable feedback on whether the plan is working or needs to be tweaked in order to work. See Chapter 1 (3.1.8) for more details.

3. Pink Sheet: Annual Priorities

Annual priorities are often called the ‘pink sheet’ by Haines Centre clients, as they need to be compiled on colored paper for ease of recognition. The pink sheet is a corporate to-do list of initiatives, containing (on average) the top three priorities for each of the core strategies for the year, in order to accomplish the organization’s desired outcomes for the year. (For example, four strategies would have 12 annual organization-wide priorities). This simple one-page list also documents the lead person responsible for each initiative and the due date for completion. It’s also called the CEO Cheat Sheet, because chief executives love to use it as the agenda for their mandatory monthly meetings and follow-up accountability.

4. Continuous Improvement Team

Strategic plans should be reviewed monthly at the highest level. Having a Continuous Improvement Team (CIT) in place to support and supplement the Change Leadership Team helps cascade the change down through the organization, using face-to-face communication. The CIT can help leadership get the support its need to be successful in making strategic change happen and sustaining it over time. The CIT enables continuous improvement to be mobilized through a high-level involvement of the work force to sustain incremental problem-solving. For more details, see Chapters 5 (3.3.6) and 9 (4.2.5).
Chapter 8: Strategic Action Content (4.4 smp)

5. Annual Strategic Review and Update

To persist in implementing a strategic change—even after the newness has worn off—the organization needs to conduct a yearly follow-up to diagnose the overall success of the change implementation. At this time, the organization can recycle and update its Strategic Plan and annual priorities (pink sheet), continuing to improve toward its Ideal Future Vision. By conducting strategic reviews annually, an organization can continue to cycle through its Strategic Plan implementation, becoming a high-performing organization and ultimately creating customer value year after year. For more details on the Annual Strategic Review and Update, see Chapter 5 (3.3.4).

Effective Governance

There are many definitions of governance, but the most useful is “seeing to it that the organization achieves what it should and avoids unacceptable situations.” The key words in this definition are “seeing to it.” Responsible governance is an arm’s-length relationship to the actual work of the organization. The primary focus of governance occurs in the big-picture view, holding the whole organization as its primary concern. The governing body looks through the big picture lens of the future environment, defining the purpose of the organization in terms that clarify the customer value to be achieved in the future, while at the same time defining the risk tolerance levels around prudence and ethics.

Governance is about translating owner expectations into actual results. This means defining (1) what the organization should achieve and (2) what should be avoided, primarily in terms of prudent and ethical behavior. Governance then involves monitoring the feedback loop, seeing to it that the organization actually achieves its identified outcomes and lives its values. The management function is responsible for operational decisions inside those parameters, and for transforming inputs and using processes, structures and the culture to align and achieve the defined results without creating unacceptable situations.

Effective governance is proactive in defining outcomes, impacts and values. Once these factors are established, governance allows its system to work in its natural flow, where the system organizes to deliver on the specified direction. Effective governance does not interfere with that natural flow, but it does hold the system and chief executives accountable for delivering on the prescribed outcomes or impacts, as well as integrating the defined value system.

Questions to Ponder

• What is the role of the Strategic Management Office (SMO) in monitoring and evaluation? How does it differ from the CLT?
• Why is defining an organization’s value system crucial to effective governance? How does ethical behavior, or the lack thereof, impact strategic change?
4.4.7 Code of Conduct

Task: Ensure that a *Code of Conduct* has been developed, and properly communicated and enforced with all employees.

An organization’s core values are the principles that guide its daily behaviors and culture (for more details see 3.2.6). Core values are the Code of Conduct that should be passed to all members of the organization, from management to employees.

**Guiding Principles for Strategic Change**

These following core values seem to work best as guiding principles for a successful strategic change process:

1. **Creativity and Innovation**
   - Learning and knowledge transfer
   - Flexibility and adaptability

2. **Teamwork and Participation**
   - Relationships and commitments
   - Sharing and connections

3. **Holistic and Systemic Orientation**
   - Elegant simplicity
   - Strategic thinking

4. **Accountability and Responsibility**
   - Clarity
   - Openness and feedback
   - Courage and integrity

5. **Customer- and Service-Oriented**
   - Speed
   - Responsiveness

In sum, in today’s chaotic global world, core values and a Code of Conduct should promote clarity, simplicity and speed in order to be successful.
Attunement with People’s Hearts and Minds
A Core Values Assessment for a High-Performing Organization

The following are typical organizational categories in which core values and a Code of Conduct should appear and be reinforced. Where else should they appear and be reinforced in your organization?

1. **Strategic Plan**: Explicit corporate philosophy and values statement, prominently posted
2. **Feedback**: Employee survey and 360-degree feedback
3. **Links to Strategies**
   - Annual department plan actions
   - Performance evaluation and appraisal forms
4. **Operational Tasks and Processes**
   - Corporate and product advertising
   - New and current customer and supplier treatment and focus
   - Operational processes resulting in quality and service
5. **Structure**
   - Dealing with difficult times and issues such as layoffs and reorganizations
   - Organization and job design questions
6. **Resources, Technology and Communications**
   - Internal communication (vehicles and publications)
   - External communications, such as press releases and brochures
   - National image, as perceived by others
   - Resource allocation decisions
7. **Leadership**
   - Flow of orientation and assimilation versus sign-up
   - Job aids and descriptions
   - New executive start-up
   - Criteria for promotion
   - Executive leadership’s ethical and management decisions
8. **Human Resources Processes and Practices**
   - Recruiting handbook and selection criteria
   - Treatment of applicants
   - Rewards for performance, especially non-financial rewards
   - Role of training and training programs
   - Policies and procedures, day-to-day decisions
9. **Teams**: Cross-departmental events, flows, task forces and rewards
10. **Organization-wide Change Management Process**
    - Managing change
    - Stakeholder relationships
Recap: Strategic Action Content (4.4 SMP)

*SMP candidates should understand seven tasks associated with strategic action content:*

4.4.1 **Change Theories:** In order to implement change, it is important to first understand it. All levels of leadership should know and understand change theories. If they know what to expect when implementing change, leaders will be able to execute the organization’s Strategic Plan more effectively.

4.4.2 **Line of Sight:** An effective performance management system establishes its *line of sight* as a foundation for deployment and alignment of plans. Line of sight involves vertical linkages and subsystems that cascade from the top down.

4.4.3 **Culture Change:** The following components affect an organization’s capacity to handle change: commitment of the collective leadership, effective organizational change *processes* to facilitate a successful change process, effective organizational change *infrastructures* in place to guide the change, high-level individual *competencies* to lead the change effort effectively and adequate *resources* devoted exclusively to the change.

4.4.4 **The People Edge:** Companies investing in employee development enjoy significantly higher market value. There are six critical actions to help organizations create and sustain a competitive advantage with their people: acquiring the desired work force, engaging the workforce, creating a learning organization, facilitating cultural change and collaborating with key stakeholders.

4.4.5 **Innovation:** The purpose of innovation is to create new value by implementing new ideas. A creative thought is useless until the organization can find a way to implement it and get new value out of it using innovation. An organization needs to evaluate its capacity for the five levels of innovation.

4.4.6 **Monitoring and Evaluation:** To ensure that strategic change is effectively implemented, it is important to have effective monitoring and evaluation systems in place. Evaluation structures include the Change Leadership Team, Key Success Measures, the pink sheet, Continuous Improvement Teams and an Annual Strategic Review and Update. Effective governance is also necessary to monitor strategic change.

4.4.7 **Code of Conduct:** An organization’s core values are the principles that guide its daily behaviors and culture. Core values are the Code of Conduct that should be passed to all members of the organization, from management to employees.
Chapter 9

Action Processes (4.2 SPP)

In times of drastic change,
it is the learners who inherit the future.
—The Economist

To become an effective leader or to pass the SPP exam, each candidate should know and understand how to accomplish five tasks:

4.2.1 Foster ongoing communications processes and involvement of all key internal and external stakeholders so they “buy-in” and “stay-in” over time with the new strategic direction.

4.2.2 Set up a monitoring and accountability process and information system to track key success factors—”smart” goals and implementation of change.

4.2.3 Review progress and coordinate the modification of the implementation plan as needed.

4.2.4 Provide mechanisms, including lessons learned, that ensure the process is improved over time.

4.2.5 Serve as the trusted advisor to project teams and continuous improvement teams as they implement the strategic initiatives throughout the year.

Note: These tasks were taken from ASP’s standards and Body of Knowledge (BOK). Key words are italicized for easy reference. The chapters are arranged according to content, processes and infrastructures (see Introduction for details). For more information, see the BOK on ASP’s website, strategyplus.org.
4.2.1 Communications

Task: Foster ongoing communications processes and involvement of all key internal and external stakeholders so they “buy-in” and “stay-in” over time with the new strategic direction.

A stakeholder is defined as “any group or individual that affects, or is affected by, the organization’s Strategic Plan.” The following people should be involved in the strategic change effort using the Parallel Involvement Process:

1. People with information.
2. Informal leaders who have influence in the organization.
3. People impacted by the change.
4. People with resources to make the change happen.
5. Collective leadership of the organization.

For more details on the key stakeholders and the Parallel Involvement Process, see Chapter 3 (3.2.9) and Chapter 6 (3.6.2).

How to Build a Critical Mass

It can take two years to build a critical mass for not only buy-in, but also stay-in. The following are some ways to accomplish this:

1. Modify Strategic Plan drafts after listening and reviewing via the Parallel Involvement Process.
2. Continue to hold Parallel Involvement Process meetings with key stakeholders throughout implementation.
3. Develop Three-Year Business Plans for all Strategic Business Units (SBUs), Major Program Areas (MPAs) and Major Functional Areas (MFAs) by involving key stakeholders and staff.
4. Develop annual plans for all departments, divisions or sections under the umbrella of the Strategic Plan and core strategies.
5. Share department work plans with all key stakeholders in a large-group setting.
6. Share updates after each CLT meeting and ask for feedback.
7. Use project and process teams as change agents and implementation vehicles for each core strategy and key initiatives.
8. Implement quick changes and actions so that the silent majority know the change is serious.
9. Review reward systems and the performance appraisal form to reinforce core values and core strategies.
10. Answer WIIFM (What’s in it for me?) for each person.

And remember that skeptics are our best friends. When encountering skeptics during the Parallel Involvement Process, be sure to ask them why they are skeptical. Get them to identify the roadblocks; don’t try to force them to agree with you. Those roadblocks are the key items to be sure to overcome to ensure successful achievement of the Ideal Future Vision.
The Lily Pad Effect

If a lily pad doubled in size each day, the process of filling a pond with lily pads would initially seem slow. After all, if it takes 30 days for a lily pad to cover a full lily pond, then it takes 29 days to fill the pond halfway! The same is true in teams and organizations, where it takes a long time to get buy-in and ownership for change from key stakeholders. It takes a while to get the silent majority to buy-in to an organization’s desired change.

Building critical mass is like the lily pad effect. It takes almost two years to build enough support (lily pads) in an organization (pond) to create the critical mass. In the first year, about 20 percent will be on board, including the core strategic planning team. In the second year, the rest of the organization and other key external stakeholders will generally follow, leaving only the last 10–20 percent of resistors to get on board or leave. See Chapter 7 (4.1.1) for more details on buy-in and stay-in.

Initial Communications

Following are some ideas for initially communicating the Strategic Plan:

• Print the plan and distribute it with a cover letter. Keep it simple: Include a one-page tri-fold of the strategic part of the plan that can be shared publicly. Also, do a one-page Key Success Measures (KSMs) matrix, a one-page Annual Plan Organization-Wide Priorities and a one-page Yearly Map of Implementation.
• Develop handouts and PowerPoint presentations for standard use by all executives.
• Hold organization-wide managers meeting to hear directly from the chief executive and other members of the planning team, as well as to thank them for their help.
• Run stakeholder meetings to review results and thank them for their help.
• Convene all-employee departmental meetings, allowing employees to ask questions about the plan and pose concerns.
• Conduct two-day workshops to learn about strategic planning, to discuss the Strategic Plan and to build supporting plans at unit and individual levels.
• Require a strategic planning process for units and major support functions (SBUs, MPAs and MFAs).
• Develop posters with planning themes.
• Print individual cards listing values, mission and KSMs.
• Create videos of the chief executive or others explaining the organization’s vision and the strategies to achieve that vision.
• Publish internal newsletters or memos introducing the plan.
• Publish external news releases and special public feature stories.
• Complete report cards each quarter and share with all stakeholders.

The Parallel Involvement Process is based on the premise that people support what they help create. This process provides the opportunity for optimum involvement from all key stakeholders throughout the planning and change process. It is crucial to get the stakeholders’ organized participation. Remember, people don’t fail in planning, they fail in implementation. This is due to an inability to get people involved and committed.
4.2.2 Accountability

**Task:** Set up a *monitoring and accountability process and information system* to track key success factors—“smart” goals and implementation of change.

**Players of Change**

Ensuring accountability in implementing strategic change requires the teamwork and cooperation of four key players (see Figure 9.1).

1. **Change Leaders:** Senior management must take a proactive leadership role on change while running the day-to-day. They now have two full-time jobs. Success requires that change leaders think differently and have a deep understanding of strategic planning and change. They need the discipline and courage to require tight integrity and focus of the entire enterprise to their strategy marketplace positioning, and they require persistence and energy over the long term to ensure superior results.

2. **Change Consultants and Subject Matter Experts:** The chief executive and line executives always require an internal and external cadre of competent support staff and Subject Matter Experts (SMEs) in human resources, finance, planning, marketing communications, training, and business acumen of the organization’s industry.

3. **All Affected Employees:** Participation and involvement are key to the *buy-in* and *stay-in* of employees to the desired changes. The fundamental agreement is that people today want to have input and involvement in the decision-making process on matters that affect them—*before* the final decision is made. This results in better decisions and employee ownership.

4. **Strategic Management Office:** It is necessary to establish a Strategic Management Office (SMO) led by a credible senior executive, co-led by an external SPP or SMP, and supported by the internal staff and SMEs. The SMO supports the chief executive, guiding the change effort on a daily, full-time basis. Managing the many separate-yet-parallel change projects requires integration and coordination (see 3.6.3).

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**Figure 9.1 Players of Change**
Sustaining Business Excellence

Tracking goals and Key Success Measures is key to knowing whether or not a strategic change remains successful. To build and sustain business excellence year after year, an organization should complete these key actions at the end of the year:

- Conduct an updated Future Environmental Scan.
- Review and assess the organization’s vision and desired outcomes.
- Review and assess the business results and their KSMs from the last year.
- Evaluate the results of the first year of the change process itself.
- Consider a survey on how well the organization is “walking the talk” on its core values.
- Develop further action plans to correct areas of weaknesses or failures and add them to the pink sheet (see 4.4.6).
- Redo the implementation plan for the next 12 months, adjusting core strategies, key initiatives and priorities as necessary.
- Evaluate and redesign the innovative project teams to ensure they continue to be effective vehicles for successful execution.
- Readjust the players of change to ensure proper infrastructure.

Notes and Actions
4.2.3 Plan Modification

**Task:** Review progress and *coordinate the modification of the implementation plan* as needed.

The Change Leadership Team (CLT) replaces (or *is*) the strategic planning team. As the leaders in the process, the CLT is best acquainted with the Strategic Plan. As such, it is best equipped to lead the change implementation, as well as any modifications to the plan. The CLT ensures follow-through via a yearly comprehensive map of implementation.

Despite the careful work of the strategic planning team, the Strategic Plan will not always be a perfect document. The established Key Success Measures (KSMs) will show whether or not the plan is effective or whether it requires modification. Be careful not to blindly follow the Strategic Plan document! If it is not working, it needs to be altered. However, it is crucial that the CLT coordinate this modification.

To revise the implementation plan, the CLT needs to first **coordinate** its Support Team Cadre (see 3.3.3). The team then needs to examine the following areas that may require *modification*:

- The Strategic Plan (see 3.1.1)
- The Pink Sheet (see 4.4.6)
- Department Plans (see 3.2.8)
- Three-Year Business Plans (see 3.1.7)
- Budgets (see 3.4.9 and 3.2.1)
- Environmental Scan (see 3.1.4)
- Competitor Analysis (see 3.2.3)

Remember, to remain effective, the strategic change requires booster shots and feedback (see Figure 9.2). Synergy must be fostered and entropy must be reversed. It is the CLT’s responsibility CLT to monitor the effort in its monthly meetings and to coordinate any necessary changes. See Chapter 12 (4.6.2) for more details.

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*Figure 9.2 Continuous Improvement Helix*
Change Leadership Team: Standard Meeting Agenda
Can be two hours, a half-day session or a full-day session.

1. **Welcome**: Review agenda, logistics, norms, last to-do list.
   - Conduct interactive change icebreaker (i.e., change is...).
   - Identify where we are in the yearly planning and change cycle.
   - Review status of change game plan.

2. **Comparison**: Review status of Key Success Measures vs. goals.

3. **Learning Activity**: Conduct communications and interpersonal skills, coaching, presenting, facilitating, team-building or other change management skills necessary for the CLT to work effectively and for the change to succeed.

4. **Review Strategies**: Interactively review core strategies, change projects and top priority annual action items.
   - List top-three successes to celebrate.
   - List top-three issues or concerns, and problem-solve them if necessary.
   **Note**: Each topic needs to answer three questions:
   1. Where is the CLT on the Rollercoaster of Change™?
   2. Where is the rest of the organization on the Rollercoaster? Discuss differences.
   3. What actions are needed to bring us all through these desired changes?

5. **Review Plans**: Review status of annual plans and three-year plans for each business unit or department. Obtain follow-up results.

6. **Strategic Management Office Integrated Change Reports**: Maintain the organization’s systems fit, alignment and integrity with any other major changes.

7. **Discuss Changes**: Are there any changing priorities? Any environmental changes (SKEPTIC)? What are they and what to do about them?

8. **Deepen Change Management Understanding and Assessment**: Cover one new change management tool each meeting, and apply it to an issue or strategy:
   - Best practices list
   - Customer focus
   - Empowerment criteria
   - Cross-functional teams
   - Change implications list
   - Business excellence survey
   - HR management practices
   - Alignment and attunement
   - Leadership development competencies
   - Positioning and customer star results

9. **Communications to Key Stakeholders**: Continue the Parallel Involvement Process face-to-face and in writing, and cascade communications through unit and department meetings.

10. **Next Steps**:
    - Review to-do list and assign accountability and timelines.
    - Prepare agenda for next CLT meeting.
    - Establish year’s timetable for the Annual Strategic Review and Update.

4.2.4 The Learning Organization

Task: Provide mechanisms, including lessons learned, that ensure the process is improved over time.

Learning is the term for developing new comprehension, an understanding of varied outcomes or changing facts, and the demonstrated mastery we acquire as a result of both formal study and life experiences. There are three kinds of learning:

1. **Knowledge:** First awareness and then the acquisition of new concepts, facts and opinions. This is usually the main focus of schools and organizations.
2. **Attitude:** Willingness and motivation to act; other terms include values and character. Attitudes of resilience, determination, optimism and self-initiative are key to a successful life.
3. **Skills**—Demonstrating or performing an action or function. We use our skills to apply new knowledge to life’s tasks.

An organization that prizes and implements learning across its functions is called a Learning Organization.

Learning as a Competitive Edge

According to *Harvard Business Review*, “A learning organization is an organization skilled at creating, acquiring and transferring knowledge, and at modifying its behavior to reflect new knowledge and insights.”

Why is being a Learning Organization important? Econometricians consistently report that only 40 percent of competitive improvements derive from direct investments, while the other 60 percent of competitive edge comes from advances in knowledge or innovation. In other words, 40 percent of competitive edge can be bought, but 60 percent has to be learned through knowledge, science, invention, skills, innovation, immersion and commerce, as well as following best practices.

A substantial degree of competitiveness comes from an organization’s ability to buy equipment, capital, technology and resources. But the lion’s share of economic success comes from the effective deployment and utilization—immersion, attitude and motivation—of resources, especially people and what they learn.

Creating a Learning Organization

The following actions help to create a Learning Organization:

1. Reward managers who try to create a learning organization.
2. Process meetings at the end to improve them.
3. Conduct training and learning experiences at each staff meeting.
4. Create whole jobs with direct customer contact. Give people the autonomy and freedom to act and control their own jobs.
5. Give employees tasks that include on-the-job training and new learning experiences.
6. Conduct training with follow-up and applications review so it is meaningful and useful to people’s jobs.
7. Understand and use adult learning theory as a way to present new situations. Supply people with questions, not solutions.
8. Set up a 52-week, bite-sized learning and training program that is cross-functional in nature.
9. Establish periodic and regular personal feedback to employees on how they come across to others and on their job performance compared to the objectives.
10. Set up a complete, strategic management development system at all levels of management. Use managers and executives as the trainers to aid their learning.
11. Train and evaluate managers and executives in their new roles as trainers, leaders and coaches, using cross-functional learning styles.
12. Work on continuous performance improvement and delegation daily. Track it.
13. Set up debriefings and postmortems, after action reports and lessons learned in meetings, to ensure the organization learns from its mistakes and experiences.
14. Help the organization and culture develop a forgiveness and problem-solving culture, instead of a blaming one. Promote experimentation, discovery and mistake-making as a way to learn.
15. Inspire a shared vision and common purpose to which people can relate and enthusiastically embrace across all functions.

Notes and Actions
4.2.5 Teams Advisor

**Task:** Serve as the trusted advisor to project teams and continuous improvement teams as they implement the strategic initiatives throughout the year.

Project teams and Continuous Improvement Teams (CITs) are key players in the implementation of a strategic plan. SPPs and SMPs need to be prepared to advise these teams to help ensure effective strategic change.

**Advising Innovative Project Teams**

Innovative project teams are the vehicle for execution of organization-wide change. Project teams require unique skills to function effectively. These needed skills include:

- Effective teamwork
- Innovation
- Project management
- Clarity of purposes
- Simplicity of execution
- Understanding of the Rollercoaster of Change™
- Facilitating conflict
- Cutting to the essence for speed of execution

Evaluate each team’s level of performance in these skills, then address three follow-up questions, making their answers into a to-do list: (1) *What actions are needed?* (2) *By whom?* (3) *By when?*

**Advising Continuous Improvement Teams**

A leader might engage in the following kinds of tasks while preparing to kick-start a new Continuous Improvement Team (CIT). Here is a to-do list of one Chief Strategy Office (CSO) in a large policing agency who was planning to launch a CIT in his organization:

- Meet with the Change Leadership Team (CLT) and get its buy-in for this collaborative method of organizational change. Without the support of the CLT, the CIT can get undermined.
- Meet with all supervisors to help increase their understanding and enlist them in the concept of the CIT.
- Overview how the CIT has worked elsewhere and provide evidence of benefits.
- Provide intense training for the CLT on project management and strategic and systems thinking.
- Send out letter from the CLT and senior management to all staff explaining the CIT concept and ask for their nominations for members from all functional areas (to be approved by unit supervisors before being forwarded to senior management for consideration).
- Have senior management approve all CIT members and announce the team and its purpose to the organization.
• Have a senior executive sit on the team as a member, but not as chair or co-chair since the team acts as an advisory body to senior management and the CLT.
• Meet with the new prospective CIT members, supervisors and managers, and get them up to speed about the mandate and goals of the CIT. Help them make the team their own so it becomes their project and process.
• Get CIT members involved as a cross-functional focus group for planning the leadership competency study. After the study is complete, report the results to the CIT, and then to the entire staff. The CIT conducts a community survey to assess community member concerns using an online and telephone surveys, as well as community meetings.
• Report the results of the survey that the CIT conducted to unit leaders, who formulate projects that resolve community concerns and execute organizational strategy simultaneously, whenever possible.
• Have the CIT meet monthly for two hours and reviews progress on projects and progress of the implementation of organizational strategy at the unit levels, proposing various initiatives.
• Support supervisors’ implementation of strategy at the unit levels through coaching and other kinds of support for teams and team leaders. This is a make-or-break phase of the CIT.
• Hold managers and supervisors accountable, and make sure they are supported by their executive. Make sure they complete projects to which they have committed so that their teams are recognized and appreciated for the impact they are making.
• Remember that once most leaders are successful at even one small project or more, then a new culture is alive and will grow. Other leaders need individual coaching and support. Don’t let them down by letting them flounder without support.
• Report success internally in newsletters and externally to the media to enhance the organization’s image.
• Celebrate annually and recognize member achievements to raise morale and focus on the positive.
• Re-cycle the process annually, having CIT members take part in the organization’s Annual Strategic Review and Update so understand the plan they helped create.

Management, supervisors and the CIT must work together for the team to be a success. It is the SPP and SMP advisor’s role to help them understand that the best hope for moving forward effectively is supporting one another.
For more details on CITs, see Chapter 5 (3.3.6).

Questions to Ponder

• Who should be a member of your organization’s CIT?
• What tactics could help the CIT work well with senior management?
Recap: Action Processes (4.2 SPP)

SPP candidates should understand five tasks associated with action processes:

4.2.1 Communications: The lily pad effect illustrates that it takes a long time to get buy-in and ownership for change from key stakeholders. Initial communications of the Strategic Plan are crucial in the process of building a critical mass to support the change.

4.2.2 Accountability: Ensuring accountability in implementing strategic change requires the teamwork and cooperation of four key players: change leaders, change consultants, change implementers and the Strategic Management Office (SMO). Tracking goals and Key Success Measures is key to building and sustaining business excellence year after year.

4.2.3 Plan Modification: As the leaders in the process, the Change Leadership Team (CLT) is best acquainted with the Strategic Plan. As such, it is best equipped to lead the change implementation, as well as any modifications to the Strategic Plan.

4.2.4 The Learning Organization: An organization that prizes and implements learning is called a Learning Organization. Creating a Learning Organization gives an organization a competitive edge.

4.2.5 Teams Advisor: Project teams and Continuous Improvement Teams (CITs) are key players in the implementation of the Strategic Plan. SPPs and SMPs need to be prepared to advise these teams to help ensure effective strategic change.
Chapter 10

Strategic Action Processes (4.5 SMP)

The future is shaped by those who see the possibilities before they become obvious.

—New Strait Times

To become an effective leader or to pass the SMP exam, each candidate should know and understand how to accomplish six tasks:

4.5.1 Follow best practices in change management and overcoming resistance to ensure that the change initiative succeeds.

4.5.2 Obtain the commitment of the board, chief executive, senior management and middle management to lead and support the Strategic Plan.

4.5.3 Guide senior management in understanding the impact of change on all aspects of the organization and the need to appropriately “keep up the pressure” for change so employees don’t slip back to old routines.

4.5.4 Facilitate the development of a change game plan that can be fully supported by senior management before the formal change and implementation process begins.

4.5.5 Facilitate reward and accountability systems at all levels to support the change initiative.

4.5.6 Assist senior management in making effective critical decisions to drive change based on valid information and objective analysis.

Note: These tasks were taken from ASP’s standards and Body of Knowledge (BOK). Key words are italicized for easy reference. The chapters are arranged according to content, processes and infrastructures (see Introduction for details). For more information, see the BOK on ASP’s website, strategyplus.org.
4.5.1 Change Management Best Practices

**Task:** Follow best practices in change management and overcoming resistance to ensure that the change initiative succeeds.

While this book is loaded with best practices, here are several guarantees and absolutes in handling change management.

**Five Guarantees of Successful Strategic Change**

1. Form a Change Leadership Team (CLT) and have it meet monthly. See Chapter 12 (4.6.2).
2. Establish an overall Strategic Management Office (SMO) with a support cadre of Subject Matter Experts (SMEs) and facilitators. See Chapter 9 (4.2.2).
3. Create project and process teams for each core strategy and key initiative. See Chapter 2 (3.4.4).
4. Set up a yearly comprehensive map and calendar of the change process and events. Fund the process properly. See Chapter 11 (4.3.5).
5. Require department heads to develop annual department plans under the framework of the organization-wide core strategies and their top annual priority initiatives. See Chapter 2 (3.4.4 and 3.2.8).

**12 Absolutes for Success in Strategic Change**

1. Have a clear vision and positioning with shared values.
2. Develop focused and shared core strategies as the glue for setting and reviewing annual goals and actions for all major departments and business units.
3. Establish Quadruple Bottom Line Measures and a tracking system to ensure clarity of purpose and focus on the scoreboard for success. Cascade it down in a line-of-sight for accountability at all levels.
4. Focus on the vital-few leverage points of business excellence based on an assessment of the organization as a system. Create a strategic business design with watertight integrity in support of the organization’s vision and positioning.
5. Determine top strategic change priorities, listing them on a single sheet of paper in the format of a corporate to-do list that specifies what, who and when. This will help to focus everyone in the organization on what’s important in the upcoming year.
6. Conduct large-group change review and critique meetings for all department plans to ensure that everyone knows and is in sync with the organization’s direction for the year.
7. Institutionalize the Parallel Involvement Process with all key stakeholders as the participative way to plan, change and run the business day-to-day. Create a self-sustaining critical mass in support of the strategic and cultural changes.
8. Develop and gain public commitments of Personal Leadership Plans from senior management. Build a cascading Leadership Development System for all supervisory and management leaders to develop and achieve leadership excellence.
9. Establish an CLT—led by the chief executive and facilitated by a master external facilitator—that meets monthly to lead all major changes and monitors the Key Success Measures and the yearly comprehensive map and calendar of implementation and events.

10. Set up a SMO with a cross-functional internal support cadre to track and monitor each core strategy. Use innovative project and process teams as the vehicle for change.

11. Redo HR management practices to support the positioning and values, especially the high-performance management and rewards system.

12. Conduct the Annual Strategic Review and Update, just like an independent financial audit, to ensure continuous yearly updating of the organization’s change game plan.

Questions to Ponder

- Why is familiarity with Best Practices crucial to the success of strategic change?
- What other change management best practices have you learned in this book? In your life and work?

Notes and Actions
4.5.2 Leadership Commitment

Task: Obtain the commitment of the board, chief executive, senior management and middle management to lead and support the Strategic Plan.

As mentioned earlier, change needs to happen at three levels: (1) senior management, (2) middle and first-line management, and (3) employees. It must start at the top and cascade down through the organization. Demonstrated commitment by the collective leadership team to the long-term cultural change is required for the organization-wide change process to succeed, including both buy-in and stay-in power over the long term.

To have a chance of successfully implementing strategic change, an organization needs to obtain commitment from its leadership. It needs the board, chief executive and senior management to get on board as change leaders, then cascade their commitment down through middle and first-line management, and eventually to all employees.

Planning and change management are the primary tasks of senior leadership. In fact, it is a waste of time to try to implement strategic change without the commitment of the collective leadership through the Change Leadership Team (CLT). The CLT must accept responsibility for initiating, tracking and leading the overall change process.

Change leaders must be highly committed to the change initiatives and develop and exercise their leadership skills to bring about the desired change. Change leaders also need a legitimate concern for the individuals who will implement the change and the impact it will have on their lives and jobs.

Essential change leader skills include:

- A deep understanding of the strategic change process and the Iceberg Theory of Change (see Introduction).
- Discipline and courage to ensure consistency, integrity and focus of the organization to its strategic positioning in the marketplace, year after year.
- Persistence and energy over the long term to ensure superior results through a focus on both economic alignment of delivery and cultural attunement with people’s hearts and minds.

Fostering this commitment requires establishing leadership development competencies, strategies and actions to prepare the collective leaders to lead and support the Strategic Plan.

Leadership Development Competencies

Leadership development should be enterprise-wide, occurring from the top down to ensure senior-level understanding, commitment and buy-in. Instead of concentrating solely on an individual, leadership development should focus more on teams and applications. Effective executive development requires equal parts of business acumen and leadership development.

Business acumen involves executive presence, as well as knowledge of customer sales, marketing, merchandising, advertising and customer service. It also includes knowledge of finances, technology, products, delivery, administration and human resources.
Leadership development involves leadership competencies, the essential core competency needed in every successful organization. Competencies are the underlying characteristics and skills of an individual that are directly related to effective or superior performance in a job. They can be motives, traits, self-concepts, attitudes, values, content knowledge or cognitive and behavioral skills. Differentiating competencies and skills distinguish the superior performers from the average, the effective organization from the ineffective one.

There are six natural levels of leadership competencies that exist in every organization:

**Basic Leadership Competency Levels:**
- Level #1. Enhancing Self-Mastery
- Level #2. Building Interpersonal Relationships
- Level #3. Facilitating Empowered Teams

**Advanced Leadership Competency Levels**
- Level #4. Collaborating Across Functions
- Level #5. Integrating Organizational Outcomes
- Level #6: Creating Strategic Alliances and Marketplace Positioning

**Leadership Development Strategies**

It is important to define key strategies to approach leadership development. These strategies require resources, timing and reinforcement, as well as support structures. Performance appraisals should be tied to the Strategic Plan and development, with rewards, recognition and succession planning to follow.

Key leadership development strategies for the entire organization might include:
- Setting up a Leadership Development Board (LDB).
- Attending a leadership development immersion experience in order to build the key leadership skills and actions for the next fiscal year.
- Setting up a succession and talent management system.
- Supporting the overall Strategic Plan and its organization-wide implementation.

**Leadership Development Actions**

After carrying out these strategies, a variety of actions need to occur over the next year:
- Develop senior management first (start slow).
- Conduct developmental immersion experience.
- Have all executives involved develop Personal Leadership Plans.
- Train middle and front-line management on the same essential key leadership points in a cascade after senior management.
- Install best-practice People Edge programs and processes to support creating the desired organizational culture and core values.
- Develop daily or weekly bite-sized reinforcement methods.

The outcome of implementing a Leader Development System is an organization focused on the systematic development of its leaders at all levels toward a shared leadership vision. Once the collective leadership is on board, their commitment to the strategic and cultural change will cascade down through the entire organization.
4.5.3 Impact of Change

**Task:** Guide senior management in understanding the *impact of change* on all aspects of the organization and the need to appropriately “keep up the pressure” for change so employees don’t slip back to old routines.

Change strongly impacts everyone in an organization, as illustrated by change theories such as the Rollercoaster of Change™ and the Iceberg Theory of Change (see Introduction). And while many aspects of change are highly predictable, change is often accompanied by unpredictable and unintended consequences—especially when left unmonitored.

When a stone is thrown in the water, there is a ripple effect. And often, when people come up with “the perfect solution” to a problem, they fail to consider its ripple effect—the Law of Unintended Consequences. This law can be visualized as trying to solve a Rubik’s Cube—getting all the colors to match on just one side will cause unseen problems on the other five sides of the cube. This Rubik’s Cube Effect is often why seemingly simple solutions end up being worse than the problem—because today’s thinking is often the source of tomorrow’s problems.

A classic example of this is the Tragedy of the Commons—when many people take advantage of a common resource for themselves, eventually causing it to be depleted or ruined. Examples include overfishing and over-extraction of groundwater. What seems like a great solution—fishing or watering a golf course—can lead to catastrophic results like resource depletion and a water crisis if left unchecked.

The following are several examples of the Law of Unintended Consequences:

1. **Accidental Adversaries:** Two entities want to cooperate, but see the other as a competitor for resources, results and prestige in their marketplace. Similarly, sometimes two employees will not work together, resulting in silos, a lack of communication and poorer organizational results.

2. **Ostrich View:** Consideration of today’s and the future’s environmental trends is key to success. Likewise, taking a head-in-the-sand avoidance approach leads to failure. Success can breed overconfidence and future failures if organizations forget that times have changed and there is no guarantee of future success.

3. **Mis-Positioning:** Proper positioning of any organization or business unit is almost like a doctorate in strategy. Most organizations have no positioning, are mis-positioned in the marketplace or try to be all things to all people. Failing to understand and clarify an organization’s position limits its success in the marketplace and increases its potential for failure.

4. **Multiple Goals Missing:** All situations have a set of multiple goals, but many ignore this, focusing only their own goals and not those of others. This is the natural way the world works. Leaders and managers need to search harder for the desired outcomes of all key stakeholders before moving to action too quickly.

5. **The Entropic Effect:** Everything runs down over time, especially without booster shots. Getting *buy-in* from key stakeholders is easier then getting *stay-in* over time.
6. **Resistance to Change:** When employees do not know WIIFM (What’s in it for me?), they naturally resist change—for logical reasons. The harder management pushes, the harder employees push back. When leaders and managers see change being resisted, they often fail to realize it is legitimate.

7. **Faster is Slower:** The “do it, try it, fix it” mentality works for tactical-operational issues. However, for strategic issues, time to think through the new direction and its consequences—as well as get people on board—means going slow to go faster later on. Don’t rush into actions and solutions without planning properly.

8. **Sequential and Linear Thinking:** The world is complex, dynamic, and parallel, yet we often think handle problems on a step-to-step basis. This has all kinds of unintended negative consequences. Many leaders believe that planning comes before the changes when in fact, planning is for change and change begins the moment planning begins.

9. **Fragmentation and Silos:** Silos are the result of the way we traditionally do business in organizations, breaking things into small pieces to problem-solve them without regard to the full overall systems impact. While functional and vertical specialization is important in organizations, the horizontal integration that is often lacking is even more important. Trading off the strengths and weaknesses of each is the key to all process improvement initiatives.

10. **Bureaucratic Boundaries:** Bureaucrats usually strictly follow policies, requirements, boundaries, and insensitivity over common sense. When bureaucrats are in control, costs go up and results go down. Everything becomes more complex and elaborate over time—unless there is a conscious focus on simplicity to reverse this. Policies get more detailed over time, constraining an organization’s effectiveness until it becomes so rigid that it dies. That’s why Simplicity Police should be “patrolling” every organization.

11. **Quick Fixes That Fail (Peter Senge):** Quick fixes are often ineffective, or they lead to long-term negative unintended consequences and hard feelings. Attending a training program, sending an e-mail or holding a meeting are examples of what managers do quickly that often fails. The easy way out leads back into the problem again.

12. **Cause-and-Effect Blinders:** A narrow or shallow view of short-term issues often deals just with symptoms, staying blind to reality and deeper root causes of the situation. The result is that the issues do not get solved—and the cure is often worse than the disease. This results in employees still having to exist in the same situation, with the same issue, as it repeats itself over and over again and gets worse and worse.

Remember, after considering the Law of Unintended Consequences, which is always at work in every situation, don’t get complacent: change is constant in our dynamic global environment. Employee engagement, input, and involvement are key in minimizing negative unintended consequences.
Standards of the Strategic Planning Field: Volume II

4.5.4 Change Game Plan

**Task:** Facilitate the development of a change game plan that can be fully supported by senior management before the formal change and implementation process begins.

When implementing strategic change, it is important to first define the strategic direction. In addition to a shared vision and shared values, an organization needs a tactical game plan of the change processes and structures necessary to reach its outcomes or desired changes.

The change game plan details what to do and how to do it. Once a Strategic Plan with a shared vision (and values) is developed, then annual department plans and strategic budgets tied to the annual priorities must be set within the context of core strategies to achieve the vision. The change game plan will define the processes and structures necessary to focus on the vision, clarity of purpose, goals and core strategies with leveraged change actions to achieve outstanding change results.

The game plan is developed at the **Smart Start: Plan-to-Implement** day once the plan is complete. This step is designed to bridge the gap between visioning, values and strategic planning and the difficult implementation process. It is a day of educating, assessing, organizing and tailoring for the change effort. The end product is the development of a Strategic Change Game Plan to educate and organize.

After the strategic annual and department plans and budgets are in place, the change game plan should identify and address the following:

1. From where and whom the motivation for change came.
2. Who and where are the biggest resistors and what to do address them.
3. Where and when the Rollercoaster of Change™ will occur and how to minimize it for individuals.
4. Appropriate change infrastructures that need to be installed, starting with the Change Leadership Team (CLT) and Strategic Management Office (SMO).
5. Core change strategy to determine best places to intervene in the organization and appropriate speed of implementation, as well as the best decision-making and influence strategies for creating commitment, understanding and a critical mass.
6. Data necessary for better decisions to achieve strategic and cultural change vision.
7. Current State Assessment vs. proven best practices.
8. Required commitment to the culture change—board, chief executive, senior management, middle and first-line management, and employees.
9. Change competencies necessary to develop leaders of senior, middle and first-line management, the SMO, change consultants and high-level professionals—and, ultimately, all employees.
10. Dedicated change resources, including money, staffing, information, space, equipment, and time.
11. Subsystems involved in or affected by change and priority in which they should get involved.
12. Vulnerabilities, accessibility and linkages that affect organization’s readiness and capability for change.

13. Key players’ roles in building commitment—study factors involved in the change: internal factors within the organization’s control, external factors that it can influence and external factors that are out of its control.

14. Core values most needing improvement to reach cultural change.

15. A “mini” cultural change game plan for each core value that needs to be changed.

16. A rewards and recognition system to support the implementation.

17. Players of change (main change infrastructures) needed (see 4.2.2).

18. Change subcultures needed, such as employee development board, rewards and recognition team, technology steering committee, etc.

19. Clear roles and involvement of internal and external key stakeholders.

20. Leading, managing and creating the overall change process and sequence—dealing with the Rollercoaster of Change™ and its stages (see Introduction).

21. Change management’s many fail-safe mechanisms (see website below for details).

22. Key meetings, events, training programs, structures and change project tasks.

23. Multi-year cultural change effort—take senior management through intense training and development experience, then move training down to middle management and supervisors.

24. Strategic change impact—identify implications and necessary actions.

25. Yearly map of implementation and calendar of all the above.

For a template to help an organization develop a Strategic Change Game Plan that will create superior results and sustained business excellence, visit systemsthinkingpress.com.

Notes and Actions
4.5.5 Reward Systems

**Task:** Facilitate reward and accountability systems at all levels to support the change initiative.

According to a Gallup poll, there’s a clear link between employee engagement and profitability. This makes engagement a more urgent issue for strategic management and leaders now than it has been in more prosperous times—especially in an organization that is trying to implement a strategic change.

So how can leaders implement a plan that reaches the hearts and minds of their employees? The first action is to make an effort to repeatedly show employees how their work contributes to the organization’s future growth. Restate the mission and vision and core strategies often—and help employees see their role in achieving those. Explain that even though times are tough, opportunities still abound. This helps people focus on the future instead of dwelling on the survival mode of the present economy.

In addition, organizational leaders need to pay attention to employee needs and wants, and develop appropriate and effective recognition programs.

**Employee Needs and Wants**

All employees have three top job needs:

1. Recognition for doing good work
2. Freedom and opportunity for independent thought and action
3. Opportunity for personal growth and development

When implementing a reward system, keep in mind that effective rewards must be timely, significant and personally meaningful. They also should involve self-competition and have multiple winners. *Note that traditional pay-for-performance rewards violate all of these.* As such, an organization needs to implement a non-financial rewards and recognition as well.

A creative approach to non-financial rewards is to require each employee to develop a Strategic Career and Life Plan. Helping employees create plans for achieving their personal career goals is key. Survey employees to find out what drives them and what goals they have for their future, then work with each person to help them achieve their smallest goals first. Follow these initial successes with the successively larger, more challenging ones later. The very fact that their organization takes the time to help them succeed will enhance their positive attitudes around and get them more engaged in helping the organization succeed.

**Questions to Ponder**

- How do you envision employee engagement in your organization?
- What non-financial rewards can your organization implement?
Chapter 10: Strategic Action Processes (4.5 smp)

Five Human Resource Absolutes

1. Treat all people with dignity and respect, using the Golden Rule, regardless of their relative roles.
2. Remember that feedback is the breakfast of champions. Encourage it.
3. Ensure that the principle of simplicity is applied to all practices and policies.
4. Make certain the rewards and recognition for teamwork are clear and specific.
5. Establish recognition programs—not suggestion programs—to acknowledge progress toward results, holding visible recognition events at least quarterly.

An Olympic Recognition Program That Works

With this “Olympic” Recognition Program, the organization rewards employees at three levels: Gold, silver and bronze. Key characteristics of this program include:

1. Selection of one or two key desired outcomes, based on the Strategic Plan, such as lower costs, improved customer service, etc. Reorganize and reward results and achievement, not ideas or suggestions.
2. Key program nomination characteristics:
   • Anyone can nominate anyone or any team, including themselves.
   • Nominations are for any person or team that has actually achieved one of the key desired outcomes mentioned above. Ideas and proposals are not rewarded, but achieving actual results are.
3. Wide publicity for the program. Set up a simple, one-page form on colored paper, distribute it and make it widely available.
4. Large-group meetings on a regular basis with everyone eligible in attendance. If the organization is spread out, hold regional meetings and possibly one big annual meeting. It is best to make this meeting a quarterly business meeting with the recognition of winners as the main attraction. Some other business topics might include:
   • Discussion of Key Success Measures or business outcome results.
   • Guest speaker on a key topic, such as a key strategy or core value.
   • Discussion of the importance and priorities of a couple key core strategies.
   • Celebration of successes, including social time such as a lunch, happy hour, etc.
5. Peer Review Committee to review submissions for documented outcomes. Do not single out one big final winner. The goal is to cultivate as many “winners” as possible, not to create a contest of winners and losers. Choose winners but keep results secret until the “awards ceremony.”

Award bronze, silver and gold winners. For example, bronze winners might be those who “win” during a particular quarter, while silver might be the top ten semi-annual winners and gold might be the top three-to-five “best and brightest” of the year. But remember, do not single out one big final winner.
4.5.6 Effective Critical Decisions

**Task:** Assist senior management in making *effective critical decisions* to drive change based on valid information and objective analysis.

In our competitive and demanding world, errors can be costly—especially strategic ones. Single wrong strategic moves can destroy even established companies. Traditional problem-solving fails to recognize the interrelated parts of a relationship. Time and time again, only the symptoms are dealt with, causing unintended consequences as the root causes were not adequately addressed. Instead, a holistic approach to problem-solving is required.

**Identification of the Problem**

A large part of effective decision-making is correctly identifying the core problem, not just its symptoms. It involves going beyond the immediate problem, expanding the scope to think out of the box, look at the surrounding environment and choose the desired outcomes that best suit the situation.

A challenge in problem-solving is being proactive, *before* the issue becomes chronic or massive. We seldom act on any real or potential problem when we are satisfied with the adequacy of the present system. Problems and issues are often undetected or ignored until they became too serious to be dismissed. This is called the *boiling frog syndrome* because we act like frogs being gradually cooked on a stove. As amphibians, frogs adapt to the changing heat, unaware that they are slowly being boiled to death.

Joachim Funke summarized some typical characteristics of difficult problems:

- Lack of clarity of the situation.
- Multiple goals that may be hard to define and are opposites.
- Complexity in terms of connectivity and time considerations.

These characteristics explain why problems sometimes defy identification or definition. We might have a gut feeling that something isn’t right, but are unable to identify why.

The following steps of *solution-seeking* will help the organization achieve its desired outcomes, stay on the right path and focus on the right problems.

**Solution-Seeking**

**Step 1: Identify the desired outcomes.**

The first step is to look backwards to what the organization wants as the final outcomes—its goals or vision—when the problem is resolved. Key stakeholders should agree upon these objectives or goals to keep the purpose and method of problem-solving in focus. Don’t forget to set the desired outcomes within the external environment—both the present and future. It presents both future opportunities and threats to attaining the ideal results.

**Step 2: Establish measurable goals.**

To crystallize the ideal vision and express it in concrete terms, make Key Success Measures more holistic than performance alone. The goals should cover the following areas: Employees, core values and culture; key operational indicators; and customer, stockholders and stakeholder satisfaction. Remember to measure the desired outcomes, not what is easy.
Chapter 10: Strategic Action Processes (4.5 smp)

Step 3: Identify root causes and today’s strengths and weaknesses.

Root Cause Analysis (RCA) digs below the symptoms to find the underlying compelling reasons to explain the gap between actual and desired performance. For more details, see Chapter 4 (3.5.5).

In addition to scanning the future, proactive solution-seeking also requires a SWOT analysis to understand where it is today. This analysis can help reveal the strengths or weaknesses that are the driving force(s) of the problem.

Step 4: Brainstorm alternative strategies and actions.

Many organizations rush in with all the fixes once they think they have found the root causes. Yet many find out the hard way that very soon their solutions have run aground. This could be avoided if they delayed launching the initiatives and performed a plan-do-check on their ideas and strategies (see 4.1.2).

Brainstorming sessions should fulfill three important tasks:

1. Discover why existing approaches are not giving the desired results. A problem may have many possible causes and answers.
2. Generate ideas to break out of established patterns and develop new approaches.
3. Develop fresh and creative alternative strategies or solutions to a problem and evaluate and select the best ideas.

Brainstorming works best on two principles: Deferred judgment and Quantity breeds quality. It helps to reduce unintended consequences significantly.

Step 5: Develop strategies and integrated action plans.

The guiding principle is to select alternatives that would be most appropriate for the organization to align their actions to close the gap and attain its stated goals. For more details on this subject, see Chapter 4 (3.5.5).

Step 6: Implement actions plans with speed and flexibility.

Realistically every action plan has real consequences—some may be intended, others unintended. Don’t forget the Rollercoaster of Change™ (see Introduction)—people resist change and every change imposes stress. In order for the change to be successful, the organization must clearly communicate why it is implementing this solution. Inducements and rewards are also necessary, as people do what is inspected, not what is expected.

Step 7: Continually provide feedback on the status of meeting goals.

The final phase to achieving results is following through on the implementation to sustain the momentum and direction. This requires frequent status updates on whether chosen results are met within the given dateline. If there are delays, then each strategy and action plan needs to be examined in terms of: (1) its adequacy of achieving the desired outcomes and (2) the efficiency with which the result was obtained. Given today’s complex and changing environment, this feedback might necessitate that the timing and action plans need to be changed in order to continue success.
Recap: Strategic Action Content (4.5 SMP)

SMP candidates should understand six tasks associated with strategic action processes:

4.5.1 Change Management Best Practices: There are several guarantees and absolutes in handling change management. Following these best practices ensures that the change initiative succeeds.

4.5.2 Leadership Commitment: To have a chance of successfully implementing strategic change, an organization needs to obtain commitment from its leadership. In order to foster this commitment, it is necessary to establish leadership development competencies, strategies and actions to prepare leaders to lead and support the Strategic Plan.

4.5.3 Impact of Change: When implementing change, people often fail to consider the Law of Unintended Consequences. This law can be visualized as attempting to solving a Rubik’s Cube—getting all the colors to match on just one side will cause unseen problems on the other five sides of the cube. This Rubik’s Cube Effect is often why seemingly simple solutions end up being worse than the problem—because today’s thinking is often the source of tomorrow’s problems.

4.5.4 Change Game Plan: When implementing strategic change, it is important to define the organization’s strategic direction. An organization needs a tactical game plan of the tasks and content it needs to reach its outcomes or desired changes. The change game plan—which is a yearly comprehensive map of the implementation process—summarizes the first year’s game plan for change.

4.5.5 Reward Systems: Make an effort to repeatedly show employees how their work contributes to the organization’s future growth in order to help them focus on the future instead of the present. In addition, pay attention to employee needs and wants, and develop appropriate and effective recognition programs.

4.5.6 Effective Critical Decisions: When making a decision in problem-solving, it is important to correctly identify the problem first. Following seven steps of solution-seeking will help the organization achieve its desired outcomes, stay on the right path and focus on the right problems.
To become an effective leader or to pass the SPP exam, each candidate should know and understand how to accomplish seven tasks:

4.3.1 Identify and engage key stakeholders that will drive the change and the best practices structures.

4.3.2 Work with the chief executive and CFO to ensure that adequate funding and resources for the required change initiatives and infrastructures are in place.

4.3.3 Guide the development of regular change leadership teams at all unit levels as appropriate.

4.3.4 Establish an effective portfolio management system to support the Strategic Plan initiatives and projects.

4.3.5 Assist senior management in developing and executing an annual implementation schedule (corporate yearly calendar).

4.3.6 Convey the concept that an organization is a system wherein all components of the system are interrelated.

4.3.7 Support ideas to ensure employee engagement and attunement of their hearts and minds in support of the strategic direction.

Note: These tasks were taken from ASP’s standards and Body of Knowledge (BOK). Key words are italicized for easy reference. The chapters are arranged according to content, processes and infrastructures (see Introduction for details). For more information, see the BOK on ASP’s website, strategyplus.org.
4.3.1 Key Stakeholders

Task: Identify and engage key stakeholders that will drive the change and the best practices structures.

The Change Leadership Team (CLT), a core structure from the organization’s senior leadership, should lead the strategic change process, do the hard work and make the tough decisions. One of the team’s crucial tasks is to carry out the Parallel Involvement Process, involving key stakeholders in a meaningful way. This entails gathering stakeholders’ input on all draft documents and increasing their ownership of the plan. Using this approach instead of the old DAD Method (see 4.1.1) is crucial.

Visionary and participative leadership practices that produce dynamic leaders, as opposed to the feared bosses of the past, are a necessity in the 21st Century. The leaders of the CLT must be trainers, coaches and facilitators to carry out this Parallel Involvement Process—as well as the entire yearly Strategic Management System.

Engaging key stakeholders is crucial as they drive the following best practice structures:

- **Future Environmental Scan**: See Chapter 1 (3.1.4).
- **Current State Assessment**: See Chapters 1 (3.1.5) and 3 (3.2.3).
- **Continuous Improvement Teams**: See Chapters 8 (4.4.6) and 9 (4.2.5).
- **Project Teams**: See Chapters 7 (4.1.4) and 9 (4.2.5).
- **Annual Strategic Review and Update**: See Chapter 5 (3.3.4).

The first step is identify the organization’s stakeholders. To review this process refer back to Chapters 3 (3.2.9) and 9 (4.2.1), as well as to Chapter 8 (4.4.4). Make a list of all stakeholders, both internal and external.

Once the stakeholders are identified, engage them in the change process by involving them together in teams, based on the structures in the list above. And remember the reasoning behind involving stakeholders: People support what they help create!
4.3.2 Funding and Resources

Task: Work with the chief executive and CFO to ensure that adequate funding and resources for the required change initiatives and infrastructures are in place.

In order to be successful, a strategic change needs the proper structural support, both financial and non-financial. It requires adequate resources devoted exclusively to the change.

Even in today's tough economic times, there must be a commitment to devote the proper resources exclusively to the change effort. This includes the traditional list of money, people and materials such as facilities, equipment and hardware. It also includes time, the scarcest and only non-renewable resource. Strategic change requires time for proper planning and execution—which also requires patience.

There must also be a commitment to information, including access and processing of information, not only on a need-to-know basis, but also transparently for those who want to know. For details on strategic budgeting, see Chapter 2 (3.4.9).

Ten Ways to Establish A Budget And Resource Allocation Approach

To strategically weigh priorities based on the Strategic Plan, use some of these 10 ideas:

1. Assign macro-allocations only and let managers allocate to their departments.
2. Carry out activity-level budgeting or zero-based budgeting.
3. Require 5-, 10- and 15-percent budget cut projections and plans, and cut each unit differently based on its plans.
4. Budget “hold-backs” for Request for Proposals (RFPs) for new initiatives.
5. Require new initiative programs (NIPS) for all new funding.
6. Work out the bureaucracy to eliminate waste—and then re-budget.
7. Radically re-engineer the business’ economic structure (value-chain management).
8. Promote learning as a critical resource and view it as an investment.
9. Initiate a recognition and rewards program to lower costs and improve service.
4.3.3 Unit-Level Change Leadership Teams

Task: Guide the development of regular change leadership teams at all unit levels as appropriate.

As discussed throughout this book, it is necessary to create a Three-Year Business Plan for each Strategic Business Unit (SBU), Major Program Area (MPA) and Major Functional Area (MFA) in order for the organization to compete successfully (see 3.1.7 and 4.1.4). Of course, it is important that each of these Three-Year Business Plans derive from the organization’s overall Strategic Plan. Keep in mind, on organization does not implement Three-Year Business Plans—it implements annual operating plans based on its Three-Year Business Plans. Once it has determined its business plans, the unit must create actions to implement the plans.

In order to successfully implement its plans, it is essential that each SBU, MPA and MFA establish its own unit-level Change Leadership Team (CLT). The structure of the unit’s CLT mimics that of the overall, organization-wide CLT in that it meets monthly and guides the change. The differences are that this unit-level team’s focus remains on itself, not on the overall organization, and that it is led by the unit head, not the chief executive.

The unit-level CLT is formed during the Smart Start: Plan to Implement stage, which is an additional educating, assessing, organizing and tailoring opportunity for the change effort. A unit-level CLT is one of the “fail-safe mechanisms” that help to ensure successful implementation—the point where actual tasks are accomplished. Part of ensuring successful change is for the unit-level CLT to conduct monthly meetings to maintain progress.

Business unit and staff leadership follows a cascade similar to the organization-wide cascade. First, the CLT needs to work on the subsystem, developing the Three-Year Business Plans for the SBU, MPA or MFA. Then, it needs to work in the subsystem, cascading the change throughout the unit.

Change cascades from the top down in the following order, which is a crucial structure:

**Cascade 1:** Shared core organization-wide strategies (total subsystem)

**Cascade 2:** Large-group, organization-wide reviews of Three-Year Business Plans (cross-functional)

**Cascade 3:** Annual plans of unit, department or section (work teams)

**Cascade 4:** Execution vehicles—lead some process and project teams and support others (cross-departmental)

**Cascade 5:** Performance management and rewards (one-to-one)

The CLT and senior leadership of a SBU, MPA or MFA are responsible—and should be held accountable—for what is cascaded and for how well the cascade works, as well as business excellence and superior results in their area of responsibility. Remember, in this process, the parts must fit. Success is not the result of one action, but many actions, each bringing us closer to our goals.
4.3.4 Portfolio Management System

Task: Establish an effective portfolio management system to support the Strategic Plan initiatives and projects.

Three-year business planning (see previous section) answers the question of how core strategies are to be implemented by the different Strategic Business Units (SBUs)—or Major Program Areas (MPAs) in the public sector. To do this, these business units that make up the organization’s overall business portfolio must be clearly identified and prioritized based on their importance to the future organization’s growth, profitability and direction. In other words, the organization needs to clearly define its SBUs or MPAs in order to determine if what it presently has will take it toward its desired future outcomes. This is a pivotal structural component for organization’s with multiple business units.

SBUs and MPAs are extremely important to determine: (1) what businesses the organization wants to be in the future, and (2) what it will take to get there. It forces the organization to evaluate its overall portfolio of businesses to be sure the organization knows why it’s in each of these businesses and properly allocate its resources accordingly.

SBUs and MPAs need to fit within an overall corporate strategy of relatedness to an organization’s driving forces—to its core expertise or competency. Any other reason should be honestly and clearly articulated, even if it isn’t a good reason. This honesty could incorporate reasons such as profitability, a champion’s interest or building a powerful conglomerate.

Failing to focus on and prioritize SBUs can drastically reduce their results down the line. Doing so runs the risk of thinking at the micro-level—analyzing projects, products, services and programs at the business level, and making decisions on the merits of the individual case. In contrast, the more holistic, macro-level analyzes a complete portfolio of business areas, lines, projects, programs and elements—with decisions made as a totality.

Failure to look at this holistically is what the Haines Centre calls being micro-smart, yet macro-dumb. Strategic decisions need to consider the entire portfolio of business units and their trade-offs. For example, an organization in the high-technology field must answer an underlying question: Does it stay with its current technology, go to new technology, expand geographically across the United States and internationally, or go into peripheral business areas? This is a true portfolio question, because each possibility makes some sense in and of itself. However, if an organization tries to accomplish all of them at once, it will usually end up failing.

While all analysis may seem a bit daunting, the fact is that unless SBUs and MPAs are analyzed against the overall corporate vision and mission—and then any changes and actions they require prioritized—it’s a sure bet they won’t be long-term, viable business units in today’s world of dynamic change.

Bruce Henderson, founder of Boston Consulting Group, said: “A multi-division company without an overall strategy is not even as good as the sum of its parts. It is merely a portfolio of non-liquid, not-tradable investments which has added overhead and constraints. Such closed-end investments properly sell at a discount from the sum of its parts.”
4.3.5 Annual Implementation Schedule

**Task:** Assist senior management in developing and executing an annual implementation schedule (corporate yearly calendar).

To ensure successful implementation of the Strategic Plan, the organization needs to compose a Yearly Map of Implementation. This is a yearly strategic calendar for the organization, laying out the change structures and when they meet on a month-by-month basis throughout the year (for a sample template, see Figure 11.1). It includes 12 important change structures, which are very powerful in their collective energy:

1. **Change Leadership Team (CLT):** See Chapters 9 (4.2.3) and 12 (4.6.2).
2. **Smart Starts:** See Chapters 4 (3.5.1 and 3.5.2) and 6 (3.5.1).
3. **Funding:** See Chapters 2 (3.4.9) and 6 (3.6.4).
4. **Strategic Management Office (SMO):** See Chapter 9 (4.2.2).
5. **Support Team Cadre:** See Chapter 5 (3.3.3).
6. **Continuous Improvement Teams (CITs):** See Chapters 5 (3.3.6) and 9 (4.2.5).
7. **Project teams:** See Chapter 9 (4.2.5).
8. **Executive Development Board:** See Chapter 10 (4.5.2).
9. **Future Environmental Scanning Teams:** See Chapter 1 (3.1.4).
10. **Organizational Design:** See Chapter 2 (3.4.8).
11. **Coaching and learning:** See Chapter 9 (4.2.4).
12. **Quarterly meetings:** Employees and management meet for change dialogue.

The following example tracks two or more years to institutionalize strategic change. The bold-faced steps are often missed, resulting in failure to implement the Strategic Plan:

**Year #1**

- **Structure:**
  - June 1. Smart Start: Plan-to-Plan (1 day)
  - July – Oct. 2. Strategic planning (5-8 days overall)
  - Nov. 3. Annual work plans and budgets

**Year #2**

- Jan. 4. Large-group department plan review (1 day)
- Jan. 5. **Smart Start: Plan-to-Implement (2 days)**
- Ongoing 6. Ongoing SMO Operation
- Ongoing 7. Monthly CLT review session
- April – July 8. **Three-Year Business Plans for SBUs, MPAs and MFAs**
- Sept. 9. Plan’s first-year success and rewards based on this
- Oct. – Dec. 10. **Annual Strategic Review and Update (2-4 days)**

**Year #3**

- Jan. 11. Updated annual department work plans and budgets
- Jan. 12. Large-group department plan review (1 day)
- Ongoing 13. Ongoing SMO Operation
- Ongoing 14. Monthly CLT review session
- June – Dec. 15. **Annual Strategic Review and Update**
### Figure 11.1 Yearly Map of Implementation

**YEARLY MAP OF IMPLEMENTATION: CORPORATE CALENDAR**

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4.3.6 The Organization as a System

Task: Convey the concept that an organization is a system wherein all components of the system are interrelated.

An organization is a living, breathing system, composed of people, money, processes, facilities, equipment and software. Just as people get sick when their organs don’t act properly, an organization is ineffective—meaning it loses money, market share, employees or customers—if any of its components become dysfunctional.

However, not all components of an organization are equal to its success. Ultimately, the most important element to an organization is the people that make up its workforce, as they work towards achieving a set of defined purposes.

Just as a liver can’t live without a pair of lungs to supply it with oxygen, employees are only as effective as the other elements that surround them. An organization can be seen as a Rubik’s Cube of many moving parts that all need to align together to achieve maximum performance (see 4.5.3). In high-performance organizations, each person and unit works seamlessly with the others as they apply best practices.

An organization is defined as an entity that exists to provide goods or services to customers. They can be in the public, private, government, military or nonprofit sectors. Regardless of the sector in which the organization functions and its sphere of operations, there are three fundamental types of cultures in today’s dynamic world:

1. The Reactive Organization: A reactive organization is one that is struggling for survival. It can have a wide variety of serious, deeply-seeded problems that can range from all different aspects of the organization: money flow, supply chain, leadership, Strategic Plan, etc. Often these organizations are in this position because they were unable or unwilling to adjust to the dynamic, global nature of today’s economy. When it comes to environmental changes, they are reactive, not proactive. Because so much employee energy and time is spent on dealing with daily emergencies instead working toward overall desired goals, the vast majority will go out of business.

2. The Responsible Organization: The traditional, Industrial Age organization was most successful during the 20th Century. The Cold War between the United States and the USSR provided a stable, predictable environment in which organizations could thrive, and the private sector businesses made a lot of money during this time. While these businesses can still be viable, they are not as profitable as they once were because their infrastructures are not designed to react to the 21st century’s rapidly changing digital world and blurring of industry boundaries.

3. The Systems Age Organization: This 21st-century organization is designed (or redesigned) from the ground up to deal with the challenges and uncertainties of our dynamic world. It is fundamentally customer-focused, proactive and structurally superior to its reactive and traditional counterparts. It keeps up with technological advancements to keep costs down, create the best profit margins and provide the best customer experience.
In a *Systems Age Organization*, interrelated components are used as an advantage. All the departments integrate and excel together, achieving maximum teamwork and success without leaving certain departments behind.

When you really examine an organization as a living system, you’ll see that you can’t affect one part of an organization without it affecting all its other parts. As such, organizations must be careful and thoughtful when implementing any changes, as they will encounter unintended consequences—often of a negative nature (see 4.5.3).

Regardless of the changes the organizations decide to make, the key to successfully implementing change is to (1) align the delivery systems and departments while (2) successfully achieving cultural attunement with the employees’ hearts and minds (see Figure 11.2). If it only does one or the other, an organization will encounter a low ceiling that will keep it from becoming a high-performing organization of the 21st century. It needs both alignment of delivery and attunement of people’s hearts and minds.

Every component of an organization needs to fit together. The better they fit, the more efficient and effective the organization will be. If the components don’t fit, the organization runs the risk of having “tomorrow’s strategy, today’s structure, and yesterday’s people and rewards.” What an organization really needs is tomorrow’s strategy, tomorrow’s structure and today’s high-performing people.

Figure 11.2 The Organization as a System
4.3.7 Employee Engagement

**Task:** Support ideas to ensure *employee engagement and attunement* of their hearts and minds in support of the strategic direction.

In his book *The Dream Manager*, Matthew Kelly writes, “The great majority of people in the workplace today are actively disengaged. People don’t feel connected to their work, the organizations they work in, or the people they work with.”

Only 25 percent of workers feel a strong attachment to their employers, and four in 10 feel trapped in their jobs, according to Walker Information, an Indianapolis-based research firm. Walker vice-president Marc Drizin says employee loyalty was on the decline even before the economy stalled—and that pattern is likely to continue. Employers who ignore workplace discontent run the risk of periodic productivity slumps as skilled employees depart for higher-paying positions whenever the labor market surges.

What's missing is the WIIFM or "What's in it for me?" This is a legitimate question for all of us and the answer needs to be explicit. Smart organizations that make employees feel valued will gain a crucial competitive edge.

**Leadership Responsibility**

The modern employee is looking for more than just a decent paycheck. People want interesting and challenging work, *and* they want to feel appreciated and valued for the contribution they make. This employee engagement is the responsibility of leaders.

Helping employees achieve their own personal life goals is one way to retain them, while simultaneously generating positive results that affect the same time bottom line:

- **Dramatically reduced turnover**—employee turnover costs 150 percent of each person’s yearly salary, and up to 250 percent for sales and managerial positions.
- **Reduction in unauthorized absenteeism**—in 2005, the average per-employee cost was $660; today, it’s likely much higher.
- **Increased loyalty to the organization.**
- **New culture of empowerment and innovative possibilities.**
- **Motivated employees**—everyone is part of the sales force, talking to friends, relatives, customers and prospects.

If an organization wants to maximize its ROI over the long term, it helps to dramatically increase employee engagement. The Gallup research on this is clear—every time an organization leads in assisting an employee by moving them from (1) *actively disengaged* to (2) *unengaged* to (3) *actively engaged*, it improves the organization’s business results and ROI.

**Questions to Ponder**

- Why is employee engagement leadership’s responsibility?
- How can leaders connect employees’ Strategic Career and Life Plans to the organization’s overall goals?
Employee Goal-Setting

Leaders need to facilitate employees as they take charge of their own lives by completing Strategic Career and Life Plans. Even if it indicates that the employee’s cause of disenchantment is due to different personal goals from the organization, allow him or her to leave with dignity. The loss of an employee who is not motivated in the organization’s direction is actually addition by subtraction. So watch for this expected fallout.

In a strategic and systems approach, the plan for each person unfolds as he or she answers the following questions:

1. **Where do you want to be in your life by some future date?** What are your future goals, dreams and aspirations? List as many as you can and put a future date by when you want to accomplish each one.
2. **How will you know when you get there?** What are the measurements that will determine you have achieved your goals? Identify at least one for each aspiration.
3. **Where are you today?** What is your current situation related to each goal or aspiration? Describe it and put today’s date next to it.
4. **How will you get there?** What strategies and actions do you need to put in place to achieve each goal?
5. **What will or might be changing in your future external world that could alter your goals?** This question is ongoing. Look at your external future changing landscape with respect to the trends that might apply to each goal. Identify the SKEPTIC categories (see 3.1.4) that might impact your personal goals.

Each employee should develop an Ideal Future Vision for which they are striving, listing his or her goals in applicable categories such as: physical, emotional, psychological, intellectual, material, professional, financial, creative, legacy and character.

Next, each employee should identify the measures or milestones that determine if he or she is on the right path or have achieved each goal. For example, under the category of “Professional,” an employee’s goal might be to get a master’s degree in marketing. Milestones for this might be getting accepted by top choice school, finishing a dissertation or getting enrolled in the organization’s educational fund.

Once he or she has identified the milestones, the employee lists current issues—for example, going to school at night or finding ways to incorporate marketing and social media into his or her daily job. Then, the employee identifies the necessary strategies and actions to accomplish the goal.

The supervising leader must be sure to review each employee’s plan and connect their goals to the organization and his or her role in it. Potential win-wins occur when the employees’ desires match the organization’s vision, values, direction and goals. Some of the likely results are specific job additions and changes, as well as a Career Development Plan.

It’s best to tackle the easiest goals first to experience some successes before taking on the larger ones. These successes will spread like wildfire throughout the organization, increasing active engagement and increase the organization’s ROI as well.
Recap: Action Infrastructures (4.3 SPP)

*SPP candidates should understand seven tasks associated with action infrastructures:*

**4.3.1 Key Stakeholders:** One of the Change Leadership Team’s crucial tasks is to carry out the Parallel Involvement Process, involving key stakeholders in a meaningful way by gathering stakeholders’ input on all draft documents and increasing their ownership of the plan. Identify the stakeholders, then engage them in the change process by involving them together in teams.

**4.3.2 Funding and Resources:** In order to be successful, a strategic change needs the proper support, both financial and non-financial. Even in today’s tough economic times, there must be a commitment to devote the proper resources exclusively to the change effort.

**4.3.3 Unit-Level Change Leadership Teams:** In order to successfully implement its plans, it is essential that each unit establish its own unit-level Change Leadership Team (CLT). The structure of the unit’s CLT mimics that of the overall, organization-wide CLT in that it meets monthly and guides the change. The differences are that this unit-level team’s focus remains on itself, not on the overall organization, and that it is led by the unit head, not the chief executive.

**4.3.4 Portfolio Management System:** Strategic Business Units (SBUs) and Major Program Areas (MPAs) are extremely important to determine in which businesses the organization wants to be in the future, and what it will take to get there. It forces the organization to evaluate its overall portfolio to be sure the organization knows why it’s in each of these businesses and properly allocate its resources accordingly.

**4.3.5 Annual Implementation Schedule:** To ensure successful implementation of the Strategic Plan, the organization needs to compose a Yearly Map of Implementation. This is a yearly strategic calendar for the organization, laying out the change structures and when they meet on a month-by-month basis throughout the year.

**4.3.6 The Organization as a System:** An organization is a living, breathing system, composed of people, money, processes, facilities, equipment and software. You can’t affect one part of an organization without it affecting all its other parts. As such, organizations must be careful and thoughtful when implementing any changes, as they will encounter unintended consequences.

**4.3.7 Employee Engagement:** People want interesting and challenging work, and they want to feel appreciated and valued for the contribution they make. Leaders need to facilitate employees as they take charge of their own lives by completing Strategic Career and Life Plans.
Chapter 12

Strategic Action Infrastructures
(4.6 SMP)

The real voyage of discovery consists not in seeking new landscapes, but in having new eyes.
—Marcel Proust

To become an effective leader or to pass the SMP exam, each candidate should know and understand how to accomplish five tasks:

4.6.1 Ensure the needed rewards and recognition structures for the new strategic direction are in place and reinforced at all levels of the organization.

4.6.2 Facilitate an organization-wide Change Leadership Team, that is lead by the chief executive, supported by the Strategy Management Office and meets monthly. The purpose of the team is to lead tracking, reporting, adjusting, communication and follow-up of the Strategic Plan implementation.

4.6.3 Set up and run a Strategy Management Office to coordinate the entire strategic change effort in support of the chief executive and Change Leadership Team.

4.6.4 Identify and install other change infrastructures and teams (such as Employee Development Board, IT Steering Group, Facilities Management Team, etc.) as appropriate.

4.6.5 Guide the horizontal integration of strategies and strategic initiatives across functions.

Note: These tasks were taken from ASP’s standards and Body of Knowledge (BOK). Key words are italicized for easy reference. The chapters are arranged according to content, processes and infrastructures (see Introduction for details). For more information, see the BOK on ASP’s website, strategyplus.org.
4.6.1 Rewards and Recognition Structures

**Task:** Ensure the needed *rewards and recognition structures* for the new strategic direction are in place and reinforced at all levels of the organization.

**A Performance Management System**

A high-performance, empowering reward system requires competence, commitment and effort (see Figure 12.1). Add in high performance and results mixed with good supervisor coaching, and you have the recipe for rewards and growth, both personal and professional.

A rewards system should be strategic. In an unhealthy organization, the strategy lays out one agenda, but the culture reinforces another. In healthy organizations, the rewards system reinforces the desired culture and vision.

As such, performance appraisals must be tied to support:

1. The organization’s core strategies (results)
2. The organization’s core values (behavior)
3. Personal learning and growth (career development)

The best way to track these results is on a four-page Performance Management and Appraisal Form, which includes the following:

- **Page 1:** *Cover sheet*—summary and evaluation
- **Page 2:** *Results*—strategies, planned and actual
- **Page 3:** *Values*—values, planned and actual
- **Page 4:** *Career development*—objectives and action plan

*Figure 12.1* High-Performance Empowering Reward System
The Performance Management System has become an organization’s way of life when:

1. Senior management provides the leadership, commitment and ownership along with the appropriate modeling to the rest.
2. Goal-setting, progress views, yearly appraisals and career development are effectively executed within the context of the mission and yearly goals.
3. A performance management audit program is in place and operating successfully to ensure the Performance Management System is functioning properly.
4. The organization successfully meets its goals, acts as one team and is profitable.
5. All employees understand and properly perceive the Performance Management concept, system and definition of rewards.
6. Total rewards, both financial and non-financial, are applied appropriately based on the performance achieved in terms of:
   - Job results at three organizational levels—individual, team and organization.
   - Corporate behavior and values in the organization’s overall philosophy, as well as management and customer service principles.
7. All management personnel demonstrate the skills necessary to actively manage their employees according to these performance management practices.
8. Employees meet their targeted and measurable goals, are satisfied with their performance and rewards, and are motivated to achieve future results.
9. All poor performers have their performance confronted and corrected, or else they are removed from the jobs they perform poorly.
10. Employees and management have joint responsibilities for individual careers.

With the Performance Management System as a way of life, the organization is known—both internally and externally—as a performance-oriented one that attracts, motivates and retains high-performance individuals.

**Interpersonal Competence**

Building interpersonal competence involves positive reinforcement. As Gen. Creighton Abrams said, “Build on what a man is—don’t tear him down.” Unfortunately, many managers regularly commit morale mistakes. In a personnel survey by Accountemps, 150 executives from the nation’s 1,000 largest companies identified the ways in which managers damage employees’ morale the most:

- 38% Criticizing in front of others
- 38% Being dishonest
- 12% Taking credit for others’ work
- 6% Being inaccessible
- 4% Showing favoritism

Best practices prove that positive reinforcement is more effective than negative. Rewards and recognition go a long way. In fact, the measurement of an effective performance and rewards system is that there are no surprises—either by the supervisor or for the employee—at appraisal time and throughout the year. For more details, see Chapter 10 (4.5.5).
4.6.2 Change Leadership Team

**Task:** Facilitate an organization-wide *Change Leadership Team*, that is lead by the chief executive, supported by the Strategy Management Office and meets monthly. The purpose of the team is to lead tracking, reporting, adjusting, communication and follow-up of the Strategic Plan implementation.

The Change Leadership Team has already been mentioned several times throughout this book because it is integral to the change effort. Headed by the chief executive, the CLT leads the strategic change, reviewing progress and coordinating necessary changes.

The CLT gives equal weight to managing desired changes and to the ongoing daily management of the organization. Its purposes are twofold:

1. To guide and control the implementation of any large-scale, organization-wide strategic planning and change efforts.
2. To coordinate any other major performance improvement projects going on in the organization at the same time, ensuring fit with the time and energy demands of ongoing daily business activities.

There are a handful of criteria for CLT membership:

- Senior management leadership teams—for today and the future.
- Informal or formal leaders in the organization that are key to implementation.
- A Staff Support Cadre, including overall change management coordinator, KSM coordinators and internal facilitators.
- Credible staff who are knowledgeable of the developed Strategic Plan.
- Key stakeholders who share and support the Ideal Future Vision.

The CLT’s change implementation tasks include the following:

1. **Tracking:** Monitoring Key Success Measures (KSMs) to ensure that the organization is on track in achieving its Ideal Future Vision (see 3.1.8).
2. **Reporting:** Sharing the KSMs and state of the strategic change with senior management and other key stakeholders (see 4.2.2).
3. **Adjusting:** Coordinating the modification of the strategic change implementation plan (see 4.2.3).
4. **Communication:** Spreading the importance of the strategic change and its success throughout the entire organization (see 4.2.1).
5. **Follow-up:** Ensuring that the necessary actions are being taken in the implementation process (see 4.4.6).

For more details on the CLT, see Chapter 9 (4.2.3).

Questions to Ponder

- How does the CLT support the chief executive?
- Who should be a member of your organization’s CLT?
4.6.3 Strategy Management Office

Task: Set up and run a Strategy Management Office to coordinate the entire strategic change effort in support of the chief executive and Change Leadership Team.

The Zulu people of South Africa have a saying: “You cannot chase two gazelles.” It is almost impossible for senior management to chase two gazelles: the day-to-day and also the strategic change process. This is why the change effort requires a Strategic Management Office (SMO)—a joint group of internal and external senior-level experts in the content, processes and structures of successful strategic change efforts, as well as the business itself.

Ideally, the SMO is jointly led by an organizational executive and a master-level external consultant, both of whom are well-respected, have high credibility and report directly to the chief executive. In addition to these key roles, the SMO also requires support staff, a financial analyst, space and a budget.

The organizational executive must have no other day-to-day responsibilities besides the organization-wide change effort. Working through the structure of a SMO, the external consultant becomes systems consultant, working both economic alignment and cultural attunement issues and potential failures. Through the SMO, an external consultant forms a team of two with an internal executive—and both have shared accountability for actual results.

This places the external consultant role in a new light—a systems consultant playing a leadership role in the change and Organization Development fields. The external systems consultant’s role in the SMO includes:

- Developing and supporting change structures and processes to coordinate integration across multiple projects.
- Facilitating the development of the change game plan.
- Acting as devil’s advocate by: modeling core values; pushing for concrete decisions, directions and priorities; challenging executives about issues from which they may be backing away; and supporting the decision-making process on difficult issues.
- Contributing mastery-level expertise on both business and people management.
- Leading the internal support team cadre members in their respective roles.
- Leading the development of an overall Leadership Development System.
- Ensuring development and installation of a yearly strategic management cycle.
- Ensuring integrity to the organization’s vision, values and positioning.

For more details on the SMO, see Chapters 6 (3.6.3) and 9 (4.2.2).

Questions to Ponder

- Do you agree that there is a need for a SMO? Why or why not?
- What skills are required for the SMO’s external consultant?
4.6.4 Other Change Infrastructures

**Task:** Identify and install other *change infrastructures and teams* (such as Employee Development Board, IT Steering Group, Facilities Management Team, etc.) as appropriate.

In addition to the Change Leadership Team (CLT) and Strategic Management Office (SMO), other change infrastructures include the following:

**Main Structures: Senior Leadership**

1. **Visionary Leadership:** Chief and senior executives with Personal Leadership Plans
   - For repetitive stump speeches and reinforcement.
   - To ensure fit and integration of all parts and people towards the same vision and values.

2. **Internal Support Team Cadre:** Informal cabinet
   - For day-to-day coordination of implementation process.
   - To ensure the change structures and processes don’t lose out to day-to-day.

3. **Executive Committee**
   - For weekly meetings and attention.
   - To ensure follow-up on the top 15-25 priority yearly actions from the Strategic Plan.

**Sub-Structures: Process and Project Teams**

1. **Strategy Sponsorship Teams**
   - For each core strategy, major change effort or key initiatives.
   - To ensure achievement of each one, including leadership of what needs to change.

2. **Employee Development Board**
   - For succession, careers, development, core competencies (all levels), and performance management and appraisals.
   - To ensure fit with desired values and culture, as well as employees as a competitive edge.

3. **Technology Steering Committee**
   - For computer, telecommunications and software fit and integration.
   - To ensure system-wide fit and coordination in information management.

4. **Strategic Communications System**
   - For clear, two-way dialogue and understanding of the plan and its implementation.
   - To ensure everyone is heading in the same direction with the same core strategies and values.

5. **Environmental Scanning System**
   - For collecting data from the environment (SKEPTIC).
   - To ensure advance awareness of coming changes to the environment.
6. **Measurement and Benchmarking Team**
   - For collecting and reporting Key Success Measures, especially customers, employees and competitors.
   - To ensure a focus on outcomes and customers at all times.

7. **Accountability and Responsibility System**
   - For clear and focused Three-Year Business Plans and annual department plans that are critiqued, shared and reviewed, as well as individual performance appraisals (for all levels).
   - To ensure a fit, coordination and commitment to the core strategies and annual top priorities.

8. **Whole System Participation Team**
   - For input and involvement of all key stakeholders before a decision affecting them is made. Includes Parallel Involvement Processes, search conferences, annual management conferences, etc. (Can combine with Technology Steering Committee.)
   - To ensure a critical mass in support of the vision and desired changes.

9. **Rewards and Recognition Programs**
   - For recognizing and paying people for strategic management accomplishments. (Can combine with project or process teams.)
   - To ensure reinforcement of the accountability and responsibilities system.

10. **Organization Redesign Team**
    - For studying and recommending any necessary organization redesign.
    - To ensure synergy of the strategies, structures, processes, policies, values and culture.

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**Notes and Actions**
4.6.5 Horizontal Integration

Task: Guide the horizontal integration of strategies and strategic initiatives across functions.

Every organization is a living system—a complex network of inputs, interactions, processes and outputs in today’s dynamic, global environment. Any organization or unit will function best when its interactions, processes, departments and employees work together in an integrated, collaborative and cross-functional fashion, supporting the firm’s overall vision, goals, outputs and purposes.

Think outside boxes and across boxes. All organizations need both (1) vertical specialization and (2) horizontal integration as a matrix to build the strength and durability of the organization—just like the warp and weft of woven clothes and beach chairs (see Figure 12.2).

Silos are the result of the way we traditionally do business in organizations, breaking things into small pieces to problem-solve them without regard to the full overall systems impact. While functional or vertical specialization are important in organizations, the horizontal integration that is often lacking is even more important. Trading off the strengths and weaknesses of each is the key to all process improvement initiatives.

Core strategies (see 3.4.4) are the glue that holds it all together. They’re the major methods or approaches to achieving the Ideal Future Vision. They are not an outcome or a what, but a how to. There are several criteria for selecting core strategies:

1. They are topics needing focus or attention.
2. They are integrated with each other.
3. They support vision, mission and values attainment (the what).
4. They are linked to customers and products.
5. They are linked to The People Edge.
6. They are not a comprehensive list.
7. They are limited topics that are clear and specific.

Core strategies support the implementation of the strategic change. Once core strategies—or the means—are established, you can look forward to achieving the ends. To help evaluate the results, core strategies must be linked to Key Success Measures (KSMs) to evaluate the desired results have been achieved. Charting core strategies and KSMs will help to gauge success.

The Three-Year Business Planning process answers the question of how core strategies are to be implemented by the different organizational parts. It helps Strategic Business Units (SBUs), Major Program Areas (MPAs) and Major Functional Areas (MFAs) compete successfully.

Failing to follow a Cascade of Planning is where most organizations go wrong in Three-Year Business Planning. They have separate department objectives and individual key results areas, instead of using the organization-wide, shared core strategies.
as the framework for every department’s goals and each individual’s performance contribution to the overall Strategic Plan. The organization’s vision must be used as the guidepost to think, plan, act and communicate in order to yield superior results.

When developing core strategies and action plans, take unintended consequences into vital consideration. This will actually increase speed of implementation, as the right players and stakeholders will be involved and the Law of Unintended Consequences (see 4.5.3) will be defeated. Developing a matrix of common unintended consequences compared to the proposed core strategies will help to reveal additional steps necessary.

**Questions to Ponder**

- How are core strategies “the glue that holds it all together”?
- How are Three-Year Business Plans connected to core strategies?
- What unintended consequences could your core strategies face?
Recap: Strategic Action Infrastructures (4.6 SMP)

*SMP candidates should understand five tasks associated with strategic action infrastructures:*

**4.6.1 Rewards and Recognition:** A high-performance, empowering reward system requires competence, commitment and effort. A rewards system should be strategic. In healthy organizations, the rewards system reinforces the desired culture and vision.

**4.6.2 Change Leadership Team:** The CLT leads the strategic change, reviewing progress and coordinating necessary changes. It gives equal weight to managing desired changes and to the ongoing daily management of the organization.

**4.6.3 Strategy Management Office:** A change effort requires a joint group of internal and external senior-level experts in the content, processes and structures of successful strategic change efforts, as well as the business itself. Through the SMO, an external consultant forms a team of two with an internal executive—and both have shared accountability for actual results.

**4.6.4 Other Change Infrastructures:** In addition to the Change Leadership Team (CLT) and Strategic Management Office (SMO), organizations require other change infrastructures. The main structures involve senior leadership and the sub-structures involve process and project teams.

**4.6.5 Horizontal Integration:** All organizations need both vertical specialization and horizontal integration as a matrix to build the strength and durability of the organization—just like the warp and weft of woven clothes and beach chairs. Core strategies are the glue that holds the change effort together.
Standards for Strategic Planning

Lead-Think–Plan–Act is a rubric by which ASP ensures the quality and reliability of their SPP and SMP certifications. This volume covered the Plan and Act for senior line executives, SPPs (planning and actions) and SMPs (strategic planning and strategic actions).

For those just starting to study for ASP’s SPP and SMP certifications, you have now reached the halfway point. You have covered the last two components (Plan and Act) in this book. For Lead and Think, refer to Volume I: Leading and Thinking Competencies, or contact the Haines Centre for Strategic Management for additional books and our practice exam.

The Iceberg Theory of Change Revisited

ASP’s Lead-Think–Plan–Act rubric surpasses traditional strategic planning paradigm by addressing the strategy field in a broader and more holistic way. The Iceberg Theory of Change (see Introduction) is an important concept in understanding this.

While only the tip of the iceberg—the content of the Strategic Plan—is visible, the change processes, structures and commitment to culture change below the surface make up the foundation of the iceberg. Therefore, strategic planning and change management processes, structures and roles should be defined by the chief executive and senior management first in order to engineer success up front. Let’s review these three key elements:

#1 Content: The tasks, goals and focus of an organization are its content—or what the strategic plans and change projects are all about. This is the easiest element to see and understand.

#2 Processes: Capabilities involved in our planning and change interactions are the processes—the how to’s of behavior while working on above tasks and content. For example, if bubble gum is the content, chewing is the process by which we extract the juices that make it enjoyable. In strategic change, the process is how we develop and implement the Strategic Plan. This is demonstrated by the Rollercoaster of Change™, a mental model that condenses more than 20 change theories. As such, it is the only one you need to know! (To review this concept, see the Introduction.)

#3 Structures and Culture: While infrastructures and culture impact thinking, planning, actions and change the most, they are often the least understood. That’s because they compose the deepest part of the iceberg and are often taken for granted. We rarely even acknowledge their existence, despite the fact that structures are the context or vessels within which all process and content operate, and thus where change occurs successfully. The deep-rooted culture is the hardest to change—and when it collides with content and processes, it wins every time.
Failure to focus on processes and structures below the waterline is called *content myopia*. Too often, senior line executives and planners are uncomfortable with change and emotions, focusing only on the content and thus guaranteeing its failure. Change is dependent on good processes and structures in order to achieve the content of the desired changes.

**And remember, structures always influence processes and behaviors.** When attempting any kind of change, first focus on the environment, context and vessels within which you are working. Engineer success up front!

In large-scale change efforts, the failure to install the proper change structures to counteract the day-to-day organizational chart—which is the biggest resistor to change—always results in failure. This is especially true if any kind of culture change is required.

**Getting Started: Five Options**

Organizations need a Strategic Management System with a yearly planning and implementation cycle, not just a budgeting cycle, in order to become a high performing organization. To review, the definition of a Strategic Management System is:

- A comprehensive system to lead, manage and change the total organization in a conscious, well-planned and integrated fashion based on its core strategies—in order to develop and successfully achieve the organization's Ideal Future Vision.
- The *new way to run the business*, using a method that is interactive and participative, yet also systemic.

Strategic planning and change is *not* a process in which you have to drop everything you've done and are doing and start from scratch. The major benefit of a strategic and systems approach is its flexibility to achieve higher results. There are five different options for beginning this circular process.

**Option #1: Smart Start: Plan-to-Plan**

If the organization hasn’t conducted a full-scale strategic planning and change process, this is the best starting point. This option engineers success up front, before getting into the actual development and implementation of strategic planning documents.

Failed strategic planning can often be ascribed to the lack of advanced or pre-planning. The *Smart Start: Plan-to-Plan* is the assessing, educating, organizing and tailoring step that involves pre-work on developing appropriate organizing tasks. As such, it is vital to success. The following are the potential key tasks in this step:

- Conduct a Strategic IQ™ Audit.
- Conduct a strategic business design assessment and create recommendations.
- Establish and train the internal support team cadre in strategic management support and facilitation, especially regarding *processes* and *structures*.
- Conduct executive leadership skills development to provide executives with the required capacity to lead strategic change: enhancing self-mastery, building interpersonal relationship, facilitating empowered teams, collaborating across functions, integrating organizational outcomes and creating strategic alliances and positioning.
Summary and Integration

- Conduct executive team building to enhance effectiveness to plan and work together to successfully implement the plan while dealing with the difficult issues of revolutionary change.
- Decide on middle management’s management development program.
- Conduct strategic life planning for individuals and teams before beginning strategic planning for the organization.
- Conduct market research to better understand customers’ wants and needs.
- Reexamine all HR practices to enhance people as a competitive edge.

After these tasks are finished, the organization is ready to begin strategic planning, management and change.

Option #2: Smart Start: Plan-to-Implement

This is the starting point for the organization has already completed its Strategic Plan, but needs to bridge the gap between planning and implementation. This Smart Start: Plan-to-Implement is about ensuring successful implementation of the plan. It involves education on the issues of change and completing a set of organizing and tailoring tasks. Its main purpose is organizing to manage the implementation of the Strategic Plan.

Option #3: In-Process, Join-Up Points

When building a Strategic Management System, it’s always best to start wherever the organization is today. With a circular strategic and systems model, you just “join up” right where you are and carry on from there. Options include the following:

- Conducting an Annual Strategic Review and Update, then proceeding based on the recommendations and decisions from this audit.
- Developing a vision, Key Success Measures (KSMs) or core strategies, then putting in a strategic Change Leadership Team (CLT) to guide implementation.
- Orchestrating a pilot business planning process for a Strategic Business Unit (SBU), Major Program Area (MPA) or Major Functional Area (MFA), using it to learn and to develop an internal cadre.
- Conducting annual planning via core strategies, setting the top three action priorities for each core strategy as the glue and organizing principles for all annual plans.
- Leading large-group reviews on annual department plans, then conducting a strategic budgeting process.
- Beginning with a strategic budgeting process.
- Finishing budgets, then setting up teams on large, cross-functional issues or setting up a full strategic CLT to guide the overall desired changes.
- Setting up a strategic CLT to guide and coordinate existing large-scale change (i.e., TQM, business process re-engineering, etc.).
- Setting up strategy sponsorship teams for each core strategy to guide and report on successful implementation.

Strategic and systems planning enables an organization to begin its change implementation from its current situation, not some distant, rigid starting point. In a sense, it lets
the situation decide for the organization. It takes the organization from wherever it is, and moves into desired changes without sacrificing daily business operations. Over time, the strategic planning and desired changes will guide day-to-day operations.

**Option #4: Some Educational Ways to Begin**

In order to initiate an optimal Strategic Management System, the organization needs some initial executive and staff training. Again, there is no set rule for the amount or type of training an organization needs to complete before beginning. It’s up to the organization to tailor training in a way that best fits its particular needs. Possibilities for management include:

- Training internal staff in the strategic planning, management and change processes.
- Conducting a Visionary Leadership Practices workshop to kick-start planning.
- Training senior and mid-level management in strategic and systems thinking in a two-day workshop.
- Holding an annual management conference, keynoted with a presentation on strategic planning and change.

**Option #5: Learning and Applying Strategic Management Concepts**

Read books about the process of strategic planning and learn it in detail. This is the most effective way for each participant to internalize strategic management and for the organization to institutionalize its tailored Strategic Management System. You can set up a customized reading schedule matching the organization’s planning schedule using the chapter listing as a starting guide.

**Crucial Support Needed For Success**

Successful implementation of the Strategic Plan requires realistically considering the necessary required support in terms of people, time and money. Following are elements the organization needs to support to be successful.

**Senior Management’s Active Commitment**

More than half of the strategic plans that fail do so because commitment from the top is either sporadic or half-hearted. For a successful strategic planning and change process, the organization needs a firm consensus and active commitment from the top management. Chief and senior executives must play an interactive, visible role—not only in initiating the Strategic Plan, but also in following it through.

**A Trained Internal Support Team Cadre**

After the strategic planning and change process is initiated is not the time to decide what kind or how much staff support is necessary. If the organization needs clerical or administrative support, coordinators and liaison personnel for KSMs, strategy implementation, strategy sponsorship teams and strategic, unit-level CLTs, it must be determined and assigned beforehand.
Budgeting and Resource Allocation

In order to effectively manage any transition, an organization needs resources, both people and money. Look at every activity required by the strategic planning and change process:

- Monthly strategic CLT meetings and Leading Strategic Change workshops
- Strategic IQ™ Audit (annual) and cultural audit (organizational diagnosis)
- KSMs and goal-tracking
- Communications and rollout
- Skills training (leadership and change management)
- Training of overall manager, coordinator or internal facilitator
- SBU or MPA planning processes
- Key stakeholder meetings
- Environmental scanning system
- Yearly follow-up Strategic Management System review
- Strategic change projects

While this list can seem daunting to an organization, it can achieve all of these items over the course of two or three years just by following the strategic planning process, as strategic management becomes the normal, standard way of running the business.

Project Planning and Yearly Map of Implementation

The best way to keep track of the necessary activities for the change process is to create a yearly map—a specific, “by-the-numbers” implementation process that is visible and easy to track and follow. Developing this tangible list of those tasks the organization needs to accomplish in the next 12 months provides a quick and easy checklist.

Creating a Critical Mass for Change

Holding to the theory that people support what they help create is probably the single most effective way to guarantee the success of a change process. It does, however, require a substantial, ongoing investment of time and energy, so the organization needs to be prepared to anticipate it and commit to it.

Capacity-Building

Another, more subtle approach to creating a critical mass for change is called capacity-building. It involves building a leadership cadre within the organization that has the capacity to lead, guide and complete the strategic planning and change management process.

Having the range and depth of leadership that can see this type of long-term process through to completion is crucial to success and growth. Remember, it’s an organization’s only true competitive advantage.

After identifying the resources and personnel needed to complete a successful strategic planning and change process, be sure to include them in the budgeting process. Neglecting this translates throughout the organization that the strategic planning and change process is not an organizational priority.
Putting it All Together

A Strategic Management System has three goals:

**Goal #1:** Develop strategic business and operational plans and documents.

**Goal #2:** Ensure their successful implementation and change.

**Goal #3:** Build and sustain high performance over the long term.

It provides a practical, three-part approach for changing the way an organization runs its day-to-day business.

The overall purpose of a Strategic Management System is to design, build and sustain a customer-focused, high-performance organization.

The key to succeeding is the ability to bridge the gap from Goal #1 to Goal #2. Typically, it is at this point where most strategic plans fail—as many as 75 percent, to be exact! This breakdown can be eliminated through detailed systemic change implementation steps, including a *Smart Start: Plan-to-Implement*, a *Leading Strategic Change workshop* and the *Annual Strategic Review and Update*, as well as increasing the range and depth of leadership practices—including the skills of trainer, coach or facilitator.

Remember, visionary leadership is the primary competitive business advantage for any organization over the long-term.

With a sense of integrity and a commitment to focus, discipline and persistence, an organization can design, build and sustain a foundational Strategic Management System and ultimately become a customer-driven, high-performance organization.

Checking Strategic Consistency And Operational Flexibility

Today’s turbulent environment can constitute a threat to even the most solid Strategic Plan. To combat this, an organization needs to ensure the strategic consistency of the Strategic Plan, while maintaining the operational flexibility needed to secure its commitment and its implementation.

Answer these questions to determine an organization’s strategic consistency:

- Have you developed a Strategic Plan to create an ideal future the organization wants (rather than others forcing a different future on it)?
- Is the Strategic Plan now a shared vision?
- Are you using the Strategic Plan, with its Key Success Measures (KSMs) and core strategies, to pursue your vision with strategic consistency on an ongoing basis?
- Do you have a strategic Change Leadership Team (CLT) to manage the overall changes on a monthly basis?
- Are all major organizational changes included under its guiding umbrella, or do you “plan on the one hand and manage on the other,” exposing the plan to the SPOTS Syndrome (*Strategic Plan On the Top Shelf... gathering dust*)?
- Have you anticipated possible future changes or needs by installing an ongoing future environmental scanning system and contingency plans?
- If you find the Strategic Plan to be no longer viable, are you prepared to redo it?
After answering these questions, review the following points to determine the degree of the organization’s *operational flexibility*:

- Has the organization put Three-Year Business Plans in place to ensure: (1) SBU, MPAs and MFAs have their own specific plans based on the overall Strategic Plan, and (2) the organization is planning closer to where competitive actions occur?
- Are annual department plans in place for all the organization’s units that are developed in a participatory manner? Are they still organized around the organization’s core strategies and top action priorities?
- Is the organization firmly committed to ongoing strategic CLT meetings? Has it discussed how it will handle developments that result from these meetings?
- Is the organization committed to Annual Strategic Reviews and Updates to keep the flexibility it needs?
- Has the organization committed to improving its range and depth of leadership practices from the top down?

After checking, prodding and poking the yearly Strategic Management System and Cycle for its *strategic consistency* and *operational flexibility*, it’s now a matter of follow-through, persistence and commitment to the organization’s integrity in pursuing the Ideal Future Vision.

While it will not achieve perfection, the organization will come much closer to it by following a Strategic Management System. But always remember, no matter how proficient an organization becomes in the processes of strategic planning and implementation, it won’t go far without both discipline and persistence.

**In Summary**

So, we’ve come to the end of our journey. Now a new road awaits you and your organization! Will the strategic planning and change process be difficult? Yes and no. Once you begin thinking strategically, you won’t be able to stop thinking any other way. That’s the easy part. The challenge comes in applying your thinking—sticking with in your strategic planning and change implementation.

Don’t just sit back and let change happen to you. Create change. Force it. Be proactive. Great things will happen when you do.

**Further Study**

The two volumes of the *Standards for the Strategic Planning Field* are your course for a task-by-task understanding of the standards and competencies required for the 21st century in the field of strategic planning. They also are the standards, competencies and Body of Knowledge (BOK) that outlines the required ASP exams to become a SMP, SPP or SPA.

These two volumes will help you prepare to successfully lead an organization strategically or pass your exams and become a designated planning professional.
In addition, there are other exam prep materials that will help you pass your exam:

- Exam self-assessment, available at strategyplus.org
- Practice exam, available at systemsthinkingpress.com
- Exam prep webinar series, available at systemsthinkingpress.com

The following details will also be available on ASP’s website, strategyplus.org:

- Governance issues and approach
- BOK overview
- BOK certification outline
- Sample Questions for SPP and SMP exams
- Exam dates and submission deadlines
- BOK SPP and SMP self-assessment workbooks (available for purchase)

**Gold Mastery Certification**

You can also visit Haines Centre’s Strategic Learning Services at hainescentre.com/training for webinars, workshops and skill-building Gold Mastery Certifications that include exam prep and much more. (For more details, see the Recommended Bibliography.)

The Gold Mastery Certification takes the ASP certification and understanding to much deeper skill-building and tacit knowledge level, which is hard to acquire unless you personally adopt the Experiential Learning Cycle (see Preface).

Good luck, or as we say in the U.S. Navy: “May you have fair weather and following seas” to becoming a senior line executive with knowledge and skills in the standards of the strategic planning field. We also wish this “fair weather” for those achieving your ASP professional certification and designation.
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How to Become a Strategy Expert

Another Leadership Skill for Senior Line Executives, SPPs and SMPs

Instructions: Rate yourself on the following scale:

<table>
<thead>
<tr>
<th>How well do you...</th>
<th>1</th>
<th>5</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(low)</td>
<td>(average)</td>
<td>(high)</td>
</tr>
</tbody>
</table>

1. Really know strategic and systems thinking?
2. Share and critique strategic plans, core strategies and core values of other organizations (in magazines, on the Internet, etc.)?
3. Conduct bite-sized strategy school topic learning in monthly Change Leadership Team (CLT) meetings?
4. Read and listen to recorded lectures and books about strategy, and share the information with others?
5. Invite speakers to discuss strategic change and execution topics?
6. Conduct competitor and peer group analysis, focusing on their strategies?
7. Focus on department and business unit issues in a 1-2 sequence?:
   - What are your values, positioning and strategies?
   - How do your issues and operational problems fit into your values, positioning and strategies?
8. Examine and benchmark best practices inside and outside your industry, sector or government agency?
9. Learn and become an expert on successful execution and implementation, which is strategic and cultural change?
10. Conduct marketplace positioning and driving-force discussions and case studies of prominent organizations, and then use them to clarify your own positioning?

SCORE
Becoming a Trusted Strategic Business Partner

Instructions: Rate yourself on the following scale:

How well do you...

1. Know your organization’s business?
2. Understand the complex and dynamic global environment?
3. Anticipate pressures to resist organizational change?
4. Facilitate strategic planning and strategic change meetings with senior management?
5. Know line managers’ goals?
6. Read the Strategic Plan on a quarterly basis (at the least)?
7. Understand and internalize your Strategic Plan and its underlying rationale?
8. Ask questions and give options to senior executives instead of just telling them?
9. Simplify complex ideas so that those managers, supervisors and employees understand and use them as a guide for daily behaviors?
10. Think strategically at the global and “helicopter” level?
11. Provide candid feedback to senior executives instead of being a “yes person”?
12. Be a confidential sounding board for executives and managers?
13. Make yourself available and accessible on a daily basis?
14. Manage upward to your supervisor and chief executive?
15. Develop confidences as a trusted business advisor?
16. Work behind the scenes, allowing others to take the credit?
17. Share the bad news honestly and effectively?
18. Confront executives and managers effectively—in a pleasant and friendly, yet direct way—when needed?
19. Be seen as loyal to the organization?
20. Foster a reputation of capability?

SCORE
What Level of Strategy is Your Focus?

Instructions: Rate these levels from 1-5, with one being your highest level of performance.

1. Corporate Strategy
   Determining your businesses.
   • Positioning for your competitive business advantage in the marketplace
   • Portfolio management (buy and sell assets)
   • Restructuring assets
   • Strategic Plan development

2. Three-Year Business Plans
   Creating a competitive advantage.
   • Annual operational plans for all SBUs, MPAs and MFAs
   • All line organizations with Three-Year Business Plans

3. Major Support Areas
   Creating a competitive advantage.
   • Strategic marketing, sales and public relations plans
   • Strategic people plans
   • Strategic product plans
   • Strategic financial plans
   • Strategic information technology plans
   • Strategic legal and government affairs plans

4. Annual Functional Planning
   Learning to be efficient and effective.
   • All functions and departments
   • Annual operational planning

5. Strategic Change and Execution
   Making a strategy work.
   • Implementation and execution
   • Strategic business design
   • Leadership development
   • Persistence and details
   • Fit and integration of all plans and initiatives
   • Monthly CLT meetings, led by the chief executive
   • Energizing force supporting culture change
   • Annual Strategic Review and Updates

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4.1 Decision-Making Styles
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5.1 Risk “X” Test
7.1 The Bell Curve of Buy-in and Stay-in
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8.1 Creating the People Edge™
9.1 Players of Change
9.2 Continuous Improvement Helix
11.1 Yearly Map of Implementation
11.2 The Organization as a System
12.1 High-Performance Empowering Reward System
12.2 The Web of Core Strategies
Navigating This Bibliography

This bibliography is recommended for those who want to become highly-skilled senior line executives, as well as for those strategic planning professionals who would like to dig deeper in their ASP exam preparation. In either case, it will help you become knowledgeable and skilled in the standards and competencies of strategic planning and strategic management.

This bibliography is divided into three categories:
1. The Haines Centre’s complete listing of exam preparation offerings
2. Current literature
3. Classic literature

Each category is divided into four topics according to the ASP Rubric:
1. Strategic Leadership
2. Strategic Thinking
3. Strategic Planning
4. Strategic Action and Change

Three Simple Steps to Taking Your Exam:
1. Complete a self-assessment against the BOK for your desired Strategic Management Professional (SMP), Strategic Planning Professional (SPP) or Strategic Planning Associate (SPA) exam.
2. Based on your self-assessment of your strengths and weaknesses, we recommend that you:
   • Read books from the attached list that speak to your weaknesses.
   • Attend Qualified Registered Educational Providers’ (REPs) courses, listed on the Association for Strategic Planning’s website, strategyplus.org.
   • Take the practice exam on ASP’s website, strategyplus.org.
3. Apply for your exam. Once you are approved, you can take the exam and become certified.
From Systems Thinking Press

The Haines Centre for Strategic Management offers two definitive exam preparation guides for the ASP Strategic Management Certifications:

- Standards of the Strategic Planning Field, Volume I: Leading and Thinking Competencies
- Standards of the Strategic Planning Field, Volume II: Planning and Change Competencies

The Centre’s also offers the following exam prep materials on our website:

- ASP practice exam—160 questions to test yourself
- Four-part webinar series—based on ASP’s rubric (Lead–Think–Plan–Act)

The Centre offers additional books, webinars and reports, to aid in holistic exam preparation. All these resources are available for purchase at systemsthinkingpress.com.

STRATEGIC LEADERSHIP

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- ASP Exam Prep: Leadership (Part One of a Four-Part Series)

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- Pearls of Wisdom I: Facilitation Tools, Tips, and Techniques for Leaders
- Pearls of Wisdom II: How to Work with Executives
- Best Practices of Leadership (Book and CD-ROM)

State-of-the-Art Reports:

- Future Environmental Scanning
- Leading Strategic and Culture Change

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- Systems Thinking: The New Frontier—Discovering Simplicity in an Age of Complexity
- The Complete Guide to Systems Thinking and Learning

State-of-the-Art Report: Strategic and Systems Thinking
Recommended Bibliography

Handbooks:
- Top 10 Tools for Daily Problem Solving: Strategic Handbook #1 (Job Aid Available)
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These supplementary reading is recommended for senior line executives and those taking the SPP and SMP certification exams.

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STRATEGIC THINKING


STRATEGIC PLANNING


**STRATEGIC ACTION AND CHANGE**


Classic Literature

These classic readings are also helpful tools for senior line executives and those taking the SPP and SMP certification exams.

STRATEGIC LEADERSHIP


STRATEGIC THINKING


STRATEGIC PLANNING


STRATEGIC ACTION AND CHANGE

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Gail runs the Haines Centre in Toronto and is a Haines Centre Global Partner. Clients in more than 70 organizations engage her services because she designs and delivers what they need to help them identify their goals and implement their plans. Gail holds an MSOD from Pepperdine University and a master’s certificate in project management from the Schulich School of Business at York University, Toronto. Initially a member of the international project team that developed the certification program, Gail now serves on the ASP committee to select registered educational providers.

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* The 24 senior ASP members who voluntarily took the time to build information for both the SPP and SMP exams have been designated SMP Pioneers. For his work in this effort, Stephen Haines has been designated SMP Pioneer Number 001.
Haines Centre Members

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Finally, special thanks to Joan Campbell at Professional Testing Corporation. We could not have done this without you, and to show our thanks we made you an ASP Honorary Strategic Management Professional (SMP) Pioneer. Thanks Joan!
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Prior to founding the Centre, Steve was president and co-owner of University Associates Consulting and Training Services, a pioneer firm in the development of human resource practitioners and their organizations. In addition, Steve was executive vice-president and CAO for the Imperial Corporation of America (ICA), a diversified $14-billion, nationwide financial services firm. He was also SVP of Freddie Mac, a $32-billion United States financial institution, in the 1980s. Steve has been a member of eight top management teams—both in the United States and internationally—with corporate responsibilities for all aspects of organizational functions, including planning, operations, marketing, PR, communications, finance, HR, OD, training and facilities. His career also included executive positions at MCI, Exxon, Sunoco and Marriott Corporations.

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Volume II:
Planning and Change Competencies

The first of its kind, this book delineates the industry standards for the field of strategic planning. It is a primer for executives who wish to master effective strategic management and the definitive exam prep guide for strategic planners who wish to become an Association for Strategic Planning (ASP) certified Strategic Planning Professional (SPP) or Strategic Management Professional (SMP).

Standards of the Strategic Planning Field has been divided into two volumes that follow ASP’s rubric of Lead, Think, Plan, and Act—Volume I: Leading and Thinking Competencies and Volume II: Planning and Change Competencies. Each volume offers in-depth coverage of 80 standards and competencies for the field.

This volume is written by Stephen Haines, a Qualified Registered Educational Provider and the National Project Leader for this ASP Certification Program. Steve was inducted into the ASP Hall of Fame in 2011.

Testimonials:

“Steve Haines has done it again! He’s given the strategic planning profession another great resource. This volume should be on every planner's bookshelf.”
Jim McComb
ASP Hall of Fame

“Overall, it is a great review of effective strategic management practices and is chock-full of valuable wisdom on every page.”
Marcelene H. Anderson
President
Raven Strategic Consulting