

2.0 STRATEGIC PLANNING

What is Strategy?

A strategy is a plan of action to achieve a long-term or overall goal.

What is Strategic Planning?

Strategic planning is an organisation's process of defining its strategy, or direction, and making decisions on allocating its resources to pursue this strategy. It may also extend to control mechanisms for guiding the implementation of the strategy.

Effective strategic planning articulates not only where an organisation is going and the actions needed to make progress, but also how it will know if it is successful.

What is a Strategic Plan?

A strategic plan is a document used to communicate with the organisation the organisations goals, the actions needed to achieve those goals and all of the other critical elements identified and developed during the planning exercise.

It is hard to accomplish anything without a plan. Whether you're coaching a football team, cooking Thanksgiving dinner, or running a small business, you need a strategic plan. (Forbes)

A strategic plan looks at all the things your business could do and narrows it down to the things it is actually good at doing. A strategic plan also helps the business determine where to spend time, human capital, and money.

The Strategic Planning Process

Developing a strategic plan might seem like a significant process, but the trick is to break it down into component parts. The following is an example of a five-step approach (from Forbes):

1. **Determine where you are.** This is harder than it looks. Some people see themselves how they **want** to see themselves, not how they actually appear to others.

For an accurate picture of where your business is, conduct external and internal audits to get a clear understanding of the marketplace, the competitive environment, and your organisation's competencies (your real, not perceived, competencies).

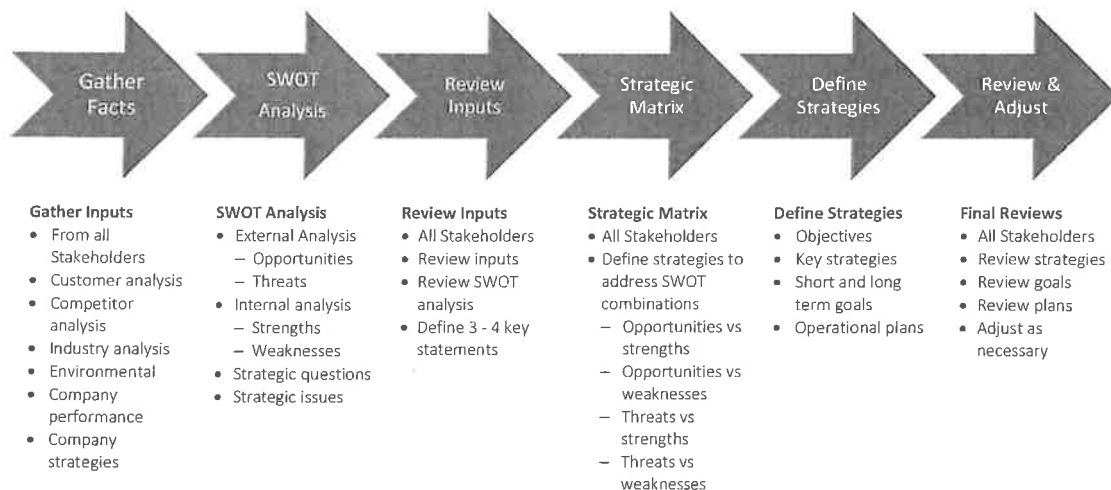
2. **Identify what's important.** Focus on where you want to take yourself/your organisation over time. This sets the direction of the enterprise over the long term and clearly defines the mission (markets, customers, products, etc.) and vision (conceptualisation of what your organisation's future should or could be).

From this analysis, you can determine the priority issues - those issues so significant to the overall well-being of the enterprise that they require the full and immediate attention of the entire management team. The strategic plan should focus on these issues.

3. **Define what you must achieve.** Define the expected objectives that clearly state what your organisation must achieve to address the priority issues.
4. **Determine who is accountable.** This is how you're going to get to where you want to go. The strategies, action plans, and budgets are all steps in the process that effectively communicates how you will allocate time, human capital, and money to address the priority issues and achieve the defined objectives.
5. **Review. Review. Review.** It's not over. It's never over. To ensure the plan performs as designed, you must carry out regularly scheduled formal reviews of the process and refine as necessary.

A more formalised approach is shown in the diagram below:

Strategic Plan Process



Step 1 is about gathering information about:

- Your business – how is it performing, where is it at, what is the current strategy?
- Who your customers are; both immediate and eventual;
- Who your competitors are (if any), and what strategies are they pursuing;
- The industry you are operating in – what are the major factors driving the industry?
- An environmental scan – a PESTE analysis (Political/Economic/Social/Technological/Environmental) – what is happening beyond the business (farmgate), what are the trends, and how are they likely to impact on the business?
- And above all – what are your objectives/the objectives for your firm. Where do you/your business want to be in 10 years? In 20 Years?

Step 2 is about carrying out a SWOT analysis; based on the above:

- What are the strengths and weaknesses of the business?
- What are the external threats and opportunities?
- What are the key strategic issues for the business?

Step 3 is about strategy formulation – what strategy should the business pursue?

- How does the business use its strengths to counter threats and weaknesses?
- How does the firm seize opportunities?

Step 4 is about implementing the strategy – developing and implementing the various programmes/processes/budgets etc. that will achieve the strategy.

Step 5 is about reviewing and updating the strategy. As time progresses events will occur and while some goals will be achieved some won't. At the same time, external factors will also change. So the strategic plan needs to be constantly reviewed and updated, at least annually.

For further reading, try;

Simplified Strategic Planning: The No-Nonsense Guide for Busy People Who Want Results by Robert W. Bradford

Or Google "Strategic Planning"

