MID-IOWA BUSINESS

Common strategic planning mistakes


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As we wind down 2010, your leadership team should begin planning for the upcoming year. Hopefully, that planning will include a formal strategic planning session. Below are some thoughts regarding common strategic planning questions, challenges and mistakes.

One of the first questions to address is the time horizon for a strategic plan. This depends on the rate of growth or change affecting the organization. For example, a small, young firm, such as Brimeyer LLC, may experience the same percentage of sales growth in three months as a large, mature firm would in three years. Thus it's necessary for faster growing firms to set shorter horizons and to revisit plans more frequently.

That said, over-arching statements, such as the mission and values, should be almost timeless.

The most useful vision statements typically define what the organization is striving to become within the next five years or so. This seems to be far enough out that some imagination is required, but not so far that one has to wonder what the world will look like when it arrives. A handful of high-level metrics, commonly called business objectives, should be chosen to measure progress against the vision.

Strategies for proceeding toward the vision should cover the next one to three years. Finally, the initiatives or projects used to implement the strategies look out over the next year.

A common mistake committed by organizations is taking on too many strategies. What's the appropriate number? This is best answered by considering the three tests for a viable strategy:

- The strategy really matters to your customers.
- The strategy will differentiate you from your competition.
- You have the ability to become the best at implementing the strategy.

The third test requires that the number of strategies pursued be limited to a vital few. Your organization simply can't become the best at implementing 17 different strategies. Instead, aligning your workforce around a handful of critical strategies and their supporting initiatives will result in significant, measurable progress towards the vision.

Besides, if you err on the low side and skillfully implement a few chosen strategies faster than anticipated because of strong management focus, you can always add a new strategy or two later. On the other hand, choosing too many will result in the organization drifting aimlessly as priorities shift from one strategy to the other. Selecting strategies is a case where less is more.

Less is more is also the case when identifying responsibility for the various initiatives. A common mistake is to list multiple owners for a given initiative. Research has consistently shown that our propensity to take action is reduced as the size of the group gets larger. A friend of mine paraphrases this tendency by advising that if you're going to have a heart attack, have it with one other person rather than a roomful of people.

Therefore, a single person should be selected as the owner for each initiative. That owner can lead and document agreements on who else is required to support the initiative.

Another common mistake committed by organizations while strategic planning is trying to do it themselves. Using a facilitator from outside the leadership team with experience and skill in the intricacies of strategic planning allows leaders to focus on the quality of the plan rather than the logistics of facilitating the process.

Finally, a frequent and most serious mistake is not designing the review process into the plan's creation. This dramatically increases the possibility that the plan will collect dust. For a plan to be successful, leaders should spend roughly 100-fold more time on executing and monitoring it than they did creating it. Even a perfect plan left unused becomes perfectly useless.

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