Is There Any Strategy in Your Strategic Plan?

Strategy is "what" and "why"; products, projects, programs, and services are "how". Strategy is future oriented; strategy is a game plan for getting from one point to another. Strategy is the approach an organization takes to achieve its vision.

I have worked for 40 years for a variety of business, government, and nonprofit organizations, both as an employee and as a consultant, and I am struck by how little real strategy and strategic discovery there is in most strategic plans.

Here's the typical scenario: David is Director of Policy and Strategy at a large international organization. He is considered one of the best and brightest in the organization. David recently completed a strategic plan that lays out the organization's vision ("picture of the future") for the next 7 years. Unfortunately, the strategic plan is virtually devoid of strategy. The plan jumps from mission and vision directly to products, services and programs, with little explanation as to what strategic assumptions were used and why the listed products, services and programs were selected. Other choices that could have been made are not discussed. While the plan does list strategic goals, the descriptions of chosen items are little more than justification for current funding choices. The plan reads like the goals were chosen after all the "hows" were decided.

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Here's the typical strategic planning process: once a year, David organizes, with senior leaders' blessings, an executive retreat for 20 mangers and leaders to create the annual strategic plan. The workshop meetings go something like this: first, a vision statement is written (or, more likely, "the one we have is good enough", or "we really don't need one of those, do we?"). Second, a mission statement is prepared (or, you guessed it, "the one we have is good enough"). Third, a few core values are picked from a list of many possible values. Fourth, somewhere between six and twelve strategic goals are identified. Fifth, programs, products, services and projects currently supported are dropped into one of the goal "buckets" to show how each goal will be achieved.

What happens if at the end of the process there are a few "unbucketed" activities that don't have a goal bucket? Simple, new strategic goals are developed to ensure that all activities have a home.

Voila! Everything fits (surprise! we have justified everything we are doing!). The new plan – heavy on justifying what the organization is currently doing and light on strategy – is sent to the publication department to add eye-catching graphics and a sexy cover. Then the executive team boldly announces to the rest of the organization that the newly minted strategic plan is ready for everyone to adopt.

Sound familiar? If your organization is like many, the scenario described above is pretty close to the process you use. It's called the *strategic planning* process, but it's really more of an annual *justify what I'm currently doing* process.

Have you ever noticed what happens to most strategic plans? Typically, they end up on the shelf, safe from critical eyes and minds until next year (or later) when the process is repeated again. We go about our day-to-day jobs with little thought or attention given to the brilliant tome that is the *strategic plan*.

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Would you like to put some real strategy and strategic thinking into your planning process so that the new strategic plan helps you strategically allocate resources and focus on the most important things that are strategic and aligned with your vision? Most organizations would answer, "Of course we do!"

Strategy Starts With the End in Mind

Thinking about strategy requires thinking vertically, from high altitude to low altitude. Strategy looks at effectiveness and success through the eyes of customers and other stakeholders who are receiving a product or service (customers) or who impact the delivery of a product or service (stakeholders). Actionable strategy links a shared vision of the future to strategically important products, programs, services and activities.

The figure to the right shows how an organization's strategic elements come together to form strategy. The strategic elements needed to create effective strategy include: vision, mission, core values (guiding principles), organization pains and enablers (from a SWOT analysis), customer value proposition, perspectives, and external environmental factors affecting the organization (e.g., regulations, customer and stakeholder needs, competition, other service agency missions, business growth, and demographics).

Strategy exists at different levels in an organization. First there is high-level, organization-wide strategy. Starting with the mission and vision, *strategy* at this level can be defined as a collection of a few (i.e., three or four) high-level themes that break a shared vision into actionable focus areas. These strategic themes are complimentary, and, taken together, strategic themes represent the organization's "pillars of excellence". Some common examples of strategic themes are *operational excellence, strategic partnering, service excellence,* and *a compelling place to work.*

How can a shared vision of the future be translated into a set of three or four strategic themes that focus the organization on results and excellence? Remember the strategic planning workshop discussed earlier? Instead of "business as usual", design your strategic planning workshop by starting with the end in mind. "The end" is an overarching strategic result that allows the organization to work toward something measurable. The overarching strategic result is tied to the vision. With your vision and overarching strategic result defined, a set of complimentary strategic themes can be developed that help make the vision actionable. Each strategic theme will have one strategic result. So the vision breaks down into several strategic themes, and the overarching strategic result breaks down into theme strategic results. Instead of 6 to 12 "strategic goal buckets" in a typical strategic plan, a more manageable three to four strategic themes and strategic results are developed that form the basis of the organization's strategy. And so far, you have not talked about current programs, products, services, or projects. Your mantra should be *mission, vision, and strategy first — operations and tactics second.*

The next step in the process of becoming a more strategy focused organization is to determine strategic perspectives, or performance dimensions, that can help transform organization mission

Creating Strategy – A Process Of Discovery

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and vision into actionable strategy. It takes several perspectives to understand an organization as a system, composed of human capital, infrastructure, and processes that are linked together to create customer value. Think of perspectives as different lenses through which strategy can be viewed. In a strategy-based planning and managing system, strategy is analyzed through four perspectives. Typical perspectives are: financial/stewardship, customer/stakeholder, internal business processes, and organization capacity.

Once the strategic themes, results and perspectives have been developed, strategic objectives are developed for themes. Strategic objectives are the building blocks of strategy, "strategy DNA", so to speak. Strategic objectives are expressed as continuous improvement actions, and can be documented, measured, and made actionable through initiatives and projects.
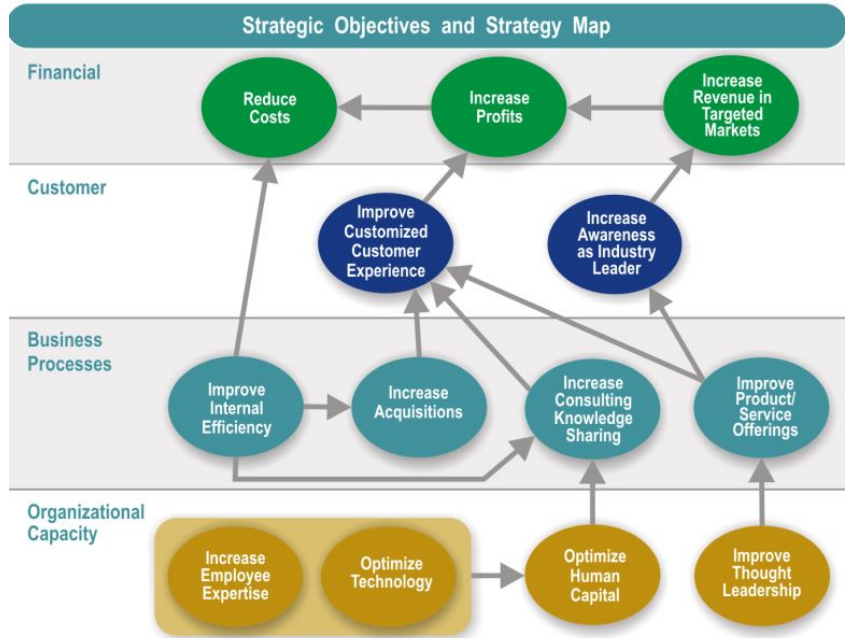
One of the most significant contributions to management science over the past fifteen years is something called a "strategy map". A strategy map is a key component of a balanced scorecard, and shows graphically how the organization creates value for customers and stakeholders and employees. The strategy map is constructed by linking strategic objectives using cause-effect relationships among objectives placed in perspectives. The resulting map shows, at a high level, how an organization creates value strategically for its customers and stakeholders. A strategy map is one of the most effective communication tools an organization can use to build alignment, accountably, and a focus on results. The figure above shows an example of a strategy map for a consulting business.

In businesses, the strategy map represents a value chain of continuous improvement activities (strategy) that the organization needs to pursue to be successful. At the top of the value chain, in the Financial perspective, are the strategic objectives that are important to the owners of the business (the Financial perspective, or lens, addresses the question: "What must we do to create value for the owners of the business?").

In government and nonprofit organizations, the strategy map represents a value chain but with a different end point. At the top of the value chain is the Customer/Stakeholder perspective, because governments and nonprofit
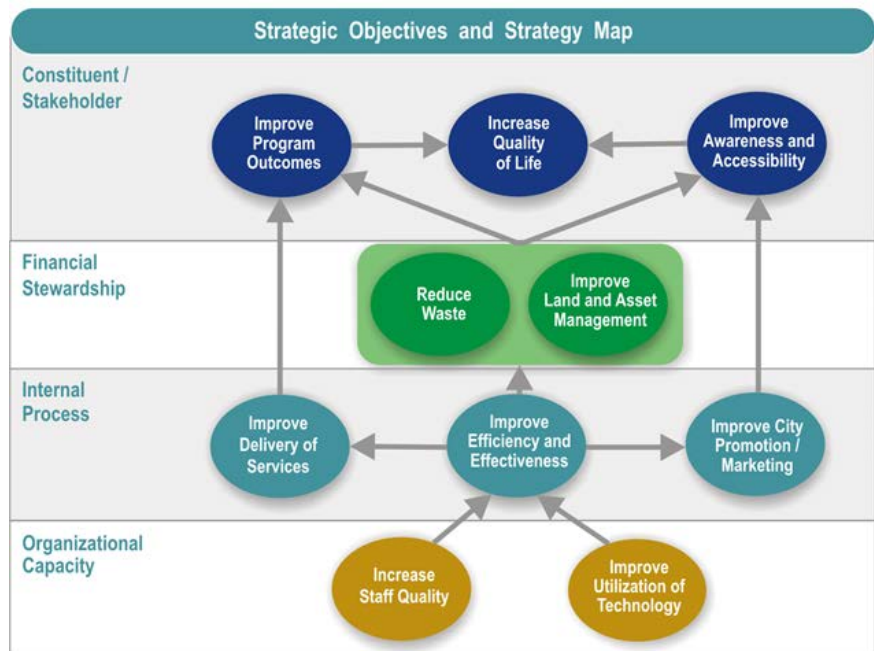
organizations are in the business of satisfying customer and stakeholder needs (e.g., Citizens, Members, Warfighters, or Sponsors). In governments and nonprofits, the end of the value chain is the effectiveness of services and delivery. A typical government strategy map for a city government is shown on the bottom of the last page.

Once the organization's strategy map is constructed, critical performance measures can be developed for each objective. Once the measures are defined, targets and benchmarks can be developed to track success of the organization's strategy against expected performance. And then, FINALLY we get to everyone's favorite topic: the products, programs, services and projects that are the organization's day-to-day effort! Now that we have the framework, we can identify and PRIORITIZE the critical strategic initiatives that will help make strategy actionable to everyone in the organization. The highest priority strategic initiatives are the ones to which we should allocate resources in order to achieve desired strategic results. The figure below shows how the elements of strategy align to form a true strategic planning process, rather than just a program justification process.

Strategy is the common thread of an integrated planning and management system, and forms the basis for communicating the organization's approach for improving mission effectiveness for stakeholders. The finished strategy-based planning and management system translates customer and other stakeholder needs, vision, mission, and values into organization strategic results, strategy, objectives, performance measures and targets, and new (or high-priority existing) initiatives.

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At this point, you might be asking yourself whether the step of developing strategic themes and results isn't little more than just grouping goal buckets into fewer, higher level groups. The process of developing strategic themes and results from the vision and overarching strategic result is a process of strategic discovery and critical thinking. Rather than just looking for a home for the organization's favorite activities, this process leads to new ways of thinking about the organization from customers and stakeholders downward, rather than from the sum of all the organization currently does upward. It's a difference between night and day in the outcomes of the process.

Customer / Stakeholder / Market Needs

Strategic Altitude	
30,000 ft.	**Mission** — Purpose: What we do
25,000 ft.	**Vision** — Picture of the future
	Perspectives — Different views of organizational performance
15,000 ft.	**Strategic Themes and Results** — Main focus areas (pillars of excellence) driving key results
	Strategic Objectives and Strategy Maps — Key strategy components connected to tell a cause-and-effect value creation story
	Performance Measures and Targets — Captures whether an organization is performing at the desired level or not
Ground Level	**Strategic Initiatives** — Projects and action plans that drive results

Top-Down Strategic Planning

The process described above is a balanced scorecard framework. Unlike simple performance measure scorecards, which are of little value, this approach is driven by strategy. The benefits to an organization from using this approach include organization alignment, strategic prioritization, improved internal and external communication, measuring what matters, data-driven decision making, and individual and collective accountability for results.

Is there any strategy in your strategic plan? What are you using to measure, monitor, and communicate your organization's vision and strategy with clarity to the workforce and the people they serve? Is it working?

About the Author

Howard Rohm is an international trainer, facilitator, and performance improvement consultant. He is President and CEO of the Balanced Scorecard Institute, and of the Institute's parent company, Strategy Management Group, Inc. Howard has worked with over 50 private and public organizations and developed balanced scorecard and performance management systems to improve organization performance. Howard has taught and lectured at five universities, and at the Federal Executive Institute. He can be reached at: hhr@balancedscorecard.org. The Institute's Web site, www.balancedscorecard.org, is the number one balanced scorecard site on the Internet, and contains a wealth of information on balanced scorecard and strategic planning development and implementation.

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