Business Monograph

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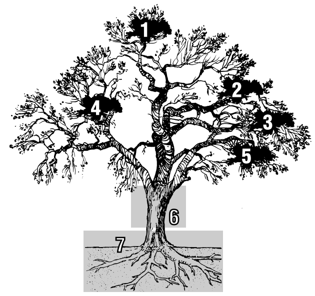

Developer of
the concept known as
THE BUSINESS TREE™

How to Succeed in the Future

Steps in the process of developing a Strategic Vision.
How to conduct Strategic Planning for your organization.

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This Monograph is for organizations which wish to grow successfully, excerpted from Hank Moore's book series: **The Business Tree**™, **The High Cost of Doing Nothing**™, **It's Almost Tomorrow**™, **Confluence, Secrets of the CEOs, Pop Culture Wisdom.**

Every business, professional association or non-profit organization goes through cycles in its life. To assume that definitive cycles do not occur is to bury one's head in the sand. To predict and predate the cycles means greater success...earlier than fate would have it.

At any point, each program is in a different phase from others. The astute organization assesses the status of each program and orients its team members to meet constant change and fluctuation.

Phases in the life cycle of every organization include:
1. Conception. A great idea is born, and everyone is off and running.
2. Birth. The decision is made to form a company.
3. Childhood. The organization starts to swell, and its people learn the ropes.
4. Youth. Through trial and error, a slow, steady growth occurs.
5. Maturity. The organization reaches its stride.
6. Stagnation. The bureaucratic mindset takes over. Running an entity is more important than remaining consistent to the company vision (which may have never existed or been developed).
7. Decline. Losses abound: people, processes, market share and enthusiasm. This is a signal to take actions to rejuvenate the enthusiasm and, hopefully, to launch a new growth curve in the company's next era.
8. Death. There simply is no use for the organization. It has played out, outlived its usefulness and cannot come back in some other business capacity.

In business, position #8 is not an option, and Strategic Planning should not wait until #7 (decline) before embarking upon the process. The best time to regularly implement Strategic Planning programs are at every stage, #1-5. Thus, stagnation will rarely ever occur, and the organization cannot go into a decline.

Strategic planning fulfills a variety of practical and useful purposes. It constitutes disciplined thinking about the organization, its environment and its future. It facilitates the identification of conflicts in perspective. It provides the reinforcement of team building and cohesion. It is a vehicle for monitoring organizational progress.

Strategic Planning is a road map for company growth and progress. Each strategic plan should include these elements:
• Mission statement --- Why we are in operation.
• Vision --- What we want to become. It fulfills the mission.
• Goals --- Broad statements of direction.
• Objectives --- What we wish to accomplish.
• Tactics --- Specific action steps to reach goals.

In order to be an effective strategic plan, it must be effective, measurable, motivating, realistic, wholistic and consistent with the culture of the organization. Since most organizations do not have corporate cultures, the strategic planning process tends to evolve one.

Every strategic plan should draw upon the organization's history. Depending upon the nature of the company, it should be 2-5 years in duration, with revisions annually. Realistic plans must contain attainable goals that can be measured for success. Writing of the plan should involve as many people in the organization as possible.

Many events and circumstances draw an organization to realize that a comprehensive look at its future is essential. At this crossroads, eight strategic questions must be asked of the organization:
1. Do you have financial projections for the next year in writing?
2. Do you have goals for the next year in writing?
3. Are the long-range strategic planning and budgeting processes integrated?
4. Are planning activities consolidated into a written organizational plan?
5. Do you have a written analysis of organizational strengths and weaknesses?
6. Do detailed action plans support each major strategy?
7. Do you have a detailed, written analysis of your market area?
8. Is there a Big Picture?

Guidelines for Management Practice

Strategic planning is not something that happens once and for all. Leadership should examine their organization's strategy and initiate -- and periodically re-initiate -- the strategic planning process when any of the following conditions exist:
1. There seems to be a need to change the direction of the organization.
2. There is a need to step up growth and improve profitability.
3. There is a need to develop better information to help management make better decisions.
4. Management is concerned that resources are not concentrated on important things.
5. Management expresses a need for better internal coordination of company activities.
6. The environment in which the organization competes is rapidly changing.
7. There is a sense that company operations are out of control.
8. Management of the organization seems tired or complacent.
9. Management is cautious and uncertain about the company's future.
8. Individual managers are more concerned about their own areas than for the overall well-being of the organization.

Differentiation should now be made of the different kinds of planning processes that businesses utilize. Many refer to one when they are thinking of or actually needing another. Though none of these can substitute for a Strategic Plan, each is a component of the larger, more wholistic future projection process:

* A business plan is a front-end document, enough to get initial financing. An operational plan addresses facilities, policies and procedures. Sales and marketing plans address business development.

* If one believes vendors and niche consultants, the definition of Growth Strategies are what their specialty is. It may be: human resources organization, training, technology, health and wellness, sales, marketing, advertising, public relations, core business and life coaching. Few of those have actually written Strategic Plans and do not really comprehend what the Visioning process actually is.

Steps in the Strategic Planning Process

Although every strategic planning process is uniquely designed to fit the specific needs of a particular organization, every successful model includes most of these steps.

Vision. Identification of the organization's vision and mission is the first step of any strategic planning process. The vision sets out the reasons for organization's existence and the "ideal" state that it aims to achieve.

Mission. The mission identifies major goals and performance objectives. Both are defined within the framework of the organizations philosophy and are used as a context for development and evaluation of intended and emergent strategies. One cannot overemphasize the importance of a clear vision and mission. None of the subsequent steps will matter if the organization is not certain where it is headed.

Environmental Scan. Once the vision and mission are clearly identified, the organization must analyze its external and internal environment. The environmental scan analyzes information about organization's external environment (economic, social, demographic, political, legal, technological, and international factors), the industry and internal organizational factors.

SWOT Analysis. This is a comprehensive look at the organization's own strengths, weaknesses, opportunities and threats.

Gap Analysis. Organizations evaluate the difference between their current position and desired future through gap analysis. As a result, an organization can develop specific strategies and allocate resources to close the gap and achieve its desired state.

Benchmarking. Measuring and comparing the organization's operations, practices and performance against others is useful for identifying "best" practices. Through an ongoing systematic benchmarking process, organizations find a reference point for setting their own goals and targets. The 10 most common benchmarking mistakes are: (1) Internal processes are unexamined. (2) Site visits "feel good" but do not elicit substantive data or ideas. (3) Questions and goals are vague. (4) The effort is too broad or has too many parameters. (5) The focus is general and not upon actual processes. (6) The team is not fully committed to the effort. (7) Homework and/or advanced research is not assigned and conducted. (8) The wrong subjects for benchmarking are selected. (9) The effort fails to look outside its own organization and industry. (10) No followup action is taken.

Strategic Issues. The organization determines its strategic issues based on (and consistent with) its vision and mission, within the framework of environmental and other analyses. Strategic issues are the fundamental issues the organization has to address to achieve its mission and move towards its desired future.

Strategic Programming. To address strategic issues and develop deliberate strategies for achieving their mission, organizations set strategic goals, action plans and tactics during the strategic programming stage. Strategic goals are the milestones the organization aims to achieve which evolve from the strategic issues. The SMART goals model is essential to setting meaningful goals. Smart goals are specific, measurable, agreed upon, realistic and time/cost bound. Action plans define how the organization gets to where it needs to go and the steps required to reach strategic goals. Tactics are specific actions used to achieve the strategic goals and implement the strategic plans.

Emergent Strategies. Unpredicted and unintended events frequently occur that differ from the organization's intended strategies, and the organization must respond. Emergent strategy is a pattern, a consistency of behavior over time, a realized pattern that was not expressly intended in the original planning of strategy. It results from a series of actions converging into a consistent pattern.

Evaluation of Strategy. Periodic evaluations of strategies, tactics and action programs are essential to assessing success of the strategic planning process. It is important to measure performance at least annually (but preferably more often), to evaluate the effect of specific actions on longterm results and on the organization's vision and mission. The organization should measure current performance against previously set expectations and consider any changes or events that may have impacted the desired course of actions.

Content Outline...
Major headings for a Strategic Plan

1. Program-Service Development (Core Business)
Establish points of difference, overcome misperceptions and own niche segments.
Development and sophistication of current programs-services.
Roles, responsibilities and functions for each contributor to programs.
Recognizing and demanding quality in work output.
Diversification of programs-services.
Learning new industries.

2. Running the Organization
Divisionalization
Time management, just-in-time delivery and other business-accepted efficiencies.
Re-engineering to accomplish the greatest possible efficiencies, results and objectives.

3. Financial
Portfolio planning.
Fiduciary responsibility.
Fund raising activities.
Relationships with funding sources.
Exploring new streams of revenue.
Financial and technological resources.
Accountability to all stakeholders.

4. Professional Resources, Human Capital
Diversity is the fundamental thread that makes the organization necessary and successful.
Human Resources, staffing the programs.
Training for service providers, associates and employees
Team building.
Ongoing professional development and mentoring each other.
Cross-applying talents and experiences from one program to the other.

5. Business Development
Selling and marketing the organization to desired constituencies.
Development of community contacts and resources.
6. The Organization's Longterm Goals
Taking focus.
Corporate culture adjustment, evolving into corporate mindset.
Collaborations, joint-venturing and partnering.
Embody tenets of Continuous Quality Improvement.
Develop and maintain benchmarks for quality assurance and compliance by all resources.

7. Planning for the Future
Ultimate evolution into new strata of service delivery.
Strategic planning for the entire organization.
Utilize, learn from and benefit from previous planning efforts.
Linkage of benefits from planned, orderly growth.
Hold Think Tanks and retreats.
Keep focus of all above operations in relation to where the organization is headed longterm.

Planning and Budgeting in Downsized Times

The role for strategic planning and visioning is the highest that it has ever been. Resources are down. This condition is permanent. The situation will begin to feel normal soon. Professionals must focus upon what we achieve, not what we do. Know your mission (ends and means). Be ruthless about cost control. Be obsessive about quality. Find newer, quicker and simpler ways to do what we do. Manage the company better by accomplishing goals and objectives. Improve people management. Use allies and their resources...collaborate with other professionals. Hire over-achievers.

Identify business goals and work on the desired or requested goals exclusively. Challenge every program element to achieve goals. Empower staff to achieve business results. Define your job correctly (as to goals, not tasks).

Measure the right things (business issues, behavior changes). Management must know, understand and agree to the indicators. Those who utilize strategic planning are the proprietor of the scorecard (focusing upon available funding).

Getting the resources that you need from tight fisted management is an ongoing process. Cash outlays are justifiable either by dollars they bring in or dollars they stand to save for the organization. Cash outlays are always risks. Justify your risks in proportion to riskier ones they have previously funded. Validate your worth to the overall company operation.

Under the rules of supply chain dynamics, one must study your supplier relationships, formalize a plan of outsourcing and develop collaborations.

Methods of changing the way that you go for funds include:
* Take money with you. Show returns or savings on previous appropriations.
* Position your request as an investment, not a cost.
* Sell management-clients on acquiring more returns on their investments, not just on making further investments.
* Be visible when funds are flowing.
* Reduce management's risk in doing business with you.
* Be a consistent producer of profit-improving outcomes, not just a spotty or hit-and-miss producer.

Corporate management has three alternatives for funding every department: (1) Must fund. (2) May or may not fund. (3) Will not fund. The three horsemen of funding are: (1) How much. (2) How soon. (3) How sure.

These are ways to advance your funding process:
* Put money in management's pockets.
* Get to the front of the line for funding requests.
* Acquire an upper-management mindset.
* Condense the funding cycle.
* Become top management's partner in efficiency of operations.

In order to getting planning accepted more readily, demonstrate your commitment toward strategic planning. Know, refine and control your values. Add value via internal services. Take ownership of your values. Continue raising the bar on values.

To making a case for funding of further planning, link it to a strategic business objective. Diagnose a competitively disadvantaging problem or an unrealized opportunity for competitive advantage. Prescribe a more competitively advantaged outcome. Cost the benefits of the improved cash flows and diagram the improved work flows that contribute to them. Team the project. Maintain accountability and communications toward top management. Contribute to the organization's Big Picture.

Reasons Why Management Must Support Planning

Human beings live to attract goals. Organizations get people caught in activity traps...unless managers periodically pull back and reassess in terms of goals.

Managers lose sight of their employees' goals. Employees work hard, rather than productively. Mutually agreed-upon goals are vital.

People caught in activity traps shrink, rather than grow, as human beings. Hard work that produces failures yields apathy, inertia and loss of self-esteem. People become demeaned or diminished as human beings when their work proves meaningless. Realistic goals can curb this from happening.

Failure can stem from either non-achievement of goals or never knowing what they were. The tragedy is both economic and humanistic. Unclear objectives produce more failures than incompetence, bad work, bad luck or misdirected work.

When people know and have helped set their goals, their performance improves. The best motivator is knowing what is expected and analyzing one's one performance relative to mutually agreed-upon criteria.

Goal attainment leads to ethical behavior. The more that an organization is worth, the more worthy it becomes. Most management subsystems succeed or fail according to the clarity of goals of the overall organization.

To ascertain goals, we can examine problems, study the organization's core business, look at Strengths, Weaknesses, Opportunities and Threats. To make goal setting a reality, start at the top to adopt a policy of strategic planning. Strategic goals and objectives must filter downward throughout all the organization. Training is vital. Continual followup, refinement and new goal setting must ensue. Programs must be competent, effective and benchmarked. A corporate culture must foster all goal setting, policies, practices and procedures.

Use indicators and indices wherever they can be used. Use common indicators where categories are similar, and use special indicators for special jobs. Let your people participate in devising the indicators. Make all indicators meaningful, and retest them periodically. Use past results as only one indicator for the future. Have a reason for setting all indicators in place. Indicators are not ends in themselves...only a means of getting where the organization needs to go. Indicators must promote action. Discard those that stifle action.

Review of the Strategic Plan. After assessing the progress of the strategic planning process, the organization needs to review the strategic plan, make necessary changes and adjust its course based on these evaluations. The revised plan must take into consideration emergent strategies and changes affecting the organization's intended course.

Thinking More Strategically. With time, people in the organization routinely make their decisions within the framework of the organization's strategic vision and plan. Strategic planning becomes an organizational norm, deeply embedded within the organization's decision-making process, and participants learn to think strategically as part of their regular daily activities Strategic thinking involves analyzing options against a range of alternatives and decisions that will chart the organization's future course.

Dynamics of Strategic Vision

There are seven levels of planning that may be utilized by organizations:
1. Information Gathering Process. Snapshot of the realities of situations, as well as facts and figures. Understand the organization's truths.
2. Studying How the Organization Operates. Conduct performance reviews of successful activities, while also looking for efficiencies.
3. Enhance efficiencies, economies and profitability, focusing upon the company's impact upon shareholder value.
4. Process For and About Teams. Empowering and involving the organization's most valuable resource, its people.

5. Adapting to Changing Marketplaces, Relationships. Connect beliefs with expertise. Actions are taken with measurements of success and accountability to stakeholders.
6. Strategic Planning. Study the organization's core values. Has commitment and ownership. Able to change and adapt.
7. Futurism, Vision and Change Focused. Everything is done based upon beliefs and systems of thought. Committed to and thriving upon change.

There are seven basics of company growth realities that must be reflected in the strategic planning process:
1. There are Three Kinds of People in Business: (A) Those who make things happen. (B) Those who watch. (C) Those who don't know what hit them. Understand the differences, among your team, customer base, competition and referral sources.
2. Know the Business You're Really In. Prioritize the actual reasons why you provide services, what customers want and external influences. Where all three intersect constitutes the Growth Strategy.
3. Focus More upon Service and Less on Technology. Dispel the widely-held expectations of poor customer service. Building relationships is paramount to adding, holding and getting referrals for further business.
4. Must Have Commitment and Ownership. Plans do not work unless they consider input and practicalities from those who will carry them out. Know the people involved, and develop their leadership abilities.
5. Markets Will Always Seek New and More Profitable Customer Bases. Planning must prepare for crises, profit from change and benchmark the progress. "More of the same" is not a Growth Strategy. A company cannot solely focus inward. Understand forces outside your company that can drastically alter plans and adapt strategies accordingly.
6. Evaluate Things You Really Can Do. Overcome the "nothing works" cynicism via partnerships and long-range problem solving. It requires more than traditional or short-term measures. He who upsets something should know how to rearrange it. Anyone can poke holes at organizations. The valuable ones know the processes of pro-active change, implementation and benchmarking the achievements.
7. Take a Wholistic Approach to Individual and Corporate Development. Band-aid surgery only perpetuates problems. Focus upon substance, rather than "flash and sizzle." Success is incrementally attained, and then the yardstick is pushed progressively higher.

Here are my recommended guidelines for conducting Strategic Planning:
- Utilize outside consultants. Do not conduct all planning internally. Keep objectivity.
- Budget enough time.
- Keep the procedure simple and disciplined.
- Develop the plan in stages.
- Set specific objectives.
- Set policies from this document.
- Ensure that the plan meets organizational needs.
- Find and keep a champion.
- Involve those who will implement the plan.
- Don't spread resources too thinly.
- Communicate results of the process to affected parties.
- Tailor actions to the organization's culture.
- Be willing to change as the process matures.
- Be open minded.
- Apply feedback to the continuing planning process.
- Keep the plan alive.

Benefits of Strategic Planning:
1. Enhance problem prevention capabilities of the organization.
2. Group based strategic decisions reflect the best available alternatives.
3. Team motivation should be enhanced.
4. Gaps and overlaps in activities should reduce.
5. Resistance to change should be reduced.