

The Importance of Strategic Planning

By John E. Lawlor

Practical Decisions

In the ideal world, with the New Year just 7 weeks away, all of us would have completed our 2006 plan, and communicated it to our organizations. **The reality is that most of us don't have a plan!!** Add to that a large number of those that say they do, but really only have goals or objectives, and no idea on how they will reach their targets. Upon further research you would find that planning is done a year at a time, and not connected to a larger vision and direction.

In last month's newsletter we shared with you "**9 Ways to Keep Employees Engaged**", an article written by Joanna Brandi. Throughout the article, there was reference to established company values and vision, and being able to communicate what's expected of employees. In this article we will address the primary role of leadership: developing and communicating company values and vision, setting direction, and formulating strategy.

Why is planning so important and why must it be done in concert with a strategy? From a macro perspective, business today gets done in a global marketplace. Change is occurring at an unprecedented pace. Time and distance continue to become less and less relevant thanks in great part to the explosive growth of technology and the Internet.

There was a time when strategic planning was done by the biggest companies, and those who lead change. Now it is a requirement just to survive. Leaders of business must be looking ahead, anticipating change, and developing a strategy to proactively and successfully navigate through the turbulence created by change.

At a micro view, the level of any individual company, strategic planning provides a company purpose and direction. How are you going to get somewhere if you don't know where you are going? Everyone in an organization needs to know what you sell or do, who your target customers are, and how you compete. A good strategy will balance revenue and productivity initiatives. Without strategic planning, businesses simply drift, and are always reacting to the pressure of the day. Companies that don't plan have exponentially higher rates of failure than those that plan and implement well.

For many business owners and leaders, creating a vision, company values, and a strategic plan can be a daunting task for reasons like time, energy, commitment and lack of experience. It's hard work!! It requires business leaders to accept that yesterday's success does not ensure success in the future. It requires challenging the status quo, changing behaviors, implementing new procedures, hiring different people, and putting new systems in place in order to deliver on the strategy.

Make no mistake; the best plans and ideas without great execution are just plans or ideas, they don't result in much of anything. Regardless of the size of a company, a strategic plan is the foundation on which all business activities can be connected and "aligned". Here are some key ingredients to successful planning and implementation:

- **[Creating Vision and Direction that is Simple and Clear](#)** – a strategy may be fairly complicated at the highest level but the closer it gets to the front line and the marketplace, the simpler it has to be.
- **[A Good Plan](#)** – is well thought out, challenges assumptions, and is created with input from sources inside and outside the organization.
- **[Great Execution](#)** – requires commitment from the very top. This commitment must be demonstrated through behavior, investment, communication and accountability. The plan is a living document that must become part of the culture and updated to reflect changes in the environment.
- **[Communicate, Communicate, and Communicate!](#)** – continuously using different medium and in terms that connect individuals and their roles to the vision and success. Too often communication is done half way. We tell, but don't test for understanding. To close the loop, build in ways to test for employee, at every level an area within an organization, understanding of the vision and strategy.

You may still be asking the question: "Why go through all this hard work of creating a vision, establishing values and formulating a strategy?" When you combine a good strategic plan and great execution an organization will transform. The result will be an organization with focus, accountability and more time for the important activities. Here are just a few of the benefits of good planning and great execution;

- **[Better Decisions](#)** - Information communicated through vision and strategy allows people to make the best decisions (hiring and rewarding the right people, adopting and developing the right systems, making the right investments, etc...).
- **[Increased Energy](#)** – Resulting from rallying behind a cause, and elimination of conflict and confusion of priorities.
- **[Increased Capacity](#)** – People are focused on what is important and less concerned about what isn't.
- **[Improved Customer Satisfaction](#)** – A true test of value and leads to higher retention and growth.
- **[Competitive Advantage](#)** – Doing what you do better than others.
- **[Better Solutions](#)** – Uncovering the enormous intellectual and creative capacity of an organization that collectively works toward solutions rather than a relying on select few.
- **[Market Recognition](#)** – Over time you can "own" a position and space in the marketplace.
- **[Greatly enhances the chance of success!](#)**

While it may seem daunting at first, the good news is there are solutions to most any of the challenges leaders face when creating a vision, company values and a strategic plan. Strategy can be simple. If you lack the experience there are no shortages in methodology or resources on this topic. **[But it does require reaching out and finding help!](#)** If you Google "**Strategic Planning**" you will get millions of hits. Here is a list of resources that may get you started:

Having Trouble With Your Strategy, Then Map It – HBR On Point Article by Robert Kaplan/David Norton www.hbsp.harvard.edu
The Strategy Focused Organization by Robert Kaplan/David Norton www.hbsp.harvard.edu
Simplified Strategic Planning by Robert W. Bradford and J. Peter Duncan