

Common pitfalls of

strategic planning

and how to avoid them

'Strategic planning': two words that provoke a variety of responses, from the dread of several months of extra work, distraction from the 'real' job and postponed decisions, to apprehension about yet more imposed change. A necessary chore, "something we ought to do" – or a vital and engaging process that will energise the organisation and launch the next stage of its development and success?

Strategic planning is indeed a task, a project, requiring resources and organisational priority, consuming time and energy – but importantly it is also a process, a journey, that has the potential to identify opportunities, clarify directions, align the organisation, and be a springboard for action.

Based on my experience of helping organisations with their 'strategy journeys', here are some of the common pitfalls of strategic planning, and what you can do to avoid them.

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Common pitfall no. 1: Applying a standardised approach

This was one of the earliest lessons I learned about strategic planning. I was working for Smith & Nephew in a new Division that wanted to work out how it should organise itself and what its strategy and priorities should be. In came a 'beauty parade' of consultants, armed with presentations and project plans, detailing logical sequences of actions that would produce the required solution within the target timescale – all impressively knowledgeable and with strong credentials.

However one consultant began his response to our brief by taking a pen and a blank flipchart and asked the senior management team, "So, what *exactly* is it that you want to achieve?" In the ensuing discussion he helped us clarify where we were as a new organisation, and what was really important to us to help us move forward. And he continued to guide and challenge us over the next few months as we worked towards answering our questions through an evolving process of learning, consolidation, review and modifying our plans for the next stages.

It was *our* journey, *our* learning, and determined how *our* organisation would develop – and we owned the process and the outcomes. We didn't answer all the questions, nor produce the perfect strategic plan document – but we all understood how we had arrived there, and what we needed to do next. Yes, of course there was an outline approach to guide us – but it was how we adapted this along the journey that enabled us to resolve what was really important for the organisation just then.

Thinking about what matters most for the organisation, designing a process to engage people to address this, and continually reviewing and modifying it as appropriate, will result in a strategy journey that is more relevant, useful, and of lasting value than merely following a standardised 'textbook' approach.

Common pitfall no.2: It's only the final document that matters

The Strategic Plan document is the deliverable, the tangible output of a strategy development and planning process that can be waved proudly as proof of 'task achieved'. I have encountered Chief Executives who have wanted to 'work backwards', defining what the document should contain, section by section, then assigning responsibilities to complete each part – with a bit of co-ordination and consistency-checking added.

Sometimes of course this can work – if there is no need to review the organisation's strategy, if the emphasis is on updating a plan for example. But for a genuine strategy development and planning process, it is the journey that matters too – the learning, decisions, clarifications, aspirations, challenges, and plans. The final document records the results of that journey, capturing how the organisation sees itself and how it intends to move forward. The document 'tells the story', expressing

what is most important for the organisation at this time in a way that will act as a touchstone, to help understanding and guide future actions.

The documents produced along the journey are important, too, however transient. Inputs, notes, flipcharts, diagrams, presentations, drafts – all help to communicate the thinking, to share and test ideas, acting as stepping stones along the journey. In every strategic planning process with which I have been involved, there has always been one diagram, chart, or phrase that seems to have captured the essence of the thinking, that has resonated with the organisation, and from which the strategy has then developed. It is the thinking, the process, the sharing, the strategy journey that is really valuable – and the skilful communication of this along the way, including any ‘final’ document.

Common pitfall no.3: Delegate it to the experts

There can be several reasons why the senior management of an organisation chooses to enlist additional expertise, ranging from wanting to benefit from specialist skills or experience, recognising the need for additional resource, to a lack of confidence in the abilities of the management team to deliver what is required. Such expertise can be internal – including the classic ‘corporate planning department!’ - or external (including high profile consultants to undertake a ‘strategic review’) – or of course it can be anybody who is not part of the day-to-day operation of the organisation who has something to give that will help the process.

All have their place – and often it makes a lot of sense to bring in independent perspectives, people who can challenge process and content in appropriate ways, and provide complementary skills and additional resources.

Yet ownership and responsibility should *never* be delegated – either actively or by default: strategic planning is all about *your* organisation, it’s how the people within it work out where the organisation is going and how it is going to get there – and it is through involvement in the process, through being part of the journey, that they will contribute to developing the common understanding that will form the basis of the organisation’s future plans. People can feel very frustrated when this has not been the case, and let down by the organisation – I have listened on several occasions as people have talked about strategic planning projects where a team from Head Office or external consultants have ‘jetted in’, collected a lot of information (data and interviews), then gone away and produced the ‘solutions’ without much further meaningful involvement of those within the organisation, who have felt themselves to be merely on the receiving end, uninvolved, and somewhat cynical about the process and the results.

So it is the *how* that matters when involving other parties in strategic planning – gaining the benefit of their expertise without abdicating responsibility or involvement in the all-important ‘strategy journey’.

*Common pitfall no.4: **It's the numbers that count!***

Of course 'the numbers' are important in any plan – quantifying the targets, resources, returns and timescales. And the task of working them out is a challenge – projecting the future and assigning limited resources to make it happen is never easy! So it is not surprising that considerable emphasis is placed on numbers during the development of strategic plans – and the healthily challenging involvement of a strong finance team is an invaluable part of the planning process. However, there is a danger that the focus on the numbers overshadows other aspects of the strategic plan that are also important, such as being clear about the organisation's position in the broader market, how it could better meet its customers' changing needs, and thinking through just how it intends to develop.

There is also a risk of trying to project the future by just extrapolating the past. There are times when this is appropriate – a stable market, an established position, and the unlikelihood of any significant changes to affect these. But it is dangerous when such 'linear' thinking occurs at the expense of any broader consideration of market challenges and opportunities – such as innovations in customer benefits that can redefine the playing field and leave competitors behind.

An example of this occurred during my work with Papworth Hospital: in developing the case for investment in a new hospital, the Private Finance Initiative process stipulated by the Department of Health required projections based on extrapolating the activity levels of their current services as provided within their historical geographical catchment area. But at the same time the National Health Service was undergoing radical change, with the introduction of competition, a new method of funding, and challenging targets: Foundation Trusts such as Papworth being encouraged to innovate, changing how healthcare is delivered to improve patient care and reduce costs. The result is likely to be radically different ways of providing healthcare services – faster patient journeys, better use of facilities, more care delivered in the community, and strengthening specialist centres such as Papworth – and this is what the management and clinical teams at Papworth wanted to address in their strategic planning (and did). But the 'traditional' way of planning required for the new hospital, extrapolating the status quo modified only by known initiatives, could so easily have limited the creative strategic thinking that was essential for Papworth's future success.

*Common pitfall no.5: **Strategy awaydays***

As well as boosting the income of country hotels, 'awaydays' can of course be very valuable in a strategic planning process, providing an opportunity to share views and develop ideas away from the day-to-day operational and managerial pressures. The pitfall is to rely on such an event as the principal activity to determine the strategy. There is often a temptation to overestimate what can be achieved in an awayday – by cramming too much into the time available, involving too many people, and being

anxious to reach decisions without allowing time for ideas and their implications to be considered, or for preparation of information and analysis to inform and stimulate debate. Often it is the discussion time that gets squeezed, limiting a vital part of the process.

Whilst an 'awayday' can be a valuable activity in a strategic planning process, it is only one step. In reality developing strategy takes time - time during which the organisation achieves a common understanding about its situation, thinks through issues and opportunities, considers options and choices, and comes to a clear view about how it will move forward.

The essence of a 'strategy journey' is in the many conversations that help people formulate their views – an 'awayday' is just another opportunity for such conversations, sharing interpretations and working out how to move forward. Understanding how such an event fits within the overall shape of the strategy journey, designing how it can contribute most effectively, and then following this up and progressing the next stage, are all part of the art of guiding an effective strategic planning process.

Common pitfall no.6: Interior decorating: wallpaper and gloss

Developing a strategic plan is an important achievement, with a high profile amongst all stakeholders. There is therefore significant vested interest in a successful result – a document acceptable to all that can be held up with justifiable pride, and used as the roadmap for the organisation's development for the next few years.

One common pitfall is to concentrate on presentation at the expense of content. The 'gloss' can be in the format and style of the final document itself, in the quality and sophistication of the text, graphs and tables, or in the comprehensiveness of the document – all of which are commendable providing the underlying content is sound and that the document succeeds in communicating the important elements of the 'story' about where the organisation is going and why. I have seen strategic plan documents containing extensive information about the market, competition, and historical performance – but lacking in strategic assessment or consideration of future opportunities beyond 'more of the same' (although of course this could be appropriate where the organisation is operating an established strategy in a stable market, a situation which is increasingly unusual!). There are also examples where the document provides a comprehensive collation of the plans for each product group and Department, without conveying the major issues, opportunities and priorities for the organisation as a whole, nor the key strategic themes by which these will be tackled.

Another pitfall is where the strategic planning process has failed to uncover, or deal with, fundamental issues which are at the heart of influencing the organisation's future. Often this is because the consideration of strategy has not been 'deep' enough: implicit assumptions or the accepted current paradigms have not been challenged; or perhaps the market and what might influence it have been too

narrowly defined. IBM's underestimation of the impact of the personal computer is a well-publicised example of this.

Sometimes though it is because the deep strategic issues are too difficult to tackle, either through lack of ability, lack of time or resource, or politically. Sometimes these structural weaknesses are not identified, and sometimes wallpapering over these cracks might be a conscious decision – however, sooner or later the organisation will need to address them, proactively or reactively. Questioning established beliefs is difficult, and potentially unsettling – how this is tackled, by whom and when, is part of the challenge of managing the strategy journey.

*Common pitfall no.7: **SWOT, PEST, dogs and cows***

The attractiveness of 2 x 2 matrices and strategic analysis tools - much loved by managers as well as management consultants! Their widespread adoption is testament to their usefulness: *SWOT* (Strengths, Weaknesses, Opportunities, Threats), *PEST* (Political, Economic, Social, Technological – often with Legal and Environmental too), the '*Boston Matrix*' (to assess product portfolios, with Cash Cows, Dogs, Stars and Problem Children), the '*McKinsey / Directional Policy Matrix*' of 'market attractiveness' compared to 'ability to compete' – and many others, all effective tools to help assess and summarise the current situation. Indeed, there seems to be an ongoing 'fashion parade' of the latest strategic analysis matrices providing yet more perspectives to evaluate an organisation's position!

The key pitfall here is to regard any of these as a definitive end in itself, rather than just analysis to be used as stimulus for further discussion. And it is important to choose the right tool to help assess the organisation's current situation: for example, constructing a PEST analysis when the key market changes and influences are already clearly understood has less value than investing time in working out how to respond to these and whether the organisation has the capabilities to do this.

Another common pitfall is to focus on analysing the market at the expense of considering other aspects of the organisation and so developing a more holistic strategic assessment of the organisation. The attraction of tools such as the above can contribute to this emphasis on marketing strategy, whilst opportunities for step-improvements in customer service or logistics (for example) could be overlooked. So, it is important to have a clear understanding of which tools are appropriate and how to use them effectively as stepping-stones to help the strategy conversations.

*Common pitfall no.8: **A management exercise***

Whilst strategic planning is part of the management and leadership of the organisation, it is not solely the prerogative of those labelled 'managers'. And whilst the process of developing a strategic plan will

exercise the mind and energies of all involved, it is far more than just another project or task on a tick-box list! Despite the obviousness of these points, it is surprising how often in practice strategic planning processes exhibit these pitfalls.

One of the more common problems is underestimating the importance, time and energy required to communicate and consolidate the strategic plan throughout the organisation. It is not enough to organise an internal communications programme of presentations, team briefings and newsletter features to cascade the final result – to be really effective, both the process and the results should be ‘lived’ by the organisation. So, it’s about communicating the plans for the process, letting people know what is happening, what progress is being made, and - importantly – sharing the thinking as it develops, encouraging comment and contributions, developing a common understanding about the issues and opportunities. It’s also about behaviours – implementing the strategic plan in day-to-day actions. And it’s an ongoing process – continuing to refer to and discuss the plan, review progress, highlight key measures, and seeking to adapt, develop and improve.

*Common pitfall no.9: **Bookends and doorstops***

One of the most powerful tests about the effectiveness of a strategic plan is how many times each day it is used in the organisation. Far too frequently the strategic plan document can be seen on senior managers’ bookshelves, prominently placed so that it can be pointed out to important visitors and senior recruits as evidence of the organisation’s strategic management proficiency – and then brought down from the shelf when it’s felt to be time that it was updated.

Often, too, the strategic plan is a somewhat weighty document, complete with comprehensive appendices spelling out various projections in detail – an encyclopaedic source of reference information about market sectors, competitive shares, sales projections, resources and financial plans. All very commendable, providing that it is useful in implementing the plan, and is referred to regularly to guide the organisation and to monitor progress. The pitfall is when this is not the case – when events result in the plan becoming outdated or irrelevant, when the organisation is forced to respond to new challenges or limit resources – not uncommon in the fast-changing environments of most markets. The strategic plan document ends up as a doorstop – an inadequate reward for all the effort invested in developing it.

It is the quality of the strategic planning that is important, not the quantity of information in the resulting document. Some of the strategic plans I have helped organisations develop that have proved most useful have comprised less than 20 pages – with diagrams and summaries helping convey succinctly what was important, and the document telling the ‘story’ of what mattered most to guide future action.

Two key tests of the effectiveness of a strategic plan are:

- is it useful to people throughout the organisation as a guide to making decisions about what to do on a day-by-day basis: does it communicate successfully the key strategies and priorities to drive actions?
- does it help the organisation decide how to adapt when circumstances change, through having helped develop a clear common understanding through the organisation about what it is striving to achieve and the rationale for its strategy?

Achieving this requires a skilful balance between ‘telling the story’ of how the organisation understands itself and its market, mapping out the key strategic ‘themes’ and directions along which it intends to develop, and detailing the high level projections and parameters to help it plan and monitor its progress on that journey.

*Common pitfall no.10: **Assuming it will happen!***

For all the effort that goes into a strategic planning process, and the development of the resulting document, this is just the culmination of the first phase of the journey, creating the springboard for the all-critical implementation. And it is here where many strategic plans fail to be effective. Making the plans happen is challenging – events may overtake the organisation and divert attention or cause a shift in priorities, operational issues may require more resources at the expense of change or development initiatives, management monitoring and follow-through may lack drive, inertia may dampen attempts to change the organisation’s culture.

I feel that sometimes the energy that the organisation has put into developing their strategic plan has left little in reserve to drive through putting that plan into practice. The management team may have devoted so much time and effort to producing the document and gaining agreement to it that perhaps there is little appetite – in practice if not in thought – for the major task of stimulating the organisation to make it happen. This is likely to be a greater risk if the focus has been just on achieving a Strategic Plan document – perhaps reinforced by governance, regulatory or Board pressures.

Planning how to implement the desired strategic directions for the organisation is an integral part of the process – and it is not easy to balance the resources necessary to make new things happen with the day-to-day requirements of the current operation. Targets and expectations may be ambitious but unrealistic; and sometimes the number of projects resembles a ‘wish list’ that can obscure the changes that will really make a difference. I have seen Strategic Plans where the implementation planning is a list of delegated responsibilities – a few months later the detail level progress reviews of individual projects have subsumed the overall picture of what was intended.

A lot of energy is required too in ensuring the strategic plan is communicated effectively throughout the organisation. This is much more than a series of briefing sessions or management cascade – it is about

achieving understanding and engagement, motivating and reinforcing – continually and consistently, through behaviour as well as words.

Thinking through just how to make things happen is a vital part of the strategy journey – it is how the organisation intends to influence its future. An effective strategic planning process will strengthen the ability of the organisation to take the initiative and adapt to its changing environment.

The opportunity

Strategic planning is how the people in an organisation make sense of where it is going and how it is going to get there. It is the process by which the organisation engages in thinking and talking about this, developing a shared understanding, and deciding how it intends to meet future challenges and opportunities. And it is an ongoing journey, an expedition of discovery and adventure that can stimulate and enthuse.

Effective strategic planning is about learning, communicating, developing abilities, making things happen: it is not just about glossy management documents, corporate planning departments, awaydays and consultants, numbers and analysis. Nor is it a one-off process – it is how the organisation learns to interpret its environment, understand itself better, adapt to changes and realise opportunities. Indeed, this strategy journey should be a continual one – the strategic leadership skill lies in understanding where the organisation is on its journey, and how to guide its progress.

Much has been written about strategic planning and how it has evolved, and the different schools and approaches. Much attention has been given to sophisticated analysis, to the tools and techniques and structured processes. Too often not enough has been understood about what it is really about, that at its heart it is about the people of an organisation embarking on a strategy journey to help the organisation influence its future. Adopting such a philosophy will help the organisation avoid some of the common pitfalls of strategic planning, and ensure that their own strategy journey is much more effective.

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ixq helps organisations with their 'strategy journeys'.

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