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Research, Planning and Management Consultants
Specializing in Theatre since 1981

THE STRATEGIC PLANNING PROCESS

BENEFITS OF STRATEGIC PLANNING

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1.0 THE STRATEGIC PLANNING PROCESS; BENEFITS OF STRATEGIC PLANNING

1.1. Strategic planning serves a variety of purposes in organization, including to:

1. Clearly define the purpose of the organization and to establish realistic goals and objectives consistent with that mission in a defined time frame within the organization's capacity for implementation.
2. Communicate those goals and objectives to the organization's constituents.
3. Develop a sense of ownership of the plan.
4. Ensure the most effective use is made of the organization's resources by focusing the resources on the key priorities.
5. Provide a base from which progress can be measured and establish a mechanism for informed change when needed.
6. Bring together of everyone's best and most reasoned efforts have important value in building a consensus about where an organization is going.

Other reasons include that strategic planning:

7. Provides clearer focus of organization, producing more efficiency and effectiveness
8. Bridges staff and board of directors (in the case of corporations)
9. Builds strong teams in the board and the staff (in the case of corporations)
10. Provides the glue that keeps the board together (in the case of corporations)
11. Produces great satisfaction among planners around a common vision
12. Increases productivity from increased efficiency and effectiveness
13. Solves major problems

1.2. When Should Strategic Planning Be Done?

The scheduling for the strategic planning process depends on the nature and needs of the organization and the its immediate external environment. For example, planning should be carried out frequently in an organization whose products and services are in an industry that is changing rapidly . In this situation, planning might be carried out once or even twice a year and done in a very comprehensive and detailed fashion (that is, with attention to mission, vision, values, environmental scan, issues, goals, strategies, objectives, responsibilities, time lines, budgets, etc). On the other hand, if the organization has been around for many years and is in a fairly stable marketplace, then planning might be carried out once a year and only certain parts of the planning process, for example, action planning (objectives, responsibilities, time lines, budgets, etc) are updated each year. Consider the following guidelines:

1. Strategic planning should be done when an organization is just getting started. (The strategic plan is usually part of an overall business plan, along with a marketing plan, financial plan and operational/management plan.)
2. Strategic planning should also be done in preparation for a new major venture, for example, developing a new department, division, major new product or line of products, etc.

3. Strategic planning should also be conducted at least once a year in order to be ready for the coming fiscal year (the financial management of an organization is usually based on a year-to-year, or fiscal year, basis). In this case, strategic planning should be conducted in time to identify the organizational goals to be achieved at least over the coming fiscal year, resources needed to achieve those goals, and funds needed to obtain the resources. These funds are included in budget planning for the coming fiscal year. However, not all phases of strategic planning need be fully completed each year. The full strategic planning process should be conducted at least once every three years. As noted above, these activities should be conducted every year if the organization is experiencing tremendous change.
4. Each year, action plans should be updated.
5. Note that, during implementation of the plan, the progress of the implementation should be reviewed at least on a quarterly basis by the board. Again, the frequency of review depends on the extent of the rate of change in and around the organization.

2.0 WHAT IS STRATEGIC PLANNING?

2.1. Overview

Strategic planning is a management tool, period. As with any management tool, it is used for one purpose only: to help an organization do a better job - to focus its energy, to ensure that members of the organization are working toward the same goals, to assess and adjust the organization's direction in response to a changing environment. In short, strategic planning is a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it, with a focus on the future. (Adapted from Bryson's Strategic Planning in Public and Nonprofit Organizations)



A word by word dissection of this definition provides the key elements that underlie the meaning and success of a strategic planning process: The process is strategic because it involves preparing the best way to respond to the circumstances of the organization's environment, whether or not its circumstances are known in advance; nonprofits often must respond to dynamic and even hostile environments. Being strategic, then, means being clear about the organization's objectives, being aware of the organization's resources, and incorporating both into being consciously responsive to a dynamic environment.

The process is about planning because it involves intentionally setting goals (i.e., choosing a desired future) and developing an approach to achieving those goals.

The process is disciplined in that it calls for a certain order and pattern to keep it focused and productive. The process raises a sequence of questions that helps planners examine experience, test assumptions, gather and incorporate information about the present, and anticipate the environment in which the organization will be working in the future. Finally, the process is about fundamental decisions and actions because choices must be made in order to answer the sequence of questions mentioned above. The plan is ultimately no more, and no less, than a set of decisions about what to do, why to do it, and how to do it. Because it is impossible to do everything that needs to be done in this world, strategic planning implies that some organizational decisions and actions are more important than others - and that much of the strategy lies in making the tough decisions about what is most important to achieving organizational success.

The strategic planning can be complex, challenging, and even messy, but it is always defined by the basic ideas outlined above - and you can always return to these basics for insight into your own strategic planning process.

2.2. Strategic Planning and Long-Range Planning

Although many use these terms interchangeably, strategic planning and long-range planning differ in their emphasis on the "assumed" environment. Long-range planning is generally considered to mean the development of a plan for accomplishing a goal or set of goals over a period of several years, with the assumption that current knowledge about future conditions is sufficiently reliable to ensure the plan's reliability over the duration of its implementation. In the late fifties and early sixties, for example, the US. economy was relatively stable and somewhat predictable, and, therefore, long-range planning was both fashionable and useful.

On the other hand, strategic planning assumes that an organization must be responsive to a dynamic, changing environment (not the more stable environment assumed for long-range planning). Certainly a common assumption has emerged in the nonprofit sector that the environment is indeed changeable, often in unpredictable ways. Strategic planning, then, stresses the importance of making decisions that will ensure the organization's ability to successfully respond to changes in the environment.

2.3. Strategic Thinking and Strategic Management

Strategic planning is only useful if it supports strategic thinking and leads to strategic management - the basis for an effective organization. Strategic thinking means asking, "Are we doing the right thing?" Perhaps, more precisely, it means making that assessment using three key requirements about strategic thinking: a definite purpose be in mind; an understanding of the environment, particularly of the forces that affect or impede the fulfillment of that purpose; and creativity in developing effective responses to those forces.

It follows, then, that strategic management is the application of strategic thinking to the job of leading an organization. Dr. Jagdish Sheth, a respected authority on marketing and strategic planning, provides the following framework for understanding strategic management: continually asking the question, "Are we doing the right thing?" It entails attention to the "big picture" and the willingness to adapt to changing circumstances, and consists of the following three elements:

- formulation of the organization's future mission in light of changing external factors such as regulation, competition, technology, and customers
- development of a competitive strategy to achieve the mission
- creation of an organizational structure which will deploy resources to successfully carry out its competitive strategy.



Strategic management is adaptive and keeps an organization relevant. In these dynamic times it is more likely to succeed than the traditional approach of "if it ain't broke, don't fix it."

3.0 WHAT STRATEGIC PLANNING IS NOT

Everything said above to describe what strategic planning is can also provide an understanding of what it is not. For example, it is about fundamental decisions and actions, but it does not attempt to make future decisions (Steiner, 1979). Strategic planning involves anticipating the future environment, but the decisions are made in the present. This means that over time, the organization must stay abreast of changes in order to make the best decisions it can at any given point - it must manage, as well as plan, strategically.

Strategic planning has also been described as a tool - but it is not a substitute for the exercise of judgment by leadership. Ultimately, the leaders of any enterprise need to sit back and ask, and answer, "What are the most important issues to respond to?" and "How shall we respond?" Just as the hammer does not create the bookshelf, so the data analysis and decision-making tools of strategic planning do not make the organization work - they can only support the intuition, reasoning skills, and judgment that people bring to their organization.

Finally, strategic planning, though described as disciplined, does not typically flow smoothly from one step to the next. It is a creative process, and the fresh insight arrived at today might very well alter the decision made yesterday. Inevitably the process moves forward and back several times before arriving at the final set of decisions. Therefore, no one should be surprised if the process feels less like a comfortable trip on a commuter train, but rather like a ride on a roller coaster. But even roller coaster cars arrive at their destination, as long as they stay on track!