



STRATEGIC PLANNING: THE KEYS TO SUCCESS

FEATURING HERB RUBENSTEIN, JD, MPA, DSS





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Learning Objectives

- Learn the Basic Principles of Strategic Planning
- Identify the Research Necessary for Strategic Planning
- Learn Best Practices in Writing a Strategic Plan
- Understand the Key Role of Communication in Strategic Planning
- Understand How Management Information Systems Are Essential for Successful Implementation
- Learn Key Elements of Executing Strategic Plans
- Learn When and How To Review Strategic Plans

Basic Principles of Strategic Planning

- Understand the external environment
- Understand the internal environment
- Be aware to technological and financial changes
- Must have a grasp of the future
- Must know the market, the customer
- SP is all about setting priorities

Basic Principles (con't)

- SP is a very important document
- Can cause great damage
- Takes substantial resources to do a formal plan
- Can create an emergent plan
- Must include people in organization
- Conclusion - The Four Great Gerald Hines Questions

Gerald Hines Questions

- ▶ What did you learn from our last meeting?
- ▶ How have you applied what you have learned from our last meeting?
- ▶ How has the client benefitted from our last meeting?
- ▶ What are your next steps?

Basic Principles (Con't)

- Key new areas that must be part of the strategic plan beginning with Covid
- Sustainability
- Ethics
- Globalization and its impacts
- Relations with employees
- Transparency
- Resource Allocation

Basic Principles (con't)

- The world of 13 month rolling budgets
- World is moving faster than the three year plan
- Metrics, Metrics, Metrics
- Boundaries of sectors are disappearing creating opportunities
- Risk assessment – key to SP

Research Necessary - Strategic Planning

- Must know factors of success externally and internally
- Must know what weight to give each factor
- Must know internal capabilities
- Must know future customers demand (Who do your customers want to become)

Polling Question Number 1:

- ▶ A key question to ask about your customers is:
 - ▶ How many potentially are they?
 - ▶ Who do your customers want to become?
 - ▶ How can your strategic plan target different customer segments?
 - ▶ All of the above

Research Necessary (Con't)

- Must create repository of documents and access for analysis of data, text to strategic planning team
- Decisions should be fact based, not intuitive or gut feel
- Must collect data from customers, vendors, financiers, stakeholders
- Must have clear decision rights

Research Necessary (Con't)

- Time to invest or be defensive?
- Time to innovate or just collect rent?
- Time to create new strategic alliances
- Time to grow geographically or grow intensively in current markets

Research Necessary (Con't)

- Must know scale potential and pitfalls
- Must know technological capabilities
- Must include your employees as sources of information, insight, and involvement in strategic planning
- Should include customers, financiers, other key stakeholders

Research Necessary (Con't)

- Competitive analysis – what will competitors do if you do X or Y
- Price tolerance of customers - must know what value you create
- What will future government policy and regulations be in this area
- M&A activity

Research Necessary (Con't)

- Talent capabilities - short or long
- Prices charged by your supply chain
- Level of innovation to be expected
- Environmental and health issues - how will they play going forward

Writing of the Strategic Plan

- Backdrop – Plan must be consistent with:
 - Values of the organization
 - Capabilities
 - Identity
 - Brand
 - Ability to Convince Market of Expected Success (GE)

Writing of the Strategic Plan (Con't)

- Plan must be consistent with:
 - Mission and Vision Statements
 - Customer perception
 - Culture of the organization OR
 - YOU HAVE A HUGE CHANGE MANAGEMENT ISSUE

Writing of the Strategic Plan (Con't)

- Regular meetings
 - Clear schedule for writing the plan
 - Do not intermingle operational meetings with SP meetings - Urgency always wins
 - Include writing plan in revised job descriptions
 - Do not miss deadlines
 - Change personnel if not performing
 - Must have CEO/Leadership support and input all along

Polling Question Number 2:

- ▶ The old paradigm of writing a strategic plan once every five years no longer works because:
 - ▶ There is too much turnover in staff
 - ▶ Innovation and times are changing too quickly
 - ▶ Software for writing five-year plans no longer exists
 - ▶ Organizations have gotten too big

Writing of the Strategic Plan (Con't)

- Emergent plans - directional, back of envelope, start up mentality
- Goals first, then fill in the blanks
- How to is less important than what, where, when, and WHY
- Reorganize and change the org chart if necessary to align structure and goals

Writing of the Strategic Plan (Con't)

- Show how you will beat the competition on cost, value, quality
- Identify where investment resources will come from
- Show cost effectiveness of planned activities of organization
- Identify how workforce is capable or will need training

Writing of the Strategic Plan (Con't)

- Communication plan – both internal and external is essential
- Milestones/Stages must be clear
- People must know their role and that they can perform
- MIS system must be written into plan to assure you know what is going on

Writing of the Strategic Plan (Con't)

- Create rough capital budget
- Create rough operating and staff budget
- Check organizational chart to see where changes are needed
- Check compensation to see if changes are needed
- Check quality control to see if it scales

Writing of the Strategic Plan (Con't)

- Not too detailed – directional
- Not a business plan
- Certainly not an operations plan
- Must include well researched, but not final financials
- Must identify expected barriers in implementation
- Must explain the “Why” of the plan

Writing of the Strategic Plan (Con't)

- Briefings on a regular basis so all can know where company is headed
- Secure enthusiastic buy-in for the plan from as many stakeholders as possible
- Announce the parts of the plan you can to alert customers, investors
- Build brand, support with the ideas

Writing of the Strategic Plan (Con't)

- Be clear about alternative strategies that may get you to your goal
- Compare and analyze strategies so you can choose the best and defend your position
- Be sure goals are explicit, with dates
- Make sure people's roles are clear

Writing of the Strategic Plan (Con't)

- Have section on when, how, why to revise the plan - If, then....
- Be sure to explain how to do not just what to do
- Must take into account regulatory environment
- Must take into account how competitors will respond to actions

Writing The Strategic Plan (Con't)

- Embed key concepts into Strategic Planning including:
- **Decision Rights**
- **Participation Rights**
- **Consultation Rights**
- **Informed Rights**
- **Improvement Rights**

Writing of the Strategic Plan

- Make sure each division, VP plays his or her part in writing actual plan
- Take time to vet and test the plan
- Decide on the actual course of action and contingency plans
- Write the draft plan and circulate among certain employees, board
- Formally approve the plan

Polling Question Number 3:

- ▶ Each division must play a role in writing a strategic plan because:
 - ▶ Workplaces are democracies
 - ▶ Stockholders and boards of directors demand this
 - ▶ A strategic plan is an integrated plan involving all or most departments
 - ▶ Every division has a Vice-President

Executing The Strategic Plan

- Great book, Bossidy and Charam - ***EXECUTION***
- Red flags are your friends
- Listen to those executing the plan
- Briefings on a regular basis so all can know where company is headed

Executing The Strategic Plan (Con't)

- Know your training, human capital, hiring or outsourcing needs in advance
- Create and plan to govern and execute all strategic alliances needed to execute the plan
- Identify all barriers and plan for them

Executing The Strategic Plan (Con't)

- Create early wins to show plan is working
- Ensure that group supporting the plan stays intact
- Expect resistance and conflict and manage it
- Be sure IT you have is fully supportive of executing the plan

Executing The Strategic Plan (Con't)

- Be sure all key vendors, and their backups, are aware of your needs of them in execution
- Study all potential supply chain bottlenecks to executing the plan
- Monitor all decision makers to insure they are making timely decisions

Executing The Strategic Plan (Con't)

- Keep an ear out and design a communication system to learn about all ethical challenges introduced by the plan to your organization
- Deal with all ethical failures very quickly and effectively
- Get feedback all along the way from customers, vendors, employees, etc.

Executing The Strategic Plan (Con't)

- Revise the plan as necessary if goals are not being met
- Only revise goals if you have to
- Make sure Management Information System is producing accurate, timely information to monitor both whether the plan is being executed properly and whether goals are being met

Polling Question Number 4:

- ▶ Strategic plans require regular revisions because:
 - ▶ Competitors change strategies and tactics in response to your plan
 - ▶ Employees find fault with the plan as not executable
 - ▶ Customers' tastes or external conditions like covid change everything
 - ▶ All of the above

Executing The Strategic Plan (Con't)

- Promote informal communication and learning about the execution
- Make sure bad news travels up the chain quickly and remedies are created quickly
- Provide rewards for those who exceed goals, beat milestones early and often, acknowledgement is key

Conclusion

- Management is the key - how to manage execution:
- Four key questions all asked regularly by Gerald Hines
- 1. What did you get out of our last meeting?
- 2. How did you apply it?

Conclusion (Con't)

- 3. What benefits did it bring our company?
- 4. What are your next steps
- Execution and Strategic Planning are management and leadership actions
- Plans do not have to be too detailed, but must be clearly directional

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