Strategic Planning and Execution

Welcome

• Thank you for joining us for this College of Continuing Education webinar.

• Strategic Planning and Execution

• Moderator: Julia Dugan

Please submit questions at any time during the webinar. Questions will be addressed as time permits at the end of the webinar.

Key Factors of Project Success

To submit questions:
• On the upper left hand portion of screen click the "Ask a question" button.
• Type your question and click send.
Webinar Recording

- A link to a recording of this webinar will be e-mailed to all registrants.

- You can expect to receive the webinar link in the next few days to the e-mail you submitted during your registration.

Upcoming Course Dates

Build Teamwork and Commitment – August 27, 2013
Project Leadership – September 6, 2013
Negotiate for Agreement – September 13, 2013
Business Acumen – September 27, 2013

For more information
www.cce.umn.edu/professionaleducation
612-624-4000

Dick DeBlieck

- M.B.A. Management & Finance - U of MN
- EMS/McGraw Hill – managed finance and human resources
- V.P. Management Systems
- Independent consultant since 1981:
  - Strategic planning
  - Leadership development
  - Project management
Agenda

• Why do strategic planning?
• Overview - strategic planning process.
• How to develop strategy and plans.
• How to execute plans.
• How to measure success.

Why Plan?

• Strategy = number one tool to gain advantage.
• Strategy leverages talent, drive and resources.
• Strategy helps anticipate and focus on possibilities, filter options and pursue the best.
• Business is dynamic.
• Organizations exist in an open system and need to recognize their environment.
• Organizations that can’t adapt, won’t make it.

Questions

What questions should a strategic plan answer?
Questions to Ask/Answer

- Where are we?
- Where do we want to go?
- How do we get there?
- How much will it cost us to get there?
- When do we arrive?
- Who is responsible?
- What will be the rewards?

Three Phases

1. Situational Analysis (Where Are We?)
2. Strategy and goal formulation (Where Do We Want to Be?)
3. Implementation Planning (How Do We Get There?)
   - Project selection
   - Actions, metrics and controls

Situation Analysis
(Where Are We?)
Charting the Course

First step is to know where you are.
Assignment—“Plot a course to Lac La Croix”

Situation Analysis

Internal and external analysis.

Pester Analysis

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Impact</th>
<th>Response</th>
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</thead>
<tbody>
<tr>
<td>Political-Legal</td>
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<tr>
<td>Economic</td>
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<td>Socio-cultural</td>
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<td>Technological</td>
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<td>Regulatory</td>
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</table>
Additional External Information

- Market Definition
- Needs
- Preferences
- Total available volume in the market
- Your current share of the market
- What is the specialty/commodity mix in that market
- Number of potential customers
- Competitors’ share of the market
- Average real market growth rate
- Significant recent market events
- Indirect competition

What Is Competition?

- Direct / Indirect

- “Competition” in a non-profit or public sector

- Who are your competitors?

Competitors’ Strengths and Weaknesses

- Position to avoid strengths.

- Position to take advantage of weaknesses.
SWOT Analysis

<table>
<thead>
<tr>
<th>Strength</th>
<th>Weakness</th>
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</thead>
<tbody>
<tr>
<td>Opportunity</td>
<td>Threat</td>
</tr>
</tbody>
</table>

Strategic Internal Inventory (Situation Analysis)

- Offerings (Products/Services)
- Technologies
- Manufacturing Capabilities
- Distribution Capabilities (Supply Chain)
- Management Systems
  - Controls/Systems/Structure/Resources
- Resources
- Processes

Hidden Assumptions

- Make assumptions explicit.
- Beware of TOXIC assumptions.
Strategy and Goal Formulation  
(Where Do We Want To Be?)

Strategy Formulation—Key Success Factors

• Characteristics that drive success.

• Must be measurable and have an associated goal.

Examples of Key Success Factors

• First to market
• Technology leadership
• Manufacturing excellence
• Brand recognition
• Resources
• Strategic partnerships
Strategy Formulation—Scenario Planning

What is scenario planning?
• Future study
• Option thinking
• Plausible futures
  – 3 to 5 stories
  – Examine how prepared you are
  – Look for markers to tell you which story is unfolding.

Link Scenarios to Strategy

Identify “Radical Differences” between scenarios:
• What strategies work in each scenario?

  • Which of these strategies also work in the other scenario(s)?

  • What other learning can we take away from this scenario?

Strategy Examples

• Grow faster than industry
• Attain cost leadership
• Differentiate
• Out-innovate
• Focus on niche
• Defend position
• Turnaround
• Exit
Strategy—Context

Strategy should reference and respect:
- Mission
- Vision
- Values

Mission Statements

- Define core purpose
- Help draw focus
- Drive to higher value

Mission—Example

To inspire hope and contribute to health and well-being by providing the best care to every patient through integrated clinical practice, education and research.

—Mayo Clinic
Effective Mission Statements

- Simple, direct, easily communicated
- Long-term
- Compass
- Defines the organization’s commitment
- Outlines focus of strategy and competencies employed
- Points to the market needs the organization will fulfill

Developing a Mission Statement

What does your organization do?
- Why is that important?
- Why?
- Why?
- Why?
- Why?

Your Mission

What is your organization’s mission?
- Do you know?
- If not, find out.
- How does your work support that mission?
Values

- Principles that guide the organization over time.
- Deeply held.
- Demonstrated through daily behavior.

Values—Example

Primary Value:
The needs of the patient come first.

—Mayo Clinic

Vision

- Vivid
- Compelling
- Future focused
- Consistent with Mission and Values
- Meaningful
- Concise
Vision—Example

Mayo Clinic will provide an unparalleled experience as the most trusted partner for health care.

Vision Statement

Through all our products, services and relationships we will add to life’s enjoyment.

— Anheuser Busch
Get Specific

Establish goals, objectives and measures to implement strategy:

• Broad goals (results).
• Operating metrics and project objectives (a.k.a. strategic initiatives)

Terminology

**Goal**—*What* you plan to accomplish (high-level).
  e.g., Summit Mount Everest

**Objective**—Specific, measurable intended *result* (often project).
  e.g., Base camp and communications set up by May 1

**Strategy**—*Organizing principles* for how to reach goal.
  e.g., Alpine-style (or Expedition-style)

**Tactics**—What you do to implement strategy (could be project).
  e.g., pare gear, emphasize speed, quick push to summit

Military Example

**Goal**—Win the war.

**Strategy**—Divide and conquer.

**Objective**—Take the city.

**Tactics:**
  – Satellite and on-the-ground intelligence.
  – Seal team knock out communications.
  – Drone attack on enemy leaders.
  – Stealth bombers hit air defenses.
  – Armored divisions move in.
  – Ground troops invade in force.
Implementation Planning
(How Do We Get There?)

Most organizations have:
• Multiple, independent, high-cost, projects within functional areas or operating units. (IT, Legal, Marketing, Sales ...).
• Project sponsorship is not always clear.
• Inconsistent approaches for managing projects.
• Measures of success are inconsistent.
• Projects are developed and implemented in isolation.
• Key stakeholders have little or no say.
• Subject matter experts overextended.
• Resources are spread thin.

Current State

Strategic Portfolio

Strategy and Organizational Goals

Portfolio(s)

Program

Program

Projects
Project Selection

<table>
<thead>
<tr>
<th>Project Selection Criteria</th>
<th>Project 1</th>
<th>Project 2</th>
<th>Project 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Fit/Value</td>
<td>e.g. 1-10</td>
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<tr>
<td>Return on Investment</td>
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<tr>
<td>Benefit vs. Resource Use</td>
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<tr>
<td>Importance to Customer</td>
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<td></td>
<td></td>
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<tr>
<td>Improve Process</td>
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<td></td>
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<tr>
<td>Improve Quality</td>
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<td></td>
<td></td>
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<tr>
<td>Ensure Business Continuity</td>
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<tr>
<td>Minimize Risk</td>
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<td>etc., etc.</td>
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<tr>
<td><strong>Total Score</strong></td>
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S.M.A.R.T. Objectives

- **Specific**—describe *result*
- **Measurable**—objective verification
- **Attainable**—possible
- **Realistic**—vis-à-vis resources
  (and Relevant to vision/mission/strategy)
- **Timetable**—when

Tracking Multiple Projects
Objective of Portfolio Tracking

- Prioritization
- Resource Allocation
- Performance Tracking

*Portfolio Management is about resource allocation – how your business spends its capital and human resources.*

Seven Steps to Strategy Execution—Integrating Portfolios, Projects & People for Organizational Performance; Crawford

Why Is It Important

- Diluting resources
- Duplicating efforts

List Projects In Your Organization
What Elements of a Project Should Be Tracked?

- Time — on schedule?
- Cost — on budget?
- Performance — ok?
- Scope — within?

Measurement
Why Measure
• Provides true picture of what is happening to the business.
• What get measured, happens!

Most Organizations
• Have some good measures.
• Lots of data, not enough information.
• Focus on financial/operational measures.
• Track items and drive inappropriate behavior.

Examples:

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
Examples of measures:

What unintended behavior may result?

- Sales calls per day (week, month)
- Number of proposals written
- Number of articles published
- Conference presentations
- Lines of code written per day
- Number of hours in training per employee
- % of employees with performance review on file

What to measure

- The “vital few” vs. “trivial many”
- Activity and results (Leading/Lagging)
  - Key factors in categories:
    - Financial results
    - Operational measures
    - Quality of product and service
    - Customer satisfaction
    - Employee satisfaction
    - Supplier performance

Examples of Measures

<table>
<thead>
<tr>
<th></th>
<th>Past (Lagging)</th>
<th>Present</th>
<th>Future (Leading)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>Margin/Profit</td>
<td>Cashflow</td>
<td>$ in orders/proposals</td>
</tr>
<tr>
<td>Customer</td>
<td>Repeat/Lost business</td>
<td>Customer survey</td>
<td>PS discussing future work in existing or new customers</td>
</tr>
<tr>
<td>Employee</td>
<td>Turnover</td>
<td>Absenteeism</td>
<td>Stress level</td>
</tr>
</tbody>
</table>
Strategy Table

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Excel in customer development</td>
<td>1. All account management people trained on new products by Q1, 2013</td>
</tr>
<tr>
<td></td>
<td>2. Comprehensive print and broadcast media campaign produced and distributed to all key accounts by Q1, 2013</td>
</tr>
<tr>
<td></td>
<td>3. Five largest retailers penetrated with 10 SKU’s each by the end of Q1, 2013</td>
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Balanced Scorecard Measures

1. Financial.
2. Customer.
3. Internal processes.
4. Learning and growth.

Project Evaluation

- Lessons learned.
- Modest investment of time.
- Project manager and team members only.
- Executive summary.
- Capture lessons.
Measurement – Conclusion

• Lots of things can be measured.
• If it isn’t measured it can’t be improved.
• Some are worth the effort, some are not.
• Measures may change – no perfect measures.
• It’s ok to start measuring at any level in the organization.
• Scorecard must be how the organization truly evaluates performance.

Review and Update

• Planning is never done.
• Review progress and status regularly.
• Make necessary adjustments:
  – To performance
  – To plans and assumptions
• Repeat!
Look for e-mail with link to presentation in the next few days.

For more information
www.cce.umn.edu/professionaleducation
612-624-4000