

Cover Story

Strategic Planning in Turbulent Times

By Ron Einblau

Taking stock

In his Notice to Reader reports, my accountant always draws my attention to two things: accuracy and completeness—specifically, the accuracy and completeness of information used to support the compilation of balance sheets and statements, and the compilation of income and retained earnings.

What do accuracy and completeness have to do with strategic planning? Well, many people use concerns about accuracy and completeness to argue *against* developing strategic plans. The argument goes something like this: “In these turbulent times, we can’t guarantee that things will stay the same and that what is accurate now will be accurate in the future, so how can we predict where we’ll be in a year, let alone five?”

What these people fail to realize is that strategic planning is *not* about predicting the future—it’s about taking stock of the present, creating a vision for the future, and planning strategies to achieve that vision. As such, it’s a process that’s especially important in times of turmoil.

External forces

Change has always been inevitable—sometimes it happens quickly, sometimes slowly, but it always happens. Our external environment is one of market uncertainty, international political unrest, and shifting social values; current economic imbalances will continue to occur and will continue to be managed. This is why it’s so important that we envision our desired future and then plan the strategies needed to get us there; otherwise we will always be accepting the future someone else has worked to make happen, and in business that “someone else” is usually a competitor.

That said, strategic planning is especially crucial where conflicting interests are at work. For instance, the economic interests of a polluting enterprise will always be challenged by the ecological interests of a community, but the premise of “sustained growth” or “shared fate” strategies is that both economic growth and environmental protection are simultaneously possible. The challenge in devising such strategies is to satisfy the criteria of both sides.

Internal forces

Within our internal company environments we live in a climate of competing interests and varying levels of commitment to competing outcomes. Many people argue that it’s useless to spend energy developing strategic plans because such plans are never

adopted. The argument goes something like this: “We’ll never get everyone behind this 100 per cent, so why bother?”

The answer is that if you *don’t* have a shared vision of the future and a consensus on the strategies needed to achieve that vision, your organization has no map to follow and no rudder to keep it from drifting off course.

The need for 20/20 vision

So how can good planning and strategy development help you?

For one thing, planning encourages realism. Take, for instance, the example of Avcorp Industries, a BC manufacturing firm that provides products to the aerospace industry. As everyone knows, aerospace is a fluctuating industry that has been experiencing a lot of upheaval in the past few years. Political uncertainty and the war in the Middle East have wreaked havoc on fuel pricing, and terrorist actions like those of September 11, 2001, have wreaked similar havoc on the travel industry. These kinds of factors in turn have wreaked havoc on capital investment decisions, as well as on decisions about training and maintaining overhead costs. Only by adhering to a clear vision of the future and tenaciously exploring alternative strategies to achieve business goals has the company mentioned above continued to survive, develop new markets, and employ hundreds of British Columbians.

Strategic planning can also help prevent costly errors. More often than not, employees, partners, and owners express feeling disconnected, uncertain, and without direction when they work without a shared vision for the future. And without a clear idea of what’s important and of the values that guide their actions, people are more likely to make bad decisions. For instance, firms may accept business that falls outside of their area of expertise without factoring in the cost of developing the capability to deliver results to clients. Or firms may accept business without having a clear idea of how they’ll build the firm’s capacity to deliver results on time.

Assessing problems

Strategic planning is not just for large companies, and it need not be seen as an inherently huge or complex undertaking. The beginnings of strategic planning—for firms of any size—can be as simple as clearly defining what is and isn’t working.

Here are just a few examples of business and behavioural warning signs that are universal and easy to identify:

Ailments	Symptoms	Cures
1. No real goals	Goals are vague, general, not measurable, and/or not time-phased.	Set specific goals and strategies with time-phased objectives.

2. Failure to anticipate obstacles	Excessive optimism, no alternative strategies, no conflicts recognized, missed delivery dates, missed time forecasts.	Be flexible in planning, and face obstacles with confidence. Realism is the key word here.
3. Lack of milestones and progress reviews	The “it can wait” syndrome, not really knowing how you’re doing, short-term orientation, no recent revisions of plan.	Set specific tasks and progress review dates. Ask each week, “What did I accomplish toward reaching my goal?”

Key points for planning strategies

Once you’ve assessed your warning signs, it’s time to think strategy. Keep the following guidelines in mind as you do so:

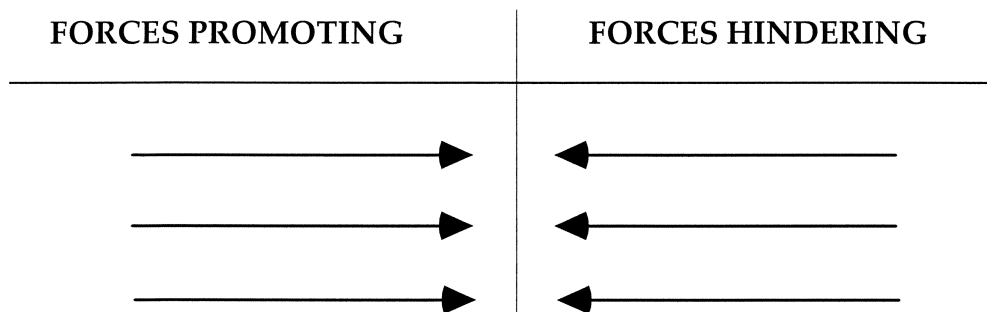
1. Strategic planning is concerned with resource commitment – allocating resources to capitalize on opportunities. It starts with an assessment of the current situation, including your organization’s capabilities and limitations.
2. Planning is a management responsibility – *it cannot be delegated to staff members*. The leader of the organization or owner of the firm must be seen as the person providing and striving for the vision.
3. Planning requires a top-down, bottom-up approach – data and information must be encouraged from all levels of the organization in order to better inform the planning process. Getting everyone involved early on helps with the transition from the strategic (planning) levels of the organization to the tactical (operational).
4. Use existing management processes and practices – do not set up a separate routine. You already have routines built into your business that provide stability and security in the face of the turbulence around you. Use them as strengths.
5. Process is more important than the document format – more important than anything else is the process of getting everyone on the same page— following the same vision and upholding the same values. This takes time and energy up front, and means lots of open, frank discussion about what each member of the planning team really believes.
6. Go slow to go fast. Any planning system should be introduced gradually, evolving from existing management practices. By carefully

and honestly assessing your current situation and strengths, you know where you have to start. By gaining clarity with regard to your weaknesses and the threats to your status quo, you know what gaps have to be filled. By agreeing on what you really want to achieve, you know what counts. **Deng Ziaoping** (former premier of the Peoples Republic of China and well known for his pragmatism) was quoted as saying, “Who cares what colour the cat is, as long as it catches mice?”

Some tips for putting the plan into action

For any strategic plan to succeed, a bridge is needed to put visions and goals into action. When building this bridge, start small and simple. The following steps will help guide you through the process:

1. Prioritize your objectives to work with the most important ones first.
2. Assess how easy or difficult your specific objectives will be to achieve by defining the forces that will either promote or hinder your success—what we call a quick “force-field” analysis, depicted below:



3. Then prioritize these forces in order of impact. For instance, you might consider cash flow constraints your top hindering factor, employee resistance to learning new methods of operation a lesser hindrance, and anticipated improvements in customer service a high promoting factor.
4. Decide which of the forces you’ve identified can be acted upon.
5. Determine what specific steps can be taken to enhance the forces promoting an objective.
6. Determine what specific steps can be taken to reduce the forces hindering an objective.
7. Write an action plan outlining the step-by-step actions you’ve decided to take to achieve each objective. Stipulate who will be doing what, when it will be done, how much it will cost, and how its success will be measured.
8. Establish a date for reviewing progress. Six months is the maximum length of time recommended.

Achieving success

Examples of strategic planning can be found throughout the world economy, whether within major businesses linked to international business infrastructures or within small, local business enterprises. In every case, the successful application of planning relies not on predicting the future, but on getting a realistic view of the status quo, then creating a credible and feasible vision for the future—credible in the sense that stakeholders can believe it's possible, and feasible in the sense that the necessary capacities and capabilities exist within the organization (and the necessary circumstances exist without) to bring this vision to life. These kinds of proactive measures only become more important as the world gets more complicated.

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