



Rethinking Strategic Planning

— An Introduction —

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'Tired of strategic planning? What are the alternatives?' That is the title of a recent session run by the Strategic Leadership Forum (SLF). The SLF is a voluntary organization, which helps its members keep up-to-date with trends in strategic management. (Check it out at www.slftoronto.com). Berkeley was there. After all, helping organizations set their strategic direction is one of Berkeley's areas of practice. Berkeley has been doing this for almost twenty years and I have personally been involved for an additional decade or so.

While strategic planning continues to be around, many people have started to question its relevance and value. Some have gone so far as to declare strategic planning as dead. Henry Mintzberg has been a pioneer critic (see *The Rise and Fall of Strategic Planning*). Mintzberg's central challenge has always been whether strategic planning is really strategic — in that it is not about formulating strategy. Essentially, he claims that strategic planning simply programs conventional wisdom of an organization thereby constraining flexibility and innovation.

Over the next few months, I'm asking Berkeley's associates to think about whether Strategic Planning needs a facelift and whether we can bring some fresh ideas to make strategic planning, strategic again.

Let me start that process with some reflections on where strategic planning is at.

Client Perspective

While we are not in the 'heyday' of strategic planning, client organizations are still actively using this tool. Of course, there have been some modifications in emphasis.

- Avoid 'word-smithing' — less emphasis on mission statements and values.
- Focus on much shorter time frames, from one to three years.
- More emphasis on developing practical initiatives.
- Need to clearly set priorities and limit commitments recognizing resources available.
- For public and non-profit organizations, a focus on sustainability.
- Business planning has come into vogue (for public sector) to replace strategic planning — a reflection of the focus on resources.

The reality is that senior executive teams very much appreciate the opportunity to get together at 'retreats' to talk. Boards (in the voluntary sector) typically do so annually without fail. Frequently, those workshops or retreats are called 'strategic planning retreats'. However, in many cases leadership teams do not discuss company strategy. Instead, they discuss operational plans for the next year or so and, in some cases, develop a 'to do' list for an even shorter period of time.

What is Strategic Anyway?

What should Strategic Planning deal with anyway? As an Adjunct Professor of Strategic Management at the Schulich School of Business, I can give a little insight from a business school perspective. The first thing to note is that business schools don't really teach strategic planning. The emphasis at business schools is on rigorous strategic analysis, strategic thinking and aligning strategy with implementation. At Schulich, we emphasize a field study experience where teams of students each study an organization and develop strategic recommendations to improve the company's performance (so called 601 course). To support their work, there is an experimental software resource 'NewMindsets' that makes best practice tools and methods available at a keystroke. Interestingly, the most popular 'hit' is called: Jim Mackay's *Five Fundamental Questions for Strategy Studies*. (See the box) Supposedly, if you were really doing a strategic study, these are the questions you should be answering.

Fundamental Questions for Strategy Studies

1. What business is the company in? Should be in?
2. How successful is the company? on what basis, and why?
3. What are the company's prospects for the future?
If they continue as is, if they implement current plans? Why?
4. What fundamental issues, choices, alternatives face the company?
5. What actions should the company consider taking? Why will it help the company be successful? Why will it work?

I am not sure that these are the questions that executives are asking today. I am even less certain that these are really dealt with in strategic planning processes or at strategic planning retreats. Do people have the time and patience to work through these issues?

Given that market uncertainty makes forecasting the future haphazard and that executives are short on time, leaders are clearly starting to question the relevance and value of strategic planning. Not surprising!

Berkeley's Response over the Past Five Years

So how has Berkeley adjusted our strategic planning practices over the past five or so years?

First, we have always emphasized a three-phase approach and avoided the left-brain strict logical sequences that started with word-smithing mission statements. That means we never really fell into some of the old traps. Our three-phase approach is shown here, with some comments on the trends under each one.

Overview of Strategic Planning Processes

While the ultimate document in strategic planning is a logical Strategic Plan, the path is not as linear.

- A. Strategic Assessment** — A consultative fact-finding process leading to the logical findings about where the organization is and what is happening around it going forward.
 - **Often Strength Weakness Opportunity Threat (SWOT) Analysis is a format to present this.**
- B. Strategizing** — A creative, intuitive process of dialogue about 'what ifs' and looking at big picture change/alternatives leading to consensus about broad strategic vision or goals for the future.
 - **Retreats or Workshops with Stakeholders sometimes followed up by sounding boards to test conclusions.**
- C. Strategy Development** — A structured logical top-down process of defining a strategic plan based on strategic vision and goals but translating it to strategic initiatives (see steps below).
 1. Review philosophical statements such as Mission, Values and Purpose.
 2. Review Broad Vision (Goal) and develop Strategic Objectives (or Directions) for target period.
 3. Logically develop Strategic Initiatives for each Strategic Objective/Direction.
 4. Develop Strategic Initiatives and Identify Implementation Requirements.

The reality is that we have had to make adjustments to reflect people's growing sophistication with strategic planning, limited patience with going over old ground, need to ration time and resources, and growing anxiety about getting a tangible result from retreats, processes and meetings!

Here are some of the elements we have introduced over the last decade.

- **Use of Scenarios and Alternative Futures.** To engage people quickly and create more focused dialogue, we have used scenarios and alternative futures approaches — developing options models of how the environment/market may evolve and how the organization could emerge. This typically creates more focused and energized dialogue — even debate. Interestingly, it often leads to common ground — similar conclusions about action in the short term, no matter what the future brings. It tends to show that uncertainty about the future should not stop action — some common action plans can start now and be adjusted during implementation as contingencies work their way out.
- **Broad Stakeholder Workshops for Strategic Dialogue.** Whether within a private company or with external stakeholders in public or community settings, it is usually wise to broaden the circle of involvement during a strategic planning process. This is best done in the middle of a process at what we call the strategizing stage — looking at options and thinking about fresh ideas. Doing this increases buy-in at the least, certainly shortens the implementation process and brings greater practical focus to the table as well. We use structured agendas and 'workshop guidebooks' and facilitation to give everyone a common frame of reference, to focus discussion on getting to a conclusion while leaving lots of time for discussion in small groups and in plenary.
- **Introducing Balanced Scorecard Methods.** Reflecting the growing interest and use of balanced scorecard methods, this approach fits some part of the strategic planning process — as a means of organizing the strategic assessment, and as a way to structure the logic process of strategy development and documentation. We have not found it helpful in strategizing or stimulating strategic dialogue — the middle phase.
- **Structuring the Strategy Development Process.** We have formalized and streamlined the third phase to go quickly through the logical strategic planning process (mission to strategic goals and directions to action initiatives) to get everything aligned. Our focus is on getting to setting out strategic initiatives with timelines, accountability and budgets — to respond to the growing need to feed the results into an operational planning and budgeting context ASAP.

While Berkeley has had success with these methods, we want to take the time to take a fresh look at strategic planning in the 2Ks!

Invitation for Your Thoughts about Strategic Planning Going Forward

Over the next few months, Berkeley is reviewing its strategic planning practice and looking for fresh ideas. Not surprisingly, we are looking to our collective wisdom — tapping the minds of our associates and clients — to help.

Please call, email or whatever, with any ideas and perspectives on how strategic planning is still relevant to you? Is it really dealing with strategy and strategic issues? Should it? What is needed to make it more useful and more strategic to you and your organization?

About the Author

Jim Mackay leads The Berkeley Consulting Group and Berkeley Feedback & Development Inc (BFDI). For almost thirty years, Jim has provided strategic advice to CEOs, Boards and top management in the private and public sectors. Jim specializes in strategic direction setting, organization design, mergers and governance. Globally, Jim coaches top managers on organization leadership, often using BFDI's 360 feedback tool. Jim is also an Adjunct Professor of Strategic Management at the Schulich School of Business, ranked in the top 25 MBA schools world-wide. Since 1985, he has overseen MBA groups conduct strategy field studies in a vast array of industries to earn their MBAs. Jim is also a Certified Management Consultant (C.M.C. 1979) and a graduate of the Ivey Business School and University of Toronto.

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