
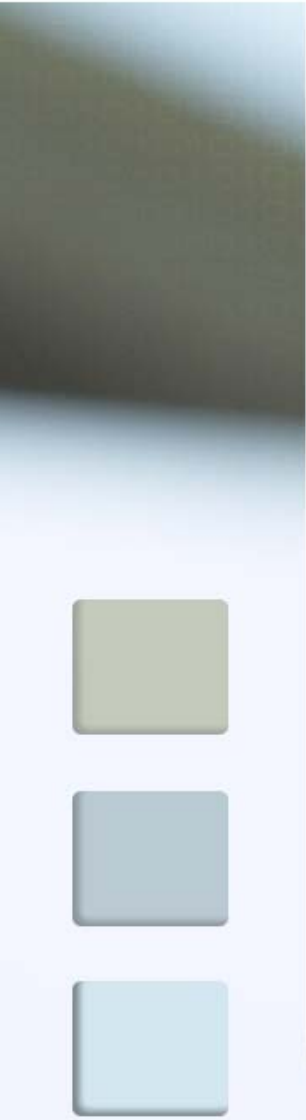




Strategic Planning

Planning 101

Gary Rinehart
Decision Interface



**Like aging generals, many
Information Technology leaders
appear to be planning for the
previous war, not the next one.**

Kenneth C. Green
Mark Hopkins and the Digital Log

One of our trustees says that if he learns that the end of the world is at hand, he will immediately come to Duke, because everything takes a year longer here.

... Nan Keohane, President
Duke University

**You cannot discover new oceans
unless you have the courage to lose
sight of the shore.**

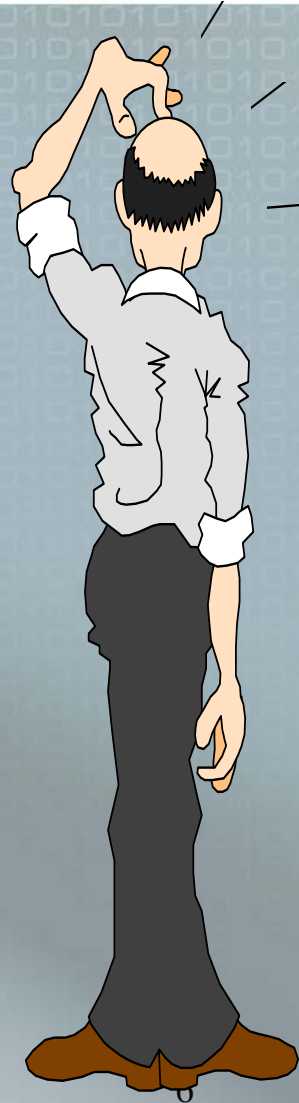
... Unknown Author

Strategy

- A company's strategy consists of the competitive moves, internal operating approaches, and action plans devised by management to produce successful performance.
- Strategy is management's "game plan" for running the business.
- Managers need strategies to guide HOW the organization's business will be conducted and HOW performance targets will be achieved.

Three Big Strategic Questions

1. Where Are We Now?
2. Where Do we Want to Go?
3. How Will We Get There?



The Five Task of Strategic Planning

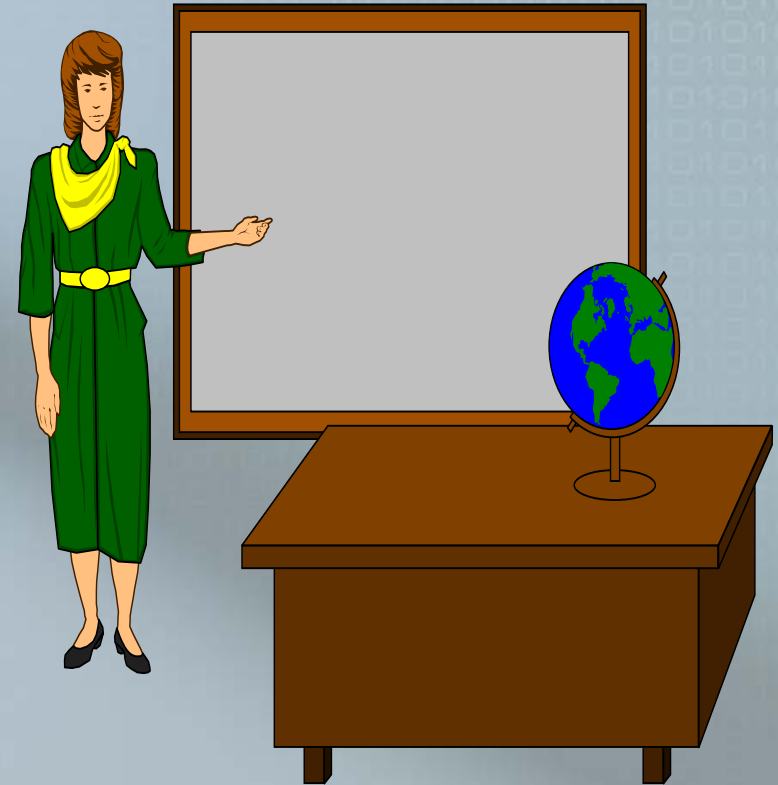
1. Developing a Vision and a Mission
2. Setting Objectives
3. Crafting a Strategy
4. Implementing and Executing Strategy
5. Evaluating Performance, Reviewing the Situation and Initiating Corrective Action

An organization's **Mission**

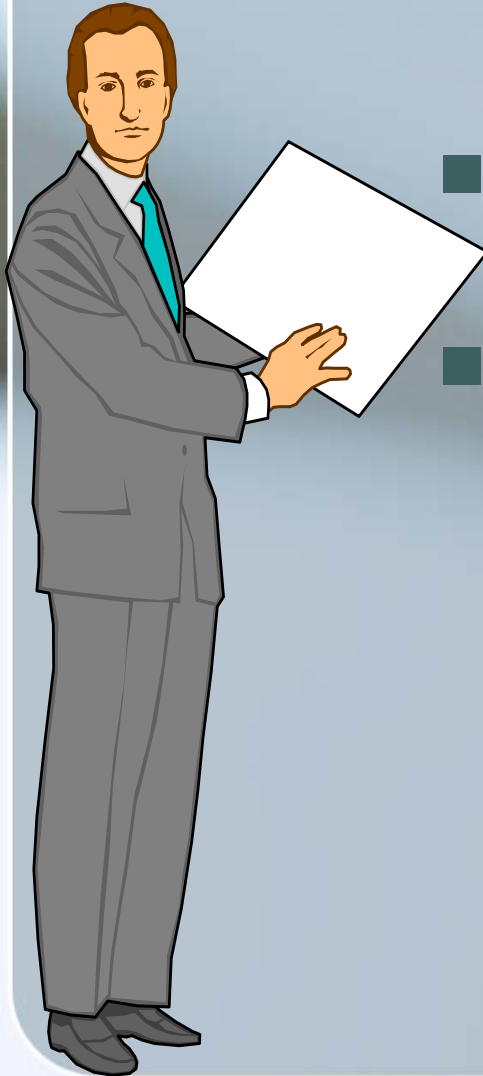
- reflects management's vision of what the organization seeks to do and to become
- sets forth a meaningful direction for the organization
- indicates an intent to stake out a particular business position
- outline "Who we are, What we do, and Where we are headed".

Setting Objectives

- The purpose is to convert the mission into Specific Performance Targets
- Serve as yardsticks for tracking company progress and performance.
- Should be set at levels that require stretch and disciplined effort.



Two Types of Objectives are **Needed**



- **FINANCIAL OBJECTIVES**

- **STRATEGIC OBJECTIVES**

- Short-Run

- Long-Run

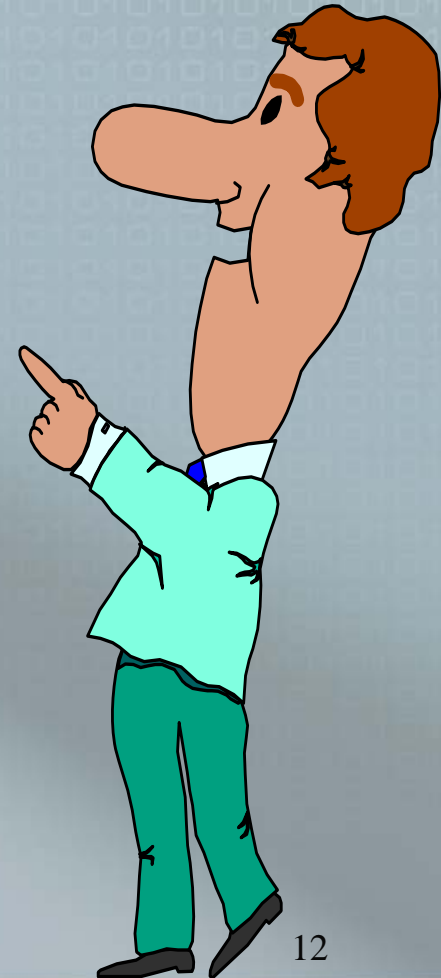


Crafting a Strategy

- HOW to out-compete rivals and win a competitive advantage.
 - Who are our rivals?
 - Do we need a competitive advantage?
- HOW to respond to changing industry and competitive conditions
 - What changing competitive conditions?
- HOW to defend against threats to the company's well-being
 - What are the threats?
- HOW to pursue attractive opportunities
 - What are our opportunities.

Crafting Strategy is an Exercise in Entrepreneurship

- Risk-taking vs. Risk Adversity
- Innovation and business creativity
- A keen eye for spotting emerging market opportunities
- Choosing among alternatives



Why Good Management of Strategy Matters

- Powerful execution of a powerful strategy is a proven recipe for success.
- Crafting and implementing a strategy are CORE management functions.
- To qualify as WELL-MANAGED, a company should
 - Have an attractive strategy
- A good strategy builds a position that is strong enough to overpower rivals and flexible enough to overcome unexpected obstacles.

Why is a Company's Strategy Constantly Evolving?

1. Changing market conditions.
2. Moves of competitors.
3. New technologies and production capabilities.
4. Evolving buyer needs and preferences.
5. Political and regulatory factors.
6. New windows of opportunity.
7. Fresh ideas to improve the current strategy.
8. A crisis situation

What is a Strategic Plan?

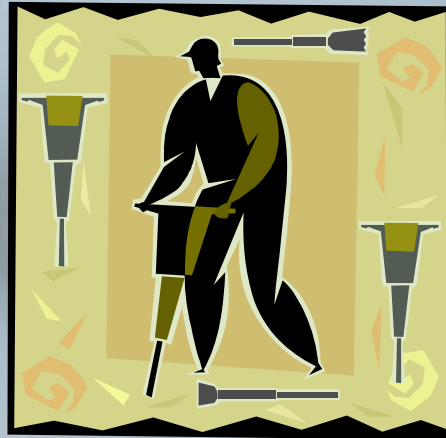


A strategic plan specifies where a company is headed and HOW management intends to achieve the targeted levels of performance.

Characteristic of the Strategic Management Process

- An ongoing exercise
- Boundaries among the tasks are blurry rather than clear-cut
- Doing the 5 task is not isolated from other managerial responsibilities and activities.
- The time required to do the tasks of strategic management comes in lumps and spurts rather than being constant and regular.
- Involves pushing to get the best strategy supportive performance from each employee, perfecting the current strategy.

Strategic Planning Process



Process Variables

- Is this the first attempt at strategic planning?
- Is there a past history of success? Of failure?
- Is this part of a culture of strategic planning?
- Is the plan utility-wide or for a particular division, department or unit?

Developing A New Plan

- Planning Process: General Statements
 - A process consistent with your culture
 - Based on an honest assessment of current situation and SWOT
 - A plan that develops priorities but broad enough in which the community or at least a significant portion can participate
 - Has measurable outcomes with clear assignment of responsibility
 - Has some easy wins

Developing A Follow-up Plan

- Planning Process: General Statements
- Success of prior plan means likely to get going-in acceptance by constituents
- Enables plan to be more detailed and prescriptive
- Can be work of a few key individuals or can re-constitute a planning committee

Leadership Challenges

- Individual vs. Institutional Focus
- Isolation vs. Integration
- Decision Gridlock vs. Speed-to-Market
- Structural Forces – A Stable System
- Industry and Client Cultural Values



The Leader as Strategic Planner

- Be an enthusiastic sponsor of the process
- Secure the participation of planning team members
- Engender a climate of openness to change and renewal
- Be willing to put everything “on the table”
- Sustain commitment to the process through tough times
- Sustain communications; keep everyone informed
- Know when to, and be willing to, “make the decision”
- Be accountable for leading implementation

The Leader as Strategic Planner

Strategic planning is not a replacement for your leadership, but an instrument of your leadership!

... Michael Moore and Michael Diamond
Academic Leadership: Turning Vision into Reality

Initiatives/Strategies

- An initiative or strategy has power to the extent what the stakeholders in the organization can describe:
 - The initiative/strategy in their own words
 - The relevance of the initiative/strategy to their own work
 - Their roles in making the initiative/strategy work
 - Their gain in making the initiative/strategy succeed



Distinctive Capabilities

Competitive success follows from focusing every element of an organization on a strategic vision. Achieving that vision requires the development of superior competence, or the ability to excel, in a set of distinctive capabilities which have special value to a particular part of the marketplace.

Excellence by itself is not enough. It must be excellence in areas of *strategic significance*, i.e., in areas that determine the outcome of competition in the marketplace for ideas, for faculty, for students, for funds...

Four Domains of Organizational Effectiveness

1. Internal business perspective:
(What must we excel at)
2. Innovation and Learning perspective:
(Can we continue to improve and create value?)
3. Financial perspective:
(How do we look to shareholders?)
4. Customer perspective:
(How do customers see us?)

The Balanced Scorecard

1. What is the Financial Perspective?
2. Ask "How do we look to shareholders?"
3. What is the Customer Perspective?

Robert Kaplan & David Norton "balanced scorecard approach"

Planning Facilitation

- Provide unbiased process management
- Help the team to stay on task
- Elicit participation from all team members
- Assist in raising and engaging on tough issues
- Be a catalyst for challenging current paradigms
- Enable SME leaders to focus on issues
- Help the team reach as much closure as possible

Turning Vision Into Buy-In

- Attention to Structure
- Open Communication
- Early Progress/Wins
- Celebrate Success
- Continuous Assessment
- Renewal Processes

We all know what it feels like to be facing compensating feedback – the harder you push, the harder the system pushes back...

We push harder, faithful to the creed that hard work will overcome all obstacles, all the while blinding ourselves to how we are contributing to the obstacles ourselves.

... Peter Senge
The Fifth Discipline

Chinese Proverb

If we don't change direction, we might end up where we are headed!



May You Live in Interesting Times

- It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of Light, it was the season of Darkness, it was the spring of hope, it was the winter of despair, we had everything before us, we had nothing before us, we were all going direct to Heaven, we were all going the other way.
- In short, the period was so far like the present period, that some of its noisiest authorities insisted on its being received, for good or evil, in the superlative degree of comparison only.

... Charles Dickens
A Tale of Two Cities

The Future is NOW!



The Strategic Planning Framework



- Environment

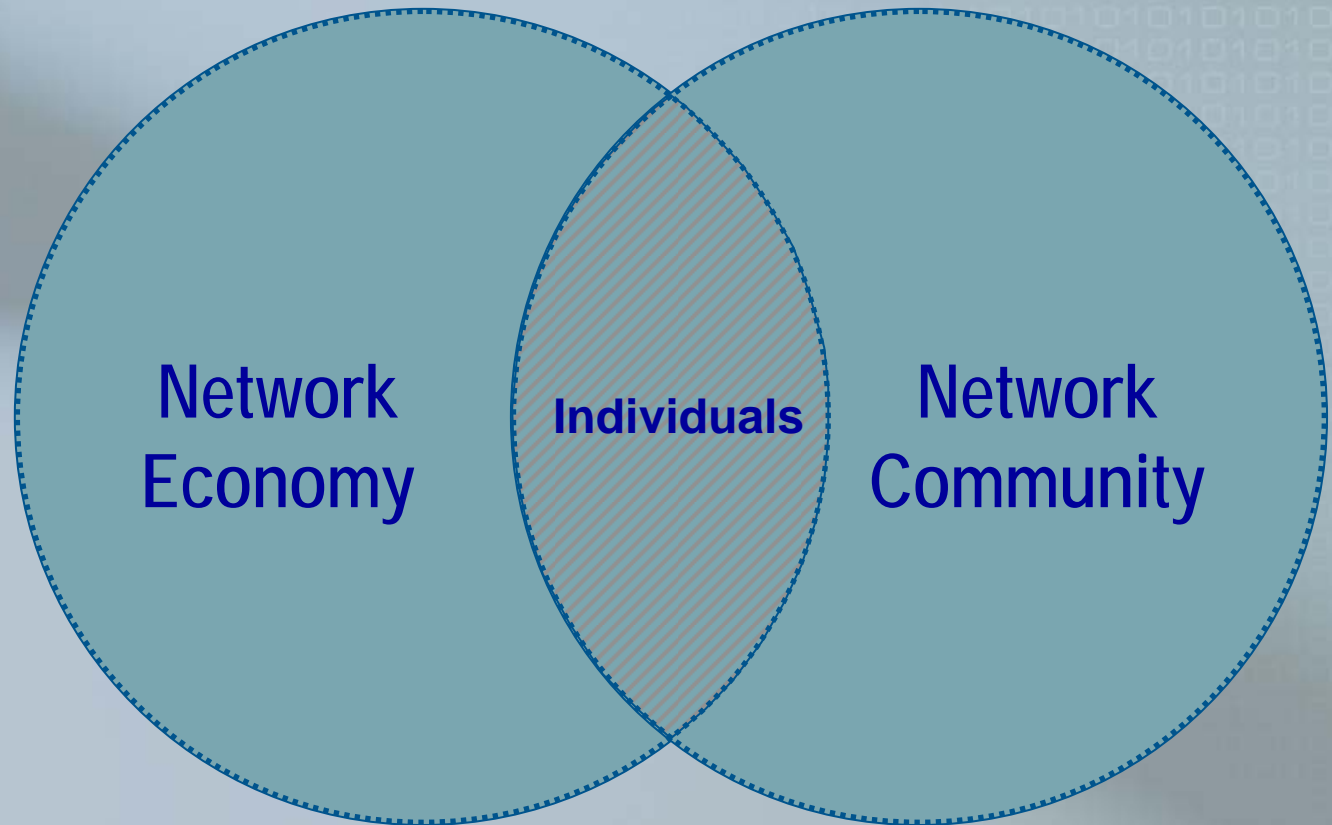
- Strategic Intent

- Transformations

- Milestones

- Competencies

The Information Age



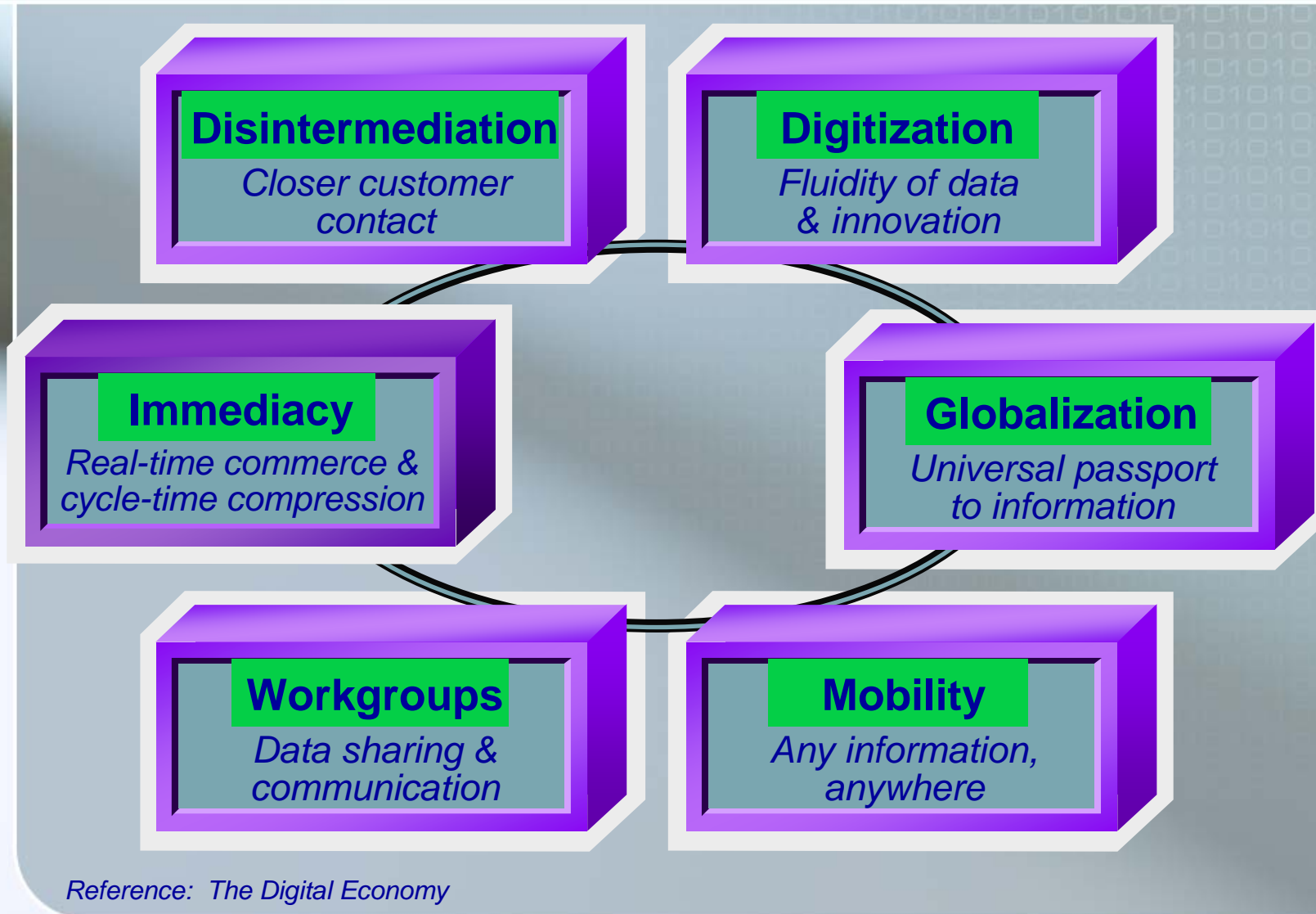
**Network
Economy**

Individuals

**Network
Community**

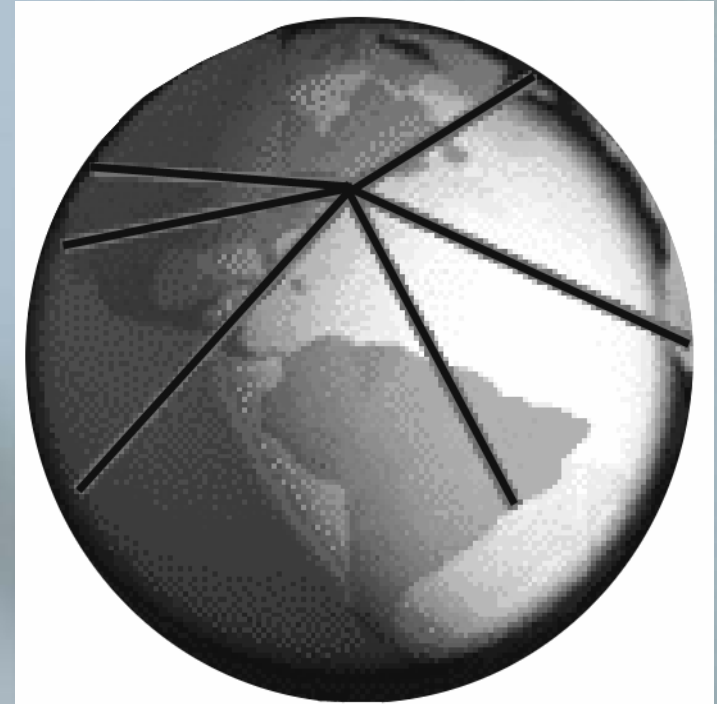


Economic Environment

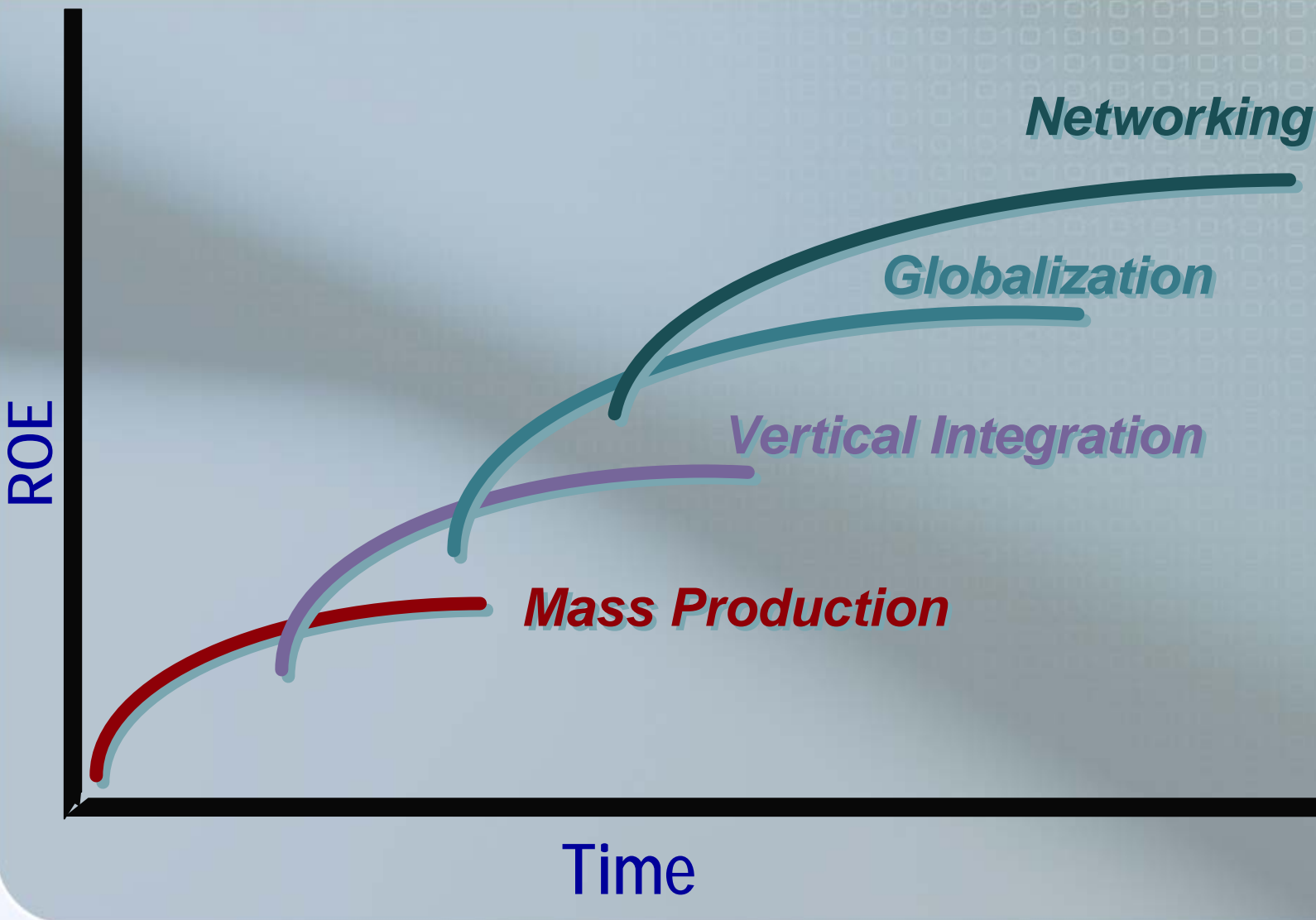


The Internet Changes Everything

- Low cost communications
- Standards based
- Available worldwide



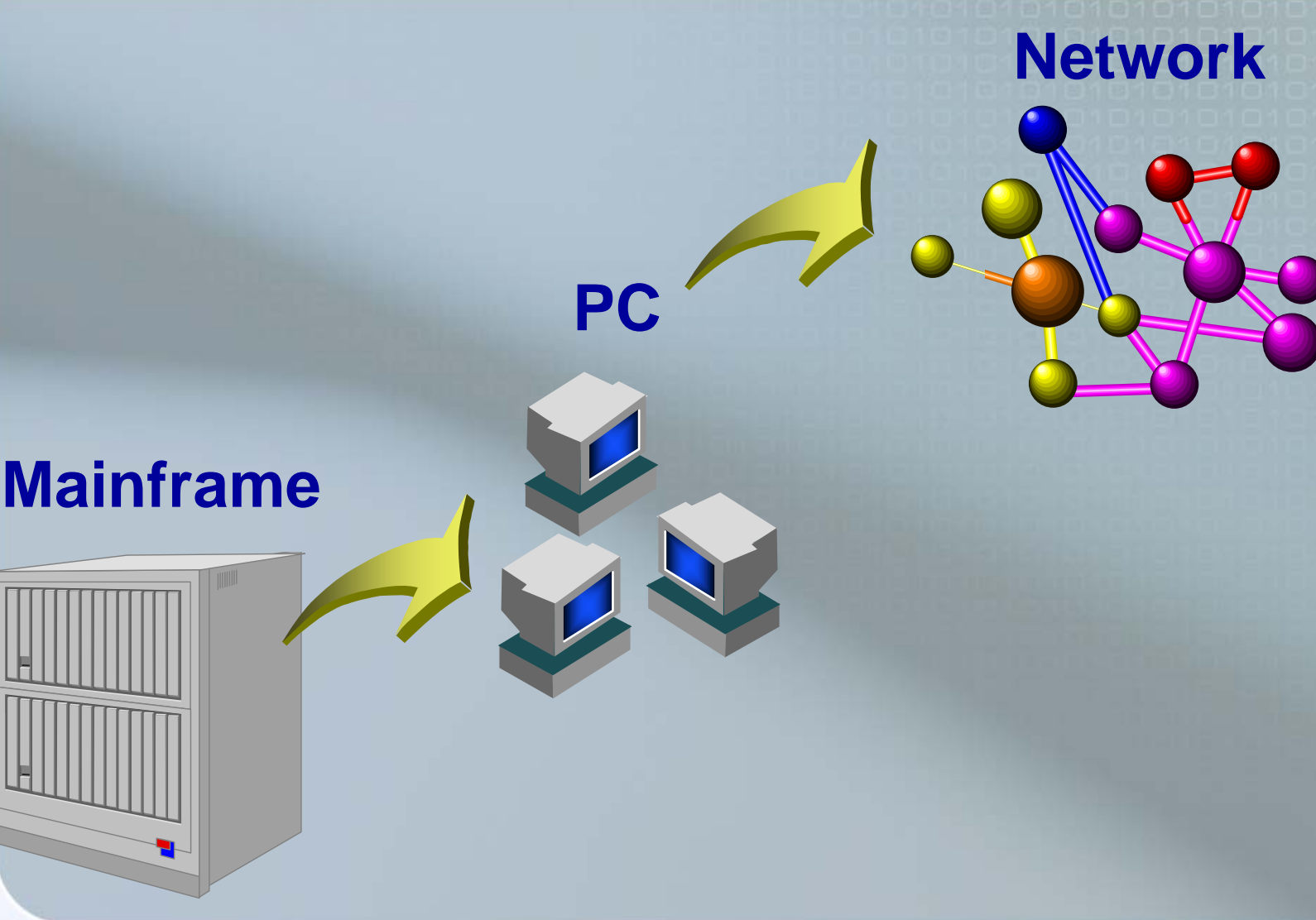
A New Order



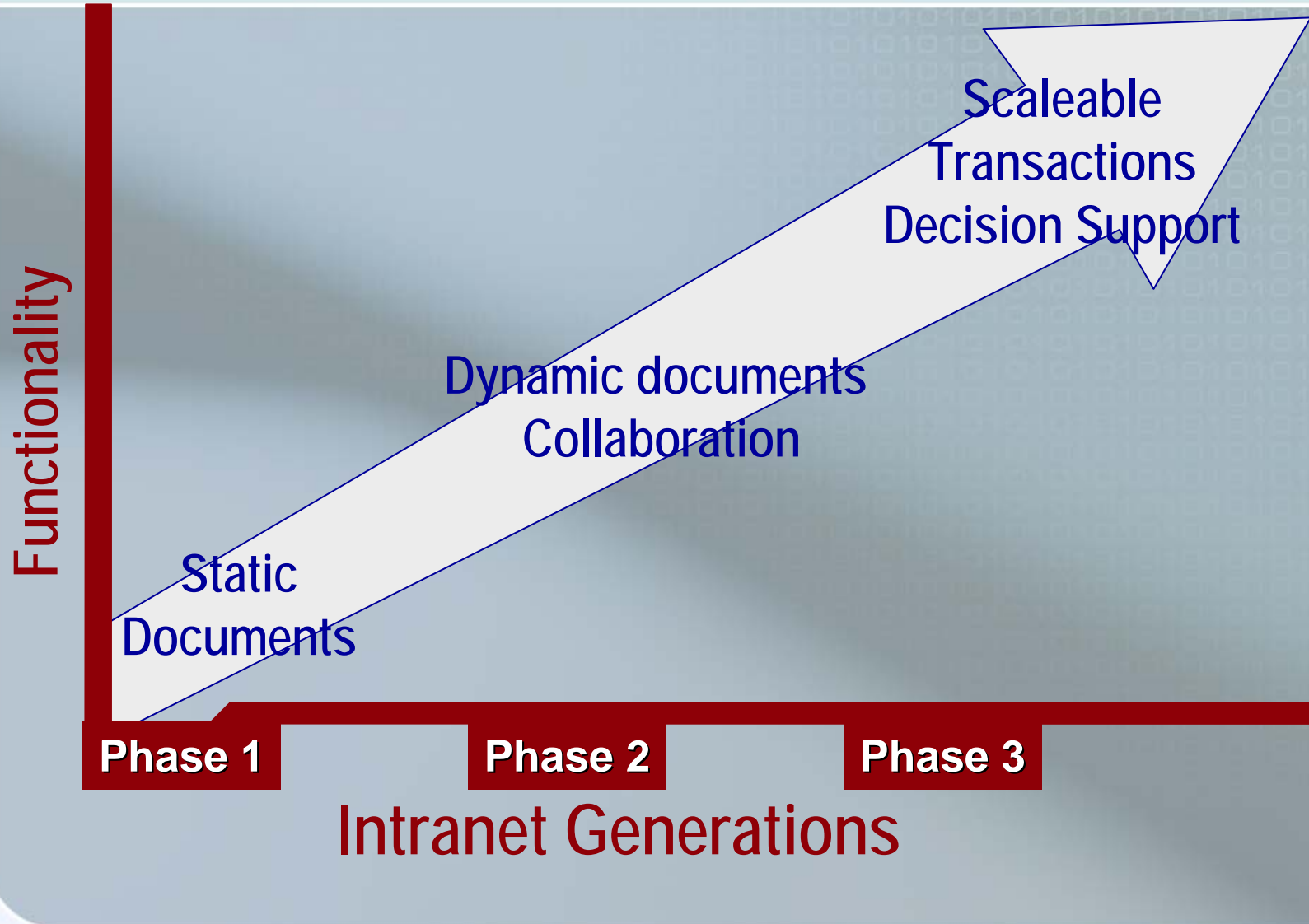
Implications for Information Technology

- Demand for information
- New information channels
- Intersection of industries
 - Telecommunications
 - Information Technology
- Value-based relationships
- The customer's customer
- Access to technology
- Distributed information

The New Era



Real Applications



Strategic Intent

Essence of winning

Stable over time

Ambition greater than means

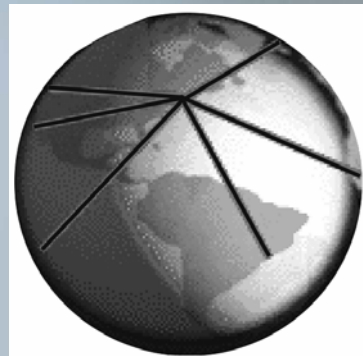
Generates personal commitment

Future view shapes present

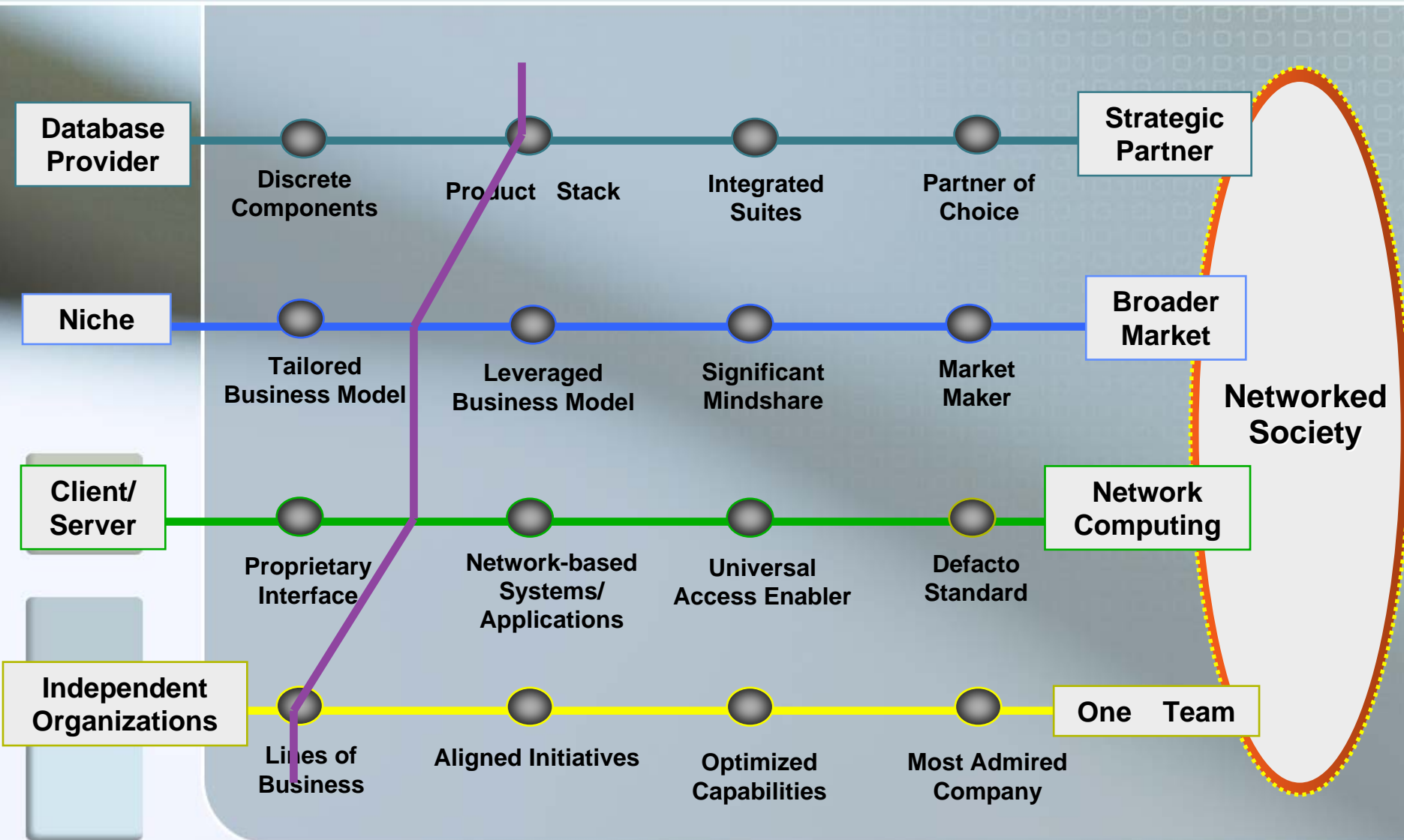


Definition

Networked Society = communicating and interacting electronically



Transformation Map



*There are some things that
Information Technology
can't afford*



What Information Technology Can't Afford

- Solutions that don't leverage existing IT investments



What Information Technology Can't Afford

- Solutions that don't leverage existing IT investments
- Solutions that don't integrate with our business systems



What Information Technology Can't Afford

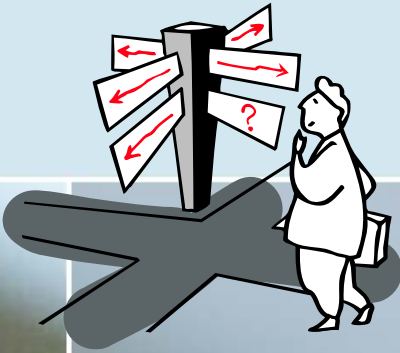
- Solutions that don't leverage existing IT investments
- Solutions that don't integrate with their business systems
- Lock-in to closed, proprietary



What Information Technology Can't Afford

- Solutions that don't leverage existing IT investment
- Solutions that don't integrate with their business systems
- Lock-in to closed, proprietary
- To wait





Where do we go from here?

Q U E S T I O N S & A N S W E R S

