

Thoughts on Strategic Planning

Author: John Spence . October 2021

I put this note together for a client I have been working with for many years. It's a \$150 million-plus company that is exceptionally well run and has recently taken over two new businesses that they acquired. Creating a strategy that would encompass the core business and these new additions would be challenging. I wanted to assist their senior managers in successfully creating that strategy.

Alan and Gray,

As you know, I have been a guest lecturer at the Wharton School of Business for the last 20 years, delivering a class on strategy and strategic thinking at the Securities Industry Institute. I have also led well over 100 strategic planning retreats, so this is a subject I've given a great deal of thought and study. Here are some of my ideas around strategy, strategic thinking, and strategic planning:

I can boil my entire Wharton class down to one key sentence:

Successful Strategy = Valued Differentiation x Superior Execution

This equation is deceptively simple and extremely powerful. Let me go through it step by step

1. You must bring something to the marketplace that is unique and compelling.
2. Your target customer must highly value your offer and be willing to buy it at any reasonable price.
3. The product/service offered must be difficult, if not impossible, for your competition to copy.
4. Your organization must consistently deliver your products and services excellently.

**A note about numbers one and two. I have seen many companies add lots of bells and whistles to their product only to learn that the customer does not value them. Cool stuff that nobody wants to buy is useless.

Another critical idea around being a great strategic thinker/strategic planner. Lots of people get wrapped up in the SWOT analysis and other planning processes. They cover the walls and flip charts and sticky

notes. However, if you don't put quality strategic thinking in at the beginning of the process, you can go through all these beautiful tools and still develop a flawed plan. A computer programming phrase captures this idea nicely, "garbage in = garbage out." So the people involved in strategic planning within your organization must invest the necessary time to build a solid foundation of business acumen to bring superb information and ideas into the process.

Here are the five levels of strategic thinking that anyone involved in your strategic planning process needs to pay attention to:

Level 1: Business Acumen

An excellent strategic thinker needs to study, read, listen and learn from every source possible. If you're not spending at least 10% of your time gathering new and vital information, there is little chance you will be able to add real value as a strategic thinker.

Level 2: Combine Learning with Real Life Experience

Coming from a guy that reads more than 100 business books a year and has for the last 20+ years, I know that all of the answers are NOT in the books. Once you discover new information, develop innovative ideas, and learn new concepts, you must compare it to your real-life experience and decide what information has value for you and your business.

Level 3: Pattern Recognition

The next step is to take the time to sit back and look at the data. Examine it for anomalies, look for strategic inflection points, notice oddities and trends, and eventually, you'll uncover a pattern.

Level 4: Strategic Insight

If you identify the pattern sooner than your competition, your "insight" leads to a strategic advantage in the marketplace as long as you can do the fifth and final step.

Level 5: Disciplined Execution.

It is one thing to understand the pattern, but turning that insight into action in the marketplace is something completely different. Great creative ideas abound; flawless execution of those ideas is exceedingly rare.

Several years ago, I was asked to deliver a workshop on leadership and strategy at Cornell. To up my game and bring some new information to the table, I went back and did a deep dive around the topic of strategic thinking. During this effort, I had an epiphany of sorts when I realized that one of the most important things a great strategic thinker does is determine when to say “no.” At its core, strategy is simply the allocation of scarce resources. It is just as important to decide what the organization will not do. What projects will we abandon, what customers will we no longer serve, what products or services will we discontinue? These are tough questions, but they must be asked and answered with courage.

Now let’s take a look at some of the tactical elements of effective strategic planning

1. Preparation

Be exceedingly well prepared. Do your homework. I have been in far too many planning retreats where people were “guessing” at critical information that will significantly impact the plan’s success. Ensure that the data you use to build your strategic plan is accurate.

2. Expectations

Have a focused goal for exactly what outcome you want before you go into the strategic planning retreat. These things can get ugly fast and get off track quickly, so set clear expectations about exactly what outcomes you want.

3. Time

I think it’s a colossal waste of time to bring a bunch of talented people together and spend a day putting sticky notes all over the wall. Then, I strongly recommend you do the SWOT analysis and other assessments BEFORE the planning retreat. I typically send out a SWOT analysis and survey a few

weeks before any planning retreat. Then I compile all the information into an Executive Report. Instead of spending several hours doing an extensive group SWOT analysis, I hand out the report as the foundation for discussion.

4. Outcomes

If you're going to gather a group of your high-level people for a day or two to create a plan, the primary outcome of that meeting should be a handful of very focused and clear strategic objectives. The goal is not to create the plan during the retreat, it is to determine direction and priorities. The people responsible for delivering on the strategy are the people who developed the goals, tactics, and metrics necessary to achieve the strategy successfully.

5. 10 to 15%

Every year I get between 100 and 120 senior executives in my class at Wharton, and I ask them, "What percentage of companies that have a solid strategy, fantastic products/services, and great people effectively execute that strategy?" The answer has been: 10% to 15%. If you were able to execute even 50% of your strategy you would crush the competition.

6. The Red Book

People often ask me, "How do you make the strategy into a living document?" Here's what I've done in all the companies that I have run. I try as hard as I can to get the entire strategy down to 10 pages or less. Then, I create a handbook (we called it the Red Book at the Rockefeller Foundation I ran because we bound it with a red cover), and I would tell everyone to bring the Red Book to any and every meeting where we were going to make strategic decisions.

I would also tell them that if they came up against a decision and weren't sure what to do, open the Red Book. If it matched the strategy, it was probably a great idea. If it did not, it was probably a good idea to get some feedback and input before they went forward. Furthermore, I suggest that your senior management team bring the handbook to every meeting to ensure your decisions align with strategy.

7. Cadence

Meeting cadence plays a vital role in strategy execution. I recommend you do a 15 or 20-minute check-in at a weekly senior staff meeting to review progress on the strategy. Set aside at least 1/2 a day each quarter and at least one full day at the six-month mark. This cadence ensures that it stays out in front of everybody and is used to make all significant decisions.

This is not everything I know about strategic thinking and planning, but you will alleviate stress and wasted effort if you keep these key things in mind. I hope you found these ideas helpful; as always, please do not hesitate to send me a note if you have any questions at all. I'm here to assist you in any way I'm able.

Good luck

—John

If you want to get in contact with me, I'd love to hear from you. Please visit my site at <https://johnspence.com/contact/> and let me know how I can help.

The post "Thoughts on Strategic Planning" was first published by John Spence here <https://www.linkedin.com/pulse/thoughts-strategic-planning-john-spence/>

About John Spence

I have spent the last three decades of my career helping companies and people be more successful. From startups to the Fortune 10 I serve my clients as an executive coach, training facilitator, keynote speaker, and strategy advisor. How have I earned the credibility to do this sort of work? Here is a little bit of my background.

At 26, I was the CEO of an international Rockefeller foundation, overseeing projects in 20 countries. Just two years later, Inc. Magazine named me one of America's Up and Coming Young Business Leaders. I have been recognized as one of the Top 100 Business Thought Leaders in America, one of the Top 100 Small Business Influencers in America, one of the Top 50 Small Business Experts in America, and one of the top 500 Leadership Development Experts in the World. The American Management Association named me one of America's Top 50 Leaders to Watch along with Sergey Brin and Larry Page of Google and Jeff Bezos of Amazon. The prestigious Thinkers50, the definitive global ranking of management thinkers, shortlisted me as one of the top eight in the world for their Distinguished Achievement Award.

My areas of expertise include leadership, high-performance teams, organizational culture, accountability, strategic thinking/planning, and the critical factors for building and sustaining a successful enterprise. I have built my entire career on making complex business ideas straightforward

and actionable.

** To better serve our clients, we have installed a state-of-the-art technology system to deliver all my services virtually.

I hope you will take a moment to look through the rest of my profile and if you feel that I might be able to help you or your organization, please send me a note, and we will set up a call.

Stay safe and be strong -- Johnjohn@johnspence.com

<https://thehumancapitalhub.com/articles/thoughts-on-strategic-planning>