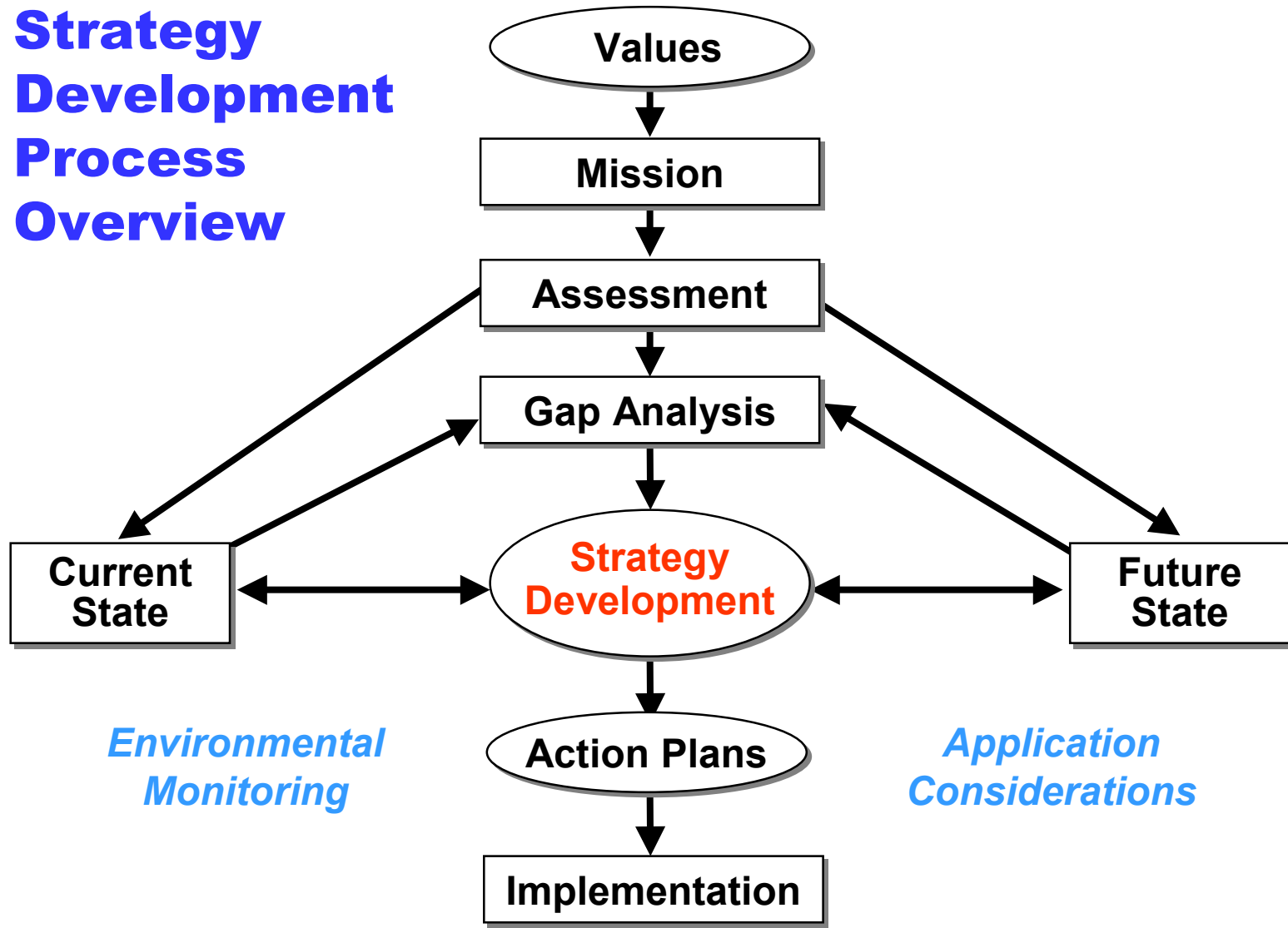


# Strategy Development Process

# Strategy Development

- Process by which the guiding members of an organization envision a desired future and develop the necessary planned activities to achieve that future
- An attempt to “create” a desired future (not forecast the future and plan accordingly).

# Strategy Development Process Overview



# Pre-Planning

- Planning how to plan (pre-work accomplished prior to the formal initiation of the strategy development process)
  - Who is needed to do the work
  - Timetable for completion
  - Sponsorship (management commitment to the work)
  - Resources (industry data, internal data, management input, etc.) necessary to complete the work

# Environmental Monitoring and Application Consideration

Continuous analysis during process:

- Monitor what is occurring or about to occur in the organizational and market environments
- Evaluate how those environments may impact the application of proposed strategies

# Values Review

- **Value** - an enduring belief that a specific mode of conduct is personally or socially preferable
- **Value review** – ensure that the strategy development team understands the personal and organizational values that will underlie their strategy

# Mission Formulation

- **Mission Statement** - a brief, clear statement of the reasons for an organization's existence
- Includes:
  - Purpose with needs organization meets
  - Customers for products/services
  - Primary methods through which it intends to fulfill its purpose

# Organizational Assessment

Identify where the organization is today



# Current State

- Agreed description of the current state of the organization including:
  - Resources
  - Products/services
  - Customers
  - Organizational culture
  - Current external environment
  - Other key issues

# Desired Future State

- Based on the Mission, Values and other information, establish a desired future state for the organization
- Identify clear, measurable **Goals** that can lead to the achievement of that desired future state

# Gap Analysis

- Identify gaps between the current performance and the performance required to achieve strategic goals
- Determine if organization has the skills and resources available to close gaps

# Gap Analysis

- Outcome of Gap Analysis
  - Basis for strategies with reasonable probability of success
- Means of closing the gap
  - Growth or retrenchment
  - Innovation
- When the gaps cannot be closed
  - Re-examine goals
  - Reconsider strategy

# Strategy Development

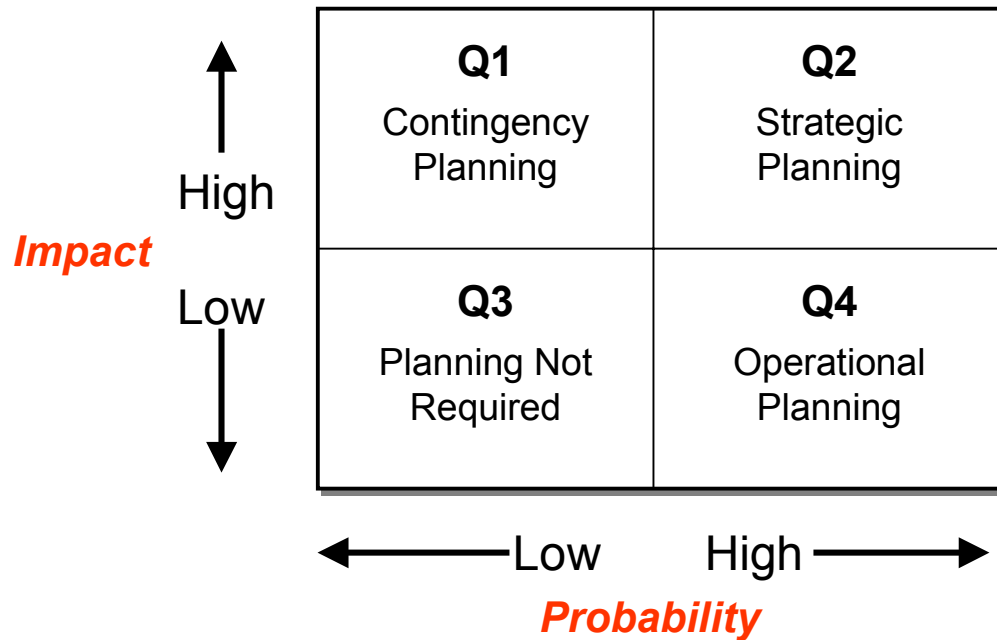
- For each of the identified Goals
  - Agree on critical success factors
  - Identify the strategic activities deemed necessary to accomplish that goal
  - Determine availability of resources to support those strategic activities
  - Develop a timeline
  - Establish metrics and monitoring process
  - Determine buy-in needed to implement strategy

# Implementation Plans

- Each “unit” of organization (business and functional) develops a tactical plan which includes:
  - Reflection of the strategy
  - Budgets
  - Key activities
  - Timetables
- Vertical Operation Plans
- Horizontal Functional Plans

# Contingency Planning

Consider potentially high **IMPACT** of events that *do not* have the highest **PROBABILITY**:



# Implementation

- Strategic planning success lies in its application
  - Perform actions in functional unit action plans
  - Organization must be committed to strategy
- Structural Aspects
  - Organizational structure must support plan
- Individual Accountability
  - Acceptance of accountability is essential
  - Agree on metrics and monitoring
- Plan to revisit, evaluate and adjust strategy