

## The Strategic Planning Process

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- How do our customers see us, our products and our service?
- How do we see ourselves and our business environment?
- How Do We See the Future?
- What are we going to do about it?

What are the steps in developing a comprehensive strategic planning process? And, once developed, how do we ensure that it will be put into use and not gather dust on the proverbial "shelf"?

But before undertaking a planning process ownership has to understand that unless it is committed to involving the entire employee staff (both management and line), it won't work. For employees to be identified with the goals of ownership, their participation has to be part of developing strategy, as we'll see. Furthermore, an owner's commitment to growth and change breathes life into strategic planning; without that, planning is empty.

Strategic planning is the answer to at least four questions: How Do Our Customers/Clients See Us?, How Do We See Ourselves and the Business Environment?, How Do We See the Future?, and What Are We Going to Do About It?

### **HOW DO OUR CUSTOMERS SEE US, OUR PRODUCTS AND OUR SERVICE?**

The words "service" and "total quality" have become part of business's everyday vocabulary. However, too often we assume that we know what customers want without asking them, or, we depend on our sales people to tell us. Some owners will mail a customer survey, but the return rates are skimpy and those who do return the cards rarely reflect the entire range of opinion. But what is even more problematic is that we don't know the views of our lost customers, i.e., those who won't come back to buy, and those desirable customers who have never bought from us in the first place.

An early step in the planning process is to interview a sampling of these three customer or client

groups: our current customers, the ones we have lost and the ones in our target group who have never bought from us. We need to know what they think of our firm, our products and services, our competitors in comparison to us. They'll also tell us what they will need from us in the future.

## **HOW DO WE SEE OURSELVES AND OUR BUSINESS ENVIRONMENT?**

This portion of planning comes in two parts: an overview of our firm's structure and systems, and, an analysis of our business and industry including our competitors.

There will always be a discrepancy between how we see ourselves and how others see us, between what we intend and what others infer about our intentions and expectations. How we think we run our business will differ from how our managers and employees see it. We need to find out their perceptions and what their recommendations for change are. We have to ask them in a risk-free environment while guaranteeing them confidentiality. Without this knowledge I have seen many firms stall in their growth. The very process of asking employees is one important ingredient to eliciting their full cooperation with our goals.

The second part entails looking at our present and future markets, the products and services we provide now and could provide in the future, the resources (financial, technical, and human) we have to bring our product and services to market, our methods of distribution, pricing, advertising and PR, and the efforts and plans of our competitors.

The answer to the question, "How do we see ourselves?", is a statement about the uniqueness, desirability and competitiveness of our products and services, and the efficiency with which we are developing and promoting them. We are talking about our core competencies, our abilities or characteristics that are difficult or impossible for others to emulate, that give us an advantage over competition, and that our buying public appreciates.

## **HOW DO WE SEE THE FUTURE?**

We can't predict the future, but we can imagine it. One way of looking down the road is to ask, what are the driving forces (technological, business and economic, political, human and social, and environmental) that will shape our industry in the future? What elements move our industry? Examples of driving forces include the aging of the buying public, new technology, a demand for "mass customization", etc. Trade association journals, newspapers and business magazines are full of examples of the driving forces in our industry.

Now, fit these driving forces into three future scenarios: a "Dog Eat Dog" environment in our industry where competition will be more fierce than ever, an industry that is "Fundamentally Changed in Some Significant Way", and an industry atmosphere that is "The Same as Now, Only Better". How could these driving forces contribute to the future of our industry looking either extraordinarily cutthroat, dramatically different and changed, or bigger and better?

Next, think about what our firm would have to look like and be like in order to compete in any of

these three scenarios. What technology would we have to be using? What kinds of products and services would we need to provide? What abilities would our personnel need?

## **WHAT ARE WE GOING TO DO ABOUT IT?**

We now have three sets of data: how our customers perceive us, how our firm is actually working and the competencies we have in place, what we think our business should look like in the future to remain competitive. What do we do with it all?

By now it should be clear that we can't be planning strategy by ourselves. Not only is it a heavy burden for one or two people, but its implementation is problematic at best if the people who have to carry it out are not included in the process from the beginning. For these reasons data gathering and planning requires different meetings between different groups of people at different times. Besides our employee staff, this could include get-togethers with suppliers and distributors for the explicit purpose of enhancing our strategic thinking, customer focus groups, other businesses for the purpose of benchmarking, etc.

A meeting of senior managers (e.g., at a two or three day retreat away from the office) would be the next step. This meeting lays out the information that has been gathered so far. The managers themselves have developed some of the data and, therefore, are familiar with parts or all of it, or should be.

The task for the management group at this retreat is to design in general terms what the firm in five years should look like, given the information in hand. The design would include, among other elements, the size of the firm, the products and services, the various markets, delivery processes, etc. Then, the group needs to define what the firm would need to look like in two and a half years in order to serve as a platform for the five year plan. The answer to this question is more specific than to the first question.

Most of the time is spent planning the upcoming year of business. We have to keep in mind the need to create a platform for the two and a half year vision as well as the constraints and opportunities of where the firm is now. This plan is to be specific in terms of financial goals, specific action plans to reach these goals, resources that will be needed, target markets, etc.

But, the strategy process is not complete as yet. The strategy thus far developed has to be cascaded down into the various departments for discussion and for their development of departmental and individual action plans, recycled back to the senior levels for their overview and then back down the ranks until everyone is going in the same direction on the same boat. This step is crucial to ensure that in fact the strategic planning process will take hold and be useful.

Strategy making can look at first blush as an overwhelming undertaking especially for small businesses. Au contraire, as the French would say!! It can and should be taken in steps and not taken all at the same time. A preliminary management meeting can outline the sequence. Further, it is a process that really does not begin and end with definite boundaries but rather has to be revisited throughout the business year. Lastly, involving all employees in the process can seem

like a fruitless task ("Some don't even speak English!"); however, the facts are that it is not fruitless and that it dramatically engages the loyalty and productivity of employees.

Happy planning!!

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