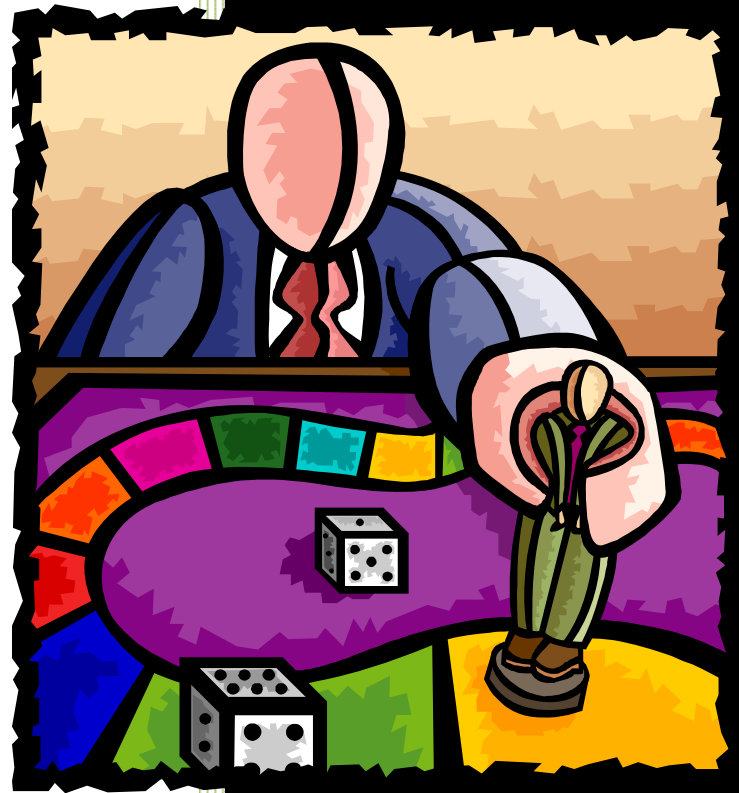




# Creating a Strategic Plan for Your Business Issue



## **Creating a Strategic Plan for Your Business Issue**

Copyright © 2011 by 60 Minute Strategic Plan, Inc.

All rights reserved. No part of this e-book may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording, or by any information storage and retrieval system, without the written permission of the publisher except in the case of brief quotations. Address requests for permission to:

60 Minute Strategic Plan, Inc.  
11230 Gold Express Drive, #310-340  
Gold River, California 95670  
Phone: (916) 669-8478  
E-mail: request@60msp.com

### **WARNING – DISCLAIMER**

Every effort has been made to make this e-book as complete and as accurate as possible, but no warranty or fitness is implied. The information provided is on an "as is" basis. The advice and strategies contained herein may not be suitable for every situation. The authors and the publisher shall have neither liability nor responsibility to any person or entity with respect to any loss or damages arising from the information contained in this e-book.

## What users of the 60 Minute Strategic Plan say...

*"We found it straight-forward, easy to understand, not intimidating, and it makes good sense. We have used the '60 Minute' process for three years now at our strategic retreats."*

*"Down-to-earth planning process. This is a winner."*

*"I wasn't prepared to be impressed...sounded gimmicky. I freely admit I was wrong. I was impressed."*

*"I found it useful in a full range of situations, from relatively small to company-wide projects."*

*"This process has 'legs.' I found it easy to explain. This has a good chance of becoming standard procedure in my company."*

*"Should be a required tool for all CEOs."*

*"Old pros or novices, everybody benefits from this process."*

*"An indelible impression—best one-page condensation of a strategic plan I have ever seen."*

*"A very practical, step-by-step strategic planning process that cuts through a lot of the fog and confusion that sometimes invades well-intentioned planning processes."*

*"Forced me to be specific; clarified my thinking. User friendly, easy to follow, enjoyable."*

*"This is the first time in 20 years my team and I have implemented a plan with so little effort"*



# STEP 1:

## DETERMINE THE ISSUE

---

- ✓ An opportunity for, or obstacle to, growth.
- ✓ Improves competitiveness.
- ✓ Needs extra effort.
- ✓ You must have the ability to implement.
- ✓ Choose the issue of highest priority or where you will see the most impact.

**T**here is no shortage of issues concerning the problems and opportunities facing an organization, but there is a shortage of time, energy, and the resources to deal with them. Which issues do you address? As the saying goes, "If you don't know where you are going, then any road will do." And if that's the case, then any problem will do or any opportunity will do...and that won't do.

Without clear strategic direction—knowing where you are going and knowing exactly what you want to accomplish by taking on the correct issues—plan on finding yourself rudderless in a sea of chaos, whipped by the winds of conflicting priorities, soon to be sunk or beached.

As far as it is humanly possible, strategically choose your challenges. That is, select where and when to apply your scarce resources to advance the best interests of the organization and for the highest return on investment.

Strategic issues impact an organization and its future. They can be opportunities for, or obstacles to, growth. Stephen Covey, in his *The 7 Habits of Highly Effective People* says, "You are perfectly aligned for the results you are getting." Consequently, clues to strategic issues might be imbedded in declining results from current operations. Or perhaps you have observed that some functions routinely underperform and they need a strategic fix.

Clues to strategic issues can pop up in many places. They may lie in:

- A pattern of disappointing results from your current methods. Challenge your current operating assumptions even if they seemed viable or worked well in the past.
- Your mental habits. What have you as an organization overlooked, ignored, or worse, learned to live with?
- The change that is all around you. The economy changes, your competitors change, your customers change, and your people change. Strategy is all about shifting with change and, in the process, making your organization stronger.

Your job is to choose the one where you get the most bang for your buck.

If you can't think of a candidate, then ask yourself these questions:

- If I were a competitor, how would I put myself out of business?
- What changes would obsolete our products/services?
- If a good customer were to leave, what would the reasons be?
- How would we cope with losing several key employees?
- How could we double industry financial norms?
- What would happen if I suddenly died?
- If I had a magic wand and could change something in my organization, what would it be?
- Where am I personally holding the company back?
- Where is the company most vulnerable?

## STEP 2: CREATE ASSUMPTIONS

---

- ✓ Reasons why the issue is important (pro/con).
- ✓ Worst-and best-case scenarios if the issue is unsolved and solved.
- ✓ Reasons to finish what you start regardless of the obstacles.
- ✓ Impact on your organization in additional revenue over a three-year period.

**E**very strategic plan is built on a set of assumptions; that is, those things you believe to be true. Assumptions are where you as author and originator drive a stake into the ground declaring, "This ground I will defend, come what may...unless someone or something proves my assumptions wrong."

### **The Power of Assumptions**

Written assumptions can turn a piece of paper into a life-altering directive. Assumptions represent the strategy's starting and staying power by spelling out the best-case scenario if the issue in question is solved and the worst-case scenario if it is unsolved and nothing is done.

Assumptions declare your reasons to finish what you start, regardless of the obstacles or the amount of time it will take.

Finally, assumptions put muscle into your convictions to defend your issue against attack. And you will be attacked and resisted. It's the nature of the beast.

## **Monetizing Your Strategic Issue**

Once you declare your assumptions about what will happen if the problem or opportunity is solved and unsolved, you then must calculate the revenue impact of solving this issue on the organization in terms of contributed gross revenues accumulated over a period of three years. Quantifying the financial impact this strategic issue will have on your organization rationalizes the return-on-investment for diverting and strategically investing some portion of your current resources to execute the plan.

For example, if solving a strategic issue would add \$100,000 to the top line each year, then multiply that by three for a total contribution of \$300,000.

## STEP 3: IDENTIFY VALUES

---

- ✓ Beliefs/behaviors that drive organization success.
- ✓ Guidelines that direct and organization's behavior and decision making.
- ✓ Identify the values necessary to successfully implement your plan.

**A** company's values are the powerful behavioral guidelines that run like train tracks through every organization. Values do not drive a business; they drive the people within the business.

They form the foundation on which employees perform work and conduct themselves with each other and with customers. When embraced and reflected by employees, values can:

- Increase innovation, productivity, and credibility
- Impact growth and deliver a sustainable competitive advantage.

To become cemented in an organization's culture, everyone must be held accountable for living up to and demonstrating the values in their day-to-day actions.

Corporate values are behaviors such as integrity, adaptability, initiative, accountability, and teamwork. Often organizations have many values. For the purposes of the strategic plan, you need to identify those values necessary to execute the plan. For example, if your business issue is to develop competent future leaders/managers to operate and grow the

company, what are the values you will need your people to exhibit to resolve this issue?

## STEP 4: DEFINE A VISION

---

- ✓ The best imaginable outcomes for the issue.
- ✓ Establishes the frame of reference for the entire plan.
- ✓ Create AB FAB BHAGS (absolutely fabulous big hair audacious goals) with no thought as to how you will accomplish them.
- ✓ Attach metrics; quantification clarifies the interpretation of your visionary intentions.

Often, a vision is a grand, company-wide, multi-year generic statement of intentions. And that certainly is one good interpretation. But for the *60 Minute Strategic Plan*, vision is more narrowly interpreted as “the best imaginable outcomes for the issue selected.” Vision creates the frame of reference for a strategic plan. It’s the heart of the plan and absolutely everything links to it. Vision says, “I want all of your effort, intellect, and ingenuity focused in a specific way.”

### **Vision Creates Tension (Which is a Good Thing)**

Remember when you wanted something so bad you could taste it and were prepared to move heaven and earth to get it? That is the tension of unresolved desires/vision working to motivate you, and that is exactly the role vision is supposed to play in your strategic plan. In this step, you envision a solution to the issue you selected that is so desirable and so

specific that it opens a clear mental, emotional, and physical gap between what you have and what you want. And the only way to close the gap is by overcoming the obstacles that separate you from your vision.

## **AB FAB BHAGS**

When creating the vision for your plan, set the bar high so that you force new and unprecedented levels of performance—from yourself and your people—to occur. Don't worry right now about how you're going to make it happen; you'll deal with tactics in steps 7 through 12.

## **A Vague Vision is a Weak Vision**

Using generalized statements to describe vision is a common and natural tendency. The temptation to do so is understandable because practical people know that results and the facts they produce all reside in the past. The future is uncertain and it makes a pragmatic person feel uncomfortable and vulnerable to guess at future "facts" that aren't facts at all, but guesses.

But that is what we are asking you to do: Nail down your visionary claims with guesstimated facts. The more clear and precise your vision is, the more compelling for the people that need to turn it into reality. You must quantify every aspect of your vision. Here are a few before-and-after examples:

<b>VAGUE:</b>	<b>SPECIFIC AND QUANTIFIABLE:</b>
Have happy employees	Reduce employee turnover by 50% within two years.
Reduce expenses	Reduce fixed costs by 15% in one year and reduce variable costs by 20% in two years.
Increase revenue	Double sales force productivity in 3 years from \$200K to \$400K per salesperson; gross margin no lower than 50%.

# STEP 5:

## IDENTIFY CUSTOMER BENEFITS

---

- ✓ Customer payoff from the vision.
- ✓ The customer is the banker or venture capitalist for your vision, so your vision must address your customers' needs.
- ✓ Quantify how they will benefit.

**Y**our customers are a vital partner in your vision. Customers are a company's sole reason for being and its only source of revenue. As such, they must buy into your vision based on how they will benefit from it. In the words of Peter Drucker, "Customers pay only for what is of use to them and gives them value." So, the secret to a successful strategic plan is generating outcomes that, in addition to enriching yourself, make the customer richer. Consider the customer as the banker or venture capitalist for each strategic project.

### **Understand your customers' definitions of success**

The first step in making your customers successful is discovering how they define success. You must answer these questions:

- How do my customers make and lose money and how do we contribute to both sides of that equation?
- What aspect of my customers' lives is improved by my product or service?

- How do the outcomes I greatly desire for this strategic issue measurably contribute to my customers' success?

Then you must calculate how the vision you described in step 4 supports what your customers want to accomplish.

### **Quantify the Benefit**

Not only do you need to identify how your customers will benefit from your plan, but you must quantify your customers' return on investment in your vision. Is it cheaper, faster, and better? If so, by how much? Some examples:

- Internet ordering saves 15% in customer administrative costs
- Just-in-time delivery saves an average \$25K in customers' inventory cost
- Seamless service saves the customer about 25%

## STEP 6: IDENTIFY OTHER BENEFICIARIES

---

- ✓ Others who you will need help from and who will benefit from your vision.
- ✓ Could include employees, vendors, alliance partners, family, and so on.
- ✓ Quantify how they will benefit.

**W**e doubt you will be able to implement your vision all by your lonesome. If you can, congratulations, skip this step. But for most of you, for your strategic effort to be successful, you'll need help from associates, subordinates, suppliers, employees, dwarfs, elves, and whomever else you can find.

### **What's in It for Me?**

Because strategic activity is always superimposed on full work schedules, your co-workers must buy into the plan—because if they don't, it will never get implemented. Because you'll be asking your people to go above and beyond their normal duties, you must give them extra incentive to motivate them to work extra hard in their own best interests. Like your customers, your co-workers are dialed into their favorite radio station: WII-FM (What's-In-It-For-Me).

So, you need to list, either by name or by department or category, those people who will benefit from the strategic outcome of your plan.

### **Quantification...Again**

For each category, you also must describe why, specifically, this project will engage, energize, and excite their personal involvement to work harder and smarter. For example:

- Employees will add one new verifiable skill within 18 months qualifying them for a 10% bonus.
- Shareholders will see their financial equity increased by 50%.
- Vendors will increase the volume of business they do with us on average 35% per year at 50% higher margins.

# STEP 7:

## IDENTIFY OBSTACLES

---

- ✓ Obstacles are obstructions to the vision.
- ✓ When you created your vision, you created a performance gap. The gap is the distance from current reality to the vision and is full of obstacles.
- ✓ You must identify and examine all of your obstacles so you know what is facing you and what is needed in terms of effort to overcome the obstacles.
- ✓ Phrase obstacles in “How to” (or H2) statements to make them challenges instead of problems.

**W**hen you created your vision—that is, the best imaginable outcomes for this issue (those “big hairy audacious goals”)—you also created a big hairy performance gap. This gap is the distance from current reality to your vision and is chock full of obstacles. But that’s not a bad thing. Picture every obstacle as a barrier that, when resolved, will turn into a paver on the road to your vision. Obstacles give birth to the opportunity for discovering the first steps to a solution.

### **Ignore Reality at Your Peril**

You might be tempted to minimize or ignore the reality of the obstacles to your vision, but ignoring or misrepresenting current reality is about as sane as ignoring the effect of weather on flight or oceanic currents on navigation. To get from reality to vision, you must put a magnifying glass

on all of those things that make your vision currently impossible. When you identify the obstacles, you bring the performance gap into focus and make it visible for all to see. By doing so, you and those dedicated to accomplishing the vision know exactly what you are facing and what is needed in the way of effort and innovation to overcome the obstacles.

## **The power of H2**

It is important psychologically to frame obstacles in a constructive manner, turning them from negatives to positives and from excuses into challenges. A simple way to constructively alter the phrasing of obstacles is to start every description of each obstacle with "How To" (or H2). For example:

**OBSTACLE:**

Lack of urgency

Risk averse

Inadequate sales & marketing

**REWORDED:**

H2 create a sense of urgency

H2 reduce fear of failure when taking risks

H2 stimulate customer demand and make sales people more productive

## STEP 8: CREATE VITAL SIGNS

---

- ✓ Vital signs are measurements or key indicators to audit, track, and adjust your plan.
- ✓ The measurements that matter most are those that reinforce the accomplishment of the visionary outcomes for the issue.
- ✓ Measure two each from Values, Vision, Customer Benefits, and Other Beneficiaries (steps 3, 4, 5, and 6).

**I**f you want to change something, you must measure it. What gets measured gets attention and gets done; what's not tends to be ignored. Vital signs are the means by which you'll track your strategic plan's progress. Vital signs will signal to you and your colleagues how this project is advancing and indicate whether corrective actions are needed. Feedback supports behavioral change, which is what strategy is all about.

### **Which Measures Matter?**

The only measures that matter are those that reinforce the accomplishment of the visionary outcomes for the issue. To keep this as simple as possible, select up to eight vital signs in total, two each from:

- Values (step 3)

- Vision (step 4)
- Customer Benefits (step 5)
- Other Beneficiaries (step 6)

Every person on the implementation team should know these numbers by heart and know how they measure up regarding their personal input and the team's input.

If, up to now, you have not attached numeric measurements to steps 3 through 6 then you must do so now, even if it's a wild guess—because as you measure things they will get closer to truth and reality.

# STEP 9: IDENTIFY STRENGTHS, WEAKNESSES, AND OPPORTUNITIES

---

- ✓ What you have going for and against the issue.
- ✓ Strengths you can build on.
- ✓ Weaknesses you need to correct or finesse.
- ✓ Opportunities you can leverage.

**B**efore you approach the enemy, which in this case are the obstacles to your vision, it's a very good idea to do an inventory of your strengths, weaknesses, and opportunities.

You need to analyze:

- What you have to work with (strengths to build on)
- What you don't have to work with (weaknesses to correct or finesse)
- Immediate opportunities can be exploited in order to triumph

## Strengths

List only those strengths that you can apply to support the strategic issue you picked. There is a tendency, at this point, to go company-wide and list strengths that are not particularly related to the issue at hand. For example, if your vision is about Research & Development, it really doesn't

matter much that you offer great dental coverage, but it matters a lot that your bench strength is five people with PhDs in the given field.

### **Weaknesses**

Now, turn your strengths upside down and determine if any weaknesses need to be addressed or finessed to implement your vision. What may be lacking in, or a hindrance to, your company culture in the way of attitudes and behaviors to support your vision (such as a risk-averse attitude)? What specific employee skills do you require that may not be present (such as technological skills)? What equipment may be missing? Will a budget be established or do you have to work on a shoe-string? And even if a budget is set, will it be realistic as to how much and how long you will need to fund?

### **Opportunities**

If you have a big job, start off with the easy stuff. What opportunities, or external conditions, do you see that can give you quick wins (i.e., what's the low-hanging fruit)? In other words, where are the opportunities facing your company?

# STEP 10: CREATE YOUR STRATEGIC INITIATIVES

---

- ✓ Strategic Initiatives are the performance gaps that need to be closed.
- ✓ Select up to three gaps from obstacles, weaknesses, and opportunities.
- ✓ For each gap, describe strategic transition from current state to desired state
- ✓ Replace a gap with another when you close it until all of your gaps are closed.

**Y**ou created strategic tension by selecting an important but unresolved issue, creating the best imaginable outcomes, and confronting the obstacles and weaknesses facing the issue's resolution. Now prepare to attack reality.

Look back at what you wrote down in step 7, Obstacles and in step 9, Weaknesses and Opportunities. These are your performance gap candidates. Select a maximum of three items to attack initially. For each item you select, describe the status quo of the gap (the current "from" state) and the successful transition needed (the desired "to" state). That is, from "as-is" to "want to be." These are your performance gaps. For example:

Technology  
**From:** Inadequate  
**To:** State of the Art

# STEP 11: LIST THE ACTIONS

---

- ✓ Actions are the activities necessary to close the performance gaps. Describe all of the actions needed to accomplish your
- ✓ vision to go from current status (From) to desired status (To).
- ✓ Prioritize the actions.

**S**omeone (we don't know who) once opined that "Vision without action is just a hallucination. Action without a vision is random activity." This is very apt. To accomplish your vision, you must list all of the actions needed for each performance gap you identified in step 10, Strategies. Actions are what take the "from's" to the "to's." You may want to survey other people on the team and brainstorm the actions. Once you have your list, prioritize the activities. As you close each performance gap, replace it with another until your vision is fully realized.

# STEP 12: NAME THAT PLAN

---

- ✓ Create a title that encapsulates the vision in three to five words.
- ✓ Gives the project identity.
- ✓ Makes it easier to communicate about the plan.
- ✓ Is a rallying cry.

**W**hy name your plan? A name is a distillation—a short, powerful form of communication—that gives your project a distinct identify. Consider the decade-long effort that consumed millions of man hours and billions of dollars, and featured the greatest feat of a century, described in four words: “Man on the Moon.” You didn’t have to be a rocket scientist to understand exactly what was expected if you worked on that project. And we’re sure it served as a rallying cry to the program participants of what success looked like, even when they were bogged down in minutiae and preoccupied with temporary failures.

The title should be a three- to five-word condensation of your vision. For example:

- Acquired in 2 Years
- 6 Million Feet by 2008
- Same-Day Turnaround

That's it. Congratulations! You're done...except for the hard part: executing the plan.

### **Tracking Progress**

One of the easiest ways to track your vital signs, strategic initiatives, action plan, owners, and due dates is using the 60 Minute Strategic Plan web-based application. To take a tour and learn more, go to [www.60msp.com](http://www.60msp.com).