* **Strategic Management: 3 Steps to the Cycle of Success**

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***Actions Speak Louder than Words***
Even effective strategic planning efforts that result in the best and most appropriate decisions for a company’s long term success can come up short on delivering performance improvements if they do not have the necessary support. Strategic Management, a three-step process that includes Planning, Execution, and Monitoring, is a more powerful means of optimizing the long-term performance of an organization. The last key to success is Repetition of the process.

A survey by Bain & Company, featured in our last issue of *Compass Points*, indicated that Strategic Planning was the top choice of senior executives as a business improvement tool. In spite of its popularity, 8% of the respondents in the survey were dissatisfied with how well strategic planning met their expectations. Perhaps some of these users actually did a poor job with the planning process itself or chose an inappropriate planning model for their business, but certainly some of them merely stopped after a successful planning and failed to follow through with the rest of the strategic management process.

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Successful strategic management must not end with the last annual planning meeting or with the final compilation of the strategic planning document. Once the strategies are chosen and the implementation plan is outlined, the entire organization must follow through with the execution of the plan’s objectives and the periodic monitoring of implementation progress and changes in the business environment. In this way, the managers maintain accountability for meeting their commitments and the ability to make changes to the plan as the environment changes.

To continue to build upon and leverage the success of the strategic management system, the team then repeats the planning process. With each iteration, they become more skilled with the planning tools, more aware of their capacity for effective change and more confident in their ability to understand their business environment and make the right decisions for their future.

**Planning**
***Failing to plan is planning to fail***
Imagine you are the head coach of a professional football team and you have just sent your captains onto the field to observe the coin toss minutes before the kick off for the Superbowl. Imagine further that you and the team had spent the past week enjoying the pre-game hype, talking to reporters, relaxing around the hotel pool and treating yourselves to frequent nights on the town. After all, you played well all year - certainly the team has demonstrated that it knows how to win. You have had such a good time for seven days that you suddenly realize that you are not quite sure who your opponent is. You seem to recall reading somewhere that they have routed three other teams in the playoffs by a combined score of 137 to 6. You have been so busy with “other things” that you forgot to decide what offensive scheme will work best and have not figured out what you will do to stop the best rushing team in the league (or was it passing that they were good at?).

It occurs to you mid-way through the third quarter, trailing 69 to 3, that you really prepared the team well for this slaughter. By putting off that coaching staff meeting at the beginning of the week, you actually paved the way for new Superbowl records for points scored in a quarter (none of them yours), penalty yards incurred and largest margin of victory. This is not the way it was supposed to be when you earned your shot at sports greatness. By not planning at all, you effectively planned for failure!

Like the coaching staff in the above scenario, senior management in any enterprise is responsible for the long-term success of the company. Their top priority is to establish Vision (course and direction), Structure (organizational makeup and allocation of resources) and Culture (the values and personality of the organization that will motivate people to do their best work). If the management team does not shoulder this burden, if the planning process is not actively pursued, then it occurs on an ad hoc basis. Strategy is then determined by one individual’s vision of the future or is a by-product of the day to day unstructured interactions of the management team. This “strategy-through-meetings-in-the-hallway” approach often serves the needs of the simpler, smaller business for a limited amount of time. Once the enterprise grows and becomes more complex, or its markets mature and competition stiffens, the managers begin to realize that they can no longer make do with casual, informal planning.

If not formalized in some way (planning meetings and strategy document), then the plan is less likely to be well thought out and less likely to generate buy-in and enthusiastic follow-through. Organized, formal strategic planning allows for a methodical consideration of the information required to understand the business environment, a structured analysis of that information, thoughtful decision-making and realistic implementation planning.

***Importance of Strategy vs. Tactics***
It is important that we briefly discuss the difference between strategic and tactical planning. Consider participating in a sailing regatta. One can prepare one’s vessel and team to be absolutely the best in the race. The skipper can know every sail configuration and every wind-reading technique for making the boat knife through the water at the greatest speed. The crew can be ready to execute every command at a moment’s notice. This preparation in no way ensures successful performance if the captain and crew have no sense of the final destination and the best course and direction to take to get there.

Without some strategic vision of the race, it is likely that their overall strategy will be one of watching their competition, taking the same general course, reacting to competitive heading changes and then hoping that once the destination becomes apparent, they are in the right position to win the race. Merely sailing the boat and making great speed (tactical execution) can be meaningless if the vessel is not moving in the direction of a desirable destination (strategic direction).

Similarly, running a business without a destination in mind (beyond responding to the next customer complaint, reacting to the latest competitive move or kicking the next unit of production out the door) can yield equally unremarkable results.

***The longest journey begins with but a single step***
Granted, it is often difficult to find time in our hectic lives, but if the business’ leaders do not schedule the meetings and get the process started, then it will certainly never be completed.

The first thing that the management team should do is examine the annual cycle of their business and decide on the best time to plan. For some, it is best to conduct strategic planning immediately preceding their annual budgeting process. This affords them long-term perspective and helps make certain that the strategic objectives will receive proper funding.