

Ensuring Your Business Has Strategic Traction

Key Concepts in Planning for the Organization

By

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Strategic business planning is a requirement for all types of organizations, from start-ups to Fortune 500 companies, irrespective of the type of business you are in. Strategic business plans, however, are generally insufficient to get the traction you really need to be successful. First of all, strategic plans (and the strategic planning process) are generally very “outward looking”. By that I mean that they tend to concentrate on interactions between the business and its external environment (customers, clients, financiers, suppliers, regulators, competitors, etc.) and how they hope to see the business positioned relative to that environment. The second primary focus of the typical business plan is the financial aspects of the business, including financial projections, forecasts, and balance sheets. While both outward looking and financially oriented planning activities are clearly important for financing the enterprise and/or successfully taking products and services to market, many fail to concretely identify the internal mechanisms necessary to support these plans and strategies. They fail to take a deep introspective look at how the business will be structured and operate. As a result, business often fail to get the traction necessary to achieve what it is that they set out to accomplish in the first place.

Simply put, the typical strategic business plan just isn't sufficient to ensure the necessary organization structure, resources, and systems necessary to achieve operating momentum. What is needed is a systematic process for going beyond “business aspirations” and creating a business organization capable of achieving those goals and objectives. *Organization Planning* is just that type of process. It is a systematic framework for taking the bi-products of the strategic business planning process and drilling-down further to identify, plan and establish the organizational properties, structures & capabilities (i.e., design) necessary to achieve the strategic goals & objectives of the business. The process starts with ensuring a sound (and documented) understanding of the major business processes necessary for accomplishing the work of the organization. It then involves determining the organization structure(s), roles, relationships, information systems, technologies, performance measures, reward systems, and other requirements necessary to effectively and efficiently perform those key business processes. Having identified the organization properties necessary to achieving success, later efforts involve working the plan and bringing it to life.

When To Do Organization Planning?

Organization Planning is best performed in conjunction with strategic business planning and serves to provide the introspective view necessary to ensure that the enterprise is organized and equipped to realize its vision. Like strategic planning, *Organization Planning* may have a beginning, but there is no real endpoint. Rather, it must be re-evaluated, refreshed and tweaked just as frequently as the strategic plan itself. *Organization Planning* is a companion to strategic planning, and as such it must be an ongoing process continuously refreshed and kept in alignment with changes in the overall strategy for the business.

Aside from incorporating comprehensive *Organization Planning* into our strategic planning process, there may be times when it is necessary to engage in this activity,

perhaps because circumstances have changed making it necessary to refresh our plans or because we failed to give it adequate attention in the first place. Generally speaking, our business will tell when we need to focus introspectively, if we care to listen. There are plenty of signs and symptoms that strongly indicate when things are not “in sync”. Its sort of like listening to a car engine...if it “knocks” or “pings” then your on the way to the garage! Similarly, if your business is not working like a well-tuned engine, that is a strong indication that the organization plan may not be sound enough to support the strategy. Here are some of the symptoms that can emerge informing you of the need for additional *Organization Planning* efforts:

- You have very talented and capable people in leadership, but they seem to be marching to the beat of different drummers.
- Opportunities abound, but in capitalizing on these opportunities you seem to be simultaneously going in too many different directions.
- Your business is growing rapidly, but you are selling way beyond your ability to provide, at least with the kind of quality that you would like.
- Revenues keep going up! However, you are having difficulty bringing that growth to the bottom line.
- Everything is urgent...there is no “back-burner”!
- Everybody has tons to do...lots of stress... and everybody is working to the max. Yet, inevitably something major always seems to fall through the cracks!
- Your business is overly dependent on a few key players. If something happens to them, your toast!
- Your people are so dependent upon **you** that you cannot find a minute to breathe, let alone think, plan, evaluate, or spend time with family!
- Your exit strategy is of sound mind, but it lacks legs!

For different reasons, each of the above is a strong indication that your organization lacks the properties necessary to support your vision and strategy. Moreover, there are *special events* in the life of a business when having a sound organization plan is absolutely critical to your success! Without it, your efforts will have a poor chance of being successful. These “events” include the following:

- Initial preparation and planning for the emerging business (start-ups),
- Diversification, expansion and/or rapid growth scenarios,
- Mergers, acquisitions and/or significant changes in corporate structure,
- Spin-offs or divestitures of significant pieces of an enterprise,
- Downsizing or right-sizing the organization,
- Re-engineering of key work processes and systems, and
- Information system selection & replacement.

What Does Organization Planning Involve?

Successful *Organization Planning*, regardless of the circumstances, involves a comprehensive review of the organization’s resources to ensure that they are sufficient, provide adequate levels of differentiation to be efficient, are integrated to ensure effective coordination, and are collectively aligned to support the strategy and vision of the enterprise. Organizational resources always include key business processes,

people, technologies and information systems. In some instances physical assets, proprietary knowledge and/or financial resources may also be brought into play.

As illustrated below, effective *Organization Planning* starts with vision and strategy (strategic planning), then supplements the strategic plan by drilling down on the processes, people and technology components to ensure the organization has the necessary properties, resources, systems and structural components.



Critical steps in the organization planning process include:

1. **Strategy:** Ensuring a thorough (and documented) “vision” for the business as well as the strategy for realizing the vision. That strategy should include short-term (at least annual) and longer-term goals and objectives.
2. **Assessment:** Identifying and documenting the organization’s *Current State* features. This should include a SWOT analysis to identify current strengths and capabilities, as well as determine design, system, technology, and people needs for the organization.
3. **“Future State” Planning & Design:** This step involves developing detailed specifications for the *Future State* of the organization and should address,
 - Key business/work processes necessary for supporting strategy,
 - Organization design, structure(s) and support systems,
 - Composition of leadership team,
 - Roles, responsibilities & authorities of key leadership positions,
 - Supporting integration & communication mechanisms.

4. **GAP Analysis and Action Plan:** A critical step is to conduct a side-by-side comparison (GAP Analysis) of the *Current State* characteristics of the organization with the *Future State* specifications. It is completed by developing a detailed work plan (with implementation goals and milestones) for movement of the organization from Point A to Point B.
5. **Reinforcing & Rewarding:** Provisions also need to be made for
 - Identifying appropriate performance metrics & feedback mechanisms,
 - Developing leadership reward systems & incentives,
 - Identifying mechanisms for cascading reward dynamics throughout the organization.
6. **Leadership Development & Plan Maintenance:** Major elements include
 - Identifying current group behavioral dynamics as well as strengths & weakness of the leadership team,
 - Developing plans for augmenting group strengths & shoring-up potential weaknesses,
 - Conducting regular (quarterly) organizational planning refreshers,
 - Providing ongoing executive coaching & team building (as necessary).

The later two steps of the organization planning process are critical to the outcome.

Desired outcomes must be measured, both those that apply to implementation of the plan as well as ongoing business performance. Obviously if we are to be successful, incentives and rewards of the key leadership team must be aligned with organizational outcomes in a “win/win” scenario. Simultaneously, it is hard to be an effective leader if the rewards of subordinates are not aligned with those of the leadership team. So, effective “cascading” of rewards is critical to ensure all members of the organization are moving in the same direction.

Maintaining the momentum will require that the plan is revisited periodically, perhaps as frequent as quarterly. Revisiting the plan on a regular basis will allow for modifications required by changing business circumstances, changes to the strategic direction of the business itself, and will serve to ensure appropriate progress. It is a necessary means of holding oneself accountable for results.

Finally, moving the organization forward on the course established by the planning process generally requires adaptations and changes on the part of the leadership team. Therefore, it is important that the skills and competencies of the leadership team, both individually and collectively, keep pace with the leadership requirements of the plan.

In Summary

Typical strategic business planning efforts frequently fall short of providing the introspective review necessary to ensure that the business has adequately defined the key business processes, structures, systems and resource requirements necessary to get and maintain traction. *Organizational Planning* is a systematic process that businesses can adopt to meet this shortcoming. Well-developed organizational plans will address the process, structure, people and technology requirements necessary to

support the business strategy. All such plans need to be revisited and refreshed periodically to ensure that they are consistent with current business conditions and continuously support the strategic objectives of the company.

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About the Author

Jim Stodd is a seasoned professional with over 25 years of experience in executive and consulting roles. He has served with reputable international and regional consulting firms including Ernst & Young, LLP, Hay Management Consultants, HR Alternatives, Inc. and First Transitions. In addition to advising clients regarding strategic and administrative human resource issues, he has gained special expertise in organizational planning and development, change management, business process transformation, staff recruitment, selection and retention, compensation and performance management.

Jim has a B.A. in Psychology from Saint Louis University and a M.S. in Industrial/Organizational Psychology from Illinois State University. He also completed extensive post-graduate work at the Industrial Relations Center of the University of Minnesota. Jim has earned lifetime certification as a “Senior Professional in Human Resources” (SPHR) awarded by the Human Resource Certification Institute.

An active speaker and teacher, Jim currently teaches classes in Human Resource Management and Organization Behavior at both the University of California-Irvine and University of Phoenix. He has been a featured speaker for the Louisiana Hospital Association’s annual conference and a keynote speaker for the Annual Conference of the Southern Management Association (American Academy of Management). Finally Jim is a contributing author to The Handbook of Human Resource Management (Blackwell Publishers, 1995).