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The Seven Missteps of Strategic Planning

By Brent Collingwood



The 7 Missteps of Strategic Planning

Brent Collingwood, M.Ed., CEC, CFL

OVERVIEW

Q - “Do you have a Strategic Plan?”

A - “Yeah, I’m sure I wrote one...”

Q - “When was that?”

A - “I think about 6 years ago...”

When contemplating organizing and crafting a strategic plan, many organizations want to rush through the process, as it is often seen as taking employees and the organization away from its important work, i.e. generating sales, manufacturing products, or delivering services.

If the exercise is seen as a “time waster” or “something that will simply sit on a shelf”, executives are often reticent to commit dollars and pull senior executives / department heads away from their day-to-day work into a closed space for an extended period of time to put a plan together. Hence, a half hearted effort is most likely given to the planning process, if at all. Or, in the example of the CEO interview above, they may simply write one up themselves just to say they have one. What a shame!

This article looks at 7 common missteps companies make in their strategic planning process. If businesses better understood these oversights they would find the exercise enlightening, engaging, energizing and bring forward a focused plan with dedicated actionable next steps to move the plan forward. Let’s have a look at these common missteps.



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Misstep #1 Purpose – What’s Your “Why”?

With an expectation to start a planning session with quick and myopic answers, many companies fail to revisit why they were created in the first place.

John Doerr, the famous guru of Objectives and Key Results points out that combining ambitions with passion and purpose establishes a clear and compelling sense of “why”.

Businesses like to hang their Vision – Mission – Values statements in the lobby of the head office, yet most employees cannot recite them. Why? These statements rarely represent the company’s purpose in succinct language.

Spending time revisiting why the company exists and it’s Values Statement sets a foundational framework for the strategic planning exercise.

Misstep #2 Understanding Their Perception in the Marketplace

Strategic Planning often happens within the confines of a boardroom or retreat setting with only senior management at the table, and fails to involve internal and external stakeholders such as employees, customers, or suppliers.

Without this first step to learn how the business is seen by others in the marketplace, companies fail to understand where their “blind spots” might be.

This information is not hard to gather. Through surveys, external 360° reviews, or focus groups by an independent facilitator, companies can gain valuable insight beyond their own rose coloured glasses as they work on their next strategic plan.

Misstep #3 – Strategic Thinking

Most companies conduct a SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) as part of their strategic planning, but miss a more important exercise, a PEST analysis. This looks at external factors that are beyond the company’s control, yet have a major impact on their business.

The acronym stands for Political, Environmental, Societal, and Technological factors. Such factors might be governments imposing restrictions to new markets (CUSMA), new regulatory requirements, shifts in societal attitudes, or automation. The question to be asked, as part of the strategic planning exercise is, “how can this information be incorporated into our strategic plan”?

A SWOT analysis is a more internal focused exercise, where the company does have control. However, the wrong questions are often asked in conducting this analysis. Rather than focusing on the acronym, a better way to extract helpful information is to reframe the questions to the following: What do we do well? What could we do better? What are we not doing, but should be doing? What’s in the way?

Misstep #4 – Thinking Too Big

In going through a strategic planning exercise many companies take on too many goals over too long a period of time.

This effort often gets wasted because there is no focus. While it is important to get all ideas on the table, that does not mean that every idea and initiative needs to be acted on. Trying to do everything overwhelms middle-management and employees on the front line who must find ways to execute on the myriad of goals sent to them.

Misstep #5 – Establishing Priorities

A big part of the Strategic Plan is to get alignment from everyone in the room on what the real priorities are of the organization that will actually move the needle.

Everyone in the room will have a different take on what’s important, so this is a crucial step in coming to consensus on where the company will focus its time, energy, and financial / human resources.

Many companies assume that everyone agrees on what the priorities should be, and may leave the session with misaligned assumptions on what the priorities really are. This leads to confusion and dissatisfaction



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with the investment of time in setting new goals.

When everything is considered a priority, nothing is a priority, and therefore setting a manageable number of strategic priorities over a two-year period is the best approach.

Misstep #6 – Accountability

This is another shortcoming of many strategic plans. Once a plan has been completed, the real work starts in laying out Action Plans to achieve the goals outlined. While a summary report will likely be drafted, accountability is often lacking.

Strategic planning and executable Action Plans only work if there is documented, deadline based follow-through.

In returning to the busyness of day-to-day activities, many of the actionable items fall by the wayside. This can be caused by several factors, including the number of undertakings (too many) and having no specific deadlines to achieve certain metrics.

There are seven questions that should be answered in the accountability stage of a strategic plan:

1. What is the priority?
2. Who is the lead on the priority?
3. When is the starting date?
4. What is the anticipated end date?
5. What additional resources are needed – financial, human, external, etc.?
6. When is the accountability check-in date?
7. Who is the accountability partner – external? internal?

By establishing Strategy Solutions Worksheets that answers these questions, the likelihood of completion rises dramatically.

Misstep #7 – Communicating the New Strategic Plan

It's one thing to sit in a boardroom and strategize a company's future, but how is this new plan being communicated back to middle-management and front-line employees?

This is often a final misstep in the strategic planning process. Employees who are simply informed of new directions or changes that need to take place within their departments often leads to mistrust, or at least no energetic buy-in to the new strategic plan. The person in charge of the company's internal communications needs to be a key player at the strategic planning table to determine an appropriate and robust communication roll out of the new corporate priorities.

Thinking back to an early misstep, if employees have input into the company's perceptions, they can be strategic partners in advocating for these new strategies.

One final misstep many companies make is not hiring an independent facilitator to conduct their strategic planning session. A facilitator's role is to keep the session on task and on time, prime the pump of creativity and possibility, and ask deep and sometimes uncomfortable questions. Asking an employee or even the CEO to take on this difficult role minimizes the company's opportunity for a successful and executable strategy.



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Questions to Consider:

1. You likely have a Vision and Mission Statement, but do you have a Purpose Statement? Could your employees explain why you exist (and it's not to make a profit or serve customers). What benefit or value do you bring to the marketplace specifically and society generally?
2. When is the last time you did an external 360° review? Do you know how your employees, customers, and suppliers perceive you? Perhaps now is a good time gain insight into how you are seen in the marketplace as you prepare a new or revised strategic plan.
3. Did your last strategic plan have too many goals over too long a period of time? When filtered down to the teams who were tasked with achieving those goals, did they have clear priorities that would positively impact the organization, or were they drowning in a sea of to-do's?
4. Did you establish clear accountabilities to the person or department responsible for achieving a certain priority? Were the 7 questions addressed as to who, what, and by when?



Everyone *Plans* a Strategy, Few *Execute*

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OVERVIEW

Every organization needs a strategy, and most go through the motions of conducting a strategic planning session, be it a 1/2 day meeting or a weekend retreat. But so often the plan never reaches it's full implementation. Why not?

There are some interesting and surprising statistics emerging on the efficacy of strategic planning. According to Cascade Research, 67% of leaders believe their organization is good at crafting strategy, but only 47% believe their organization is good at implementing strategy. Harvard Business Magazine (HBR) researchers have conducted multi-year studies on why strategy execution unravels, and their research reveals that several beliefs about strategy implementation we think to be true are not.

Organizations need more than a strategic plan, they need a strategic execution plan. In this article we will highlight what the research is revealing and offer suggestions on how companies can get strategic plans off the shelf and deliver expected and exceptional results.

Take comfort, you're not alone – A recent survey of more than 400 global CEOs found that executional excellence was the number one challenge facing corporate leaders in Asia, Europe, and the United States – ahead of innovation and top-line growth – and that two-thirds to three-quarters of large organizations struggle to implement their strategies.



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Why Strategic Planning and Strategic Execution Don't Always Connect

INTRODUCTION

It's that time of year again; time to start thinking about your strategic plan. The world had changed; there's more competition, finding new markets is difficult, costs continue to rise, and yet you still need to figure out how to not only sustain your business but find a way to grow.

You've done them before – strategic plans. But somehow they just seem to sit on a shelf and gather dust. Maybe 20-30% is ever acted on, but generally your teams revert back to “same old-same old” in the busyness of their work, and the great ideas generated in your planning session never seem to come to fruition. So next time, this time, things will be different. By recognizing these five signs of disconnect between the plan and the execution plan, you can avoid the missteps and pitfalls of bringing your plan to its full potential.

Issue #1 – It's More Than Alignment, it's Coordination

The question “can I count on you” depends on who “you” is. According to Harvard's research, reliability was strong up and down the hierarchy of the chain of command – 84% for both bosses and direct reports – but people in other units were not considered reliable (colleagues in other departments 59%, external partners 56%).

In Harvard's survey, when managers were asked to identify the single greatest challenge to executing their company's strategy, 30% cited failure to coordinate across units, and they were three times more likely to miss performance commitments because of insufficient support from other units rather than their own teams' failure to deliver. How are your departments coordinating their roles in executing your plan?

Issue #2 – The Roadmap isn't a Straight Line

After investing time, money, and energy into formulating a plan and its associated budget, you may view your plan only through a myopic lens that allows for no deviation

or adaptation. Such divergence would be considered a lack of discipline or undermining the plan. But the very definition of a strategy execution is to seize opportunities that support the strategy while coordinating with other parts of the organization on an ongoing basis.

According to the Harvard survey, when market trends shift, most organizations either react too slowly to seize fleeting opportunities or mitigate emerging threats (29%), or react too quickly and lose sight of company strategy (24%). Are you responsive or reactive to market shifts?

Issue #3 – Communication ≠ Understanding

Once a Strategic Plan has been crafted, likely your VP Marketing / Communications will endeavor to roll out a robust communications plan. But does communication equal understanding?

When a management team was asked through the Harvard survey to describe the firm's strategy in their own words and to list the top five strategic priorities, fewer than one-third could name even two. And not surprising, this is a common response.

In other surveys conducted by the Harvard research team, only 55% of the middle managers could name even one of their company's top five priorities, and even when they could, managers did not have a clear sense of how major priorities and initiatives fit together.

How rampant is this disconnect? Fewer than one-third of senior executives' direct reports clearly understood the connections between corporate priorities, and that figure plummeted to 16% for frontline supervisors and team leaders.

Emails and constant meetings to “drive home” the strategic priorities does not work unless middle management and front line employees can articulate in their own words the strategic priorities and how they personally impact the desired results. Can your teams describe your strategic priorities?



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Issue #4 - Who Drives the Strategic Execution Bus?

When you and your executive team 'drive the bus' of executing the strategy, you diminish the organization's capacity to execute over the long run, and increase the risk of the execution unravelling should one of your executive team members depart. Moreover, if your top executives insist on making important calls themselves, they undermine middle managers' decision-making skills, initiative, and ownership of results.

"Distributed" leaders, i.e. middle managers and supervisors, are the "face" of your company to most employees, partners, and customers, and they are the ones who should be driving the strategic execution "bus". But in doing so, they need to be nurtured, supported, and guided from the top. Unfortunately this is often not the case.

Distributed leaders are often constrained in their efforts to translate overall company strategy into meaningful terms their teams or units can get behind. A question that might be posed to all staff in the organization is "who owns the burden of success?" The answer? Everyone! Do your teams believe they own the burden of success?

Issue #5 - Does a Performance Culture = Execution Success?

When strategy execution fails to translate into results, a weak performance culture is an easy scapegoat.

In the Harvard study, two-thirds of all managers surveyed named past performance as the most frequently named factor in promotion decisions. It also ranked among the top three influences on who gets hired. One-third of managers believe that performance is also recognized all or most of the time with nonfinancial rewards, such as private praise, public acknowledgment, and access to training opportunities.

So if companies have a strong performance culture, why are they struggling to execute strategy? The answer is too much emphasis is based on performance. More value is focused

on a manager's ability to hit their numbers, and much less value on their ability to adapt to changing circumstances—an indication of the agility needed to execute strategy.

50% the managers surveyed believe that their careers would suffer if they pursued but failed at novel opportunities or innovations. Fewer than one-third of managers say they can have open and honest discussions about the most difficult issues, while one-third say that many important issues are considered taboo.

In other words, if performance trumps coordination it will undermine strategy execution. Does performance trump coordination in your organization?

Now What?

Now that we have identified the barriers facing strategy execution, let's look at ways you can overcome these issues and really deliver on your plan.

Solution #1 - Check-ins

It is typical and expected that companies "check-in" on the progress of their strategic plan, but who is at the check-in table?

In order to address on the coordination vs. alignment misstep (Issue #1), why not consider only having middle managers, supervisors and relevant external partners come together for a check-in with each other?

In other words, remove senior executives from the check-in process initially to allow those responsible for the execution of the plan to address and overcome whatever insufficient support is cropping up that impacts the delivery of results.

Certainly senior executives need to be informed as to the progress of the plan, but not overtake it. This also addresses Issue #4, Who Drives the Strategic Bus?, where the "burden of success" rests with distributed leaders and their teams.

If you want your distributed leaders to own the plan, they need authority with responsibility.



Why Strategic Planning and Strategic Execution Don't Always Connect

Solution #2 - Finger on the Pulse

Innovation is not a department, it is a mindset. Everyone in the organization needs to be attuned to shifts in technology, markets, or regulations that may impact what might have otherwise been a wise strategic initiative.

If circumstances change (Issue #2), the company needs to address and embrace whatever adaptation is required, and the messaging from the top needs to reflect this tolerance for new ideas.

If emphasis stays focused on hitting numbers, fear of agility or adaptability will cause managers to hold back on possible solutions to unforeseen shifts in the business. Myopic focus that eliminates adaptation may cause the strategic plan to fail. Coach your teams to be proactive and responsive as opposed to reactive or non-responsive when it comes to those unforeseen shifts.

Solution #3 - I Get It!

Here's an interesting idea. Once the Strategic Plan has been rolled out and communicated throughout the organization, ask employees to articulate in their own words what their specific action item will be that advances a strategic goal, and what it means to them (Issue #3).

This will clearly demonstrate if the communication plan has worked, and your senior executives will know quickly if front line employees know, understand, and embrace the plan. And if not, how can the company improve the message so that they do know, understand, and embrace the plan?

Conclusion - Reframe and Re-define

We stated at the outset that organizations need more than a strategic plan, they need a strategic execution plan. To overcome many of the missteps discovered in HBR's research, you and your top executives need to re-define execution by pushing ownership down to your distributed leaders and coach them from the sidelines by providing the tools and resources necessary for success.

Re-framing communication of the plan beyond words to actually understanding it's intent will allow managers to ensure their teams can clearly articulate goals and what those goals mean to them personally.

By identify factors that may be stalling progress, managers at all levels can re-focus efforts to get back on track. The strategic plan may be the steering wheel, but execution of the strategy is the engine that propels it forward.



Why Strategic Planning and Strategic Execution Don't Always Connect

Questions to Consider:

1. Is your strategic plan rolling out as you expected? Are your teams letting barriers – real or perceived (we're too busy) – suppress momentum? Are they focused on what they can't do as opposed to what they can do?
2. Did you establish clear action items with built in deadlines as part of your strategic plan? Are your teams struggling to understand exactly what it is they are supposed to do, and by when, in reaching your strategic plan goals?
3. Did your enthusiasm overextend your capability? Do you have too many goals over too long a time period? Can your teams get laser focused on executing 3-5 strategic priorities, or are they lost in a sea of expectations?
4. Do you actually have a strategic plan? Or is it only that you think you have strategic plan? Could your employees, or even your management team, articulate the top priorities of the strategic plan? Would they know if you achieved it?

"That was the best Strategic Planning session I've ever attended. Our team left the planning sessions feeling aligned, energized and ready to take on a big year of growth."

Richard Hansen, President Sky Eye Measurement

At **X5 Management** we have skilled facilitators who can:

- Assist in identifying and analyzing barriers to success in executing your strategic plan, and get you back on track;
- Help you build out "Strategy Solutions Worksheets" – real action items with timelines and accountabilities to the teams.
- Help you hone in on 3-5 Strategic Priorities so your teams can get laser focused on what they need to do to execute your plan. No more excuses (barriers will still exist, but it's about what you can do, not about what you can't do)
- Work with you to craft a realistic, achievable, executable strategic plan with scheduled follow ups to ensure traction.

If you are struggling with any of these challenges, why not contact **X5** today (info@x5management.com) for a complimentary **Discovery Meeting** to determine how we can best assist you in refining your strategic plan.

Homkes, R., Sull, C., & Sull, D. (2015). Why Strategy Execution Unravels—and What to Do About It. Harvard Business Review Magazine, March 2015. Retrieved from <https://hbr.org/2015/03/why-strategy-execution-unravelsand-what-to-do-about-it>



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