



Criteria for Performance Excellence

TERRY MAY

Strategic Planning

Global threats, surprise attacks, offensive and defensive capabilities, weakness and threat analysis, contingency plans. Sound familiar? Welcome to today's business world. We all realize that business is not war, but there are a number of close parallels that can aid today's business leaders. One of these is strategic planning.

Where did the concept of strategy come from? Some of the earliest writings on military strategy came from Karl von Clausewitz. He was the first to separate strategy from tactics. Clausewitz observed, "Strategy is simple but not easy." This statement is as true today as it was in 1832 when he wrote it.

Does your business have a strategic plan? It probably does though it may not be well-developed and it may only exist in someone's mind. Unfortunately, a less-developed process for strategic planning decreases the chance that the plan will be successfully implemented. A formal process for strategic planning results in more effective communication, faster buy-in, and better measurement of progress.

The starting point for strategic planning lies in the development of vision and values. This topic was discussed in my editorial on leadership in the September 2004 issue of *MP* (p. 80). Because the strategic plan serves to get all stakeholders working together to focus organizational resources on common goals, all stakeholders should be included in the planning process.

Within the Baldrige National Quality Program, answering these strategic planning questions is essential for a strategy-driven company:

- What is your external market environment?
- How well do you know your customers and markets?
- Who is the competition and what is their position?
- Can your business execute the strategy?
- Is there a balance between long-term and short-term objectives?
- How will you sustain profitability?

With these answers, go through a Strength-Weakness-Opportunity-Threat (SWOT) analysis to identify primary and supporting objectives that create value for customers. Value-creating attributes

might include quality, service, innovation, speed, convenience, health, and social conscience. Michael Porter, in the book *Rethinking the Future*, said: "The fundamental truth in strategy is that a company simply cannot be all things to all people and do a very good job of it. Strategy requires choices. You have to decide what particular kind of value you want to deliver to whom." It is not just a matter of being better at what you do—it's a matter of being different at what you do.

Now, to the really difficult part—implementation. In his book *The Strategy Focused Organization*, Robert Kaplan refers to a 1999 Best Practices Benchmarking Report that states, "fewer than 10 percent of effectively formulated strategies are successfully implemented." Action planning and execution are critical to successful implementation. Organizational activities should be clearly linked and aligned with the strategic plan. These activities are developed and managed as action plans that constitute the tactical execution of the strategic plan, with success being measured by achievement of the targets and goals.

Successful execution also hinges upon the collective efforts of employees working toward common goals. Obviously, knowing and understanding those goals is critical. Do you know what your organization's primary goals are? If not, you're probably not going to be much help in achieving them. In my company, we use our plan as a communication tool in language that all of us understand. Regardless of the words, the key focus is on results.

Successful strategic planning requires commitment and cannot simply be an exercise. Is your organization's plan collecting dust, or is it a living, real-time document used for everyday decision-making?

Terry May is President of MESA Products, Inc. (Tulsa, Oklahoma). He formed the company in 1979 and has managed its growth from a one-man service operation specializing in cathodic protection systems and design to an organization with more than 60 employees and three offices. A NACE member for more than 25 years, May is a NACE Corrosion Specialist, registered professional engineer, and President of the NACE Foundation. His company was identified as an exemplary, role model performance company in the 2003 and 2004 Malcolm Baldrige National Quality Award Program. *MP*