Strategic Planning in Theory

Adapted from a presentation given by Julian Coblentz at an AF business seminar

You have probably heard the phrase, "People don't plan to fail—they simply fail to plan." If this is true, you might be asking yourself, *Have I failed because I didn't plan well? Is success an indication that someone did strategic planning ahead of time?* You might also be asking, *Is there really such a thing as planning to fail by failing to plan?*

In two separate articles, I'll discuss the value of strategic planning: first in theory and then in practice. There is never a guarantee for success, not even by planning strategically. But making good plans can increase your odds of succeeding.

Let me introduce strategic planning through a few quotes.

- "Planning is what you do before you do something, so that when you do it, it is not all mixed up."[1]
- "Planning is bringing the future into the present so that you can do something about it now."[2]
- "Strategic planning is a process by which we can envision the future and develop the necessary procedures and operations to influence and achieve that future."[3]

Now a few statements about what strategic planning is not.

- It's not a blueprint. A blueprint details exactly how each step of a project should be completed, but a strategic plan includes what steps should be done and who is responsible for each of them.
- It's not an instruction manual. An instruction manual explains a tried and proven process that is sure to work if followed. The process of strategic planning is important, but it's not a simple formula to guarantee success.
- It's not for business only. Strategic planning is just as relevant for your family, church, or any other organization.

So why should we plan strategically?

- God does it. He says in Jeremiah 29:11, "For I know the thoughts [plans] that I think toward you, saith the Lord, thoughts of peace, and not of evil, to give you an expected end." God is a thinker and planner, and being made in His image, we should follow His example and be strategic planners.
- Jesus used builders and kings as examples of those who plan.[4] They had to make sure that resources were available to support their intentions and

[1] Attributed to A.A. Milne

[2] Attributed to Alan Lakein

[3] Attributed to Clark Crouch

[4] Luke 14:28–32 "For which of you, intending to build a tower, sitteth not down first, and counteth the cost, whether he have sufficient to finish it? Lest haply, after he hath laid the foundation, and is not able to finish it, all that behold it begin to mock him, Saying, This man began to build, and was not able to finish. Or what king, going to make war against another king, sitteth not down first, and consulteth whether he be able with ten thousand to meet him that cometh against him with twenty thousand? Or else, while the other is yet a great way off, he sendeth an ambassage, and desireth conditions of peace."

strategy. This is also a part of strategic planning in our businesses.

- Planning leads to good decisions. In fact, a good plan often eliminates many of the tough decisions we would need to face otherwise. Planning narrows our options until there are few choices to make.
- Planning is better than wishing or worrying. Winston Churchill is credited with saying, "Let our advance worrying become advance thinking and planning." The difference between worrying and wishing is that one worries about bad outcomes and the other fantasizes about good outcomes. Neither gets the job done. The strategic planner is the one who does something about it.
- Planning makes the most of our opportunities. Bear Bryant, one of the most successful football coaches of all time, made this observation: "Have a plan. Follow the plan, and you'll be surprised how successful you can be. Most people don't have a plan. That's why it's easy to beat most folks." If a football team goes to the trouble of strategizing to see who can run that oblong ball most successfully from one end of the field to the other, why wouldn't we consider strategies for much more important endeavors such as our businesses or families?
- Planning leads us towards our destination. When you plan a trip, you decide where you want to go and then map out the best route to get there. Without that plan you may wonder aimlessly and never end up where you intended to.

How to Plan

Don't wait for perfection. Strategic planning is new to a lot of people and may feel intimidating. This is usually because people think they have to plan perfectly the first time. Don't let this be one of those times you procrastinate on a new project because you're afraid you can't do it right. How many of the things you're good at now did you do perfectly the first time?

At the same time, work to plan precisely. The process becomes easier, better, and more helpful as you continue, particularly if you do it regularly. Routine is key. Practice brings precision—even in planning.

At my place of business, we review our strategic plan annually with certain parts examined more frequently. The length of time between reviews isn't as critical as the consistency of reviewing.

Remember people. In planning, don't forget the important element of people. The most effective plans are ones that include input from a wide range of people in your organization. This is probably the most difficult portion of the strategy since people aren't always willing to stick their necks out and give open feedback to management. But it's very important that management hears from them. Without a significant discussion throughout your company, strategic planning is not going to be as effective. People will be more motivated to help you carry out your plan if you have allowed them to influence it.

The planning process includes three steps: discuss, document, and display.

1. Discuss. This can look different depending on the type or size of the organization. In a smaller company it's much simpler to include all the employees in the discussion. In a larger company a plan must be developed just to accomplish the discussion. Try to involve all of the employees, but at the very minimum include all the influential people in the planning discussion.

Reaching out conversationally to the various departments in your business decreases the likelihood of developing a plan based on faulty information. Don't be surprised if you learn a lot from your employees who work out on the floor or in the field. They are the fingertips of your organization. They touch your products, your customers, and your processes. They have a feel for things people in the office don't have. Discussion is a way to harvest the wisdom in those employees.

Discussion also encourages cooperation. Including everyone in the discussion creates an environment in which you will probably get complete alignment and buy-in from your people. Over two centuries ago Alexander Hamilton pointed out, "Men often oppose a thing merely because they have had no agency in planning it, or because it may have been planned by those whom they dislike." Sometimes people wait to endorse a plan until they know who planned it. Giving employees a voice in the planning removes a significant obstacle to their endorsement of the plan.

2. Document. A Chinese proverb states, "The faintest ink is more powerful than the strongest memory." Get the components of your plan in writing. Memory is amazing, but it forgets, imagines, and embellishes. Documentation keeps those important discussions, thoughts, and decisions preserved and available for display.

3. Display. Once you have honed your plan to its bare essentials, put a version of it on display as a way of conveying to your employees and customers what you are about. You can include it in emails and other correspondence or memos. It can also be in your company's newsletter or brochures. Display it where your employees see it every day. Since we're in the food business, our company chose to use a cutting board as our display. We inscribed our business mission and vision on two dozen of them and hung them where our employees walk and work.

How to Succeed

Measure your success. The goal of every organization is to succeed. As Christian businesspeople our measure of success will be dictated by our faith and values. A kingdom focus and stewardship mindset should flow through our strategic planning and play a central role in who we are, what we do, and why we do it.

You must ask yourself, "How will we succeed?" And then you must set up a way to measure your success. Your strategic plan should include three components, which I call identity, coordinates, and the desired path.

1. Identity. The word *identity* doesn't merely mean the name of your company. It's the purpose or vision, mission, and core values that define you as a business. To be strategic and plan for success, you must define and document your vision, mission, and core values. They will become your guide.

First, your mission is determined by answering the question: What do we do? For example, do we sell food? Do we build lawn furniture? Do we repair cars? A mission statement should state your actions and even list a few intended recipients. Keep the mission statement simple, practical, and easily understood.

Second, determine your core values. These are determined by answering the question, how do we go about accomplishing our mission? This isn't so much the steps or the processes you use as it is the behavior and attitudes behind your work. These core values may be defined as much by what you won't do, as by what you will do. Leadership should define three to seven core values that everyone is expected to apply to the company's mission.

One of the core values at our company is stewardship. Since "stewardship" might be too heavy a word for some of our employees, we've given it a simple definition that describes an attitude we have pledged to apply to our mission. That definition is, "We are obsessive about eliminating waste and maximizing our God-given resources." By making this pledge, everyone in our company knows we apply this attitude to all of our work.

Third, determine your vision or purpose as an organization. This answers the question, *why* do we do it? It gives as clear a picture as possible of what we're striving for. Unlike the mission statement, which is simple and practical, the vision statement should be lofty and idealistic. It needs to be motivational and inspirational. Our purpose as a food company is to "make life better for each other and for the less fortunate." This lofty ideal is what motivates us to get out of bed in the morning.

2. Coordinates (compass questions). Nowadays, many of us don't need a map to determine where we are. Instead we put some coordinates in a GPS to discover our exact location or the location we want to reach. The second component of your strategic plan is to determine where you are as a company—not where you are geographically, but what is your state of affairs? These coordinates are determined by answering an important question, where are we now?

Some compass questions that will guide you to the answer are, what is right in our company? What is wrong? What is missing? What is confusing? You and your employees can answer these simple questions in about an hour (fifteen minutes per question). You can either have each person fill out a form or use a white board and make a list as the group calls out answers.

Ask the employees to take into consideration the company mission, values, and vision, and then start listing what you as a company are doing right and what you are doing wrong. I go into this in a more practical way in my article "Strategic Planning in Practice," but the point here is that in an hour you can have a nice list of responses (coordinates) that give you

a comprehensive evaluation of where you are as a company, family, church, or other organization.

3. Desired path (SMART targets). SMART stands for Specific, Measurable, Achievable, Relevant, and Time-bound. All targets or goals set by your company should be SMART.

Specific. If goals aren't specific, then the target isn't going to be easily understood. Part of being specific is assigning someone to see the goal through to completion.

Measurable and Achievable. Obviously, you must be able to measure the goal to know if it's been achieved or not. Anything important enough to set a target for should be measured. Unachievable targets don't motivate people to action. People give up easily when they know that a target cannot be reached.

Relevant. If a target isn't relevant to the work of an individual, it will often be pushed off to allow other targets to be worked on that directly affect the one to whom the target is given.

Time-bound. The target also needs to have a time when it's to be completed. Vague target deadlines can be frustrating and often go unmet.

A SMART target is clear about who is responsible, what is to be achieved, and when it is to be completed. It must also be relevant to the company, department, or individual. As a company and as a family, we used the SMART mindset to create two types of targets.

- **Vital sign target.** This target is sometimes referred to as KPIs or key performance indicators. I like comparing them to your vital signs, such as heart rate and blood pressure. Vital signs monitor the health of your organization by answering the questions, are we staying on course? Is what we are doing what we set out to accomplish? These guardrails keep you out of trouble and help you stay on course. One example of a vital sign target would be comparing your current monthly sales to your monthly sales a year ago to see at a glance whether your sales are rising or falling.
- **Stretch goal target.** This target refers to an extraordinary task that propels your organization forward. It's practical and specific and usually requires a change. A simple example might be to upgrade your equipment so you can create more product. This goal might stretch you to accomplish it, but it forces you forward.

In conclusion, this article has presented the theory of strategic planning, what it is, why you should do it, and how to do it successfully. In the next article, we'll discuss how to apply this practically in various situations. As you consider how strategic planning may apply to your business, or even your family or church, remember that people don't plan to fail—they simply fail to plan.

JULIAN COBLENTZ *is vice president and COO of Walnut Creek Foods and serves on the board of directors for the Commercial & Savings Bank. He and his wife Brenda live in Walnut Creek, OH, with their three children.*

More business articles are available in our business and employee booklets. Order online or call or write us at:
Anabaptist Financial 55 Whisper Creek Drive, Lewisburg, PA 17837 | Phone: 1-800-653-9817 | Web: afweb.org