A World Class Process for Strategic Planning

Preparing for the Future

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What is Strategic Planning?

- A process that can:
  - Identify key issues impacting an organization
  - Create awareness of world events and technology
  - Bring key members of the organization together for strategic discussions
  - Create action items to enhance the viability of the organization and better prepare for the future
  - Motivate individuals to work common goals
  - Stimulate innovation and entrepreneurship
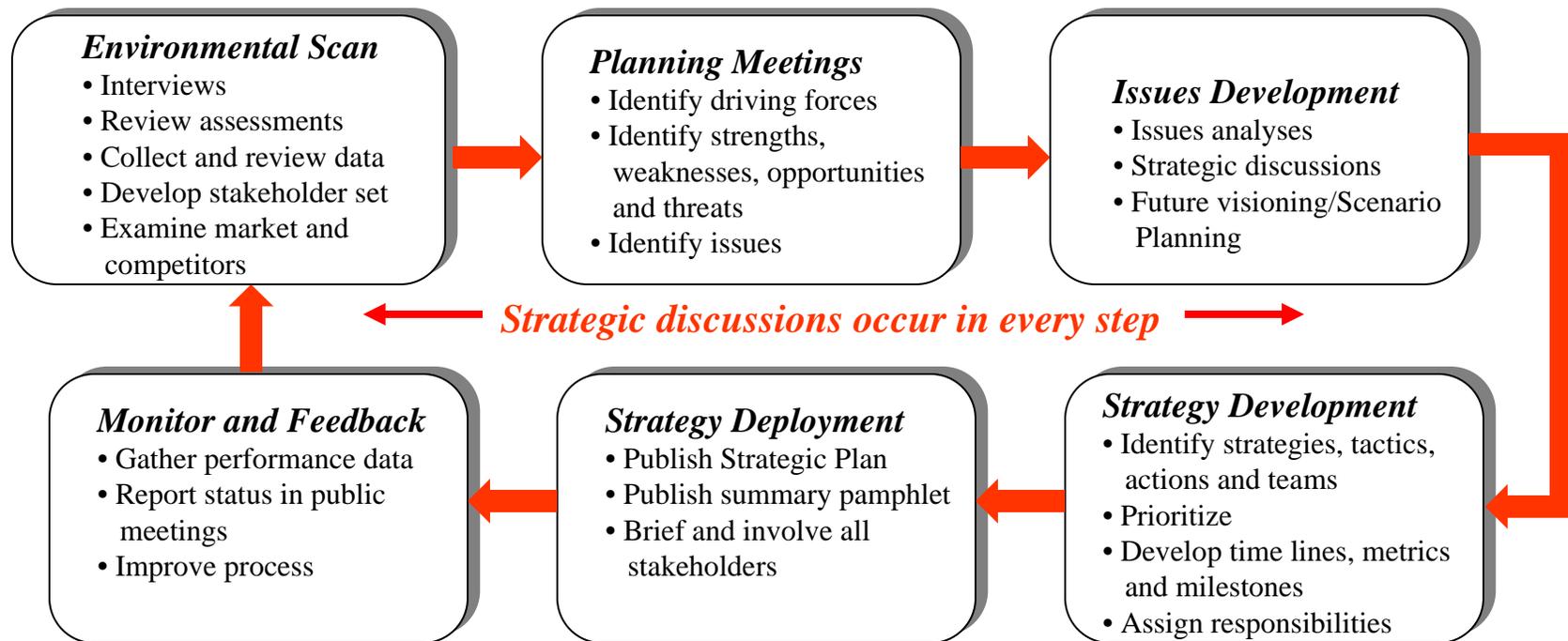 - Prioritize activities when limited resources are available

What Else Can Strategic Planning Be?

- It can <u>also</u> be a process that:
  - Becomes steeped in non value-added activities
  - Becomes a stand-alone "project", sapping resources from the organization with little impact
  - Creates barriers between management and the rest of the organization

There is nothing magic about strategic planning - it is the application of a set of tools that, when properly used, can focus the attention and expertise of leaders on critical decision making to ensure viability. When communicated to the organization and supported by leaders, it can also be a powerful motivator to achieve high levels of efficiency and satisfaction.

A Detailed View of Strategic Planning

Environmental Scan
- Interviews
- Review assessments
- Collect and review data
- Develop stakeholder set
- Examine market and competitors

Planning Meetings
- Identify driving forces
- Identify strengths, weaknesses, opportunities and threats
- Identify issues

Issues Development
- Issues analyses
- Strategic discussions
- Future visioning/Scenario Planning

Strategic discussions occur in every step

Monitor and Feedback
- Gather performance data
- Report status in public meetings
- Improve process

Strategy Deployment
- Publish Strategic Plan
- Publish summary pamphlet
- Brief and involve all stakeholders

Strategy Development
- Identify strategies, tactics, actions and teams
- Prioritize
- Develop time lines, metrics and milestones
- Assign responsibilities

But remember…the greatest value is the stimulation of strategic discussions!

Creating the Environment for Strategic Planning

- Commitment from senior management
- Quality time away from the workplace
- Commitment to open discussions
- Willingness to adapt to external events
- Focus by senior management on external events and strategic discussions concerning their impact
- Recognition of accomplishments and development of lessons learned from failures

Tools of Strategic Planning

- Environmental Scan, SWOT, Driving Forces, Critical Uncertainties, Issues Management, Quality Tools
  - Gathering available information on the organization, the external environment, and the competition – then discussing it in the context of the strategic position of the organization and using tools to analyze and summarize

- Quality Criteria Guides – Baldrige
  - A world-class process to allow an organization to better prepare itself in today's highly competitive environment

- Process management/feedback – *ISO 9001* and *ISO 14001*
  - Ensures that critical organizational processes are documented and that progress is tracked and improvement strategies implemented

- Scenario Planning - Future Visioning
  - A tool used to take a long view of the future - what strategies will position the organization for success no matter what happens

Baldrige Criteria:
A World Class Process for Assessment
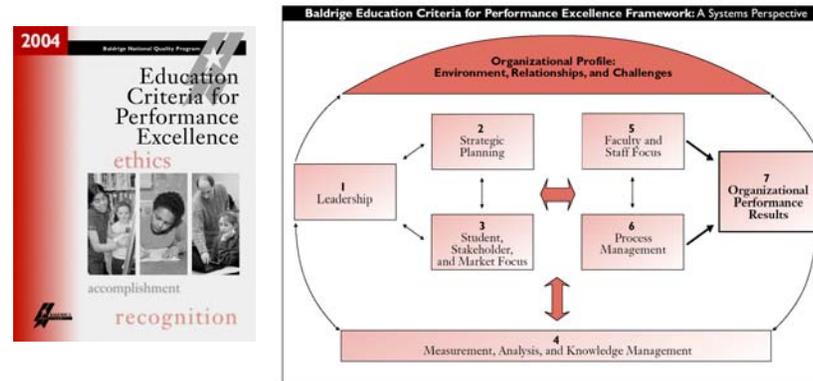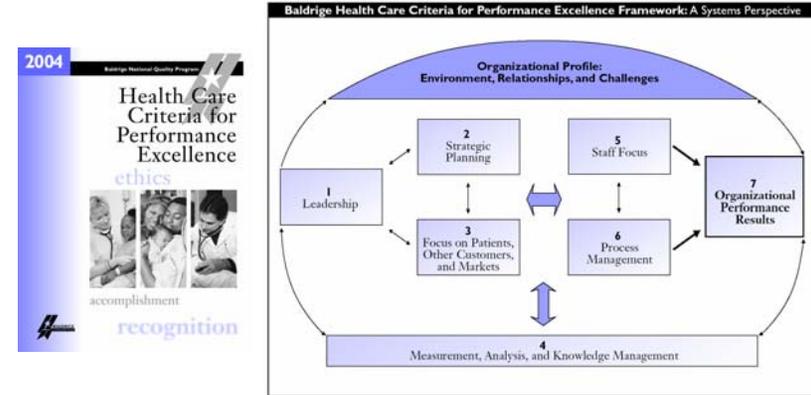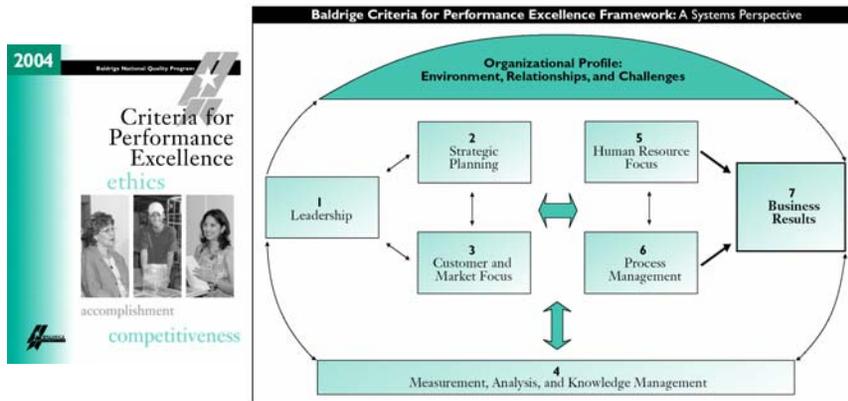
Baldrige Criteria:
The Organizational Profile

P Preface: Organizational Profile

The *Organizational Profile* is a snapshot of your organization, the KEY influences on HOW you operate, and the KEY challenges you face.

P.1 Organizational Description

Describe your organization's business environment and your KEY relationships with CUSTOMERS, suppliers, and other partners.

Within your response, include answers to the following questions:

a. Organizational Environment
(1) What are your organization's main products and services? What are the delivery mechanisms used to provide your products and services to your CUSTOMERS?
(2) What is your organizational culture? What are your stated PURPOSE, VISION, MISSION, and VALUES?
(3) What is your employee profile? What are their educational levels? What are your organization's work-force and job diversity, organized bargaining units, use of contract employees, and special health and safety requirements?
(4) What are your major technologies, equipment, and facilities?
(5) What is the regulatory environment under which your organization operates? What are the applicable occupational health and safety regulations; accreditation, certification, or registration requirements; and environmental, financial, and product regulations?

b. Organizational Relationships
(1) What is your organizational structure and GOVERNANCE system? What are the reporting relationships among your board of directors, SENIOR LEADERS, and your parent organization, as appropriate?
(2) What are your KEY CUSTOMER groups and market SEGMENTS, as appropriate? What are their KEY require-ments and expectations for your products and services? What are the differences in these requirements and expectations among CUSTOMER groups and market SEGMENTS?
(3) What role do suppliers and distributors play in your VALUE CREATION PROCESSES? What are your most impor-tant types of suppliers and distributors? What are your most important supply chain requirements?
(4) What are your KEY supplier and CUSTOMER partnering relationships and communication mechanisms?

P.2 Organizational Challenges

Describe your organization's competitive environment, your KEY STRATEGIC CHALLENGES, and your system for PERFORMANCE improvement.

Within your response, include answers to the following questions:

a. Competitive Environment
(1) What is your competitive position? What is your relative size and growth in your industry or markets served? What are the numbers and types of competitors for your organization?
(2) What are the principal factors that determine your success relative to your competitors? What are any KEY changes taking place that affect your competitive situation?
(3) What are your KEY available sources of comparative and competitive data from within your industry? What are your KEY available sources of comparative data for analogous PROCESSES outside your industry? What limitations, if any, are there in your ability to obtain these data?

b. Strategic Challenges
What are your KEY business, operational, and human resource STRATEGIC CHALLENGES?

c. PERFORMANCE Improvement System
(1) What is the overall APPROACH you use to maintain an organizational focus on PERFORMANCE improvement and to guide SYSTEMATIC evaluation and improvement of KEY PROCESSES?
(2) What is your overall APPROACH to organizational LEARNING and sharing your KNOWLEDGE ASSETS within the organization?

Used as an initial self-assessment, the Organizational Profile helps identify potential gaps in key information and provides a starting focus for performance requirements and business results

Baldrige Criteria:
Strategic Planning

2.1 Strategy Development (40 pts.) — Process

Describe HOW your organization establishes its STRATEGIC OBJECTIVES, including HOW it enhances its competitive position, overall PERFORMANCE, and future success.

Within your response, include answers to the following questions:

a. Strategy Development PROCESS

(1) What is your overall strategic planning PROCESS? What are the KEY steps? Who are the KEY participants? What are your short- and longer-term planning time horizons? How are these time horizons set? How does your strategic planning PROCESS address these time horizons?

(2) How do you ensure that strategic planning addresses the KEY factors listed below? How do you collect and analyze relevant data and information to address these factors as they relate to your strategic planning:

- your CUSTOMER and market needs, expectations, and opportunities
- your competitive environment and your capabilities relative to competitors
- technological and other KEY INNOVATIONS or changes that might affect your products and services and HOW you operate
- your strengths and weaknesses, including human and other resources
- your opportunities to redirect resources to higher priority products, services, or areas
- financial, societal and ethical, regulatory, and other potential risks
- changes in the national or global economy
- factors unique to your organization, including partner and supply chain needs, strengths, and weaknesses

b. STRATEGIC OBJECTIVES

(1) What are your KEY STRATEGIC OBJECTIVES and your timetable for accomplishing them? What are your most important GOALS for these STRATEGIC OBJECTIVES?

(2) How do your STRATEGIC OBJECTIVES address the challenges identified in response to P.2 in your Organizational Profile? How do you ensure that your STRATEGIC OBJECTIVES balance short- and longer-term challenges and opportunities? How do you ensure that your STRATEGIC OBJECTIVES balance the needs of all KEY STAKEHOLDERS?

2.2 Strategy Deployment (45 pts.) — Process

Describe HOW your organization converts its STRATEGIC OBJECTIVES into ACTION PLANS. Summarize your organization's ACTION PLANS and related KEY PERFORMANCE MEASURES or INDICATORS. Project your organization's future PERFORMANCE on these KEY PERFORMANCE MEASURES or INDICATORS.

Within your response, include answers to the following questions:

a. ACTION PLAN Development and DEPLOYMENT

(1) How do you develop and deploy ACTION PLANS to achieve your KEY STRATEGIC OBJECTIVES? How do you allocate resources to ensure accomplishment of your ACTION PLANS? How do you ensure that the KEY changes resulting from ACTION PLANS can be sustained?

(2) What are your KEY short- and longer-term ACTION PLANS? What are the KEY changes, if any, in your products and services, your CUSTOMERS and markets, and HOW you will operate?

(3) What are your KEY human resource plans that derive from your short- and longer-term STRATEGIC OBJECTIVES and ACTION PLANS?

(4) What are your KEY PERFORMANCE MEASURES or INDICATORS for tracking progress on your ACTION PLANS? How do you ensure that your overall ACTION PLAN measurement system reinforces organizational ALIGNMENT? How do you ensure that the measurement system covers all KEY DEPLOYMENT areas and STAKEHOLDERS?

b. PERFORMANCE PROJECTION

For the KEY PERFORMANCE MEASURES or INDICATORS identified in 2.2a(4), what are your PERFORMANCE PROJECTIONS for both your short- and longer-term planning time horizons? How does your projected PERFORMANCE compare with competitors' projected PERFORMANCE? How does it compare with KEY BENCHMARKS, GOALS, and past PERFORMANCE, as appropriate?

The Strategic Planning Criteria provides a methodology and guideline for an organization to ensure that it has a robust planning system

ISO:
An International Process Standard

- *ISO 9000* and *ISO 14000* are families of standards

- *ISO 9001: 2000* is concerned with "quality management" – what an organization does to ensure that its products or services satisfy the customer's quality requirements and comply with regulations.

- *ISO 14001: 2004* is primarily concerned with "environmental management" – what an organization does to minimize harmful effects on the environment caused by its activities.

- Both standards require continuous performance improvement.

- Both *ISO 9001: 2000* and ISO *14001: 2004* concern **the way an organization goes about its work**, and not directly the result of this work, in other words, they both concern **processes**, and not products.

http://www.iso.org/iso/en/ISOOnline.frontpage

International Organization for Standardization

ISO:
An International Process Standard

"Last year, in announcing the detailed plans for moving to the NNSA of the Future, I said that the Federal work force would become ISO 9001 certified by the end of 2004. I got that date by assuming that we wouldn't be able to start for a few months and looking at how long it has taken other large organizations to reach certification (typically about a year and a half). I have concluded that I was too optimistic about our ability to combine ISO 9001 certification with our other organizational changes. We will delay obtaining certification until the end of 2005 and focus on documenting our key business management systems over the next year.

While this may illustrate nothing more than my ability to guess wrong, I think it also illustrates an important principle. It is desirable to plan boldly. My experience is that we very seldom implement more than we plan to, although we often implement less. But, at the same time, I think it is important to be ready to tailor plans to reality. We've done that in adding 40 or so people to our initial estimates of Site Office manning. The decision to delay ISO 9001 certification is another example of recognizing reality.

Administrator Linton Brooks
Lintgram #19
November 19, 2003

What is Scenario Planning?

A tool used to stretch the imagination of leaders to anticipate and prepare for probable futures and to speculate and ponder upon improbable futures…

What is Scenario Planning?

➢ A tool for ordering one's perceptions about alternative future environments in which one's decisions might be played out*

➢ A tool for helping take a "long view" in a world of great uncertainty

➢ A way of liberating people's insights

➢ A tool to make better decisions about the future

➢ Like dreams - a rehearsal of possible futures

➢ A modern day hearth for people to gather around and talk about what might be

➢ The ability to act both with confidence and a full knowledge of the uncertainties that lie ahead

*Official definition by Global Business Network – http://www.gbn.org

Scenarios Are Not…

➢ About predicting the future

➢ An accurate picture of tomorrow

➢ A science

➢ Conceived of one at a time

The Scenario Process

1. **Identifying the Focal Issue**
   - Interview of senior management or decision-makers - create mental map and formulate current situation. Develop picture of the "official future". Draft focal issue/question.

2. **The Key Factors**
   - Brainstorm and discuss all of those factors that impact the Focal Issue.

3. **The Environmental Forces**
   - Looking at the Key Factors, identify all of the driving forces that have influence - use the STEEP model to help (Social, Technological, Economic, Environmental, Political).

4. **The Critical Uncertainties**
   - Narrow down and consolidate the driving forces, separate into the most important and most uncertain (set aside those that are predetermined). Revisit Focal Issue - is it the correct one?

5. **The Scenario Logics**
   - Using the most important and most uncertain driving forces, begin to construct the axes of the scenario matrix. Test various combinations to identify the ones that will be most useful.

6. **Scenarios**
   - Using time lines with a beginning, middle and end, significant events and other tools, develop the outline of your scenarios. Use your best creative writer and two or three team members to add text to the scenario. Review and enrich with your team.

7. **Implications**
   - Discuss the implications of the scenarios created - are they rich, do they represent interesting and complimentary worlds?

8. **Early Indicators**
   - Rehearse and construct the scenarios - what are the indicators (along a timeline) that would lead to those worlds. These become research areas.

9. **Research [addendum]**
   - Use early indicators as research areas, monitor external world and national sources for events related to indicators.

10. **Analysis and Conclusions [addendum]**
    - Analyze research and discuss implications. Formulate consensus on where your world is moving - are your strategies and tactics still robust and correct. Does emphasis need to be added somewhere, or a new initiative formed?

What Scenarios Require

➢ A constant feeding through rich, diverse, and thought-provoking information

➢ Becoming aware of your own "filter" and continuously readjusting it to let in more data about the world

➢ Educating yourself on the views of others

➢ Research, research, research

➢ Keeping track of new technologies, one of the most important drivers of future events

➢ Knowledge of the "fringes"

➢ An understanding of the driving forces – Society, Technology, Economics, Environment, and Politics

➢ Vocabulary, imagery and rhythm

➢ Remarkable people

➢ A Champion and support resources

➢ Understanding of the mental maps of decision makers

Bringing the Team Together
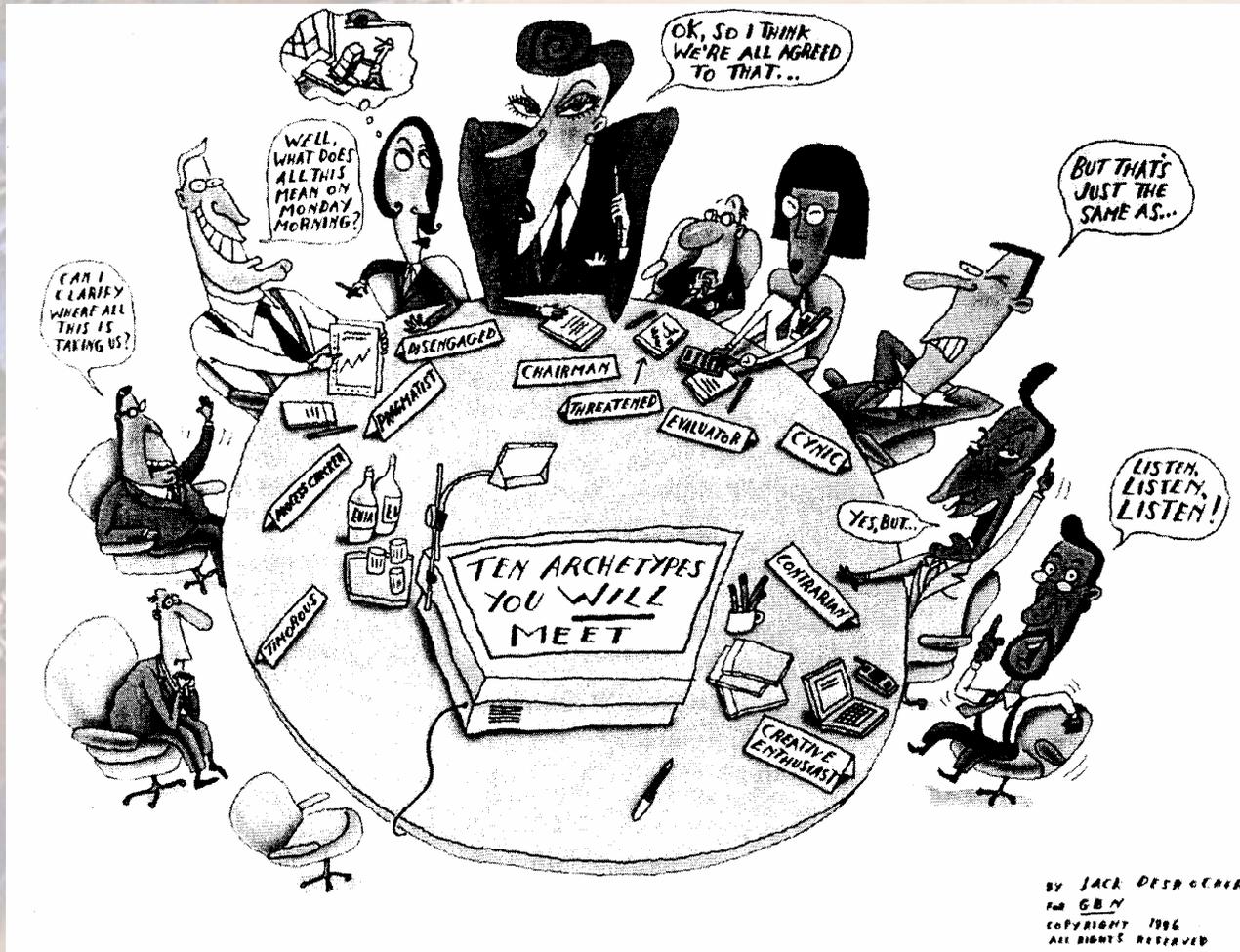
The "Archetypes"
- The Chairman
- The Cynic
- The Timorous
- The Disengaged
- The Contrarian
- The Process Checker
- The Threatened
- The Pragmatist
- The Evaluator
- The Creative Enthusiast

Allowing for the Improbable

U.S. Planners Rejected Multiple-Hijacking Theory

C. MARK BRINKLEY, WASHINGTON

The likelihood of such an attack was considered remote at best.

A four-pronged terrorist attack such as the one Sept. 11 required too many things to go right, said a senior U.S. defense official familiar with Pentagon counter-terrorism planning and strategy.

ANALYSIS

In recent years, Pentagon officials had considered the possibility that a single hijacked plane — likely a small private jet — could be used as a guided missile, the official said. Another possibility envisioned multiple airline hijackings meant to panic travelers and cripple U.S. air traffic.

But the idea that terrorists could capture four fully fueled airliners with passengers and drive the planes into prominent targets within minutes of one another was not considered because of the many uncontrollable variables, the

counter-terrorism official said.

Delayed flights, bad weather and other unforeseen conditions, combined with routine military intelligence and security measures at airports across the country, were expected to make such attacks too tough for terrorists to manage.

The prevailing thinking was that terrorists would shy away from such large-scale efforts because of the risk of getting caught, or simply failing.

"I don't think they have another round in the chamber," the official said. "I'm amazed they pulled off three out of four."

Civilian terrorism experts, including some who for years have forecast attacks on U.S. targets, are equally stunned. The expected assault was a car bomb driven into a crowded theater, or bombings like those common overseas.

"What's scary about this is that these guys have become a hell of a lot more sophisticated than we've ever seen them," said Donald Snow, a political science pro-

fessor at the University of Alabama and former Army War College instructor.

Now that the unthinkable has happened, the way to combat terrorism, the senior defense official said, is to "figure out who did it, and retaliate violently and swiftly."

Such an attack likely would include sending special forces or other troops to captur[e] [sus]pected of planning o[f] the attack, a scenario[...] the failed Army missio[n in Soma]lia made famous in [the film] "Blackhawk Down." T[he effort] to capture a Somali [warlord in] 1993 failed quickly an[d, as told in] the book, led to the d[eaths of 18] U.S. soldiers and hund[reds of So]mali rebels and civilia[ns.]

Hunting down terror[ists has] been considered risky[...] said, because "the p[rice has al]ways been too high." [...]

In this case, the p[ublic...] would support such [an attack] even if it risks the live[s of Ameri]can troops. If planned c[orrectly...]

said, "I don't think it needs to be a long, drawn-out land campaign."

Another expert said the key lies in forcing nations that host terrorist activities to give up Osama bin Laden, who may have masterminded the Sept. 11 attacks.

"Dead or alive," said Yonah Alexander, an authority on terrorism and Middle Eastern affairs,

Myers, deputy chairman of the Joint Chiefs of Staff, has been nominated to replace Army Gen. Henry Shelton, due to retire as chairman Sept. 30. "Our intelligence operations are structured as they were during the Cold War," Myers said in his confirmation hearing.

He predicted, "My guess is

U.S. Lacked 'Imagination' To Thwart 9/11

from PAGE A1

released during the commission's 20 months of investigation.

Coming less than four months before the election, the politically sensitive report could be trouble for Bush, who has made his handling of terrorism the centerpiece of his campaign and has insisted he fully understood the threat.

The report comes on the heels of House and Senate reports that documented U.S. intelligence failures and undermined the major claims cited by Bush to justify the war against Iraq. The commission report repeated its earlier preliminary findings that Saddam Hussein did not have a close relationship with al-Qaida and had nothing to do with the attacks.

Still, in the days after the hijackings, some in the Bush administration were seeking to make that link, the commission found.

Deputy Defense Secretary Paul Wolfowitz, in a Sept. 17, 2001, memo to Defense Secretary Donald H. Rumsfeld, wrote that if there was "even a

DENNIS COOK/THE ASSOCIATED PRESS

9/11 COMMISSION REPORT
FINAL REPORT OF THE NATIONAL COMMISSION ON TERRORIST ATTACKS UPON THE UNITED STATES

Chairman Thomas Kean, left, and Vice Chairman Lee Hamilton discuss the Sept. 11 commission's final report after its release in Washington on Thursday. The report concludes that a "failure of imagination," not government neglect, allowed 19 hijackers to carry out the deadliest terrorist attacks in U.S. history.

Defense News, September 17-23, 2001

"Nightmare Scenarios" must be reviewed by "non-owners" of the system for validation

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Identifying Robust Strategies

THE GLOBAL NUCLEAR DANGER

J. Jekowski
September 9, 1998

• Growing incidents of nuclear leakage create an inevitable path toward use by rogue states
• US abandons Nunn-Lugar and reestablishes a testing readiness posture
• US abrogates ABM treaty and deploys an ABM system
• Nuclear incident of 2000

Scenario A
"Prepare for the Terrorists"

Strategy A-1
Strategy A-2
Strategy A-3

Scenario B
"The Dominos Fall"

Strategy B-1
Strategy B-2
Strategy B-3

Theft and Diversion of Nuclear Materials

• CTBT succeeds - SBSS used as bargaining chip
• India and Pakistan disarm
• START III implemented, but to levels that assure non-NWS some level of security
• Iraq invaded
• Russian economic reforms and Western intervention begins road to improvement
• Famine in North Korea creates basis for unification

The Proliferation of Nuclear Weapons States

• CTBT Stalls
• Russia political and economic upheavals drive return to nationalism
• Nuclear weapons remain the power symbol for nation states - Nuclear weapons states abound
• Russia resumes testing to ensure viability of stockpile
• North Korea Tests, Israel announces NWS status, Iran and Syria announce plans for nuclear programs

Strategy C-1
Strategy C-2
Strategy C-3

Strategy D-1
Strategy D-2
Strategy D-3

"A Glimmer of Hope"
Scenario C

"A Delicate Balance"
Scenario D

• Fissile Cut-Off Treaty signed
• NPT sets date for total elimination of Nuclear Weapons
• START III leapfrogs Start II
• MPC&A technologies evolve and are embraced by nuclear states

Many scenario developments will identify a small number of strategies in each scenario that are similar - these are the "robust strategies" that should take top priority for the organization - allowing it to be better prepared no matter what world evolves. By rehearsing other strategies for each future world, the management team is better prepared to respond to any event

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Presentation Tools for Management

Vector Analysis Tool

Strategy Wind-Tunnel Tool - VECTORS - 2/13/97
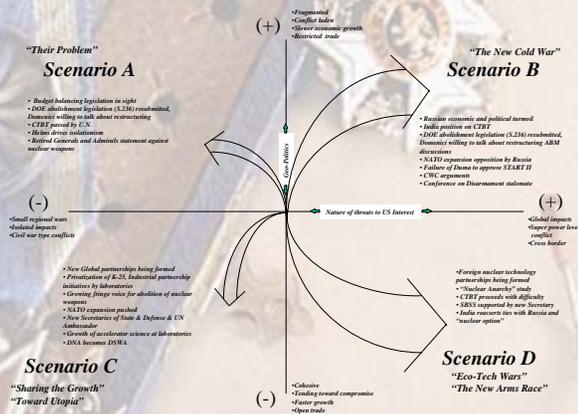

SCENARIO INDICATOR WHEEL

Simplified tools such as this Scenario Indicator Wheel and Vector Diagram analysis tool allow the management team to focus on research areas in their day to day activities, providing many "sets of eyes" to identify critical events that may indicate a movement toward one particular future world.

Management teams need tools to assist in the constant visualization of Scenarios:
- Tools that focus on research areas - and short summaries of recent events based on that research
- Graphical diagrams that reflect the "consequences" of critical events that may cause a discontinuity in the timeline toward the future

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Developing Time Lines and Assigning Responsibilities

- Realistic timelines must be assigned to key goals, strategies and objectives
  - Well thought-out metrics must be tied to each
  - Individuals/teams must be assigned ownership
  - Simplified reporting mechanisms must be established
  - Management attention must be paid throughout
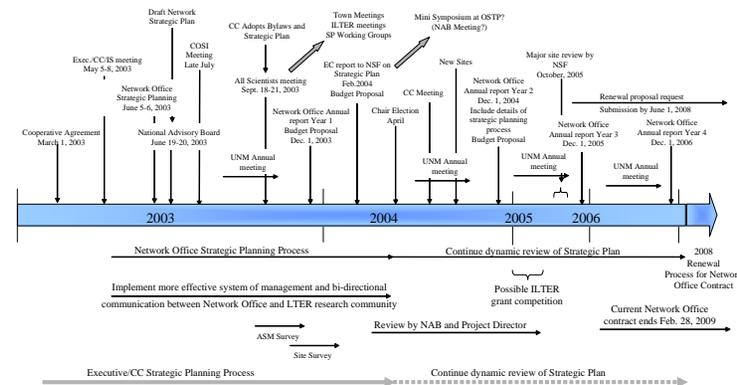
Publicizing the Plan

- Provides the necessary public/peer pressure through organizational and management changes
- Builds organizational focus and trust
- Acknowledges work of organization
- Provides the basis for budget requests

Process Management/Feedback

- Strategies and Actions must be tracked to ensure not only that they are being accomplished, but also to ensure unwanted behaviors and unintended consequences are not being driven by them
- Simplified reporting is a key, but must be sufficient to create strategic discussions
- Leadership and staff must be willing to accept changes and discard strategies and actions that are no longer pertinent

1998-2004 Jan-June, 1999	STRATEGY #1 Position NM MESA for greater financial stability	
Strategic Tactic/Action	**Status**	**Progress Areas**
E. Expand partnerships with federal agencies in New Mexico	●	• Fill in this area with specific progress items
	Team *Evangeline Sandoval Trujillo*, Roberto Valenzuela, Elizabeth Gallegos, Miquel Robles, Jack Jekowski	
● On Schedule ● Minor Problems ● Major Problems		
Improvement Opportunities	**Action Plans for Improvements**	
• Identify "opportunities" for achieving the strategy/tactic/action	• Describe how the improvement opportunities will be implemented	
	Strategy Leader	

In the Final Analysis

- Strategic Plans are only of value if they are in constant use

- The strategies and actions developed today might not be the right ones for tomorrow

  - The more robust and complete your planning process is, the more long-lived your strategies will be

- A constant refreshing of the strategic plan is required based on data, feedback, external driving forces and the resulting open, strategic discussions